

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PepsiCo, Inc.

(Exact Name of Registrant as Specified in Its Charter)

North Carolina
(State or Other Jurisdiction of
Incorporation or Organization)

13-1584302
(I.R.S. Employer
Identification Number)

700 Anderson Hill Road
Purchase, New York 10577
(914) 253-2000
(Address of Principal Executive Offices)

Thomas H. Tamoney, Jr.
Senior Vice President, Deputy General
Counsel and Assistant Secretary
700 Anderson Hill Road
Purchase, New York 10577
(914) 253-2000
(Name, Address, and Telephone Number, Including Area Code, of Agent For Service)

With a copy to:
Jean M. McLoughlin
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4000

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

[Table of Contents](#)

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☐

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Non-accelerated filer ☐

(Do not check if a smaller reporting company)

Accelerated filer ☐

Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value 1 2/3 cents per share, to be issued under the PBG 2004 Long Term Incentive Plan (2)	422,407 shares(2)	\$47.81(3)	\$20,196,622.68(3)	\$1,440.09(3)
Common Stock, par value 1 2/3 cents per share, to be issued under the PBG 2004 Long Term Incentive Plan (4)	1,816 shares(4)	\$62.09(5)	\$112,755.44(5)	\$8.04(5)
Common Stock, par value 1 2/3 cents per share, to be issued under the PBG 2002 Long Term Incentive Plan (2)	363,616 shares(2)	\$44.03(3)	\$16,011,702.64(3)	\$1,141.65(3)
Common Stock, par value 1 2/3 cents per share, to be issued under the PBG Long Term Incentive Plan (2)	228,870 shares(2)	\$37.47(3)	\$8,574,717.91(3)	\$611.40(3)
Common Stock, par value 1 2/3 cents per share, to be issued under the The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan (2)	58,809 shares(2)	\$28.15(3)	\$1,655,182.74(3)	\$118.02(3)
Common Stock, par value 1 2/3 cents per share, to be issued under the PBG Stock Incentive Plan (2)	22,701 shares(2)	\$37.23(3)	\$845,146.84(3)	\$60.31(3)
Total Shares	1,098,219 shares			\$3,379.51

(1)

In addition to the shares set forth in the table, pursuant to Rule 416(a) under the Securities Act of 1933, as amended (“Securities Act”), the number of shares registered includes an indeterminable number of common shares issuable under the plan, as this amount may be adjusted as a result of share splits, share dividends and antidilution provisions.

(2)

Represents shares issuable pursuant to outstanding options under the respective incentive plans.

(3)

Estimated solely for the purpose of calculating the registration fee and, pursuant to Rules 457(h) under the Securities Act, based upon the weighted average exercise price of outstanding options.

(4)

Represents shares issuable pursuant to outstanding restricted stock units under the PBG 2004 Long Term Incentive Plan.

(5)

Estimated solely for the purpose of calculating the registration fee and, pursuant to Rules 457(c) and 457(h) under the Securities Act, based upon the average of the high and low sales price of the Common Stock of PepsiCo, Inc. as reported on the New York Stock Exchange on February 23, 2010.

EXPLANATORY NOTE

This Registration Statement registers:

- 424,223 shares of common stock, par value 1 ²/₃ cents per share (“Common Shares”), to be offered pursuant to the PBG 2004 Long Term Incentive Plan, 363,616 Common Shares to be offered pursuant to the PBG 2002 Long Term Incentive Plan, 228,870 Common Shares to be offered pursuant to the PBG Long Term Incentive Plan, 58,809 Common Shares to be offered pursuant to the The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and 22,701 Common Shares to be offered pursuant to the PBG Stock Incentive Plan (collectively, the “Plans”).

Pursuant to the Agreement and Plan of Merger, dated as of August 3, 2009, among The Pepsi Bottling Group, Inc. (“PBG”), PepsiCo, Inc. and Pepsi-Cola Metropolitan Bottling Company, Inc., all outstanding equity-based awards under the Plans shall be converted to analogous awards with respect to Common Shares on the date at which the merger contemplated thereunder becomes effective.

This Registration Statement registers Common Shares to be offered pursuant to the Plans to former employees of PBG and its respective affiliates who continue to hold equity awards under the Plans. This Registration Statement is on Form S-3 rather than Form S-8 because a Compliance and Disclosure Interpretation of the Securities and Exchange Commission (the “Commission”) on Securities Act Forms indicates that former employees of an issuer may use Form S-8 to exercise options only if the options were granted to such employees while they were employed by the issuer. A Registration Statement on Form S-8 will be filed to register Common Shares to be offered pursuant to the Plans to current employees of PBG and its respective affiliates who continue to hold equity awards under the Plans.

This Registration Statement contains the form of prospectus to be used in connection with these offers and sales. The form of prospectus is to be used by us in connection with the offer and sale by us of common stock upon exercise or settlement of equity awards under the Plans.

PROSPECTUS

PepsiCo, Inc.

1,098,219 Shares of Common Stock

under

PBG 2004 Long Term Incentive Plan

PBG 2002 Long Term Incentive Plan

PBG Long Term Incentive Plan

The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan

PBG Stock Incentive Plan

This prospectus, dated February 26, 2010, covers the offer and sale by us of shares of our common stock upon the exercise of options or the settlement of restricted stock units that are currently outstanding and held by eligible former employees of The Pepsi Bottling Group, Inc. (“PBG”) and its subsidiaries under the PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and the PBG Stock Incentive Plan (collectively, the “Plans”).

This prospectus also covers such additional shares of common stock that may become available from time to time under the Plans. We will receive the exercise or purchase price of certain stock-based awards under the Plans if and when such awards are exercised or purchased. We will not receive any proceeds if the stock-based awards are exercised on a cashless basis.

Our common stock is listed on the New York Stock Exchange under the symbol “PEP.” The closing price of our common stock on February 25, 2010 was \$62.30 per share.

Investing in these securities involves certain risks. See the information included and incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to purchase these securities, including the information under “Risk Factors” in our most recent annual report on Form 10-K filed with the Commission.

Neither the Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

TABLE OF CONTENTS

Prospectus Summary	Page
Forward-Looking Statements	1
Use of Proceeds	1
Plan of Distribution	1
Description of Capital Stock	1
Validity of Securities	1
Experts	2
Where You Can Find Additional Information	2
Appendix A—Plan Prospectuses	A-1
Information Not Required in Prospectus	II-1

PROSPECTUS SUMMARY

This prospectus covers the offer and sale by us of shares of our common stock upon exercise of options or the settlement of restricted stock units that are currently outstanding and held by eligible former employees of PBG and its subsidiaries under the Plans. See “Appendix A—Plan Prospectuses.” This prospectus also covers such additional shares of common stock that may become available from time to time under the Plans.

FORWARD-LOOKING STATEMENTS

We discuss expectations regarding our future performance, such as our business outlook, in our annual and quarterly reports, press releases, and statements incorporated by reference in this prospectus. These statements, and statements other than statements of historical facts included or incorporated by reference in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. These “forward-looking statements” are based on currently available information, operating plans and projections about future events and trends. They inherently involve risks and uncertainties, and investors must recognize that events could turn out to be significantly different from our expectations. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements. We do not undertake to update our forward-looking statements to reflect future events or circumstances, except as may be required by applicable law.

USE OF PROCEEDS

We will receive the exercise or purchase price of certain stock-based awards under the Plans if and when such awards are exercised or purchased. We will not receive any proceeds if the stock-based awards are exercised on a cashless basis. We currently have no specific plans for the use of the net proceeds received upon exercise or purchase of such awards. We anticipate that we will use the net proceeds received by us for general corporate purposes, including working capital.

PLAN OF DISTRIBUTION

Outstanding equity awards with respect to shares of PBG common stock were previously granted under the Plans to eligible employees, consultants, and directors of PBG and its respective subsidiaries and have been converted to analogous equity awards with respect to shares of our common stock. Shares of our common stock are issuable pursuant to incentive stock options, nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, performance shares and other stock-based awards previously granted under the Plans. See “Appendix A—Plan Prospectuses.”

DESCRIPTION OF CAPITAL STOCK

Our common stock to be offered is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). For a description of the stock-based awards that will be issued pursuant to the Plans, see “Appendix A—Plan Prospectuses.”

VALIDITY OF SECURITIES

The validity of the securities in respect of which this prospectus is being delivered will be passed on for us by Thomas H. Tamoney, Jr., Senior Vice President, Deputy General Counsel and Assistant Secretary. Mr. Tamoney owns shares of our common stock and holds options to purchase shares of our common stock.

EXPERTS

The consolidated financial statements of PepsiCo, Inc. as of December 26, 2009 and December 27, 2008, and for each of the years in the three-year period ended December 26, 2009, and the effectiveness of internal control over financial reporting as of December 26, 2009, are incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at <http://www.sec.gov>, from which interested persons can electronically access the registration statement including the exhibits and schedules thereto.

The SEC allows us to “incorporate by reference” the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules), on or after the date of this prospectus until we sell all of the securities covered by this registration statement:

- (a) Annual Report of PepsiCo, Inc. on Form 10-K for the fiscal year ended December 26, 2009;
- (b) All reports of PepsiCo, Inc. filed pursuant to Section 13(a) or 15(d) of the Exchange Act since December 26, 2009;
- (c) The description of our common stock contained in our most recent Registration Statement on Form 8-A, pursuant to Section 12(b) of the Exchange Act, including any amendment thereto or report we filed for the purpose of updating such description.

We hereby undertake to provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon written or oral request of any such person, a copy of any and all of the information that has been or may be incorporated by reference in this Prospectus. Requests for such copies should be directed to our Investor Relations department, at the following address:

PepsiCo, Inc.
Manager, Shareholder Relations
700 Anderson Hill Road
Purchase, New York 10577
(914) 253-3055

* * * * *

APPENDIX A—PLAN PROSPECTUSES

**PBG 2004 Long Term Incentive Plan
PBG 2002 Long Term Incentive Plan
PBG Long Term Incentive Plan
The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan
PBG Stock Incentive Plan**

Prospectus Amendment

February 26, 2010

This Prospectus Amendment relates to the PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and the PBG Stock Incentive Plan (collectively, the “Plans”) and amends any prior prospectus you may have received with respect to the Plans. The following changes have been made to reflect the merger of The Pepsi Bottling Group, Inc. (“PBG”) with PepsiCo, Inc. (“PepsiCo”).

- **Conversion of PBG Options.** Each PBG option outstanding immediately prior to the effective time of the merger was converted into an adjusted option to acquire, on the same terms and conditions as were applicable under the PBG option immediately prior to the effective time of the merger, the number of shares of PepsiCo common stock equal to the product of (i) the number of shares of PBG common stock subject to the PBG option immediately prior to the effective time of the merger multiplied by (ii) the closing exchange ratio (as described below), rounded down to the nearest whole share. The exercise price per share of PepsiCo common stock subject to an adjusted option is an amount (rounded up to the nearest whole cent) equal to the quotient of (A) the exercise price per share of PBG common stock subject to the PBG option immediately prior to the effective time of the merger divided by (B) the closing exchange ratio.

The closing exchange ratio is equal to the quotient of (a) the closing price of a share of PBG common stock on the business day immediately before the effective time of the merger divided by (b) the closing price of a share of PepsiCo common stock on the business day immediately before the effective time of the merger.

- **Conversion of PBG RSUs.** At the effective time of the merger, each PBG cash-settled or stock-settled restricted stock unit (“RSU”) outstanding at the effective time of the merger along with dividend equivalent units corresponding to dividend equivalents credited with respect to such phantom stock unit or RSU, was adjusted so that its holder will be entitled to receive, upon settlement, a number of shares of PepsiCo common stock (or cash in an amount equal to the aggregate value of such shares) (i) equal to the product of (A) the number of shares of PBG common stock subject to the PBG RSU (as well as any associated dividend equivalent units) immediately prior to the effective time of the merger multiplied by (B) 0.6432 and (ii) then rounded down to the nearest whole share. The conversion of PBG RSUs (as well as any associated dividend equivalent units) held by PBG employees based outside the United States may be adjusted to the extent necessary to comply with local law or to minimize adverse tax consequences in the foreign countries in which such PBG employees are based.
- **No Future Awards.** Since PBG shareholders approved the PBG 2004 Long Term Incentive Plan, the PBG 2004 Long Term Incentive Plan has been the only plan that PBG has used to make equity awards to its employees. At the effective time of the merger, no future awards will be made under the PBG 2004 Long-Term Incentive Plan or any of the other Plans.
- **Plan Administration.** At the effective time of the merger, the authority to administer the Plans was transferred to the Compensation Committee of the Board of Directors of PepsiCo from the Compensation and Management Development Committee of PBG’s Board of Directors.

Prospectus for PBG 2004 Long Term Incentive Plan

The Pepsi Bottling Group, Inc.

<p>PBG Long-Term Incentive Plan Common Stock of The Pepsi Bottling Group, Inc.</p>

This Prospectus relates to the PBG Long-Term Incentive Plan (the “Plan”), and the 18,000,000 shares of The Pepsi Bottling Group, Inc. common stock offered through the Plan. This Prospectus contains information about awards under the Plan, including:

- 2004 Option Grants
- 2004 Pro-Rata Awards
- Special Awards

The Pepsi Bottling Group, Inc. Common Stock

- New York Stock Exchange
- Trading Symbol: PBG
- Par Value: 1¢

The Prospectus covers eligibility, vesting and exercise for these Awards.

You should read this Prospectus carefully so you will know how the PBG Long-Term Incentive Plan works. You should also retain this Prospectus for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or passed upon the adequacy or accuracy of the Prospectus. Any representation to the contrary is a criminal offense.

This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

March 1, 2004

[Table of Contents](#)

[Table of Contents](#)

	<u>Page</u>
<u>The Pepsi Bottling Group, Inc.</u>	3
<u>PBG Long-Term Incentive Plan</u>	3
<u>This Prospectus</u>	3
<u>Inquiries</u>	3
<u>Summary of the Long-Term Incentive Plan</u>	4
<u>Plan Awards</u>	5
<u>Eligibility for Plan Awards</u>	5
<u>Types of Awards</u>	5
<u>2004 Grants of Stock Options</u>	5
<u>Options Received</u>	5
<u>Definition of Fair Market Value</u>	5
<u>Exercise Price</u>	6
<u>Vesting and Exercise of Options</u>	6
<u>2004 Pro-Rata Awards</u>	6
<u>Options Received</u>	6
<u>Exercise Price</u>	6
<u>Vesting and Exercise of Options</u>	6
<u>Other Long Term Incentive Awards</u>	7
<u>Exercising Your Options</u>	8
<u>When You May Exercise</u>	8
<u>Ways to Exercise Your Options</u>	9
<u>Shares Acquired by Option Exercise</u>	9
<u>Book Entry of Stock</u>	9
<u>Obtaining Stock Certificates and Selling Your Shares</u>	9
<u>Dividend and Voting Rights</u>	9
<u>Other Important Information</u>	10
<u>Misconduct by an Eligible Executive</u>	10
<u>Buy-Out of Option Gains and Nontransferability</u>	10
<u>Taxes on Options</u>	10
<u>Written Agreement</u>	10
<u>Assignment</u>	10
<u>Unfunded Status</u>	10
<u>Certain Adjustments</u>	11
<u>Eligible Executive Incapacity</u>	11
<u>No Right to Employment of Future Grants</u>	11
<u>Amendment, Suspension or Termination of Plan</u>	11
<u>Documents Incorporated by Reference</u>	11
<u>Reference Documents</u>	11

[Table of Contents](#)

The Pepsi Bottling Group, Inc.

The Pepsi Bottling Group, Inc. and direct or indirect subsidiaries or affiliates (collectively, “PBG”), is engaged in the beverage business globally. Its principal executive offices are at One Pepsi Way, Somers, NY 10589. Its general telephone number is 914-767-6000.

The PBG Long-Term Incentive Plan

This Prospectus describes the PBG Long-Term Incentive Plan, as in effect on March 1, 2004 (the “Plan”).

To receive awards under the Plan, you must be an eligible executive of PBG: that is, you must be a PBG executive who is classified as Salary Band I or above (or the equivalent).

As an eligible executive, the Plan is designed to provide you with long term incentives that reward you for your role in growing PBG’s business and increasing the value of PBG Common Stock.

The Plan is not subject to section 401(a) of the Internal Revenue Code of 1986, as amended, which governs certain tax qualified pension and profit sharing plans. The Plan is also not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended.

This Prospectus

You should rely only on the information provided or incorporated by reference in this Prospectus or in any prospectus supplement. PBG has not authorized anyone to provide you with different information. PBG is not making an offer to sell stock or stock options under the Plan in any state or country where the offer is not permitted. You should not assume that the information in this Prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the document.

Inquiries:

For additional information about the PBG Long-Term Incentive Plan, please contact:

Administrator, Long-Term Incentive Plan The Pepsi Bottling Group, Inc. One Pepsi Way Somers, New York 10589 914-767-1600
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SUMMARY OF THE LONG-TERM INCENTIVE PLAN

- **ELIGIBILITY FOR THE 2004 STOCK OPTION GRANT:** The Compensation and Management Development Committee of the Board of Directors of PBG (the “Committee”) has been given the authority to administer the Plan. The Committee determines the eligible executives who receive a stock option grant. A stock option is a right to buy shares of PBG Common Stock at a set price (the “exercise price”) during a specified time period. The number of stock options you can receive is based on your Salary Band.
- **EXERCISE PRICE:** The exercise price for the 2004 Stock Options is \$29.50, the Fair Market Value (as defined below) of PBG’s Common Stock on March 1, 2004.
- **VESTING:** The 2004 Stock Options granted hereunder gradually vest over an approximately three-year period; 25% vest on March 30, 2005, 25% vest on March 30, 2006, and the remaining 50% vest on March 30, 2007.
- **EXERCISE:** Once your 2004 stock options vest, you may exercise them during their term. The option term expires approximately ten years after the grant date (i.e., March 29, 2014). Exercising means you use your options to buy PBG Common Stock at the exercise price. After you exercise your options, you can then sell your stock to get cash. Or, you can exercise your options and hold onto the PBG stock.
- **2004 PRO-RATA AWARD:** If you are newly hired into an eligible executive position after March 1, 2004 (but not later than August 31, 2004), you may be eligible for a 2004 Pro-Rata grant of stock options in September 2004. The exercise price will be based on the Fair Market Value of PBG Common Stock on the date of the grant. 2004 Pro-Rata grants will gradually vest over an approximately three-year period, with 25% vesting on September 1, 2005, 25% on September 1, 2006 and the remaining 50% on September 1, 2007. The number of options is determined under a special schedule established by the Committee.
- **OTHER AWARDS:** The Committee reserves the right to make, in its discretion, special awards to selected executives and to implement future grant programs for PBG’s executives.
- **ADMINISTRATION:** The Plan is administered by the Committee (and its delegates).
- **TERMS:** The Committee reserves the right to amend and terminate the Plan (but no amendment may adversely affect already granted awards without your consent).
- **TRACKING YOUR STOCK OPTIONS:** You will be given an account statement periodically. These statements will set forth detailed information about your transactions and will show the number of vested and unvested options that you hold.
- **MISCONDUCT:** Your awards will be forfeited if you commit misconduct. Any gains in the last 12 months that relate to your awards will also be recovered.

Because this is a summary of the Plan, it does not contain all of the information that may be important to you. You should review the entire Prospectus (and other documents referred to in this Prospectus) carefully.

PLAN AWARDS

Eligibility for Plan Awards. You are eligible for awards under the Plan while you are employed as an executive of PBG who is:

- Classified as Salary Band I or above (or the equivalent), and
- Assigned to work in the United States, Canada, Spain, Greece, Turkey, Mexico or another eligible country.

Because of local law restrictions, Russia is currently an eligible country only with respect to executives who are classified by PBG as expatriates. If you work in a country not named above, check with PBG's Executive Compensation Department for information on whether local law permits your work location to be an eligible country. From time to time, eligibility may be modified to reflect changes in local law.

If you meet these eligibility requirements, you are referred to as an "Eligible Executive."

Types of Awards. You may be eligible for a 2004 grant of stock options if you are an Eligible Executive on March 1, 2004. In addition, from time to time, certain executives may be given a special award under the Plan.

Each of the awards is described in the following pages of this document.

2004 GRANTS OF STOCK OPTIONS

If you are actively employed as an Eligible Executive on March 1, 2004, you may be selected to receive a 2004 grant of stock options to purchase PBG Common Stock.

Options Received. If you are selected to receive a 2004 grant, the number of options you receive is calculated based on a multiple of your base salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* 1 times salary
- *Band II:* 2 times salary
- *Band III:* 4 times salary
- *Band IV:* 6 times salary
- *Band V:* 8 times salary

Grants for executives above Band V are individually determined, based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the "grant price." The resulting number is then rounded up or down to the nearest whole number. The 2004 stock options granted hereunder have a grant price of \$29.50, which was the Fair Market Value (as defined below) of PBG stock on March 1, 2004.

For example—If your salary is \$100,000 and you are classified as Salary Band I, your grant amount will be 1 times your salary or \$100,000. This amount is then divided by \$29.50 to determine the number of options in your grant. This results in your receiving 3,390 options, calculated as follows— $\$100,000 \div \$29.50 = 3,389.8$ which is then rounded to 3,390.

Definition of Fair Market Value: For various awards, the concept of "Fair Market Value" is important. Fair Market Value for any date means the average of the high and low per share sale prices for PBG Common Stock on the composite tape for securities listed on the New York Stock Exchange on that day. This average price will be rounded up to the nearest one-fourth. If Fair Market Value is being determined for a day that is not a New York Stock Exchange trading date, then the immediately preceding trading date is used.

[Table of Contents](#)

Exercise Price: The price at which the 2004 options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your options and buy PBG stock at this price (called the “exercise price”) no matter how high the price of PBG stock rises on the market. Therefore, if PBG stock goes up, you may buy at this exercise price and have an investment gain—which is equal to the difference between how much you pay to buy the stock and how much it is worth.

Vesting and Exercise of Options. While you remain employed by PBG, the 2004 stock options granted hereunder gradually vest over a period of approximately three years. Accordingly, 25% of your 2004 options will vest on March 30, 2005, 25% will vest on March 30, 2006 and the remaining 50% will vest on March 30, 2007. Once your 2004 options are vested, you can exercise your options to obtain PBG stock until the options expire approximately ten years after the grant date (i.e., March 29, 2014).

Exercising your options refers to when you use your right to buy at the exercise price. Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.” Once you exercise your options, you can either hold your stock as an investment or sell it for cash.

2004 PRO-RATA AWARDS

If you are newly hired into an eligible executive position after March 1, 2004 (but not later than August 31, 2004), you may be eligible for a 2004 Pro-Rata grant of stock options. 2004 Pro-Rata grants are scheduled to be made in September of 2004. The Committee (or its delegate), however, has the discretion to decide who will receive a 2004 Pro-Rata grant and when they will be made.

Options Received. If you are selected to receive a 2004 Pro-Rata grant, the number of options you receive is calculated based on a multiple of your salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* .5 times salary
- *Band II:* 1 times salary
- *Band III:* 2 times salary
- *Band IV:* 3 times salary
- *Band V* 4 times salary

2004 Pro-Rata grants for executives above Band V are individually determined based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your 2004 Pro-Rata grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the “grant price.” The resulting number is then rounded up or down to the nearest whole number. 2004 Pro-Rata grants will have a grant price equal to the Fair Market Value of PBG stock on September 1, 2004.

Exercise Price: The price at which 2004 Pro-Rata grant options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your options and buy PBG stock at this price no matter how high the price of PBG stock rises on the market.

Vesting and Exercise of Options. While you remain employed by PBG, 2003 Pro-Rata stock options granted hereunder gradually vest over a period of three years. Accordingly, 25% of your 2004 Pro-Rata options will vest on September 1, 2005, 25% will vest on September 1, 2006 and the remaining 50% will vest on September 1, 2007. Once your 2004 Pro-Rata options are vested, you can exercise your options to obtain PBG stock until the options expire approximately ten years after the grant date (i.e., August 31, 2014). Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.”

OTHER LONG-TERM INCENTIVE AWARDS

The PBG Long-Term Incentive Plan authorizes the Committee or its delegate to grant additional long-term incentive awards on a discretionary basis. These are expected to be stock options, but the Plan also authorizes other types of stock awards.

- **Special Awards.** In appropriate circumstances, a special award may be made upon the recommendation and approval of the Committee to recognize a selected individual. The terms of any special grant are specified by the Committee and then set forth in a written agreement.
- **Incremental Awards.** The Committee or its delegate may approve incremental award of stock options for newly hired executives. An incremental award is made where determined to be competitively necessary by the Committee or its delegate. The terms of any incremental award are specified by the Committee or its delegate and then set forth in a written agreement.

Other Awards. PBG will announce the terms of its future grant program for PBG executives.

EXERCISING YOUR OPTIONS

When you “exercise” your options, you pay the exercise price and receive PBG Common Stock in exchange for your options. Once you exercise your options, you can either hold onto your PBG Common Stock as an investment or sell it for cash. This section discusses when you may exercise your options and the different ways to exercise.

WHEN YOU MAY EXERCISE

While you remain employed by PBG, you may exercise options granted under the Plan any time between the vesting date for that award and the end of the option term, when the options expire. For example, the 2004 stock options gradually vest over a three-year period and the full option term ends 10 years from the grant date.

- **Termination of Employment:** If your employment with PBG terminates for any reason *other than* (i) your retirement, death or disability or (ii) through a Company-approved transfer to an allied organization, you have 10 business days from your date of termination to exercise your options that are vested as of that date. Any options that are unvested on that date will be canceled.

If you are terminated for “misconduct,” all of your stock options are immediately canceled.

- **Retirement or Disability.** Upon your retirement or disability, a portion of your unvested stock options vest. The portion of these options that vests is in proportion to your active service during the period the options were originally scheduled to vest (*i.e.*, the period from the grant date through the vesting date). You then have the full option term to exercise vested options following your retirement or disability. “Retirement” and “disability” are defined below.
- **Death.** In the event you die before exercising your options, all of your outstanding options will vest and will pass by your will (or if you die without a will, by the laws of descent and distribution). These options can be exercised at any time during the option term, just as if you had not died. The option term begins on the date your options were scheduled to vest and continues through the last day of the original option term. Your personal representative or whoever inherits your options will be permitted to exercise them once satisfactory legal documentation has been provided regarding the individual’s rights to your options.
- **Company-approved transfers.** In the event that your employment with PBG terminates through a Company-approved transfer to an allied organization, your stock options shall vest immediately prior to such transfer and you may exercise them during their term (*i.e.* March 29, 2014). However, if you are terminated from the allied organization for “misconduct”, all of your stock options are immediately cancelled.

“Retirement” refers to termination of PBG employment after attaining the minimum age and service required for retirement under the PBG Salaried Employees Retirement Plan, as in effect at the time. If the PBG Salaried Employees Retirement Plan does not apply to you, “retirement” shall have the meaning specified by the Committee.

You are considered to have a “disability” if you are determined to be totally and permanently disabled for purposes of the PBG Long Term Disability Plan. If the PBG Long Term Disability Plan does not apply to you, “disability” shall have the meaning specified by the Committee.

WAYS TO EXERCISE YOUR OPTIONS

Currently, there are four different ways to exercise your options under the Plan. You can select any of the methods described below for all or part of your options.

- **Cashless Sell-Stock Exercise.** A Cashless Sell-Stock Exercise is a one-step way to exercise your options—with no money down—and receive all cash from the transaction. The way it works is that when you exercise your options, all the PBG Common Stock resulting from your exercise is sold immediately. A portion of the proceeds is used to pay the exercise price for your options, as well as taxes and fees. You are then sent a check for the rest of the proceeds.
- **Cashless Hold-Stock Exercise.** A Cashless Hold-Stock Exercise is a one-step way to exercise your options—with no money down—and retain as much PBG Common Stock as possible. Under this method, a portion of the PBG Common Stock acquired when you exercise your options is sold—just enough to pay for the cost of exercising your options, plus taxes and fees. The remainder of the PBG Common Stock acquired from the exercise is delivered to you.
- **Cash-Purchase Exercise.** In a Cash-Purchase Exercise, you advance the exercise price and taxes out of your own funds in order to exercise your options. Some of your PBG Common Stock is then sold to pay fees, and the remainder of the PBG Common Stock is delivered to you. This method results in you having more PBG Common Stock as a result of the exercise than under the cashless methods, but requires you to pay the exercise price and taxes from your personal resources.
- **Limit Order.** The Limit Order Method is used together with your choice of any one of the three methods described above. Instead of requesting an immediate exercise of your options, you select a specific stock price for PBG Common Stock on the New York Stock Exchange at which you would like to exercise your options. The market price is then monitored for you. When PBG stock reaches your specified price, your options will be automatically exercised to the extent possible. You can cancel your request for the limit order by phone if you no longer want the monitoring to continue. Your selection of a specified price or cancellation will be given effect after a reasonable processing time, which will be announced from time to time. You will also be advised of the maximum period your request for a limit order exercise may remain in effect.

To exercise your options, you must provide notice of your exercise by completing, signing and submitting the appropriate exercise form as directed on the form. You must specify the number of shares of PBG Common Stock you intend to purchase and identify the specific options you are exercising. You will be provided forms as your options vest. At that time, you may also request forms from the source specified from time to time by PBG (call 914-767-1600 for information). You must send full payment of the exercise price with your exercise forms, unless you elect a cashless exercise.

The methods for exercising options are subject to change from time to time by the Committee. You will be advised in the event a change in exercise methods is adopted.

SHARES ACQUIRED BY OPTION EXERCISE

Book Entry of Stock. If you exercise your options and decide to hold onto your PBG stock, the stock will usually be held for you in book-entry form. You will not receive a stock certificate. Your account will be adjusted to reflect the receipt of any PBG Common Stock paid as dividends on shares held in your account as a result of an exercise of your stock options.

Obtaining Stock Certificates and Selling Your Shares. If you prefer to obtain actual stock certificates, these will be sent to you on request. You can elect to sell your shares (other than restricted stock) whenever you like. There may be a small fee for these services.

Dividends and Voting Rights. As a stockholder, you are a PBG shareholder and are entitled to dividends and voting rights.

OTHER IMPORTANT INFORMATION

MISCONDUCT BY AN ELIGIBLE EXECUTIVE

If you engage in misconduct at any time prior to the exercise of any option, the Committee may forfeit your rights to any unexercised options. In addition, the Committee may require you to repay to PBG all gains on options exercised in the last 12 months. Similar forfeiture and repayment rules will apply with respect to other awards. These rules apply notwithstanding anything else in this Prospectus to the contrary.

You will have engaged in misconduct if the Committee or its delegate determines that: (a) you competed with PBG, (b) you engaged in any act which is considered contrary to PBG's best interests, (c) you violated PBG's code of conduct or engaged in any other activity which constitutes gross misconduct, (d) you engaged in unlawful trading in PBG securities or securities of any other company based on information gained as a result of your service with PBG, or (e) you disclosed to an unauthorized person or misused any PBG confidential information or trade secrets. Detailed rules relating to misconduct appear in the agreement that evidences your award.

BUY-OUT OF OPTION GAINS AND NONTRANSFERABILITY

Any time after your options become exercisable, PBG may elect to buy out your option gains. For each option, you will be paid the difference between the fair market value of PBG stock at the time PBG elects to buy-out your options and your grant price. PBG does not need your consent to do this.

TAXES ON OPTIONS

If you are subject to U.S. tax law, your stock options are not taxable when granted. However, you will pay taxes when you exercise your options on the difference between the exercise price and value of the stock on the date of exercise. PBG will record this as income on the appropriate Internal Revenue Service information returns.

If you choose to sell your stock after you have exercised your stock options, you may owe capital gains tax if the price of PBG stock has increased between the time you exercised the stock and the time you sell the stock.

You should consult your tax advisor regarding tax considerations related to exercising your stock options and selling PBG stock. Keep in mind that your withholding taxes may not always be sufficient to pay all of the taxes that are due.

If you are not subject to U.S. tax law, you should consult your tax advisor on the local tax implications of your stock options.

WRITTEN AGREEMENT

You will be given a written agreement to sign with respect to each PBG stock option or other award you receive under the Plan. The agreement will set forth the terms of the award as set by the Committee.

ASSIGNMENT

You cannot assign or transfer your rights to receive awards under the Plan. Unless the Committee determines otherwise, you may not transfer your stock options except by will, or the laws of descent and distribution.

UNFUNDED STATUS

The Plan is unfunded. PBG is not required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any benefit under this Plan.

CERTAIN ADJUSTMENTS

In the event of a change in the outstanding shares of PBG Common Stock caused by a stock split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, or in the event of any separation of a corporation or a similar corporate change, the Committee may make any equitable adjustments in the awards under the Plan that they determine necessary and appropriate, including any adjustments in the maximum number or kind of shares subject to awards under the Plan (including the conversion of shares subject to awards from shares of PBG Common Stock to stock of another entity).

ELIGIBLE EXECUTIVE INCAPACITY

If at any time you are under a disability or are otherwise incapable of exercising a valid option by its expiration date, the Committee may take any steps they deem appropriate to avoid a lapse of your options without exercise.

NO RIGHT TO EMPLOYMENT OR FUTURE GRANTS

Your receipt of an award under the Plan does not give you any right to continued employment with PBG, nor does it impose on PBG any obligation to retain you in its employ. Your receipt of an award under the Plan also does not give you any right to any future awards under the Plan or any other plan maintained by PBG.

AMENDMENT, SUSPENSION OR TERMINATION OF PLAN

The Committee may, at any time, amend, suspend or terminate the Plan or any part of the Plan. However, except with your consent, no amendment, suspension or termination of the Plan may adversely affect your awards that are outstanding at the time of such action.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows PBG to “incorporate by reference” in this Prospectus information PBG files with the SEC, which means that PBG can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Prospectus, and later information filed with the SEC will update and supersede this information. The documents listed below and any future filings made with the SEC under section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the Plan is terminated comprise the incorporated documents:

- The description of PBG Common Stock set forth in PBG’s registration statement filed under the Securities Act of 1933, as amended, including all amendments and reports updating the description.

Upon request, PBG will provide, without charge, a copy of any or all of the documents incorporated by reference in this Prospectus (other than exhibits to such documents, unless the exhibits are specifically incorporated by reference in such documents). Your requests for copies should be directed to Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, NY 10589 (phone: 914-767-1600).

REFERENCE DOCUMENTS

PBG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information PBG files at the SEC’s public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. PBG’s SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at “<http://www.sec.gov>.”

[Table of Contents](#)

All Awards granted under the Plan are subject to the terms of the Plan and any corresponding written agreements. In addition, the Committee may adopt operating guidelines for administration of the Plan. A copy of the Plan, the written agreements and the operating guidelines (if any) are available. If you would like copies of any of these documents, contact: Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, New York 10589 (phone: 914-767-1600).

The Pepsi Bottling Group, Inc.

PBG 2004 Long-Term Incentive Plan Common Stock of The Pepsi Bottling Group, Inc.

This Prospectus relates to the PBG 2004 Long-Term Incentive Plan (the “Plan”), and the 36,000,000 shares of The Pepsi Bottling Group, Inc. Common Stock offered through the Plan. This Prospectus contains information about awards under the Plan, including:

- Year 2009 Stock Option and Restricted Stock Unit Awards
- Special Awards

The Pepsi Bottling Group, Inc. Common Stock

- New York Stock Exchange
- Trading Symbol: PBG
- Par Value: 1¢

This Prospectus covers eligibility, vesting, and exercise or payment for these Awards.

You should read this Prospectus carefully so you will know how the PBG 2004 Long-Term Incentive Plan works. You should also retain this Prospectus for future reference.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or passed upon the adequacy or accuracy of the Prospectus. Any representation to the contrary is a criminal offense.

This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

March 1, 2009

[Table of Contents](#)

Table of Contents

	<u>Page</u>
The Pepsi Bottling Group, Inc.	1
The PBG 2004 Long-Term Incentive Plan	1
This Prospectus	1
Inquiries	1
Summary of the Long-Term Incentive Plan	2
Plan Awards	4
Year 2009 Stock Option and Restricted Stock Unit Awards	4
Other Long-Term Incentive Awards	7
Exercising Your Options	7
When You May Exercise	7
Ways to Exercise Your Options	8
Payment of Restricted Stock Units	9
Withholding Upon Exercise of Stock Options and Payment of Restricted Stock Units	10
Shares Acquired Through Options or Restricted Stock Units	10
Other Important Information	11
Misconduct by an Eligible Executive	11
Buy-out of Option Gains	11
Taxes on Options and Restricted Stock Units	11
Written Agreement	12
Nonassignment and Nontransferability	12
Unfunded Status	12
Certain Adjustments	12
Eligible Executive Incapacity	12
No Right to Employment or Future Grants	13
Data Transfers	13
Amendment, Suspension or Termination of Plan	13
Documents Incorporated by Reference	13
Reference Documents	13

[Table of Contents](#)

THE PEPSI BOTTLING GROUP, INC.

The Pepsi Bottling Group, Inc. and direct or indirect subsidiaries or affiliates (collectively, “PBG” or the “Company”), is engaged in the beverage business globally. Its principal executive offices are at One Pepsi Way, Somers, NY 10589. Its general telephone number is (914) 767-6000.

THE PBG 2004 LONG-TERM INCENTIVE PLAN

This Prospectus describes the PBG 2004 Long-Term Incentive Plan, as in effect on March 1, 2009 (the “Plan”).

To receive awards under the Plan, you must be an eligible individual selected by the Plan Administrator or its delegate. The Plan Administrator is the Compensation and Management Development Committee of the Board of Directors of PBG.

As an eligible individual, the Plan is designed to provide you with long term incentives that reward you for your role in growing PBG’s business and increasing the value of PBG Common Stock.

The Plan is not subject to section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), which governs certain tax qualified pension and profit sharing plans. The Plan is also not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended.

THIS PROSPECTUS

You should rely only on the information provided or incorporated by reference in this Prospectus or in any prospectus supplement. PBG has not authorized anyone to provide you with different information. PBG is not making an offer to sell stock or stock options under the Plan in any state or country where the offer is not permitted. You should not assume that the information in this Prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the document.

INQUIRIES

For additional information about the PBG Long-Term Incentive Plan, please contact:

Administrator, Long-Term Incentive Plan The Pepsi Bottling Group, Inc. One Pepsi Way Somers, New York 10589 (914) 767-1600
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SUMMARY OF THE LONG-TERM INCENTIVE PLAN

- **ELIGIBILITY FOR THE YEAR 2009 STOCK OPTION AND RESTRICTED STOCK UNIT AWARD:** The Compensation and Management Development Committee of the Board of Directors of PBG (the “Committee”) has been given the authority to administer the Plan. The Committee, or its delegate, determines the eligible individuals who receive stock option and restricted stock unit grants. A stock option is a right to buy shares of PBG Common Stock at a set price (the “exercise price”) during a specified time period. A restricted stock unit is the right to receive a share of PBG Common Stock at a specified time. The number of stock options and restricted stock units you can receive is based on your Salary Band and is determined by a schedule established by the Committee.
- **OPTION EXERCISE PRICE:** The exercise price for the Year 2009 Stock Options is \$18.72, the Fair Market Value (as defined under the heading “Year 2009 Stock Option and Restricted Stock Unit Awards” below) of PBG’s Common Stock as of March 1, 2009.
- **OPTION VESTING:** The Year 2009 Stock Options gradually vest over a three-year period: 33% vest on March 1, 2010, 33% vest on March 1, 2011 and the remaining 34% vest on March 1, 2012.
- **OPTION EXERCISE:** While you remain actively employed, you may exercise your vested Year 2009 Stock Options during their term. The options are exercisable through the day preceding the tenth anniversary of the grant date (*i.e.*, through February 28, 2019). Exercising means you use your right to buy PBG Common Stock at the exercise price. After you exercise your options, you can then sell your stock to get cash, or you can exercise your options and hold onto the PBG Common Stock.
- **RESTRICTED STOCK UNITS:** The Year 2009 Restricted Stock Units (RSUs) will 100% vest on the third anniversary of the grant date unless you meet the criteria for retirement eligibility on or before the first or second anniversary of the grant date in which case your RSUs generally will vest 33%, 33%, 34% beginning on the first anniversary or 66%, 34% beginning on the second anniversary of the grant date as applicable. Once vested, your restricted stock units are paid out in shares of PBG Common Stock.
- **OTHER AWARDS:** The Committee reserves the right to make additional grants under the Plan. Any awards will be made at the discretion of the Committee or its delegate.
- **ADMINISTRATION:** The Plan is administered by the Committee (and its delegate).
- **ACCOUNT FORM:** If you haven’t completed an Account Form, you must do so before you can exercise any options or receive payment of your vested Restricted Stock Units. At the present time, Merrill Lynch is PBG’s agent retained to administer stock option exercises under the Plan. Call Merrill Lynch at 1-866-277-7235 to verify that you have an Account Form on file or to request that one be sent to you. Outside the U.S., Canada and Puerto Rico, call 00-1-212-236-5610.
- **TERMS:** The Committee reserves the right to amend and terminate the Plan. Except as necessary to avoid adverse tax consequences to you, no amendment may adversely affect already granted awards without your consent.
- **TRACKING YOUR AWARDS:** You will be given an account statement periodically. These statements will show the number of restricted stock units and options (vested and unvested) that you hold and will set forth detailed information about your option transactions. For up to date information regarding your Plan Awards, you may log on to the PBG Executive Compensation website at <http://execcomp.pbg.com> or log on directly to the Merrill Lynch website at <http://www.benefits.ml.com>.
- **MISCONDUCT:** Your awards will be forfeited if you commit misconduct. Any gains in the last 12 months that relate to your awards will also be recovered.

Because this is a summary of the Plan, it does not contain all of the information that may be important to you. You should review the entire Prospectus (and other documents referred to in this Prospectus) carefully.

In addition, vesting and other terms of awards for Eligible Executives above Band E8 may be different than provided in this summary.

PLAN AWARDS

Eligibility for Plan Awards. You are eligible to receive an award under the Plan if you are classified as an executive of the Company and are:

- Actively employed by PBG on the grant date, and
- Assigned to work in the United States, Canada, Spain, Greece, Turkey, Mexico or another eligible country.

Russia is currently an eligible country only with respect to employees who are classified by PBG as expatriates. If you work in a country not named above, check with PBG’s Executive Compensation Department for information on whether local law permits your work location to be an eligible country. From time to time, eligibility may be modified to reflect changes in local law.

If you meet these eligibility requirements, you are referred to as an “Eligible Executive.”

Types of Awards. You may be eligible for a grant of a Year 2009 Stock Option and Restricted Stock Unit award if you are an Eligible Executive on March 1, 2009. In addition, from time to time, certain executives may be given a special award under the Plan.

YEAR 2009 STOCK OPTION AND RESTRICTED STOCK UNIT AWARDS

If you are employed in an Eligible Executive position on March 1, 2009, you may be eligible for a Year 2009 Stock Option and Restricted Stock Unit award. The Committee (or its delegate), however, has the discretion to decide who will receive a Year 2009 Stock Option and Restricted Stock Unit award and when they will be made.

Options Received. If you are selected to receive a Year 2009 Stock Option and Restricted Stock Unit award, the number of options you receive is calculated based on your Salary Band, as follows:

- Band E1: \$45,000
- Band E2: \$60,000
- Band E3: \$120,000
- Band E4: \$165,000
- Band E5: \$337,500
- Band E6: \$450,000
- Band E7: \$750,000
- Band E8: \$862,500

The dollar amount of your option grant is converted to a specific number of options by dividing the dollar amount of your grant by the “grant price.” The resulting number is then rounded up to the nearest whole number. The Year 2009 Stock Options granted under the Plan have a grant price of \$18.72, which was the Fair Market Value (as defined below) of PBG stock as of March 1, 2009. Since the March 1, 2009 grant date is a Sunday, the Fair Market Value was determined as of Friday, February 27, 2009.

For example—If you are classified as Salary Band EI, your grant amount will be \$45,000. This amount is then divided by \$18.72 to determine the number of options in your grant. This results in your receiving 2,404 options, calculated as follows— $\$45,000 \div \$18.72 = 2,403.85$ which is then rounded up to 2,404 options.

The number of Year 2009 Stock Options awarded to executives above Band E8 is individually determined by the Committee based on competitive factors, market practices and job accountabilities.

[Table of Contents](#)

Definition of Fair Market Value. For various awards including awards of stock options and restricted stock units, the concept of “Fair Market Value” is important. Fair Market Value for any date means the average of the high and low per share sale prices for PBG Common Stock on the composite tape for securities listed on the New York Stock Exchange on that day. This average price will be rounded up to the nearest penny. If Fair Market Value is being determined for a day that is not a New York Stock Exchange trading date, then the immediately preceding trading date is used. Since the March 1, 2009 grant date is a Sunday, the Fair Market Value was determined as of Friday, February 27, 2009.

Exercise Price. The price at which the Year 2009 Stock Options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your vested options and buy PBG stock at this price (called the “exercise price”) no matter how high the price of PBG stock rises on the market. Therefore, if PBG stock goes up, you may buy at this exercise price and have an investment gain—which is equal to the difference between how much you pay to buy the stock and how much it is worth.

Vesting and Exercise of Options. While you remain actively employed by PBG, the Year 2009 Stock Options granted under the Plan gradually vest over a period of three years. Accordingly, 33% of your 2009 Stock Options will vest on March 1, 2010, an additional 33% will vest on March 1, 2011 and the remaining 34% will vest on March 1, 2012. See below under the heading “When You May Exercise” for additional details regarding special vesting rules that apply in the event of “Retirement”, “Disability” and death (as defined therein).

While you remain actively employed, you can exercise your vested Year 2009 Stock Options to obtain PBG stock until the options expire ten years after the grant date (*i.e.*, your year 2009 options are exercisable through the day preceding the tenth anniversary of the grant date, *i.e.*, February 28, 2019). If your employment with PBG terminates for any reason *other than* your Retirement, Disability or death, you have 90 calendar days from your date of termination to exercise your Year 2009 Stock Options that are vested as of your termination date. See below under the heading “When You May Exercise” for additional details.

Exercising your options refers to when you use your right to buy at the exercise price. Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.” Once you exercise your options, you can either hold your stock as an investment or sell it for cash.

Restricted Stock Units Received. If you are selected to receive a Year 2009 Stock Option and Restricted Stock Unit award, the number of restricted stock units you receive is calculated based on your Salary Band, as follows:

- Band E1: \$15,000
- Band E2: \$20,000
- Band E3: \$40,000
- Band E4: \$55,000
- Band E5: \$112,500
- Band E6: \$150,000
- Band E7: \$250,000
- Band E8: \$287,500

The dollar amount of your restricted stock unit grant is converted to a specific number of restricted stock units by dividing the dollar amount of your grant by the “grant price.” The resulting number is then rounded up to the nearest whole number. The Year 2009 Restricted Stock Units granted under the Plan have a grant value of \$18.72, which was the Fair Market Value (as defined above) of PBG stock as of March 1, 2009. Since the March 1, 2009 grant date is a Sunday, the Fair Market Value was determined as of Friday, February 27, 2009.

[Table of Contents](#)

For example—If you are classified as Salary Band E1, your grant amount will be \$15,000. This amount is then divided by \$18.72 to determine the number of restricted stock units in your grant. This results in you receiving 802 Restricted Stock Units, calculated as follows— $\$15,000 \div \$18.72 = 801.28$ which is then rounded up to 802 restricted stock units.

The number of Restricted Stock Units awarded to executives above Band E8 is individually determined based on competitive factors, market practices and job accountabilities.

Vesting of Restricted Stock Units. In general, Year 2009 Restricted Stock Units become 100% vested on the third anniversary of the grant date, as long as you remain an active employee of PBG through that date. However, special vesting rules apply to you if you are Retirement eligible on or before the first or second anniversary of the grant date. If you are Retirement eligible at any time on or before the first anniversary of the grant date, your Year 2009 Restricted Stock Units will vest in annual one-third increments (33%, 33% and 34%) on each anniversary of the grant date provided you remain an active employee of PBG through each such vesting date. If you become Retirement eligible after the first anniversary of the grant date but on or before the second anniversary of the grant date, you will vest in 66% of your Year 2009 Restricted Stock Units on the second anniversary of the grant date and 34% on the third anniversary of the grant date provided you remain an active employee of PBG through each such vesting date. If you become Retirement eligible following the second anniversary of the grant date, you will vest 100% on the third anniversary of the grant date. These special vesting rules were adopted to insure that your restricted stock units are exempt from Code section 409A.

Notwithstanding the vesting rules set forth above, if your employment terminates as a result of your Retirement or Disability, then your Year 2009 Restricted Stock Units shall vest as of the date of your employment termination to an extent which is in proportion to your active service (measured in whole months) during the period commencing on the grant date and ending on the third anniversary of your grant date reduced by any RSUs that have vested and been paid to you. If your employment ends as a result of your death, then all of your outstanding Year 2009 Restricted Stock Units will vest (reduced by any RSUs that have vested and been paid to you). The special vesting rules related to Retirement, Disability, and death are explained in more detail under the heading “Payment of Restricted Stock Units”.

For example—If your employment with PBG terminates as result of Retirement or Disability on July 1, 2009, you will vest in 89 shares (4 months active service/36 months in vesting period = 11%; 11% of 802 shares = 88.2 shares, rounded to 89 shares).

If your employment with PBG terminates as a result of Retirement or Disability on July 1, 2010, you will vest in incremental shares based on your active service (16 months of active service/36 months in vesting period = 44%; 44% of 802 shares = 352.88 shares, rounded to 353). Therefore you would be eligible to receive an additional 89 shares at Retirement (353 shares—264 that previously vested on March 1, 2010 = 89 shares).

Vesting for restricted stock units granted to executives above Band E8 is subject to special rules. For these executives, vesting is typically conditioned on achievement of one or more Company performance targets established by the Committee, as well as continued active employment through the vesting date. In addition, certain special restricted stock unit awards do not vest until the fourth or fifth anniversary of the Grant Date or upon retirement. Certain special awards may have a shorter vesting schedule and may require deferral of receipt of the vested award for a specified period of time. Executives in this category should check their written agreement to determine the specific vesting rules applicable to their restricted stock units.

Dividend Equivalents. During the vesting period for restricted stock units and any deferral period if applicable, you will not receive any dividends that are paid with respect to PBG Common Stock. Instead, you will accumulate dividend equivalents during the vesting and deferral periods. These dividend equivalents shall equal the dividends actually paid with respect to PBG Common Stock during the vesting and deferral periods while your restricted stock units remain outstanding and unpaid, and they will be credited on the same day that actual dividends are paid.

Upon crediting, your dividend equivalents shall be immediately converted to additional restricted stock units (whole and/or fractional, as appropriate) by dividing the aggregate amount of dividend equivalents credited on a day by the average of the high and low per share sale prices for PBG Common Stock on the composite tape for securities listed on the New York Stock Exchange on that day. Additional restricted stock units credited as dividend equivalents are in turn entitled to be credited with dividend equivalents, and generally the aggregate additional restricted stock units that result will be paid out at the same time (and to the same extent) as the underlying restricted stock units to which they relate. Any cumulative fractional restricted stock units remaining at that time will be rounded up to a whole restricted stock unit prior to its settlement in PBG Common Stock.

OTHER LONG-TERM INCENTIVE AWARDS

The PBG Long-Term Incentive Plan authorizes the Committee or its delegate to grant additional long-term incentive awards on a discretionary basis. These are expected to be a combination of stock options and restricted stock units, but the Plan also authorizes other types of stock awards.

- **Special Awards.** In appropriate circumstances, a special award may be made upon the recommendation and approval of the Committee to recognize one or more selected individuals. The terms of any special grant are specified by the Committee and then set forth in a written agreement.
- **Incremental Awards.** The Committee or its delegate may approve incremental awards of stock options and restricted stock units for newly hired or promoted executives. An incremental award is made where determined to be competitively necessary by the Committee or its delegate. The terms of any incremental award are specified by the Committee or its delegate and then set forth in a written agreement.

EXERCISING YOUR OPTIONS

When you “exercise” your options, you pay the exercise price and receive PBG Common Stock in exchange for your options. Once you exercise your options, you can either hold onto your PBG Common Stock as an investment or sell it for cash. This section discusses when you may exercise your options and the different ways to exercise.

WHEN YOU MAY EXERCISE

While you remain employed by PBG, you may exercise options granted under the Plan any time between the vesting date for the option and the end of the option term, when all of the options expire. For example, the Year 2009 Stock Options gradually vest over a three-year period and are exercisable through the day preceding the tenth anniversary of the grant date (*i.e.*, through February 28, 2019).

- **Termination of Employment:** If your employment with PBG terminates for any reason *other than* your Retirement, Disability or death, you have 90 calendar days from your date of termination to exercise your Year 2009 Stock Options that are vested as of your termination date. Any options that are unvested on that date will be cancelled.
If you are terminated for “Misconduct,” all of your stock options are immediately canceled. The effects of Misconduct are explained more fully below under the heading “Misconduct by an Eligible Executive.”
- **Retirement or Disability.** Upon your Retirement or Disability (as defined below), a portion of your unvested stock options vest. The portion of these options that vests is in proportion to your active service (measured in whole months) during the period the options were originally scheduled to vest (*i.e.*, the period from the grant date through the final vesting date) reduced by the number of options that have already vested. You then have the full option term to exercise vested options following your Retirement or Disability. The remaining options that do not vest as provided above are forfeited.

- **Death.** In the event you die before exercising your options, all of your outstanding options will vest and be immediately exercisable and will pass by your will (or if you die without a will, by the laws of descent and distribution). These options can be exercised at any time during the option term, just as if you had not died. Your personal representative or whoever inherits your options will be permitted to exercise them once satisfactory legal documentation has been provided regarding the individual's rights to your options.
- **Company-Approved Leaves of Absence.** If you will be on a Company-approved leave of absence, you should consult with Human Resources to determine whether your stock options may continue to vest and be exercisable while you are on leave or you may call the Executive Compensation Hotline at (914) 767-1600 with any questions you may have.
- **Company-Approved Transfers.** In the event that your employment with PBG terminates through a Company-approved transfer to an allied organization, your stock options shall continue to vest during your employment with the allied organization. While you remain continuously employed by the allied organization, you will continue to vest and you may exercise your options during their term (*i.e.*, until February 28, 2019) to the extent that such extended exercisability is permitted by Code section 409A. (More information regarding Code section 409A appears below under the heading "Taxes on Options and Restricted Stock Units"). However, if you are terminated from the allied organization prior to vesting all of your stock options are immediately cancelled and if you are terminated for "Misconduct" all of your vested and unvested stock options are immediately cancelled.

For purposes of this section entitled "When You May Exercise" "Retirement" refers to termination of employment from PBG or an allied organization after attaining the minimum age and service required for retirement under the PBG Salaried Employees Retirement Plan, as in effect at the time even if the PBG Salaried Employees Retirement Plan does not apply to you; provided however, that for purposes of determining the requisite service for approved transfers, continuous service with the allied organization will be counted as service required for retirement.

You are considered to have a "Disability" if you are determined to be totally and permanently disabled for purposes of the PBG Long Term Disability Plan. If the PBG Long Term Disability Plan does not apply to you, "Disability" shall have the meaning specified by the Committee.

WAYS TO EXERCISE YOUR OPTIONS

Currently, there are four different ways to exercise your options under the Plan. You can select any of the methods described below for all or part of your options.

- **Cashless Sell-Stock Exercise.** A Cashless Sell-Stock Exercise is a one-step way to exercise your options—with no money down—and receive all cash from the transaction. The way it works is that when you exercise your options, all the PBG Common Stock resulting from your exercise is sold immediately. A portion of the proceeds is used to pay the exercise price for your options, as well as taxes and fees. You are then sent a check for the rest of the proceeds.
- **Cashless Hold-Stock Exercise.** A Cashless Hold-Stock Exercise is a one-step way to exercise your options—with no money down—and retain as much PBG Common Stock as possible. Under this method, a portion of the PBG Common Stock acquired when you exercise your options is sold—just enough to pay the exercise price for your options, plus taxes and fees. The remainder of the PBG Common Stock acquired from the exercise is delivered to you.
- **Cash-Purchase Exercise.** In a Cash-Purchase Exercise, you advance the exercise price and taxes out of your own funds in order to exercise your options. Some of your PBG Common Stock is then sold to pay fees, and the remainder of the PBG Common Stock is delivered to you. This method results in you having more PBG Common Stock as a result of the exercise than under the cashless methods, but requires you to pay the exercise price and taxes from your personal resources.

- **Limit Order.** The Limit Order Method is used together with your choice of any one of the three methods described above. Instead of requesting an immediate exercise of your options, you select a specific stock price for PBG Common Stock on the New York Stock Exchange at which you would like to exercise your options. The market price is then monitored for you. When PBG Common Stock reaches your specified price, your options will be automatically exercised to the extent possible. You can cancel your request for the limit order by phone if you no longer want the monitoring to continue. Your selection of a specified price or your cancellation will be given effect after a reasonable processing time, which will be announced from time to time. You will also be advised of the maximum period your request for a limit order exercise may remain in effect.

To exercise your options, you must provide notice of your exercise by completing and signing the appropriate exercise form, and then submitting it as directed on the form. You must specify the number of shares of PBG Common Stock you intend to purchase and identify the specific options you are exercising. You will be provided forms as your options vest. At that time, you may also request forms from the source specified from time to time by PBG (call (914) 767-1600 for information). You must send full payment of the exercise price with your exercise forms, unless you elect a cashless exercise.

The methods for exercising options are subject to change from time to time by the Committee. You will be advised in the event a change in exercise methods is adopted.

PAYMENT OF RESTRICTED STOCK UNITS

All vested restricted stock units are paid in shares of PBG Common Stock. You will receive one share of PBG Common Stock for each vested restricted stock unit. The payment of dividend equivalents related to vested restricted stock units is explained above under the heading “Year 2009 Stock Option and Restricted Stock Unit Awards.” Specific payment provisions are discussed in the following paragraphs.

- **Vesting Date.** If you are actively employed by PBG from the grant date through your vesting date, your Year 2009 Restricted Stock Units will vest. Payment of your Year 2009 Restricted Stock Units and your related dividend equivalents will be made as soon as practicable after your vesting date, unless your restricted stock unit agreement provides for mandatory or elective deferral. Executives above Band E8 should review their written agreement to determine if the payment of their restricted stock units may be subject to an additional vesting requirement based on achievement of one or more performance targets and a mandatory or elective deferral period.
- **Termination of Employment:** If your employment with PBG terminates prior to your vesting date for any reason *other than* (i) your Retirement, Disability or death (as defined below) or (ii) through a Company-approved transfer to an allied organization, your Year 2009 Restricted Stock Units (and any dividend equivalents) will be forfeited. Executives above Band E8 may forfeit special awards of restricted stock units upon Retirement or a Company-approved transfer prior to vesting and should review their written agreement to determine if their restricted stock units may be so forfeited.

If you are terminated for “Misconduct”, all of your restricted stock units (and any dividend equivalents) are immediately forfeited. The effects of Misconduct are explained more fully below under the heading “Misconduct by an Eligible Executive”.

- **Retirement or Disability.** Upon your Retirement or Disability (as defined below), a portion of your unvested Year 2009 Restricted Stock Units vest unless otherwise provided in your restricted stock unit agreement. The portion of your restricted stock units that vest is in proportion to your active service (measured in whole months) during the period the restricted stock units were originally scheduled to vest (*i.e.*, the period from the grant date through the third anniversary of the grant date) reduced by any vested restricted stock units that have been paid to you. The remaining portion that does not vest as provided above is forfeited. Payment of your vested restricted stock units and your dividend equivalents (that are applicable to your vested units) will be made as soon as practicable after your

Retirement or Disability, unless your restricted stock unit agreement provides otherwise. However, payment (but not vesting) may be delayed, if the Committee determines that your restricted stock units are subject to Code section 409A. In that event, payment will be made as soon as allowed under Code section 409A.

- **Death.** Upon your death, all your unvested restricted stock units will vest. Payment of your restricted stock units and your dividend equivalents (that are related to your vested units) reduced by any restricted stock units and dividend equivalents that have been paid to you will be made pursuant to your will (or if you die without a will, by the laws of descent and distribution) as soon as practicable after your death.
- **Company-Approved Leaves of Absence.** If you will be on a Company-approved leave of absence, you should consult with Human Resources to determine whether your restricted stock units may continue to vest while you are on leave or you may call the Executive Compensation Hotline at (914) 767-1600 with any questions you may have.
- **Company-Approved Transfers.** In the event that your employment with PBG terminates through a Company-approved transfer to an allied organization, your restricted stock units shall continue to vest following such transfer, unless otherwise provided in your restricted stock unit agreement and payment will be made on the originally scheduled payment date provided you are continuously employed by the allied organization through such date. Executives above Band E8 should review their written agreement to see if their restricted stock units will be forfeited in the event of a Company-approved transfer prior to vesting. However, if you are terminated from the allied organization prior to vesting or for “Misconduct”, all of your vested and unvested restricted stock units are subject to forfeiture as discussed later in this Prospectus.

For purposes of this section entitled “Payment of Restricted Stock Units”, “Retirement” refers to termination of PBG employment after attaining the minimum age and service required for retirement under the PBG Salaried Employees Retirement Plan, as in effect at the time even if the PBG Salaried Employees Retirement Plan does not apply to you; provided however, that for purposes of determining the requisite service for approved transfers, continuous service with the allied organization will be counted as service required for retirement.

You are considered to have a “Disability” if you are determined to be totally and permanently disabled for purposes of the PBG Long Term Disability Plan. If the PBG Long Term Disability Plan does not apply to you, “Disability” shall have the meaning specified by the Committee. However, if your restricted stock units are subject to Code section 409A, “Disability” will be defined as necessary in order to comply with Code section 409A.

WITHHOLDING UPON EXERCISE OF STOCK OPTIONS AND PAYMENT OF RESTRICTED STOCK UNITS

Any amount that PBG may be required to withhold for foreign, federal or state taxes upon the payment of the shares or dividend equivalents must be paid in full at the time of the issuance of the shares or the payment of the dividends. The Committee may withhold shares of stock or cash to satisfy the required withholding obligation.

SHARES ACQUIRED THROUGH OPTIONS OR RESTRICTED STOCK UNITS

Book Entry of Stock. If you exercise your options and decide to hold onto your PBG Common Stock, or if you are paid PBG Common Stock for your vested restricted stock units, the stock will usually be held for you in book-entry form. You will not receive a stock certificate.

Obtaining Stock Certificates and Selling Your Shares. If you prefer to obtain actual stock certificates, these will be sent to you on request. You can elect to sell your shares (other than restricted stock) whenever you like subject to the Company’s Insider Trading Policy. There may be a small fee for these services.

Dividends and Voting Rights. As a stockholder, you are a PBG shareholder and are entitled to dividends and voting rights. Prior to when your options or restricted stock units are converted to shares of PBG Common Stock, you will not have dividend or voting rights. However, as explained above under the heading “Year 2009 Restricted Stock Units,” you will receive dividend equivalents on your restricted stock units during the vesting period.

OTHER IMPORTANT INFORMATION

MISCONDUCT BY AN ELIGIBLE EXECUTIVE

If you engage in “Misconduct” (as defined below) at any time prior to the exercise of any option or the payment of any restricted stock units, the Committee may cancel your rights to any unexercised options or unpaid restricted stock units. In addition, in the event of Misconduct, the Committee may require you to repay to PBG:

- All gains on options exercised in the last 12 months, including any shares acquired through options that you still hold.
- All amounts realized from vested restricted stock units paid in the last 12 months, including any shares acquired in payment of the restricted stock units that you still hold.

Similar forfeiture and repayment rules will apply with respect to other awards. These rules apply notwithstanding anything else in this Prospectus to the contrary.

You will have engaged in Misconduct if the Committee or its delegate determines that you: (a) violated any agreement that you have with the Company, including but not limited to any non-competition agreement or any agreement not to solicit employees of the Company, (b) violated any duty to the Company, including but not limited to a violation of the Company’s Code of Conduct, (c) made any statements, conveyed any information, or caused (or attempted to cause) another to make any statements that reflect negatively on the Company, unless required by law or Company policy, (d) disclosed to an unauthorized person or misused any PBG confidential information or trade secrets, (e) engaged in unlawful trading in PBG securities or engaged in unlawful trading of securities of any other company based on information gained as a result of your service with PBG, or (f) engaged in any other activity which constitutes gross misconduct or a felony or is contrary to the best interests of the Company. Detailed rules relating to Misconduct appear in the agreement that evidences your award.

BUY-OUT OF OPTION GAINS

Any time after your options become exercisable, PBG may elect to buy out your option gains. For each option, you will be paid the difference between the fair market value of PBG stock at the time PBG elects to buy-out your options and your grant price. Payments of such buy-out amount shall be made in shares of PBG Common Stock (with cash for any fractional share). PBG does not need your consent to do this.

TAXES ON OPTIONS AND RESTRICTED STOCK UNITS

If you are subject to U.S. tax law, your stock options and restricted stock units are not taxable when granted. However, with respect to options you will pay taxes when you exercise your options on the difference between the exercise price and value of the stock on the date of exercise. With respect to restricted stock units, you will pay taxes when the units are paid out to you based upon the value of the stock at this time. PBG will record this as income on the appropriate Internal Revenue Service information returns.

If you choose to sell your stock after you have exercised your stock options or have been paid stock for a restricted stock unit, you may owe capital gains tax if the price of PBG stock has increased between the time you exercised or received the stock and the time you sell the stock.

[Table of Contents](#)

You should consult your tax advisor regarding tax considerations related to exercising your stock options and receiving stock for a restricted stock unit as well as selling PBG stock afterwards. Keep in mind that your withholding taxes may not always be sufficient to pay all of the taxes that are due.

Your Year 2009 Stock Options and Restricted Stock Units are intended not to be deferred compensation under Code section 409A and will be administered consistently with this intent. In addition, changes may be made to the terms of your Year 2009 Stock Options or Year 2009 Restricted Stock Units to ensure that they will not be covered by Code section 409A. If this is necessary, the changes made will be the minimum that PBG determines are necessary to avoid adverse tax treatment to you under Code section 409A. Therefore, your Year 2009 Stock Options and Restricted Stock Units should not be subject to the accelerated taxation and additional taxes that can apply under Code section 409A.

The tax treatment of your Year 2009 Stock Options and Restricted Stock Units (or any other special award made under the Plan) cannot be guaranteed, and changes in the applicable laws and regulations may affect the tax treatment of your Year 2009 Stock Options and Restricted Stock Units or other special award.

If you are not subject to U.S. tax law, you should consult your tax advisor on the local tax implications of your stock options or restricted stock units.

WRITTEN AGREEMENT

A written agreement with respect to each PBG stock option, restricted stock unit or other award you receive under the Plan will be made available to you. The agreement will set forth the terms of the award as set by the Committee, and your award shall be subject to the terms of the agreement. Some of the terms of the agreement may be specified by cross reference to a grant notice.

NONASSIGNMENT AND NONTRANSFERABILITY

You cannot assign or transfer your rights to receive awards under the Plan. Unless the Committee determines otherwise, you may not transfer your stock options or restricted stock units except by will, or the laws of descent and distribution.

UNFUNDED STATUS

The Plan is unfunded. PBG is not required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any benefit under this Plan.

CERTAIN ADJUSTMENTS

In the event of a change in the outstanding shares of PBG Common Stock caused by a stock split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, or in the event of any separation of a corporation or a similar corporate change, the Committee shall make any equitable adjustments in the awards under the Plan that they determine necessary and appropriate, including any adjustments in the maximum number or kind of shares subject to awards under the Plan (including the conversion of shares subject to awards from shares of PBG Common Stock to stock of another entity).

ELIGIBLE EXECUTIVE INCAPACITY

If at any time you are under a disability or are otherwise incapable of exercising a valid option by its expiration date, the Committee may take any steps they deem appropriate to avoid a lapse of your options without exercise. In addition, if at any time you are under a disability or are otherwise incapacitated, the Committee may make any payments that are due to you under this Plan to your personal or legal representative.

NO RIGHT TO EMPLOYMENT OR FUTURE GRANTS

Your receipt of an award under the Plan does not give you any right to continued employment with PBG, nor does it impose on PBG any obligation to retain you in its employ. Your receipt of an award under the Plan also does not give you any right to any future awards under the Plan or any other plan maintained by PBG.

DATA TRANSFERS

In order to grant awards under the Plan and to administer awards that have been granted, it is necessary to make use of certain personal information regarding you [*e.g.*, your name, address, social security number (or other identification number), salary, level and worksite]. This information will be transferred between different parts of PBG and to third parties as necessary to grant and administer awards. This may include transferring information outside your country of residence. By accepting an award under the Plan, you agree to the use and transfer of this data.

AMENDMENT, SUSPENSION OR TERMINATION OF PLAN

The Committee may, at any time, amend, suspend or terminate the Plan or any part of the Plan. Except with your consent or as necessary to avoid adverse tax consequences to you under Code section 409A, no amendment, suspension or termination of the Plan may affect your awards that are outstanding at the time of such action in a manner that is materially adverse to you.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows PBG to “incorporate by reference” in this Prospectus information PBG files with the SEC, which means that PBG can disclose important information to you by referring you to those documents. The information incorporated by reference is specifically identified in the registration statement filed with the SEC to register PBG Common Stock to be offered under the Plan and is considered to be part of this Prospectus, and later information filed with the SEC will modify and supersede this information. Any information so modified or superseded shall not be deemed to constitute a part of this Prospectus except as so modified or superseded.

Upon request, PBG will provide, without charge, a copy of any or all of the documents incorporated by reference in this Prospectus (other than exhibits to such documents, unless the exhibits are specifically incorporated by reference in such documents). Copies of the plan prospectus and written agreements are available on <http://execcomp.pbg.com>.

Additional questions should be directed to Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, NY 10589 (Telephone: (914) 767-1600).

REFERENCE DOCUMENTS

PBG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information PBG files at the SEC’s public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. PBG’s SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

All awards granted under the Plan are subject to the terms of the Plan and any corresponding written agreements. In addition, the Committee may adopt operating guidelines for administration of the Plan. A copy of the Plan, this Prospectus, the written agreements and the operating guidelines (if any) are available. If you would like copies of any of these documents, contact: Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, New York 10589 (Telephone: (914) 767-1600).

Prospectus for PBG 2002 Long Term Incentive Plan

The Pepsi Bottling Group, Inc.

PBG Long-Term Incentive Plan Common Stock of The Pepsi Bottling Group, Inc.
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This Prospectus relates to the PBG Long-Term Incentive Plan (the “Plan”), and the 15,000,000 shares of The Pepsi Bottling Group, Inc. common stock offered through the Plan. This Prospectus contains information about awards under the Plan, including:

- 2002 Option Grants
- 2002 Pro-Rata Awards
- Special Awards

The Pepsi Bottling Group, Inc. Common Stock

- New York Stock Exchange
- Trading Symbol: PBG
- Par Value: 1¢

The Prospectus covers eligibility, vesting and exercise for these Awards.

You should read this Prospectus carefully so you will know how the PBG Long-Term Incentive Plan works. You should also retain this Prospectus for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or passed upon the adequacy or accuracy of the Prospectus. Any representation to the contrary is a criminal offense.

This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

March 1, 2002

[Table of Contents](#)

Table of Contents

	<u>Page</u>
The Pepsi Bottling Group, Inc.	3
PBG Long-Term Incentive Plan	3
This Prospectus	3
Inquiries	3
Summary of the Long-Term Incentive Plan	4
Plan Awards	5
Eligibility for Plan Awards	5
Types of Awards	5
2002 Grants of Stock Options	5
Options Received	5
Definition of Fair Market Value	5
Exercise Price	6
Vesting and Exercise of Options	6
2002 Pro-Rata Awards	6
Options Received	6
Exercise Price	6
Vesting and Exercise of Options	6
Other Long Term Incentive Awards	7
Exercising Your Options	8
When You May Exercise	8
Ways to Exercise Your Options	8
Shares Acquired by Option Exercise	9
Book Entry of Stock	9
Obtaining Stock Certificates and Selling Your Shares	9
Dividend and Voting Rights	9
Other Important Information	10
Misconduct by an Eligible Executive	10
Buy-Out of Option Gains and Nontransferability	10
Taxes on Options	10
Written Agreement	10
Assignment	10
Unfunded Status	10
Certain Adjustments	11
Eligible Executive Incapacity	11
No Right to Employment of Future Grants	11
Amendment, Suspension or Termination of Plan	11
Documents Incorporated by Reference	11
Reference Documents	11

[Table of Contents](#)

The Pepsi Bottling Group, Inc.

The Pepsi Bottling Group, Inc. and direct or indirect subsidiaries or affiliates (collectively, “PBG”), is engaged in the beverage business globally. Its principal executive offices are at One Pepsi Way, Somers, NY 10589. Its general telephone number is (914) 767-6000.

The PBG Long-Term Incentive Plan

This Prospectus describes the PBG Long-Term Incentive Plan, as in effect on March 1, 2002 (the “Plan”).

To receive awards under the Plan, you must be an eligible executive of PBG: that is, you must be a PBG executive who is classified as Salary Band I or above (or the equivalent).

As an eligible executive, the Plan is designed to provide you with long term incentives that reward you for your role in growing PBG’s business and increasing the value of PBG Common Stock.

The Plan is not subject to section 401(a) of the Internal Revenue Code of 1986, as amended, which governs certain tax qualified pension and profit sharing plans. The Plan is also not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended.

This Prospectus

You should rely only on the information provided or incorporated by reference in this Prospectus or in any prospectus supplement. PBG has not authorized anyone to provide you with different information. PBG is not making an offer to sell stock or stock options under the Plan in any state or country where the offer is not permitted. You should not assume that the information in this Prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the document.

Inquiries:

For additional information about the PBG Long-Term Incentive Plan, please contact:

Administrator, Long-Term Incentive Plan The Pepsi Bottling Group, Inc. One Pepsi Way Somers, New York 10589 (914) 767-1600
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SUMMARY OF THE LONG-TERM INCENTIVE PLAN

- **ELIGIBILITY FOR THE 2002 STOCK OPTION GRANT:** The Compensation and Management Development Committee of the Board of Directors of PBG (the “Committee”) has been given the authority to administer the Plan. The Committee determines the eligible executives who receive a stock option grant. A stock option is a right to buy shares of PBG Common Stock at a set price (the “exercise price”) during a specified time period. The number of stock options you can receive is based on your Salary Band.
- **EXERCISE PRICE:** The exercise price for the 2002 Stock Options is \$25.25, the Fair Market Value (as defined below) of PBG’s Common Stock on March 1, 2002.
- **VESTING:** The 2002 Stock Options granted hereunder gradually vest over an approximately three-year period; 25% vest on March 30, 2003, 25% vest on March 30, 2004, and the remaining 50% vest on March 30, 2005.
- **EXERCISE:** Once your 2002 stock options vest, you may exercise them during their term. The option term expires approximately ten years after the grant date (i.e., March 29, 2012). Exercising means you use your options to buy PBG Common Stock at the exercise price. After you exercise your options, you can then sell your stock to get cash. Or, you can exercise your options and hold onto the PBG stock.
- **2002 PRO-RATA AWARD:** If you are newly hired into an eligible executive position after March 1, 2002 (but not later than August 31, 2002), you may be eligible for a 2002 Pro-Rata grant of stock options in September 2002. The exercise price will be based on the Fair Market Value of PBG Common Stock on the date of the grant. 2002 Pro-Rata grants will gradually vest over an approximately two and a half year period, with 25% vesting on March 30, 2003, 25% on March 30, 2004 and the remaining 50% on March 30, 2005. The number of options is determined under a special schedule established by the Committee.
- **OTHER AWARDS:** The Committee reserves the right to make, in its discretion, special awards to selected executives and to implement future grant programs for PBG’s executives.
- **ADMINISTRATION:** The Plan is administered by the Committee (and its delegates).
- **TERMS:** The Committee reserves the right to amend and terminate the Plan (but no amendment may adversely affect already granted awards without your consent).
- **TRACKING YOUR STOCK OPTIONS:** You will be given an account statement periodically. These statements will set forth detailed information about your transactions and will show the number of vested and unvested options that you hold.
- **MISCONDUCT:** Your awards will be forfeited if you commit misconduct. Any gains in the last 12 months that relate to your awards will also be recovered.

Because this is a summary of the Plan, it does not contain all of the information that may be important to you. You should review the entire Prospectus (and other documents referred to in this Prospectus) carefully.

PLAN AWARDS

Eligibility for Plan Awards. You are eligible for awards under the Plan while you are employed as an executive of PBG who is:

- Classified as Salary Band I or above (or the equivalent), and
- Assigned to work in the United States, Canada, Spain, Greece or another eligible country.

Because of local law restrictions, Russia is currently an eligible country only with respect to executives who are classified by PBG as expatriates. If you work in a country not named above, check with PBG's Executive Compensation Department for information on whether local law permits your work location to be an eligible country. From time to time, eligibility may be modified to reflect changes in local law.

If you meet these eligibility requirements, you are referred to as an "Eligible Executive."

Types of Awards. You may be eligible for a 2002 grant of stock options if you are an Eligible Executive on March 1, 2002. In addition, from time to time, certain executives may be given a special award under the Plan.

Each of the awards is described in the following pages of this document.

2002 GRANTS OF STOCK OPTIONS

If you are actively employed as an Eligible Executive on March 1, 2002, you may be selected to receive a 2002 grant of stock options to purchase PBG Common Stock.

Options Received. If you are selected to receive a 2002 grant, the number of options you receive is calculated based on a multiple of your base salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* 1 times salary
- *Band II:* 2 times salary
- *Band III:* 4 times salary
- *Band IV:* 6 times salary
- *Band V:* 8 times salary

Grants for executives above Band V are individually determined, based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the "grant price." The resulting number is then rounded up or down to the nearest whole number. The 2002 stock options granted hereunder have a grant price of \$25.25, which was the Fair Market Value (as defined below) of PBG stock on March 1, 2002.

For example—If your salary is \$100,000 and you are classified as Salary Band I, your grant amount will be 1 times your salary or \$100,000. This amount is then divided by \$25.25 to determine the number of options in your grant. This results in your receiving 3,960 options, calculated as follows— $\$100,000 \div \$25.25 = 3,960.396$ which is then rounded to 3,960.

Definition of Fair Market Value: For various awards, the concept of "Fair Market Value" is important. Fair Market Value for any date means the average of the high and low per share sale prices for PBG Common Stock on the composite tape for securities listed on the New York Stock Exchange on that day. This average price will be rounded up to the nearest one-fourth. If Fair Market Value is being determined for a day that is not a New York Stock Exchange trading date, then the immediately preceding trading date is used.

[Table of Contents](#)

Exercise Price: The price at which the 2002 options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your options and buy PBG stock at this price (called the “exercise price”) no matter how high the price of PBG stock rises on the market. Therefore, if PBG stock goes up, you may buy at this exercise price and have an investment gain—which is equal to the difference between how much you pay to buy the stock and how much it is worth.

Vesting and Exercise of Options. While you remain employed by PBG, the 2002 stock options granted hereunder gradually vest over a period of approximately three years. Accordingly, 25% of your 2002 options will vest on March 30, 2003, 25% will vest on March 30, 2004 and the remaining 50% will vest on March 30, 2005. Once your 2002 options are vested, you can exercise your options to obtain PBG stock until the options expire approximately ten years after the grant date (i.e., March 29, 2012).

Exercising your options refers to when you use your right to buy at the exercise price. Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.” Once you exercise your options, you can either hold your stock as an investment or sell it for cash.

2002 PRO-RATA AWARDS

If you are newly hired into an eligible executive position after March 1, 2002 (but not later than August 31, 2002), you may be eligible for a 2002 Pro-Rata grant of stock options. 2002 Pro-Rata grants are scheduled to be made in September of 2002. The Committee (or its delegate), however, has the discretion to decide who will receive a 2002 Pro-Rata grant and when they will be made.

Options Received. If you are selected to receive a 2002 Pro-Rata grant, the number of options you receive is calculated based on a multiple of your salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* .5 times salary
- *Band II:* 1 times salary
- *Band III:* 2 times salary
- *Band IV:* 3 times salary
- *Band V:* 4 times salary

2002 Pro-Rata grants for executives above Band V are individually determined based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your 2002 Pro-Rata grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the “grant price.” The resulting number is then rounded up or down to the nearest whole number. 2002 Pro-Rata grants will have a grant price equal to the Fair Market Value of PBG stock on September 1, 2002.

Exercise Price: The price at which 2002 Pro-Rata grant options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your options and buy PBG stock at this price no matter how high the price of PBG stock rises on the market.

Vesting and Exercise of Options. While you remain employed by PBG, 2002 Pro-Rata stock options granted hereunder gradually vest over a period of approximately two and a half years. Accordingly, 25% of your 2002 Pro-Rata options will vest on March 30, 2003, 25% will vest on March 30, 2004 and the remaining 50% will vest on March 30, 2005. Once your 2002 Pro-Rata options are vested, you can exercise your options to obtain PBG stock until the options expire approximately ten years after the grant date (i.e., March 29, 2012). Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.”

OTHER LONG-TERM INCENTIVE AWARDS

The PBG Long-Term Incentive Plan authorizes the Committee or its delegate to grant additional long-term incentive awards on a discretionary basis. These are expected to be stock options, but the Plan also authorizes other types of stock awards.

- **Special Awards.** In appropriate circumstances, a special award may be made upon the recommendation and approval of the Committee to recognize a selected individual. The terms of any special grant are specified by the Committee and then set forth in a written agreement.
- **Incremental Awards.** The Committee or its delegate may approve incremental award of stock options for newly hired executives. An incremental award is made where determined to be competitively necessary by the Committee or its delegate. The terms of any incremental award are specified by the Committee or its delegate and then set forth in a written agreement.
- **Other Awards.** PBG will announce the terms of its future grant program for PBG executives.

EXERCISING YOUR OPTIONS

When you “exercise” your options, you pay the exercise price and receive PBG Common Stock in exchange for your options. Once you exercise your options, you can either hold onto your PBG Common Stock as an investment or sell it for cash. This section discusses when you may exercise your options and the different ways to exercise.

WHEN YOU MAY EXERCISE

While you remain employed by PBG, you may exercise options granted under the Plan any time between the vesting date for that award and the end of the option term, when the options expire. For example, the 2002 stock options gradually vest over a three-year period and the full option term ends 10 years from the grant date.

- **Termination of Employment:** If your employment with PBG terminates for any reason *other than* (i) your retirement, death or disability or (ii) through a Company-approved transfer to an allied organization, you have 10 business days from your date of termination to exercise your options that are vested as of that date. Any options that are unvested on that date will be canceled.

If you are terminated for “misconduct,” all of your stock options are immediately canceled.

- **Retirement or Disability.** Upon your retirement or disability, a portion of your unvested stock options vest. The portion of these options that vests is in proportion to your active service during the period the options were originally scheduled to vest (*i.e.*, the period from the grant date through the vesting date). You then have the full option term to exercise vested options following your retirement or disability. The full option term begins on the date your options were scheduled to vest and continues through the last day of the original option term. “Retirement” and “disability” are defined below.
- **Death.** In the event you die before exercising your options, all of your outstanding options will vest and will pass by your will (or if you die without a will, by the laws of descent and distribution). These options can be exercised at any time during the option term, just as if you had not died. The option term begins on the date your options were scheduled to vest and continues through the last day of the original option term. Your personal representative or whoever inherits your options will be permitted to exercise them once satisfactory legal documentation has been provided regarding the individual’s rights to your options.
- **Company-approved transfers.** In the event that your employment with PBG terminates through a Company-approved transfer to an allied organization, your stock options shall vest immediately prior to such transfer and you may exercise them during their term (*i.e.* March 29, 2012). However, if you are terminated from the allied organization for “misconduct”, all of your stock options are immediately cancelled.

“Retirement” refers to termination of PBG employment after attaining the minimum age and service required for retirement under the PBG Salaried Employees Retirement Plan, as in effect at the time. If the PBG Salaried Employees Retirement Plan does not apply to you, “retirement” shall have the meaning specified by the Committee.

You are considered to have a “disability” if you are determined to be totally and permanently disabled for purposes of the PBG Long Term Disability Plan. If the PBG Long Term Disability Plan does not apply to you, “disability” shall have the meaning specified by the Committee.

WAYS TO EXERCISE YOUR OPTIONS

Currently, there are four different ways to exercise your options under the Plan. You can select any of the methods described below for all or part of your options.

- **Cashless Sell-Stock Exercise.** A Cashless Sell-Stock Exercise is a one-step way to exercise your options—with no money down—and receive all cash from the transaction. The way it works is that when you exercise your options, all the PBG Common Stock resulting from your exercise is sold immediately. A portion of the proceeds is used to pay the exercise price for your options, as well as taxes and fees. You are then sent a check for the rest of the proceeds.
- **Cashless Hold-Stock Exercise.** A Cashless Hold-Stock Exercise is a one-step way to exercise your options—with no money down—and retain as much PBG Common Stock as possible. Under this method, a portion of the PBG Common Stock acquired when you exercise your options is sold—just enough to pay for the cost of exercising your options, plus taxes and fees. The remainder of the PBG Common Stock acquired from the exercise is delivered to you.
- **Cash-Purchase Exercise.** In a Cash-Purchase Exercise, you advance the exercise price and taxes out of your own funds in order to exercise your options. Some of your PBG Common Stock is then sold to pay fees, and the remainder of the PBG Common Stock is delivered to you. This method results in you having more PBG Common Stock as a result of the exercise than under the cashless methods, but requires you to pay the exercise price and taxes from your personal resources.
- **Limit Order.** The Limit Order Method is used together with your choice of any one of the three methods described above. Instead of requesting an immediate exercise of your options, you select a specific stock price for PBG Common Stock on the New York Stock Exchange at which you would like to exercise your options. The market price is then monitored for you. When PBG stock reaches your specified price, your options will be automatically exercised to the extent possible. You can cancel your request for the limit order by phone if you no longer want the monitoring to continue. Your selection of a specified price or cancellation will be given effect after a reasonable processing time, which will be announced from time to time. You will also be advised of the maximum period your request for a limit order exercise may remain in effect.

To exercise your options, you must provide notice of your exercise by completing, signing and submitting the appropriate exercise form as directed on the form. You must specify the number of shares of PBG Common Stock you intend to purchase and identify the specific options you are exercising. You will be provided forms as your options vest. At that time, you may also request forms from the source specified from time to time by PBG (call (914) 767-1600 for information). You must send full payment of the exercise price with your exercise forms, unless you elect a cashless exercise.

The methods for exercising options are subject to change from time to time by the Committee. You will be advised in the event a change in exercise methods is adopted.

SHARES ACQUIRED BY OPTION EXERCISE

Book Entry of Stock. If you exercise your options and decide to hold onto your PBG stock, the stock will usually be held for you in book-entry form. You will not receive a stock certificate. Your account will be adjusted to reflect the receipt of any PBG Common Stock paid as dividends on shares held in your account as a result of an exercise of your stock options.

Obtaining Stock Certificates and Selling Your Shares. If you prefer to obtain actual stock certificates, these will be sent to you on request. You can elect to sell your shares (other than restricted stock) whenever you like. There may be a small fee for these services.

Dividends and Voting Rights. As a stockholder, you are a PBG shareholder and are entitled to dividends and voting rights.

OTHER IMPORTANT INFORMATION

MISCONDUCT BY AN ELIGIBLE EXECUTIVE

If you engage in misconduct at any time prior to the exercise of any option, the Committee may forfeit your rights to any unexercised options. In addition, the Committee may require you to repay to PBG all gains on options exercised in the last 12 months. Similar forfeiture and repayment rules will apply with respect to other awards. These rules apply notwithstanding anything else in this Prospectus to the contrary.

You will have engaged in misconduct if the Committee or its delegate determines that: (a) you competed with PBG, (b) you engaged in any act which is considered contrary to PBG's best interests, (c) you violated PBG's code of conduct or engaged in any other activity which constitutes gross misconduct, (d) you engaged in unlawful trading in PBG securities or securities of any other company based on information gained as a result of your service with PBG, or (e) you disclosed to an unauthorized person or misused any PBG confidential information or trade secrets. Detailed rules relating to misconduct appear in the agreement that evidences your award.

BUY-OUT OF OPTION GAINS AND NONTRANSFERABILITY

Any time after your options become exercisable, PBG may elect to buy out your option gains. For each option, you will be paid the difference between the fair market value of PBG stock at the time PBG elects to buy-out your options and your grant price. PBG does not need your consent to do this.

TAXES ON OPTIONS

If you are subject to U.S. tax law, your stock options are not taxable when granted. However, you will pay taxes when you exercise your options on the difference between the exercise price and value of the stock on the date of exercise. PBG will record this as income on the appropriate Internal Revenue Service information returns.

If you choose to sell your stock after you have exercised your stock options, you may owe capital gains tax if the price of PBG stock has increased between the time you exercised the stock and the time you sell the stock.

You should consult your tax advisor regarding tax considerations related to exercising your stock options and selling PBG stock. Keep in mind that your withholding taxes may not always be sufficient to pay all of the taxes that are due.

If you are not subject to U.S. tax law, you should consult your tax advisor on the local tax implications of your stock options.

WRITTEN AGREEMENT

You will be given a written agreement to sign with respect to each PBG stock option or other award you receive under the Plan. The agreement will set forth the terms of the award as set by the Committee.

ASSIGNMENT

You cannot assign or transfer your rights to receive awards under the Plan. Unless the Committee determines otherwise, you may not transfer your stock options except by will, or the laws of descent and distribution.

UNFUNDED STATUS

The Plan is unfunded. PBG is not required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any benefit under this Plan.

CERTAIN ADJUSTMENTS

In the event of a change in the outstanding shares of PBG Common Stock caused by a stock split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, or in the event of any separation of a corporation or a similar corporate change, the Committee may make any equitable adjustments in the awards under the Plan that they determine necessary and appropriate, including any adjustments in the maximum number or kind of shares subject to awards under the Plan (including the conversion of shares subject to awards from shares of PBG Common Stock to stock of another entity).

ELIGIBLE EXECUTIVE INCAPACITY

If at any time you are under a disability or are otherwise incapable of exercising a valid option by its expiration date, the Committee may take any steps they deem appropriate to avoid a lapse of your options without exercise.

NO RIGHT TO EMPLOYMENT OR FUTURE GRANTS

Your receipt of an award under the Plan does not give you any right to continued employment with PBG, nor does it impose on PBG any obligation to retain you in its employ. Your receipt of an award under the Plan also does not give you any right to any future awards under the Plan or any other plan maintained by PBG.

AMENDMENT, SUSPENSION OR TERMINATION OF PLAN

The Committee may, at any time, amend, suspend or terminate the Plan or any part of the Plan. However, except with your consent, no amendment, suspension or termination of the Plan may adversely affect your awards that are outstanding at the time of such action.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows PBG to “incorporate by reference” in this Prospectus information PBG files with the SEC, which means that PBG can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Prospectus, and later information filed with the SEC will update and supersede this information. The documents listed below and any future filings made with the SEC under section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the Plan is terminated comprise the incorporated documents:

- The description of PBG Common Stock set forth in PBG’s registration statement filed under the Securities Act of 1933, as amended, including all amendments and reports updating the description.

Upon request, PBG will provide, without charge, a copy of any or all of the documents incorporated by reference in this Prospectus (other than exhibits to such documents, unless the exhibits are specifically incorporated by reference in such documents). Your requests for copies should be directed to Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, NY 10589 (phone: (914) 767-1600).

REFERENCE DOCUMENTS

PBG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information PBG files at the SEC’s public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. PBG’s SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at “<http://www.sec.gov>.”

[Table of Contents](#)

All Awards granted under the Plan are subject to the terms of the Plan and any corresponding written agreements. In addition, the Committee may adopt operating guidelines for administration of the Plan. A copy of the Plan, the written agreements and the operating guidelines (if any) are available. If you would like copies of any of these documents, contact: Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, New York 10589 (phone: (914) 767-1600).

Prospectus for PBG Long Term Incentive Plan

The Pepsi Bottling Group, Inc.

PBG Long-Term Incentive Plan
Common Stock of The Pepsi Bottling Group, Inc.

This Prospectus relates to the PBG Long-Term Incentive Plan (the “Plan”), and the 15,000,000 shares of The Pepsi Bottling Group, Inc. common stock offered through the Plan. This Prospectus contains information about awards under the Plan, including:

- Year 2000 Option Grants
- Year 2000 Pro-Rata Awards
- Special Awards

The Prospectus covers eligibility, vesting and exercise for these Awards.

The Pepsi Bottling Group, Inc. Common Stock

- New York Stock Exchange
- Trading Symbol: PBG
- Par Value: 1¢

You should read this Prospectus carefully so you will know how the PBG Long-Term Incentive Plan works. You should also retain this Prospectus for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or passed upon the adequacy or accuracy of the Prospectus. Any representation to the contrary is a criminal offense.

This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

March 30, 2000

Table of Contents

Table of Contents

	<u>Page</u>
The Pepsi Bottling Group, Inc.	3
PBG Long-Term Incentive Plan	3
This Prospectus	3
Inquiries	3
Summary of the Long-Term Incentive Plan	4
Plan Awards	5
Eligibility for Plan Awards	5
Types of Awards	5
Year 2000 Grants of Stock Options	5
Options Received	5
Definition of Fair Market Value	6
Exercise Price	6
Vesting and Exercise of Options	6
Year 2000 Pro-Rata Awards	6
Options Received	6
Exercise Price	7
Vesting and Exercise of Options	7
Other Long Term Incentive Awards	7
Exercising Your Options	8
When You May Exercise	8
Ways to Exercise Your Options	8
Shares Acquired by Option Exercise	9
Book Entry of Stock	9
Obtaining Stock Certificates and Selling Your Shares	9
Dividend and Voting Rights	9
Other Important Information	10
Misconduct by an Eligible Executive	10
Taxes on Options	10
Written Agreement	10
Assignment	10
Unfunded Status	10
Certain Adjustments	10
Eligible Executive Incapacity	11
No Right to Employment of Future Grants	11
Amendment, Suspension or Termination of Plan	11
Documents Incorporated by Reference	11
Reference Documents	11

[Table of Contents](#)

The Pepsi Bottling Group, Inc.

The Pepsi Bottling Group, Inc. and direct or indirect subsidiaries or affiliates (collectively, “PBG”), is engaged in the beverage business globally. Its principal executive offices are at One Pepsi Way, Somers, NY 10589. Its general telephone number is (914) 767-6000.

The PBG Long-Term Incentive Plan

This Prospectus describes the PBG Long-Term Incentive Plan, as in effect on March 30, 1999 (the “Plan”).

To receive awards under the Plan, you must be an eligible executive of PBG: that is, you must be a PBG executive who is classified as Salary Band I or above (or the equivalent).

As an eligible executive, the Plan is designed to provide you with long term incentives that reward you for your role in growing PBG’s business and increasing the value of PBG Common Stock.

The Plan is not subject to section 401(a) of the Internal Revenue Code of 1986, as amended, which governs certain tax qualified pension and profit sharing plans. The Plan is also not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended.

This Prospectus

You should rely only on the information provided or incorporated by reference in this Prospectus or in any prospectus supplement. PBG has not authorized anyone to provide you with different information. PBG is not making an offer to sell stock or stock options under the Plan in any state or country where the offer is not permitted. You should not assume that the information in this Prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the document.

Inquiries:

For additional information about the PBG Long-Term Incentive Plan, please contact:

Administrator, Long-Term Incentive Plan The Pepsi Bottling Group, Inc. One Pepsi Way Somers, New York 10589 (914) 767-1600
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SUMMARY OF THE LONG-TERM INCENTIVE PLAN

- **ELIGIBILITY FOR YEAR 2000 STOCK OPTION GRANT:** The Compensation and Management Development Committee of the Board of Directors of PBG (the “Committee”) has been given the authority to administer the Plan. The Committee determines the eligible executives who receive a stock option grant. A stock option is a right to buy shares of PBG Common Stock at a set price (the “exercise price”) during a specified time period. The number of stock options you can receive is based on your Salary Band.
- **EXERCISE PRICE:** The exercise price for the Year 2000 Stock Options is \$18.75, the Fair Market Value (as defined below) of PBG’s Common Stock on January 10, 2000. If you were hired into an eligible executive position after January 10, 2000 (but no later than February 21, 2000), the exercise price for your Year 2000 Stock Options will be the Fair Market Value of PBG’s Common Stock on September 1, 2000.
- **VESTING:** The Year 2000 Stock Options granted hereunder gradually vest over an approximately three-year period; 25% vest on March 30, 2001, 25% vest on March 30, 2002, and the remaining 50% vest on March 30, 2003.
- **EXERCISE:** Once your Year 2000 stock options vest, you may exercise them during their term. The option term expires approximately ten years after the grant date (i.e., March 29, 2010). Exercising means you use your options to buy PBG Common Stock at the exercise price. After you exercise your options, you can then sell your stock to get cash. Or, you can exercise your options and hold onto the PBG stock.
- **YEAR 2000 PRO-RATA AWARD:** If you are newly hired into an eligible executive position after February 21, 2000 (but not later than August 31, 2000), you may be eligible for a Year 2000 Pro-Rata grant of stock options in September 2000. The exercise price will be based on the Fair Market Value of PBG Common Stock on the date of the grant. Year 2000 Pro-Rata grants will gradually vest over an approximately two and a half year period, with 25% vesting on March 30, 2001, 25% on March 30, 2002 and the remaining 50% on March 30, 2003. The number of options is determined under a special schedule established by the Committee.
- **OTHER AWARDS:** The Committee reserves the right to make, in its discretion, special awards to selected executives and to implement future grant programs for PBG’s executives.
- **ADMINISTRATION:** The Plan is administered by the Committee (and its delegates).
- **TERMS:** The Committee reserves the right to amend and terminate the Plan (but no amendment may adversely affect already granted awards without your consent).
- **TRACKING YOUR STOCK OPTIONS:** You will be given an account statement periodically. These statements will set forth detailed information about your transactions and will show the number of vested and unvested options that you hold.
- **MISCONDUCT:** Your awards will be forfeited if you commit misconduct. Any gains in the last 12 months that relate to your awards will also be recovered.

Because this is a summary of the Plan, it does not contain all of the information that may be important to you. You should review the entire Prospectus (and other documents referred to in this Prospectus) carefully.

PLAN AWARDS

Eligibility for Plan Awards. You are eligible for awards under the Plan while you are employed as an executive of PBG who is:

- Classified as Salary Band I or above (or the equivalent), and
- Assigned to work in the United States, Canada, Spain, Greece or another eligible country.

Because of local law restrictions, Russia is currently an eligible country only with respect to executives who are classified by PBG as expatriates. If you work in a country not named above, check with PBG’s Executive Compensation Department for information on whether local law permits your work location to be an eligible country. From time to time, eligibility may be modified to reflect changes in local law.

If you meet these eligibility requirements, you are referred to as an “Eligible Executive.”

Types of Awards. You may be eligible for a Year 2000 grant of stock options if you are an Eligible Executive on January 10, 2000. In addition, if you are hired into an eligible executive position after January 10, 2000 (but not later than February 21, 2000), you may also be eligible for a Year 2000 grant in September 2000. If you are hired after February 21, 2000 as an Eligible Executive and begin work by August 31, 2000, you may be eligible for a Year 2000 Pro-Rata grant of stock options. In addition, from time to time, certain executives may be given a special award under the Plan.

Each of the awards is described in the following pages of this document.

YEAR 2000 GRANTS OF STOCK OPTIONS

If you are actively employed as an Eligible Executive on January 10, 2000, you may be selected to receive a Year 2000 grant of stock options to purchase PBG Common Stock. In addition, if you are hired into an eligible executive position after January 10, 2000 (but not later than February 21, 2000), you may also be eligible for a Year 2000 grant in September 2000.

Options Received. If you are selected to receive a Year 2000 grant, the number of options you receive is calculated based on a multiple of your base salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* 1 times salary
- *Band II:* 2 times salary
- *Band III:* 4 times salary
- *Band IV:* 6 times salary
- *Band V:* 8 times salary

Grants for executives above Band V are individually determined, based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the “grant price.” The resulting number is then rounded up or down to the nearest whole number. Year 2000 stock options granted hereunder have a grant price of \$18.75, which was the Fair Market Value (as defined below) of PBG stock on January 10, 2000.

For example—If your salary is \$100,000 and you are classified as Salary Band I, your grant amount will be 1 times your salary or \$100,000. This amount is then divided by \$18.75 to determine the number of options in your grant. This results in your receiving 5,333 options, calculated as follows—\$100,000 ÷ \$18.75 = 5,333.33 which is then rounded to 5,333.

[Table of Contents](#)

If you are hired into an eligible executive position after January 10, 2000 (but no later than February 21, 2000) the exercise price for your Year 2000 options will be the Fair Market Value of PBG’s Common Stock on September 1, 2000.

Definition of Fair Market Value: For various awards, the concept of “Fair Market Value” is important. Fair Market Value for any date means the average of the high and low per share sale prices for PBG Common Stock on the composite tape for securities listed on the New York Stock Exchange on that day. This average price will be rounded up to the nearest one-fourth. If Fair Market Value is being determined for a day that is not a New York Stock Exchange trading date, then the immediately preceding trading date is used.

Exercise Price: The price at which the Year 2000 options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your options and buy PBG stock at this price (called the “exercise price”) no matter how high the price of PBG stock rises on the market. Therefore, if PBG stock goes up, you may buy at this exercise price and have an investment gain—which is equal to the difference between how much you pay to buy the stock and how much it is worth.

Vesting and Exercise of Options. While you remain employed by PBG, the Year 2000 stock options granted hereunder gradually vest over a period of approximately three years. Accordingly, 25% of your Year 2000 options will vest on March 30, 2001, 25% will vest on March 30, 2002 and the remaining 50% will vest on March 30, 2003. Once your Year 2000 options are vested, you can exercise your options to obtain PBG stock until the options expire approximately ten years after the grant date (i.e., March 29, 2010).

Exercising your options refers to when you use your right to buy at the exercise price. Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.” Once you exercise your options, you can either hold your stock as an investment or sell it for cash.

YEAR 2000 PRO-RATA AWARDS

If you are newly hired into an eligible executive position after February 21, 2000 (but not later than August 31, 2000), you may be eligible for a Year 2000 Pro-Rata grant of stock options. Year 2000 Pro-Rata grants are scheduled to be made in September of 2000. The Committee (or its delegate), however, has the discretion to decide who will receive a 2000 Pro-Rata grant and when they will be made.

Options Received. If you are selected to receive a Year 2000 Pro-Rata grant, the number of options you receive is calculated based on a multiple of your salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* .5 times salary
- *Band II:* 1 times salary
- *Band III:* 2 times salary
- *Band IV:* 3 times salary
- *Band V:* 4 times salary

Year 2000 Pro-Rata grants for executives above Band V are individually determined based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your Year 2000 Pro-Rata grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the “grant price.” The resulting number is then rounded up or down to the nearest whole number. Year 2000 Pro-Rata grants will have a grant price equal to the Fair Market Value of PBG stock on September 1, 2000.

Exercise Price: The price at which Year 2000 Pro-Rata grant options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your options and buy PBG stock at this price no matter how high the price of PBG stock rises on the market.

Vesting and Exercise of Options. While you remain employed by PBG, Year 2000 Pro-Rata stock options granted hereunder gradually vest over a period of approximately two and a half years. Accordingly, 25% of your Year 2000 Pro-Rata options will vest on March 30, 2001, 25% will vest on March 30, 2002 and the remaining 50% will vest on March 30, 2003. Once your Year 2000 Pro-Rata options are vested, you can exercise your options to obtain PBG stock until the options expire approximately ten years after the grant date (i.e., March 29, 2010).

Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.”

OTHER LONG-TERM INCENTIVE AWARDS

The PBG Long-Term Incentive Plan authorizes the Committee or its delegate to grant additional long-term incentive awards on a discretionary basis. These are expected to be stock options, but the Plan also authorizes other types of stock awards.

- **Special Awards.** In appropriate circumstances, a special award may be made upon the recommendation and approval of the Committee to recognize a selected individual. The terms of any special grant are specified by the Committee and then set forth in a written agreement.
- **Incremental Awards.** The Committee or its delegate may approve incremental award of stock options for newly hired executives. An incremental award is made where determined to be competitively necessary by the Committee or its delegate. The terms of any incremental award are specified by the Committee or its delegate and then set forth in a written agreement.
- **Other Awards.** PBG will announce the terms of its future grant program for PBG executives.

EXERCISING YOUR OPTIONS

When you “exercise” your options, you pay the exercise price and receive PBG Common Stock in exchange for your options. Once you exercise your options, you can either hold onto your PBG Common Stock as an investment or sell it for cash. This section discusses when you may exercise your options and the different ways to exercise.

WHEN YOU MAY EXERCISE

While you remain employed by PBG, you may exercise options granted under the Plan any time between the vesting date for that award and the end of the option term, when the options expire. For example, the Year 2000 stock options gradually vest over a three-year period and the full option term ends 10 years from the grant date.

- **Termination of Employment:** If your employment with PBG terminates for any reason *other than* your retirement, death or disability, you have 10 business days from your date of termination to exercise your options that are vested as of that date. Any options that are unvested on that date will be canceled. If you are terminated for “misconduct,” all of your stock options are immediately canceled.
- **Retirement or Disability.** Upon your retirement or disability, a portion of your unvested stock options vest. The portion of these options that vests is in proportion to your active service during the period the options were originally scheduled to vest (*i.e.*, the period from the grant date through the vesting date). You then have the full option term to exercise vested options following your retirement or disability. The full option term begins on the date your options were scheduled to vest and continues through the last day of the original option term. “Retirement” and “disability” are defined below.

For example—Assume you were granted 5,333 options on January 10, 2000, which were scheduled to fully vest on March 30, 2003 and you retire on March 30, 2002. At that point, you would have been employed for 812 days out of an approximate three-year vesting period that contains 1,176 days. As a result, the number of your vested options is determined by multiplying 5,333 by a fraction that is equal to 812 divided by 1,176. This works out to 3,682.3, which is then rounded to the nearest whole option or 3,682. Therefore, following your retirement, you would have 3,682 vested options (instead of the 2,667 options that would have otherwise vested on March 30, 2002) that could be exercised as early as March 31, 2002. This provides you with an additional 1,015 vested options upon your retirement.

- **Death.** In the event you die before exercising your options, all of your outstanding options will vest and will pass by your will (or if you die without a will, by the laws of descent and distribution). These options can be exercised at any time during the option term, just as if you had not died. The option term begins on the date your options were scheduled to vest and continues through the last day of the original option term. Your personal representative or whoever inherits your options will be permitted to exercise them once satisfactory legal documentation has been provided regarding the individual's rights to your options.

“Retirement” refers to termination of PBG employment after attaining the minimum age and service required for retirement under the PBG Salaried Employees Retirement Plan, as in effect at the time. If the PBG Salaried Employees Retirement Plan does not apply to you, “retirement” shall have the meaning specified by the Committee.

You are considered to have a “disability” if you are determined to be totally and permanently disabled for purposes of the PBG Long Term Disability Plan. If the PBG Long Term Disability Plan does not apply to you, “disability” shall have the meaning specified by the Committee.

WAYS TO EXERCISE YOUR OPTIONS

Currently, there are four different ways to exercise your options under the Plan. You can select any of the methods described below for all or part of your options.

- **Cashless Sell-Stock Exercise.** A Cashless Sell-Stock Exercise is a one-step way to exercise your options—with no money down—and receive all cash from the transaction. The way it works is that

when you exercise your options, all the PBG Common Stock resulting from your exercise is sold immediately. A portion of the proceeds is used to pay the exercise price for your options, as well as taxes and fees. You are then sent a check for the rest of the proceeds.

- **Cashless Hold-Stock Exercise.** A Cashless Hold-Stock Exercise is a one-step way to exercise your options—with no money down—and retain as much PBG Common Stock as possible. Under this method, a portion of the PBG Common Stock acquired when you exercise your options is sold—just enough to pay for the cost of exercising your options, plus taxes and fees. The remainder of the PBG Common Stock acquired from the exercise is delivered to you.
- **Cash-Purchase Exercise.** In a Cash-Purchase Exercise, you advance the exercise price out of your own funds in order to exercise your options. Some of your PBG Common Stock is then sold to pay taxes and fees, and the remainder of the PBG Common Stock is delivered to you. This method results in you having more PBG Common Stock as a result of the exercise than under the cashless methods, but requires you to pay the exercise price from your personal resources.
- **Target Price Method.** The Target Price Method is used together with your choice of any one of the three methods described above. Instead of requesting an immediate exercise of your options, you select a specific target stock price for PBG Common Stock on the New York Stock Exchange at which you would like to exercise your options. The market price is then monitored for you. When PBG stock reaches your target price, your options will be automatically exercised to the extent possible. You can cancel your request for the target price method if you no longer want the monitoring to continue. Your selection of a target price or cancellation will be given effect after a reasonable processing time, which will be announced from time to time. You will also be advised of the maximum period your request for a target price exercise may remain in effect.

To exercise your options, you must provide notice of your exercise by completing, signing and submitting the appropriate exercise form as directed on the form. You must specify the number of shares of PBG Common Stock you intend to purchase and identify the specific options you are exercising. You will be provided forms as your options vest. At that time, you may also request forms from the source specified from time to time by PBG (call (914) 767-1600 for information). You must send full payment of the exercise price with your exercise forms, unless you elect a cashless exercise.

The methods for exercising options are subject to change from time to time by the Committee. You will be advised in the event a change in exercise methods is adopted.

SHARES ACQUIRED BY OPTION EXERCISE

Book Entry of Stock. If you exercise your options and decide to hold onto your PBG stock, the stock will usually be held for you in book-entry form. You will not receive a stock certificate. Your account will be adjusted to reflect the receipt of any PBG Common Stock paid as dividends on shares held in your account as a result of an exercise of your stock options.

Obtaining Stock Certificates and Selling Your Shares. If you prefer to obtain actual stock certificates, these will be sent to you on request. You can elect to sell your shares (other than restricted stock) whenever you like. There may be a small fee for these services.

Dividends and Voting Rights. As a stockholder, you are a PBG shareholder and are entitled to dividends and voting rights.

OTHER IMPORTANT INFORMATION

MISCONDUCT BY AN ELIGIBLE EXECUTIVE

If you engage in misconduct at any time prior to the exercise of any option, the Committee may forfeit your rights to any unexercised options. In addition, the Committee may require you to repay to PBG all gains on options exercised in the last 12 months. Similar forfeiture and repayment rules will apply with respect to other awards. These rules apply notwithstanding anything else in this Prospectus to the contrary.

You will have engaged in misconduct if the Committee or its delegate determines that: (a) you competed with PBG, (b) you engaged in any act which is considered contrary to PBG's best interests, (c) you violated PBG's code of conduct or engaged in any other activity which constitutes gross misconduct, (d) you engaged in unlawful trading in PBG securities or securities of any other company based on information gained as a result of your service with PBG, or (e) you disclosed to an unauthorized person or misused any PBG confidential information or trade secrets. Detailed rules relating to misconduct appear in the agreement that evidences your award.

TAXES ON OPTIONS

If you are subject to U.S. tax law, your stock options are not taxable when granted. However, you will pay taxes when you exercise your options on the difference between the exercise price and value of the stock on the date of exercise. PBG will record this as income on the appropriate Internal Revenue Service information returns.

If you choose to sell your stock after you have exercised your stock options, you may owe capital gains tax if the price of PBG stock has increased between the time you exercised the stock and the time you sell the stock.

You should consult your tax advisor regarding tax considerations related to exercising your stock options and selling PBG stock. Keep in mind that your withholding taxes may not always be sufficient to pay all of the taxes that are due.

If you are not subject to U.S. tax law, you should consult your tax advisor on the local tax implications of your stock options.

WRITTEN AGREEMENT

You will be given a written agreement to sign with respect to each PBG stock option or other award you receive under the Plan. The agreement will set forth the terms of the award as set by the Committee.

ASSIGNMENT

You cannot assign or transfer your rights to receive awards under the Plan. Unless the Committee determines otherwise, you may not transfer your stock options except by will, or the laws of descent and distribution.

UNFUNDED STATUS

The Plan is unfunded. PBG is not required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any benefit under this Plan.

CERTAIN ADJUSTMENTS

In the event of a change in the outstanding shares of PBG Common Stock caused by a stock split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, or in the event of any separation of a corporation or a similar corporate change, the Committee may make any equitable adjustments in

[Table of Contents](#)

the awards under the Plan that they determine necessary and appropriate, including any adjustments in the maximum number or kind of shares subject to awards under the Plan (including the conversion of shares subject to awards from shares of PBG Common Stock to stock of another entity).

ELIGIBLE EXECUTIVE INCAPACITY

If at any time you are under a disability or are otherwise incapable of exercising a valid option by its expiration date, the Committee may take any steps they deem appropriate to avoid a lapse of your options without exercise.

NO RIGHT TO EMPLOYMENT OR FUTURE GRANTS

Your receipt of an award under the Plan does not give you any right to continued employment with PBG, nor does it impose on PBG any obligation to retain you in its employ. Your receipt of an award under the Plan also does not give you any right to any future awards under the Plan or any other plan maintained by PBG.

AMENDMENT, SUSPENSION OR TERMINATION OF PLAN

The Committee may, at any time, amend, suspend or terminate the Plan or any part of the Plan. However, except with your consent, no amendment, suspension or termination of the Plan may adversely affect your awards that are outstanding at the time of such action.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows PBG to “incorporate by reference” in this Prospectus information PBG files with the SEC, which means that PBG can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Prospectus, and later information filed with the SEC will update and supersede this information. The documents listed below and any future filings made with the SEC under section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the Plan is terminated comprise the incorporated documents:

- The description of PBG Common Stock set forth in PBG’s registration statement filed under the Securities Act of 1933, as amended, including all amendments and reports updating the description.

Upon request, PBG will provide, without charge, a copy of any or all of the documents incorporated by reference in this Prospectus (other than exhibits to such documents, unless the exhibits are specifically incorporated by reference in such documents). Your requests for copies should be directed to Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, NY 10589 (phone: (914) 767-1600).

REFERENCE DOCUMENTS

PBG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information PBG files at the SEC’s public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. PBG’s SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at “<http://www.sec.gov>.”

All Awards granted under the Plan are subject to the terms of the Plan and any corresponding written agreements. In addition, the Committee may adopt operating guidelines for administration of the Plan. A copy of the Plan, the written agreements and the operating guidelines (if any) are available. If you would like copies of any of these documents, contact: Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, New York 10589 (phone: (914) 767-1600).

Prospectus for The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan

The Pepsi Bottling Group, Inc.

PBG 1999 Long-Term Incentive Plan
Common Stock of The Pepsi Bottling Group, Inc.

This Prospectus relates to the PBG 1999 Long-Term Incentive Plan (the “Plan”), and the 15,000,000 shares of The Pepsi Bottling Group, Inc. common stock offered through the Plan. This Prospectus contains information about awards under the Plan, including:

- Founder’s Grants
- Pro-Rata Awards
- Special Awards

The Prospectus covers eligibility, vesting and exercise for these Awards.

The Pepsi Bottling Group, Inc. Common Stock

- New York Stock Exchange
- Trading Symbol: PBG
- Par Value: 1¢

You should read this Prospectus carefully so you will know how the PBG 1999 Long-Term Incentive Plan works. You should also retain this Prospectus for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or passed upon the adequacy or accuracy of the Prospectus. Any representation to the contrary is a criminal offense.

This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

May 26, 1999

[Table of Contents](#)

[Table of Contents](#)

	<u>Page</u>
The Pepsi Bottling Group, Inc.	3
PBG 1999 Long-Term Incentive Plan	3
This Prospectus	3
Inquiries	3
Summary of the Long-Term Incentive Plan	4
Plan Awards	5
Eligibility for Plan Awards	5
Types of Awards	5
Founder's Grants of Stock Options	5
Options Received	5
Exercise Price	5
Vesting and Exercise of Options	6
1999 Pro-Rata Awards	6
Options Received	6
Definition of Fair Market Value	6
Exercise Price	6
Vesting and Exercise of Options	6
Other Long-Term Incentives	7
Exercising Your Options	8
When You May Exercise	8
Ways to Exercise Your Options	9
Shares Acquired by Option Exercise	9
Book Entry of Stock	9
Obtaining Stock Certificates and Selling Your Shares	9
Dividend and Voting Rights	9
Other Important Information	10
Misconduct by an Eligible Executive	10
Taxes on Options	10
Written Agreement	10
Assignment	10
Unfunded Status	10
Certain Adjustments	10
Eligible Executive Incapacity	11
Amendment, Suspension or Termination of Plan	11
Documents Incorporated by Reference	11
Reference Documents	11

[Table of Contents](#)

The Pepsi Bottling Group, Inc.

The Pepsi Bottling Group, Inc., its divisions and direct or indirect subsidiaries or affiliates (collectively, “PBG”), is engaged in the beverage business globally. Its principal executive offices are at One Pepsi Way, Somers, NY 10589. Its general telephone number is (914) 767-6000.

The PBG 1999 Long-Term Incentive Plan

This Prospectus describes the PBG 1999 Long-Term Incentive Plan, as in effect on March 30, 1999 (the “Plan”).

To receive awards under the Plan, you must be an eligible executive of PBG: that is, you must be a PBG executive who is classified as Salary Band I or above (or the equivalent).

As an eligible executive, the Plan is designed to provide you with long term incentives that reward you for your role in growing PBG’s business and increasing the value of PBG Common Stock.

The Plan is not subject to section 401(a) of the Internal Revenue Code of 1986, as amended, which governs certain tax qualified pension and profit sharing plans. The Plan is also not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended.

This Prospectus

You should rely only on the information provided or incorporated by reference in this Prospectus or in any prospectus supplement. PBG has not authorized anyone to provide you with different information. PBG is not making an offer to sell stock or stock options under the Plan in any state or country where the offer is not permitted. You should not assume that the information in this Prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the document.

Inquiries:

For additional information about the PBG 1999 Long-Term Incentive Plan, please contact:

Administrator, Long-Term Incentive Plan The Pepsi Bottling Group, Inc. One Pepsi Way Somers, New York 10589 (914) 767-1600
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SUMMARY OF THE LONG-TERM INCENTIVE PLAN

- **ELIGIBILITY FOR FOUNDER’S GRANT:** Executives who are Salary Band I or above and working in the U.S., Canada, Spain or Greece on March 30, 1999 are eligible for a Founder’s Grant. Executives working in Russia are eligible to the extent determined possible under local law.
- **OPTION GRANT:** The Board of Directors Committee that has authority to administer the Plan (the “Committee”) determines the eligible executives who receive a stock option grant. A stock option is a right to buy shares of PBG Common Stock at a set price (the “exercise price”) during a specified time period. The number of Founder’s Grant stock options you can receive is based on your Salary Band.
- **EXERCISE PRICE:** The exercise price for Founder’s Grant stock options is \$23.00 (the initial offering price of PBG stock).
- **VESTING:** Founder’s Grant options vest in 3 years.
- **EXERCISE:** Once your options vest, you may exercise them during their term. The option term expires ten years after the grant date. Exercising means you use your options to buy PBG stock at the exercise price. After you exercise your options, you can then sell your stock to get cash. Or, you can exercise your options and hold onto the PBG stock.
- **1999 PRO-RATA GRANT:** If you are newly hired into an eligible executive position after March 30, 1999 (but not later than August 31, 1999), you may be eligible for a 1999 Pro-Rata Grant of stock options in September, 1999. The exercise price will be based on the value of PBG Common Stock on the date of grant, and the options will vest on March 29, 2002. The number of options is determined under a special schedule established by the Committee.
- **OTHER AWARDS:** The Committee reserves the right to make, in its discretion, Special Awards to selected executives and to implement future grant programs for PBG’s executives.
- **ADMINISTRATION:** The Plan is administered by the Committee (and its delegates).
- **TERMS:** The Committee reserves the right to amend and terminate the Plan (but no amendment may adversely affect already granted awards without your consent).
- **TRACKING YOUR STOCK OPTIONS:** You will be given an account statement periodically. These statements will set forth detailed information about your transactions and will show the number of vested and unvested options that you hold.
- **MISCONDUCT:** Your awards will be forfeited if you commit misconduct. Any gains in the last 12 months that relate to your awards will also be recovered.

Because this is a summary of the Plan, it does not contain all of the information that may be important to you. You should review the entire Prospectus (and other documents referred to in this Prospectus) carefully.

PLAN AWARDS

Eligibility for Plan Awards. You are eligible for awards under the Plan while you are employed as an executive of PBG who is:

- Classified as Salary Band I or above (or the equivalent), and
- Assigned to work in the United States, Canada, Spain, Greece or another eligible country.

Because of local law restrictions, Russia is currently an eligible country only with respect to executives who are classified by PBG as expatriates. If you work in a country not named above, check with PBG's Executive Compensation Department for information on whether local law permits your work location to be an eligible country. From time to time, eligibility may be modified to reflect changes in local law.

If you meet these eligibility requirements, you are referred to as an "Eligible Executive."

Types of Awards. You may be eligible for a Founder's Grant of stock options if you are an Eligible Executive on the date the initial offering price of PBG stock was set—March 30, 1999. If you are hired later as an Eligible Executive and begin work by August 31, 1999, you may be eligible for a 1999 Pro-Rata Grant of Stock Options. In addition, from time to time, certain executives may be given Special Awards.

Each of these awards is described in the following pages of this document.

FOUNDER'S GRANTS OF STOCK OPTIONS

If you are actively employed as an Eligible Executive on March 30, 1999, you may be selected to receive a Founder's Grant of stock options to purchase PBG Common Stock.

Options Received. If you are selected to receive a Founder's Grant, the number of options you receive is calculated based on a multiple of your base salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* 1.5 times salary
- *Band II:* 3 times salary
- *Band III:* 6 times salary
- *Band IV:* 9 times salary
- *Band V:* 12 times salary

Grants for executives above Band V are individually determined, based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the "grant price." The resulting number is then rounded up or down to the nearest whole number. Founder's Grant stock options have a grant price of \$23.00, which is the initial offering price of PBG stock.

For example—If your salary is \$110,000 and you are classified as Salary Band II, your grant amount will be 3 times your salary or \$330,000. This amount is then divided by \$23.00 to determine the number of options in your grant. This results in your receiving 14,348 options, calculated as follows—\$330,000 ÷ \$23.00 = 14,347.83; then 14,347.83 is rounded to 14,348.

Exercise Price: The price at which Founder's Grant options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option.

During the term of the option, you may exercise your options and buy PBG stock at this price (called the "exercise price") no matter how high the price of PBG stock rises on the market. Therefore, if PBG stock goes

up, you may buy at this exercise price and have an investment gain—which is equal to the difference between how much you pay to buy the stock and how much it is worth.

Vesting and Exercise of Options. While you remain employed by PBG, Founder’s Grant stock options become 100% vested after three years, *i.e.*, on March 30, 2002. Once your options are vested, you can exercise your options to obtain PBG stock until the options expire ten years after the March 30, 1999 grant date.

Exercising your options refers to when you use your right to buy at the exercise price. Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.” Once you exercise your options, you can either hold your stock as an investment or sell it for cash.

1999 PRO-RATA AWARDS

If you are newly hired into an eligible executive position after March 30, 1999 (but not later than August 31, 1999), you may be eligible for a 1999 Pro-Rata Grant of stock options. 1999 Pro-Rata Grants are currently scheduled to be made in September of 1999. The Committee, however, has the discretion to decide who will receive a 1999 Pro-Rata Grant and when they will be made.

Options Received. If you are selected to receive a 1999 Pro-Rata Grant, the number of options you receive is calculated based on a multiple of your salary. The multiple depends upon your Salary Band, as follows:

- *Band I:* .5 times salary
- *Band II:* 1 times salary
- *Band III:* 2 times salary
- *Band IV:* 3 times salary
- *Band V:* 4 times salary

Pro-Rata Grants for executives above Band V are individually determined, based typically on competitive factors and market practices. The applicable multiple of your salary produces a dollar amount for your Pro-Rata Grant. The dollar amount of your grant is then converted to a specific number of options by dividing the dollar amount of your grant by the “grant price.” The resulting number is then rounded up or down to the nearest whole number.

1999 Pro-Rata Grant stock options will have a grant price equal to the fair market value (as defined below) of PBG Common Stock on the grant date.

Definition of Fair Market Value. For various Awards, the concept of “Fair Market Value” is important. Fair Market Value for any date means the average of the high and low per share sale prices for PBG Common Stock on the composite tape for securities listed on the New York Stock Exchange on that day. This average price will be rounded up to the nearest one-fourth. If Fair Market Value is being determined for a day that is not a New York Stock Exchange trading date, then the immediately preceding trading date is used.

Exercise Price: The price at which 1999 Pro-Rata Grant options are granted is also the price at which you are entitled to buy PBG stock pursuant to the option. During the term of the option, you may exercise your options and buy PBG stock at this exercise price no matter how high the price of PBG stock rises on the market.

Vesting and Exercise of Options. While you remain employed by PBG, 1999 Pro-Rata Grant stock options become 100% vested on March 30, 2002. Once your options are vested, you can exercise your options to obtain PBG stock until the options expire on March 29, 2009.

Details on exercise procedures (including restrictions on exercise after you terminate employment) are set forth below under the heading “Exercising Your Options.”

OTHER LONG-TERM INCENTIVE AWARDS

The PBG 1999 Long-Term Incentive Plan authorizes the Committee or its delegate to grant additional long-term incentive awards on a discretionary basis. These are expected to be stock options, but the Plan also authorizes other types of stock awards.

- **Special Awards.** In appropriate circumstances, a Special Award may be made upon the recommendation and approval of the Committee to recognize a selected individual. The terms of any Special Grant are specified by the Committee and then set forth in a written agreement.
- **Incremental Awards.** The Committee or its delegate may approve Incremental Award of stock options for newly hired executives. An Incremental Award is made where determined to be competitively necessary by the Committee or its delegate. The terms of any Incremental Award are specified by the Committee or its delegate and then set forth in a written agreement.
- **Other Awards.** PBG will announce the terms of its future grant program for PBG executives.

EXERCISING YOUR OPTIONS

When you “exercise” your options, you pay the exercise price and receive PBG Common Stock in exchange for your options. Once you exercise your options, you can either hold onto your PBG Common Stock as an investment or sell it for cash. This section discusses when you may exercise your options and the different ways to exercise.

WHEN YOU MAY EXERCISE

While you remain employed by PBG, you may exercise options granted under the Plan any time between the vesting date for that award and the end of the option term, when the options expire. For example, a Founder’s Grant of stock options vests 3 years after the grant date, and the full option term ends 10 years from grant.

- **Termination of Employment:** If your employment with PBG terminates for any reason *other than* your retirement, death or disability, you have 10 business days from your date of termination to exercise your options that are vested as of that date. Any options that are unvested on that date will be canceled. If you are terminated for “misconduct,” all of your stock options are immediately canceled.
- **Retirement or Disability.** Upon your retirement or disability, a portion of your unvested stock options vest. The portion of these options that vests is in proportion to your active service during the period the options were originally scheduled to vest (*i.e.*, the period from the grant date through the vesting date). You then have the full option term to exercise vested options following your retirement or disability. The full option term begins on the date your options were scheduled to vest and continues through the last day of the original option term. “Retirement” and “disability” are defined below.

For example—Assume you were granted 14,348 options on March 30, 1999, which were scheduled to vest on March 30, 2002, and you retire on March 29, 2001. At that point, you would have been employed for 731 days out of a three-year vesting period that contains 1,096 days. As a result, the number of your vested options is determined by multiplying 14,348 by a fraction that is equal to 731 divided by 1,096. This works out to 9,569.69, which is then rounded to the nearest whole option or 9,570. Therefore, following your retirement, you would have 9,570 vested options that could be exercised as early as March 30, 2002.

- **Death.** In the event you die before exercising your options, all of your outstanding options will vest and will pass by your will (or if you die without a will, by the laws of descent and distribution). These options can be exercised at any time during the option term, just as if you had not died. The option term begins on the date your options were scheduled to vest and continues through the last day of the original option term. Your personal representative or whoever inherits your options will be permitted to exercise them once satisfactory legal documentation has been provided regarding the individual’s rights to your options.

“Retirement” refers to termination of PBG employment after attaining the minimum age and service required for retirement under the PBG Salaried Employees Retirement Plan, as in effect at the time. If the PBG Salaried Employees Retirement Plan does not apply to you, “retirement” shall have the meaning specified by the Committee.

You are considered to have a “disability” if you are determined to be totally and permanently disabled for purposes of the PBG Long Term Disability Plan. If the PBG Long Term Disability Plan does not apply to you, “disability” shall have the meaning specified by the Committee.

WAYS TO EXERCISE YOUR OPTIONS

Currently, there are four different ways to exercise your options under the Plan. You can select any of the methods described below for all or part of your options.

- **Cashless Sell-Stock Exercise.** A Cashless Sell-Stock Exercise is a one-step way to exercise your options—with no money down—and receive all cash from the transaction. The way it works is that when you exercise your options, all the PBG Common Stock resulting from your exercise is sold immediately. A portion of the proceeds is used to pay the exercise price for your options, as well as taxes and fees. You are then sent a check for the rest of the proceeds.
- **Cashless Hold-Stock Exercise.** A Cashless Hold-Stock Exercise is a one-step way to exercise your options—with no money down—and retain as much PBG Common Stock as possible. Under this method, a portion of the PBG Common Stock acquired when you exercise your options is sold—just enough to pay for the cost of exercising your options, plus taxes and fees. The remainder of the PBG Common Stock acquired from the exercise is delivered to you.
- **Cash-Purchase Exercise.** In a Cash-Purchase Exercise, you advance the exercise price out of your own funds in order to exercise your options. Some of your PBG Common Stock is then sold to pay taxes and fees, and the remainder of the PBG Common Stock is delivered to you. This method results in you having more PBG Common Stock as a result of the exercise than under the cashless methods, but requires you to pay the exercise price from your personal resources.
- **Target Price Method.** The Target Price Method is used together with your choice of any one of the three methods described above. Instead of requesting an immediate exercise of your options, you select a specific target stock price for PBG Common Stock on the New York Stock Exchange at which you would like to exercise your options. The market price is then monitored for you. When PBG stock reaches your target price, your options will be automatically exercised to the extent possible. You can cancel your request for the target price method if you no longer want the monitoring to continue. Your selection of a target price or cancellation will be given effect after a reasonable processing time, which will be announced from time to time. You will also be advised of the maximum period your request for a target price exercise may remain in effect.

To exercise your options, you must provide notice of your exercise by completing, signing and submitting the appropriate exercise form as directed on the form. You must specify the number of shares of PBG Common Stock you intend to purchase and identify the specific options you are exercising. You will be provided forms as your options vest. At that time, you may also request forms from the source specified from time to time by PBG (call (914) 767-1600 for information). You must send full payment of the exercise price with your exercise forms, unless you elect a cashless exercise.

The methods for exercising options are subject to change from time to time by the Committee. You will be advised in the event a change in exercise methods is adopted.

SHARES ACQUIRED BY OPTION EXERCISE

Book Entry of Stock. If you exercise your options and decide to hold onto your PBG stock, the stock will usually be held for you in book-entry form. You will not receive a stock certificate. Your account will be adjusted to reflect the receipt of any PBG Common Stock paid as dividends on shares held in your account as a result of an exercise of your stock options.

Obtaining Stock Certificates and Selling Your Shares. If you prefer to obtain actual stock certificates, these will be sent to you on request. You can elect to sell your shares (other than restricted stock) whenever you like. There may be a small fee for these services.

Dividends and Voting Rights. As a stockholder, you are a PBG shareholder and are entitled to dividends and voting rights.

OTHER IMPORTANT INFORMATION

MISCONDUCT BY AN ELIGIBLE EXECUTIVE

If you engage in misconduct at any time prior to the exercise of any option, the Committee may forfeit your rights to any unexercised options. In addition, the Committee may require you to repay to PBG all gains on options exercised in the last 12 months. Similar forfeiture and repayment rules will apply with respect to other awards. These rules apply notwithstanding anything else in this Prospectus to the contrary.

You will have engaged in misconduct if the Committee or its delegate determines that: (a) you competed with PBG, (b) you engaged in any act which is considered contrary to PBG's best interests, (c) you violated PBG's code of conduct or engaged in any other activity which constitutes gross misconduct, (d) you engaged in unlawful trading in PBG securities or securities of any other company based on information gained as a result of your service with PBG, or (e) you disclosed to an unauthorized person or misused any PBG confidential information or trade secrets. Detailed rules relating to misconduct appear in the agreement that evidences your award.

TAXES ON OPTIONS

If you are subject to U.S. tax law, your stock options are not taxable when granted. However, you will pay taxes when you exercise your options on the difference between the exercise price and value of the stock on the date of exercise. PBG will record this as income on the appropriate Internal Revenue Service information returns.

If you choose to sell your stock after you have exercised your stock options, you may owe capital gains tax if the price of PBG stock has increased between the time you exercised the stock and the time you sell the stock.

You should consult your tax advisor regarding tax considerations related to exercising your stock options and selling PBG stock. Keep in mind that your withholding taxes may not always be sufficient to pay all of the taxes that are due.

If you are not subject to U.S. tax law, you should consult your tax advisor on the local tax implications of your stock options.

WRITTEN AGREEMENT

You will be given a written agreement to sign with respect to each PBG stock option or other award you receive under the Plan. The agreement will set forth the terms of the award as set by the Committee.

ASSIGNMENT

You cannot assign or transfer your rights to receive awards under the Plan. Unless the Committee determines otherwise, you may not transfer your stock options except by will, or the laws of descent and distribution.

UNFUNDED STATUS

The Plan is unfunded. PBG is not required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any benefit under this Plan.

CERTAIN ADJUSTMENTS

In the event of a change in the outstanding shares of PBG Common Stock caused by a stock split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, or in the event of any separation of a corporation or a similar corporate change, the Committee may make any equitable adjustments in the awards under the Plan that they determine necessary and appropriate, including any adjustments in the

[Table of Contents](#)

maximum number or kind of shares subject to awards under the Plan (including the conversion of shares subject to awards from shares of PBG Common Stock to stock of another entity).

ELIGIBLE EXECUTIVE INCAPACITY

If at any time you are under a disability or are otherwise incapable of exercising a valid option by its expiration date, the Committee may take any steps they deem appropriate to avoid a lapse of your options without exercise.

NO RIGHT TO EMPLOYMENT OR FUTURE GRANTS

Your receipt of an award under the Plan does not give you any right to continued employment with PBG, nor does it impose on PBG any obligation to retain you in its employ. Your receipt of an award under the Plan also does not give you any right to any future awards under the Plan or any other plan maintained by PBG.

AMENDMENT, SUSPENSION OR TERMINATION OF PLAN

The Committee may, at any time, amend, suspend or terminate the Plan or any part of the Plan. However, except with your consent, no amendment, suspension or termination of the Plan may adversely affect your awards that are outstanding at the time of such action.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows PBG to “incorporate by reference” in this Prospectus information PBG files with the SEC, which means that PBG can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Prospectus, and later information filed with the SEC will update and supersede this information. The documents listed below and any future filings made with the SEC under section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the Plan is terminated comprise the incorporated documents:

- The description of PBG Common Stock set forth in PBG’s registration statement filed under the Securities Act of 1933, as amended, including all amendments and reports updating the description.

Upon request, PBG will provide, without charge, a copy of any or all of the documents incorporated by reference in this Prospectus (other than exhibits to such documents, unless the exhibits are specifically incorporated by reference in such documents). Your requests for copies should be directed to Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, NY 10589 (phone: (914) 767-1600).

REFERENCE DOCUMENTS

PBG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information PBG files at the SEC’s public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. PBG’s SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at “<http://www.sec.gov>.”

All Awards granted under the Plan are subject to the terms of the Plan and any corresponding written agreements. In addition, the Committee may adopt Operating Guidelines for administration of the Plan. A copy of the Plan, the written agreements and the Operating Guidelines (if any) are available. If you would like copies of any of these documents, contact: Administrator, PBG Long-Term Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way, Somers, New York 10589 (phone: (914) 767-1600).

Prospectus for PBG Stock Incentive Plan

The Pepsi Bottling Group, Inc.

PBG Stock Incentive Plan
Common Stock of The Pepsi Bottling Group, Inc.

This Prospectus relates to the PBG Stock Incentive Plan (the “Plan”), and to 7,400,000 shares of The Pepsi Bottling Group, Inc. Common Stock that are offered through the Plan. In addition to other information about the Plan, this Prospectus contains information about the 2002 Field Leadership Stock Option Grant that is part of the Plan, including information regarding:

- Eligibility for the 2002 Field Leadership Stock Option Grant
- Vesting of the 2002 Field Leadership Options
- Exercising the 2002 Field Leadership Options
- Effects of Changes in Your Employment

The Pepsi Bottling Group, Inc. Common Stock

- New York Stock Exchange
- Trading Symbol: PBG
- Par Value: 1¢

You should read this Prospectus carefully so you will know how the PBG Stock Incentive Plan works. You should also retain this Prospectus for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or passed upon the adequacy or accuracy of the Prospectus. Any representation to the contrary is a criminal offense.

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

March 31, 2002

[Table of Contents](#)

Table of Contents

	<u>Page</u>
PBG Stock Incentive Plan	3
The Pepsi Bottling Group, Inc.	3
Inquiries	3
Summary of the 2002 Field Leadership Stock Option Grant	4
Eligibility	4
Exercise Price	4
Vesting	4
Option Grant	4
Exercising	4
Summary of Other Important Information	4
Future Awards	4
Administration	4
Account Form	4
Tracking Your Investment	4
The 2002 Field Leadership Stock Option Grant	5
Eligibility	5
Options Received	5
Definition of Fair Market Value	5
Vesting and Exercise of Options	5
Cashless Sell-Stock Exercise	6
Cashless Hold-Stock Exercise	6
Cash Purchase Exercise	6
Limit Price Method	6
Issuance of Check for Options Exercised in the Cashless Sell-Stock Method	6
Safekeeping of Your Stock Certificates and Book-Entry	6
Dividends and Voting Rights	7
Taxes	7
Fees	7
Change in Employment Status	7
Retirement	7
Death	7
Long-term disability	8
Termination	8
Short-term leave	8
Transfers	8
Buy-out of Option Gains and Nontransferability	8
Stock Dividends	8
Other Awards	8
No Right to Employment	8
Amendment, Suspension or Termination of Plan	9
Documents Incorporated by Reference	9
Reference Documents	9

The PBG Stock Incentive Plan

This Prospectus describes the PBG Stock Incentive Plan, as in effect on March 30, 2002 (the “Plan”).

You must be an employee of The Pepsi Bottling Group, Inc. or its direct or indirect subsidiaries or affiliates (collectively, “PBG”) and meet the criteria listed inside this Prospectus under “Eligibility”, to receive the 2002 Field Leadership Stock Option Grant.

The 2002 Field Leadership Grant is a special one-time stock option grant that rewards certain individuals’ commitment to PBG and further ties that commitment to stock ownership of the Company. Stock options granted under the 2002 Field Leadership Grant give you the right to buy PBG stock at a set price for up to approximately 10 years—no matter how much the price of PBG stock increases. Aside from the 2002 Field Leadership Grants, PBG reserves the right to grant additional options or award shares of PBG stock to select employees.

The Plan is not subject to Section 401(a) of the Internal Revenue Code of 1986, as amended, which governs certain tax qualified pension and profit sharing plans. The Plan is also not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended.

The Pepsi Bottling Group, Inc.

PBG is engaged in the beverage business globally. Its principal executive offices are at One Pepsi Way, Somers, NY 10589, and its general telephone number is 914-767-6000.

You should rely only on the information provided or incorporated by reference in this Prospectus or in any prospectus supplement. PBG has not authorized anyone to provide you with different information. PBG is not making an offer to sell stock or stock options under the Plan in any state or country where the offer is not permitted. You should not assume that the information in this Prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the document.

Inquiries

For information about the PBG Stock Incentive Plan, please contact:

	Administrator, Stock Incentive Plan The Pepsi Bottling Group, Inc. One Pepsi Way Maildrop 6North61 Somers, New York 10589 Phone 1-800-55-PEPSI
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SUMMARY OF THE 2002 FIELD LEADERSHIP STOCK OPTION GRANT

- **ELIGIBILITY FOR THE 2002 FIELD LEADERSHIP STOCK OPTION GRANT:** The Compensation and Management Development Committee of the Board of Directors of PBG (the “Committee”) (or its delegate) has been given the authority to administer the Plan. The Committee (or its delegate) determines which non-executives are eligible to receive a 2002 Field Leadership Stock Option Grant. A stock option is a right to buy shares of PBG Common Stock at a set price (the “exercise price”) during a specified time period.
- **EXERCISE PRICE:** The exercise price for the 2002 Field Leadership Stock Options is \$25.25, the Fair Market Value (as defined below) of PBG’s Common Stock on March 1, 2002 (the “Grant Date”).
- **VESTING:** The 2002 Field Leadership Stock Options granted hereunder gradually vest over an approximately three-year period; 25% vest on March 30, 2003, 25% vest on March 30, 2004, and the remaining 50% vest on March 30, 2005.
- **OPTION GRANT:** The Committee (or its delegate) has determined the eligible employees who will receive a 2002 Field Leadership Grant. Your grant tells you the total number of stock options you have been given.
- **EXERCISING:** Exercising means you use your options to buy PBG stock at the grant price. After you exercise your options, you can then sell your stock (if you wish) to get cash. Or, you can exercise your options and hold onto the PBG stock.

SUMMARY OF OTHER IMPORTANT PLAN INFORMATION

- **FUTURE AWARDS:** The Committee reserves the right to make additional grants under the Plan. Any awards will be made at the discretion of the Committee.
- **ADMINISTRATION:** The Plan is administered by the Committee (or its delegate).
- **ACCOUNT FORM:** If you haven’t completed an Account Form, you must do so before you can exercise any options. At the present time, Merrill Lynch is PBG’s Agent retained to administer the Plan. Call Merrill Lynch at 1-800-637-6713 to verify that you have an Account Form on file or to request that one be sent to you. Outside the U.S., Canada and Puerto Rico, call 00-1-732-469-8877.
- **TRACKING YOUR INVESTMENT:** You will receive a statement of your account transactions at least annually. Statements provide details of the transactions and show the number of vested and unvested options in your account. You may also access your account via the Internet by logging onto the Merrill Lynch website at www.benefits.ml.com. You will need your Personal Identification Number (PIN) to access your account.
- **RIGHT TO TERMINATE THE PLAN:** The Committee (or its delegate) may, at any time, amend, suspend or terminate the Plan or any part of the Plan. However no amendment, suspension or termination of the Plan may adversely affect any options outstanding at the time of such action.

Because this is a summary of the Plan, it does not contain all of the information that may be important to you. You should review the entire Prospectus (and other documents referred to in this Prospectus) carefully before you exercise your options.

THE 2002 FIELD LEADERSHIP STOCK OPTION GRANT

Eligibility

You are eligible to receive a grant of stock options as part of the 2002 Field Leadership Grant if:

- You are actively employed by PBG in the United States or Canada on the Grant Date, and
- You are a selected by the Committee (or its delegate) as an individual eligible to receive the 2002 Field Leadership Grant.

Options Received

If you are selected to participate in the 2002 Field Leadership Grant, you will receive an award of stock options (that is, options to buy shares of PBG stock). Your grant tells you the number of options you have been awarded.

Your options will have a grant price that is equal to the Fair Market Value (as defined below) of PBG Common Stock on March 1, 2002. The grant price is the price at which you are entitled to buy PBG stock. During the term of the option, you may buy PBG stock at this price no matter how high the price of PBG stock rises on the market. Therefore, if PBG stock goes up, you may buy at this grant price and have an investment gain—which is equal to the difference between how much you paid to buy the stock and how much it is worth.

Definition of Fair Market Value

Fair Market Value for any date means the average of the high and low per share sale prices for PBG Common Stock on the composite tape for securities listed on the New York Stock Exchange on that day. This average price will be rounded up to the nearest one-fourth. If Fair Market Value is being determined for a day that is not a New York Stock Exchange trading date, then the immediately preceding trading date is used.

Vesting and Exercise of Options

While you remain actively employed, 2002 Field Leadership Options gradually vest over an approximately three-year period. 25% of your 2002 Field Leadership Options vest on March 30, 2003; 25 % vest on March 30, 2004; and the remaining 50% vest on March 30, 2005. Once your options are vested, you can exercise your options to obtain PBG stock until the options expire approximately 10 years from the Grant Date. Exercising your options refers to when you use your right to buy at the grant price. Once you exercise your options, you can either hold your stock as an investment or sell it for cash.

To exercise your options before you terminate employment, PBG must determine that you are:

- Actively at work,
- On vacation (with approval),
- Receiving disability benefits from a PBG disability plan,
- On temporary layoff,
- On medical or child care/parental leave (including leave under the Family and Medical Leave Act), or
- On funeral, jury duty or military leave.

There are restrictions on your right to exercise options after you terminate employment. (See “Termination of Employment” below.)

You can exercise your vested options by calling PBG’s Agent, Merrill Lynch. You need to have a Merrill Lynch Account Form on file with Merrill Lynch in order to exercise your options.

There are different ways to exercise your options, as described below:

- Cashless Sell-Stock Exercise

A Cashless Sell-Stock Exercise is a one-step way to exercise your options—with no money down—and to sell all of the stock acquired from that exercise. Merrill Lynch will use a portion of the proceeds from the sale of your PBG stock to pay for the cost of exercising your options, plus taxes and fees. You get the rest of the proceeds in cash.

- Cashless Hold-Stock Exercise

A Cashless Hold-Stock Exercise is a one-step way to exercise your options—with no money down—and to sell only a portion of the stock acquired from that exercise. Merrill Lynch will sell only that portion of your PBG stock necessary to pay for the cost of exercising your options, plus taxes and fees. You get the rest of the stock.

- Cash-Purchase Exercise

A Cash-Purchase Exercise means you pay the option price in cash when you exercise your options. Some of your PBG stock is sold to pay taxes and fees. You get the rest of the stock, which you can hold as an investment or sell for cash. This exercise method results in your having more stock immediately after the exercise than under either of the cashless methods.

- Limit Price Method

In combination with any of the above cashless exercise methods, you may want to consider placing whether a Day-Limit Order or a Good-Until-Canceled order.

Day-Limit Order Under this method, you select a minimum stock price at which to exercise your options, which is good for one New York Stock Exchange (NYSE) trading day. If, between 9:30 am and 4:00 pm Eastern Time on a day the NYSE is open, the price of PBG stock reaches or exceeds the price you chose, your sale order will be executed and Merrill Lynch will process a Cashless exercise for you. If your order is not executed within the remainder of the trading day, your order will be canceled. Your limit price must be \$1.50 or more above your grant price. Once placed, you may cancel a Day Limit Order as long as your order has not been executed.

Good-Until-Canceled Order Under this method, you select a minimum stock price at which to exercise your options, effective for a maximum of 30 calendar days, subject to option expiration provisions. If within 30 calendar days after you place your Good-Until-Canceled Exercise request, the price of PBG stock reaches or exceeds the price you chose, your sale order will be executed and Merrill Lynch will process a Cashless Exercise for you. If your limit is not reached within 30 calendar days after the order is placed, the order will be canceled. Your limit price must be \$1.50 or more above your grant price. Once placed, you may cancel this order as long as your order has not been executed.

When you place either a Day-Limit or Good-Until-Canceled Order, you need to decide the limit price, exercise method and which options you want to exercise. Merrill Lynch will send you a confirmation that they received your request. You receive a second confirmation when the limit price is reached (and your options are exercised) or your request expires.

- Issuance of Check For Options Exercised in The Cashless Sell-Stock Method

If you exercise your options and immediately sell the stock using the Cashless Sell-Stock Method, Merrill Lynch will send you written confirmation of the transaction, followed by a check for the value of the stock, less the exercise cost, taxes and fees.

Safekeeping of Your Stock Certificates and Book-Entry

If you decide to hold onto your PBG stock, Merrill Lynch will put your stock in your Merrill Lynch account in book-entry form and you will not receive a stock certificate. It normally takes at least three business days for

[Table of Contents](#)

your stock to be reflected in your account. You will receive written confirmation once the stock is in your account. Your stock can stay in your account for as long as you wish.

Alternatively, for a small fee, Merrill Lynch will send you stock certificate(s) or sell your shares.

Dividends and Voting Rights

When you hold onto the stock, you become a PBG shareholder and are entitled to dividends and voting rights.

Taxes

- In the United States, stock options are not taxed at the time they are granted. However, in both the United States and some other countries, you do have to pay taxes when you exercise your options.
- In the United States, when you exercise your options, you recognize income equal to the difference between the grant price and the stock price used to complete the exercise. This income will be recorded on your W-2 form and all applicable income taxes will be withheld from this income.
- In the United States, if you choose to sell your stock after you have exercised your stock options, you may owe capital gains tax if the price of PBG stock has increased between the time you exercised and bought the stock and the time you sell the stock. You will calculate the tax on that capital gain when you file your income tax. In addition, you may be required to make quarterly estimated tax payments if your wage withholding is not sufficient to cover the capital gains tax. Merrill Lynch will provide you with a year-end tax record if you need to pay capital gains tax.
- Different tax rules apply in different countries. It is recommended that you consult a local tax expert for more information.

Fees

Annual Account Fee	Fee paid by PBG
Exercise Fee	Flat fee of \$11.50 per exercise (options from different grant years are considered separate exercises)
Commission for each share sold	10¢ per share (minimum of \$35.00)
SEC Fees	1¢ for each \$300 of stock sold
Check Handling Fee	\$1.00 for every stock sale
Stock Certificate(s) Fee	\$15.00 for each certificate requested

Change in Employment Status

- Retirement: All of your stock options immediately vest when you retire. Thus, you can exercise them whenever you wish after your retirement. However, the options expire ten years after their grant date, so you must exercise them before then. Retirement refers to termination of PBG employment after attaining the minimum age and service required for retirement.
- Death: In the event of your death, all of your options vest immediately and pass on to your estate. The options are exercisable by your executor or other legal representative at any time before they expire. Options expire ten years after their grant date.

[Table of Contents](#)

- **Long-term disability:** If you become disabled under PBG’s long-term disability program, your options continue to vest normally, just as they would if you were still working at PBG. The options will expire 10 years after their grant date.
- **Termination:** If your employment with PBG terminates for any other reason, you have 90 days from your date of termination to exercise your vested options. Any unvested options will be canceled. If you are terminated for “misconduct,” all of your stock options are immediately canceled. If you terminate from PBG and are rehired within 90 days, you will be treated as if you never left PBG for purposes of outstanding options. If you are rehired after 90 days, you are treated like any other new employee.
- **Short-term leave:** Short-term leave refers to the following types of authorized leave of absence—disability leave, medical leave, child care/parental leave, leave under the Family and Medical Leave Act, funeral leave, jury duty leave and military leave. If you take a short-term leave, your options continue to vest normally, just as they would if you were still working at PBG. The options will expire approximately 10 years after their Grant Date.
- **Transfers:** If you transfer within PBG, your account transfers with you.

Buy-out of Option Gains and Nontransferability

Any time after your options become exercisable, PBG may elect to buy out your option gains. For each option, you will be paid the difference between the fair market value of PBG stock at the time and your grant price. PBG does not need your consent to do this.

Your options are personal to you and may not be transferred except at death by your will (or if you die without a will, by the laws of descent and distribution).

Stock Dividends

Your Plan Account will be adjusted to reflect the receipt of any PBG Common Stock paid as dividends on shares held in your account as a result of an exercise of your stock options.

OTHER AWARDS

The Committee (or its delegate) reserves the right in its discretion to make other awards to recognize outstanding individual and team accomplishments.

Other awards that the Committee (or its delegate) may make under the Plan are:

- **Stock Options:** Any additional stock options will be granted subject to terms and conditions set by the Committee (or its delegate).
- **Stock Awards:** The Committee (or its delegate) may award PBG stock outright.
- **Restricted Stock:** Restricted stock is PBG stock that will vest for the grant recipient upon the attainment of a specified condition. Any restricted stock will be granted subject to terms and conditions set by the Committee (or its delegate).

NO RIGHT TO EMPLOYMENT

Participation in the Plan does not give you any right to continued employment with PBG or any of its subsidiaries or divisions or to any subsequent grant or award.

AMENDMENT, SUSPENSION OR TERMINATION OF PLAN

The Committee (or its delegate) may, at any time, amend, suspend or terminate the Plan or any part of the Plan. However, no amendment, suspension or termination of the Plan may adversely affect any options outstanding at the time of such action.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows PBG to “incorporate by reference” in this Prospectus information PBG files with the SEC, which means that PBG can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Prospectus, and later information filed with the SEC will update and supersede this information. The documents listed below and any future filings made with the SEC under section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the Plan is terminated comprise the incorporated documents:

- The description of the PBG Common Stock set forth in PBG’s registration statement filed under the Securities Act of 1933, as amended, including all amendments and reports updating the description.

Upon request, PBG will provide, without charge, a copy of any or all of the documents incorporated by reference in this Prospectus (other than exhibits to such documents, unless the exhibits are specifically incorporated by reference in such documents). Your requests for copies should be directed to Administrator, Stock Incentive Plan, The Pepsi Bottling Group, Inc., One Pepsi Way (Maildrop 6North61), Somers, NY 10589 (phone: 1-800-55PEPSI).

REFERENCE DOCUMENTS

PBG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information PBG files at the SEC’s public reference rooms in Washington D.C.; New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. PBG’s SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at “<http://www.sec.gov>.”

All options granted under the Plan are subject to the terms of the Plan and the specific Terms and Conditions corresponding to the options in addition to any Operating Guidelines adopted by the Committee (or its delegates). A copy of the Plan, the Terms and Conditions for the 2002 Field Leadership Grant and Operating Guidelines, if any, are available. If you would like copies of any of these documents, contact:

Administrator, Stock Incentive Plan
The Pepsi Bottling Group, Inc.
One Pepsi Way
Maildrop 6North61
Somers, New York 10589
1-800-55PEPSI

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth fees and expenses payable by the registrant in connection with the issuance and distribution of the securities being registered hereby. All amounts set forth below are estimates except for the SEC registration fee.

	Amount to be Paid
SEC registration fee	\$ 3,379.51
Printing fees	\$ 14,000
Legal fees and expenses	\$ 75,000
Accounting fees and expenses	\$ 15,000
Miscellaneous	
Total	\$ 107,379.51

Item 15. Indemnification of Officers and Directors

PepsiCo, Inc. ("PepsiCo") does not have any provisions for indemnification of directors or officers in its Amended and Restated Articles of Incorporation. Article III, Section 3.7 of the By-Laws, as amended to September 18, 2009, provides that PepsiCo shall indemnify, to the full extent permitted by law, any person who was or is, or who is threatened to be made, a party to an action, suit or proceeding (and any appeal therein), whether civil, criminal, administrative, investigative or arbitrative, by reason of the fact that such person, such person's testator or intestate, is or was a director, officer or employee of PepsiCo, or is or was serving at the request of PepsiCo as a director, officer or employee of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. At the Board's discretion, such indemnification may also include advances of a director's, officer's or employee's expenses prior to final disposition of such action, suit or proceeding.

Section 55-2-02 of the North Carolina Business Corporation Act (the "North Carolina Act") enables a corporation in its articles of incorporation to eliminate or limit, with certain exceptions, the personal liability of directors arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of their duties as directors. No such provision is effective to eliminate or limit a director's liability for: (1) acts or omissions that the director at the time of the breach knew or believed to be clearly in conflict with the best interests of the corporation; (2) improper distributions as described in Section 55-8-33 of the North Carolina Act; (3) any transaction from which the director derived an improper personal benefit; or (4) acts or omissions occurring prior to the date the exculpatory provision became effective. As noted above, PepsiCo's Amended and Restated Articles of Incorporation do not contain a provision that eliminates or limits such personal liability.

Sections 55-8-50 through 55-8-58 of the North Carolina Act permit a corporation to indemnify its directors, officers, employees or agents under either or both a statutory or nonstatutory scheme of indemnification. Under the statutory scheme, a corporation may, with certain exceptions, indemnify a director, officer, employee or agent of the corporation who was, is, or is threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, because of the fact that such person was or is a director, officer, agent or employee of the corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. This indemnity may include the obligation to pay any judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) or reasonable expenses incurred in connection with a proceeding (including

[Table of Contents](#)

counsel fees), but no such indemnification may be granted unless such director, officer, employee or agent (1) conducted himself in good faith, (2) reasonably believed (a) that any action taken in his official capacity with the corporation was in the best interests of the corporation or (b) that in all other cases his conduct was at least not opposed to the corporation's best interests, and (3) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful. Whether a director has met the requisite standard of conduct for the type of indemnification set forth above is determined by a majority vote of a quorum of the board of directors who are not parties to the proceeding in question, a duly designated committee of directors if a quorum of the full board cannot be established, special legal counsel selected by the board or duly designated committee of directors, or the shareholders (excluding shares owned or controlled by directors who are parties to the proceeding in question) in accordance with Section 55-8-55 of the North Carolina Act. A corporation may not indemnify a director under the statutory scheme in connection with a proceeding by or in the right of the corporation in which a director was adjudged liable to the corporation or in connection with any other proceeding charging improper personal benefit in which a director was adjudged liable (whether or not involving action in his official capacity) on the basis of having received an improper personal benefit.

Sections 55-8-52 and 55-8-56 of the North Carolina Act require a corporation, unless its articles of incorporation provide otherwise, to indemnify a director or officer who has been wholly successful, on the merits or otherwise, in the defense of any proceeding to which such director or officer was, or was threatened to be, made a party because he is or was a director or officer of the corporation against reasonable expenses incurred by him in connection with the proceeding. Unless prohibited by the articles of incorporation, a director or officer also may make application for and obtain court-ordered indemnification if the court determines that such director or officer is (1) entitled to mandatory indemnification under Section 55-8-52, in which case the court will also order the corporation to pay the director's or officer's reasonable expenses incurred to obtain court-ordered indemnification, and (2) fairly and reasonably entitled to indemnification in view of all relevant circumstances, whether or not he met the standard of conduct set forth in Section 55-8-51 or was adjudged liable as described in Section 55-8-51.

In addition to, and notwithstanding the conditions of and limitations on, the indemnification described above under the statutory scheme, Section 55-8-57 of the North Carolina Act permits a corporation to indemnify, or agree to indemnify, any of its directors, officers, employees or agents against liability and expenses (including attorneys' fees) in any proceeding (including proceedings brought by or on behalf of the corporation) arising out of their status as such or their activities in such capacities, except for any liabilities or expenses incurred on account of activities that were, at the time taken, known or believed by the person to be clearly in conflict with the best interests of the corporation. Consistent with the foregoing, PepsiCo has entered into indemnification agreements with each of its directors, pursuant to which PepsiCo has agreed to indemnify and hold harmless, to the full extent permitted by law, each director against any and all liabilities and assessments (including attorneys' fees and other costs, expenses and obligations) arising out of or related to any threatened, pending or completed action, suit, proceeding, inquiry or investigation, whether civil, criminal, administrative, or other, including, but not limited to, judgments, fines, penalties and amounts paid in settlement (whether with or without court approval), and any interest, assessments, excise taxes or other charges paid or payable in connection with or in respect of any of the foregoing, incurred by the director and arising out of his status as a director or member of a committee of the Board of PepsiCo, or by reason of anything done or not done by the director in such capacities. After receipt of an appropriate request by a director, PepsiCo will also advance all expenses, costs and other obligations (including attorneys' fees) arising out of or related to such matters. PepsiCo will not be liable for payment of any liability or expense incurred by a director on account of acts which, at the time taken, were known or believed by such director to be clearly in conflict with PepsiCo's best interests.

Additionally, Section 55-8-57 of the North Carolina Act authorizes a corporation to purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the corporation against certain liabilities incurred by such a person, whether or not the corporation is otherwise authorized by the North Carolina Act to indemnify that person. PepsiCo has purchased and maintains such insurance.

Item 16. Exhibits and Financial Statement Schedules

The following exhibits are included herein or incorporated herein by reference:

<u>Exhibit No.</u>	<u>Description</u>
4.1	Amended and Restated Articles of Incorporation of PepsiCo, Inc. (incorporated by reference to Exhibit 4.1 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on August 3, 2001, File No. 333-66632).*
4.2	By-Laws of PepsiCo, Inc., as amended on February 5, 2010 (incorporated by reference to Exhibit 3.2 to PepsiCo, Inc.'s Form 8-K as filed on February 5, 2010, File No. 001-01183).*
5.1	Opinion of Thomas H. Tamoney, Jr., Senior Vice President, Deputy General Counsel and Assistant Secretary of PepsiCo, Inc. as to the validity of the securities being issued.
23.1	Consent of KPMG LLP.
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* Incorporated by reference

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of securities registered hereby, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes

in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the Registration Statement as of the date the filed prospectus was deemed part of and included in the Registration Statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a Registration Statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the Registration Statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the Registration Statement relating to the securities in the Registration Statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a Registration Statement or prospectus that is part of the Registration Statement or made in a document incorporated or deemed incorporated by reference into the Registration Statement or prospectus that is part of the Registration Statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the Registration Statement or prospectus that was part of the Registration Statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of securities the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that, in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel, the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Purchase, State of New York, on the 26th day of February, 2010.

PepsiCo, Inc.

By: /s/ Indra K. Nooyi
Name: Indra K. Nooyi
Title: Chairman of the Board of Directors and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-3 has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Indra K. Nooyi</u> Indra K. Nooyi	Chairman of the Board of Directors and Chief Executive Officer	February 26, 2010
<u>/s/ Richard Goodman</u> Richard Goodman	Chief Financial Officer	February 26, 2010
<u>/s/ Peter A. Bridgman</u> Peter A. Bridgman	Senior Vice President and Controller (Principal Accounting Officer)	February 26, 2010
<u>*</u> Shona L. Brown	Director	February 26, 2010
<u>*</u> Ian M. Cook	Director	February 26, 2010
<u>*</u> Dina Dublon	Director	February 26, 2010
<u>*</u> Victor J. Dzau	Director	February 26, 2010
<u>*</u> Ray L. Hunt	Director	February 26, 2010
<u>*</u> Alberto Ibargüen	Director	February 26, 2010
<u>*</u> Arthur C. Martinez	Director	February 26, 2010
<u>*</u> Sharon Percy Rockefeller	Director	February 26, 2010

[Table of Contents](#)

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<div><div>*</div><div>James J. Schiro</div></div>	Director	February 26, 2010
<div><div>*</div><div>Lloyd Trotter</div></div>	Director	February 26, 2010
<div><div>*</div><div>Daniel Vasella</div></div>	Director	February 26, 2010
<div><div>*By:</div><div>/s/ Thomas H. Tamoney, Jr.</div></div>		
<div><div>Name:</div><div>Thomas H. Tamoney, Jr.</div><div>Attorney-in-Fact</div></div>		

EXHIBIT INDEX

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* Incorporated by reference

[PepsiCo, Inc. Letterhead]

February 26, 2010

PepsiCo, Inc.
700 Anderson Hill Road
Purchase, New York 10577

Dear Ladies and Gentlemen:

I have acted as counsel to PepsiCo, Inc., a North Carolina corporation (the “Company”), in connection with the registration statement on Form S-3 (the “Registration Statement”) under the Securities Act of 1933, as amended (the “Act”), of 1,098,219 shares of the Company’s Common Stock (the “Shares”), to be issued in accordance with the terms of the PBG 2004 Long Term Incentive Plan, the PBG 2002 Long Term Incentive Plan, the PBG Long Term Incentive Plan, the Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and the PBG Stock Incentive Plan (collectively, the “Plans”).

I have reviewed such corporate records, documents and questions of law and fact I have considered necessary or appropriate for the purposes of this opinion.

Based on such review, I am of the opinion that the Shares registered pursuant to the Registration Statement to which this opinion is an exhibit, when issued in accordance with the terms of the Plans, will be validly issued, fully paid and nonassessable.

I consent to the filing of this opinion letter as an exhibit to the Registration Statement. In giving such consent, I do not admit that I am within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations promulgated thereunder.

This opinion letter is rendered as of the date above and I disclaim any obligation to advise you of facts, circumstances, events or developments which may alter, affect or modify the opinion expressed herein.

Very truly yours,

/s/ Thomas H. Tamoney, Jr.

Thomas H. Tamoney, Jr.
Senior Vice President, Deputy General
Counsel and Assistant Secretary

Consent of Independent Registered Public Accounting Firm

Board of Directors
PepsiCo, Inc.:

We consent to incorporation by reference in the Registration Statement on Form S-3 of PepsiCo, Inc. and Subsidiaries (“PepsiCo, Inc.”) of our audit report dated February 22, 2010, with respect to the Consolidated Balance Sheet of PepsiCo, Inc. as of December 26, 2009 and December 27, 2008 and the related Consolidated Statements of Income, Cash Flows and Equity for each of the fiscal years in the three-year period ended December 26, 2009, and the effectiveness of internal control over financial reporting as of December 26, 2009, which report appears in the December 26, 2009 annual report on Form 10-K of PepsiCo, Inc. and to the reference to our firm under the heading “Experts” in the Registration Statement.

Our report dated February 22, 2010 refers to a change in the methods of accounting for business combinations and for noncontrolling interests in 2009.

/s/ KPMG LLP

New York, New York
February 26, 2010

PBG 2004 Long-Term Incentive Plan
As Amended and Restated
Effective January 1, 2009

1. Purpose.

The purposes of the PBG 2004 Long Term Incentive Plan (the “Plan”) are: (a) to provide long-term incentives to those persons with significant responsibility for the success and growth of The Pepsi Bottling Group, Inc. (“PBG”) and its subsidiaries, divisions and affiliated businesses (collectively, the “Company”); (b) to assist the Company in attracting, retaining and motivating a diverse group of employees on a competitive basis; (c) to ensure a pay for performance linkage for such employees; and (d) to associate the interests of such employees with those of PBG shareholders.

2. Administration of the Plan.

- (a) The Plan shall be administered by the Compensation and Management Development Committee of the Board of Directors of PBG (the “Committee”). The Committee shall be appointed by the Board of Directors of PBG (the “Board”) and shall consist entirely of members of the Board who qualify as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), as “Non-Employee Directors” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 as amended (the “Act”) and as “independent” for purposes of any rules and regulations of a stock exchange on which PBG’s Common Stock is traded. The foregoing notwithstanding, no act of the Committee shall be void or deemed to be without authority because a member fails to meet the qualification requirements of this Section.
- (b) The Committee shall have all powers vested in it by the terms of the Plan, such powers to include the authority (within the limitations described herein):
- to select the individuals to be granted awards under the Plan;
 - to determine the type, size and terms of awards to be granted to each individual selected;
 - to determine the guidelines and procedures for the payment or exercise of awards;
 - to determine the time when awards will be granted and any conditions which must be satisfied by employees before an award is granted;
 - to establish objectives and conditions for earning awards that are otherwise applicable to awards;
 - to determine whether such objectives and conditions have been met and whether awards will be paid at the end of the award period or at the time the award is exercised (whichever applies);
 - to determine whether payment of an award will be deferred (subject to Section 6 below);
 - to determine whether payment of an award should be reduced or eliminated; and
 - to determine whether any such award should qualify, regardless of its amount, as deductible in its entirety for federal income tax purposes, including whether any award is intended to comply with the performance-based exception under Section 162(m) of the Code in the case of an award to a “Covered Executive,” *i.e.*, an employee who is a “named executive officer” (within the meaning of Item 402(a)(3) of Regulation S-K) or an individual who is expected to be a named executive officer and an employee at the time the Company is entitled to a tax deduction related to such award (but excluding any such named executive officer who is not considered a Covered Executive under guidance published by the Internal Revenue Service).
- (c) The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee’s interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all parties concerned, including the Company, PBG shareholders and any person receiving an award under the Plan.

- (d) To the extent not prohibited by law and not inconsistent with the requirements of Section 162(m) of the Code, Rule 16b-3 of the Act or applicable stock exchange rules, the Committee may delegate its authority hereunder (including to a member of the Committee or an officer of PBG) and may designate employees of the Company to execute documents on behalf of the Committee or to otherwise assist the Committee in the administration and operation of the Plan. Specifically, and not by way of limitation, the Committee hereby delegates to the Senior Vice President of Human Resources of the Company the authority to adopt all appropriate provisions relating to compliance with Section 409A of the Code, which provisions shall be set out in one or more separate documents (collectively, the “Rules”).

3. Eligibility.

Subject to the provisions of the Plan, the Committee may, from time to time, designate any of the following individuals as eligible to receive an award available under the Plan: (i) officer, (ii) employee, or (iii) key consultant or advisor of the Company, other than a non-employee director, who provides bona fide services to the Company not in connection with the offer or sale of securities in a capital-raising transaction, in each case subject to limitations provided by the Code or the Act as determined by the Committee; and the Committee shall determine the nature and amount of each award.

In addition, in order to foster and promote achievement of the purposes of the Plan or to comply with provisions of laws in other countries in which the Company operates or has employees, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which eligible individuals (if any) performing services for the Company outside the United States are eligible to participate in the Plan, (ii) modify the terms, conditions and types of any awards made to such eligible individuals, and (iii) establish subplans, modified stock option exercise procedures and other award terms and procedures to the extent such actions may be necessary or advisable. The preceding sentence shall apply notwithstanding any provision of the Plan to the contrary, except that in the case of a Post-409A Award (as defined in Section 11(a) below) for a United States taxpayer, it shall not override a provision of the Plan to the extent necessary to comply with Section 409A of the Code.

4. Awards.

- (a) *Types.* Awards under the Plan include stock options (incentive stock options and non-qualified stock options), stock appreciation rights, restricted shares, restricted share units, performance shares, performance units and share awards.
- (i) *Stock Options.* Stock options are rights to purchase shares of PBG Common Stock (“Common Stock”) at a fixed price for a specified period of time. Stock options may consist of incentive stock options satisfying the requirements of Section 422 of the Code (“ISOs”) and designated by the Committee as ISOs and non-qualified stock options that do not satisfy the aforementioned requirements. The purchase price per share of Common Stock covered by a stock option awarded pursuant to this Plan (the “Exercise Price” as defined for stock options), including any ISOs, shall be equal to or greater than the “Fair Market Value” of a share of Common Stock on the date the stock option is awarded unless the stock option was granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who became employees of the Company as a result of merger, consolidation, acquisition or other corporate transaction involving the Company, in which case, provided it does not cause the stock option to be subject to Section 409A of the Code, an Exercise Price may be used that reasonably preserves the value of the previously granted award. “Fair Market Value” means an amount equal to the average of the high and low sales prices for Common Stock as reported on the composite tape for securities listed on the New York Stock Exchange, Inc. (the “Exchange”) on the date in question (or, if no sales of Common Stock were made on such Exchange on such date, on the immediately preceding day on which sales were made on such Exchange), except that such average price shall be rounded up to the nearest one cent solely for purposes of determining the Exercise Price of stock options and stock appreciation rights (“SARs” which are more fully described below in paragraph (ii) hereof). The Exercise Price per share may be payable, in whole or in part, in cash or in shares of Common Stock held by the option holder, including previously acquired shares and shares issuable or deliverable in connection with an award (with any such Common Stock valued at its Fair Market Value on the date of exercise), provided that no Common Stock may be used to pay the Exercise Price if and to the extent that additional accounting expense would result to the Company under then applicable accounting rules.

Stock options that are Post-409A Awards may be granted only to individuals who provide direct services on the date of grant of the stock option to PBG or another entity in a chain of entities in which PBG or another such entity has a controlling interest within the meaning of Treasury Regulation §1.409A-1(b)(5)(iii)(E) in each entity in the chain.

Stock options may be granted alone or in tandem with other awards, including SARs. With respect to stock options granted in tandem with SARs, the exercise of either such stock options or SARs will result in the simultaneous cancellation of the same number of stock options or tandem SARs, as the case may be.

Except for adjustments made pursuant to Section 7, the Exercise Price for any outstanding stock option granted under the Plan may not be decreased after the date of grant nor may any outstanding stock option granted under the Plan be surrendered to the Company as consideration for the grant of a new stock option with a lower Exercise Price without the approval of PBG's shareholders.

Except in the case of grants in connection with: (1) the recruitment of new employees, including employees transferring from an allied organization (within the meaning of Section 4(c)(i) or (ii) below), (2) special recognition awards (3) awards granted in connection with business turnaround plans, and (4) the assumption of, or substitution for, outstanding awards previously granted to individuals who become employees of the Company as a result of merger, consolidation, acquisition or other corporate transaction, stock options shall vest over a period of three years from the grant date and no options shall have a vesting period of less than one year. However, without regard to the vesting period assigned, the vesting of stock options may be accelerated in connection with a change in control and certain transfers, or in connection with a participant's death, disability, retirement or involuntary termination of employment, in each case as determined by the Committee. The term of options shall be determined by the Committee in its sole discretion at the time of grant, but in no event shall the term exceed ten years from the date of grant.

ISOs may only be granted to employees of PBG, its subsidiaries and divisions and may only be granted to an employee who, at the time the option is granted, does not own stock possessing more than 10% of the total combined voting power of all classes of stock of PBG. The aggregate Fair Market Value (determined at the time of grant) of all shares with respect to which ISOs are exercisable by a participant for the first time during any year shall not exceed \$100,000. Any option that is intended to be an ISO but which does not qualify as such shall remain outstanding and constitute a non-qualified stock option. In determining the shares available for issuance as ISOs under Section 5, adjustment under Section 5(a) shall not apply to the extent not permitted under Section 422 of the Code and regulations promulgated thereunder.

- (ii) *Stock Appreciation Rights.* SARs are rights to receive the amount by which the Fair Market Value of a share of Common Stock on the date the SAR is exercised exceeds the purchase price of the SAR (the "Exercise Price" as defined for SARs), which shall be equal to or greater than the Fair Market Value of a share of Common Stock on the grant date, unless the SAR was granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who became employees of the Company as a result of merger, consolidation, acquisition or other corporate transaction involving the Company, in which case, provided it does not cause the SAR to be subject to Section 409A of the Code, an Exercise Price may be used that reasonably preserves the value of the previously granted award. Such difference may be paid in cash, shares of Common Stock or both, or by any other method as determined by the Committee in its sole discretion.

Except in the case of grants in connection with: (1) the recruitment of new employees, including employees transferring from an allied organization (within the meaning of Section 4(c)(i) or (ii) below), (2) special recognition awards, (3) awards granted in connection with business turnaround plans, and (4) the assumption of, or substitution for, outstanding awards previously granted to individuals who become employees of the Company as a result of merger, consolidation, acquisition or other corporate transaction, SARs shall vest over a period of three years from the grant date and no SARs shall have a vesting period of less than one year from the grant date. However, without regard to the vesting period assigned, the vesting of SARs may be accelerated in connection with a change in control and certain transfers, or in connection with a participant's death, disability, retirement or involuntary termination of employment, in each case as determined by the Committee. The term of an SAR shall be determined by the Committee in its sole discretion at the time of grant, but in no event shall the term exceed ten years from the date of grant.

SARs that are Post-409A Awards may be granted only to individuals who provide direct services on the date of grant of the SAR to PBG or another entity in a chain of entities in which PBG or another such entity has a controlling interest within the meaning of Treasury Regulation §1.409A-1(b)(5)(iii)(E) in each entity in the chain. SARs may be granted alone or in tandem with stock options. The grant of SARs related to ISOs must be concurrent with the grant of the ISOs. The grant of SARs related to non-qualified stock options may be concurrent with the grant of the non-qualified stock options or in connection with such non-qualified stock options, previously granted under Section 4(a)(i), that are unexercised and have not terminated or lapsed. With respect to SARs granted in tandem with stock options, the exercise of either such stock options or such SARs will result in the simultaneous cancellation of the same number of tandem stock options or SARs, as the case may be.

- (iii) *Restricted Shares/Restricted Share Units.* Restricted shares are shares of Common Stock that may not be traded or sold until the date that the restrictions on transferability imposed by the Committee with respect to such shares have lapsed (the "Restriction Period"). Restricted share units are the right to receive an amount equal to the value of a specified number of shares of Common Stock. Awards of restricted shares or restricted share units may be made either alone or in addition to or in tandem with other awards granted under the Plan, and they may be awarded as additional compensation for services rendered by the eligible individual or in lieu of cash or other compensation to which the eligible individual is entitled from the Company.

The Committee shall impose such terms, conditions and/or restrictions on any restricted share awards or restricted share units granted pursuant to the Plan as it may deem advisable including, without limitation: (1) a requirement that participants pay a stipulated price for each restricted share or each restricted share unit, (2) restrictions based upon the achievement of specific performance goals (Company-wide, divisional, related to other business units, and/or individual), (3) time-based restrictions on vesting, including the time during which the award is subject to a risk of forfeiture, and (4) restrictions under applicable Federal or state securities laws.

Except in the case of performance-based awards and awards made in connection with: (1) the recruitment of new employees, including employees transferring from an allied organization (within the meaning of Section 4(c)(i) or (ii) below), (2) special recognition awards, (3) awards granted in connection with business turnaround plans, and (4) the assumption of, or substitution for, outstanding awards previously granted to individuals who become employees of the Company as a result of merger, consolidation, acquisition or other corporate transaction, all restricted share and restricted share unit awards shall be subject to a time-based vesting restriction of at least three years from the date of grant. However, without regard to the time-based vesting restriction assigned, the vesting of restricted share and restricted share unit awards may be accelerated in connection with a change in control and certain transfers (to the extent permitted in Section 4(c) below) or in connection with a participant's death, disability, retirement, retirement eligibility or involuntary termination of employment, in each case as determined by the Committee. To the extent the restricted shares or restricted share units granted to a Covered Executive are intended to be deductible under Section 162(m) of the Code, the applicable restrictions shall be based on the achievement of performance goals over a performance period, as described in Section 4(a)(iv).

Restricted share units that become payable in accordance with their terms and conditions shall be settled in cash, shares of Common Stock, or a combination of cash and shares of Common Stock, as determined by the Committee. To the extent that the vesting of a restricted share unit is tied to (1) the completion of a specified period of service, (2) death, (3) disability, or (4) retirement, the payment date for the restricted share unit shall be the day when vesting occurs, except to the extent the agreement specifies a different payment date for such vesting event or as otherwise provided below. Accordingly, if more than one such vesting event applies with respect to the restricted share unit, the earliest occurring vesting event shall govern (but if two or more vesting dates occur on the same date, the vesting event enumerated first in the prior sentence shall govern). Notwithstanding any contrary terms in an agreement evidencing a restricted shares unit, if the specified period of service that is required to vest is changed after it is initially established, the change shall not be taken into account for purposes of determining the payment date for the restricted share unit, unless the change extends the vesting period and such extension is eligible for the special rule for certain transaction-based compensation in Treasury Regulation 1.409A-3(i)(5)(iv) or unless the restricted share unit is exempt from Section 409A of the Code and the change accelerates the vesting period.

Notwithstanding any contrary terms in this Plan or in an agreement evidencing a restricted share unit, if a restricted share unit is a Post-409A Award and is part of an award of restricted share units that includes one or more restricted share units that is required to comply with Section 409A of the Code, then all restricted share units in such award shall be subject to the provisions of the Rules.

During any Restriction Period, restricted shares may not be sold, assigned, transferred or otherwise disposed of, or mortgaged, pledged or otherwise encumbered. In order to enforce the limitations imposed upon the restricted shares, the Committee may (1) cause a legend or legends to be placed on any certificates relating to such restricted shares, and/or (2) issue “stop transfer” instructions, as it deems necessary or appropriate.

Unless otherwise determined by the Committee, during any Restriction Period, participants who hold restricted shares shall have the right to receive dividends, in cash or property, as well as other distributions or rights in respect of such shares, shall have the right to vote such shares as the record owner thereof, and participants who hold restricted share units shall have the right to receive dividend equivalents. Unless otherwise determined by the Committee, any dividends, distributions or rights, or dividend equivalents payable to a participant during the Restriction Period shall be distributed to the participant only if and when the restrictions imposed on the applicable restricted shares or restricted share units lapse (and in the case of dividend equivalents on restricted share units, in accordance with the time of payment rules that are applicable to the related restricted share units).

Each certificate issued for restricted shares shall be registered in the name of the participant and deposited with the Company or its designee. At the end of the Restriction Period, a certificate representing the number of shares to which the participant is then entitled shall be delivered to the participant free and clear of the restrictions (or the participant’s unrestricted ownership shall be otherwise reflected). No certificate shall be issued with respect to a restricted share unit unless and until such unit is paid in shares of Common Stock.

- (iv) *Performance Awards.* Performance awards are performance shares or performance units. Each performance share shall have an initial value equal to the Fair Market Value of a share of Common Stock on the date of grant. Each performance unit shall have an initial value that is established by the Committee at the time of grant. Performance awards may be granted either alone or in addition to other awards made under the Plan.

Unless otherwise determined by the Committee, performance awards shall be conditioned on the achievement of performance goals (which shall be based on one or more performance measures, as determined by the Committee) over a performance period established by the Committee, provided that no performance period shall be less than one year.

The performance measure(s) to be used for purposes of performance awards (and for restricted shares and restricted share units, as provided in Section 4(a)(iii)) may be described in terms of objectives that are related to the individual participant or objectives that are Company-wide or related to one or more subsidiaries, divisions, departments, regions, functions or business units of the Company to which the contributions of the participant are relevant, and may consist of one or more or any combination of the following criteria: stock price, market share, sales revenue, sales volume, cash flow, earnings per share, return on equity, return on assets, return on sales, return on invested capital, economic value added, net earnings, total shareholder return, gross margin, profit (before or after-taxes), net income, operating income, EBITDA (earnings before interest, taxes, depreciation and amortization) and/or costs. The performance goals based on these performance measures may be made relative to the performance of other corporations or a published index. The Committee can establish other performance measures for performance awards granted to participants who are not Covered Executives and, with respect to such participants, shall have the sole discretion to adjust the determination of the degree of attainment of the pre-established performance goals.

Notwithstanding the achievement of any performance goal established under this Plan, the Committee has the discretion, on a participant by participant basis, to reduce some or all of a performance award that would otherwise be paid.

At, or at any time after, the time an award is granted, and in the case of Covered Executives to the extent permitted under Section 162(m) of the Code and the regulations thereunder without adversely affecting the treatment of the award under the performance-based exception, the Committee may provide for the manner in which performance will be measured against the performance goals (or may adjust the performance goals) to reflect the impact of unusual or nonrecurring events affecting the Company, or its financial statements or changes in applicable laws, regulations or accounting principles.

With respect to any award that is intended to satisfy the conditions for the performance-based exception under Section 162(m) of the Code: (1) the Committee shall interpret the Plan and this Section 4 in light of Section 162(m) of the Code and the regulations thereunder; (2) the Committee shall have no discretion to amend the award in any way that would adversely affect the treatment of the award under Section 162(m) of the Code and the regulations thereunder; and (3) such award shall not be paid until the Committee shall first have certified that the performance goals have been achieved.

If applicable tax and/or securities laws change to permit Committee discretion to alter the governing performance measures without obtaining shareholder approval of such changes, the Committee shall have the sole discretion to make such changes without first obtaining shareholder approval.

- (v) *Share Awards.* Share awards are grants of shares of Common Stock. The Committee may grant a share award to any eligible individual on such terms and conditions as the Committee may determine in its sole discretion. Share awards may be made only in lieu of cash or other compensation to which the eligible individual is entitled from the Company except as to limited awards to non-executive employees or key consultants made in connection with special recognition programs.
- (b) *Maximum Awards.* An eligible individual may be granted multiple awards under the Plan, but no one employee may be granted awards which would result in his or her receiving in the aggregate, during a single calendar year, more than 2 million shares of Common Stock. Solely for the purposes of

determining whether this maximum is met, an SAR, restricted share unit, or performance share shall be treated as entitling the holder thereof to one share of Common Stock, and an award of performance units shall be treated as entitling the holder to the number of shares of Common Stock that is determined by dividing the dollar value of the award by the Fair Market Value of a share of Common Stock on the date the performance units were awarded.

(c) *Employment by the Company.*

- (i) To the extent the vesting, exercise, or term of any stock option, SAR and/or restricted share is conditioned on employment by the Company, an award recipient whose Company employment terminates through a Company-approved transfer to an allied organization: (1) shall, at the time of such termination, vest in and (where applicable) be entitled to exercise immediately prior to the transfer any stock option, SAR or restricted share that is not conditioned on the achievement of a performance goal; (2) shall have employment with the allied organization treated as employment by the Company in determining any applicable term of such award and period for exercise (as well as any right to, or right to exercise, the award upon achievement of a performance goal); and (3) shall have the allied organization considered part of the Company for purposes of applying the misconduct provisions of Section 8. The Chief Personnel Officer shall specify the entities that are considered allied organizations as of any time. This Section 4(c)(i) applies to awards that are not required to comply with Section 409A of the Code.
- (ii) To the extent the vesting, exercise, or term of any restricted share unit, performance share and/or performance unit is conditioned on employment by the Company, an award recipient whose Company employment is transferred to an allied organization through a Company-approved transfer to the allied organization: (1) shall, at the time of such transfer, vest in any restricted share unit that is not conditioned on the achievement of a performance goal and, except as provided in the remainder of this Section 4(c)(ii), the date of such vesting shall also be the payment date of the restricted share unit; (2) shall have employment with the allied organization treated as employment by the Company for purposes of any right to the award upon achievement of a performance goal; and (3) shall have the allied organization considered part of the Company for purposes of applying the misconduct provisions of Section 8. For purposes of applying this Section 4(c)(ii) to a restricted share unit, performance share or performance unit that is part of a Post-409A Award that is required to comply with Section 409A of the Code with respect to one or more restricted share units, performance shares or performance units, as applicable, under such award, the provisions set out in the Rules shall apply notwithstanding any contrary terms in this Plan or in an agreement evidencing such an award.
- (iii) The Committee may decide, when granting an award, to exclude some or all of the award from the application of this subsection, or to provide the recipient of the grant with less protection in connection with a transfer than would otherwise apply under the foregoing provisions of this subsection.

- (d) *Company Buy-Out Right.* At any time after any award becomes exercisable or vested, the Committee shall have the right to elect, in its sole discretion and without the consent of the holder thereof, to cancel such award and to cause PBG to pay to the participant the excess of the Fair Market Value of the shares of Common Stock covered by such award over any Exercise Price or purchase price on the date the Committee provides written notice (the “Buy-Out Notice”) of its intention to exercise such right (the “Buy-Out”), provided that in the case of a Post-409A Award, the Fair Market Value used for this purpose shall not exceed the fair market value of the shares of Common Stock covered by such award on the date of cancellation as determined under Treasury Regulation § 1.409A-1(b)(5)(iv). Buy-Outs pursuant to this provision shall be effected by PBG as promptly as possible after the date of the Buy-Out Notice. Payments of Buy-Out amounts shall be made in shares of Common Stock (with cash for any fractional share). The number of shares shall be determined by dividing the amount of the payment to be made by the Fair Market Value of a share of Common Stock on the date of the Buy-Out Notice, provided that in the case of a Post-409A Award, the Fair Market Value used for this purpose shall not exceed the fair market value

of the shares of Common Stock covered by such award on the date of cancellation as determined under Treasury Regulation § 1.409A-1(b)(5)(iv). This Buy-Out provision shall not apply in the case of a “Change in Control” within the meaning of Section 9, in which case the provisions of Section 9 shall apply. This Buy-Out provision also shall not apply in the case of a Post-409A Award that is required to comply with Section 409A of the Code (in whole or in part) unless such application does not result in an acceleration of the payment of the award (for purposes of Section 409A of the Code) or comes within an exception that permits acceleration of the payment of the award as provided in Treasury Regulation § 1.409A-3(j)(4).

5. Shares of Common Stock Subject to the Plan.

The maximum aggregate number of shares of Common Stock available for issuance under the Plan shall be 36 million, determined as provided in this Section and as may be adjusted pursuant to Section 7 hereof. Any of the authorized shares may be used for any of the types of awards described in the Plan, provided, however, that in no event shall the number of restricted shares which become fully vested, shares delivered in settlement of restricted share units and performance awards, and shares granted as share awards (“full-value awards”) exceed 50% of the maximum aggregate number of shares of Common Stock available for issuance under the Plan as may be adjusted pursuant to Section 7 hereof.

- (a) *Shares Remaining.* The following shall apply in determining the number of shares remaining available for grant under this Plan:
 - (i) In connection with the granting of a stock option or other award (other than SARs payable only in cash or a performance unit denominated in dollars or property other than Common Stock), the number of shares of Common Stock available for issuance under this Plan shall be reduced by the number of shares in respect of which the stock option or award is granted or denominated; provided, however, that where an SAR or performance unit is settled in shares of Common Stock, the number of shares of Common Stock available for issuance under this Plan shall be reduced only by the number of shares issued in such settlement.
 - (ii) If any stock option is exercised by tendering or having the Company withhold shares of Common Stock to PBG as full or partial payment of the Exercise Price or to satisfy tax withholding obligations, the number of shares available for issuance under this Plan shall be increased by the number of shares so tendered or withheld.
 - (iii) Whenever any outstanding stock option or other award under the Plan (or portion thereof) expires, is cancelled, is settled in cash or is terminated for any reason, the shares allocable to the expired, cancelled, settled or terminated portion of the stock option or award shall remain available for awards under this Plan.
 - (iv) Awards granted through the assumption of, or in substitution for, outstanding awards previously granted to individuals who become employees as a result of a merger, consolidation, acquisition or other corporate transaction involving the Company as a result of an acquisition will not count against the reserve of available shares under this Plan.
- (b) *Shares to be Delivered.* Shares of Common Stock to be delivered by the Company under this Plan shall be determined by the Committee and may consist in whole or in part of authorized but unissued shares, treasury shares or shares acquired on the open market.

6. Deferred Payments.

The Committee may determine that all or a portion of a payment to a participant under the Plan, whether it is to be made in cash, shares of Common Stock or a combination thereof, shall be deferred or may, in its sole discretion, approve deferral elections made by participants. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion, which terms shall be designed to comply with Section 409A of the Code in the case of Post-409A Awards. The Committee may take such steps as are reasonably necessary to

permit the deferral of taxes in connection with any award deferral. Notwithstanding the foregoing, no stock option or SAR that is a Post-409A Award shall contain a feature for the deferral of compensation within the meaning of Treasury Regulation § 1.409A-1(b)(5)(i)(A)(3) or § 1.409A-1(b)(5)(i)(B)(3), respectively. Awards of restricted shares are intended to be and to remain exempt from Section 409A of the Code pursuant to Treasury Regulation § 1.409A-1(b)(6)(i).

7. Dilution and Other Adjustments.

In the event of (a) any change in the outstanding shares of Common Stock by reason of any stock split, reverse stock split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, (b) any separation of a corporation (including a spin-off or other distribution of assets of the Company to its shareholders), (c) any partial or complete liquidation, or (d) other similar corporate change, the Committee shall make such equitable adjustments in the Plan and the awards thereunder as, and to the extent (if any), the Committee determines are necessary and appropriate to prevent dilution or enlargement of a participant's rights hereunder, including, if necessary, an adjustment in (i) the maximum number or kind of shares that may be issued under the Plan, (ii) the individual maximum in Section 4(b), (iii) the number and kind of shares and the Exercise Price or purchase price applicable to awards that may be or have been awarded to any participant (including the conversion of shares subject to awards from Common Stock to stock of another entity), and (iv) related terms of awards, including any performance conditions, and to make cash payments in lieu of such adjustments provided that any such cash payment shall be made in a manner that does not cause the recipient of the corresponding award to be subject to the payment of additional tax under Section 409A(a)(1)(B) of the Code. No adjustment to performance conditions is authorized in connection with any awards to a Covered Executive intended to qualify as performance-based under Section 162(m) of the Code if and to the extent that such adjustment would cause the award to fail to so qualify. Such adjustment shall be conclusive and binding for all purposes of the Plan.

8. Misconduct.

Except as otherwise provided in agreements covering Awards hereunder, a participant shall forfeit all rights in his or her outstanding awards under the Plan, and all such outstanding awards shall automatically terminate and lapse, if the Committee determines that such participant has engaged in "Misconduct" as defined below. The Committee may in its sole discretion require the participant to pay to the Company any and all gains realized from any awards granted hereunder that were exercised, vested or paid out within the twelve month period immediately preceding a date on which the participant engaged in such Misconduct, as determined by the Committee.

"Misconduct" means any of the following, as determined by the Committee in good faith: (i) violation of any agreement between the Company and the participant, including but not limited to a violation relating to the disclosure of confidential information or trade secrets, the solicitation of employees, customers, suppliers, licensors or contractors, or the performance of competitive services; (ii) violation of any duty to the Company, including but not limited to violation of the Company's Code of Conduct; (iii) making, or causing or attempting to cause any other person to make, any statement (whether written, oral or electronic), or conveying any information about the Company which is disparaging or which in any way reflects negatively upon the Company, unless required by law or pursuant to a Company policy; (iv) improperly disclosing or otherwise misusing any confidential information regarding the Company; (v) unlawful trading in the securities of PBG or of another company based on information gained as a result of that participant's employment or other relationship with the Company; (vi) engaging in any act which is considered to be contrary to the best interests of the Company, including but not limited to recruiting or soliciting employees of the Company; or (vii) commission of a felony or other serious crime or engaging in any activity which constitutes gross misconduct.

This section shall also apply in the case of a former Company employee (including, without limitation, a retired or disabled employee) who commits Misconduct after his or her employment with the Company terminates.

9. Change in Control.

Upon a “Change in Control” (as defined in subsection (f) below), the following shall occur, unless otherwise provided by the Committee in an agreement:

- (a) *Options.* Effective on the date of such Change in Control, all outstanding and unvested stock options granted under the Plan shall immediately vest and become exercisable, and all stock options then outstanding under the Plan shall remain outstanding in accordance with their terms. In the event that any stock option granted under the Plan becomes unexercisable during its term on or after a Change in Control because: (i) the individual who holds such stock option is involuntarily terminated (other than for cause), or such individual terminates for “Good Reason” as defined in the agreement governing the stock option award or applicable operating guidelines, within two years after the Change in Control; (ii) such stock option is terminated or adversely modified; or (iii) Common Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the holder of such stock option shall immediately be entitled to receive equity (e.g. common stock) of the “Acquiring Entity” (as defined below) with a fair market value equal to at least (A) the gain on such stock option or (B) only if greater than the gain and only with respect to non-qualified stock options that are not Post-409A Awards, the Black- Scholes value of such stock option (as determined by a nationally recognized independent investment banker chosen by PBG), in either case calculated on the date such stock option becomes unexercisable. For purposes of the preceding sentence, the gain on a stock option shall be calculated as the difference between the Fair Market Value per share of Common Stock as of the date such stock option becomes unexercisable and the Exercise Price per share of Common Stock covered by the stock option; provided, however, if the shares of Common Stock are not traded on a national exchange on such date, the Fair Market Value on the immediately preceding day on which the shares were traded shall be used (but only to the extent it does not result, in the case of a Post-409A Award, in the payment of more than fair market value as determined under Treasury Regulation § 1.409A-1(b)(5)(iv)).
- (b) *Stock Appreciation Rights.* Effective on the date of such Change in Control, all outstanding and unvested SARs granted under the Plan shall immediately vest and become exercisable, and all SARs then outstanding under the Plan shall remain outstanding in accordance with their terms. In the event that any SAR granted under the Plan becomes unexercisable during its term on or after a Change in Control because: (i) the individual who holds such SAR is involuntarily terminated (other than for cause), or such individual terminates for “Good Reason” as defined in the agreement governing the SAR award or applicable operating guidelines, within two years after the Change in Control; (ii) such SAR is terminated or adversely modified; or (iii) Common Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the holder of such SAR shall immediately be entitled to receive equity (e.g. common stock) of the “Acquiring Entity” (as defined below) with a fair market value equal to at least the gain on such SAR. For purposes of the preceding sentence, the gain on an SAR shall be calculated as the difference between the Fair Market Value per share of Common Stock as of the date such SAR becomes unexercisable and the purchase price per share of Common Stock covered by the SAR; provided, however, if the shares of Common Stock are not traded on a national exchange on such date, the Fair Market Value on the immediately preceding day on which the shares were traded shall be used (but only to the extent it does not result, in the case of a Post-409A Award, in the payment of more than fair market value as determined under Treasury Regulation § 1.409A-1(b)(5)(iv)).
- (c) *Restricted Shares/Restricted Share Units.* Upon a Change of Control all restricted shares and restricted share units shall immediately vest. Immediately upon such vesting, certificates for all such vested restricted shares shall be distributed to the participants, and the cash or shares payable upon vesting of the restricted share units shall be paid to the participants. Notwithstanding anything set out in this Plan or an agreement evidencing a restricted share unit to the contrary, if a restricted share unit is a Post-409A Award and is covered by Section 409A of the Code, then the provisions set out in the Rules shall apply.
- (d) *Performance Awards.* Each performance award granted under the Plan that is outstanding on the date of the Change in Control shall immediately vest and the holder of such performance award shall be entitled to a lump sum cash payment equal to the amount of such performance award payable at the end of the performance period as if 100% of the performance goals have been achieved. Notwithstanding anything set out in this Plan or an agreement evidencing a performance award to the contrary, if a performance award is a Post-409A Award and is covered by Section 409A of the Code, then the provisions set out in the Rules shall apply.

- (e) *Time of Payment.* Any amount required to be paid pursuant to this Section shall be paid within 20 days after the date such amount becomes payable.
- (f) *Definition of Change in Control.* A “Change in Control” means the occurrence of any of the following events: (i) any individual, corporation, partnership, group, association or other entity (a “Person”), other than PepsiCo, Inc. (“PepsiCo”) or an entity approved by PepsiCo, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of 50% or more of the combined voting power of PBG’s outstanding securities ordinarily having the right to vote at elections of directors; (ii) during any consecutive two-year period, persons who constitute the Board at the beginning of the period cease to constitute at least 50% of the Board (provided that any new Board member who was approved by a majority of directors who began the two-year period or who was approved by PepsiCo shall be considered a director who began the two-year period); (iii) the approval by the shareholders of PBG of a plan or agreement providing for a merger or consolidation of PBG with another company, other than with PepsiCo or an entity approved by PepsiCo, and PBG is not the surviving company (unless the shareholders of PBG prior to the merger or consolidation continue to have 50% or more of the combined voting power of the surviving company’s outstanding securities); (iv) the sale, exchange or other disposition of all or substantially all of PBG’s assets, other than to PepsiCo or an entity approved by PepsiCo; or (v) any other event, circumstance, offer or proposal occurs or is made, which is intended to effect a change in the control of PBG and which results in the occurrence of one or more of the events set forth in clauses (i) through (iv) of this paragraph. For purposes of this Plan, the Person that triggers a Change in Control under clause (i) or (ii), survives the merger or consolidation referred to in clause (iii) or purchases the assets under clause (iv) is referred to as the “Acquiring Entity.”

In addition, a “Change in Control” means the occurrence of any of the following events with respect to PepsiCo: (i) acquisition of 20% or more of the outstanding voting securities of PepsiCo by another entity or group; excluding, however, any acquisition by an employee benefit plan or related trust sponsored or maintained by PepsiCo; (ii) during any consecutive two-year period, persons who constitute the Board of Directors of PepsiCo (the “PepsiCo Board”) at the beginning of the period cease to constitute at least 50% of the PepsiCo Board (provided that any new PepsiCo Board member who was approved by a majority of directors who began the two-year period shall be considered a director who began the two-year period); (iii) PepsiCo shareholders approve, and there is completed, a merger or consolidation of PepsiCo with another company, and PepsiCo is not the surviving company; or, if after such transaction, the other entity owns, directly or indirectly, 50% or more of the outstanding voting securities of PepsiCo; (iv) PepsiCo shareholders approve a plan of complete liquidation of PepsiCo or the sale or disposition of all or substantially all of PepsiCo’s assets; or (v) any other event, circumstance, offer or proposal occurs or is made, which is intended to effect a change in the control of PepsiCo, and which results in the occurrence of one or more of the events set forth in clauses (i) through (iv) of this paragraph.

Notwithstanding the above definition, the definition of “Change in Control set out in the Rules shall apply in the circumstances and manner specified in the Rules to a restricted share unit, performance share or performance unit that is part of a Post-409A Award that is required to comply with Section 409A of the Code with respect to one or more restricted share units, performance shares or performance units, as applicable, under such award.

10. Miscellaneous Provisions.

- (a) *Rights as Shareholder.* Except as otherwise provided herein, a participant in the Plan shall have no rights as a holder of Common Stock with respect to awards hereunder, unless and until certificates for shares of Common Stock are issued to such participant or registered in the name of the participant on the Company’s records.

- (b) *Assignment or Transfer.* Unless the Committee shall specifically determine otherwise, no award granted under the Plan or any rights or interests therein (other than an award of shares that is not subject to any restrictions) shall be assignable or transferable by a participant, except by will or the laws of descent and distribution.
- (c) *Agreements.* All awards granted under the Plan shall be evidenced by agreements in such form and containing such terms and conditions (not inconsistent with the Plan), as the Committee shall approve.
- (d) *Requirements for Transfer.* The Committee shall have no obligation to issue or transfer a share of Common Stock under the Plan until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any issuance of shares of Common Stock made to any participant upon such participant's written undertaking to comply with such restrictions on his subsequent disposition of such shares as the Committee or PBG shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.
- (e) *Withholding Taxes.* PBG shall have the right to deduct from all awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such awards, and with respect to awards paid or satisfied in stock, to require the payment (through withholding from the participant's salary or otherwise) of any such taxes. The obligations of PBG to make delivery of awards in cash or shares of Common Stock shall be subject to currency or other restrictions imposed by any government. With respect to withholding required upon the exercise of stock options or SARs, upon the lapse of restrictions on restricted shares or upon any other taxable event arising as a result of awards granted hereunder, unless other arrangements are made with the consent of the Committee, participants shall satisfy the withholding requirement by having the Company withhold shares of Common Stock having a Fair Market Value on the date the tax is to be determined equal to not more than the minimum amount of tax required to be withheld with respect to the transaction unless a fractional share is payable in which case, such minimum amount plus the next highest share will be withheld. The Committee may permit a participant to surrender or direct the withholding of other shares of Common Stock to satisfy tax obligations but only if and to the extent that no additional accounting expense would result to the Company under then applicable accounting rules.
- If a participant makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any shares of Common Stock issued to him pursuant to the exercise of an incentive stock option within the two-year period commencing on the day after the date of the grant or within the one-year period commencing on the day after the date of transfer of such shares to the participant pursuant to such exercise, the participant shall, within ten (10) days of such disposition, notify PBG thereof, by delivery of written notice to PBG at its principal executive office, and immediately deliver to PBG (or allow to be withheld from other compensation) any taxes required to be withheld.
- (f) *No Implied Rights to Awards.* Except as set forth herein, no employee or other person shall have any claim or right to be granted an award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.
- (g) *Fractional Shares.* Fractional shares of Common Stock shall not be issued or transferred under an award, but the Committee may pay cash in lieu of a fraction or round the fraction, in its discretion.
- (h) *Beneficiary Designation.* To the extent allowed by the Committee, each participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named on a contingent or successive basis) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Unless the Committee determines otherwise, each such designation shall revoke all prior designations by the same participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Company during the participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the participant's death shall be paid to the participant's estate.

- (i) *Costs and Expenses.* The cost and expenses of administering the Plan shall be borne by PBG and not charged to any award or to any employee receiving an award.
- (j) *Funding of Plan.* PBG shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any award under the Plan.
- (k) *Successors.* All obligations of the Company under the Plan with respect to awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.
- (l) *Compliance with Section 409A of the Code.* At all times, this Plan shall be interpreted and operated (i) with respect to Post-409A Awards, in accordance with the applicable requirements of Section 409A of the Code, (ii) to maintain the exemptions from Section 409A of the Code of stock options, SARs, restricted shares and awards designed to meet the short-deferral exception under Section 409A of the Code, and (iii) to preserve the status of deferrals made prior to the effective date of Section 409A of the Code (“ Prior Deferrals”) as exempt from Section 409A of the Code, i.e., to preserve the grandfathered status of Prior Deferrals. To the extent there is a conflict between the provisions of the Plan relating to compliance with Section 409A of the Code and the provisions of any award agreement issued under the Plan, the provisions of the Plan control. To the extent there is a conflict between the provisions of the Rules and the provisions of the Plan and/or of any award agreement issued under the Plan, the provisions of the Rules control.
- (m) *Successor Provisions.* Any reference in the Plan to a provision of law or regulation shall also refer to any provision of law or regulation that is a successor to such provision.

11. Effective Date, Amendments and Termination.

- (a) *Effective Date.* The Plan became effective on May 26, 2004, the date on which it was initially approved by PBG’s shareholders. The Plan was amended and restated effective May 25, 2005, and again effective May 28, 2008, the dates on which these amendments were approved by PBG’s shareholders. This amendment and restatement of the Plan is generally effective as of January 1, 2009 (the “Effective Date”), and applies to awards granted on or after that date, except in the case of provisions relating to (i) “Post-409A Awards, “ i.e., all Plan awards that were not both earned and vested as of December 31, 2004, and all Plan awards that were materially modified after October 3, 2004, determined in each case within the meaning of Section 409A of the Code, (ii) Article 9 (regarding Change in Control), (iii) the rounding mechanism specified within the definition of Fair Market Value in Section 4(a)(i), and (iv) Section 7 (relating to antidilution and other adjustments). Provisions relating to Post-409A Awards shall apply to Post-409A Awards granted on or after the Effective Date and to the administration on and after the Effective Date of Post-409A Awards granted prior to the Effective Date. Article 9 (regarding Change in Control) shall be effective as of December 20, 2005. The rounding mechanism specified within the definition of Fair Market Value in Section 4(a)(i) shall be effective as of October 6, 2006. Section 7 (relating to antidilution and other adjustments) shall be effective as of January 8, 2007. The Rules are considered an integral part of this document and, together with this document and the agreements evidencing awards granted under the Plan, are intended to evidence documentary compliance with Section 409A of the Code and the applicable regulations and other guidance of general applicability issued thereunder or in connection therewith.
- (b) *Amendments.* The Committee may at any time terminate or from time to time amend the Plan in whole or in part; provided that the Committee shall not, without the requisite affirmative approval of shareholders of the Company, make any amendment to the Plan that materially modifies the Plan, including but not limited to amendments that would permit repricing, expand the types of awards available or the class of eligible participants, increase the number of securities which may be issued; or

which requires shareholder approval under any applicable law or rule of the New York Stock Exchange or Section 162(m) or 422 of the Code. No termination or amendment shall materially adversely affect any rights or obligations with respect to any awards theretofore granted under the Plan without the consent of the affected participant.

The Committee may, at any time, amend outstanding agreements evidencing awards under the Plan in a manner not inconsistent with the terms of the Plan; *provided, however*, that except as provided in Section 4(d) with respect to the Company's Buy-Out right, if such amendment is materially adverse to the participant, the amendment shall not be effective unless and until the participant consents, in writing, to such amendment.

Notwithstanding the preceding provisions of this subsection (b), following a Change in Control (as defined in Section 9), the Committee may not amend the Plan or outstanding agreements evidencing awards under the Plan in a way that would be adverse to a participant, even if the amendment would not be materially adverse, without the written consent of the participant.

- (c) *Termination.* No awards shall be made under the Plan on or after the tenth anniversary of the date on which PBG's shareholders approved the Plan. Determination of the award actually earned and payout or settlement of the award may occur later, and as to any outstanding award, the Plan's terms shall remain in effect (including authority under Section 11(b) relating to the Committee's authority to modify outstanding awards).

PBG 2002 LONG TERM INCENTIVE PLAN**1. PURPOSE.**

The purposes of the PBG 2002 Long Term Incentive Plan (the “Plan”) are: (a) to provide long term incentives to those persons with significant responsibility for the success and growth of The Pepsi Bottling Group, Inc. (“PBG”) and its subsidiaries, divisions and affiliated businesses (collectively, the “Company”); (b) to assist the Company in attracting and retaining key employees on a competitive basis; and (c) to associate the interests of such employees with those of PBG shareholders.

2. ADMINISTRATION OF THE PLAN.

(a) The Plan shall be administered by the Compensation and Management Development Committee of the Board of Directors of PBG (except that, with respect to executive officers and other executives deemed covered by section 162(m) of the Internal Revenue Code (collectively, “Covered Executives”), the Plan shall be administered by such Committee’s Compensation Subcommittee. The Compensation Subcommittee shall be appointed by the Board of Directors of PBG (the “Board”) and shall consist of two or more members of the Board who qualify as outside directors for purposes of section 162(m) of the Internal Revenue Code. Any reference in the Plan to the “Committee” shall be understood to refer to the Compensation and Management Development Committee or the Compensation Subcommittee, whichever has administrative authority with respect to the matter.

(b) The Committee shall have all powers vested in it by the terms of the Plan, such powers to include the authority (within the limitations described herein) to select the employees to be granted awards under the Plan; to determine the type, size and terms of awards to be granted to each employee selected, provided, however, that no awards granted under the Plan shall have a vesting period of less than one year; to determine the time when awards will be granted and any conditions which must be satisfied by employees before an award is granted; to establish performance objectives and conditions for earning awards; to determine whether such objectives and conditions have been met and whether awards will be paid at the end of the award period or at the time the award is exercised (whichever applies), or whether payment will be deferred; to determine whether payment of an award should be reduced or eliminated; and to determine whether such awards should qualify as deductible in their entirety for federal income tax purposes.

(c) The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee’s interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including the Company, PBG shareholders and any person receiving an award under the Plan.

(d) Except with respect to Covered Executives (or as prohibited by law or applicable stock exchange rules), the Committee may delegate to one or more persons any or all of its authority under Sections 2(b) and 2(c).

3. ELIGIBILITY.

Each key employee of the Company may, in the Committee’s discretion, be granted any of the awards available under the Plan.

4. AWARDS.

(a) Types. Awards under the Plan include stock options, incentive stock options, stock appreciation rights, performance units, restricted stock and share awards.

(i) Stock Options. Stock options are rights to purchase shares of PBG Common Stock (“Common Stock”) at a fixed price for a specified period of time. The purchase price per share of Common Stock covered by a stock option awarded pursuant to this Plan, including any incentive stock options, shall be equal to or greater than the “Fair Market Value” of a share of PBG Common Stock on the date the stock option is awarded. “Fair Market Value” means an amount equal to the average of the high and low sales prices for Common Stock as reported on the composite tape for securities listed on The New York Stock Exchange, Inc. on the date in question (or, if no sales of Common Stock were made on such Exchange on this date, on the next preceding day on which sales were made on such Exchange), except that such average price shall be rounded up to the nearest one-fourth. The purchase price per share may be payable in cash or Common Stock or both (with any Common Stock valued at its Fair Market Value on the date of exercise).

(ii) Stock Appreciation Rights. Stock appreciation rights (“SARs”) are rights to receive the difference between: (A) an exercise price, which shall not be less than the Fair Market Value of a share of PBG Common Stock on the grant date, and (B) the Fair Market Value of a share of Common Stock on the date the SAR is exercised. Such difference may be paid in cash, Common Stock or both.

(iii) Performance Units. Performance units are rights to receive up to 100% of the value of shares of Common Stock as of the date of grant, which value may be paid in cash or Common Stock, without payment of any amounts to PBG. The full and/or partial payment of performance unit awards granted under this Plan will be made only upon certification by the Committee of the attainment by PBG, over a performance period established by the Committee, of any one or more performance goals, which have been established by the Committee. The applicable performance goals shall be based on one or more of the following business criteria, as selected by the Committee in its sole discretion: cash flow, earnings, earnings per share, market value added, economic value added, EBITDA (earnings before interest, taxes, depreciation and amortization), return on assets, return on equity, return on investment capital, revenues, stock price, or total shareholder return. Each criterion may be determined in comparison to capital, shareholders’ equity, shares outstanding, investments, assets or net assets. Performance goals may be stated in the alternative. No payment will be made if the minimum applicable performance goal is not met.

(iv) Restricted Stock. Restricted stock awards are grants of Common Stock subject to a substantial risk of forfeiture or other restrictions. The full and/or partial vesting of any restricted stock award made to key employees under this Plan will occur in accordance with a vesting schedule established by the Committee and/or upon the attainment by PBG of any primary or secondary performance targets, which have been established by the Committee at the time the award is made. These targets shall be based on objective criteria, including (without limitation) one or more of the following: cash flow, earnings, earnings per share, market value added, economic value added, EBITDA (earnings before interest, taxes, depreciation and amortization), return on assets, return on equity, return on investment capital, revenues, stock price, or total shareholder return. Each criterion may be determined in comparison to capital, shareholders’ equity, shares outstanding, investments, assets or net assets. Performance targets may be stated in the alternative. No payment will be made if the minimum applicable performance target is not met.

(v) Share Awards. Share awards are grants of shares of Common Stock. The Committee may grant a share award to any eligible employee on such terms and conditions as the Committee may determine in its sole discretion. Share awards may be made as additional compensation for services rendered by the eligible employee or may be in lieu of cash or other compensation to which the eligible employee is entitled from the Company.

(b) Supplemental Awards. Employees who are newly hired or promoted into eligible status during the vesting or performance period may be granted supplemental pro rata grants or supplemental incremental grants of stock options, performance units and/or restricted stock, as determined by the Committee in its sole discretion.

(c) Negative Discretion. Notwithstanding the attainment by PBG of one or more performance target specified under this Plan, the Committee has the discretion, by participant, to reduce some or all of an award that would otherwise be paid.

(d) Guidelines. The Committee may, from time to time, adopt written policies for its implementation of the Plan. Any such policies shall be consistent with the Plan and may include, but need not be limited to, the type, size and term of awards to be made, and the conditions for payment of such awards.

(e) Maximum Awards. An eligible employee may be granted multiple awards under the Plan, but no one employee may be granted awards which would result in his or her receiving, in the aggregate, during the term of the Plan, more than 25% of the maximum number of shares available for award under the Plan. Solely for the purposes of determining whether this maximum is met, a performance unit or SAR shall be treated as entitling the holder thereof to one share of Common Stock.

(f) Employment by the Company. To the extent the vesting, exercise, or term of any stock option, SAR or restricted stock award is conditioned on employment by the Company, an award recipient whose Company employment terminates through a Company-approved transfer to an allied organization: (i) shall vest in and be entitled to exercise any stock option, SAR or restricted stock award immediately prior to the transfer, (ii) shall have employment with the allied organization treated as employment by the Company in determining the term of such award and the period for exercise, and (iii) shall have the allied organization considered part of the Company for purposes of applying the misconduct provisions of Section 8. The Chief Personnel Officer shall specify the entities that are considered allied organizations as of any time.

5. SHARES OF STOCK SUBJECT TO THE PLAN.

The shares that may be delivered or purchased under the Plan shall not exceed an aggregate of 18,000,000 shares of Common Stock, as adjusted, if appropriate, pursuant to Section 7 hereof.

6. DEFERRED PAYMENTS.

The Committee may determine that all or a portion of a payment to a participant under the Plan, whether it is to be made in cash, shares of Common Stock or a combination thereof, shall be deferred. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion.

7. DILUTION AND OTHER ADJUSTMENTS.

In the event of (i) any change in the outstanding shares of Common Stock by reason of any split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, (ii) any separation of a corporation (including a spin-off or other distribution of assets of the Company to its shareholders), (iii) any partial or complete liquidation, or (iv) other similar corporate change, such equitable adjustments shall be made in the Plan and the awards thereunder as the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant (including the conversion of shares subject to awards from Common Stock to stock of another entity). Such adjustment shall be conclusive and binding for all purposes of the Plan.

8. MISCONDUCT.

If the Committee or its delegate determines that a participant has, at any time prior to, or within twelve months after, the exercise of any option or SAR granted hereunder or the vesting of any other award made hereunder committed "Misconduct," then the Committee may, in its sole discretion: (i) cancel any outstanding option or other award granted hereunder and (ii) require the participant to pay to the Company any and all gains realized from any options or awards granted hereunder that were exercised (in the case of options or SARs), or vested (in the case of other awards), within the twelve month period immediately preceding the date of such cancellation (or if there is no cancellation, the date on which such claim for payment is made). A participant commits Misconduct if the Committee or its delegate determines that the participant: (a "Competed" (as defined below) with the Company; (b) engaged in any act which is considered by the Committee to be contrary to the Company's best interests, including, but not limited to, recruiting or hiring

away employees of the Company; (c) violated the Company's Code of Conduct or engaged in any other activity which constitutes gross misconduct; (d) engaged in unlawful trading in the securities of PBG or of any other company based on information gained as a result of his or her employment with the Company; or (e) disclosed to an unauthorized person or misused confidential information or trade secrets of the Company. This paragraph shall also apply in the case of a former Company employee (including, without limitation, a retired or disabled employee) who commits Misconduct after his or her employment with the Company terminated.

"Competed" shall mean (i) worked for, managed, operated, controlled or participated in the ownership, arrangement, operation or control of (or have been connected with or served on the board of directors of) any company or entity that engages in the production, marketing or sale of any product or service which is also produced, marketed or sold by the Company; or (ii) any action or omission which is injurious to the Company or which diverts customers or suppliers from the Company.

9. CHANGE IN CONTROL.

Upon a "Change in Control" (as defined in subsection (d) below), the following shall occur:

(a) Options and SARs. At the date of such Change in Control, all outstanding and unvested stock options and SARs granted under the LTIP shall immediately vest and become exercisable, and all stock options and SARs then outstanding under the LTIP shall remain outstanding in accordance with their terms. In the event that any stock option or SAR granted under the LTIP becomes unexercisable during its term on or after a Change in Control because: (i) the individual who holds such option or SAR is involuntarily terminated (other than for cause) within two years after the Change in Control; (ii) such option or SAR is terminated or adversely modified; or (iii) PBG Common Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the holder of such option or SAR shall immediately be entitled to receive a lump sum cash payment equal to the gain on such option or SAR on the date such option or SAR becomes unexercisable. For purposes of the preceding sentence, the gain on a stock option or SAR shall be calculated as the difference between the Fair Market Value per share of PBG Common Stock as of the date such option or SAR becomes unexercisable less the exercise price per share of such option or SAR.

(b) Performance Units, Restricted Stock or Share Awards. Each performance unit, restricted stock and share award granted under the LTIP that are outstanding on the date of the Change in Control shall immediately vest, and the holder of such performance unit, restricted stock or share award shall be entitled to a lump sum cash payment equal to the amount of such award payable at the end of the performance period as if 100% of the performance objectives have been achieved.

(c) Time of Payment. Any amount required to be paid pursuant to this Section shall be paid within 20 days after the date such amount becomes payable.

(d) Definition. A "Change in Control" means the occurrence of any of the following events: (i) any individual, corporation, partnership, group, association or other entity, other than PepsiCo, Inc. ("PepsiCo") or an entity approved by PepsiCo, is or becomes the "beneficial owner" (as defined in Rule 13(d)-3 under the Securities Exchange Act of 1934), directly or indirectly, of 50% or more of the combined voting power of PBG's outstanding securities ordinarily having the right to vote at elections of directors; (ii) during any consecutive two-year period, persons who constitute the Board at the beginning of the period cease to constitute at least 50% of the Board (unless the election of each new Board member was approved by a majority of directors who began the two-year period or was approved by PepsiCo); (iii) the approval by the shareholders of PBG of a plan or agreement providing for a merger or consolidation of PBG with another company, other than with PepsiCo or an entity approved by PepsiCo, and PBG is not the surviving company (unless the shareholders of PBG prior to the merger or consolidation continue to have 50% or more of the combined voting power of the surviving company's outstanding securities); or (iv) the sale, exchange or other disposition of all or substantially all of PBG's assets, other than to PepsiCo or an entity approved by PepsiCo.

In addition, a “Change in Control” means the occurrence of any of the following events with respect to PepsiCo: (i) any individual, corporation, partnership, group, association or other entity is or becomes the “beneficial owner” (as defined in Rule 13(d)-3 under the Securities Exchange Act of 1934), directly or indirectly, of 20% or more of the combined voting power of PepsiCo’s outstanding securities ordinarily having the right to vote at elections of directors; excluding, however, any acquisition by PepsiCo or any acquisition by an employee benefit plan or related trust sponsored or maintained by PepsiCo; (ii) during any consecutive two-year period, persons who constitute the Board of Directors of PepsiCo (the “PepsiCo Board”) at the beginning of the period cease to constitute at least 50% of the PepsiCo Board (unless the election of each new PepsiCo Board member was approved by a majority of directors who began the two-year period); (iii) the approval by the shareholders of PepsiCo of a plan or agreement providing for a merger or consolidation of PepsiCo with another company, and PepsiCo is not the surviving company (unless the shareholders of PepsiCo prior to the merger or consolidation continue to have 50% or more of the combined voting power of the surviving company’s outstanding securities); or (iv) the sale, exchange or other disposition of all or substantially all of PepsiCo’s assets.

10. MISCELLANEOUS PROVISIONS.

(a) Rights as Shareholder. A participant in the Plan shall have no rights as a holder of Common Stock with respect to awards hereunder, unless and until certificates for shares of Common Stock are issued to such participant.

(b) Assignment or Transfer. Unless the Committee shall specifically determine otherwise, no award granted under the Plan or any rights or interests therein shall be assignable or transferable by a participant, except by will or the laws of descent and distribution.

(c) Agreements. All awards granted under the Plan shall be evidenced by agreements in such form and containing such terms and conditions (not inconsistent with the Plan), as the Committee shall approve.

(d) Requirements for Transfer. No share of Common Stock shall be issued or transferred under the Plan until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any issuance of shares of Common Stock made to any participant upon such participant’s written undertaking to comply with such restrictions on his subsequent disposition of such shares as the Committee or PBG shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.

(e) Withholding Taxes. PBG shall have the right to deduct from all awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such awards, and with respect to awards paid or satisfied in stock, to require the payment (through withholding from the participant’s salary or otherwise) of any such taxes. The obligations of PBG to make delivery of awards in cash or Common Stock shall be subject to currency or other restrictions imposed by any government.

(f) No Implied Rights to Awards. Except as set forth herein, no employee or other person shall have any claim or right to be granted an award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.

(g) Costs and Expenses. The cost and expenses of administering the Plan shall be borne by PBG and not charged to any award nor to any employee receiving an award.

(h) Funding of Plan. PBG shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any award under the Plan.

11. EFFECTIVE DATE, AMENDMENTS AND TERMINATION.

(a) Effective Date. The Plan shall become effective on its approval by PBG’s shareholders.

(b) Amendments. The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any awards theretofore granted under the Plan.

In addition, unless the shareholders of PBG shall have first approved, no amendment of the Plan shall be effective which would: (i) modify the requirements as to eligibility for participation in the Plan; (ii) increase the maximum number of shares of Common Stock which may be delivered under the Plan or to any one individual, except to the extent such amendment is made pursuant to Section 7 hereof, (iii) change the performance criteria for performance units, or (iv) decrease the minimum option or SAR exercise price.

The Committee may, at any time, amend outstanding agreements evidencing awards under the Plan in a manner not inconsistent with the terms of the Plan; provided, however, that if such amendment is adverse to the participant, the amendment shall not be effective unless and until the participant consents, in writing, to such amendment.

(c) Termination. No awards shall be granted under the Plan after December 31, 2007. Determination of the award actually earned and payout or settlement of the award may occur later.

PBG LONG TERM INCENTIVE PLAN

1. PURPOSE.

The purposes of the PBG Long Term Incentive Plan (the “Plan”) are: (a) to provide long term incentives to those persons with significant responsibility for the success and growth of The Pepsi Bottling Group, Inc. (“PBG”) and its subsidiaries, divisions and affiliated businesses (collectively, the “Company”); (b) to assist the Company in attracting and retaining key employees on a competitive basis; and (c) to associate the interests of such employees with those of PBG shareholders.

2. ADMINISTRATION OF THE PLAN.

(a) The Plan shall be administered by the Compensation and Management Development Committee of the Board of Directors of PBG (except that, with respect to executive officers and other executives deemed covered by section 162(m) of the Internal Revenue Code (collectively, “Covered Executives”), the Plan shall be administered by such Committee’s Compensation Subcommittee. The Compensation Subcommittee shall be appointed by the Board of Directors of PBG (the “Board”) and shall consist of two or more members of the Board who qualify as outside directors for purposes of section 162(m) of the Internal Revenue Code. Any reference in the Plan to the “Committee” shall be understood to refer to the Compensation and Management Development Committee or the Compensation Subcommittee, whichever has administrative authority with respect to the matter.

(b) The Committee shall have all powers vested in it by the terms of the Plan, such powers to include the authority (within the limitations described herein) to select the employees to be granted awards under the Plan; to determine the type, size and terms of awards to be granted to each employee selected; to determine the time when awards will be granted and any conditions which must be satisfied by employees before an award is granted; to establish performance objectives and conditions for earning awards; to determine whether such objectives and conditions have been met and whether awards will be paid at the end of the award period or at the time the award is exercised (whichever applies), or whether payment will be deferred; to determine whether payment of an award should be reduced or eliminated; and to determine whether such awards should qualify as deductible in their entirety for federal income tax purposes.

(c) The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee’s interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including the Company, PBG shareholders and any person receiving an award under the Plan.

(d) Except with respect to Covered Executives (or as prohibited by law or applicable stock exchange rules), the Committee may delegate to one or more persons any or all of its authority under Sections 2(b) and 2(c).

3. ELIGIBILITY.

Each key employee of the Company may, in the Committee's discretion, be granted any of the awards available under the Plan.

4. AWARDS.

(a) Types. Awards under the Plan include stock options, incentive stock options, stock appreciation rights, performance units, restricted stock and share awards.

(i) Stock Options. Stock options are rights to purchase shares of PBG Common Stock ("Common Stock") at a fixed price for a specified period of time. The purchase price per share of Common Stock covered by a stock option awarded pursuant to this Plan, including any incentive stock options, shall be equal to or greater than the "Fair Market Value" of a share of PBG Common Stock on the date the stock option is awarded. "Fair Market Value" means an amount equal to the average of the high and low sales prices for Common Stock as reported on the composite tape for securities listed on The New York Stock Exchange, Inc. on the date in question (or, if no sales of Common Stock were made on such Exchange on this date, on the next preceding day on which sales were made on such Exchange), except that such average price shall be rounded up to the nearest one-fourth. The purchase price per share may be payable in cash or Common Stock or both (with any Common Stock valued at its Fair Market Value on the date of exercise).

(ii) Stock Appreciation Rights. Stock appreciation rights ("SARs") are rights to receive the difference between: (A) an exercise price, which shall not be less than the Fair Market Value of a share of PBG Common Stock on the grant date, and (B) the Fair Market Value of a share of Common Stock on the date the SAR is exercised. Such difference may be paid in cash, Common Stock or both.

(iii) Performance Units. Performance units are rights to receive up to 100% of the value of shares of Common Stock as of the date of grant, which value may be paid in cash or Common Stock, without payment of any amounts to PBG. The full and/or partial payment of performance unit awards granted under this Plan will be made only upon certification by the Committee of the attainment by PBG, over a performance period established by the Committee, of any one or more performance targets, which have been established by the Committee. In the case of Covered Executives, the applicable performance targets shall be based on one or more of the following business criteria, as selected by the Committee in its sole discretion: cash flow, earnings, earnings per share, market value added, economic value added, EBITDA (earnings before interest, taxes, depreciation and amortization), return on assets, return on equity, return on investment capital, revenues, stock price, or total shareholder return. Each criterion may be determined in comparison to capital, shareholders' equity, shares outstanding, investments, assets or net assets. Performance targets may be stated in the alternative. No payment will be made if the minimum applicable performance target is not met.

(iv) Restricted Stock. Restricted stock awards are grants of Common Stock subject to a substantial risk of forfeiture or other restrictions. The full and/or partial vesting of any restricted stock award made to key employees under this Plan will occur in accordance with a vesting schedule established by the Committee and/or upon the attainment by PBG of any primary or secondary performance targets, which have been established by the Committee at the time the award is made. These targets shall be based on objective criteria, including (without limitation) one or more of the following: cash flow, earnings, earnings per share, market value added, economic value added, EBITDA (earnings before interest, taxes, depreciation and amortization), return on assets, return on equity, return on investment capital, revenues, stock price, or total shareholder return. Each criterion may be determined in comparison to capital, shareholders' equity, shares outstanding, investments, assets or net assets. Performance targets may be stated in the alternative. No payment will be made if the minimum applicable performance target is not met.

(v) Share Awards. Share awards are grants of shares of Common Stock. The Committee may grant a share award to any eligible employee on such terms and conditions as the Committee may determine in its sole discretion. Share awards may be made as additional compensation for services rendered by the eligible employee or may be in lieu of cash or other compensation to which the eligible employee is entitled from the Company.

(b) Supplemental Awards. Employees who are newly hired or promoted into eligible status during the vesting or performance period may be granted supplemental pro rata grants or supplemental incremental grants of stock options, performance units and/or restricted stock, as determined by the Committee in its sole discretion.

(c) Negative Discretion. Notwithstanding the attainment by PBG of one or more performance target specified under this Plan, the Committee has the discretion, by participant, to reduce some or all of an award that would otherwise be paid.

(d) Guidelines. The Committee may, from time to time, adopt written policies for its implementation of the Plan. Any such policies shall be consistent with the Plan and may include, but need not be limited to, the type, size and term of awards to be made, and the conditions for payment of such awards.

(e) Maximum Awards. An eligible employee may be granted multiple awards under the Plan, but no one employee may be granted awards which would result in his or her receiving, in the aggregate, during the term of the Plan, more than 25% of the maximum number of shares available for award under the Plan. Solely for the purposes of determining whether this maximum is met, a performance unit or SAR shall be treated as entitling the holder thereof to one share of Common Stock.

(f) Employment by the Company. To the extent the vesting, exercise, or term of any stock option, SAR or restricted stock award is conditioned on employment by the Company, an award recipient whose Company employment terminates through a Company-approved transfer to an allied organization: (i) shall vest in and be entitled to exercise any stock option, SAR or restricted stock award immediately prior to the transfer, (ii) shall have employment with the allied organization treated as employment by the Company in determining the term of such award and the period for exercise, and (iii) shall have the allied organization considered part of the Company for purposes of applying the misconduct provisions of Section 8. The Chief Personnel Officer shall specify the entities that are considered allied organizations as of any time.

5. SHARES OF STOCK SUBJECT TO THE PLAN.

The shares that may be delivered or purchased under the Plan shall not exceed an aggregate of 7,500,000 shares of Common Stock, as adjusted, if appropriate, pursuant to Section 7 hereof.

6. DEFERRED PAYMENTS.

The Committee may determine that all or a portion of a payment to a participant under the Plan, whether it is to be made in cash, shares of Common Stock or a combination thereof, shall be deferred. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion.

7. DILUTION AND OTHER ADJUSTMENTS.

In the event of (i) any change in the outstanding shares of Common Stock by reason of any split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, (ii) any separation of a corporation (including a spin-off or other distribution of assets of the Company to its shareholders), (iii) any partial or complete liquidation, or (iv) other similar corporate change, such equitable adjustments shall be made in the Plan and the awards thereunder as the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant (including the conversion of shares subject to awards from Common Stock to stock of another entity). Such adjustment shall be conclusive and binding for all purposes of the Plan.

8. MISCONDUCT.

If the Committee or its delegate determines that a participant has, at any time prior to, or within twelve months after, the exercise of any option or SAR granted hereunder or the vesting of any other award made hereunder committed "Misconduct," then the Committee may, in its sole discretion: (i) cancel any outstanding option or other award granted hereunder and (ii) require the participant to pay to the Company any and all gains realized from any options or awards granted hereunder that were exercised (in the case of options or SARs), or vested (in the case of other awards), within the twelve month period immediately preceding the date of such cancellation (or if there is no cancellation, the date on which such claim for payment is made). A participant commits Misconduct if the Committee or its delegate determines that the participant: (a) "Competed" (as defined below) with the Company; (b) engaged in any act which is considered by the Committee to be contrary to the Company's best interests, including, but not limited to, recruiting or hiring away employees of the Company; (c) violated the Company's Code of Conduct or engaged in any other activity which constitutes gross misconduct; (d) engaged in unlawful trading in the securities of PBG or of any other company based on information gained as a result of his or her employment with the Company; or (e) disclosed to an unauthorized person or misused confidential information or trade secrets of the Company. This paragraph shall also apply in the case of a former Company employee (including, without limitation, a retired or disabled employee) who commits Misconduct after his or her employment with the Company terminated.

"Competed" shall mean (i) worked for, managed, operated, controlled or participated in the ownership, arrangement, operation or control of (or have been connected with or served on the board of directors of) any company or entity that engages in the production, marketing or sale of any product or service which is also produced, marketed or sold by the Company; or (ii) any action or omission which is injurious to the Company or which diverts customers or suppliers from the Company.

9. CHANGE IN CONTROL.

Upon a "Change in Control" (as defined in subsection (d) below), the following shall occur:

(a) Options and SARs. At the date of such Change in Control, all outstanding and unvested stock options and SARs granted under the LTIP shall immediately vest and become exercisable, and all stock options and SARs then outstanding under the LTIP shall remain outstanding in accordance with their terms. In the event that any stock option or SAR granted under the LTIP becomes unexercisable during its term on or after a Change in Control because: (i) the individual who holds such option or SAR is involuntarily terminated (other than for cause) within two years after the Change in Control; (ii) such option or SAR is terminated or adversely modified; or (iii) PBG Common Stock is no longer issued and outstanding, or no longer traded on

a national securities exchange, then the holder of such option or SAR shall immediately be entitled to receive a lump sum cash payment equal to the gain on such option or SAR on the date such option or SAR becomes unexercisable. For purposes of the preceding sentence, the gain on a stock option or SAR shall be calculated as the difference between the Fair Market Value per share of PBG Common Stock as of the date such option or SAR becomes unexercisable less the exercise price per share of such option or SAR.

(b) Performance Units, Restricted Stock or Share Awards. Each performance unit, restricted stock and share award granted under the LTIP that are outstanding on the date of the Change in Control shall immediately vest, and the holder of such performance unit, restricted stock or share award shall be entitled to a lump sum cash payment equal to the amount of such award payable at the end of the performance period as if 100% of the performance objectives have been achieved.

(c) Time of Payment. Any amount required to be paid pursuant to this Section shall be paid within 20 days after the date such amount becomes payable.

(d) Definition. A “Change in Control” means the occurrence of any of the following events: (i) any individual, corporation, partnership, group, association or other entity, other than PepsiCo, Inc. (“PepsiCo”) or an entity approved by PepsiCo, is or becomes the “beneficial owner” (as defined in Rule 13(d)-3 under the Securities Exchange Act of 1934), directly or indirectly, of 50% or more of the combined voting power of PBG’s outstanding securities ordinarily having the right to vote at elections of directors; (ii) during any consecutive two-year period, persons who constitute the Board at the beginning of the period cease to constitute at least 50% of the Board (unless the election of each new Board member was approved by a majority of directors who began the two-year period or was approved by PepsiCo); (iii) the approval by the shareholders of PBG of a plan or agreement providing for a merger or consolidation of PBG with another company, other than with PepsiCo or an entity approved by PepsiCo, and PBG is not the surviving company (unless the shareholders of PBG prior to the merger or consolidation continue to have 50% or more of the combined voting power of the surviving company’s outstanding securities); or (iv) the sale, exchange or other disposition of all or substantially all of PBG’s assets, other than to PepsiCo or an entity approved by PepsiCo.

In addition, a “Change in Control” means the occurrence of any of the following events with respect to PepsiCo: (i) any individual, corporation, partnership, group, association or other entity is or becomes the “beneficial owner” (as defined in Rule 13(d)-3 under the Securities Exchange Act of 1934), directly or indirectly, of 20% or more of the combined voting power of PepsiCo’s outstanding securities ordinarily having the right to vote at elections of directors; excluding, however, any acquisition by PepsiCo or any acquisition by an employee benefit plan or related trust sponsored or maintained by PepsiCo; (ii) during any consecutive two-year period, persons who constitute the Board of Directors of PepsiCo (the “PepsiCo Board”) at the beginning of the period cease to constitute at least 50% of the PepsiCo Board (unless the election of each new PepsiCo Board member was approved by a majority of directors who began the two-year period); (iii) the approval by the shareholders of PepsiCo of a plan or agreement providing for a merger or consolidation of PepsiCo with another company, and PepsiCo is not the surviving company (unless the shareholders of PepsiCo prior to the merger or consolidation continue to have 50% or more of the combined voting power of the surviving company’s outstanding securities); or (iv) the sale, exchange or other disposition of all or substantially all of PepsiCo’s assets.

10. MISCELLANEOUS PROVISIONS.

(a) Rights as Shareholder. A participant in the Plan shall have no rights as a holder of Common Stock with respect to awards hereunder, unless and until certificates for shares of Common Stock are issued to such participant.

(b) Assignment or Transfer. Unless the Committee shall specifically determine otherwise, no award granted under the Plan or any rights or interests therein shall be assignable or transferable by a participant, except by will or the laws of descent and distribution.

(c) Agreements. All awards granted under the Plan shall be evidenced by agreements in such form and containing such terms and conditions (not inconsistent with the Plan), as the Committee shall approve.

(d) Requirements for Transfer. No share of Common Stock shall be issued or transferred under the Plan until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any issuance of shares of Common Stock made to any participant upon such participant's written undertaking to comply with such restrictions on his subsequent disposition of such shares as the Committee or PBG shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.

(e) Withholding Taxes. PBG shall have the right to deduct from all awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such awards, and with respect to awards paid or satisfied in stock, to require the payment (through withholding from the participant's salary or otherwise) of any such taxes. The obligations of PBG to make delivery of awards in cash or Common Stock shall be subject to currency or other restrictions imposed by any government.

(f) No Implied Rights to Awards. Except as set forth herein, no employee or other person shall have any claim or right to be granted an award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.

(g) Costs and Expenses. The cost and expenses of administering the Plan shall be borne by PBG and not charged to any award nor to any employee receiving an award.

(h) Funding of Plan. PBG shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any award under the Plan.

11. EFFECTIVE DATE, AMENDMENTS AND TERMINATION.

(a) Effective Date. The Plan shall become effective on its approval by PBG's shareholders.

(b) Amendments. The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any awards theretofore granted under the Plan.

In addition, unless the shareholders of PBG shall have first approved, no amendment of the Plan shall be effective which would: (i) modify the requirements as to eligibility for participation in the Plan; (ii) increase the maximum number of shares of Common Stock which may be delivered under the Plan or to any one individual, except to the extent such amendment is made pursuant to Section 7 hereof, (iii) change the performance criteria for performance units, or (iv) decrease the minimum option or SAR exercise price.

The Committee may, at any time, amend outstanding agreements evidencing awards under the Plan in a manner not inconsistent with the terms of the Plan; provided, however, that if such amendment is adverse to the participant, the amendment shall not be effective unless and until the participant consents, in writing, to such amendment.

(c) Termination. No awards shall be granted under the Plan after December 31, 2005. Determination of the award actually earned and payout or settlement of the award may occur later.

THE PEPSI BOTTLING GROUP, INC.
1999 LONG TERM INCENTIVE PLAN

1. PURPOSE.

The purposes of the 1999 Long Term Incentive Plan (the “Plan”) are: (1) to provide long term incentives to those persons with significant responsibility for the success and growth of The Pepsi Bottling Group, Inc. (“PBG”) and its subsidiaries, divisions and affiliated businesses (collectively, the “Company”); (2) to assist the Company in attracting and retaining key employees on a competitive basis; and (3) to associate the interests of such employees with those of PBG shareholders.

2. ADMINISTRATION OF THE PLAN.

(a) The Plan shall be administered by a committee (the “Committee”), which (i) prior to the date on which PBG becomes a separately held public company, shall be the Compensation Committee of the Board of Directors of PepsiCo, Inc.; and (ii) after the date on which PBG becomes a separately held public company, shall be the Compensation and Management Development Committee (and any subcommittee thereof) of the Board of Directors of PBG (the “Board”). The committee described in the foregoing clause (ii) shall be appointed by the Board and shall consist of two or more outside members of the Board.

(b) The Committee shall have all powers vested in it by the terms of the Plan, such powers to include the authority (within the limitations described herein) to select the persons to be granted awards under the Plan, to determine the type, size and terms of awards to be made to each employee selected, to determine the time when awards will be granted and any conditions which must be satisfied by employees before an award is made, to establish objectives and conditions for earning awards, to determine whether such conditions have been met and whether awards will be paid at the end of the award period, or when the award is exercised, or deferred, to determine whether payment of an award should be reduced or eliminated, and to determine whether such awards should qualify, regardless of their amount, as deductible in their entirety for federal income tax purposes.

(c) The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its businesses as the Committee deems necessary or advisable. The Committee's interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including the Company, PBG shareholders and any person receiving an award under the Plan.

(d) The Committee may delegate to the Chief Executive Officer of PBG any or all of its authority under Sections 2(b) and 2(c).

3. ELIGIBILITY.

Each executive of the Company who is Salary Band I or above (or the equivalent) may, in the Committee's discretion, be granted any of the awards available under the Plan.

4. AWARDS.

(a) Types. Awards under the Plan include stock options, incentive stock options, performance units, stock appreciation rights, restricted stock and share awards.

(i) Stock Options. Stock options are rights to purchase shares of PBG Common Stock ("Common Stock") at a fixed price for a specified period of time. The purchase price per share of Common Stock covered by a stock option awarded pursuant to this Plan, including any incentive stock options, shall (A) for options granted on and after the date PBG becomes a separately held public company, be equal to or greater than the "Fair Market Value" of a share of PBG Common Stock on the date the stock option is awarded; and (B) for options granted prior to the date PBG becomes a separately held public company, be the price per share at which Common Stock is initially offered for sale to the public. "Fair Market Value" means an amount equal to the average of the high and low sales prices for Common Stock as reported on the composite tape for securities listed on The New York Stock Exchange, Inc. on the date in question (or, if no sales of Common Stock were made on said Exchange on such date, on the next preceding day on which sales were made on such Exchange), except that such average price shall be rounded up to the nearest one-fourth.

(ii) Performance Units. Performance units are rights to receive up to 100% of the value of shares of Common Stock as of the date of grant, which value may be paid in cash or Common Stock, without payment of any amounts to PBG. The full and/or partial payment of performance unit awards granted under this Plan will be made only upon certification by the Committee of the attainment by PBG, over a performance period established by the Committee, of any one or more performance targets, which have been established by the Committee and which are based on objective criteria,

including (without limitation) one or more of the following: EBITDA, earnings per share, revenue growth, corporate earnings, return on investment, total shareholder return, profits, cash flow, market value added, economic value added or any of the foregoing against industry and peer comparisons. No payment will be made if the targets are not met.

(iii) Stock Appreciation Rights. Stock appreciation rights (“SARs”) are rights to receive the difference between (A) for SARs granted on and after the date PBG becomes a separately held public company, the Fair Market Value of a share of PBG Common Stock on the grant date, and for SARs granted prior to the date PBG becomes a separately held public company, the price per share at which Common Stock is initially offered for sale to the public, and (B) the Fair Market Value of a share of Common Stock on the date the SAR is exercised.

(iv) Restricted Stock. The full and/or partial vesting of any restricted stock award made to key employees under this Plan will occur in accordance with a vesting schedule established by the Committee or upon the attainment by PBG of primary or secondary targets established by the Committee at the time the award is made. These targets shall be based on objective criteria, including (without limitation) one or more of the following: EBITDA, earnings per share, revenue growth, corporate earnings, return on investment, total shareholder return, profits, cash flow, market value added, economic value added or any of the foregoing against industry and peer comparisons.

(v) Share Awards. Share awards are grants of shares of Common Stock. The Committee may grant a share award to any eligible employee on such terms and conditions as the Committee may determine in its sole discretion. Share awards may be made as additional compensation for services rendered by the eligible employee or may be in lieu of cash or other compensation to which the eligible employee is entitled from the Company.

(b) Supplemental Awards. Employees who are newly hired or promoted into eligible status or certain eligible employees who are promoted during the vesting period may be granted supplemental pro rata grants or supplemental incremental grants of stock options and/or performance units, as determined by the Committee in its sole discretion.

(c) Negative Discretion. Notwithstanding the attainment by PBG of any target specified under this Plan, the Committee has the discretion, by participant, to reduce some or all of an award that would otherwise be paid.

(d) Guidelines. The Committee may, from time to time, adopt written policies for its implementation of the Plan. Any such policies shall be consistent with the Plan and may include, but need not be limited to, the type, size and term of awards to be made, and the conditions for payment of such awards.

(e) Maximum Awards. An eligible employee may be granted multiple awards under the Plan, but no one employee may be granted awards which would result in his or her receiving, in the aggregate, during the term of the Plan, more than 25% of the maximum number of shares available for award under the Plan. Solely for the purposes of determining whether this maximum is met, a performance unit or SAR shall be treated as entitling the holder thereof to one share of Common Stock.

(f) Employment by the Company. To the extent the vesting, exercise, or term of any stock option award is conditioned on employment by the Company, an award recipient whose Company employment terminates through a Company-approved transfer to an allied organization (i) shall vest in and be entitled to exercise any stock option award immediately prior to the transfer, (ii) shall have employment with the allied organization treated as employment by the Company in determining the term of such award and the period for exercise, and (iii) shall have the allied organization considered part of the Company for purposes of applying the misconduct provisions of Section 8. The Chief Personnel Officer shall specify the entities that are considered allied organizations as of any time.

5. SHARES OF STOCK SUBJECT TO THE PLAN.

The shares that may be delivered or purchased under the Plan shall not exceed an aggregate of 15,000,000 shares of Common Stock, as adjusted, if appropriate, pursuant to Section 7 hereof.

6. DEFERRED PAYMENTS.

The Committee may determine that all or a portion of a payment to a participant under the Plan, whether it is to be made in cash, shares of Common Stock or a combination thereof, shall be deferred. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion.

7. DILUTION AND OTHER ADJUSTMENTS.

In the event of (i) any change in the outstanding shares of Common Stock by reason of any split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, (ii) any separation of a corporation (including a spin-off or other distribution of assets of the Company to its shareholders), (iii) any partial or complete liquidation, or (iv) other similar corporate change, such equitable adjustments shall be made in the Plan and the

awards thereunder as the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant (including the conversion of shares subject to awards from Common Stock to stock of another entity). Such adjustment shall be conclusive and binding for all purposes of the Plan.

8. MISCONDUCT.

If the Committee or its delegate determines that a participant has, at any time prior to, or within twelve months after, the exercise of any option granted hereunder or the vesting of any other award made hereunder committed “Misconduct”, then the Committee may, in its sole discretion: (i) cancel any outstanding option or other award granted hereunder and (ii) require the participant to pay to the Company any and all gains realized from any options or awards granted hereunder which were exercised, in the case of options, or vested, in the case of other awards, within the twelve month period immediately preceding the date of such cancellation (or if there is no cancellation, the date on which such claim for payment is made). A participant commits Misconduct if the Committee or its delegate determines that the participant: (a) Competed (as defined below) with the Company; (b) engaged in any act which is considered by the Committee to be contrary to the Company’s best interests, including, but not limited to, recruiting or hiring away employees of the Company; (c) violated the Company’s Code of Conduct or engaged in any other activity which constitutes gross misconduct; (d) engaged in unlawful trading in the securities of PBG or of any other company based on information gained as a result of his or her employment with the Company; or (e) disclosed to an unauthorized person or misused confidential information or trade secrets of the Company. This paragraph shall also apply in the case of a former Company employee (including, without limitation, a retired or disabled employee) who commits Misconduct after his or her employment with the Company terminated.

“Competed” shall mean (i) worked for, managed, operated, controlled or participated in the ownership, arrangement, operation, or control of, or be connected with or served on the board of directors of any company or entity which engages in the production, marketing or sale of any product or service produced, marketed or sold by the Company; or (ii) any action or omission which is injurious to the Company or which diverts customers or suppliers from the Company.

9. MISCELLANEOUS PROVISIONS.

(a) Rights as Shareholder. A participant in the Plan shall have no rights as a holder of Common Stock with respect to awards hereunder, unless and until certificates for shares of Common Stock are issued to such participant.

(b) Assignment or Transfer. Unless the Committee shall specifically determine otherwise, no award granted under the Plan or any rights or interests therein shall be assignable or transferable by a participant, except by will or the laws of descent and distribution.

(c) Agreements. All awards granted under the Plan shall be evidenced by agreements in such form and containing such terms and conditions (not inconsistent with the Plan) as the Committee shall approve.

(d) Requirements for Transfer. No share of Common Stock shall be issued or transferred under the Plan until all legal requirements applicable to the issuance or transfer of such shares have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any issuance of shares of Common Stock made to any participant upon such participant's written undertaking to comply with such restrictions on his subsequent disposition of such shares as the Committee or PBG shall deem necessary or advisable as a result of any applicable law, regulation or official interpretation thereof, and certificates representing such shares may be legended to reflect any such restrictions.

(e) Withholding Taxes. PBG shall have the right to deduct from all awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such awards, and with respect to awards paid in stock or upon exercise of stock options, to require the payment (through withholding from the participant's salary or otherwise) of any such taxes. The obligations of PBG to make delivery of awards in cash or Common Stock shall be subject to currency or other restrictions imposed by any government.

(f) No Rights to Awards. Except as set forth herein, no employee or other person shall have any claim or right to be granted an award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.

(g) Costs and Expenses. The cost and expenses of administering the Plan shall be borne by PBG and not charged to any award nor to any employee receiving an award.

(h) Funding of Plan. The Plan shall be unfunded. PBG shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any award under the Plan.

10. EFFECTIVE DATE, AMENDMENTS AND TERMINATION.

(a) Effective Date. The Plan was approved by the Board and shall be effective as of March 30, 1999.

(b) Amendments. The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any awards theretofore granted under the Plan.

In the event the Plan is approved by shareholders of PBG after the date PBG becomes a separately held public company (the “initial approval”), then (unless prior approval by the shareholders of PBG is obtained) no amendment of the Plan adopted after such initial approval shall be effective which would (i) increase the maximum number of shares of Common Stock which may be delivered under the Plan or to any one individual, except to the extent such amendment is made pursuant to Section 7 hereof, (ii) extend the maximum period during which awards may be granted under the Plan or (iii) modify the requirements as to eligibility for participation in the Plan.

The Committee may, at any time, amend outstanding agreements evidencing awards under the Plan in a manner not inconsistent with the terms of the Plan; provided, however, that if such amendment is adverse to the participant, the amendment shall not be effective unless and until the participant consents, in writing, to such amendment.

(c) Termination. No awards shall be made under the Plan after December 31, 2004.

PBG STOCK INCENTIVE PLAN

1. Purposes. The principal purposes of the PBG Stock Incentive Plan (the "Plan") are: (a) to improve individual employee performance by providing long-term incentives and rewards to employees of the Company; (b) to assist the Company in attracting, retaining and motivating employees with experience and ability; and (c) to associate the interests of such employees with those of PBG's shareholders.

2. Definitions. Unless the context clearly indicates otherwise, the following terms, when used in this Plan, shall have the meanings set forth below:

- (a) "Award" means the grant of an Option, Restricted Stock or Share Award, or any or all of them.
- (b) "Board" means the Board of Directors of The Pepsi Bottling Group, Inc.
- (c) "Committee" means the Executive Development and Compensation Committee of the Board, as appointed from time to time by the Board, consisting of two or more members of the Board who are not eligible to participate in the Plan and who have not, within one year prior to their appointment to the Committee, participated in the Plan; provided, however, that prior to the date PBG becomes a separately held public company, the Compensation Committee of the Board of Directors of PepsiCo, Inc. shall serve as the Committee for purposes of this Plan.
- (d) "Common Stock" or "Stock" means PBG Common Stock, par value \$0.01 per share.
- (e) "Company" means The Pepsi Bottling Group, Inc., its divisions, direct and indirect subsidiaries and affiliates.
- (f) "Fair Market Value" means an amount equal to the average of the high and low sales prices for Common Stock as reported on the composite tape for securities listed on The New York Stock Exchange, Inc. on the date in question (or, if no sales of Stock were made on said Exchange on such date, on the next preceding day on which sales were made on such Exchange), except that such average price shall be rounded up to the nearest one-fourth.
- (g) "Grant Date" means the date an Award is granted under the Plan. The date of grant of an Award shall be the date as of which the Committee determines that such Award shall become effective.
- (h) "Grantee" means an eligible employee of the Company who has been granted Restricted Stock or a Share Award under the Plan.
- (i) "Option" or "Stock Option" means a right granted under the Plan to an Optionee to purchase a share of Common Stock at a fixed price for a specified period of time.
- (j) "Option Exercise Price" means the price at which a share of Common Stock covered by an Option granted hereunder may be purchased.

(k) "Optionee" means an eligible employee of the Company who has received a Stock Option granted under the Plan.

(l) "PBG" means The Pepsi Bottling Group, Inc., a Delaware corporation.

(m) "Restricted Stock" means Stock issued to an eligible employee pursuant to Section 7 of this Plan.

(n) "Retirement" means a termination of employment with the Company after the employee has (i) fulfilled the requirements for either a normal, early or disability retirement pension (as defined under the Company's retirement program applicable to such employee at the date of termination of employment) and (ii) affirmatively elected to retire from employment.

(o) "Share Award" means Stock issued to an eligible employee pursuant to Section 8 of this Plan.

(p) "Totally Disabled" shall have the meaning set forth in the Company's long-term disability program applicable to such employee.

3. Administration. The Plan shall be administered by the Committee, which shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan as the Committee deems necessary or advisable. The Committee's powers include, but are not limited to (subject to the specific limitations described herein), authority to determine the employees to be granted Awards under the Plan, to determine the size and applicable terms and conditions of grants to be made to such employees, to determine the time when Awards will be granted and to authorize grants to eligible employees. The Committee's interpretations of the Plan, and all actions taken and determinations made by the Committee concerning any matter arising under or with respect to the Plan or any Awards granted hereunder, shall be final, binding and conclusive on all interested parties, including PBG, its shareholders and all former, present and future employees of the Company. The Committee may delegate some or all of its power and authority hereunder to the Chief Executive Officer of PBG, such delegation to be subject to such terms and conditions as the Committee in its discretion shall determine. The Committee may as to all questions of accounting rely conclusively upon any determinations made by the independent public accountants of PBG.

4. Stock Available for Awards. The shares that may be delivered or purchased under the Plan shall not exceed an aggregate number of shares of Common Stock to be determined from time to time by the Committee, subject to any adjustments which may be made pursuant to Section 12 hereof. Shares of Stock used for purposes of the Plan may be either shares of authorized but unissued Common Stock or treasury shares or both. Stock covered by Awards which have terminated or expired prior to exercise or have been surrendered or canceled shall be available for further grants of Awards hereunder.

5. Eligibility. All those employees of the Company who shall be determined from time to time by the Committee to be eligible shall participate in the Plan; provided, however, that no employee may be granted Awards in the aggregate which, if exercised, would result in that employee receiving more than 10% of the maximum number of shares available for issuance under the Plan.

6. Options. Each Option granted hereunder shall be in writing and shall contain such terms and conditions as the Committee may determine, subject to the following:

(a) Option Exercise Price. The Option Exercise Price shall be equal to the Fair Market Value of a share of Common Stock on the Grant Date; provided, however, that the Option Exercise Price of Options granted to eligible employees as of the date PBG becomes a separate publicly held company shall be the price per share at which Stock is initially offered for sale to the public.

(b) Term and Exercise Dates. Options granted hereunder shall have a term of no longer than ten (10) years from the Grant Date and shall become exercisable in accordance with the terms of their grant. A grant of Options may become exercisable in installments. To the extent that Stock Options are not exercised when they become initially exercisable, they shall be carried forward and be exercisable until the expiration of the term of such Stock Options, subject to the provisions of Sections 6(e) and (f) hereof.

(c) Exercise of Option. To exercise an Option, the holder thereof shall give notice of his or her exercise to PBG, or its agent, specifying the number of shares of Common Stock to be purchased and identifying the specific Options that are being exercised. The Committee may, from time to time, establish procedures relating to effecting such exercises. Stock Options must be exercised for full shares of Common Stock; no fractional shares shall be issued as a result of exercising an Option. Notwithstanding anything to the contrary herein, an employee of the Company shall be permitted to exercise his or her Options only if he or she is: (i) actively at work; (ii) on vacation; (iii) receiving disability benefits; (iv) receiving benefits from a severance plan which explicitly provides for the exercise of options; (v) on layoff; or (vi) on medical (including leave under the Family and Medical Leave Act), child care/parental, funeral, military or jury duty leave. An Option is exercisable during an Optionee's lifetime only by the Optionee; provided, however, that in the event the Optionee is incapacitated and unable to exercise Options, such Options may be exercised by such Optionee's legal guardian, legal representative, fiduciary or other representative who the Committee deems appropriate based on applicable facts and circumstances.

(d) Payment of Option Exercise Price. The Option Exercise Price for the Options being exercised must be paid in full at time of issuance of the Common Stock.

(e) Effect of Termination of Employment, Disability or Death. Unless the Committee shall determine otherwise, no Option may be exercised by an Optionee after the termination of his or her employment with the Company, except that: (i) if such termination occurs by reason of the Optionee's death, all Options then held by the Optionee shall become immediately exercisable as of the date of death and may be exercised by such Optionee's executor (or, if none, his or her legal representative) until the expiration of such Options in accordance with their terms; (ii) if such termination occurs by reason of the Optionee's becoming Totally Disabled, all Options then held by the Optionee shall continue to become exercisable and shall be able to be exercised by the Optionee (or his or her legal representative) in accordance with their terms; (iii) if such termination occurs by reason of the Optionee's Retirement, all Options then held by the Optionee shall become immediately exercisable as of the date of such Retirement and may be exercised by the Optionee until the expiration of such Options in accordance with their terms; and (iv) if such termination is voluntary by the employee or is by action of the Company (except as described in Section 6(f) hereof), all Options then held by the

Optionee which are exercisable at the date of termination shall continue to be exercisable by the Optionee until the earlier of ninety (90) calendar days after such date or the expiration of such Options in accordance with their terms. Unless the Committee shall determine otherwise, all Options which are not exercisable as of the date of the Optionee's termination of employment shall automatically terminate and lapse ninety (90) calendar days after such date of termination and shall not be permitted to vest during such ninety-day period, unless the registered owner is re-employed by the Company prior to the date on which such Options terminate and lapse.

(f) Misconduct. In the event that an Optionee has (i) used for profit or disclosed to unauthorized persons, confidential information or trade secrets of the Company, (ii) breached any contract with or violated any fiduciary obligation to the Company, (iii) engaged in unlawful trading in the securities of PBG or of another company based on information gained as a result of that Optionee's employment with the Company, or (iv) committed a felony or other serious crime, then that Optionee shall forfeit all rights to any unexercised Options granted under the Plan and all of that Optionee's outstanding Options shall automatically terminate and lapse, unless the Committee shall determine otherwise.

(g) Nontransferability of Options. During an Optionee's lifetime, his or her Options shall not be transferable and shall only be exercisable by the Optionee (or his or her legal representative) and any purported transfer shall be null and void. No Option shall be transferable other than by will or the laws of descent and distribution.

(h) Buy Out of Option Gains. At any time after any Stock Option becomes exercisable, the Committee shall have the right to elect, in its sole discretion and without the consent of the holder thereof, to cancel such Option and to cause PBG to pay to the Optionee the excess of the Fair Market Value of the shares of Common Stock covered by such Option over the Option Exercise Price of such Option at the date the Committee provides written notice (the "Buy Out Notice") of its intention to exercise such right. Buy outs pursuant to this provision shall be effected by PBG as promptly as possible after the date of the Buy Out Notice. Payments of buy out amounts may be made in cash, in shares of Common Stock, or partly in cash and partly in Common Stock, as determined by the Committee in its discretion. To the extent payment is made in shares of Common Stock, the number of shares shall be determined by dividing the amount of the payment to be made by the Fair Market Value of a share of Common Stock at the date of the Buy Out Notice. In no event shall PBG be required to deliver a fractional share of Common Stock in satisfaction of this buy out provision. Payments of any such buy out amount shall be made net of any applicable foreign, federal (including FICA), state and local withholding taxes.

(i) Employment by the Company. To the extent the vesting, exercise, or term of any stock option award is conditioned on employment by the Company, an award recipient whose Company employment terminates through a Company-approved transfer to an allied organization: (i) shall vest in and be entitled to exercise any stock option award immediately prior to the transfer, (ii) shall have employment with the allied organization treated as employment by the Company in determining the term of such award and the period for exercise, and (iii) shall have the allied organization considered part of the Company for purposes of applying the misconduct provisions of subsection (f) above. The Chief Personnel Officer shall specify the entities that are considered allied organizations as of any time. This subsection shall be given effect in applying the fourth sentence of subsection (c) above and notwithstanding subsection (e) above.

7. Restricted Stock. Each Award of Restricted Stock granted hereunder shall be in writing and shall contain such terms and conditions as the Committee may determine, subject to the following:

(a) Rights of Grantee. Shares of Restricted Stock granted hereunder shall be issued in the name of the Grantee as soon as reasonably practicable after the Award is granted provided that the Grantee has executed any and all documents which the Committee may, in its discretion, require as a condition to the issuance of Stock (e.g., an Award agreement, blank stock powers or an escrow agreement). At the discretion of the Committee, Stock issued in connection with a Restricted Stock Award shall be deposited together with the stock powers with an escrow agent (which may be the Company) designated by the Committee. Unless the Committee determines otherwise, upon delivery of the Stock to the escrow agent, the Grantee shall have all of the rights of a stockholder with respect to such Stock, including the right to vote the Stock and to receive all dividends or other distributions paid or made with respect to the Stock.

(b) Non-Transferability. Until all restrictions upon the Restricted Stock awarded to a Grantee have lapsed in the manner set forth in Section 7(c), such Stock shall not be sold, transferred or otherwise disposed of and shall not be pledged or otherwise hypothecated.

(c) Lapse of Restrictions. Restrictions upon Restricted Stock shall lapse at such time or times and on such terms and conditions as the Committee may determine. The written terms and conditions governing the Award shall set forth any such restrictions. Unless the Committee shall determine otherwise, such terms and conditions shall provide that upon a Grantee's termination of employment (including Retirement), all Restricted Stock held by the Grantee which remains subject to restrictions as of the date of termination shall be returned to, or canceled by, the Company and shall be deemed to have been forfeited by the Grantee, except that: (i) if such termination occurs by reason of the Grantee's death, all restrictions on such Restricted Stock shall lapse on the date of death; and (ii) if such termination occurs by reason of the Grantee's becoming Totally Disabled, all restrictions on such Restricted Stock shall continue to lapse in accordance with their terms.

(d) Dividends. At the time an Award of Restricted Stock is granted, the Committee may, in its discretion, determine that the payment to the Grantee of dividends declared or paid on such Stock by the Company shall be (i) deferred until the lapsing of the restrictions imposed upon such Restricted Stock and (ii) held by the Company for the account of the Grantee until such time. In the event that dividends are to be deferred, the Committee shall determine whether such dividends are to be reinvested in Stock (which shall be held as additional shares of Restricted Stock) or held in cash. If deferred dividends are to be held in cash, there may be credited periodically interest on the amount of the account at a rate per annum as the Committee, in its discretion, may determine. Payment of deferred dividends in respect of shares of Restricted Stock (whether in cash or additional Stock), together with interest accrued thereon, if any, shall be made upon the lapsing of restrictions imposed on the Restricted Stock in respect of which the deferred dividends were paid, and any dividends deferred (together with any interest accrued thereon) in respect of any Restricted Stock shall be forfeited upon the forfeiture of such Restricted Stock.

(e) Delivery of Shares. Upon the lapse of restrictions on Restricted Stock, the Committee shall cause a stock certificate to be delivered to the Grantee with respect to such Stock, free of all restrictions hereunder.

8. Share Awards. The Committee may grant a Share Award to any eligible employee on such terms and conditions as the Committee may determine in its sole discretion. Share Awards may be made as additional compensation for services rendered by the eligible employee or may be in lieu of cash or other compensation to which the eligible employee is entitled from the Company.

9. Amendment. The Committee may, at any time, amend, suspend or terminate the Plan, in whole or in part, provided that no such action shall adversely affect any rights or obligations with respect to any Awards granted under the Plan prior to such action. The Committee may amend the terms and conditions of outstanding Awards; provided, however, that (i) no such amendment shall be adverse to the holders of the Awards, (ii) no such amendment shall extend the period for exercise of an Option, and (iii) the amended terms of the Award would be permitted under this Plan.

10. Foreign Employees. Without amending the Plan, the Committee may grant Awards to eligible employees who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries in which the Company operates or has employees.

11. Registration, Listing and Qualification of Shares. Each Award shall be subject to the requirement that, if at any time the Committee shall determine that the registration, listing or qualification of the shares covered thereby upon any securities exchange or under any foreign, federal, state or local law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Award or the purchase of shares thereunder, no such Award may be exercised or sold unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Committee. Any person exercising an Option shall make such representations and agreements and furnish such information as the Committee may request to assure compliance with the foregoing or any other applicable legal requirements.

12. Adjustment for Change in Stock Subject to Plan. In the event of any change in the outstanding shares of Common Stock by reason of any stock split, stock dividend, recapitalization, spin-off, merger, consolidation, combination or exchange of shares or other similar corporate change, such equitable adjustments may be made in the Plan and the Awards granted hereunder as the Committee determines are necessary or appropriate, including, if necessary, an adjustment in the number of shares applicable to Awards then outstanding, the Option Exercise Prices applicable to Options then outstanding and the number of shares which are reserved for issuance under the Plan. Any such adjustment shall be conclusive and binding for all purposes of the Plan.

13. No Rights to Awards or Employment. No employee or other person shall have any claim or right to be granted an Award under the Plan. Having received an Award under the Plan shall not give an employee any right to receive any other grant under the Plan. No person who has received an Award shall have any rights to or interest in any Award except as set forth herein. Neither the Plan nor any action taken hereunder shall be construed as giving any person any right to be retained in the employ of the Company.

14. Withholding. In order to enable the Company to meet any applicable foreign, federal (including FICA), state and local withholding tax requirements, an Optionee or Grantee shall be required to pay the amount of tax to be withheld at the time such Optionee or Grantee recognizes taxable income in connection with the receipt of Stock or cash hereunder. No share of Stock shall be delivered to any Optionee or Grantee until all such amounts have been paid.

15. Rights as Shareholder. No Optionee or Grantee shall have any rights as a holder of Common Stock with respect to Awards granted hereunder, unless and until certificates for shares of Common Stock are issued to such Optionee or Grantee.

16. Other Actions. This Plan shall not restrict the authority of the Committee or of PBG, for proper corporate purposes, to grant or assume stock options, other than under the Plan, to or with respect to any employee or other person.

17. Costs and Expenses. Except as provided in Sections 6 and 14 hereof with respect to taxes and except for certain other fees and commissions related to the exercise of Options, the costs and expenses of administering the Plan shall be borne by PBG and shall not be charged to any Award nor to any Optionee or Grantee.

18. Plan Unfunded. The Plan shall be unfunded. Except for reserving a sufficient number of authorized shares to the extent required by law to meet the requirements of the Plan, PBG shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the delivery of Common Stock pursuant to an Award granted under the Plan.

19. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

20. Effectiveness and Duration of the Plan. This Plan is effective as of March 30, 1999. No Award shall be granted hereunder after April 1, 2009.

Amendments to:
the The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan;
the PBG Long Term Incentive Plan;
the PBG 2002 Long Term Incentive Plan and
the PBG Stock Incentive Plan
(effective February 8, 2007)

1. Section 7 of the The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan is hereby amended by replacing the current text in its entirety with the following:

Dilution and Other Adjustments. In the event of (i) any change in the outstanding shares of Common Stock by reason of any split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, (ii) any separation of a corporation (including a spin-off or other distribution of assets of the Company to its shareholders), (iii) any partial or complete liquidation, or (iv) other similar corporate change, such equitable adjustments shall be made in the Plan and the awards thereunder as, and to such extent (if any), the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant (including the conversion of shares subject to awards from Common Stock to stock of another entity). Such adjustment shall be conclusive and binding for all purposes of the Plan.

2. Section 7 of the PBG Long Term Incentive Plan is hereby amended by replacing the current text in its entirety with the following:

Dilution and Other Adjustments. In the event of (i) any change in the outstanding shares of Common Stock by reason of any split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, (ii) any separation of a corporation (including a spin-off or other distribution of assets of the Company to its shareholders), (iii) any partial or complete liquidation, or (iv) other similar corporate change, such equitable adjustments shall be made in the Plan and the awards thereunder as, and to such extent (if any), the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant (including the conversion of shares subject to awards from Common Stock to stock of another entity). Such adjustment shall be conclusive and binding for all purposes of the Plan.

3. Section 7 of the PBG 2002 Long Term Incentive Plan is hereby amended by replacing the current text in its entirety with the following:

Dilution and Other Adjustments. In the event of (i) any change in the outstanding shares of Common Stock by reason of any split, stock dividend, recapitalization, merger, reorganization, consolidation, combination or exchange of shares, (ii) any separation of a corporation (including a spin-off or other distribution of assets of the Company to its shareholders), (iii) any partial or complete liquidation, or (iv) other similar corporate change, such equitable adjustments shall be made in the Plan and the awards thereunder as, and to such extent (if any), the Committee determines are necessary and appropriate, including, if necessary, an adjustment in the maximum number or kind of shares subject to the Plan or which may be or have been awarded to any participant (including the conversion of shares subject to awards from Common Stock to stock of another entity). Such adjustment shall be conclusive and binding for all purposes of the Plan.

4. Section 12 of the PBG Stock Incentive Plan is hereby amended by replacing the current text in its entirety with the following:

Adjustment for Change in Stock Subject to Plan. In the event of any change in the outstanding shares of Common Stock by reason of any stock split, stock dividend, recapitalization, spin-off, merger, consolidation, combination or exchange of shares or other similar corporate change, such equitable adjustments shall be made in the Plan and the Awards granted hereunder as, and to such extent (if any), the Committee determines are necessary or appropriate, including, if necessary, an adjustment in the number of shares applicable to Awards then outstanding, the Option Exercise Prices to Options then outstanding and the number of shares which are reserved for issuance under the Plan. Any such adjustment shall be conclusive and binding for all purposes of the Plan.

AMENDMENTS TO:

THE PBG STOCK INCENTIVE PLAN;

THE PBG 1999 LONG-TERM INCENTIVE PLAN;

THE PBG 2000 LONG-TERM INCENTIVE PLAN;

THE PBG 2002 LONG-TERM INCENTIVE PLAN;

THE PBG 2004 LONG-TERM INCENTIVE PLAN
AS AMENDED AND RESTATED EFFECTIVE AS OF MAY 25, 2005;THE PBG 2004 LONG-TERM INCENTIVE PLAN
AS AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 2009

THE PBG DIRECTORS' STOCK PLAN

The (i) PBG Stock Incentive Plan ("SIP"); (ii) PBG 1999 Long-Term Incentive Plan ("1999 LTIP"); (iii) PBG 2000 Long-Term Incentive Plan ("2000 LTIP"); (iv) PBG 2002 Long-Term Incentive Plan ("2002 LTIP"); (v) PBG 2004 Long-Term Incentive Plan ("2004 LTIP"); (vi) PBG 2004 Long-Term Incentive Plan, as amended and restated effective May 25, 2005 ("2005 Restatement"); (vii) PBG 2004 Long-Term Incentive Plan, as amended and restated effective January 1, 2009 ("2009 Restatement"); and (viii) PBG Directors' Stock Plan ("Directors' Plan") (collectively, the "Plan") are hereby amended as set forth below, effective as of the "Effective Time" (as defined below) and contingent upon the occurrence of the Effective Time:

1. The following new Section is added at the end of each Plan document and shall be numbered as (i) Section 21 in the SIP; (ii) Section 11 in the 1999 LTIP; (iii) Section 12 in the 2000 LTIP, 2002 LTIP and 2004 LTIP; (iii) Section 13 in the 2005 Restatement and 2009 Restatement; and (iv) Section 18 in the Directors' Plan:

"Merger of The Pepsi Bottling Group, Inc. into Pepsi-Cola Metropolitan Bottling Company, Inc. The Pepsi Bottling Group, Inc. merged into the Pepsi-Cola Metropolitan Bottling Company, Inc., a subsidiary of PepsiCo, Inc., effective as of the "Effective Time" (as that term is defined in the Agreement and Plan of Merger dated as of August 3, 2009, among The Pepsi Bottling Group, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc.). As a result of the merger, PepsiCo, Inc. assumed sponsorship of the Plan effective as of the Effective Time. In conjunction with PepsiCo's assumption of the role of the Plan's sponsor, the following shall apply under the Plan, effective for periods on and after the Effective Time:

- (a) All references in the Plan to the "Company" shall refer to PepsiCo, Inc., and its subsidiaries, divisions and affiliated businesses.

(b) All rights and responsibilities with respect to the Plan that were allocable to the Board of Directors of The Pepsi Bottling Group, Inc. prior to the Effective Time, shall be allocable to the Board of Directors of PepsiCo, Inc. Accordingly, all references in the Plan to the “Board of Directors” or “Board” shall refer to the Board of Directors of PepsiCo, Inc.

(c) The PepsiCo Compensation Committee of the Board of Directors assumed responsibility for Plan administration from the Compensation and Management Development Committee of the Board of Directors of The Pepsi Bottling Group, Inc. Accordingly, all references in the Plan to the “Committee” shall refer to the Compensation Committee of the Board of Directors of PepsiCo, Inc.”

THE PEPSI BOTTLING GROUP, INC.

By: /s/ John L. Berisford
John L. Berisford
Title: Senior Vice President, Human Resources
Date: February 19, 2010

LAW DEPARTMENT APPROVAL:

By: /s/ Christine Morace
The Pepsi Bottling Group, Inc.
Law Department

Consented to and approved by:

PEPSICO, INC.

By: /s/ Cynthia M. Trudell
Cynthia M. Trudell
Title: Senior Vice President and
Chief Personnel Officer
Date: February 18, 2010

LAW DEPARTMENT APPROVAL:

By: /s/ Christopher Bellanca
PepsiCo, Inc. Law Department