As filed with the Securities and Exchange Commission on October 13, 2011

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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	**13-1584302**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

700 Anderson Hill Road
Purchase, New York 10577
(914) 253-2000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Maura Abeln Smith
Executive Vice President, Government Affairs, General Counsel and Corporate Secretary
PepsiCo, Inc.
700 Anderson Hill Road
Purchase, New York 10577
(914) 253-2000
Fax: (914) 253-3051
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:
Joseph A. Hall
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4000
Fax: (212) 450-4800

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. o

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. x

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 earlier effective registration statement for the same offering. o

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. o

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. x

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. o

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 x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	**Amount to Be Registered/Proposed Maximum Offering Price Per Unit/Proposed Maximum Aggregate Offering Price[(1)]**	**Amount of Registration Fee[(1)]**
Common stock, par value 1-2/3 cents per share Debt securities Warrants Units		

(1) An indeterminate aggregate initial offering price and number or amount of the securities of each identified class is being registered as may from time to time be sold at indeterminate prices. In accordance with Rules 456(b) and 457(r), the registrant is deferring payment of all of the registration fee.

PROSPECTUS

PepsiCo, Inc.

COMMON STOCK
DEBT SECURITIES
WARRANTS
UNITS

We may offer from time to time common stock, debt securities, warrants or units. Specific terms of these securities will be provided in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest.

Investing in these securities involves certain risks. See the information included and incorporated by reference in this prospectus and the accompanying prospectus supplement for a discussion of the factors you should carefully consider before deciding to purchase these securities, including the information under "Risk Factors" included in our annual report on Form 10-K for the fiscal year ended December 25, 2010 and in our quarterly reports on Form 10-Q for the 12 weeks ended March 19, 2011, the 12 and 24 weeks ended June 11, 2011 and the 12 and 36 weeks ended September 3, 2011 and the information under "Our Business Risks" in Item 7 in Exhibit 99.1 to our current report on Form 8-K filed with the Securities and Exchange Commission on March 31, 2011.

Neither the Securities and Exchange 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.

The date of this prospectus is October 13, 2011.

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus, in any accompanying prospectus supplement or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus or any prospectus supplement or in any such free writing prospectus is accurate as of any date other than their respective dates.

As used in this prospectus, unless otherwise specified or where it is clear from the context that the term only means issuer, the terms "PepsiCo," the "Company," "we," "us," and "our" refer to PepsiCo, Inc. and its consolidated subsidiaries.

TABLE OF CONTENTS

THE COMPANY

Our principal executive offices are located at 700 Anderson Hill Road, Purchase, New York 10577 and our telephone number is (914) 253-2000. We maintain a website at www.pepsico.com where general information about us is available. We are not incorporating the contents of the website into this prospectus or any accompanying prospectus supplement.

We are a leading global food, snack and beverage company. Our brands – which include Quaker Oats, Tropicana, Gatorade, Lay's and Pepsi – are household names that stand for quality throughout the world. As a global company, we also have strong regional brands such as Walkers, Gamesa and Sabritas. Either independently or through contract manufacturers, we make, market and sell a variety of convenient and enjoyable foods and beverages in over 200 countries. Our portfolio includes oat, rice and grain-based foods, as well as carbonated and non-carbonated beverages. Our largest operations are in North America (United States and Canada), Mexico, Russia and the United Kingdom.

Our Divisions

We are organized into four business units, as follows:

1. PepsiCo Americas Foods, which includes Frito-Lay North America (FLNA), Quaker Foods North America (QFNA) and all of our Latin American food and snack businesses (LAF);

2. PepsiCo Americas Beverages (PAB), which includes PepsiCo Beverages Americas and Pepsi Beverages Company;

3. PepsiCo Europe, which includes all beverage, food and snack businesses in Europe; and

4. PepsiCo Asia, Middle East and Africa (AMEA), which includes all beverage, food and snack businesses in AMEA.

Our four business units are comprised of six reportable segments (referred to as divisions), as follows:

- FLNA,
- QFNA,
- LAF,
- PAB,
- Europe, and
- AMEA.

Frito-Lay North America

Either independently or through contract manufacturers, FLNA makes, markets, sells and distributes branded snack foods. These foods include Lay's potato chips, Doritos tortilla chips, Cheetos cheese flavored snacks, Tostitos tortilla chips, branded dips, Ruffles potato chips, Fritos corn chips and SunChips multigrain snacks. FLNA branded products are sold to independent distributors and retailers. In addition, FLNA's joint venture with Strauss Group makes, markets, sells and distributes Sabra refrigerated dips and spreads.

Quaker Foods North America

Either independently or through contract manufacturers, QFNA makes, markets and sells cereals, rice, pasta and other branded products. QFNA's products include Quaker oatmeal, Aunt Jemima mixes and syrups, Quaker Chewy

granola bars, Cap'n Crunch cereal, Quaker grits, Life cereal, Rice-A-Roni, Quaker rice cakes, Pasta Roni and Near East side dishes. These branded products are sold to independent distributors and retailers.

Latin America Foods

Either independently or through contract manufacturers, LAF makes, markets and sells a number of snack food brands including Doritos, Marias Gamesa, Cheetos, Ruffles, Emperador, Saladitas, Sabritas and Lay's, as well as many Quaker-brand cereals and snacks. These branded products are sold to independent distributors and retailers.

PepsiCo Americas Beverages

Either independently or through contract manufacturers, PAB makes, markets, sells and distributes beverage concentrates, fountain syrups and finished goods, under various beverage brands including Pepsi, Mountain Dew, Gatorade, 7UP (outside the U.S.), Tropicana Pure Premium, Electropura, Sierra Mist, Epura and Mirinda. PAB also, either independently or through contract manufacturers, makes, markets and sells ready-to-drink tea, coffee and water products through joint ventures with Unilever (under the Lipton brand name) and Starbucks. In addition, PAB licenses the Aquafina water brand to its independent bottlers and markets this brand. Furthermore, PAB manufactures and distributes certain brands licensed from Dr Pepper Snapple Group, Inc., including Dr Pepper and Crush. PAB sells concentrate and finished goods for some of these brands to authorized bottlers, and some of these branded finished goods are sold directly by us to independent distributors and retailers. The bottlers sell our brands as finished goods to independent distributors and retailers.

Europe

Either independently or through contract manufacturers, Europe makes, markets and sells a number of leading snack foods including Lay's, Walkers, Doritos, Cheetos and Ruffles, as well as many Quaker-brand cereals and snacks, through consolidated businesses as well as through noncontrolled affiliates. Europe also, either independently or through contract manufacturers, makes, markets and sells beverage concentrates, fountain syrups and finished goods under various beverage brands including Pepsi, 7UP and Tropicana. These branded products are sold to authorized bottlers, independent distributors and retailers. In certain markets, however, Europe operates its own bottling plants and distribution facilities. In addition, Europe licenses the Aquafina water brand to certain of its authorized bottlers. Europe also, either independently or through contract manufacturers, makes, markets and sells ready-to-drink tea products through an international joint venture with Unilever (under the Lipton brand name).

Asia, Middle East & Africa

AMEA makes, markets and sells a number of leading snack food brands including Lay's, Chipsy, Kurkure, Doritos, Cheetos and Smith's, through consolidated businesses as well as through noncontrolled affiliates. Further, either independently or through contract manufacturers, AMEA makes, markets and sells many Quaker-brand cereals and snacks. AMEA also makes, markets and sells beverage concentrates, fountain syrups and finished goods, under various beverage brands including Pepsi, Mirinda, 7UP and Mountain Dew. These branded products are sold to authorized bottlers, independent distributors and retailers. However, in certain markets, AMEA operates its own bottling plants and distribution facilities. In addition, AMEA licenses the Aquafina water brand to certain of its authorized bottlers. AMEA also, either independently or through contract manufacturers, makes, markets and sells ready-to-drink tea products through an international joint venture with Unilever (under the Lipton brand name).

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information."

WHERE YOU CAN FIND MORE 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" information into this prospectus, which means that we can disclose important information to you by referring you to documents that we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update, modify and, where applicable, supersede the information contained in this prospectus or incorporated by reference into this prospectus. 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 Securities Exchange Act of 1934, as amended (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 our registration statement, of which this prospectus forms a part:

(a) Annual Report of PepsiCo, Inc. on Form 10-K for the fiscal year ended December 25, 2010;

(b) Definitive proxy statement of PepsiCo, Inc. on Schedule 14A filed with the SEC on March 25, 2011;

(c) Quarterly reports of PepsiCo, Inc. on Form 10-Q for the twelve weeks ended March 19, 2011, the twelve and twenty-four weeks ended June 11, 2011 and the twelve and thirty-six weeks ended September 3, 2011; and

(d) Current reports of PepsiCo, Inc. on Form 8-K filed with the SEC on January 27, 2011; February 4, 2011; March 16, 2011; March 18, 2011; March 31, 2011; May 6, 2011; May 9, 2011; May 18, 2011; June 15, 2011; July 20, 2011; August 10, 2011; August 25, 2011; September 14, 2011 (solely with respect to Item 5.02); and September 28, 2011.

Our Current Report on Form 8-K filed with the SEC on March 31, 2011 provides revised historical segment information on a basis consistent with our current segment reporting structure, as described above under "The Company." As a result of the change in reporting structure, the segment discussions within Part I, "Item 1. Business"; Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"; and footnotes 1, 3 and 4 to our consolidated financial statements, in each case included in our Annual Report on Form 10-K for the fiscal year ended December 25, 2010, have been revised and are included in Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on March 31, 2011.

You may request a copy of these filings at no cost, by writing or telephoning the office of Manager, Shareholder Relations, PepsiCo, Inc., 700 Anderson Hill Road, Purchase, New York 10577, (914) 253-3055, investor@pepsico.com.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference herein, contains forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the caption entitled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 25, 2010 and in our quarterly reports on Form 10-Q for the 12 weeks ended March 19, 2011, the 12 and 24 weeks ended June 11, 2011, and the 12 and 36 weeks ended September 3, 2011, and under the caption entitled "Our Business Risks" in Item 7 in Exhibit 99.1 to our current report on Form 8-K filed with the SEC on March 31, 2011.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this prospectus to conform our prior statements to actual results or revised expectations.

USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, the net proceeds from the sale of the securities will be used for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated. "Fixed charges" consist of interest expense, capitalized interest, amortization of debt discount, and the interest portion of net rent expense which is deemed to be representative of the interest factor. The ratio of earnings to fixed charges is calculated as income from continuing operations, before provision for income taxes and cumulative effect of accounting changes, where applicable, less net unconsolidated affiliates' interests, plus fixed charges (excluding capitalized interest), plus amortization of capitalized interest, with the sum divided by fixed charges.

36 Weeks Ended	Year Ended				
September 3, 2011	December 25, 2010	December 26, 2009	December 27, 2008	December 29, 2007	December 30, 2006
10.40	8.65	15.48	15.82	22.01	19.99

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is based upon our Amended and Restated Articles of Incorporation ("Articles of Incorporation"), our By-Laws, as amended effective July 14, 2011 ("By-Laws") and applicable provisions of law. We have summarized certain portions of the Articles of Incorporation and By-Laws below. The summary is not complete. The Articles of Incorporation and By-Laws are incorporated by reference as exhibits to the registration statement of which this prospectus forms a part. You should read the Articles of Incorporation and By-Laws for the provisions that are important to you.

Authorized Capital Stock

Our Articles of Incorporation authorizes us to issue 3,600,000,000 shares of common stock, par value one and two-thirds cents (1-2/3 cents) per share and 3,000,000 shares of convertible preferred stock, no par value per share.

Common Stock

Common Stock Outstanding. As of September 3, 2011 there were 1,568,177,924 shares of common stock outstanding which were held of record by 162,276 shareholders.

Voting Rights. Each holder of a share of PepsiCo common stock is entitled to one vote for each share held of record on the applicable record date on each matter submitted to a vote of shareholders.

Dividend Rights. Holders of PepsiCo common stock are entitled to receive dividends as may be declared from time to time by PepsiCo's Board of Directors out of funds legally available therefor.

Rights Upon Liquidation. Holders of PepsiCo common stock are entitled to share pro rata, upon any liquidation, dissolution or winding up of PepsiCo, in all remaining assets available for distribution to shareholders after payment or providing for PepsiCo's liabilities and the liquidation preference of any outstanding PepsiCo convertible preferred stock.

Preemptive Rights. Holders of PepsiCo common stock do not have the right to subscribe for, purchase or receive new or additional capital stock or other securities.

Convertible Preferred Stock

As of September 3, 2011 there were 212,153 shares of convertible preferred stock outstanding, which were held of record by 1,715 shareholders. The convertible preferred stock was issued in connection with our merger with the Quaker Oats Company, to Fidelity Trust Management Co., as trustee of the Quaker 401(k) plans for hourly and salaried employees, which subsequently merged into the PepsiCo 401(k) Plan for Salaried Employees and the PepsiCo 401(k) Plan for Hourly Employees, now known as the PepsiCo Savings Plan. These shares are held in the employee stock option plan portion of these plans, which we refer to as the PepsiCo ESOP. If the shares of convertible preferred stock are transferred to any person other than a successor trustee, the shares of convertible preferred stock will automatically convert into shares of common stock.

Dividends. Subject to the rights of the holders of any capital stock ranking senior to convertible preferred stock, holders of convertible preferred stock will receive cumulative cash dividends when, as and if declared by our Board of Directors. Dividends of $5.46 per share per year accrue on a daily basis, payable quarterly in arrears on the fifteenth of January, April, July and October of each year to holders of record at the start of business on that dividend payment date.

So long as any shares of convertible preferred stock are outstanding, no dividend may be declared, paid or set apart on any other series of stock of the same rank, unless all accrued dividends on the convertible preferred stock are paid. Generally, if full cumulative dividends on the convertible preferred stock have not been paid, we will not pay any dividends or make any other distributions on any other class of stock or series of our capital stock ranking junior to the convertible preferred stock until full cumulative dividends on the convertible preferred stock have been paid.

Ranking. The convertible preferred stock ranks ahead of our common stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up.

Voting Rights. Holders of convertible preferred stock will be entitled to vote as one voting group with the holders of common stock on all matters submitted to a vote of the shareholders. The holder of each share of convertible preferred stock will be entitled to a number of votes equal to the number of shares of common stock into which each share of convertible preferred stock could be converted on the relevant record date, rounded to the nearest one-tenth of a vote. Whenever the conversion price is adjusted for dilution, the voting rights of the convertible preferred stock will be similarly adjusted.

Except as otherwise required by law, holders of the convertible preferred stock will not have any special voting rights and their consent will not be required, except to the extent that they are entitled to vote with the holders of the common stock, for the taking of any corporate action. The approval of at least two-thirds of the outstanding shares of the convertible preferred stock, voting separately as one voting group, will be required if an alteration, amendment or repeal of any provision of our Articles of Incorporation would adversely affect their powers, preferences or special rights.

Rights upon Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of PepsiCo, the holders of convertible preferred stock will be entitled to receive, before any distribution is made to the holders of common stock or any other series of stock ranking junior to the convertible preferred stock, a liquidation preference in the amount of $78.00 per share, plus accrued and unpaid dividends. If the amounts payable with respect to convertible preferred stock and any other stock of the same rank are not paid in full, the holders of convertible preferred stock and any stock of equal rank will share pro rata in any distribution of assets. After payment of the full amount to which they are entitled, the holders of shares of convertible preferred stock will not be entitled to any further right or claim to any of our remaining assets.

Mandatory Redemption by PepsiCo. We must redeem the convertible preferred stock upon termination of the PepsiCo ESOP in accordance with the PepsiCo ESOP's terms. We will redeem all then outstanding shares of convertible preferred stock for a per share amount equal to the greater of $78.00 plus accrued and unpaid dividends or the fair market value of the convertible preferred stock. We, at our option, may make payment in cash or in shares of our common stock or in a combination of shares and cash.

Optional Redemption by the Holders. Holders of the convertible preferred stock may elect to redeem their shares if we enter into any consolidation or merger or similar business combination in which we exchange our common stock for property other than employer securities or qualifying employer securities. Upon notice from us of the agreement and the material terms of the transaction, each holder of convertible preferred stock will have the right to elect, by written notice to us, to receive a cash payment upon consummation of the transaction equal to the greater of the fair market value of the shares of convertible preferred stock to be so redeemed or $78.00 per share plus accrued and unpaid dividends. Additionally, holders of convertible preferred stock may redeem their shares under other limited circumstances more fully described in the Articles of Incorporation.

Conversion. On or prior to any date fixed for redemption, a holder of convertible preferred stock may elect to convert any or all of his or her shares into shares of common stock at a conversion ratio (which is subject to adjustment for a number of dilutive events) more fully described in the Articles of Incorporation.

Preemptive Rights. Holders of the convertible preferred stock do not have the right to subscribe for, purchase or receive new or additional capital stock or other securities.

Transfer Agent and Registrar

The Bank of New York Mellon is the transfer agent and registrar for PepsiCo common stock.

Stock Exchange Listing

The New York Stock Exchange is the principal market for PepsiCo's common stock, which is also listed on the Chicago and Swiss stock exchanges.

Certain Provisions of PepsiCo's Articles of Incorporation and By-Laws; Director Indemnification Agreements

Advance Notice of Proposals and Nominations. Our By-Laws provide that shareholders must provide timely written notice to bring business before an annual meeting of shareholders or to nominate candidates for election as directors at an annual meeting of shareholders. Notice for an annual meeting is timely if it is received at our principal office not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. However, if the date of the annual meeting is advanced by more than 30 days or delayed more than 60 days from this anniversary date, such notice by the shareholder must be delivered not earlier than the 120th day prior to the annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such annual meeting was first made. The By-Laws also specify the form and content of a shareholder's notice. These provisions may prevent shareholders from bringing matters before an annual meeting of shareholders or from nominating candidates for election as directors at an annual meeting of shareholders.

Limits on Special Meetings. A special meeting of the shareholders may be called by our corporate secretary upon written request of one or more shareholders holding shares of record representing at least twenty percent in the aggregate of our outstanding common stock entitled to vote at such meeting. Any such special meeting called at the request of our shareholders will be held at such date, time and place as may be fixed by our Board, provided that the date of such special meeting may not be more than 90 days from the receipt of such request by the corporate secretary. The By-Laws specify the form and content of a shareholder's request for a special meeting.

Indemnification of Directors, Officers and Employees. Our By-Laws provide that unless the Board determines otherwise, we 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 (including appeals), whether civil, criminal, administrative, investigative or arbitrative, by reason of the fact that such person, such person's testator or intestate, is or was one of our directors, officers or employees, or is or was serving at our request 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. Pursuant to our By-Laws this indemnification may, at the Board's discretion, also include advancement of expenses related to such action, suit or proceeding.

In addition, we have entered into indemnification agreements with each of our directors, pursuant to which we have 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 our Board, or by reason of anything done or not done by the director in such capacities. After receipt of an appropriate request by a director, we will also advance all expenses, costs and other obligations (including attorneys' fees) arising out of or related to such matters. We 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 our best interests.

Certain Anti-Takeover Effects of North Carolina Law

The North Carolina Shareholder Protection Act generally requires the affirmative vote of 95% of a public corporation's voting shares to approve a "business combination" with any entity that a majority of continuing directors determines beneficially owns, directly or indirectly, more than 20% of the voting shares of the corporation (or ever owned, directly or indirectly, more than 20% and is still an "affiliate" of the corporation) unless the fair price provisions and the procedural provisions of the Act are satisfied.

"Business combination" is defined by the Act as (i) any merger, consolidation or conversion of a corporation with or into any other entity, or (ii) any sale or lease of all or any substantial part of the corporation's assets to any other entity, or (iii) any payment, sale or lease to the corporation or any subsidiary thereof in exchange for securities

of the corporation of any assets having an aggregate fair market value equal to or greater than $5,000,000 of any other entity.

The Act contains provisions that allowed a corporation to "opt out" of the applicability of the Act's voting provisions within specified time periods that generally have expired. The Act applies to PepsiCo since we did not opt out within these time periods.

This statute could discourage a third party from making a partial tender offer or otherwise attempting to obtain a substantial position in our equity securities or seeking to obtain control of us. It also might limit the price that certain investors might be willing to pay in the future for our shares of common stock and may have the effect of delaying or preventing a change of control of us.

DESCRIPTION OF DEBT SECURITIES

This prospectus describes certain general terms and provisions of the debt securities. The debt securities will be issued under an indenture between us and The Bank of New York Mellon, as trustee. When we offer to sell a particular series of debt securities, we will describe the specific terms for the securities in a supplement to this prospectus. The prospectus supplement will also indicate whether the general terms and provisions described in this prospectus apply to a particular series of debt securities.

We have summarized certain terms and provisions of the indenture. The summary is not complete. The indenture has been incorporated by reference as an exhibit to the registration statement for these securities that we have filed with the SEC. You should read the indenture for the provisions which may be important to you. The indenture is subject to and governed by the Trust Indenture Act of 1939, as amended.

The indenture does not limit the amount of debt securities which we may issue. We may issue debt securities up to an aggregate principal amount as we may authorize from time to time. The prospectus supplement will describe the terms of any debt securities being offered, including:

- classification as senior or subordinated debt securities;
- ranking of the specific series of debt securities relative to other outstanding indebtedness, including subsidiaries' debt;
- if the debt securities are subordinated, the aggregate amount of outstanding indebtedness, as of a recent date, that is senior to the subordinated securities, and any limitation on the issuance of additional senior indebtedness;
- the designation, aggregate principal amount and authorized denominations;
- the maturity date;
- the interest rate, if any, and the method for calculating the interest rate;
- the interest payment dates and the record dates for the interest payments;
- any mandatory or optional redemption terms or prepayment, conversion, sinking fund or exchangeability or convertibility provisions;
- the place where we will pay principal and interest;
- if other than denominations of $1,000 or multiples of $1,000, the denominations the debt securities will be issued in;
- whether the debt securities will be issued in the form of global securities or certificates;
- the inapplicability of and additional provisions, if any, relating to the defeasance of the debt securities;

- the currency or currencies, if other than the currency of the United States, in which principal and interest will be paid;
- any material United States federal income tax consequences;
- the dates on which premium, if any, will be paid;
- our right, if any, to defer payment of interest and the maximum length of this deferral period;
- any listing on a securities exchange;
- the initial public offering price; and
- other specific terms, including any additional events of default or covenants.

Senior Debt

Senior debt securities will rank equally and pari passu with all other unsecured and unsubordinated debt of PepsiCo.

Subordinated Debt

Subordinated debt securities will be subordinate and junior in right of payment, to the extent and in the manner set forth in the indenture, to all "senior indebtedness" of PepsiCo. The indenture defines "senior indebtedness" as obligations or indebtedness of, or guaranteed or assumed by, PepsiCo for borrowed money whether or not represented by bonds, debentures, notes or other similar instruments, and amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligation. "Senior indebtedness" does not include nonrecourse obligations, the subordinated debt securities or any other obligations specifically designated as being subordinate in right of payment to senior indebtedness. See the indenture, section 13.03.

In general, the holders of all senior indebtedness are first entitled to receive payment of the full amount unpaid on senior indebtedness before the holders of any of the subordinated debt securities or coupons are entitled to receive a payment on account of the principal or interest on the indebtedness evidenced by the subordinated debt securities in certain events. These events include:

- any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings which concern PepsiCo or a substantial part of its property;
- a default having occurred for the payment of principal, premium, if any, or interest on or other monetary amounts due and payable on any senior indebtedness or any other default having occurred concerning any senior indebtedness, which permits the holder or holders of any senior indebtedness to accelerate the maturity of any senior indebtedness with notice or lapse of time, or both. Such an event of default must have continued beyond the period of grace, if any, provided for such event of default, and such an event of default shall not have been cured or waived or shall not have ceased to exist; or
- the principal of, and accrued interest on, any series of the subordinated debt securities having been declared due and payable upon an event of default pursuant to section 5.02 of the indenture. This declaration must not have been rescinded and annulled as provided in the indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated in this prospectus by reference will set forth the approximate amount of senior indebtedness outstanding as of the end of the most recent fiscal quarter.

Events of Default

When we use the term "Event of Default" in the indenture with respect to the debt securities of any series, here are some examples of what we mean:

(1) default in paying interest on the debt securities when it becomes due and the default continues for a period of 30 days or more;

(2) default in paying principal, or premium, if any, on the debt securities when due;

(3) default is made in the payment of any sinking or purchase fund or analogous obligation when the same becomes due, and such default continues for 30 days or more;

(4) default in the performance, or breach, of any covenant in the indenture (other than defaults specified in clause (1), (2) or (3) above) and the default or breach continues for a period of 90 days or more after we receive written notice from the trustee or we and the trustee receive notice from the holders of at least 51% in aggregate principal amount of the outstanding debt securities of the series;

(5) certain events of bankruptcy, insolvency, reorganization, administration or similar proceedings with respect to PepsiCo has occurred; or

(6) any other Events of Default set forth in the prospectus supplement.

If an Event of Default (other than an Event of Default specified in clause (5) with respect to PepsiCo) under the indenture occurs with respect to the debt securities of any series and is continuing, then the trustee or the holders of at least 51% in principal amount of the outstanding debt securities of that series may by written notice require us to repay immediately the entire principal amount of the outstanding debt securities of that series (or such lesser amount as may be provided in the terms of the securities), together with all accrued and unpaid interest and premium, if any.

If an Event of Default under the indenture specified in clause (5) with respect to PepsiCo occurs and is continuing, then the entire principal amount of the outstanding debt securities (or such lesser amount as may be provided in the terms of the securities) will automatically become due and payable immediately without any declaration or other act on the part of the trustee or any holder.

After a declaration of acceleration, the holders of a majority in principal amount of outstanding debt securities of any series may rescind this accelerated payment requirement if all existing Events of Default, except for nonpayment of the principal and interest on the debt securities of that series that has become due solely as a result of the accelerated payment requirement, have been cured or waived and if the rescission of acceleration would not conflict with any judgment or decree. The holders of a majority in principal amount of the outstanding debt securities of any series also have the right to waive past defaults, except a default in paying principal or interest on any outstanding debt security, or in respect of a covenant or a provision that cannot be modified or amended without the consent of all holders of the debt securities of that series.

Holders of at least 51% in principal amount of the outstanding debt securities of a series may seek to institute a proceeding only after they have notified the Trustee of a continuing Event of Default in writing and made a written request, and offered reasonable indemnity, to the trustee to institute a proceeding and the trustee has failed to do so within 60 days after it received this notice. In addition, within this 60-day period the trustee must not have received directions inconsistent with this written request by holders of a majority in principal amount of the outstanding debt securities of that series. These limitations do not apply, however, to a suit instituted by a holder of a debt security for the enforcement of the payment of principal, interest or any premium on or after the due dates for such payment.

During the existence of an Event of Default, the trustee is required to exercise the rights and powers vested in it under the indenture and use the same degree of care and skill in its exercise as a prudent man would under the circumstances in the conduct of that person’s own affairs. If an Event of Default has occurred and is continuing, the trustee is not under any obligation to exercise any of its rights or powers at the request or direction of any of the holders unless the holders have offered to the trustee reasonable security or indemnity. Subject to certain provisions, the holders of a majority in principal amount of the outstanding debt securities of any series have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust, or power conferred on the trustee.

The trustee will, within 90 days after any default occurs, give notice of the default to the holders of the debt securities of that series, unless the default was already cured or waived. Unless there is a default in paying principal,

interest or any premium when due, the trustee can withhold giving notice to the holders if it determines in good faith that the withholding of notice is in the interest of the holders.

Modification and Waiver

The indenture may be amended or modified without the consent of any holder of debt securities in order to:

- evidence a succession to the Trustee;
- cure ambiguities, defects or inconsistencies;
- provide for the assumption of our obligations in the case of a merger or consolidation or transfer of all or substantially all of our assets;
- make any change that would provide any additional rights or benefits to the holders of the debt securities of a series;
- add guarantors with respect to the debt securities of any series;
- secure the debt securities of a series;
- establish the form or forms of debt securities of any series;
- maintain the qualification of the indenture under the Trust Indenture Act; or
- make any change that does not adversely affect in any material respect the interests of any holder.

Other amendments and modifications of the indenture or the debt securities issued may be made with the consent of the holders of not less than a majority of the aggregate principal amount of the outstanding debt securities of each series affected by the amendment or modification. However, no modification or amendment may, without the consent of the holder of each outstanding debt security affected:

- reduce the principal amount, or extend the fixed maturity, of the debt securities;
- alter or waive the redemption provisions of the debt securities;
- change the currency in which principal, any premium or interest is paid;
- reduce the percentage in principal amount outstanding of debt securities of any series which must consent to an amendment, supplement or waiver or consent to take any action;
- impair the right to institute suit for the enforcement of any payment on the debt securities;
- waive a payment default with respect to the debt securities or any guarantor;
- reduce the interest rate or extend the time for payment of interest on the debt securities;
- adversely affect the ranking of the debt securities of any series; or
- release any guarantor from any of its obligations under its guarantee or the indenture, except in compliance with the terms of the indenture.

Covenants

Limitation of Liens Applicable to Senior Debt Securities

The indenture provides that with respect to senior debt securities, unless otherwise provided in a particular series of senior debt securities, we will not, and will not permit any of our restricted subsidiaries to, incur, suffer to exist or guarantee any debt secured by a lien on any principal property or on any shares of stock of (or other interests

in) any of our restricted subsidiaries unless we or that first-mentioned restricted subsidiary secures or causes such restricted subsidiary to secure the senior debt securities (and any of its or such restricted subsidiary's other debt, at its option or such restricted subsidiary's option, as the case may be, not subordinate to the senior debt securities), equally and ratably with (or prior to) such secured debt, for as long as such secured debt will be so secured.

These restrictions will not, however, apply to debt secured by:

(1) any liens existing prior to the issuance of such senior debt securities;

(2) any lien on property of or shares of stock of (or other interests in) or debt of any entity existing at the time such entity becomes a restricted subsidiary;

(3) any liens on property, shares of stock of (or other interests in) or debt of any entity (a) existing at the time of acquisition of such property or shares (or other interests) (including acquisition through merger or consolidation), (b) to secure the payment of all or any part of the purchase price of such property or shares (or other interests) or construction or improvement of such property or (c) to secure any debt incurred prior to, at the time of, or within 365 days after the later of the acquisition, the completion of construction or the commencement of full operation of such property or within 365 days after the acquisition of such shares (or other interests) for the purpose of financing all or any part of the purchase price of such shares (or other interests) or construction thereon;

(4) any liens in favor of us or any of our restricted subsidiaries;

(5) any liens in favor of, or required by contracts with, governmental entities; or

(6) any extension, renewal, or refunding of liens referred to in any of the preceding clauses (1) through (5).

Notwithstanding the foregoing, we or any of our restricted subsidiaries may incur, suffer to exist or guarantee any debt secured by a lien on any principal property or on any shares of stock of (or other interests in) any of our restricted subsidiaries if, after giving effect thereto, the aggregate amount of such debt does not exceed 15% of our consolidated net tangible assets.

The indenture does not restrict the transfer by us of a principal property to any of our unrestricted subsidiaries or our ability to change the designation of a subsidiary owning principal property from a restricted subsidiary to an unrestricted subsidiary and, if we were to do so, any such unrestricted subsidiary would not be restricted from incurring secured debt nor would we be required, upon such incurrence, to secure the debt securities equally and ratably with such secured debt.

Definitions. The following are definitions of some terms used in the above description. We refer you to the indenture for a full description of all of these terms, as well as any other terms used herein for which no definition is provided.

"Consolidated net tangible assets" means the total amount of our assets and our restricted subsidiaries' assets minus:

- all applicable depreciation, amortization and other valuation reserves;
- all current liabilities of ours and our restricted subsidiaries (excluding any intercompany liabilities); and
- all goodwill, trade names, trademarks, patents, unamortized debt discount and expenses and other like intangibles, all as set forth on our and our restricted subsidiaries' latest consolidated balance sheets prepared in accordance with U.S. GAAP.

"Debt" means any indebtedness for borrowed money.

"Principal property" means any single manufacturing or processing plant, office building or warehouse owned or leased by us or any of our restricted subsidiaries other than a plant, warehouse, office building or portion thereof

which, in the opinion of our Board of Directors, is not of material importance to the business conducted by us and our restricted subsidiaries taken as an entirety.

"Restricted subsidiary" means, at any time, any subsidiary which at the time is not an unrestricted subsidiary of ours.

"Subsidiary" means any entity, at least a majority of the outstanding voting stock of which shall at the time be owned, directly or indirectly, by us or by one or more of our subsidiaries, or both.

"Unrestricted subsidiary" means any subsidiary of ours (not at the time designated as our restricted subsidiary) (1) the major part of whose business consists of finance, banking, credit, leasing, insurance, financial services or other similar operations, or any combination thereof, (2) substantially all the assets of which consist of the capital stock of one or more subsidiaries engaged in the operations referred to in the preceding clause (1), or (3) designated as an unrestricted subsidiary by our Board of Directors.

Consolidation, Merger or Sale of Assets

The indenture provides that we may consolidate or merge with or into, or convey or transfer all or substantially all of our assets to, any entity (including, without limitation, a limited partnership or a limited liability company); *provided* that:

- we will be the surviving corporation or, if not, that the successor will be a corporation that is organized and validly existing under the laws of any state of the United States of America or the District of Columbia and will expressly assume by a supplemental indenture our obligations under the indenture and the debt securities;

- immediately after giving effect to such transaction, no event of default, and no default or other event which, after notice or lapse of time, or both, would become an event of default, will have happened and be continuing; and

- we will have delivered to the trustee an opinion of counsel, stating that such consolidation, merger, conveyance or transfer complies with the indenture.

In the event of any such consolidation, merger, conveyance, transfer or lease, any such successor will succeed to and be substituted for us as obligor on the debt securities with the same effect as if it had been named in the indenture as obligor.

There are no other restrictive covenants contained in the indenture. The indenture does not contain any provision that will restrict us from entering into one or more additional indentures providing for the issuance of debt securities or warrants, or from incurring, assuming, or becoming liable with respect to any indebtedness or other obligation, whether secured or unsecured, or from paying dividends or making other distributions on our capital stock, or from purchasing or redeeming our capital stock. The indenture does not contain any financial ratios or specified levels of net worth or liquidity to which we must adhere. In addition, the indenture does not contain any provision that would require us to repurchase, redeem, or otherwise modify the terms of any of the debt securities upon a change in control or other event involving us that may adversely affect our creditworthiness or the value of the debt securities.

Satisfaction, Discharge and Covenant Defeasance

We may terminate our obligations under the indenture, when:

- either:

  – all debt securities of any series issued that have been authenticated and delivered have been delivered to the trustee for cancellation; or

- all the debt securities of any series issued that have not been delivered to the trustee for cancellation have become due and payable, will become due and payable within one year, or are to be called for redemption within one year and we have made arrangements satisfactory to the trustee for the giving of notice of redemption by such trustee in our name and at our expense, and in each case, we have irrevocably deposited or caused to be deposited with the trustee sufficient funds to pay and discharge the entire indebtedness on the series of debt securities to pay principal, interest and any premium; and

· we have paid or caused to be paid all other sums then due and payable under the indenture; and

· we have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

We may elect to have our obligations under the indenture discharged with respect to the outstanding debt securities of any series ("legal defeasance"). Legal defeasance means that we will be deemed to have paid and discharged the entire indebtedness represented by the outstanding debt securities of such series under the indenture, except for:

· the rights of holders of the debt securities to receive principal, interest and any premium when due;

· our obligations with respect to the debt securities concerning issuing temporary debt securities, registration of transfer of debt securities, mutilated, destroyed, lost or stolen debt securities and the maintenance of an office or agency for payment for security payments held in trust;

· the rights, powers, trusts, duties and immunities of the trustee; and

· the defeasance provisions of the indenture.

In addition, we may elect to have our obligations released with respect to certain covenants in the indenture ("covenant defeasance"). Any omission to comply with these obligations will not constitute a default or an event of default with respect to the debt securities of any series. In the event covenant defeasance occurs, certain events, not including non-payment, bankruptcy and insolvency events, described under "Events of Default" above will no longer constitute an event of default for that series.

In order to exercise either legal defeasance or covenant defeasance with respect to outstanding debt securities of any series:

· we must irrevocably have deposited or caused to be deposited with the trustee as trust funds for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to the benefits of the holders of the debt securities of a series:

  - money in an amount;

  - U.S. government obligations (or equivalent government obligations in the case of debt securities denominated in other than U.S. dollars or a specified currency) that will provide, not later than one day before the due date of any payment, money in an amount; or

  - a combination of money and U.S government obligations (or equivalent government obligations, as applicable),

  in each case sufficient, in the written opinion (with respect to U.S. or equivalent government obligations or a combination of money and U.S. or equivalent government obligations, as applicable) of a nationally recognized firm of independent registered public accountants, to pay and discharge, and which shall be applied by the trustee to pay and discharge, all of the principal (including mandatory sinking fund payments), interest and any premium at due date or maturity;

- in the case of legal defeasance, we must have delivered to the trustee an opinion of counsel stating that, under then applicable Federal income tax law, the holders of the debt securities of that series will not recognize income, gain or loss for federal income tax purposes as a result of the deposit, defeasance and discharge to be effected and will be subject to the same federal income tax as would be the case if the deposit, defeasance and discharge did not occur;

- in the case of covenant defeasance, we must have delivered to the trustee an opinion of counsel to the effect that the holders of the debt securities of that series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the deposit and covenant defeasance to be effected and will be subject to the same federal income tax as would be the case if the deposit and covenant defeasance did not occur;

- no event of default or default with respect to the outstanding debt securities of that series has occurred and is continuing at the time of such deposit after giving effect to the deposit or, in the case of legal defeasance, no default relating to bankruptcy or insolvency has occurred and is continuing at any time on or before the 91st day after the date of such deposit, it being understood that this condition is not deemed satisfied until after the 91st day;

- the legal defeasance or covenant defeasance will not cause the trustee to have a conflicting interest within the meaning of the Trust Indenture Act, assuming all debt securities of a series were in default within the meaning of such Act;

- the legal defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which we are a party;

- the legal defeasance or covenant defeasance will not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless the trust is registered under such Act or exempt from registration; and

- we must have delivered to the trustee an officers' certificate and an opinion of counsel stating that all conditions precedent with respect to the legal defeasance or covenant defeasance have been complied with.

Concerning our Relationship with the Trustee

We and our subsidiaries maintain ordinary banking relationships and credit facilities with The Bank of New York Mellon, which serves as trustee under certain indentures related to other securities that we have issued or guaranteed.

DESCRIPTION OF WARRANTS

We may issue warrants to purchase our debt or equity securities or securities of third parties or other rights, including rights to receive payment in cash or securities based on the value, rate or price of one or more specified commodities, currencies, securities or indices, or any combination of the foregoing. Warrants may be issued independently or together with any other securities and may be attached to, or separate from, such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent. The terms of any warrants to be issued and a description of the material provisions of the applicable warrant agreement will be set forth in the applicable prospectus supplement.

The applicable prospectus supplement will describe the following terms of any warrants in respect of which this prospectus is being delivered:

- the title of such warrants;

- the aggregate number of such warrants;

- the price or prices at which such warrants will be issued;

- the currency or currencies in which the price of such warrants will be payable;
- the securities or other rights, including rights to receive payment in cash or securities based on the value, rate or price of one or more specified commodities, currencies, securities or indices, or any combination of the foregoing, purchasable upon exercise of such warrants;
- the price at which and the currency or currencies in which the securities or other rights purchasable upon exercise of such warrants may be purchased;
- the date on which the right to exercise such warrants shall commence and the date on which such right shall expire;
- if applicable, the minimum or maximum amount of such warrants which may be exercised at any one time;
- if applicable, the designation and terms of the securities with which such warrants are issued and the number of such warrants issued with each such security;
- if applicable, the date on and after which such warrants and the related securities will be separately transferable;
- information with respect to book-entry procedures, if any;
- if applicable, a discussion of any material United States Federal income tax considerations; and
- any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

DESCRIPTION OF UNITS

As specified in the applicable prospectus supplement, we may issue units consisting of one or more warrants, debt securities, shares of common stock or any combination of such securities. The applicable prospectus supplement will describe:

- the terms of the units and of the warrants, debt securities and common stock comprising the units, including whether and under what circumstances the securities comprising the units may be traded separately;
- a description of the terms of any unit agreement governing the units; and
- a description of the provisions for the payment, settlement, transfer or exchange of the units.

FORMS OF SECURITIES

Each debt security, warrant, and unit will be represented either by a certificate issued in definitive form to a particular investor or by one or more global securities representing the entire issuance of securities. Certificated securities in definitive form and global securities will be issued in registered form. Definitive securities name you or your nominee as the owner of the security, and in order to transfer or exchange these securities or to receive payments other than interest or other interim payments, you or your nominee must physically deliver the securities to the trustee, registrar, paying agent or other agent, as applicable. Global securities name a depositary or its nominee as the owner of the debt securities, warrants, or units represented by these global securities. The depositary maintains a computerized system that will reflect each investor's beneficial ownership of the securities through an account maintained by the investor with its broker/dealer, bank, trust company or other representative, as we explain more fully below.

Global Securities

Registered Global Securities. We may issue the registered debt securities, warrants, and units in the form of one or more fully registered global securities that will be deposited with a depositary or its nominee identified in the applicable prospectus supplement and registered in the name of that depositary or nominee. In those cases, one or more registered global securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal or face amount of the securities to be represented by registered global securities. Unless and until it is exchanged in whole for securities in definitive registered form, a registered global security may not be transferred except as a whole by and among the depositary for the registered global security, the nominees of the depositary or any successors of the depositary or those nominees.

If not described below, any specific terms of the depositary arrangement with respect to any securities to be represented by a registered global security will be described in the prospectus supplement relating to those securities. We anticipate that the following provisions will apply to all depositary arrangements.

Ownership of beneficial interests in a registered global security will be limited to persons, called participants, that have accounts with the depositary or persons that may hold interests through participants. Upon the issuance of a registered global security, the depositary will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal or face amounts of the securities beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the securities will designate the accounts to be credited. Ownership of beneficial interests in a registered global security will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depositary, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants. The laws of some states may require that some purchasers of securities take physical delivery of these securities in definitive form. These laws may impair your ability to own, transfer or pledge beneficial interests in registered global securities.

So long as the depositary, or its nominee, is the registered owner of a registered global security, that depositary or its nominee, as the case may be, will be considered the sole owner or holder of the securities represented by the registered global security for all purposes under the applicable indenture, warrant agreement or unit agreement. Except as described below, owners of beneficial interests in a registered global security will not be entitled to have the securities represented by the registered global security registered in their names, will not receive or be entitled to receive physical delivery of the securities in definitive form and will not be considered the owners or holders of the securities under the applicable indenture, warrant agreement or unit agreement. Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depositary for that registered global security and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of a holder under the applicable indenture, warrant agreement or unit agreement. We understand that under existing industry practices, if we request any action of holders or if an owner of a beneficial interest in a registered global security desires to give or take any action that a holder is entitled to give or take under the applicable indenture, warrant agreement or unit agreement, the depositary for the registered global security would authorize the participants holding the relevant beneficial interests to give or take that action,

and the participants would authorize beneficial owners owning through them to give or take that action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal, premium, if any, and interest payments on debt securities, and any payments to holders with respect to warrants or units, represented by a registered global security registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the registered global security. None of PepsiCo, the trustee, the warrant agents, the unit agents or any other agent of PepsiCo, agent of the trustee or agent of the warrant agents or unit agents will have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered global security or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

We expect that the depositary for any of the securities represented by a registered global security, upon receipt of any payment of principal, premium, interest or other distribution of underlying securities or other property to holders on that registered global security, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global security as shown on the records of the depositary. We also expect that payments by participants to owners of beneficial interests in a registered global security held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of those participants.

If the depositary for any of these securities represented by a registered global security is at any time unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Securities Exchange Act of 1934, and a successor depositary registered as a clearing agency under the Securities Exchange Act of 1934 is not appointed by us within 90 days, we will issue securities in definitive form in exchange for the registered global security that had been held by the depositary. Any securities issued in definitive form in exchange for a registered global security will be registered in the name or names that the depositary gives to the relevant trustee, warrant agent, unit agent or other relevant agent of ours or theirs. It is expected that the depositary's instructions will be based upon directions received by the depositary from participants with respect to ownership of beneficial interests in the registered global security that had been held by the depositary.

VALIDITY OF SECURITIES

The validity of the securities in respect of which this prospectus is being delivered will be passed on for us by Davis Polk & Wardwell LLP, New York, New York, as to New York law, and by Womble Carlyle Sandridge & Rice, LLP, Research Triangle Park, North Carolina, as to North Carolina law.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements of PepsiCo, Inc. as of December 25, 2010 and December 26, 2009, and for each of the fiscal years in the three-year period ended December 25, 2010, and management's assessment of the effectiveness of internal control over financial reporting as of December 25, 2010, are incorporated by reference herein in reliance upon the reports 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.

With respect to the unaudited interim financial information for the twelve weeks ended March 19, 2011 and March 20, 2010 and for the twelve and twenty-four weeks ended June 11, 2011 and June 12, 2010 and for the twelve and thirty-six weeks ended September 3, 2011 and September 4, 2010, incorporated by reference herein, the independent registered public accounting firm has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in our quarterly reports on Form 10-Q for the twelve weeks ended March 19, 2011, the twelve and twenty-four weeks ended June 11, 2011, and the twelve and thirty-six weeks ended September 3, 2011, and incorporated by reference herein, state that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. The accountants are not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended (the "Securities Act") for their report on the unaudited interim financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution***

The following table sets forth the costs and expenses payable by the registrant in connection with the sale of the securities being registered hereby.

	Amount to be Paid
Registration fee	(1)
Printing	*
Legal fees and expenses	*
Trustee fees	*
Accounting fees and expenses	*
Miscellaneous	*
TOTAL	*

(1) Deferred in reliance upon Rule 456(b) and Rule 457(r).
* Not presently determinable.

Item 15. ***Indemnification of Directors and Officers***

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 effective July 14, 2011, provides that unless the Board of Directors shall determine otherwise, 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 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.

The form of underwriting agreement filed as Exhibit 1.1 to this registration statement provides for indemnification of directors and officers of the registrant by the underwriters against certain liabilities.

Item 16. ***Exhibits and Financial Statement Schedules***

(a) The list of exhibits is incorporated herein by reference to the Exhibit Index following the signature pages.

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;

(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 Securities and Exchange 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;

(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 (i), (ii) and (iii) above 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 Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 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 of 1933, 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 of 1933 to any purchaser:

(A) 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

(B) 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 of 1933 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 of 1933 to any purchaser in the initial distribution of the 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 of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the 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 of 1933 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 Securities and Exchange Commission such indemnification is against public policy as expressed in the 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 Act and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus 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.

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 October 13, 2011.

PepsiCo, Inc.

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

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Maura Abeln Smith and Cynthia A. Nastanski, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any and all additional registration statements pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Indra K. Nooyi Indra K. Nooyi	Chairman of the Board and Chief Executive Officer	October 13, 2011
/s/ Hugh F. Johnston Hugh F. Johnston	Chief Financial Officer	October 13, 2011
/s/ Marie T. Gallagher Marie T. Gallagher	Senior Vice President and Controller (Principal Accounting Officer)	October 13, 2011
/s/ Shona L. Brown Shona L. Brown	Director	October 13, 2011
/s/ Ian M. Cook Ian M. Cook	Director	October 13, 2011
/s/ Dina Dublon Dina Dublon	Director	October 13, 2011
/s/ Victor J. Dzau Victor J. Dzau	Director	October 13, 2011

Signature	Title	Date
/s/ Ray L. Hunt Ray L. Hunt	Director	October 13, 2011
/s/ Alberto Ibargüen Alberto Ibargüen	Director	October 13, 2011
/s/ Arthur C. Martinez Arthur C. Martinez	Director	October 13, 2011
/s/ Sharon Percy Rockefeller Sharon Percy Rockefeller	Director	October 13, 2011
/s/ James J. Schiro James J. Schiro	Director	October 13, 2011
/s/ Lloyd G. Trotter Lloyd G. Trotter	Director	October 13, 2011
/s/ Daniel Vasella Daniel Vasella	Director	October 13, 2011
/s/ Alberto Weisser Alberto Weisser	Director	October 13, 2011

EXHIBIT INDEX

Exhibit No.	Document
1.1	Form of Underwriting Agreement (common stock and debt securities)
1.2	Form of Distribution Agreement (debt securities, warrants and units)
4.1	Amended and Restated Articles of Incorporation of PepsiCo, Inc., as of May 9, 2011 (incorporated herein by reference to exhibit 3.1 to PepsiCo, Inc.'s Current Report on Form 8-K filed on May 9, 2011)
4.2	By-laws of PepsiCo, Inc., as amended effective July 14, 2011 (incorporated herein by reference to exhibit 3.2 to PepsiCo, Inc.'s Current Report on Form 8-K filed on July 20, 2011)
4.3	Indenture dated as of May 21, 2007 between PepsiCo, Inc. and The Bank of New York, as Trustee (incorporated herein by reference to exhibit 4.3 to PepsiCo, Inc.'s Registration Statement on Form S-3 (File No. 333-154314) filed on October 15, 2008)
4.4	Form of Note (included in exhibit 4.3; forms for individual issuances of offered securities to be filed by amendment or as an exhibit to a document to be incorporated by reference herein in connection with the offering of such offered securities)
4.5*	Form of Warrant Agreement
4.6*	Form of Unit Agreement
5.1	Opinion of Davis Polk & Wardwell LLP
5.2	Opinion of Womble Carlyle Sandridge & Rice, LLP
12.1	Statement regarding computation of Ratio of Earnings to Fixed Charges (incorporated herein by reference to exhibit 12 to PepsiCo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 25, 2010 and Quarterly Reports on Form 10-Q for the twelve weeks ended March 19, 2011, twelve and twenty-four weeks ended June 11, 2011 and twelve and thirty-six weeks ended September 3, 2011)
15.1	Letter regarding unaudited interim financial information
23.1	Consent of KPMG LLP
23.2	Consent of Davis Polk & Wardwell LLP (included in exhibit 5.1)
23.3	Consent of Womble Carlyle Sandridge & Rice, LLP (included in exhibit 5.2)
24.1	Power of Attorney (included on the signature page of this registration statement)
25.1	Statement of Eligibility on Form T-1 of The Bank of New York Mellon (debt securities)

* To be filed by amendment or as an exhibit to a document to be incorporated by reference herein in connection with an offering of the offered securities.

Exhibit 1.1

PEPSICO, INC.

Underwritten Securities

UNDERWRITING AGREEMENT STANDARD PROVISIONS

Dated as of October 1, 2011

From time to time, PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "**Company**"), may enter into one or more terms agreements (each, a "**Terms Agreement**") in substantially the form of Exhibit A hereto, with such additions and deletions as the parties thereto may determine, and, subject to the terms and conditions stated herein and therein, to issue and sell certain securities (the "**Securities**") to the underwriter or underwriters named in the applicable Terms Agreement (the "**Underwriters**," which term shall include any underwriter substituted pursuant to Section 8 hereof). The provisions included herein (the "**Standard Provisions**") shall be attached to and incorporated by reference into each Terms Agreement.

Section 1. *Definitions.* The Company has filed with the Securities and Exchange Commission (the "**Commission**") an "automatic shelf registration statement" as defined in Rule 405 under the Securities Act of 1933, as amended (the "**Securities Act**") on Form S-3 covering the registration of certain Securities of the Company to be issued and sold from time to time, in or pursuant to one or more offerings on terms to be determined at the time of sale, in accordance with Rule 415 under the Securities Act. Such registration statement (as so amended, if applicable), including the information, if any, deemed to be a part thereof pursuant to Rule 430B under the Securities Act (the "**Rule 430 Information**"), is referred to herein as the "**Registration Statement**"; and the base prospectus included in the Registration Statement at the time of filing (the "**Base Prospectus**") and the final prospectus supplement relating to a particular offering of Underwritten Securities (as defined below) referred to in a Terms Agreement, in the forms first used to confirm sales of such Underwritten Securities (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act), are collectively referred to herein as the "**Prospectus**." All references herein to the "Registration Statement" and the "Prospectus" shall be deemed to include all documents incorporated therein by reference which are filed by the Company pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or the Securities Act, prior to the execution of the applicable Terms Agreement. References herein to a "**preliminary prospectus**" relating to an offering of particular Underwritten Securities pursuant to a Terms Agreement shall be deemed to refer to the Base Prospectus and to the prospectus supplement (a "**preliminary prospectus supplement**") relating to such Underwritten Securities that omitted Rule 430 Information or other information to be included upon pricing in a form of prospectus relating to such Underwritten Securities filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act and that was used prior to the initial delivery of the Prospectus relating to such Underwritten Securities to the Underwriters by the Company.

For purposes of these Standard Provisions and the Terms Agreement relating to an offering of particular Underwritten Securities, "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, and "**Time of Sale Prospectus**" means the Base Prospectus, the final preliminary prospectus supplement filed prior to the "**Time of Sale**" set forth in such Terms Agreement, together with any free writing prospectus or other information stated in such Terms Agreement to form part of the Time of Sale Prospectus. For purposes of these Standard Provisions, all references to the "Registration Statement," "Prospectus," "preliminary prospectus" or "Time of Sale Prospectus" or to any amendment or supplement to any of the foregoing shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("**EDGAR**").

All references in these Standard Provisions to financial statements and schedules and other information which is "contained," "included" or "stated" (or other references of like import) in the Registration Statement, preliminary prospectus, Time of Sale Prospectus or Prospectus shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, the applicable preliminary prospectus, the applicable Time of Sale Prospectus or the applicable Prospectus, as the case may be, prior to the execution of the applicable Terms Agreement; and all references in these Standard Provisions to amendments or supplements to the Registration Statement, preliminary prospectus, Time of Sale Prospectus or Prospectus shall be deemed to include the filing of any document or portion of a document under the Exchange Act which is incorporated by reference in the Registration Statement, the applicable preliminary prospectus, the applicable Time of Sale Prospectus or the applicable Prospectus, as the case may be, after the execution of the applicable Terms Agreement.

Section 2. *Purchase and Sale of Securities by the Underwriters.* Whenever the Company determines to make an offering of Securities to be governed by these Standard Provisions, the Company will enter into a Terms Agreement providing for the sale of such Securities to, and the purchase and offering thereof by, the Underwriters. The Terms Agreement relating to the offering of Securities shall specify the number or amount of Securities to be issued (the "**Underwritten Securities**"), the name of each Underwriter participating in such offering (subject to substitution as provided in Section 8 hereof) and the name of any Underwriter acting as manager or co-manager in connection with such offering, the number or amount of Underwritten Securities which each such Underwriter severally agrees to purchase, whether such offering is on a fixed or variable price basis and, if on a fixed price basis, the initial offering price, the price at which the Underwritten Securities are to be purchased by the Underwriters, the form, time, date and place of delivery and payment of the Underwritten Securities and any other material terms of the Underwritten Securities. The Terms Agreement may take the form of an exchange of any standard form of written telecommunication between the Company and the Underwriter or Underwriters, acting through the Underwriters' representative (the "**Representative**") identified as such in the applicable Terms Agreement. Each offering of Underwritten Securities will be governed by these Standard Provisions, as supplemented by the applicable Terms Agreement.

If so specified in the applicable Terms Agreement, the Company may grant the Underwriters the option to purchase at their election up to the number of additional Securities (the "**Optional Securities**") set forth in such Terms Agreement at the purchase price per Security

set forth therein, for the sole purpose of covering over-allotments of Securities in excess of the number of "**Firm Securities**" set forth in such Terms Agreement. Both Firm Securities and Optional Securities shall be deemed Underwritten Securities hereunder. Any such election to purchase Optional Securities may be exercised only once, and only by written notice from the Representative to the Company, given within a period of 30 calendar days after the date of such Terms Agreement and setting forth the aggregate number of Optional Securities to be purchased and the time and date on which such Optional Securities are to be delivered (which shall be a Closing Time (as defined below) hereunder), as determined by the Representative but in no event earlier than the initial Closing Date (as defined below) for the Firm Securities or, unless the Representative and the Company otherwise agree in writing, earlier than two or later than ten Business Days (as defined below) after the date of such notice. If the Company shall have granted such an option to the Underwriters, then in the event and to the extent that the Underwriters shall exercise such option as provided above, the Company will sell to each of the Underwriters, and each of the Underwriters will, severally and not jointly, purchase from the Company, at the purchase price set forth in such Terms Agreement, subject to adjustment as provided below, that portion of the number of Optional Securities as to which such option shall have been exercised (to be adjusted by the Representative so as to eliminate fractional Securities) determined by multiplying such number of Optional Securities by a fraction the numerator of which is the number of Firm Securities which such Underwriter is required to purchase as set forth opposite the name of such Underwriter in such Terms Agreement and the denominator of which is the aggregate number of Firm Securities that all of the Underwriters are required to purchase thereunder.

As used herein, "**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks are permitted or required to be closed in New York City.

Section 3. *Underwriters' Obligation to Purchase Underwritten Securities.* The several commitments of the Underwriters to purchase the Underwritten Securities pursuant to the applicable Terms Agreement shall be deemed to have been made on the basis of the representations, warranties and agreements herein contained and shall be subject to the terms and conditions herein set forth.

Section 4. *Terms Agreement.* No agreement for the purchase of the Underwritten Securities by the Underwriters will be deemed to exist until the Company and the Representative, on behalf of the Underwriters, have executed a Terms Agreement. Each Terms Agreement will incorporate all applicable terms and provisions of these Standard Provisions as fully as though such terms and provisions were expressly stated therein.

Section 5. *Delivery of Certain Documents, Certificates, and Opinions.* At each Closing Time, the Underwriters shall have received the following documents:

(a) the opinion and disclosure letter of Davis Polk & Wardwell LLP, or other special New York counsel for the Company reasonably acceptable to the Representative; the opinion of internal counsel for the Company; and the opinion of Womble Carlyle Sandridge & Rice, LLP, or other special North Carolina counsel for the Company reasonably acceptable to the Representative, each dated as of the Closing Date, substantially in the respective forms of Exhibits B-1, B-2, B-3 and B-4 hereto,

(b) the opinion of counsel to the Underwriters, selected by the Representative and reasonably acceptable to the Company, dated as of the Closing Date, in form and substance reasonably satisfactory to the Underwriters,

(c) a certificate of the Assistant Secretary of the Company, dated as of the Closing Date, substantially in the form of Exhibit C hereto, and

(d) a certificate of the Chief Financial Officer or Treasurer of the Company, dated as of the Closing Date, substantially in the form of Exhibit D hereto.

Section 6. *Certain Conditions Precedent to the Underwriters' Obligations.* The Underwriters' obligation to purchase any Underwritten Securities will in all cases be subject to the accuracy of the representations and warranties of the Company set forth in Section 7 hereof, to the receipt of the opinions and certificates to be delivered to the Underwriters pursuant to the terms of Section 5 hereof, to the accuracy of the statements of the Company's officers made in each certificate to be furnished as provided herein, to the performance and observance by the Company of all covenants and agreements contained herein on its part to be performed and observed, in each case at the time the Company executes a Terms Agreement, at the Time of Sale and as of the applicable Closing Date, and (in each case) to the following additional conditions precedent, when and as specified:

(a) As of the Closing Time for any Underwritten Securities, and with respect to the period from the date of the applicable Terms Agreement to and including the applicable Closing Time:

(i) there shall not have occurred (A) any material adverse change (or development involving a prospective material adverse change) in the business, properties, earnings, or financial condition of the Company and its subsidiaries on a consolidated basis (a "**Material Adverse Effect**") or (B) any suspension or material limitation of trading in the Company's common stock, par value one and two-thirds cents (1-2/3 cents) per share, of the Company ("**Common Stock**"), by the Commission or the New York Stock Exchange, Inc. (the "**NYSE**"), the effect of any of which shall have made it impracticable, in the reasonable judgment of the Underwriters, to market such Underwritten Securities, such judgment to be based on relevant market conditions;

(ii) there shall not have occurred (A) any suspension or material limitation of trading in securities generally on the NYSE, (B) a declaration of a general moratorium on commercial banking activities in New York by either Federal or New York State authorities, or (C) any outbreak or material escalation of hostilities or other national or international calamity or crisis, the effect of any of which shall have made it impracticable, in the judgment of the Underwriters, to market such Underwritten Securities, such judgment to be based on relevant market conditions; and

(iii) there shall not have been issued any stop order suspending the effectiveness of the Registration Statement nor shall any proceedings for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Underwritten Securities have been instituted or threatened.

(b) The Underwriters will receive, upon execution and delivery of any applicable Terms Agreement, a letter from KPMG LLP, or such other independent registered public accounting firm as may be selected by the Company, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information of the Company contained in the Registration Statement, the final preliminary prospectus supplement and the Prospectus.

(c) At each Closing Time, the Underwriters shall have received from KPMG LLP, or such other independent registered public accounting firm as may be selected by the Company, a letter, dated as of the Closing Date, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (b) of this Section, except that the "cut off" date referred to therein shall be a date not more than five Business Days prior to the Closing Date.

(d) On each Closing Date, the Underwriters shall have received from the Company such appropriate further information, certificates, and documents as the Company and the Underwriters shall have agreed, as reflected in the applicable Terms Agreement.

(e) *[The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include debt securities]* Subsequent to the execution and delivery of the applicable Terms Agreement and prior to the Closing Time, there shall not have been any material downgrading, nor any notice given of any intended or potential material downgrading or of a possible material change that does not indicate the direction of the possible material change, in the rating accorded any of the Company's securities, including the Underwritten Securities, by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

Section 7. *Representations and Warranties of the Company.* The Company represents and warrants to each Underwriter named in the applicable Terms Agreement, as of the date thereof, and as of each Closing Time, the following statements are and shall be true:

(a) (i) The Registration Statement constitutes an "automatic shelf registration statement" (as defined in Rule 405 under the Securities Act) filed within three years of the date of the applicable Terms Agreement, (ii) the Company is a "well known seasoned issuer" (as defined in Rule 405 under the Securities Act), (iii) the Company has not received from the Commission any notice pursuant to Rule 401(g)(2) under the Securities Act objecting to the use of the automatic shelf registration statement form, (iv) the Registration Statement became effective upon filing with the Commission and no stop order suspending the effectiveness of the Registration Statement is in effect nor, to the Company's knowledge, are any proceedings for such purpose pending before or threatened by the Commission, (v) as of the effective date of the Registration Statement (the "**Effective Date**"), the Company met the applicable requirements for use of Form S-3 under the Securities Act with respect to the registration under the Securities Act of the Securities, and (vi) as of the Effective Date, the Registration Statement met the requirements set forth in Rule 415(a)(1)(x) under the Securities Act and complied in all material respects with said Rule.

(b) (i) Each document, if any, filed or to be filed pursuant to the Exchange Act or the Securities Act and incorporated or to be incorporated by reference in the Prospectus or Time of

Sale Prospectus complies or will comply, in all material respects, with the applicable provisions of the Exchange Act or the Securities Act, as applicable, and the rules and regulations of the Commission thereunder, (ii) the Registration Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply, in all material respects, with the Securities Act and the rules and regulations of the Commission thereunder, (iv) the Prospectus does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (v) the Time of Sale Prospectus does not as of its date (which shall be the date of the preliminary prospectus supplement included therein, if applicable), and will not as of the Time of Sale and at the Closing Date, as then amended or supplemented by the Company, if applicable, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however,* that the Company makes no representations and warranties as to information contained in or omitted from the Registration Statement, the Prospectus or the Time of Sale Prospectus in reliance upon and in conformity with information furnished in writing to the Company by the Underwriters expressly for use in the Registration Statement, the Prospectus or the Time of Sale Prospectus or any amendment or supplement thereto or the Statement of Eligibility and Qualification of the Trustee (the "**Form T-1**") under the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**").

(c) The Company is not an "ineligible issuer" in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

(d) The Company has been duly incorporated and is validly existing under the laws of the State of North Carolina, has the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and the Prospectus, and is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or in good standing would not have a Material Adverse Effect.

(e) The applicable Terms Agreement, incorporating these Standard Provisions, as amended by agreement of the parties to the applicable Terms Agreement, as of the date of such Terms Agreement will have been duly authorized, executed and delivered by the Company.

(f) *[The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include Common Stock]* – The Underwritten Securities have been duly authorized for issuance and sale pursuant to these Standard Provisions and the applicable Terms Agreement. Such Underwritten Securities, when issued and delivered by the Company pursuant to these Standard Provisions and such Terms Agreement against payment of the consideration therefor specified in such Terms Agreement, will be validly issued, fully paid and non-assessable and will not be subject to preemptive or other similar rights of any securityholder of the

Company. No holder of such Underwritten Securities is or will be subject to personal liability by reason of being such a holder.

[The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include debt securities] – The Underwritten Securities have been duly authorized and, when issued, executed, and authenticated in accordance with the provisions of the applicable indenture (the "**Indenture**"), or when countersigned by the trustee in accordance with the provisions of the Indenture, as the case may be, will be entitled to the benefits of the Indenture, and will be valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, if applicable, or by general principles of equity.

(g) *[The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include debt securities]* – The Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended and has been duly authorized, executed, and delivered by the Company and (assuming due authorization, valid execution, and delivery thereof by the trustee) is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, or by general principles of equity.

(h) The execution and delivery of and performance by the Company of its obligations under the applicable Terms Agreement, incorporating these Standard Provisions as amended by agreement of the parties to such Terms Agreement, [and the Indenture] and the issuance and sale of the Underwritten Securities, as the case may be, will not contravene any provision of any applicable law or of the Restated Articles of Incorporation or By-Laws of the Company, or of any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries taken as a whole, or of any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over the Company or any of its subsidiaries, in each of the foregoing cases except as would not reasonably be expected to have a Material Adverse Effect, and no consent, approval, authorization, or order of or qualification with any governmental body or agency is, to the Company's knowledge, required for the performance by the Company of its obligations under the applicable Terms Agreement, incorporating these Standard Provisions as amended by agreement of the parties to such Terms Agreement, or the issuance and sale of the Underwritten Securities, except such as may be required by Blue Sky laws or other securities laws of the various states in which the issuance and sale of the Underwritten Securities are offered and sold and except to the extent where the failure to obtain such consent, approval, authorization, order or qualification would not reasonably be expected to have a Material Adverse Effect.

(i) There has not been any material adverse change (or development involving a prospective material adverse change) in the business, properties, earnings, or financial condition of the Company and its subsidiaries on a consolidated basis from that set forth in the Company's last periodic report filed with the Commission under the Exchange Act and the rules and

regulations promulgated thereunder. Since the respective dates as of which information is given in the Registration Statement, the Time of Sale Prospectus and the Prospectus, except as otherwise stated therein, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(j) There are no legal or governmental proceedings pending or, to the Company's knowledge, threatened, to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject that is required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus and is not so described, or any applicable statute, regulation, contract, or other document that is required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus that is not so described.

(k) The Company's independent registered public accounting firm who audited the financial statements and supporting schedules of the Company incorporated by reference in the Registration Statement are independent registered public accountants as required by the Securities Act.

(l) The financial statements included or incorporated by reference in the Registration Statement, the Time of Sale Prospectus and the Prospectus, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, shareholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in accordance with GAAP the information required to be stated therein. [*[Include the following provision as applicable]*Any pro forma financial information and data included in the Registration Statement, the Time of Sale Prospectus and the Prospectus have been prepared in accordance with the requirements of Regulation S-X of the Securities Act, the assumptions used by management in the preparation of such pro forma financial information and data are reasonable under the circumstances, the pro forma adjustments used therein are appropriate to give effect to the transactions or circumstances described therein and the pro forma adjustments have been properly applied to the historical amounts in the compilation of that information and data.]

Section 8. *Default by One or More of the Underwriters.* If one or more of the Underwriters shall fail at the Closing Time to purchase the Underwritten Securities which it or they are obligated to purchase under the applicable Terms Agreement (the "**Defaulted Securities**"), then the remaining Underwriters shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Underwriters shall not have completed such arrangements within such 24-hour period, then:

(a) if the number or principal amount of Defaulted Securities does not exceed 10% of the number of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, the non-defaulting Underwriters shall be obligated, severally and not jointly, to

purchase the full amount thereof in the proportions that their respective underwriting obligations under such Terms Agreement bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number or aggregate principal amount of Defaulted Securities exceeds 10% of the number or aggregate principal amount of Underwritten Securities to be purchased on such date pursuant to such Terms Agreement, such Terms Agreement shall terminate without liability on the part of any non-defaulting Underwriter. No action taken pursuant to this Section 8 shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of the applicable Terms Agreement, either the Underwriters or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or the Prospectus or in any other documents or arrangements.

Section 9. *Agreements.*

(a) The Company covenants with the Underwriters as follows:

(i) Prior to the filing by the Company of any amendment to the Registration Statement, the Time of Sale Prospectus or of any prospectus supplement that shall name the Underwriters or the filing or use of any free writing prospectus, the Company will afford the Underwriters or their counsel a reasonable opportunity to review and comment on the same, *provided, however*, that the foregoing requirement will not apply to any of the Company's filings with the Commission required to be filed pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act. Subject to the foregoing sentence, the Company will promptly cause each applicable prospectus supplement and free writing prospectus to be filed with or transmitted for filing with the Commission in accordance with Rule 424(b) or 424(c) under the Securities Act or Rule 433 under the Securities Act, respectively, or pursuant to such other rule or regulation of the Commission as then deemed appropriate by the Company. The Company will promptly advise the Underwriters of (A) the filing and effectiveness of any amendment to the Registration Statement other than by virtue of the Company's filing any report required to be filed under the Exchange Act, (B) any request by the Commission for any amendment to the Registration Statement, for any amendment or supplement to the Time of Sale Prospectus or the Prospectus, or for any information from the Company, (C) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose, and (D) the receipt by the Company of any notification with respect to the suspension of the qualification of the Underwritten Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use reasonable efforts to prevent the issuance of any such stop order or notice of suspension of qualification and, if issued, to obtain as soon as reasonably possible the withdrawal thereof.

(ii) If the Time of Sale Prospectus is being used to solicit offers to buy the Underwritten Securities at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary

to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(iii) If, at any time when a Prospectus (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act) relating to any Underwritten Securities is required to be delivered under the Securities Act, any event occurs or condition exists as a result of which the Prospectus would include an untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Prospectus in order to comply with the Securities Act, the Exchange Act, the respective rules and regulations of the Commission thereunder, or any other applicable law, the Company will promptly notify the Underwriters, by telephone or by facsimile (in either case with written confirmation from the Company by mail), to cease use and distribution of the Prospectus (and all then existing supplements thereto) and to suspend all efforts to resell the Underwritten Securities in its capacity as underwriter or dealer, as the case may be, and the Underwriters will promptly comply with the terms of such notice. The Company will forthwith prepare and cause to be filed with the Commission an amendment or supplement to the Registration Statement or the Prospectus, as the case may be, satisfactory in the reasonable judgment of the Underwriters to correct such statement or omission or to effect such compliance, and the Company will supply the Underwriters with one signed copy of such amended Registration Statement and as many copies of such amended or supplemented Prospectus as the Underwriters may reasonably request, *provided*, *however*, that the expense of preparing, filing, and supplying copies to the Underwriters of any such amendment or supplement will be borne by the Company only for the nine-month period immediately following the purchase of such Underwritten Securities by the Underwriters and thereafter will be borne by the Underwriters.

(iv) The Company will furnish to the Underwriters, without charge, as many copies of the Time of Sale Prospectus, the Prospectus, each preliminary prospectus, any documents incorporated by reference therein, and any supplements and amendments thereto and any free writing prospectus as the Underwriters may reasonably request.

(v) The Company will, with such assistance from the Underwriters as the Company may reasonably request, endeavor to qualify the Securities for offer and sale under the Blue Sky laws or other securities laws of such jurisdictions as the Underwriters

shall reasonably request and will maintain such qualifications for as long as required with respect to the offer, sale, and distribution of the Securities.

(vi) *[The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include Common Stock]* – During the period specified in the applicable Terms Agreement, the Company will not, without the prior written consent of the Representative, directly or indirectly, (A) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any share of Common Stock or any securities convertible into or exercisable or exchangeable for or repayable with Common Stock or (B) enter into any swap or any other agreement that transfers, in whole or in part, the economic consequences of ownership of the Common Stock, whether any such swap or transaction described in clause (A) or (B) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (1) the Underwritten Securities to be sold pursuant to the applicable Terms Agreement, (2) Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date of the applicable Terms Agreement, (3) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing and future employee benefit plans of the Company, (4) any shares of Common Stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan, or (5) up to $500,000,000 worth of shares of Common Stock issued in connection with any merger, joint venture or other strategic transaction.

(vii) The Company will make generally available to its security holders earnings statements that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder.

(viii) *[The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include Common Stock]* – The Company will use its best efforts to effect the listing of the Common Stock, prior to the Closing Time, on the NYSE.

(b) Each Underwriter, severally and not jointly, covenants with the Company as follows:

(i) It has not and will not use, authorize use of, refer to, or participate in the planning for use of, any "free writing prospectus," as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) (each such communication by the Company or its agents or representatives (excluding any Underwriter) an "**Issuer Free Writing Prospectus**") other than (A) a free writing prospectus that contains no "issuer information" (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the preliminary prospectus or a

previously filed Issuer Free Writing Prospectus, (B) any Issuer Free Writing Prospectus listed on Schedule I to the applicable Terms Agreement or (C) any free writing prospectus prepared by such Underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (A) or (C), an "**Underwriter Free Writing Prospectus**").

(ii) It has not and will not distribute any Underwriter Free Writing Prospectus referred to in Section 9(b)(i)(A) above in a manner reasonably designed to lead to its broad unrestricted dissemination.

(iii) It has not and will not, without the prior written consent of the Company, use any free writing prospectus that contains the final terms of the Underwritten Securities unless such terms have previously been included in a free writing prospectus filed with the Commission.

(iv) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the "**Prospectus Delivery Period**", which means such period of time beginning on the first date of the public offering of the Underwritten Securities and ending on the later of the Closing Date or such date, as in the opinion of counsel for the Underwriters a prospectus relating to the Underwritten Securities is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Underwritten Securities by any Underwriter or dealer).

(v) Notwithstanding any of the above, each of the Underwriters may use one or more term sheets relating to the Underwritten Securities containing customary information, including Bloomberg email announcement, price talk guidance, comparable bond pricing and final pricing terms, not inconsistent with the form of the final term sheet referred to in the Terms Agreement, without the prior consent of the Company, so long as such term sheet is not required to be filed as a "free writing prospectus" with the Commission pursuant to Rule 433 under the Securities Act.

Section 10. *Fees and Expenses*. [(a)] [Except as provided in Section 10(b),] [t]he Company will pay all costs, fees, and expenses arising in connection with the sale of any Underwritten Securities through the Underwriters and in connection with the performance by the Company of its obligations hereunder and under any Terms Agreement, including the following: (i) expenses incident to the preparation and filing of the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company, and all amendments and supplements thereto, (ii) expenses incident to the issuance and delivery of such Underwritten Securities, (iii) the fees and disbursements of counsel for the

Company and the Company's independent registered public accounting firm, (iv) if approved by the Company in advance and in writing, expenses incident to the qualification of such Underwritten Securities under Blue Sky laws and other applicable state securities laws in accordance with the provisions of Section 9(a)(v) hereof, including related filing fees and the reasonable fees and disbursements of the Underwriters' counsel in connection therewith and in connection with the preparation of any survey of Blue Sky laws, (v) expenses incident to the printing and delivery to the Underwriters, in the quantities hereinabove stated, of copies of the Registration Statement and all amendments thereto and of the Prospectus, each preliminary prospectus, and all amendments and supplements thereto, (vi) the fees and expenses, if any, incurred with respect to any applicable filing with the Financial Industry Regulatory Authority, (vii) the fees and expenses incurred in connection with the listing of any Underwritten Securities on the NYSE and (viii) if applicable, the fees and expenses of the trustee under the applicable Indenture. If so stated in the applicable Terms Agreement, the Underwriters agree to reimburse the Company for the stated amount of its expenses incurred in connection with the transactions contemplated by the applicable Terms Agreement.

[(b) The Underwriters agree to reimburse the Company for $[·] of its expenses incurred in connection with the offering of the Underwritten Securities; such reimbursement to occur simultaneously with the purchase and sale of the Underwritten Securities at the Closing Time (as defined below).]

Section 11. *Inspection; Place of Delivery; Payment.*

(a) *Inspection*. The Company agrees to have available for inspection, checking, and packaging by the Underwriters in The City of New York, the Underwritten Securities to be sold to the Underwriters hereunder, not later than 1:00 P.M. on the Business Day prior to the applicable Closing Date.

(b) *Place of Delivery of Documents, Certificates and Opinions*. The documents, certificates and opinions required to be delivered to the Underwriters pursuant to Sections 5 and 6 hereof will be delivered at the "**Closing Location**" specified in the applicable Terms Agreement, or at such other location as may be agreed upon by the Company and the Underwriters, not later than the Closing Time.

(c) *Payment*. Payment of the purchase price for, and delivery of certificates for, the Underwritten Securities shall be made at the Closing Location, or at such other place as shall be agreed upon by the Underwriters and the Company, at the "**Closing Time**" specified in the applicable Terms Agreement or the applicable written notice from the Representative to the Company in connection with an election to purchase Optional Securities, as the case may be (the date on which the Closing Time occurs being referred to as the "**Closing Date**"), or such other time not later than ten Business Days after such date as shall be agreed upon by the Representative and the Company. Payment shall be made

to the Company by wire transfer of immediately available funds to a bank account designated in writing by the Company, against delivery to the Underwriters for the respective accounts of the Underwriters of the Underwritten Securities to be purchased by them. It is understood that each Underwriter has authorized the Representative, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Underwritten Securities which it has severally agreed to purchase. The Representative, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Underwritten Securities to be purchased by any Underwriter whose funds have not been received by the Closing Time, but such payment shall not relieve such Underwriter from its obligations hereunder.

Section 12. *Indemnification and Contribution.*

(a) The Company agrees to indemnify and hold each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, harmless from and against any and all losses, claims, damages, or liabilities to which such Underwriter may become subject under the Securities Act, the Exchange Act, or any other federal or state law or regulation, at common law or otherwise, insofar as such losses, claims, damages, or liabilities (and actions in respect thereof) arise out of, are based upon, or are caused by any untrue statement or allegedly untrue statement of a material fact contained in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any Issuer Free Writing Prospectus or in any amendment or supplement thereto, or arise out of, are based upon or are caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company agrees to reimburse each such indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; *provided, however*, that the Company will not be liable to the extent that such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of, are based upon, or are caused by any such untrue statement or omission or allegedly untrue statement or omission included in or omitted from the Registration Statement, any preliminary prospectus or the Prospectus in reliance upon and in conformity with information furnished by the Underwriters in writing expressly for use in the Registration Statement or such preliminary prospectus or the Time of Sale Prospectus or the Prospectus or any amendment or supplement thereto.

(b) Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to the Underwriters, but only with respect to such losses, claims, damages, and liabilities (and actions in respect thereof) that arise out of, are based upon, or are caused by any untrue

statement or omission of a material fact or allegedly untrue statement or omission of a material fact included in or omitted from the Registration Statement, or any preliminary prospectus or the Time of Sale Prospectus or the Prospectus in reliance upon and in conformity with information furnished by the Underwriters in writing expressly for use in the Registration Statement or such preliminary prospectus or the Time of Sale Prospectus or the Prospectus or any amendment or supplement thereto.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) of this Section 12, such person (the "**indemnified party**") will promptly notify the person against whom such indemnity may be sought (the "**indemnifying party**") in writing and the indemnifying party, upon request of the indemnified party, will retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and will pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party will have the right to retain its own counsel, but the fees and expenses of such counsel will be borne by the indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and, in the judgment of the indemnified party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party will not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such reasonable fees and expenses will be reimbursed as they are incurred. Such firm will be designated in writing by the Underwriters (in the case of parties indemnified pursuant to paragraph (a) of this Section 12) or by the Company (in the case of parties indemnified pursuant to paragraph (b) of this Section 12), as the case may be. The indemnifying party will not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, or if there shall be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party will, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding. Any provision of this paragraph (c) to the contrary notwithstanding, no failure by an indemnified party to notify the indemnifying party as required hereunder will relieve the indemnifying party from any liability it may have had to an indemnified party otherwise than under this Section 12 to the extent the indemnifying party is not

materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement.

(d) If the indemnification provided for in paragraph (a) or (b) of this Section 12 is unavailable to an indemnified party or is insufficient in respect of any losses, claims, damages, or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying the indemnified party thereunder, will contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the offering of the Underwritten Securities pursuant to the applicable Terms Agreement, or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages, or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, in connection with the offering of the Underwritten Securities pursuant to the applicable Terms Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of such Underwritten Securities (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of such Underwritten Securities as set forth on such cover. The relative fault of the Company, on the one hand, and of the Underwriters, on the other, will be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied or to be supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 12(d) are several in proportion to the number of Underwritten Securities set forth opposite their respective names in the applicable Terms Agreement, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to paragraph (d) above were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to therein. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, and liabilities referred to in paragraph (d) above will be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Any other provisions of this Section 12 to the contrary notwithstanding, (i) the Underwriters will not be required to contribute to the

Company any amount in excess of the amount by which the total price at which the Underwritten Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission (other than in reliance upon and in conformity with information furnished to the Company by the Underwriters in writing expressly for use in the Registration Statement, the preliminary prospectus or the Prospectus or any amendment or supplement thereto), and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The remedies provided for in this Section 12 are not exclusive and will not limit any rights or remedies that may otherwise be available to any indemnified party at law or in equity.

Section 13. *Termination.* The applicable Terms Agreement will automatically terminate upon the expiration of the offering to which the Prospectus relates. The applicable Terms Agreement may not be terminated by the Underwriters prior to delivery of and payment for such Securities except upon the failure of any of the conditions precedent described in Section 6 hereof.

Section 14. *Survival.* The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Underwriters contained herein or made by or on behalf of the Company or the Underwriters pursuant hereto, any certificate delivered pursuant hereto and Section 18 shall survive the delivery of and payment for the Underwritten Securities and shall remain in full force and effect, regardless of any termination of a Terms Agreement or any investigation made by or on behalf of the Company or the Underwriters.

Section 15. *Notices.* All notices, documents and other communications hereunder shall be in writing and shall be deemed received upon delivery, if delivered by hand or via facsimile transmission (with confirmation of receipt) to a party's address or facsimile number set forth below, in the case of the Company, and in the applicable Terms Agreement, in the case of the Underwriters or the Representative (or to such other address or facsimile number as a party may hereafter designate to the other parties in writing), and shall be deemed received one Business Day after having been mailed via Express Mail or deposited with Federal Express or any nationally recognized commercial courier service for "next day" delivery to such address. In the event that any Terms Agreement or any certificate or opinion to be delivered pursuant to Section 5 hereof is delivered via facsimile transmission, the parties will use reasonable efforts to ensure that "original" copies of such documents are distributed promptly thereafter.

The address and facsimile number for the Company, unless otherwise specified, is as follows:

PepsiCo, Inc.
700 Anderson Hill Road
Purchase, New York 10577
Att'n: General Counsel
Facsimile no: 914-253-3051

Section 16. *Successors; Non-transferability.* The applicable Terms Agreement shall inure to the benefit of and be binding upon the Company and the Underwriters, their respective successors, and the officers, directors, and controlling persons referred to in Section 12 hereof. No other person will have any right or obligation hereunder. No party to the applicable Terms Agreement may assign its rights thereunder without the written consent of the other parties.

Section 17. *Counterparts.* The Terms Agreement may be signed in any number of counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 18 *Applicable Law.* These Standard Provisions and any applicable Terms Agreement will be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

Section 19. *Headings.* The headings of the sections of these Standard Provisions have been inserted for convenience of reference only and will not affect the construction of any of the terms or provisions hereof.

Section 20. *No Advisory or Fiduciary Relationships.* The Company acknowledges and agrees that (a) the purchase and sale of the Underwritten Securities pursuant to the Standard Provisions and the applicable Terms Agreement, including the determination of the public offering price of the Underwritten Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or its stockholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) and no Underwriter has any obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in the Standard Provisions and the applicable Terms Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated

hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

Section 21. *Information.* The Company hereby acknowledges that, for purposes of Sections 7(b), 12(a), 12(b) and 12(e) of these Standard Provisions, the only information furnished by the Underwriters in writing expressly for use in the Registration Statement or the preliminary prospectus or the Time of Sale Prospectus or the Prospectus or any amendment or supplement thereto are [*list specific paragraphs or sentences of text, with reference to appropriate section, or other information furnished by the Underwriters*].

Exhibit A

PEPSICO, INC.

[IDENTIFY UNDERWRITTEN SECURITIES]

TERMS AGREEMENT

[Date]

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

Ladies and Gentlemen:

We understand that PepsiCo, Inc., a North Carolina corporation (the "**Company**"), proposes to issue and sell [describe Underwritten Securities, and specify if Underwritten Securities include both Firm Securities and Optional Securities] (such securities also being hereinafter referred to as the "**Underwritten Securities**") subject to the terms and conditions stated herein and in the PepsiCo, Inc. Underwriting Agreement Standard Provisions dated as of _____ attached hereto (the "**Standard Provisions**"). Each of the applicable provisions in the Standard Provisions is incorporated herein by reference in its entirety, and shall be deemed to be a part of this Agreement to the same extent as if such provisions had been set forth in full herein. We, the underwriters named below (the "**Underwriters**"), offer to purchase, severally and not jointly, the number or amount of [Underwritten] [Firm] Securities opposite our names set forth below at a purchase price set forth below.

Underwriters	**[Number][Principal Amount] of [Underwritten] [Firm] Securities**
Total	$

The Underwritten Securities and the offering thereof shall have the following additional terms:

Terms of the Underwritten Securities and the Offering

[Number][Principal Amount] of Underwritten Securities

[Number of Firm Securities]

[Number of Optional Securities]	
Initial public offering price	
Purchase price	
Lock-up period specified in Section 9(a)(vi) of the Standard Provisions (if applicable)	___ days beginning from the date of this Terms Agreement
Time of Sale Prospectus	Base Prospectus dated October ___, 2011, preliminary prospectus supplement dated ___, 20__,
Representative of the Underwriters	
Address and facsimile number for notices to the Representative and the Underwriters	
Time of Sale	
Closing Time	
Closing Location	
Other terms and conditions	
[Amount of reimbursement to the Company from the Underwriters]	

The Representative represents and warrants that it is duly authorized to execute and deliver this Terms Agreement on behalf of the several Underwriters named above.

IN WITNESS WHEREOF, the parties hereto have executed this Terms Agreement as of the date first above written.

PEPSICO, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

CONFIRMED AND ACCEPTED, as of the date first above written:

[NAME OF REPRESENTATIVE],
as Representative of the several Underwriters

By: [NAME OF REPRESENTATIVE]

By: _____
Name:
Title:

Schedule I

[identify each Issuer Free Writing Prospectus]

FORM OF OPINION OF COMPANY'S NEW YORK COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 5(a)

1. [The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include debt securities] – The Indenture was duly qualified under the Trust Indenture Act of 1939, as amended, and assuming due authorization, execution and delivery thereof by the Company, the Indenture is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability, *provided* that counsel need not express any opinion as to (w) the enforceability of any waiver of rights under any usury or stay law, (x) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above, (y) the validity, legally binding effect or enforceability of any provision of the Indenture or any related provision in the Underwritten Securities that requires or relates to adjustments to the conversion rate at a rate or in an amount that a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or forfeiture or (z) the validity, legally binding effect or enforceability of any provision that permits holders to collect any portion of stated principal amount upon acceleration of the Underwritten Securities to the extent determined to constitute unearned interest.

2. [The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include debt securities] – Assuming the due authorization of the Underwritten Securities by the Company, the Underwritten Securities, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters pursuant to the Terms Agreement, will be valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability, and will be entitled to the benefits of the Indenture pursuant to which such Underwritten Securities are to be issued, *provided* that counsel need not express any opinion as to (w) the enforceability of any waiver of rights under any usury or stay law, (x) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above, (y) the validity, legally binding effect or enforceability of any provision in the Underwritten Securities that requires or relates to adjustments to the conversion rate at a rate or in an amount that a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or forfeiture or (z) the validity, legally binding effect or enforceability of any provision that permits holders to collect any portion of stated principal amount upon acceleration of the Underwritten Securities to the extent determined to constitute unearned interest.

3. No consent, approval, authorization, or order of, or qualification with, any governmental body or agency under the laws of the State of New York or any federal law of the United States of America that in counsel's experience is normally applicable to general business corporations in relation to transactions of the type contemplated by the Indenture (if applicable), the Underwritten Securities and the Terms Agreement (collectively, the "**Documents**") is required for the execution, delivery and performance by the Company of its obligations under the Documents, except such as may be required under federal or state securities or Blue Sky laws as to which counsel need not express an opinion.

4. Any required filing of the Prospectus pursuant to Rule 424(b) under the Securities Act has been made in the manner and within the time period required by Rule 424(b) under the Securities Act; any required filing of the Issuer Free Writing Prospectus pursuant to Rule 433 under the Securities Act has been made in the manner and within the time period required by Rule 433(d) under the Securities Act; and, to counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

5. [The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include debt securities] – Counsel has considered the statements included in the Prospectus under the captions "Description of Debt Securities" and "Description of _____" insofar as they summarize provisions of the Indenture and the Underwritten Securities. In counsel's opinion, such statements fairly summarize these provisions in all material respects.

6. The statements included in the Prospectus under the caption ["Material United States Federal Tax Considerations,"] insofar as they purport to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, fairly and accurately summarize the matters referred to therein in all material respects.

In rendering the opinions above, counsel may assume that each party to the Documents has been duly incorporated and is validly existing and in good standing under the laws of the jurisdiction of its organization. In addition, counsel may assume that the execution, delivery and performance by each party thereto of each Document to which it is a party, (i) are within its corporate powers, (ii) do not contravene, or constitute a default under, the certificate of incorporation or bylaws or other constitutive documents of such party, (iii) other than as expressly covered in paragraph (3) above in respect of the Company, require no action by or in respect of, or filing with, any governmental body, agency or official and (iv) do not contravene, or constitute a default under, any provision of applicable law or regulation or any judgment, injunction, order or decree or any agreement or other instrument binding upon such party, and that

each Document is a valid, binding and enforceable agreement of each party thereto (other than as expressly covered above in respect of the Company).

Counsel need not express an opinion as to any law, rule or regulation that is applicable to the Company, the Documents or such transactions solely because such law, rule or regulation is part of a regulatory regime applicable to any party to any of the Documents or any of its affiliates due to the specific assets or business of such party or such affiliate. Insofar as the foregoing opinion involves matters governed by the laws of the State of North Carolina, counsel may rely, without independent investigation, on the opinion of North Carolina counsel to the Company delivered to the Underwriters pursuant to the Terms Agreement.

FORM OF DISCLOSURE LETTER OF COMPANY'S NEW YORK COUNSEL TO BE DELIVERED PURSUANT TO SECTION 5(a)

We note that many determinations involved in the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus are of a wholly or partially non-legal character or relate to legal matters outside the scope of our opinion separately delivered to you today in respect of certain matters under the laws of the State of New York and the federal laws of the United States of America. As a result, we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Time of Sale Prospectus or the Prospectus, and we have not ourselves checked the accuracy, completeness or fairness of, or otherwise verified, the information furnished in such documents (except to the extent expressly set forth in our opinion letter separately delivered to you today as to statements included in the Prospectus under the captions ["Description of Debt Securities," "Description of _____" and ["Material United States Federal Tax Considerations"]). However, in the course of our acting as counsel to the Company in connection with the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus, we have generally reviewed and discussed with your representatives and your counsel and with certain officers and employees of, and independent public accountants for, the Company the information furnished, whether or not subject to our check and verification. We have also reviewed and relied upon certain corporate records and documents, letters from counsel and accountants and oral and written statements of officers and other representatives of the Company and others as to the existence and consequence of certain factual and other matters.

On the basis of the information gained in the course of the performance of the services rendered above, but without independent check or verification except as stated above:

(i) the Registration Statement and the Prospectus appear on their face to be appropriately responsive in all material respects to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder; and

(ii) nothing has come to our attention that causes us to believe that, insofar as relevant to the offering of the Underwritten Securities:

(a) on the date of the Terms Agreement, the Registration Statement contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading,

(b) at the Time of Sale, the Time of Sale Prospectus contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or

(c) the Prospectus as of the date of the Terms Agreement or as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In providing this letter to you and the other several Underwriters, we have not been called to pass upon, and we express no view regarding, the financial statements or financial schedules or other financial or accounting data included in the Registration Statement, the Time of Sale Prospectus or the Prospectus, or the Statement of Eligibility of the Trustee on Form T-1. In addition, we express no view as to the conveyance of the Time of Sale Prospectus or the information contained therein to investors.

FORM OF OPINION OF COMPANY'S INTERNAL COUNSEL TO BE DELIVERED PURSUANT TO SECTION 5(a)

1. The execution, delivery and performance by the Company of its obligations under the Terms Agreement[, the Indenture] and the Underwritten Securities will not contravene any provision of the Restated Articles of Incorporation or By-Laws of the Company, or of any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries taken as a whole, or, to counsel's knowledge, of any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over the Company or any of its subsidiaries, in each of the foregoing cases except as would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

2. To counsel's knowledge, there is no legal or governmental proceeding pending or threatened to which the Company or any of its significant subsidiaries is a party, or by which any of the properties of the Company or its significant subsidiaries is bound, which would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole; and to counsel's knowledge, there is no agreement or other document that is required to be described in the Registration Statement, the Prospectus or the Time of Sale Prospectus, or that is required to be filed as an exhibit to the Registration Statement, that is not so described or filed.

In rendering such opinion, counsel may rely, as to matters of fact, to the extent counsel deems proper, on certificates of responsible officers of the Company and public officials. Such opinion will be limited to the laws of the State of New York and the federal laws of the United States of America. Insofar as such opinion involves matters governed by the laws of the State of North Carolina, counsel may rely, without independent investigation, on the opinion of North Carolina counsel for the Company.

FORM OF OPINION OF COMPANY'S NORTH CAROLINA COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 5(a)

1. The Company is a corporation in existence under the laws of the State of North Carolina, with corporate power to conduct its business as described in the Time of Sale Prospectus and the Prospectus.

2. The Company has authorized by all necessary corporate action the execution and delivery of the Terms Agreement[, the Indenture] and the Underwritten Securities.

3. The Terms Agreement[, the Indenture] and the Underwritten Securities have been duly executed by the Company.

4. [The following provision shall apply only to a Terms Agreement in which the Underwritten Securities include Common Stock] – The Underwritten Securities, when issued and delivered to and paid for by the Underwriters pursuant to the Terms Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Underwritten Securities is not subject to any statutory preemptive rights.

5. The execution and delivery of and performance by the Company of its obligations under the Terms Agreement[, the Indenture] and the Underwritten Securities do not violate any provision of the articles of incorporation or by-laws of the Company.

6. No consent, approval, authorization, or order of or qualification with any North Carolina governmental body or agency is required to be obtained or made by the Company for the execution, delivery and performance by the Company of the Terms Agreement or the issuance of the Underwritten Securities, except as may be required by the Blue Sky or other securities laws if the Underwritten Securities are offered or sold in North Carolina and except for consents, approvals, authorizations, actions, filings and registrations which, if not obtained or made, are not reasonably likely to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

Exhibit C

FORM OF ASSISTANT SECRETARY'S CERTIFICATE

I, _____, the duly qualified, elected, and acting Assistant Secretary of PepsiCo, Inc., a company organized under the laws of the State of North Carolina (the "**Company**"), hereby certify in the name of and on behalf of the Company, pursuant to Sections 5(c) and 6(d) of the Underwriting Agreement Standard Provisions, dated _____, incorporated into the Terms Agreement, dated _____ (the "**Terms Agreement**"), among the Company and _____, as the representative of the several Underwriters listed in the Terms Agreement, as follows (capitalized terms used herein without definition have the meanings ascribed to them in the Terms Agreement):

1. Attached hereto as Exhibits A-1 and A-2 are true and complete copies of the Restated Articles of Incorporation of the Company, in effect and certified by the Secretary of State of the State of North Carolina as of _____ and, as amended _____, in effect and certified as of _____, respectively. No further amendments or supplements to the Restated Articles of Incorporation have been proposed to or approved by the Board of Directors or shareholders of the Company.

2. Attached hereto as Exhibits B-1 and B-2 are true, correct and complete copies of the By-Laws of the Company, in effect as of _____ and, as amended _____, in effect as of _____ and at all times since _____, respectively.

3. Attached hereto as Exhibits C-1 and C-2 are true, correct and complete copies of certain resolutions duly adopted by the Board of Directors of the Company on October ___, 2011 and _____. Except as expressly set forth in such resolutions, such resolutions have not been amended or modified, are in full force and effect in the form adopted as of the date of this Certificate and are the only resolutions adopted by the Board of Directors of the Company or a duly authorized committee thereof relating to (i) the authorization of the Company's Registration Statement on Form S-3 (Registration No. 333-_____) (the "**Registration Statement**") filed with the Securities and Exchange Commission (the "**Commission**") for the registration of the Underwritten Securities; (ii) the execution and delivery of the Terms Agreement; [(iii) the execution and delivery of the Indenture, dated as of May 21, 2007 (the "**Indenture**"), by and between the Company and The Bank of New York Mellon, as trustee;] [(iv)] the issuance and sale of the Underwritten Securities; and [(v)] all other actions relating to the foregoing.

4. Each person who, as a director or officer of the Company or attorney-in-fact of such director or officer, signed (i) the Registration Statement, (ii) the Terms Agreement, [(iii) the Indenture,] [(iv)] the certificates representing the Underwritten Securities and [(v)] any document delivered prior hereto or on

the date of this Certificate in connection with the execution and filing of the Registration Statement, or the execution and delivery of the Terms Agreement, or the transactions contemplated thereby, or the execution and delivery of the certificates representing the Underwritten Securities, was, at the time or the respective times of such execution and delivery of such documents, and, in the case of the filing of the Registration Statement with the Commission, at the time of such filing, duly elected or appointed, qualified and acting as such director or officer or duly appointed and acting as such attorney-in-fact and the signatures of such persons appearing on such documents are their genuine signatures or, in case of the certificates evidencing the Underwritten Securities, the true facsimile thereof.

5. The minute book records of the Company relating to proceedings of the Board of Directors of the Company made available to _____, counsel for the Underwriters, and Davis Polk & Wardwell LLP, counsel to the Company, are true and correct and constitute all such records in the possession and control of the Company through and including _____.

6. Attached hereto as Exhibit D is a true and correct specimen of the certificates representing the Underwritten Securities.

7. The persons named below are duly qualified, elected, and acting officers of the Company, have been duly elected or appointed to the offices set forth opposite their respective names, have held such offices at all times relevant to the preparation of the Registration Statement, the Terms Agreement[, the Indenture] and the issuance and sale of the Underwritten Securities and hold such offices as of the date hereof. The signatures set forth below opposite the names of such persons are the genuine signatures of such persons.

Name	Office	Signature

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of the _____ day of _____, 20__.

By: _____
Name:
Title:

I, _____, a Vice President of the Company, hereby certify that _____ is the duly qualified, elected, and acting Assistant Secretary of the Company, has been duly elected or appointed to such office, has held such office at all times relevant to the preparation of the Registration Statement, holds such office as of the date hereof, and that the signature set forth above is his genuine signature.

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ day of _____, 20__.

By: _____
Name:
Title:

Exhibit D

FORM OF OFFICER'S CERTIFICATE

I, [Name:]_____, [title:]_____ of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "**Company**"), hereby certify in the name of and on behalf of the Company, pursuant to Sections 5(d) and 6(d) of the Underwriting Agreement Standard Provisions, dated _____, incorporated into the Terms Agreement, dated _____ (the "**Terms Agreement**"), among the Company and _____, as the representative of the several Underwriters listed in the Terms Agreement, as follows (capitalized terms used herein without definition have the meanings ascribed to them in the Terms Agreement):

1. I have examined the Company's Registration Statement on Form S-3, File No. 333-_____, (the "**Registration Statement**"), as filed by the Company with the Securities and Exchange Commission (the "**Commission**") on October ___, 2011, the Prospectus and the Time of Sale Prospectus, in each case including all of the documents filed as exhibits thereto;

2. To my knowledge, no proceedings for the merger, consolidation, liquidation, or dissolution of the Company or the sale of all or substantially all of its assets are pending or contemplated; and

3. To my knowledge, (A) the Registration Statement as supplemented by the Time of Sale Prospectus (i) contains no untrue statement of a material fact regarding the Company or any of its consolidated subsidiaries and (ii) does not omit to state any material fact necessary to make any such statement, in the light of the circumstances under which it was made, not misleading; and (B) no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act.

IN WITNESS WHEREOF, the undersigned has hereunto signed his name this ___ day of _____, 20__.

By: _____
Name:
Title:

Exhibit 1.2

PEPSICO, INC.

Debt Securities, Warrants and Units

U.S. DISTRIBUTION AGREEMENT

TABLE OF CONTENTS

THIS DISTRIBUTION AGREEMENT, dated as of _____, among PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "**Company**"), and the banks set forth in Schedule I hereto (individually, the "**Bank**" and collectively, the "**Banks**").

W I T N E S S E T H:

WHEREAS, the Company has filed with the Securities and Exchange Commission (the "**Commission**") a registration statement on Form S-3, File No. 333-_____ (the "**Registration Statement**"), including a prospectus (the "**Prospectus**"), relating to the Company's securities, including the Company's Debt Securities, Warrants and Units (as such terms are defined in the Prospectus); and

WHEREAS, each Bank has agreed to participate in the offer and sale of Debt Securities, Warrants and Units (sometimes referred to collectively as the "**Securities**") to investors on the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. *Definitions.* Capitalized terms used in this Agreement and not otherwise defined herein have the meanings ascribed to such terms by the Prospectus; *provided, however*, that in the event of a conflict between the Prospectus and any applicable Supplement regarding the definition of any capitalized term used herein, the definition set forth in the applicable Supplement will govern; and *provided, further*, that the terms "**Registration Statement**", "**Prospectus**", "**Pricing Supplement**", "**Prospectus Supplement**", and "**Time of Sale Prospectus**" as used herein, (a) include, in each case, the documents (if any) incorporated by reference therein, and (b) refer, in each case, to such document as supplemented or otherwise amended from time to time.

For purposes of this Agreement and each Terms Agreement (as defined below), "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, "**Time of Sale Prospectus**" means the prospectus, the final preliminary prospectus together with the free writing prospectuses, if any, each identified in Annex A to the applicable Terms Agreement.

Section 2. *Appointment of Banks as Agents.* From the date hereof and until the expiration or earlier termination of this Agreement, each Bank will be an agent of the Company with respect to the distribution and sale of the Securities, and will use reasonable efforts, consistent with standard industry practice, to solicit offers for the purchase of the Securities upon the terms and conditions set forth in the Prospectus and, with respect to Securities of a given series, in the applicable preliminary and final Pricing Supplement or Prospectus Supplement (each such supplement a "**Supplement**" or an "**applicable Supplement**"), *provided, however,* that no Bank will be required to solicit offers to purchase

Securities issued pursuant to a Supplement that does not name such Bank as an agent. All sales of Securities resulting from a solicitation made or an offer to purchase received by any Bank in its capacity as agent during the term of this Agreement will be subject to the provisions of this Section 2 and to all other provisions of this Agreement not specifically limited to sales of Securities made to such Bank as underwriter and/or as purchaser for its own account.

(a) *Non-Exclusive Agency.* Each Bank acknowledges and agrees that its agency hereunder is non-exclusive and that its obligations as agent hereunder will continue notwithstanding the offer or sale of Securities by the Company directly to investors (including such Bank as purchaser for its own account), to underwriters (including such Bank as underwriter, as contemplated by Section 3 below), and/or through other agents, as the Company may, in its sole discretion, elect. The obligations of each Bank in its capacity as agent hereunder, and the obligations of each other person that has been authorized by the Company to act as its agent in soliciting offers to purchase Securities, shall be several and not joint.

(b) *Solicitation of Offers as Agent; Rights of Acceptance and Rejection of Offers.* Each Bank may reject, and will not be required to communicate to the Company, any offer to purchase Securities that it reasonably deems unacceptable. The Company will have the sole right to accept any offer to purchase Securities and may reject any such offer in whole or in part. The Company will in no event approve any solicitation of offers or accept any offers to purchase Securities the aggregate public offering price of which, with respect to Securities of a given series, would exceed the maximum aggregate public offering price stated in the applicable Supplement.

(c) *Commissions.* As consideration for the sale of Securities of a given series that occurs as a result of a solicitation made or an offer to purchase received by any Bank in its capacity as agent, the Company will pay such Bank the commission identified in the applicable Supplement, which commission will be expressed as a percentage of the aggregate public offering price of such Securities. Payment of the commission will be made on the Settlement Date (as defined in Section 10(c) hereof), in U.S. dollars or such other currency as the Company and such Bank may agree in writing, by discount from the proceeds of the sale of such Securities or by such other means as may be agreed to in writing by the Company and such Bank and set forth in the applicable Terms Agreement (hereinafter defined). Any provision of this Agreement to the contrary notwithstanding, no Bank will be entitled to payment of any commission with respect to the sale of a given Security unless (i) the sale of such Security shall have occurred as a result of a solicitation made or an offer to purchase received by such Bank in its capacity as agent hereunder, on the terms and conditions set forth herein and in the applicable Terms Agreement, (ii) such Bank shall have been named as an agent in the applicable Supplement, and (iii) such Security shall have

been sold by the Company directly to a third-party investor without such Bank acquiring legal title thereto.

(d) *Termination or Suspension of Solicitations by Banks as Agents.* The Company may at any time require the Banks to terminate or temporarily suspend the solicitation of offers to purchase Securities. Upon receipt of written notice from the Company to the Banks directing the Banks (or any of them) to terminate or suspend solicitations of offers to purchase Securities, until (in the case of a temporary suspension) such time as may be indicated in such notice or in any subsequent notice from the Company to the Banks, the Banks will forthwith terminate or suspend such solicitations (as the case may be). The provisions of this paragraph notwithstanding, the termination or suspension by the Company of any Bank's solicitation of offers to purchase Securities will not (except under the circumstances contemplated in Section 5 or Section 8(b) hereof) relieve or otherwise affect any Bank's obligation to purchase any Securities such Bank shall have agreed to purchase in its capacity as underwriter, or the Company's obligation to sell any Securities it shall have agreed to sell to a third-party investor through such Bank in its capacity as agent, in either case as set forth in an applicable Terms Agreement that shall have been executed and delivered by both the Company and such Bank.

(e) *Scope of Agency.* In soliciting offers to purchase Securities, the Banks will be acting solely as agents for the Company. Each Bank will use its best efforts consistent with standard industry practice to assist the Company in obtaining performance by each purchaser whose offer to purchase Securities has been solicited by such Bank and accepted by the Company, but no Bank will have any liability to the Company in the event that any such purchase is not consummated for any reason. If the Company shall default in its obligations to deliver Securities to a purchaser whose offer it has accepted, the Company will hold each Bank harmless against any loss, claim, damage, or liability arising from or as a result of such default and will pay to such Bank the commission such Bank would have received had such sale been consummated.

Section 3. *Purchase and Sale of Securities by a Bank as Underwriter.* The Company and any Bank may agree upon one or more sales of Securities to such Bank as underwriter, for resale to investors on the terms set forth in the Prospectus and in any applicable Supplement. All sales of Securities made to a Bank in its capacity as underwriter during the term of this Agreement will be subject to the provisions of this Section 3 and to all other provisions of this Agreement not specifically limited to sales of Securities through such Bank as agent and/or to such Bank as purchaser for its own account.

(a) *The Banks' Obligation to Purchase Securities; Multiple Underwriters.* In the event that a Bank is the sole underwriter with respect to a particular series of Securities, such Bank will be obligated to purchase all of the

Securities of such series. In the event that such Bank is one of two or more underwriters with respect to a particular series of Securities, the applicable Terms Agreement will specify the aggregate public offering price of the Securities that such Bank and such other underwriter or underwriters will be obligated to purchase, such obligations to be several and not joint.

(b) *Discounts.* All Securities of any series to be sold to a Bank in its capacity as underwriter will be sold at a discount from the price at which such Securities are to be sold to the public. Such discount will be identified in the applicable Terms Agreement, expressed as a percentage of the aggregate public offering price of such Securities. Any provision of this Agreement to the contrary notwithstanding, such Bank will not be entitled to any discount with respect to the purchase of a given Security unless (i) such Bank shall have purchased such Security with a view, at the time of such purchase, to the immediate resale thereof to a third-party investor, unless the Company shall have otherwise agreed in the applicable Terms Agreement, and (ii) such Bank shall have been named as an underwriter in the applicable Supplement. It is expressly acknowledged and agreed that a Bank may, in its capacity as underwriter with respect to any given series of Securities, sell such Securities to one or more dealers that are not parties to this Agreement or the applicable Terms Agreement, and may allow to such dealers a discount from the public offering price of such Securities, provided that the aggregate of all such discounts allowed by such Bank to such dealers with respect to such Securities will not exceed the discount received by such Bank from the Company with respect to such Securities.

Section 4. *Terms Agreement; Administrative Procedures.* No agreement for the purchase of Securities by any Bank in its capacity as underwriter or through any Bank in its capacity as agent will be deemed to exist until the terms of such agreement shall have been put in writing, substantially in the form of the attached Schedule II, and such writing shall have been signed by both the Company and such Bank (any such signed writing a "**Terms Agreement**"). In the event of a conflict between any provision of a Terms Agreement with respect to Securities of a given series and any term of the applicable Supplement, the terms of the applicable Supplement will govern.

Each of the Company and the Banks agrees that it will perform its respective administrative obligations with respect to the offer and sale of Securities as set forth in the Administrative Procedures attached to this Agreement as Schedule III. Each Terms Agreement will incorporate all applicable terms and provisions of this Agreement and the Administrative Procedures as fully as though such terms and provisions were expressly stated therein.

Section 5. *Certain Conditions Precedent to Banks' Obligations.* The obligation of each Bank to solicit offers to purchase Securities in its capacity as agent, and its obligation to purchase any Securities in its capacity as underwriter,

will in all cases be subject to the accuracy of the representations and warranties of the Company set forth in Section 6 hereof or in the applicable Terms Agreement (as the case may be), to receipt of the opinions and certificates to be delivered to such Bank pursuant to the terms of Section 5 and 8 hereof or the provisions of the applicable Terms Agreement (as the case may be), to the accuracy of the statements of the Company's officers made in each certificate to be furnished as provided herein or in the applicable Terms Agreement (as the case may be), to the performance and observance by the Company of all covenants and agreements contained herein or in the applicable Terms Agreement (as the case may be) on its part to be performed and observed, in each case at the time of solicitation by such Bank of offers to purchase Securities, at the time the Company accepts any offer to purchase Securities through such Bank in its capacity as agent or by such Bank in its capacity as underwriter, as the case may be, and at the time of purchase, and (in each case) to the following additional conditions precedent, when and as specified:

(a) As of the Settlement Date for any Securities to be purchased through a Bank in its capacity as agent or by a Bank in its capacity as underwriter (for purposes of this paragraph (a), the "**Applicable Settlement Date**"), and with respect to the period from the date of the applicable Terms Agreement to and including the Applicable Settlement Date:

(i) there shall not have occurred (A) any material adverse change (or development involving a prospective material adverse change) in the business, properties, earnings, or financial condition of the Company and its subsidiaries on a consolidated basis or (B) any suspension or material limitation of trading in the Company's capital stock by the Commission or the New York Stock Exchange (the "**NYSE**") (the events described in the foregoing clauses A and B, the "**Company-Specific Events**"), the effect of any of which Company-Specific Events shall have made it impracticable, in the reasonable judgment of such Bank, to market such securities, such judgment to be based on relevant market conditions;

(ii) there shall not have occurred (A) any suspension or material limitation of trading in securities generally on the NYSE, (B) a declaration of a general moratorium on commercial banking activities in New York by either Federal or New York State authorities, or (C) any outbreak or material escalation of hostilities or other national or international calamity or crisis (the events described in the foregoing clauses A through C the "**Market Events**"), the effect of any of which Market Events shall have made it impracticable, in the reasonable judgment of such Bank, to market such Securities, such judgment to be based on relevant market conditions, including, without limitation, the

impact of such Market Event on securities having substantially similar characteristics; and

(iii) there shall not have been issued any stop order suspending the effectiveness of the Registration Statement nor shall any proceedings for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Securities have been instituted or threatened.

(b) Each relevant Bank will receive, upon execution and delivery of any applicable Terms Agreement and on each Settlement Date, a letter from KPMG LLP ("**KPMG**"), or such other independent certified public accountants as may be selected by the Company (KPMG or such other independent certified public accountants each, successively, the "**Company's Auditors**"), dated such date containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to financial statements and certain financial information contained in the Registration Statement, the Prospectus and the applicable Supplement (each such letter, an "**Auditors' Letter**").

(c) On each Settlement Date, the relevant Bank shall have received the following documents and such appropriate further information, certificates, and documents as the Company and such Bank shall have agreed, as reflected in the applicable Terms Agreement:

(i) the opinions of counsels to the Company, selected by the Company and reasonably agreed to by such Bank (the "**Company's Counsel**"), dated as of such Settlement Date, substantially in the forms of Exhibits A-1, A-2, A-3 and A-4 hereto,

(ii) the opinion of counsel to the Banks, selected by the Banks and reasonably agreed to by the Company (the "**Banks' Counsel**"), dated as of such Settlement Date, substantially in the form of Exhibit B hereto,

(iii) a certificate of the Assistant Secretary of the Company, dated as of such Settlement Date, substantially in the form of Exhibit C hereto, and

(iv) a certificate of the Chief Financial Officer or Treasurer of the Company, dated as of such Settlement Date, substantially in the form of Exhibit D hereto.

Section 6. *Representations and Warranties of the Company.* The Company represents and warrants to each Bank that, as of each date on which the Company and such Bank execute and deliver a Terms Agreement and as of each date the

Company issues and sells Securities through such Bank in its capacity as agent or to such Bank in its capacity as underwriter:

(a) (i) The Registration Statement constitutes an "automatic shelf registration statement" (as defined in Rule 405 of the Securities Act) filed within three years of the date of the applicable Terms Agreement, (ii) the Company is a "well known seasoned issuer" (as defined in Rule 405 of the Securities Act), (iii) the Registration Statement has become effective and no stop order suspending the effectiveness of the Registration Statement is in effect nor, to the Company's knowledge, are any proceedings for such purpose pending before or threatened by the Commission, (iv) as of the effective date of the Registration Statement (the "**Effective Date**"), the Company met the applicable requirements for use of Form S-3 under the Securities Act with respect to the registration under the Securities Act of the Securities, and (v) as of the Effective Date, the Registration Statement met the requirements set forth in Rule 415(a)(1)(x) under the Securities Act and complied in all material respects with said Rule.

(b) (i) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated or to be incorporated by reference in the Prospectus or Time of Sale Prospectus complies or will comply, in all material respects, with the applicable provisions of the Exchange Act and the rules and regulations of the Commission thereunder, (ii) the Registration Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply, in all material respects, with the Securities Act and the rules and regulations of the Commission thereunder, (iv) the Prospectus does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (v) the Time of Sale Prospectus does not, and at the time of each sale of the Securities in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date, the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that the Company makes no representations and warranties as to information contained in or omitted from the Registration Statement, the Prospectus or the Time of Sale Prospectus in reliance upon and in conformity with information furnished in writing to the Company by the underwriters expressly for use in the Registration Statement, the Prospectus or the Time of Sale Prospectus or any amendment or supplement thereto or the Statement of Eligibility and Qualification of the Trustee (the "**Form T-1**") under the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**").

(c) The Company is not an "ineligible issuer" in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

(d) The Company has been duly incorporated and is validly existing under the laws of the State of North Carolina, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and the Time of Sale Prospectus, and is duly qualified to transact business as a foreign corporation in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified would not have a material adverse effect on the Company and its subsidiaries taken as a whole.

(e) The Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed, and delivered by the Company and (assuming due authorization, valid execution, and delivery thereof by the Trustee) is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(f) This Agreement has been duly authorized, executed, and delivered by the Company and (assuming due authorization, valid execution, and delivery by each Bank) is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforceability of any term or provision hereof (including, without limitation, the Company's indemnity obligations under Section 11 hereof) may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by rights of acceleration, by any other federal or state law, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(g) The form of Terms Agreement filed by the Company as exhibits to the Registration Statement, and the form of any Warrant Agreement or Unit Agreement to be filed by the Company as an exhibit to the Registration Statement, have been or will be duly authorized by the Company and, assuming valid execution and delivery by the Company and due authorization, valid execution, and delivery by each of the other parties thereto, each such agreement will be a valid and binding agreement of the Company, enforceable against the

Company in accordance with its respective terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(h) The Securities have been duly authorized and, when issued, executed, and authenticated in accordance with the provisions of the Indenture, or when countersigned by the Warrant Agent or Unit Agent in accordance with the provisions of the applicable Warrant Agreement or Unit Agreement, as the case may be, and delivered to and duly paid for in accordance with the applicable provisions of the Prospectus and the Time of Sale Prospectus and any applicable Supplement, and Section 10(c) hereof, will be entitled to the benefits of the Indenture, or the applicable Warrant Agreement or Unit Agreement, as the case may be, and will be valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, if applicable, or by general principles of equity.

(i) The execution and delivery of and performance by the Company of its obligations under this Agreement, the Securities, the Indenture, any Warrant Agreement, any Unit Agreement and any Terms Agreement, as the case may be, will not contravene any provision of any applicable law or of the Restated Articles of Incorporation or By-Laws of the Company, or of any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries taken as a whole, or of any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over the Company or any of its subsidiaries, in each of the foregoing cases except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, and no consent, approval, authorization, or order of or qualification with any governmental body or agency is, to the Company's knowledge, required for the performance by the Company of its obligations under this Agreement, the Securities, the Indenture, or any Warrant Agreement or any Unit Agreement or Terms Agreement, except such as may be required by Blue Sky laws or other securities laws of the various states in which the Securities are offered and sold and except to the extent where the failure to obtain such consent, approval, authorization, order or qualification would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole.

(j) There has not been any material adverse change (or development involving a prospective material adverse change) in the business, properties, earnings, or financial condition of the Company and its subsidiaries on a

consolidated basis from that set forth in the Company's last periodic report filed with the Commission under the Exchange Act and the rules and regulations promulgated thereunder.

(k) There are no legal or governmental proceedings pending or, to the Company's knowledge, threatened, to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject that is required to be described in the Registration Statement, the Prospectus or the Time of Sale Prospectus and is not so described, or any applicable statute, regulation, contract, or other document that is required to be described in the Registration Statement, the Prospectus or the Time of Sale Prospectus that is not so described.

Section 7. *Authority, Compliance with Laws.* As of each date on which the Company and any Bank execute and deliver a Terms Agreement and as of each date the Company issues and sells Securities through any Bank in its capacity as agent or to any Bank in its capacity as underwriter, the following statements are and shall be true:

(a) Each of this Agreement and any Terms Agreement has been duly authorized, executed, and delivered by such Bank and (assuming due authorization, valid execution, and delivery thereof by the Company) is a valid and binding agreement of such Bank, enforceable against such Bank in accordance with its respective terms, except as the enforceability of any such terms or provisions (including, without limitation, such Bank's agency obligations under Section 2 hereof and such Bank's indemnification obligations under Section 11 hereof) may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(b) Neither the execution and delivery of this Agreement or any Terms Agreement by such Bank nor the performance by such Bank of its obligations hereunder or thereunder is precluded by any provision of any applicable federal or state law (including, without limitation, the Blue Sky laws of any jurisdiction, to the extent that such laws apply to such Bank), or of any term or provision of the Charter or By-Laws of such Bank, any agreement or other instrument binding upon such Bank, or any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over such Bank, and all consents, approvals, authorizations, and orders of and qualifications with all governmental bodies and agencies that are, to such Bank's knowledge, required for the performance by such Bank of its obligations under this Agreement or any Terms Agreement have been obtained, except such as may be required by Blue Sky laws or other securities laws of the various states in which the Securities are offered and sold.

(c) Each Bank has delivered and will deliver a copy of the Prospectus and the Time of Sale Prospectus (as the same may be amended as of the date of such delivery, together with all applicable Supplements), to each person who has agreed to purchase Securities as to which such Bank is named as an agent or underwriter, in each case in accordance with all applicable federal and state laws. Such Bank has not made and will not make any representation, warranty, or other statement to any third party in connection with the solicitation, offer, sale, or distribution of any of the Securities that is or, at the time it is made, will be in violation of any applicable federal or state law.

Section 8. *Agreements.* The Company and each Bank agree as follows:

(a) Prior to the filing by the Company of any amendment to any Prospectus or of any Supplement that shall name such Bank as agent or underwriter, the Company will afford such Bank or such Bank's Counsel a reasonable opportunity to review and comment on the same, *provided, however*, that the foregoing requirement will not apply to any of the Company's filings with the Commission required to be filed pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act. Subject to the foregoing sentence, the Company will promptly cause each applicable Supplement to be filed with or transmitted for filing with the Commission in accordance with Rule 424(b) or 424(c) under the Securities Act or pursuant to such other rule or regulation of the Commission as then deemed appropriate by the Company. The Company will promptly advise the Banks of (i) any request by the Commission for any amendment to the Registration Statement, for any amendment or supplement to the Prospectus, or for any information from the Company, (ii) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose, and (iii) the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use reasonable efforts to prevent the issuance of any such stop order or notice of suspension of qualification and, if issued, to obtain as soon as reasonably possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to any series of Securities is required to be delivered under the Securities Act, any event occurs or condition exists as a result of which the Prospectus or the Time of Sale Prospectus would include an untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Prospectus in order to comply with the Securities Act, the Exchange Act, the respective rules and regulations of the Commission thereunder, or any other applicable law, the Company will promptly notify each Bank, by telephone or by facsimile (in either case with written confirmation from the

Company by mail), to cease use and distribution of the Prospectus or the Time of Sale Prospectus (and all then existing supplements thereto) and to suspend all efforts to solicit offers to purchase Securities in its capacity as agent or to suspend all efforts to resell the Securities in its capacity as underwriter or dealer, as the case may be, and each Bank will promptly comply with the terms of such notice. If the Company thereafter decides to amend or supplement the Registration Statement or the Time of Sale Prospectus or the Prospectus to correct such statement or omission or to effect such compliance, it will promptly advise each Bank of such decision, either by telephone or by facsimile (in either case with written confirmation from the Company by mail) and, at the Company's expense, will promptly prepare and cause to be filed with the Commission an appropriate amendment or supplement to the Registration Statement or the Time of Sale Prospectus or the Prospectus, as the case may be, and will supply each Bank with one signed copy of any such amended Registration Statement and as many copies of any such amended or supplemented Prospectus as such Bank may reasonably request. If such amendment or supplement is satisfactory in the reasonable judgment of the Banks to correct such statement or omission or to effect such compliance, then upon the effective date of such amendment to the Registration Statement or the filing with the Commission of such amendment or supplement to the Prospectus or the Time of Sale Prospectus, as the case may be, the Banks may resume solicitation of offers to purchase such Securities or the resale of such Securities as the case may be, in accordance with the terms hereof. Any other provision of this Agreement to the contrary notwithstanding, if any event or condition contemplated in the first sentence of this paragraph (b) shall occur before the Settlement Date for any sale of Securities to be made through any Bank in its capacity as agent, or before such Bank has completed distribution of any Securities it may have purchased in its capacity as underwriter, the Company will forthwith prepare and cause to be filed with the Commission an amendment or supplement to the Registration Statement or the Prospectus or the Time of Sale Prospectus, as the case may be, satisfactory in the reasonable judgment of such Bank to correct such statement or omission or to effect such compliance, and the Company will supply such Bank with one signed copy of such amended Registration Statement and as many copies of such amended or supplemented Prospectus or the Time of Sale Prospectus as such Bank may reasonably request, *provided*, *however*, that the expense of preparing, filing, and supplying copies to such Bank of any such amendment or supplement will be borne by the Company only for the nine-month period immediately following the purchase of such Securities by such Bank and thereafter will be borne by such Bank.

(c) The Company will furnish to each Bank, without charge, as many copies of the Prospectus and the Time of Sale Prospectus, any documents incorporated by reference therein, and any supplements and amendments thereto as such Bank may reasonably request.

(d) The Company will, with such assistance from the Banks as the Company may reasonably request, endeavor to qualify the Securities for offer and sale under the Blue Sky laws or other securities laws of such jurisdictions as the Banks shall reasonably request and will maintain such qualifications for as long as required with respect to the offer, sale, and distribution of the Securities.

(e) From the date of any Terms Agreement providing for the purchase of Securities by any Bank in its capacity as an underwriter hereunder to and including the corresponding Settlement Date, the Company will not, without such Bank's prior consent (which consent may not be unreasonably withheld), offer, sell, or contract to sell to, or announce any offering of any Securities to be distributed by, any underwriter other than such Bank pursuant to any underwriting agreement or other similar agreement (including a distribution agreement) between the Company and one or more third parties. It is expressly understood and agreed that the foregoing will not prohibit or restrict any sale of Securities outside the United States or any sale of Securities by the Company directly to one or more investors, through such Bank as agent hereunder, or through any other agent of the Company.

(f) As of each date on which the Company and the Banks execute and deliver a Terms Agreement and as of each date the Company issues and sells Securities through the Banks in their capacity as agents or to the Banks in their capacity as underwriters, each Bank has disclosed and will disclose to the Company the purchase of any Security made by such Bank as principal, for its own account, and not with a view to the immediate sale or resale of such Security to a bona fide third-party investor.

(g) Such Bank has not used and will not use, has not authorized the use of and will not authorize the use of, has not referred to and will not refer to, and has not participated and will not participate in the planning for use of any "free writing prospectus," as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) (each such communication by the Company or its agents or representatives, an "**Issuer Free Writing Prospectus**") other than (i) a free writing prospectus that contains no "issuer information" (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the preliminary prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Annex A to the applicable Terms Agreement or (iii) any free writing prospectus prepared by such Bank and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an "**Underwriter Free Writing Prospectus**").

(h) Such Bank has not distributed and will not distribute any Underwriter Free Writing Prospectus in a manner reasonably designed to lead to its broad unrestricted distribution.

(i) Such Bank has not used and will not use, without the prior written consent of the Company, any free writing prospectus that contains the final terms of the Securities unless such terms have previously been included in a free writing prospectus filed with the Commission.

(j) Such Bank represents and warrants that it is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the prospectus delivery period).

Section 9. *Fees and Expenses.* The Company will pay all costs, fees, and expenses arising in connection with the sale of any Securities through the Banks in their capacity as agents or to the Banks in their capacity as underwriters and in connection with the performance by the Banks of their related obligations hereunder and under any Terms Agreement, including the following: (a) expenses incident to the preparation and filing of the Registration Statement, any preliminary prospectus, the Prospectus, any free writing prospectus and the Time of Sale Prospectus and all amendments and supplements thereto, (b) expenses incident to the issuance and delivery of such Securities, (c) the fees and disbursements of the Company's Counsel, the Tax Counsel, the Company's Auditors and the Trustee, (d) expenses incident to the qualification of such Securities under Blue Sky laws and other applicable state securities laws in accordance with the provisions of Section 8(d) hereof, including related filing fees and the reasonable fees and disbursements of the Banks' Counsel in connection therewith and in connection with the preparation of any survey of Blue Sky laws (a "**Blue Sky Survey**"), (e) expenses incident to the printing and delivery to the Banks, in the quantities hereinabove stated, of copies of the Registration Statement and all amendments thereto, of the Prospectus and all amendments and supplements thereto, and of the Time of Sale Prospectus and all amendments and supplements thereto, (f) expenses incident to the printing and delivery to the Banks, in such quantities as each Bank shall reasonably request, of copies of the Indenture, any Warrant Agreement, any Unit Agreement and any Blue Sky Survey, (g) any fees charged by rating agencies for the rating of such Securities, (h) the fees and expenses, if any, incurred with respect to any applicable filing with the Financial Industry Regulatory Authority, and (i) the reasonable fees and disbursements of the Banks' Counsel incurred in connection with the offering and sale of such Securities, including reasonable fees for the issuance of any opinion to be delivered by the Banks' Counsel hereunder; *provided*, *however*, that each Bank will pay all costs, fees, and expenses incurred by such Bank in connection with the purchase of Securities by such Bank for its own account or with respect to the resale of Securities purchased by such Bank in its capacity as underwriter

hereunder, including all transfer taxes, advertising expenses, and fees and expenses of the Banks' Counsel incident to the resale of any such Securities.

Section 10. *Inspection; Place of Delivery; Payment.*

(a) *Inspection*. The Company agrees to have available for inspection, checking, and packaging by the Banks or their appointed agent, at the office of the Trustee in The City of New York, the Securities to be sold through or to the Banks as agents or underwriters hereunder, not later than 1:00 p.m. on the New York Business Day prior to the applicable Settlement Date. As used in this Agreement, "**New York Business Day**" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

(b) *Place of Delivery of Documents, Certificates and Opinions*. The documents, certificates and opinions required to be delivered to the Banks pursuant to Section 5 of this Agreement will be delivered at the offices of the Banks' Counsel, or at such other location as may be agreed upon by the Company and the Banks, not later than 12:00 p.m., New York time, in each case on the date or dates indicated in the applicable Section, or at such other time as the Banks and the Company may agree upon in writing.

(c) *Payment*. Delivery of Securities sold by or through the Banks as underwriters or agents will be made to the Banks on the date that the Company receives payment in full of the aggregate purchase price therefor, discounted as provided in the applicable Supplement with respect to Securities purchased by the Banks as underwriters or (unless otherwise set forth in the applicable Terms Agreement) discounted as provided in paragraph 2(c) hereof regarding payment of the commission set forth in the applicable Supplement with respect to Securities sold through the Banks as agents (each such date a "**Settlement Date**"), in the currency specified in such Securities and in the applicable Supplement, by wire transfer of immediately available funds to an account designated in writing by the Company or by such other means as may be agreed upon by the Company and the Banks and set forth in the applicable Terms Agreement.

Section 11. *Indemnification and Contribution.*

(a) The Company agrees to indemnify and hold each Bank and each person, if any, who controls such Bank within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, harmless from and against any and all losses, claims, damages, or liabilities to which any Bank may become subject under the Securities Act, the Exchange Act, or any other federal or state law or regulation, at common law or otherwise, insofar as such losses, claims, damages, or liabilities (and actions in respect thereof) arise out of, are based upon, or are caused by any untrue statement or allegedly untrue statement of a material

fact contained in the Registration Statement, any preliminary prospectus, the Prospectus, or the Time of Sale Prospectus or in any amendment or supplement thereto, or arise out of, are based upon or are caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company agrees to reimburse each such indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; *provided, however,* that the Company will not be liable to the extent that such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of, are based upon, or are caused by any such untrue statement or omission or allegedly untrue statement or omission included in or omitted from the Registration Statement, the Prospectus or the Time of Sale Prospectus in reliance upon and in conformity with information furnished to the Company by the Banks in writing expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or the Time of Sale Prospectus or any amendment or supplement thereto, *provided, further,* that any amount payable by the Company to any Bank pursuant to the provisions of this paragraph shall be offset by the amount of any losses, claims, damages, and liabilities sustained or incurred by the Company arising out of or in connection with a violation by the Banks of the provisions of paragraph (b) of Section 7 hereof (except to the extent that such violation occurs as a direct result of a violation by the Company of its obligations under paragraphs (b) or (c) of Section 8 hereof), as such amounts are finally determined by a court of competent jurisdiction, and *provided* that the foregoing indemnity with respect to any preliminary prospectus, the Prospectus or the Time of Sale Prospectus will not inure to the benefit of any Bank, or any underwriter or agent from whom the person asserting any losses, claims, damages or liabilities otherwise covered by this paragraph purchased Securities, or to the benefit of any person controlling such underwriter or agent, if a copy of the preliminary prospectus, the Prospectus or the Time of Sale Prospectus (as then amended and supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such underwriter or agent to such person if required so to have been delivered, at or prior to the entry into the contract of sale of Securities with such person, and if the preliminary prospectus, the Prospectus or the Time of Sale Prospectus (as so amended or supplemented) would have cured the defect giving rise to such loss, claim, damage or liability.

(b) The Banks agree to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to the Banks, but only with respect to such losses, claims, damages, and liabilities (and actions in respect thereof) that arise out of, are based upon, or are caused by any untrue statement or omission or allegedly untrue statement or omission included in or omitted from the

Registration Statement, the Prospectus or the Time of Sale Prospectus in reliance upon and in conformity with information furnished to the Company by the Banks in writing expressly for use in the Registration Statement, the Prospectus or the Time of Sale Prospectus, in each case as amended or supplemented.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraphs (a) or (b) of this Section 11, such person (the "**indemnified party**") will promptly notify the person against whom such indemnity may be sought (the "**indemnifying party**") in writing and the indemnifying party, upon request of the indemnified party, will retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and will pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party will have the right to retain its own counsel, but the fees and expenses of such counsel will be borne by the indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party will not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such reasonable fees and expenses will be reimbursed as they are incurred. Such firm will be designated in writing by the Banks (in the case of parties indemnified pursuant to the second preceding paragraph) or by the Company (in the case of parties indemnified pursuant to the first preceding paragraph), as the case may be. The indemnifying party will not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, or if there shall be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party will, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding. Any provision of this paragraph (c) to the contrary notwithstanding, no failure by an indemnified party to notify the indemnifying party as required hereunder will relieve the indemnifying party from any liability it may have had to an indemnified party otherwise than under this Section 11.

(d) If the indemnification provided for in paragraph (a) or (b) of this Section 11 is unavailable to an indemnified party or is insufficient in respect of any losses, claims, damages, or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying the indemnified party thereunder, will contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Banks, on the other, from the offering of Securities as to which the Banks were named agents or underwriters, or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Banks, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages, or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Banks, on the other, in connection with the offering of Securities as to which the Banks were named agents or underwriters will be deemed to be in the same proportion as the total net proceeds received by the Company from the offering of such Securities bears to the total discounts and commissions received by the Banks from the Company in respect thereof. The relative fault of the Company, on the one hand, and of the Banks, on the other, will be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied or to be supplied by the Company or by the Banks and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The Company and the Banks agree that it would not be just or equitable if contribution pursuant to paragraph (d) above were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to therein. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, and liabilities referred to in paragraph (d) above will be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Any other provisions of this Section 11 to the contrary notwithstanding, (i) the Banks will not be required to contribute to the Company any amount in excess of the amount by which the aggregate public offering price of all Securities as to which the Banks were named agents or underwriters exceeds the amount of losses, claims, damages, and liabilities sustained or incurred by any Bank arising out of, based upon, or caused by any untrue statement or omission or allegedly untrue statement or omission included in or omitted from the Registration Statement, the Prospectus or the Time of Sale Prospectus (other than in reliance upon and in conformity with information furnished to the Company by the Banks in writing expressly for use in the

Registration Statement, the Prospectus or the Time of Sale Prospectus or any amendment or supplement thereto), (ii) any amount payable by the Company or any Bank, as the case may be (the "**Contributing Party**"), pursuant to the provisions of this paragraph or paragraph (d) of this Section 11 shall be offset by the amount of any losses, claims, damages, and liabilities sustained or incurred by the other party arising out of or in connection with a violation (x) by any Bank of the provisions of paragraph (c) of Section 7 hereof (if the Company is the Contributing Party) or (y) by the Company of its obligations under paragraphs (b) or (c) of Section 8 hereof (if such Bank is the Contributing Party), in each case as such amounts are finally determined by a court of competent jurisdiction, and (iii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The remedies provided for in this Section 11 are not exclusive and will not limit any rights or remedies that may otherwise be available to any indemnified party at law or in equity.

Section 12. *Termination.* This Agreement will automatically terminate upon the expiration of the offering to which the Prospectus relates and may be earlier terminated by the Company or the Banks upon the giving of written notice of such termination to the other party hereto in accordance with the provisions of Section 14 hereof, *provided, however*, that if the Company and the Banks shall have executed a Terms Agreement for the purchase of Securities by the Banks in their capacity as underwriters, this Agreement may not be terminated by the Banks prior to delivery of and payment for such Securities except upon the failure of any of the conditions precedent described in Section 5(a) hereof, and *provided, further*, that if the Company and the Banks shall have executed a Terms Agreement for the purchase of Securities through the Banks as agent, this Agreement may not be terminated by the Banks prior to delivery of and payment for such Securities unless and until the Banks shall have exercised best efforts consistent with standard industry practice to assist the Company in obtaining performance by each purchaser whose offer to purchase such Securities is reflected in such Terms Agreement.

Section 13. *Representations and Indemnities to Survive.* The respective agreements of the Company and each Bank set forth in Section 2(e), 4, 8(b), 9, 11, and 17 hereof, the representations and warranties of the Company set forth in Section 6 hereof, the representations and warranties of each Bank set forth in Section 7 hereof, and the statements and opinions of the Company and its officers set forth in the documents to be delivered by the Company to the Banks as provided in Section 5(c) hereof, will survive delivery of and payment for any Securities as contemplated hereunder and will survive termination of this Agreement in accordance with the provisions of Section 12 above.

Section 14. *Notices.* Except as otherwise specifically provided herein, all communications hereunder will be in writing and will be effective one business day after having been delivered by hand, mailed via Express Mail, deposited with Federal Express or any nationally recognized commercial courier service for "next day" delivery, or telecopied and confirmed in writing (by telecopied facsimile or otherwise) to the respective addresses or telecopier numbers set forth on the signature page hereto, or to such other address or telecopier number as either party may hereafter designate to the other in writing. The foregoing notwithstanding, copies of any Terms Agreement and of any certificate or opinion to be delivered by the Company to the Banks under Section 5(c) hereof will be deemed delivered if executed by all required signatories and telecopied to the Company and/or the Banks, as the case may be, with receipt confirmed in writing (by telecopied facsimile or otherwise). In the event that any Terms Agreement or any such certificate or opinion is delivered via telecopier as contemplated in the preceding sentence, the parties will use best efforts to ensure that "original" copies of such documents will be distributed promptly thereafter.

Section 15. *Successors; Non-Transferability.* This Agreement will inure to the benefit of and be binding upon the parties hereto, their respective successors, and the officers, directors, and controlling persons referred to in Section 11 hereof. No other person will have any right or obligation hereunder. Neither party to this Agreement may assign its rights hereunder without the written consent of the other party.

Section 16. *Counterparts.* This Agreement may be signed in any number of counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 17. *Applicable Law.* This Agreement will be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

Section 18. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and will not affect the construction of any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Distribution Agreement as of the __ day of _____.

PEPSICO, INC.

By: _____
Name:
Title:

Notice Information:
PepsiCo, Inc.
700 Anderson Hill Road
Purchase, New York 10577
Telephone No.: _____
Facsimile No.: _____
Attention: General Counsel

[NAME OF BANK]

By: _____
Name:
Title:

Notice Information:
[NAME OF BANK]
[ADDRESS]
Telephone No.: _____
Facsimile No.: _____
Attention: _____

Schedule I

Participating Banks:

PEPSICO, INC.

Debt Securities, Warrants and Units

TERMS AGREEMENT

Under
the Distribution Agreement, dated _____, 200_,
Among PepsiCo, Inc. and [Name of Bank(s)]
(the "**Distribution Agreement**")

_____, 20__

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

Attention:

In accordance with the provisions of the above-referenced Distribution Agreement, the undersigned [the "**Bank**"][(individually, the "**Bank**" and collectively, the "**Banks**")], in [its][their] capacity as [Agent(s)][Underwriter(s)] under the Distribution Agreement, hereby [deliver(s) on behalf of one or more third-party investors an offer][agree(s)] to purchase $_____ in aggregate initial offering price of the Securities identified below on the terms hereinafter set forth.

All capitalized terms used in this Terms Agreement and not otherwise defined herein have the meanings ascribed to such terms by the Prospectus (as such term is defined in the Distribution Agreement); *provided*, *however*, that in the event of a conflict between the Prospectus and the Pricing Supplement or Prospectus Supplement applicable to the Securities to which this Terms Agreement relates, the definition set forth in the applicable Supplement will govern.

Designation or Title of Securities:

Issue Price [i.e., Price to Public]:

[Agent(s)' Commission][Underwriter(s)' Discount]:

Currency:

Interest Rate [or, if a Floating Rate Debt Security, Initial Interest Rate]:

Date of Issue:

Interest accrual date [if other than Date of Issue]:

Interest Payment Dates:

Principal Payment Dates [if other than at maturity]:

Scheduled Maturity Date:

Calculation Agent:

[Total amount of OID:]

[Optional redemption dates:]

[Option to elect repayment:]

[Sinking fund:]

[Acceleration provisions:]

[Exchange Rate Agent:]

[Other terms, if any:]

Settlement Date [and scheduled time and place]:

Possible additional terms for Floating Rate Debt Securities

[Base Rate:]

[Index Maturity:]

[Spread:]

[Spread Multiplier:]

[Spread Divisor:]

[Interest Period:]

[Interest Reset Dates:]

[Maximum Interest Rate:]

[Minimum Interest Rate:]

The provisions of Sections [2 (if the Bank(s) [is][are] acting as agent(s))][3 (if the Bank(s) [is][are] acting as underwriter(s))] and 4 through 14 of the Distribution Agreement are incorporated by reference herein with the same force and effect as if set forth in full herein.

[In the event that two or more banks are signing this Terms Agreement: The Company represents that the respective Distribution Agreements executed and delivered by the Company and each of the Banks prior to or together with the execution and delivery of this Terms Agreement are identical in all material respects.]

This Terms Agreement will be (i) governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law, (ii) inure to the benefit of and be binding upon the parties hereto, their respective successors, and the officers, directors, and controlling persons referred to in Section 11 of the Distribution Agreement, and no other person will have any right or obligation hereunder. No party to this Terms Agreement may assign its rights hereunder without the written consent of the other parties. This Terms Agreement may be signed in any number of counterparts, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon one and the same instrument.

[NAME OF BANK(S)]

By: _____
Name:
Title:

Accepted this __ day of
_____, 20__.

PEPSICO, INC.

By: _____
Name:
Title:

Time of Sale Prospectus:

1. Preliminary Prospectus issued [date]
2. Any free writing prospectuses filed by the Company under Rule 433(d) of the Securities Act
3. [free writing prospectus containing a description of terms that does not reflect final terms, if the Time of Sale Prospectus does not include a final term sheet]
4. [orally communicated pricing information if a final term sheet is not used]

PEPSICO, INC.

ADMINISTRATIVE PROCEDURES

Explained below are the administrative procedures applicable to the offering of the notes, debentures, and other evidences of unsecured indebtedness (the "**securities**") of PepsiCo, Inc. (the "**Company**"), that have been registered by the Company with the Securities and Exchange Commission (the "**Commission**") under the Company's registration statement on Form S-3, File No. 333-_____ (such securities hereinafter the "**Debt Securities**" and such registration statement hereinafter the "**Registration Statement**"). The Debt Securities will be offered pursuant to one or more agreements in substantially the form of the Distribution Agreement filed as an exhibit to the Registration Statement (the "**Distribution Agreement**").

The Debt Securities will be issued pursuant to the provisions of the Indenture, dated as of May 21, 2007 (as it may be supplemented or amended from time to time, the "**Indenture**"), between the Company and The Bank of New York Mellon, as trustee. The Bank of New York Mellon will be the Registrar, Authentication Agent, and Paying Agent for the Debt Securities and will perform the duties specified below. The Debt Securities may bear interest at a fixed rate (the "**Fixed Rate Debt Securities**") or a floating rate (the "**Floating Rate Debt Securities**"). Each Debt Security will be issued either (a) in book-entry form, as a beneficial interest in a single global Debt Security (a "**Global Debt Security**") to be delivered to The Bank of New York Mellon, as agent for The Depository Trust Company ("**DTC**"), and registered in the name of Cede & Co. or such other nominee of DTC as may be designated by DTC, or (b) in certificated form (a "**Certificated Debt Security**") to be delivered to the holder thereof or to a person designated by such holder. Except in limited circumstances, Book-Entry Debt Securities will not be exchangeable for Certificated Debt Securities.

Book-Entry Debt Securities will be issued in accordance with the administrative procedures set forth in Part I hereof, as such procedures may from time to time be amended as a result of changes in DTC's operating procedures. Certificated Debt Securities will be issued in accordance with the administrative procedures set forth in Part II hereof.

All capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms by the Prospectus filed as part of the Registration Statement (the "**Prospectus**"). In the event of a conflict between the terms hereof and the terms of the Prospectus or any amendment or supplement thereto, the terms of the Prospectus, as so amended or supplemented, shall govern.

PART I
ADMINISTRATIVE PROCEDURES RE: BOOK-ENTRY DEBT SECURITIES

In connection with the qualification of the Book-Entry Debt Securities for eligibility in the book-entry system maintained by DTC, The Bank of New York Mellon will perform certain custodial, document control, and administrative functions as described below and in accordance with its obligations as a participant in DTC's book-entry system, including DTC's Same-Day Funds Settlement System ("**SDFS**").

Issuance:

On any Settlement Date (as defined in the Distribution Agreement) for one or more Book-Entry Debt Securities of the same series, the Company will issue one or more Global Debt Securities, in fully registered form, without coupons, each representing up to $500,000,000 in aggregate principal amount of such Debt Securities. Each Global Debt Security will be dated and issued as of the date of its authentication by The Bank of New York Mellon. The Interest accrual date for any Global Debt Security will be as follows: (i) with respect to an original Global Debt Security (or any portion thereof), its date of issue, and (ii) with respect to any Global Debt Security (or any portion thereof) issued upon exchange of a Global Debt Security or in lieu of a destroyed, lost, or stolen Global Debt Security, the most recent preceding Interest Payment Date under the predecessor Global Debt Security or Securities (or, if no interest has been paid or provided for as of the date of issuance of such succeeding Global Debt Security, the date of issuance of the predecessor Global Debt Security), regardless of the date of authentication of such subsequently issued Global Debt Security. No Global Debt Security will represent any Certificated Debt Security.

Identification Numbers:

Prior to each Settlement Date, the Company will obtain from the CUSIP Service Bureau of Standard & Poor's (the "**CUSIP Service Bureau**") new CUSIP numbers (including tranche numbers) for the Debt Securities to be issued on such Settlement Date and shall deliver such CUSIP numbers to The Bank of New York Mellon and DTC.

Registration:

Each Global Debt Security will be registered in the name of Cede & Co., as nominee for DTC, on the Security register maintained under the Indenture. The beneficial owner of a Book-Entry Debt Security (or one or more indirect participants in DTC, as designated by such owner) will designate one or more participants in DTC (with respect to such Debt Security, the "**Participants**") to act as agent or agents for such owner in connection with the book-entry system maintained by DTC, and DTC will record in book-entry form, in accordance with

instructions provided by such Participants, a credit balance with respect to such beneficial owner in such Debt Security in the account of such Participants. The ownership interest of such beneficial owner in such Debt Security will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in DTC.

Transfers:

Transfers of a Book-Entry Debt Security will be accompanied by book entries made by DTC and, in turn, by Participants (and in certain cases, one or more indirect participants in DTC) acting on behalf of beneficial transferors and transferees of such Debt Security.

Exchanges:

The Bank of New York Mellon may, upon notice to the Company, deliver to DTC and the CUSIP Service Bureau at any time a written notice of consolidation (a copy of which shall be attached to the Global Debt Security resulting from such consolidation) specifying: (i) the CUSIP numbers of two or more outstanding Global Debt Securities that represent Book-Entry Debt Securities of the same series and for which interest has been paid to the same date, (ii) a date, occurring at least 30 days after such written notice is delivered and at least 30 days before the next Interest Payment Date for such Book-Entry Debt Securities, on which such Global Debt Securities shall be exchanged for a single replacement Global Debt Security, and (iii) a new CUSIP number to be assigned by the Company to such replacement Global Debt Security. Upon receipt of such a notice, DTC will send to its Participants (including The Bank of New York Mellon) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, The Bank of New York Mellon will deliver to the CUSIP Service Bureau a written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Debt Securities to be exchanged will no longer be valid. On the specified exchange date, The Bank of New York Mellon will exchange such Global Debt Securities for a single Global Debt Security bearing the new CUSIP number and a new Interest accrual date, and the CUSIP numbers of the exchanged Global Debt Securities will, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. Notwithstanding the foregoing, if the Global Debt Securities to be exchanged exceed $500,000,000 in aggregate principal amount, one Global Debt Security will be authenticated and issued to represent each $500,000,000 principal amount of the exchanged Global Debt Security and an additional Global Debt Security will be authenticated and issued to represent any remaining principal amount of such Global Debt Securities (see "**Denominations**" below).

Maturities:

Each Book-Entry Debt Security will mature on a date not less than nine months after the Settlement Date for such Debt Security. The date on which all outstanding principal of and interest on any Debt Security will be due and payable is referred to herein as the "**Maturity Date**" for such Debt Security.

Notice of Redemption:

Notice of Redemption Dates: The Bank of New York Mellon will give notice to DTC prior to each Redemption Date as specified in the Debt Security.

Denominations:

Unless otherwise set forth in the form of the applicable Global Debt Security, Book-Entry Debt Securities will be issued in principal amounts of $100,000,000 or any amount in excess thereof that is an integral multiple of $1,000. Global Debt Securities will be denominated in principal amounts not in excess of $500,000,000. If one or more Book-Entry Debt Securities having an aggregate principal amount in excess of $500,000,000 would, but for the preceding sentence, be represented by a single Global Debt Security, then one Global Debt Security will be issued to represent each $500,000,000 principal amount of such Book-Entry Debt Security or Securities and an additional Global Debt Security will be issued to represent any remaining principal amount of such Book-Entry Debt Security or Securities, subject to the minimum denomination requirement set forth above. In such a case, each of the Global Debt Securities representing such Book-Entry Debt Security or Securities shall be assigned the same CUSIP number. (References in this paragraph to U.S. dollars shall refer instead to any Specified Currency, as may be applicable.)

Interest:

General. Interest on each Book-Entry Debt Security will accrue from the Interest accrual date of the Global Debt Security representing such Book-Entry Debt Security. Each payment of interest on a Book-Entry Debt Security will include interest from and including the Interest accrual date or the most recent date for which interest has been paid or provided for, as the case may be, to but excluding the next succeeding Interest Payment Date or the Maturity Date, as the case may be. Interest payable on any Interest Payment Date will be paid to the Holder of Record as of the applicable Record Date (see below), provided that interest, if any, payable at the maturity or upon redemption of a Book-Entry Debt Security will be payable to the person to whom the principal of such Debt Security is payable.

Record Dates:

The Record Date with respect to any Interest Payment Date shall be the date fifteen calendar days immediately preceding such Interest Payment Date.

Fixed Rate Book-Entry Debt Securities. Interest Payment Dates for Fixed Rate Book-Entry Debt Securities will be as set forth in the applicable form of Fixed Rate Global Debt Security.

Floating Rate Book-Entry Debt Securities. Interest Payment Dates for Floating Rate Book-Entry Debt Securities will be as set forth in the applicable form of Floating Rate Global Debt Security. Unless otherwise set forth in the applicable form of Global Debt Security, interest on Floating Rate Book-Entry Debt Securities will be payable monthly, quarterly, semi-annually, or annually and (a) in the case of Floating Rate Book-Entry Debt Securities with a daily, weekly, or monthly Interest Reset Date, on the third Wednesday of each month or on the third Wednesday of each March, June, September, and December during the term of such Security, as specified pursuant to Settlement Procedure "**A**" below; (b) in the case of Floating Rate Debt Securities with a quarterly Interest Reset Date, on the third Wednesday of each March, June, September, and December during the term of such Security; (c) in the case of Floating Rate Debt Securities with a semi-annual Interest Reset Date, on the third Wednesday of the two months specified pursuant to Settlement Procedure "**A**" below; and (d) in the case of Floating Rate Debt Securities with an annual Interest Reset Date, on the third Wednesday of the month specified pursuant to Settlement Procedure "**A**" below; *provided*, *however*, that if an Interest Payment Date (other than the Maturity Date or a redemption date or a repayment date) for any Floating Rate Book-Entry Debt Security would otherwise be a day that is not a New York Business Day, such Interest Payment Date will be the next succeeding New York Business Day, except that in the case of a LIBOR-indexed Debt Security, if such New York Business Day is in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding New York Business Day.

Notice of Interest Payment and Record Dates. On the first New York Business Day of each January, April, July, and October during the period that the Registration Statement is in effect, The Bank of New York Mellon will deliver to the Company and DTC a written list of Record Dates and Interest Payment Dates that will occur with respect to then outstanding Book-Entry Debt Securities during the six-month period beginning on such first New York Business Day.

Calculation of Interest:

Fixed Rate Book-Entry Debt Securities. Unless otherwise set forth in the applicable form of Fixed Rate Global Debt Security and in the applicable Pricing Supplement, the amount of interest payable on any Interest Payment Date for Fixed Rate Book-Entry Debt Securities shall be computed on the basis of a 360-day year of twelve 30-day months and the amount of interest payable for any

partial period shall be computed on the basis of the actual number of days elapsed in a 360-day year of twelve 30-day months.

Floating Rate Book-Entry Debt Securities. Unless otherwise set forth in the applicable form of Floating Rate Global Debt Security and in the applicable Pricing Supplement, interest on Floating Rate Book-Entry Debt Securities will be calculated on the basis of actual days elapsed and a year of 360 days.

Payments of Principal and Interest:

Payments of Interest. Promptly after each Record Date, The Bank of New York Mellon will deliver to the Company and DTC a written notice specifying by CUSIP number the amount of interest (to the extent then ascertainable) to be paid on each Global Debt Security (other than an amortizing Debt Security) on the following Interest Payment Date (other than an Interest Payment Date coinciding with maturity) and the total of such amounts. In the case of amortizing Debt Securities, The Bank of New York Mellon will provide separate written notice to DTC prior to each Interest Payment Date at the times and in the manner set forth in DTC's operational arrangements. The Company will pay to The Bank of New York Mellon, as paying agent, the total amount of interest due on such Interest Payment Date (and, in the case of an amortizing Debt Security, principal and interest) (other than at maturity), and The Bank of New York Mellon will pay such amount to DTC at the times and in the manner set forth below under "**Manner of Payment**." If any Interest Payment Date for a Fixed Rate Book-Entry Debt Security is not a New York Business Day, the payment due on such day shall be made on the next succeeding New York Business Day and no interest shall accrue on such payment for the period from and after such Interest Payment Date.

Payments at Maturity or Upon Redemption. On or about the first New York Business Day of each month during the period that the Registration Statement is in effect, The Bank of New York Mellon will deliver to the Company and DTC a written list of principal and interest (to the extent then ascertainable) to be paid on each then outstanding Global Debt Security (other than an amortizing Debt Security) maturing either at maturity or on a redemption date in the following month. The Company and DTC will confirm the amounts of such principal and interest payments with respect to each such Global Debt Security on or about the fifth New York Business day preceding the Maturity Date or redemption date of such Global Debt Security. In the case of amortizing Debt Securities, The Bank of New York Mellon will provide separate written notice to DTC prior to each Interest Payment Date at the times and in the manner set forth in DTC's operational arrangements. The Company will pay to The Bank of New York Mellon, as the paying agent, the principal amount of such Global Debt Security, together with interest due at such Maturity Date or redemption date. The Bank of New York Mellon will pay such amounts to DTC at the times

and in the manner set forth below under "**Manner of Payment**." If any Maturity Date or redemption date or repayment date of a Global Debt Security representing Book-Entry Debt Securities is not a New York Business Day, the payment due on such day shall be made on the next succeeding New York Business Day and no interest shall accrue on such payment for the period from and after such Maturity Date or redemption date or repayment date. Promptly after payment to DTC of the principal and interest due on the Maturity Date or redemption date of such Global Debt Security, The Bank of New York Mellon will cancel such Global Debt Security in accordance with the terms of the Indenture and deliver it to the Company with a certificate of cancellation.

Manner of Payment. The total amount of any principal and interest due on Global Debt Securities on any Interest Payment Date or at maturity or upon redemption shall be paid by the Company to The Bank of New York Mellon in funds available for immediate use by The Bank of New York Mellon as of 9:30 A.M. (New York City time) on such date. The Company will make such payment on such Global Securities by instructing The Bank of New York Mellon to withdraw funds from an account maintained by the Company at The Bank of New York Mellon. The Company will confirm such instructions in writing to The Bank of New York Mellon. Prior to 10 A.M. (New York City time) on each Maturity Date or redemption date or as soon as possible thereafter, The Bank of New York Mellon will pay by separate wire transfer (using Fedwire message entry instructions in a form previously specified by DTC) to an account at the Federal Reserve Bank of New York previously specified by DTC, in funds available for immediate use by DTC, each payment of interest or principal (together with interest thereon) due on Global Debt Securities on any Maturity Date or redemption date. On each Interest Payment Date, interest payments (and, in the case of amortizing Debt Securities, interest and principal payments) shall be made to DTC in same day funds in accordance with existing arrangements between The Bank of New York Mellon and DTC. Thereafter on each such date, DTC will pay, in accordance with its SDFS operating procedures then in effect, such amounts in funds available for immediate use to the respective Participants in whose names the Book-Entry Debt Securities represented by such Global Debt Securities are recorded in the book-entry system maintained by DTC. NEITHER THE COMPANY NOR THE BANK OF NEW YORK MELLON SHALL HAVE ANY RESPONSIBILITY OR LIABILITY FOR THE PAYMENT BY DTC TO SUCH PARTICIPANTS OF THE PRINCIPAL OF AND INTEREST ON THE BOOK-ENTRY DEBT SECURITIES.

Withholding Taxes. The amount of any taxes required under applicable law to be withheld from any interest payment on a Book-Entry Debt Security will be determined and withheld by the Participant, indirect participant in DTC, or other person responsible for forwarding payments directly to the beneficial owner of such Debt Security.

Preparation of Pricing Supplement:

If any order to purchase one or more Book-Entry Debt Securities is accepted by or on behalf of the Company, the Company will prepare an applicable Pricing Supplement to the Prospectus, reflecting the terms of such Debt Security. The Company will arrange to file such Pricing Supplement with the Commission in accordance with the provisions of paragraph (b) or (c) of Rule 424 promulgated under the Securities Act and will deliver the number of copies of such Pricing Supplement to each Bank as such Bank shall have reasonably requested by the close of business on the preceding New York Business Day. The Banks will cause such Pricing Supplement to be delivered to each purchaser of such Book-Entry Debt Securities in accordance with the applicable provisions of the Securities Act. In each instance that a Pricing Supplement is prepared, the Banks will affix the Pricing Supplement to the Prospectus (as amended or supplemented) prior to use of either such Pricing Supplement or the Prospectus (as amended or supplemented). Outdated Pricing Supplements, and the copies of the Prospectus to which they are attached (other than those retained files), will be destroyed.

Settlement:

The receipt by the Company of immediately available funds in payment for a Book-Entry Debt Security and the authentication and issuance of the Global Debt Security representing such Debt Security shall constitute "settlement" with respect to such Debt Security. All orders accepted by the Company will be settled on the fifth New York Business Day next succeeding the date of acceptance pursuant to the timetable for settlement set forth below, unless the Company and the purchaser agree to settlement on another day (which day shall be no earlier than the next succeeding New York Business Day).

Settlement Procedures with regard to each Book-Entry Debt Security sold by the Company to or through any Bank shall be as follows:

A. The Banks will advise the Company by telephone that such Debt Security is a Book-Entry Debt Security and of the following settlement information:

Order number.

Principal amount.

Maturity Date.

CUSIP number.

In the case of a Fixed Rate Book-Entry Debt Security, the interest rate and whether such Debt Security is an amortizing Debt Security, or in the case of a

Floating Rate Book-Entry Debt Security, the Initial Interest Rate (if known at such time), Base Rate, Index Maturity, Interest Reset Periods, Interest Periods, Spread or Spread Multiplier (if any), Maximum and Minimum Interest Rates (if any), alternate rate event spread (if any), and the applicability of the Business Day Convention.

Interest Payment Dates.

Record dates.

Redemption and/or repayment provisions, if any.

Trade date.

Settlement Date.

Issue Price.

Banks' commission or discount, if any, determined as provided in the applicable Terms Agreement.

Whether the Debt Security is an OID Debt Security and, if it is, the total amount of OID, the yield to maturity, the initial accrual period OID, and the applicability of Modified Payment upon Acceleration.

Net proceeds to Company.

Each Bank's Name and whether such Bank is acting as agent, underwriter, or principal for its own account.

Any other applicable terms.

B. The Company will advise The Bank of New York Mellon by telephone or electronic transmission (confirmed in writing at any time on the same date) of the information set forth in Settlement Procedure "**A**" above. The Company will provide to The Bank of New York Mellon a CUSIP number to be assigned to the Global Debt Security representing such Book-Entry Debt Security and will notify the Banks of such CUSIP number by telephone as soon as practicable.

C. The Bank of New York Mellon will enter a pending deposit message through DTC's Participant Terminal System, providing the following settlement information to DTC and the Agent:

The information set forth in Settlement Procedure "**A**".

The Initial Interest Payment Date for such Debt Security, the number of days by which such date succeeds the related DTC Record Date (which in the case of Floating Rate Debt Securities that reset daily or weekly shall be the date 5 calendar days immediately preceding the applicable Interest Payment Date and, in the case of all other Book-Entry Debt Securities, shall be the Record Date as defined in the Debt Security) and the amount of interest payable on such Initial Interest Payment Date.

The CUSIP number of the Global Debt Security representing such Book-Entry Debt Security.

Whether such Global Debt Security will represent any other Book-Entry Debt Security (to the extent known at such time).

Whether such Debt Security is an amortizing Debt Security (by appropriate notation in the comments field of DTC's Participant Terminal System).

D. The Bank of New York Mellon will complete and authenticate the Global Debt Security representing such Debt Security.

E. DTC will credit such Debt Security to The Bank of New York Mellon's participant account at DTC.

F. The Bank of New York Mellon will enter a Same Day Funds Settlement ("**SDFS**") delivery order through DTC's Participant Terminal System instructing DTC to (i) debit such Debt Security to The Bank of New York Mellon's participant account and credit such Debt Security to each Bank's participant account, and (ii) debit such Bank's settlement account and credit The Bank of New York Mellon's settlement account for an amount equal to the price of such Debt Security less such Bank's commission or discount, if any. The entry of such a delivery order shall constitute a representation and warranty by The Bank of New York Mellon to DTC that (a) the Global Debt Security representing such Book-Entry Debt Security has been issued and authenticated and (b) The Bank of New York Mellon is holding such Global Debt Security as custodian for DTC.

G. Unless such Bank purchased such debt Security as principal for its own account, each Bank will enter an SDFS delivery order through DTC's Participant Terminal System instructing DTC (i) to debit such Debt Security to such Bank's participant account and credit such Debt Security to the participant accounts of the Participants with respect to such Debt Security, and (ii) to debit the settlement accounts of such Participants and credit the settlement account of such Bank for an amount equal to the price of such Debt Security.

H. Transfers of funds in accordance with SDFS delivery orders described in Settlement Procedures "**F**" and "**G**" will be settled in accordance with SDFS operating procedures in effect on the Settlement Date.

I. The Bank of New York Mellon will credit to the account of the Company maintained at The Bank of New York Mellon, New York, New York, in funds available for immediate use, in the amount transferred to The Bank of New York Mellon in accordance with Settlement Procedure "**F**".

J. Unless such Bank purchased such Debt Security as underwriter or as principal for its own account, each Bank will confirm the purchase of such Debt Security to the purchaser either by transmitting to the Participants with respect to such Debt Security a confirmation order or orders through DTC's institutional delivery system or by mailing a written confirmation to such purchaser.

K. Monthly, The Bank of New York Mellon will send to the Company a statement setting forth the principal amount of Debt Securities outstanding under the Indenture as of such date and setting forth a brief description of any sales of which the Company has advised The Bank of New York Mellon but which have not yet been settled.

For sales by the Company of Book-Entry Securities to or through the Banks for settlement on the first New York Business Day after the sale date, Settlement Procedures "**A**" through "**J**" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Procedure A:	11:00 a.m. on Sale Date
Procedure B:	12:00 p.m. on Sale Date
Procedure C:	2:00 p.m. on Sale Date
Procedure D:	9:00 a.m. on Settlement Date
Procedure E:	10:00 a.m. on Settlement Date
Procedure F:	2:00 p.m. on Settlement Date
Procedure G:	2:00 p.m. on Settlement Date
Procedure H:	4:45 p.m. on Settlement Date
Procedure I:	5:00 p.m. on Settlement Date
Procedure J:	5:00 p.m. on Settlement Date

If a sale is to be settled more than one New York Business Day after the sale date, Settlement Procedures "**A**", "**B**", and "**C**" shall be completed as soon as practicable but not later than 11:00 A.M., 12:00 P.M., and 2:00 P.M., respectively, on the first New York Business Day after the sale date. If the initial interest rate for a Floating Rate Book-Entry Debt Security has not been determined at the time that Settlement Procedure "**A**" is completed, Settlement

Procedures "**B**" and "**C**" shall be completed as soon as such rate has been determined but no later than 12:00 P.M. and 2:00 P.M., respectively, on the second New York Business Day before the Settlement Date. Settlement Procedure "**H**" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date. If settlement of a Book-Entry Debt Security is rescheduled or canceled, The Bank of New York Mellon, after receiving notice from the company or the Banks, will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 2:00 P.M. on the New York Business Day immediately preceding the scheduled Settlement Date.

Failure to Settle:

If The Bank of New York Mellon fails to enter an SDFS delivery order with respect to a Book-Entry Debt Security pursuant to Settlement Procedure "**F**", The Bank of New York Mellon may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable, a withdrawal message instructing DTC to debit such Debt Security to The Bank of New York Mellon's participant account, provided that The Bank of New York Mellon's participant account contains a principal amount of the Global Debt Security representing such Debt Security that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Debt Securities represented by a Global Debt Security, The Bank of New York Mellon will mark such Global Debt Security "**canceled**," make appropriate entries in The Bank of New York Mellon's records and send such canceled Global Debt Security to the Company. The CUSIP number assigned to such Global Debt Security shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Debt Securities represented by a Global Debt Security, The Bank of New York Mellon will exchange such Global Debt Security for two Global Debt Securities, one of which shall represent such Book-Entry Debt Security or Securities and shall be canceled immediately after issuance, and the other of which shall represent the remaining Book-Entry Debt Securities previously represented by the surrendered Global Debt Security and shall bear the CUSIP number of the surrendered Global Debt Security.

If the purchase price for any Book-Entry Debt Security is not timely paid to the Participants with respect to such Debt Security by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, each Bank may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures "**F**" and "**G**", respectively. Thereafter, The Bank of New York Mellon will deliver the withdrawal message and take the related actions described in the preceding paragraph. Notwithstanding the

foregoing, upon any failure to settle with respect to a Book-Entry Debt Security, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Debt Securities to have been represented by a Global Debt Security, The Bank of New York Mellon will provide, in accordance with Settlement Procedures "**D**" and "**F**", for the authentication and issuance of a Global Debt Security representing the Book-Entry Debt Securities to be represented by such Global Debt Security and will make appropriate entries in its records.

PART II

ADMINISTRATIVE PROCEDURES RE:
CERTIFICATED DEBT SECURITIES

The Bank of New York Mellon will serve as registrar in connection with the Debt Securities.

Issuance:

Each Certificated Debt Security will be dated and issued as of the date of its authentication by The Bank of New York Mellon. The Interest accrual date for any Certificated Debt Security will be as follows: (i) with respect to an original Certificated Debt Security (or any portion thereof), its original issuance date and (ii) with respect to any Certificated Debt Security (or portion thereof) issued subsequently upon transfer or exchange of a Certificated Debt Security or in lieu of a destroyed, lost, or stolen Certificated Debt Security, the original issuance date of the predecessor Certificated Debt Security, regardless of the date of authentication of such subsequently issued Certificated Debt Security.

Registration:

Certificated Debt Securities will be issued only in fully registered form without coupons.

Transfers and Exchanges:

A Certificated Debt Security may be presented for transfer or exchange at the corporate trust office of The Bank of New York Mellon or as set forth in the form of Certificated Debt Security. Certificated Debt Securities will be exchangeable for other Certificated Debt Securities having identical terms but different denominations without service charge. Certificated Debt Securities will not be exchangeable for Book-Entry Debt Securities.

Maturities:

Each Certificated Debt Security will mature on a date not less than nine months from the Settlement Date for such Debt Security.

Currency:

The currency denomination with respect to any Certificated Debt Security and the payment of interest and the repayment of principal with respect thereto shall be as set forth therein and in the applicable Pricing Supplement.

Except as otherwise specified in the form of Certificated Debt Security, the minimum denomination of any Certificated Debt Security will be U.S. $100,000,000 or any amount in excess thereof that is an integral multiple of U.S. $1,000. (References in this paragraph to U.S. dollars shall refer instead to any Specified Currency, as may be applicable.)

Interest:

General: Interest on each Certificated Debt Security shall accrue from the Interest accrual date. Each payment of interest on a Certificated Debt Security will include interest from and including the Interest accrual date or the most recent date for which interest has been paid or provided for, as the case may be, to but excluding the next succeeding Interest Payment Date or the Maturity Date, as the case may be. Interest payable on any Interest Payment Date will be paid to the Holder of Record as of the applicable Record Date, provided that interest, if any, payable at the maturity or upon redemption of such Debt Security will be payable to the person to whom the principal of such Debt Security is payable.

Fixed Rate Certificate Debt Securities. Interest Payment Dates for Fixed Rate Debt Securities will be as set forth in the applicable form of Certificated Debt Security.

Floating Rate Certificated Debt Securities:

Interest Payment Dates for Floating Rate Certificated Debt Securities will be as set forth in the form of Certificated Debt Security and in the applicable Pricing Supplement. Unless otherwise set forth in such form of Certificated Debt Security and in the applicable Pricing Supplement, interest on Floating Rate Certificated Debt Securities will be payable monthly, quarterly, semi-annually, or annually and (a) in the case of Floating Rate Certificated Debt Securities with a daily, weekly or monthly Interest Reset Date, on the third Wednesday of each month or on the third Wednesday of each March, June, September, and December during the term of such Debt Security, as specified pursuant to Settlement Procedure "**A**" below; (b) in the case of Floating Rate Certificated Debt Securities with a quarterly interest Payment Reset Date, on the third Wednesday of each March, June, September, and December during the term of such Debt Security; (c) in the case of Debt Securities with a semi-annual Interest Reset Date, on the

third Wednesday of the two months specified pursuant to Settlement Procedure "**A**" below; and (d) in the case of Floating Rate Certificated Debt Securities with an annual Interest Reset Date, on the third Wednesday of the month specified pursuant to Settlement Procedure "**A**" below; *provided*, *however*, that if an Interest Payment Date (other than the Maturity Date or a redemption date or a repayment date) for Floating Rate Certificated Debt Securities would otherwise be a day that is not a New York Business Day, such Interest Payment Date will be the next succeeding New York Business Day, except that in the case of a LIBOR-indexed Debt Security if such succeeding New York Business Day is in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding New York Business Day.

Calculation of Interest:

Fixed Rate Certificated Debt Securities. Unless otherwise set forth in the applicable form of Certificated Debt Security and in the applicable Pricing Supplement, the amount of interest payable on any Interest Payment Date for Fixed Rate Book-Entry Debt Securities shall be computed on the basis of a 360-day year of twelve 30-day months and the amount of interest payable for any partial period shall be computed on the basis of the actual number of days elapsed in a 360-day year of twelve 30-day months.

Floating Rate Certificated Debt Securities. Interest rates on Floating Rate Certificated Debt Securities will be determined as set forth in the form of such Debt Securities and in the applicable Pricing Supplement. Unless otherwise set forth in the applicable form of Debt Security and in the applicable Pricing Supplement, interest on Floating Rate Certificated Debt Securities will be calculated on the basis of actual days elapsed and a year of 360 days.

Payments of Principal and Interest:

The Bank of New York Mellon will pay the principal amount of each Certificated Debt Security at maturity or upon redemption upon presentation and surrender of such Debt Security to The Bank of New York Mellon. Such payment, together with payment of interest due at maturity or upon redemption of such Debt Security, will be made in funds available for immediate use by The Bank of New York Mellon and in turn by the holder of such Debt Security. Certificated Debt Securities presented to The Bank of New York Mellon at maturity or upon redemption for payment will be canceled by The Bank of New York Mellon and delivered to the Company with a certificate of cancellation. All interest payments on a Certificated U.S. dollar Debt Security (other than interest due at maturity or upon redemption) will be made by U.S. dollar check drawn on The Bank of New York Mellon (or another person appointed by The Bank of New York Mellon) and mailed by The Bank of New York Mellon to the person entitled thereto as provided in such Debt Security and the Indenture; *provided, however*,

that the holder of $10,000,000 or more of Certificated Debt Securities having the same Interest Payment Date will be entitled to receive payment by wire transfer of immediately available funds; *provided*, that such holder shall have given The Bank of New York Mellon notice of the account to which such transfer shall be made at least 15 calendar days prior to the applicable payment date. Following each Record Date during the period that the Registration Statement is in effect, The Bank of New York Mellon will furnish the Company with a list of interest payments (to the extent then ascertainable) to be made on the following Interest Payment Date for each then outstanding Certificated Debt Security and in total for all such Certificated Debt Securities. Interest at maturity or upon redemption will be payable to the person to whom the payment of principal is payable. The Bank of New York Mellon will provide monthly to the Company lists of principal and interest, to the extent ascertainable, to be paid on Certificated Debt Securities maturing or to be redeemed in the next month. The Bank of New York Mellon will be responsible for withholding taxes on interest paid on Certificated Debt Securities as required by applicable law.

If any Interest Payment Date or the Maturity Date or redemption date of a Fixed-Rate Certificated Debt Security is not a New York Business Day, the payment due on such day shall be made on the next succeeding New York Business Day and no interest shall accrue on such payment for the period from and after such Interest Payment Date, Maturity Date or redemption date, as the case may be. If the Maturity Date or any redemption date or repayment date for any Certificated Floating Rate Debt Security would fall on a day that is not a New York Business Day, the payment of principal and interest due on such day shall be made on the next succeeding New York Business Day and no interest shall accrue on such payment for the period from and after the Maturity Date or such redemption date or repayment date, as the case may be.

Preparation of Pricing Supplement:

If any order to purchase a Certificated Debt Security is accepted by or on behalf of the Company, the Company will prepare an applicable Pricing Supplement to the Prospectus (as amended or supplemented), reflecting the terms of such Debt Security. The Company will file such Pricing Supplement with the Commission in accordance with the provisions of paragraph (b) or (c) of Rule 424 promulgated under the Securities Act and will deliver the number of copies of such Pricing Supplement to each Bank as such Bank shall have requested by the close of business on the preceding New York Business Day. The Banks will cause such Pricing Supplement to be delivered to the purchaser of the Certificated Debt Security in accordance with the applicable provisions of the Securities Act. In each instance that a Pricing Supplement is prepared, the Banks will affix the Pricing Supplement to the Prospectus (as amended or supplemented) prior to use of either such Pricing Supplement or the Prospectus (as amended or

supplemented). Outdated Pricing Supplements, and the copies of the Prospectus to which they are attached (other than those retained for files), will be destroyed.

Settlement:

The receipt by the Company of immediately available funds in exchange for an authenticated Certificated Debt Security delivered to the Banks and the Banks' delivery of such Debt Security against receipt of immediately available funds shall constitute "**settlement**" with respect thereto. All orders accepted by the Company will be settled on or before the third New York Business Day next succeeding the date of acceptance pursuant to the timetable for settlement set forth below, unless the Company and the purchaser agree to settlement on another date.

Settlement Procedures:

Settlement Procedures with regard to each Certificated Debt Security sold by the Company to or through the Banks shall be as follows:

A. The Banks will advise the Company by telephone that such Debt Security is a Certificated Debt Security and of the following settlement information:

Order number.

Principal amount.

Maturity Date.

Name in which Certificated Debt Security is to be registered (the "**Registered Owner**").

Address of the Registered Owner and address for payment of principal and interest.

Taxpayer identification number of the Registered Owner (if available).

In the case of a Fixed Rate Certificated Debt Security, the interest rate and whether such Debt Security is an amortizing Debt Security, or in the case of a Floating Rate Certificated Debt Security, the Initial Interest Rate (if known at such time), Base Rate, Index Maturity, Interest Reset Periods, Interest Periods, Spread or Spread Multiplier (if any), Maximum and Minimum Interest Rates (if any), alternate rate event spread (if any), and the applicability of the Business Day Convention.

Interest Payment Dates.

Record dates.

Redemption and/or repayment provisions, if any.

Trade date.

Settlement Date.

Issue Price.

Banks' commission or discount, if any, determined as provided in the applicable Terms Agreement.

Whether the Certificated Debt Security is an OID Debt Security and, if it is, the total amount of OID, the yield to maturity, the initial accrual period OID, and the applicability of Modified Payment upon Acceleration.

Net proceeds to Company.

Each Bank's name and whether such Bank is acting as agent, underwriter, or as principal for its own account.

Any other applicable terms.

B. The Company will advise The Bank of New York Mellon by telephone or electronic transmission (confirmed in writing at any time on the same date) of the information set forth in Settlement Procedure "**A**" above.

C. The Company will have delivered to The Bank of New York Mellon a pre-printed 4-ply packet for such Certificated Debt Security, which packet will contain the following documents in forms that have been approved by the Company, the Banks, and the Trustee: (a) Certificate with customer confirmation, (b) Stub One (for The Bank of New York Mellon), (c) Stub Two (for the Banks), and (d) Stub Three (for the Company).

The information set forth in Settlement Procedure "**A**".

D. The Bank of New York Mellon will complete and authenticate such Certificated Debt Security and deliver it (with the confirmation) and Stubs One and Two to the Banks, and the Banks will acknowledge receipt of such Debt Security by stamping or otherwise marking Stub One and returning it to The Bank of New York Mellon. Such delivery will be made only against such acknowledgment of receipt and evidence that instructions have been given by the Banks for payment to the account of the Company at The Bank of New York Mellon, New York, New York, in funds available for immediate use, of an amount equal to the price of such Debt Security less the Banks' commission or

discount, if any. In the event that the instructions given by the Banks for payment to the account of the Company are revoked, the Company will as promptly as possible wire transfer to the account of each Bank an amount of immediately available funds equal to the amount of such payment made.

E. Unless such Bank purchased such Debt Security as principal for its own account, each Bank will deliver such Debt Security (with the confirmation) to the customer against payment in immediately available funds. The Banks will obtain the acknowledgment of receipt of such Debt Security by retaining Stub Two.

F. The Bank of New York Mellon will send Stub Three to the Company by first-class mail. Periodically during the period that the Registration Statement is in effect, The Bank of New York Mellon will also send to the Company a statement setting forth the principal amount of the Certificated Debt Securities then outstanding under the Indenture and setting forth a brief description of any sales of which the Company has advised The Bank of New York Mellon but which have not yet been settled.

Timetable: For sales by the Company of Certificated Debt Securities to or through the Banks, Settlement Procedures "**A**" through "**F**" set forth above shall be completed as soon as possible but not later than the respective times (New York City Time) set forth below:

Procedure A:	2:00 p.m. on day before Settlement Date
Procedure B:	2:15 p.m. on day before Settlement Date
Procedure C:	2:15 p.m. on day before Settlement Date
Procedure D:	2:15 p.m. on Settlement Date
Procedure E:	3:00 p.m. on Settlement Date
Procedure F:	5:00 p.m. on Settlement Date

Failure to Settle:

If a purchaser (other than a Bank acting as underwriter or as principal for its own account) fails to accept delivery of and make payment for any Certificated Debt Security, the Banks will notify the Company and The Bank of New York Mellon by telephone and will return such Debt Security to The Bank of New York Mellon. Upon receipt of such notice, the Company will immediately wire transfer to the account of such Bank an amount equal to the amount previously credited thereto in respect of such Debt Security. Such wire transfer will be made on the Settlement Date, if possible, and in any event not later than the New York Business Day following such Settlement Date. If the failure shall have occurred for any reason other than a default by any Bank of its obligations hereunder or under the Distribution Agreement or the applicable Terms Agreement, then the Company will reimburse such Bank on an equitable basis, for its loss of the use of

the funds during the period when they were credited to the account of the Company. Immediately upon receipt of the Certificated Debt Security in respect of which such failure occurred, The Bank of New York Mellon will mark such Debt Security "**canceled**", make appropriate entries in its records, and send such Debt Security to the Company.

FORM OF OPINION OF COMPANY'S NEW YORK COUNSEL

1. The Indenture was duly qualified under the Trust Indenture Act of 1939, as amended, and assuming due authorization, execution and delivery thereof by the Company, the Indenture is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability, *provided* that counsel need not express any opinion as to (w) the enforceability of any waiver of rights under any usury or stay law, (x) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above, (y) the validity, legally binding effect or enforceability of any provision of the Indenture or any related provision in the Securities that requires or relates to adjustments to the conversion rate at a rate or in an amount that a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or forfeiture or (z) the validity, legally binding effect or enforceability of any provision that permits holders to collect any portion of stated principal amount upon acceleration of the Securities to the extent determined to constitute unearned interest.

2. Assuming the due authorization, execution and delivery of each of the Warrant Agreement (the "**Debt Warrant Agreement**") and the Unit Agreement (the "**Unit Agreement**") by the Company, each of the Debt Warrant Agreement and the Unit Agreement will be valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability, *provided* that counsel need not express any opinion as to (w) the enforceability of any waiver of rights under any usury or stay law, (x) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above, (y) the validity, legally binding effect or enforceability of any provision of the Indenture or any related provision in the Securities that requires or relates to adjustments to the conversion rate at a rate or in an amount that a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or forfeiture or (z) the validity, legally binding effect or enforceability of any provision that permits holders to collect any portion of stated principal amount upon acceleration of the Securities to the extent determined to constitute unearned interest.

3. Assuming the due authorization, execution and delivery of the Securities by the Company, the Securities will be valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally,

concepts of reasonableness and equitable principles of general applicability, *provided* that counsel need not express any opinion as to (w) the enforceability of any waiver of rights under any usury or stay law, (x) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above, (y) the validity, legally binding effect or enforceability of any provision of the Indenture or any related provision in the Securities that requires or relates to adjustments to the conversion rate at a rate or in an amount that a court would determine in the circumstances under applicable law to be commercially unreasonable or a penalty or forfeiture or (z) the validity, legally binding effect or enforceability of any provision that permits holders to collect any portion of stated principal amount upon acceleration of the Securities to the extent determined to constitute unearned interest.

4. No consent, approval, authorization, or order of, or qualification with, any governmental body or agency under the laws of the State of New York or any federal law of the United States of America that in counsel's experience is normally applicable to general business corporations in relation to transactions of the type contemplated by the Distribution Agreement, the Indenture, the Debt Warrant Agreement, the Unit Agreement, or the Securities (collectively, the "**Documents**") is required for the execution, delivery and performance by the Company of its obligations under the Documents, except such as may be required under federal or state securities or Blue Sky laws as to which counsel need not express an opinion.

5. Any required filing of the Prospectus pursuant to Rule 424(b) under the Securities Act has been made in the manner and within the time period required by Rule 424(b) under the Securities Act; any required filing of the Issuer Free Writing Prospectus pursuant to Rule 433 under the Securities Act has been made in the manner and within the time period required by Rule 433(d) under the Securities Act; and, to counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

6. Counsel has considered the statements included in the Prospectus under the captions ["**Description of Debt Securities**",] ["**Description of Notes**,"] ["**Description of Warrants**"] [and] ["**Description of Units**"] insofar as they relate to legal matters or documents. In counsel's opinion, such statements fairly summarize such matters or documents in all material respects.

In rendering the opinions in paragraphs ([1]) through ([4]) above, counsel may assume that each party to the Documents has been duly incorporated and is validly existing and in good standing under the laws of the jurisdiction of its organization. In addition, counsel may assume that the execution, delivery and performance by each party thereto of each Document to which it is a party, (i) are

within its corporate powers, (ii) do not contravene, or constitute a default under, the certificate of incorporation or bylaws or other constitutive documents of such party, (iii) other than as expressly covered in paragraph ([4]) above in respect of the Company, require no action by or in respect of, or filing with, any governmental body, agency or official and (iv) do not contravene, or constitute a default under, any provision of applicable law or regulation or any judgment, injunction, order or decree or any agreement or other instrument binding upon such party, and that each Document is a valid, binding and enforceable agreement of each party thereto (other than as expressly covered above in respect of the Company).

Counsel need not express an opinion as to any law, rule or regulation that is applicable to the Company, the Documents or such transactions solely because such law, rule or regulation is part of a regulatory regime applicable to any party to any of the Documents or any of its affiliates due to the specific assets or business of such party or such affiliate. Insofar as the foregoing opinion involves matters governed by the laws of the State of North Carolina, counsel may rely, without independent investigation, on the opinion of North Carolina counsel to the Company delivered to the Banks pursuant to the Terms Agreement.

FORM OF DISCLOSURE LETTER OF COMPANY'S NEW YORK COUNSEL

We note that many determinations involved in the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus are of a wholly or partially non-legal character or relate to legal matters outside the scope of our opinion separately delivered to you today in respect of certain matters under the laws of the State of New York and the federal laws of the United States of America. As a result, we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Time of Sale Prospectus or the Prospectus, and we have not ourselves checked the accuracy, completeness or fairness of, or otherwise verified, the information furnished in such documents (except to the extent expressly set forth in our opinion letter separately delivered to you today as to statements included in the Prospectus under the captions ["**Description of Debt Securities**,"] ["**Description of Notes**,"] ["**Description of Warrants**,"] [and] ["**Description of Units**"]. However, in the course of our acting as counsel to the Company in connection with the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus, we have generally reviewed and discussed with your representatives and your counsel and with certain officers and employees of, and independent public accountants for, the Company the information furnished, whether or not subject to our check and verification. We have also reviewed and relied upon certain corporate records and documents, letters from counsel and accountants and oral and written statements of officers and other representatives of the Company and others as to the existence and consequence of certain factual and other matters.

On the basis of the information gained in the course of the performance of the services rendered above, but without independent check or verification except as stated above:

(i) the Registration Statement and the Prospectus appear on their face to be appropriately responsive in all material respects to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder; and

(ii) nothing has come to our attention that causes us to believe that, insofar as relevant to the offering of the Securities:

(a) on the date of the Terms Agreement, the Registration Statement contained any untrue statement of a material fact or omitted to

state a material fact required to be stated therein or necessary to make the statements therein not misleading,

(b) at the Time of Sale, the Time of Sale Prospectus contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or

(c) the Prospectus as of the date of the Terms Agreement or as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In providing this letter to you, we have not been called to pass upon, and we express no view regarding, the financial statements or financial schedules or other financial or accounting data included in the Registration Statement, the Time of Sale Prospectus or the Prospectus, or the Statement of Eligibility of the Trustee on Form T-1. In addition, we express no view as to the conveyance of the Time of Sale Prospectus or the information contained therein to investors.

FORM OF OPINION OF COMPANY'S INTERNAL COUNSEL

1. The execution and delivery of and performance by the Company of its obligations under the Distribution Agreement, the Indenture, the Debt Warrant Agreement, the Unit Agreement, and the Securities will not contravene any provision of the Restated Articles of Incorporation or By-Laws of the Company, or of any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries taken as a whole, or, to counsel's knowledge, of any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over the Company or any of its subsidiaries, in each of the foregoing cases except as would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

2. To counsel's knowledge, there is no legal or governmental proceeding pending or threatened to which the Company or any of its significant subsidiaries is a party, or by which any of the properties of the Company or its significant subsidiaries is bound, which would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole; and to counsel's knowledge, there is no agreement or other document that is required to be described in the Registration Statement, the Prospectus or the Time of Sale Prospectus, or that is required to be filed as an exhibit to the Registration Statement, that is not so described or filed.

In rendering such opinion, counsel may rely, as to matters of fact, to the extent counsel deems proper, on certificates of responsible officers of the Company and public officials. Such opinion will be limited to the laws of the State of New York and the federal laws of the United States of America. Insofar as such opinion involves matters governed by the laws of the State of North Carolina, counsel may rely, without independent investigation, on the opinion of North Carolina counsel for the Company.

FORM OF OPINION OF COMPANY'S NORTH CAROLINA COUNSEL

1. The Company is a corporation in existence under the laws of the State of North Carolina, with corporate power to conduct its business as described in the Time of Sale Prospectus and the Prospectus.

2. The Company has authorized by all necessary corporate action the execution and delivery of the Terms Agreement, the Indenture, the Warrant Agreement (the "**Debt Warrant Agreement**"), the Unit Agreement (the "**Unit Agreement**") and the Securities.

3. The Terms Agreement, the Indenture, the Debt Warrant Agreement, the Unit Agreement and the Securities have been duly executed by the Company.

4. The execution and delivery of and performance by the Company of its obligations under the Terms Agreement, the Indenture, the Debt Warrant Agreement, the Unit Agreement, and the Securities (collectively, the "Documents") do not violate any provision of the articles of incorporation or by-laws of the Company.

5. No consent, approval, authorization, or order of or qualification with any North Carolina governmental body or agency is required to be obtained or made by the Company for the execution, delivery and performance by the Company of the Terms Agreement or the issuance of the Securities, except as may be required by the Blue Sky or other securities laws if the Securities are offered or sold in North Carolina and except for consents, approvals, authorizations, actions, filings and registrations which, if not obtained or made, are not reasonably likely to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole.

EXHIBIT B

FORM OF BANKS' COUNSEL OPINION

1. Each of the Debt Warrant Agreement and the Unit Agreement, when duly authorized, executed and delivered by the Company (assuming the due authorization, valid execution and delivery thereof by the other parties thereto) will be a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, if applicable, or by general principles of equity.

2. The Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended, and has been duly authorized, executed and delivered by the Company and (assuming due authorization, valid execution and delivery thereof by the Trustee) is a valid and binding agreement of the Company, enforceable in accordance with its terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, if applicable, or by general principles of equity.

3. The Securities have been duly authorized and when issued and delivered by the Company and authenticated by the Trustee or the Warrant Agent or the Unit Agent, as the case may be, in accordance with the provisions of the Indenture or the Debt Warrant Agreement or the Unit Agreement, as the case may, and duly paid for by the purchasers thereof, will be entitled to the benefits of the Indenture or the Debt Warrant Agreement or the Unit Agreement, as the case may be, and will be valid and binding obligations of the Company, enforceable in accordance with their respective terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, if applicable, or by general principles of equity.

4. We have considered the statements relating to legal matters or documents included in the Prospectus under the captions ["**Description of Debt Securities,**"] ["**Description of Notes**,"] ["**Description of Warrants,**"] [and] ["**Description of Units**"]. In our opinion, such statements fairly summarize in all material respects such matters or documents.

5. The Registration Statement is effective under the Securities Act; any required filing of the Prospectus pursuant to Rule 424(b) has been made in the

manner and within the time period required by Rule 424(b); and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

6. We have not ourselves checked the accuracy, completeness or fairness of, or otherwise verified, the information furnished with respect to matters in the Registration Statement, the Time of Sale Prospectus or the Prospectus (except to the extent stated in paragraph 4 above). We have generally reviewed and discussed with your representatives and with certain officers and employees of, and counsel for, the Company, and with independent registered public accountants for the Company, the information furnished, whether or not subject to our check and verification. On the basis of such consideration, review and discussion, but without independent check or verification except as stated above, (i) in our opinion, the Registration Statement and the Prospectus appear on their face to be appropriately responsive in all material respects to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder; and (ii) nothing has come to our attention that causes us to believe that, insofar as relevant to the offering of the Securities, (a) the Registration Statement at the time such Registration Statement became effective contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (b) the Time of Sale Prospectus, as of the Time of Sale, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (c) the Prospectus, as of its date or as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. In expressing the foregoing opinion and belief, we have not been called to pass upon, and we express no opinion or belief as to, the financial statements or financial schedules or other financial or statistical data included in the Registration Statement, the Time of Sale Prospectus or the Prospectus, or the Statement of Eligibility of the Trustee on Form T-1.

The opinions and belief expressed in paragraph (3) above (except as to due authorization of the Securities), in paragraph (4) above as to the statements in the Prospectus under the captions [“**Description of Debt Securities**,”] [“**Description of Notes**,”] [“**Description of Debt Warrants**”] [and] [“**Description of Units**”] and in paragraph (6) above do not, in any case, address any provision of the Commodity Exchange Act, as amended, or the rules, regulations, or interpretations of the Commodity Futures Trading Commission, as may be applicable to any Debt Securities whose principal and/or interest payments will be determined by reference to one or more currency exchange rates, commodity

prices, equity indices, or other variable factors, or as may be applicable to any Debt Warrants or Units relating to any such Debt Securities.

EXHIBIT C

FORM OF ASSISTANT SECRETARY'S CERTIFICATE

I, _____, the duly qualified, elected, and acting Assistant Secretary of PepsiCo, Inc., a company organized under the laws of the State of North Carolina (the "**Company**"), hereby certify as follows:

1. Attached hereto as Exhibits A-1 and A-2 are true and complete copies of the Restated Articles of Incorporation of the Company, in effect and certified by the Secretary of State of the State of North Carolina as of _____ and, as amended _____ , in effect and certified as of _____, respectively. No further amendments or supplements to the Restated Articles of Incorporation have been proposed to or approved by the Board of Directors or shareholders of the Company.

2. Attached hereto as Exhibits B-1 and B-2 are true, correct and complete copies of the By-Laws of the Company, in effect as of _____ and, as amended _____, in effect as of _____ and at all times since _____, respectively.

3. Attached hereto as Exhibits C-1 and C-2 are copies of resolutions duly adopted by the Board of Directors of the Company on _____ and _____ relating to the issuance of short-term and long-term debt securities, which resolutions are in full force and effect as of the date hereof.

4. The documents described below have been duly authorized, executed (except as otherwise indicated below), and filed by the Company with the Securities and Exchange Commission:

(a) the Registration Statement on Form S-3, File No. 333-_____, filed by the Company on October ___, 2011 (the "**Registration Statement**"), relating to the Company's securities, a copy of which is attached hereto as Exhibit D;

(b) the Indenture, dated as of May 21, 2007, between the Company and The Bank of New York Mellon, as trustee, which is incorporated by reference to Exhibit 4.3 to PepsiCo's Registration Statement on Form S-3 (File No. 333-154314) filed on October 15, 2008;

(c) the Debt Warrant Agreement or Unit Agreement, between the Company and the warrant agent or unit agent, as the case may be, a copy of which is attached hereto as Exhibit E; and

(d) the form of Distribution Agreement that may be entered into by the Company and one or more agents and underwriters in connection with the offer

and sale of the Securities, a copy of which is attached as Exhibit 1.2 to the Registration Statement.

5. The Debt Securities may be issued from time to time, in substantially the forms attached hereto as Exhibit F (with respect to Fixed Rate Debt Securities) and Exhibit G (with respect to Floating Rate Debt Securities), on such terms as shall be determined by any two of the following officers of the Company: (i) the Chairman of the Board and Chief Executive Officer (the "**Chairman**"), (ii) Chief Financial Officer (the "**Executive Vice President**"), (iii) the Senior Vice President and Treasurer (the "**Treasurer**"), and (iv) such other officer of the Company as may be designated by the Chairman, the Executive Vice President, or the Treasurer pursuant to the Delegation of Authority attached hereto as Exhibit H (any two of the Chairman, the Executive Vice President, the Treasurer, and such other officer hereinafter referred to as the "**Authorized Persons**"), provided, that such terms will in no event violate or conflict with the terms and provisions set forth in the Indenture or the Prospectus or (to the extent that the terms of an applicable Pricing Supplement supersede the terms and provisions of the Prospectus) the applicable Pricing Supplement.

6. The Debt Warrants and Units may be issued from time to time, alone or together with one or more series of Debt Securities, in substantially the form attached hereto as Exhibit I and J, respectively, on such terms as shall be determined by any two Authorized Persons, provided that such terms will in no event violate or conflict with the terms and provisions of the Debt Warrant Agreement or the Unit Agreement, as the case may be, or the Prospectus or (to the extent that the terms of an applicable Prospectus Supplement supersede the terms and provisions of the Prospectus) the applicable Prospectus Supplement.

7. The persons named below are duly qualified, elected, and acting officers of the Company, have been duly elected or appointed to the offices set forth opposite their respective names, have held such offices at all times since _____, and hold such offices as of the date hereof. The signatures set forth below opposite the names of such persons are the genuine signatures of such persons.

_____ [Title] _____

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of the ____ day of _____, 20__.

_____

_____

Assistant Secretary

I, _____, a Vice President of the Company, hereby certify that _____ is the duly qualified, elected, and acting Assistant Secretary of the Company, has been duly elected or appointed to such office, has held such office at all times since _____, holds such office as of the date hereof, and that the signature set forth below is his genuine signature.

_____ Assistant Secretary _____

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ day of _____, 20___.

_____

_____

Vice President

EXHIBIT D

FORM OF OFFICER'S CERTIFICATE

I, [Name:]_____, [title:]_____ of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "**Company**"), hereby certify as follows (capitalized terms used herein without definition have the meanings ascribed to them in the Terms Agreement):

1. I have examined the Company's Registration Statement on Form S-3, File No. 333-_____ (the "**Registration Statement**"), as filed by the Company with the Securities and Exchange Commission (the "**Commission**") on October __, 2011, the Prospectus and the Time of Sale Prospectus, in each case including all of the documents filed as exhibits thereto.

2. To my knowledge, no proceedings for the merger, consolidation, liquidation, or dissolution of the Company or the sale of all or substantially all of its assets are pending or contemplated; and

3. To my knowledge, (A) the Registration Statement as supplemented by the Time of Sale Prospectus (i) contains no untrue statement of a material fact regarding the Company or any of its consolidated subsidiaries and (ii) does not omit to state any material fact necessary to make any such statement, in the light of the circumstances under which it was made, not misleading; and (B) no stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act.

IN WITNESS WHEREOF, the undersigned hereunto signed his name this ___ day of _____, 20__.

By: _____
Name:
Title:

Exhibits 5.1 and 23.2

OPINION OF DAVIS POLK & WARDWELL LLP

October 13, 2011

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

Ladies and Gentlemen:

PepsiCo, Inc., a North Carolina corporation (the "**Company**") is filing with the Securities and Exchange Commission a Registration Statement on Form S-3 (the "**Registration Statement**") for the purpose of registering under the Securities Act of 1933, as amended (the "**Securities Act**"), (a) shares of common stock, par value one and two-thirds cents (1-2/3 cents) per share, of the Company (the "**Common Stock**"); (b) the Company's senior debt securities and subordinated debt securities (collectively, the "**Debt Securities**"), which may be issued pursuant to an Indenture (the "**Indenture**") dated as of May 21, 2007 between the Company and The Bank of New York Mellon, as trustee (the "**Trustee**"); (c) warrants of the Company (the "**Warrants**"), which may be issued pursuant to a warrant agreement (the "**Warrant Agreement**") between the Company and the warrant agent to be named therein; and (d) units (the "**Units**") to be issued under one or more unit agreements to be entered into among the Company, a bank or trust company, as unit agent (the "**Unit Agent**"), and the holders from time to time of the Units (each such unit agreement, a "**Unit Agreement**").

We, as your counsel, have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

Based upon the foregoing, we advise you that, in our opinion:

1. When the Indenture and any supplemental indenture to be entered into in connection with the issuance of any Debt Securities have been duly authorized, executed and delivered by the Trustee and the Company; the specific terms of a particular series of Debt Securities have been duly authorized and established in accordance with the Indenture; and such Debt Securities have been duly authorized, executed, authenticated, issued and delivered in accordance with the Indenture and the applicable underwriting or other agreement against payment therefor, such Debt Securities will constitute valid and binding obligations of the

Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability.

2. When the Warrant Agreement to be entered into in connection with the issuance of any Warrants has been duly authorized, executed and delivered by the Warrant Agent and the Company; the specific terms of the Warrants have been duly authorized and established in accordance with the Warrant Agreement; and such Warrants have been duly authorized, executed, issued and delivered in accordance with the Warrant Agreement and the applicable underwriting or other agreement against payment therefor, such Warrants will constitute valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability.

3. When the Unit Agreement to be entered into in connection with the issuance of any Units has been duly authorized, executed and delivered by the Unit Agent and the Company; the specific terms of the Units have been duly authorized and established in accordance with the Unit Agreement; and such Units have been duly authorized, executed, issued and delivered in accordance with the Unit Agreement and the applicable underwriting or other agreement against payment therefor, such Units will constitute valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability.

In connection with the opinions expressed above, we have assumed that, at or prior to the time of the delivery of any such security, (i) the Board of Directors shall have duly established the terms of such security and duly authorized the issuance and sale of such security and such authorization shall not have been modified or rescinded; (ii) the Company is, and shall remain, validly existing as a corporation in good standing under the laws of the State of North Carolina; (iii) the Registration Statement shall have been declared effective and such effectiveness shall not have been terminated or rescinded; (iv) the Indenture and the Debt Securities are each valid, binding and enforceable agreements of each party thereto (other than as expressly covered above in respect of the Company); and (v) there shall not have occurred any change in law affecting the validity or enforceability of such security. We have also assumed (i) that none of the terms of any security to be established subsequent to the date hereof, nor the issuance and delivery of such security, nor the compliance by the Company with the terms of such security will violate any applicable law or public policy or will result in a violation of any provision of any instrument or agreement then binding upon the Company, or any restriction imposed by any court or governmental body having jurisdiction over the Company; (ii) that any Warrant Agreement and any Unit Agreement will be governed by the laws of the State of New York; and (iii) the accuracy of the opinion of Womble Carlyle Sandridge & Rice, LLP rendered to you with respect to the validity, full payment and non-assessability of the Common Stock and filed as an exhibit to the Registration Statement.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement referred to above and further consent to the reference to our name under the caption “Validity of Securities” in the prospectus, which is a part of the Registration Statement. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

This opinion is rendered solely to you in connection with the above matter. This opinion may not be relied upon by you for any other purpose or relied upon by or furnished to any other person without our prior written consent.

Very truly yours,

/s/ Davis Polk & Wardwell LLP

OPINION OF WOMBLE CARLYLE SANDRIDGE & RICE, LLP

October 13, 2011

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

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as special North Carolina counsel to PepsiCo, Inc., a North Carolina corporation (the "Company"), in connection with the preparation of the Company's above-referenced registration statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "1933 Act"), filed by the Company with the Securities and Exchange Commission (the "Commission") on October 13, 2011. The Registration Statement relates to the proposed offer and sale by the Company of the following securities (collectively, the "Securities"): (a) shares of common stock, par value 1-2/3 cents per share (the "Common Stock"); (b) debt securities; (c) warrants and (d) units. The Registration Statement provides that specific terms of the Securities will be provided in supplements to the prospectus contained in the Registration Statement. This opinion is delivered to you pursuant to Item 16 of Form S-3 and Item 601(b)(5) of Regulation S-K of the Commission.

As the Company's special North Carolina counsel, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Company's articles of incorporation and by-laws, each as amended to date, and minutes and records of the corporate proceedings of the Company relating to the filing of the Registration Statement and the issuance of the Common Stock, as provided to us by the Company, certificates of public officials and of representatives of the Company, and statutes and other instruments and documents, as a basis for the opinions hereinafter expressed. In rendering this opinion, we have relied upon certificates of public officials and representatives of the Company with respect to the accuracy of the factual matters contained in such certificates.

In connection with such examination, we have assumed (a) the genuineness of all signatures and the legal capacity of all signatories; (b) the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as certified or photostatic copies; (c) that each agreement relating to the issuance of the Common Stock constitutes the enforceable obligation of the parties thereto other than the Company; (d) the proper issuance and accuracy of certificates of public officials and representatives of the Company; (e) that at the time of any offering or sale of any shares of Common Stock, the Company will have such number of shares of Common Stock, as set forth in such offering or sale, duly authorized and available for issuance; (f) that the issuance of such Common Stock, whether represented by certificates or issued in uncertificated form, will be registered on the stock transfer books of the Company in compliance with applicable law and the Company's by-laws, as amended, and any certificates representing the Common Stock will be duly executed in accordance with applicable law and the Company's by-laws, as amended; and

(g) that there shall not have occurred any change in law affecting the validity of the Common Stock.

Based on and subject to the foregoing, and subject to completion of all corporate action required to be taken by the Company to authorize each proposed issuance of Securities (including the due reservation of any shares of Common Stock to be issued upon conversion, exercise or exchange or otherwise pursuant to the terms of any other Securities), and having regard for such legal considerations as we deem relevant, it is our opinion that:

1. With respect to Common Stock, when the shares of Common Stock have been issued and delivered in accordance with the applicable definitive purchase, underwriting or similar agreement against the receipt of requisite consideration therefor provided for therein, such shares of Common Stock will be validly issued, fully paid and nonassessable.

2. With respect to Common Stock to be issued upon conversion, exercise, exchange or otherwise pursuant to the terms of any other Securities, when such Common Stock has been issued and delivered in accordance with the terms of the applicable Securities and the applicable definitive purchase, underwriting or similar agreement against the receipt of requisite consideration therefor provided for therein, such shares of Common Stock will be validly issued, fully paid and nonassessable.

This opinion is limited to the laws of the State of North Carolina, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

This opinion is rendered as of the date hereof, and we undertake no obligation to advise you of any changes in applicable law or any other matters that may come to our attention after the date hereof.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to any reference to the name of our firm in the Registration Statement. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the 1933 Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ WOMBLE CARLYLE SANDRIDGE & RICE
A Limited Liability Partnership

Exhibit 15.1

ACCOUNTANT'S ACKNOWLEDGEMENT

Board of Directors and Shareholders
PepsiCo, Inc.:

Re: Registration Statement on Form S-3 filed with the Securities and Exchange Commission

With respect to the subject registration statement, we acknowledge our awareness of the incorporation by reference therein of our reports dated April 28, 2011, July 21, 2011 and October 12, 2011 related to our reviews of PepsiCo Inc.'s interim financial information.

Pursuant to Rule 436(c) under the Securities Act of 1933 (the "Act"), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP
New York, New York
October 13, 2011

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
PepsiCo, Inc.:

We consent to incorporation by reference in the Registration Statement on Form S-3 (the "Registration Statement") of PepsiCo, Inc. and Subsidiaries ("PepsiCo, Inc.") of our audit report dated February 18, 2011, except for Notes 1, 3, and 4, which are as of March 31, 2011, with respect to the Consolidated Balance Sheet of PepsiCo, Inc. as of December 25, 2010 and December 26, 2009 and the related Consolidated Statements of Income, Cash Flows and Equity for each of the fiscal years in the three-year period ended December 25, 2010, which report appears in the Form 8-K dated March 31, 2011, and to our report dated February 18, 2011 on the effectiveness of internal control over financial reporting as of December 25, 2010, which report appears in the December 25, 2010 annual report on Form 10-K of PepsiCo, Inc. and to the reference to our firm under the heading "Independent Registered Public Accounting Firm" in the Registration Statement.

/s/ KPMG LLP
New York, New York
October 13, 2011

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

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) o

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation if not a U.S. national bank)	13-5160382 (I.R.S. employer identification no.)
One Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

PepsiCo, Inc.
(Exact name of obligor as specified in its charter)

North Carolina (State or other jurisdiction of incorporation or organization)	13-1584302 (I.R.S. employer identification no.)
700 Anderson Hill Road Purchase, New York (Address of principal executive offices)	10577 (Zip code)

Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, N.Y. 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-154173).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152735).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 11th day of October, 2011.

THE BANK OF NEW YORK MELLON

By: /S/ Sherma Thomas
Name: Sherma Thomas
Title: Senior Associate

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of One Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business June 30, 2011, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar Amounts In Thousands
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	4,600,000
Interest-bearing balances	112,412,000
Securities:	
Held-to-maturity securities	4,081,000
Available-for-sale securities	60,446,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	38,000
Securities purchased under agreements to resell	528,000
Loans and lease financing receivables:	
Loans and leases held for sale	16,000
Loans and leases, net of unearned income	25,506,000
LESS: Allowance for loan and lease losses	421,000
Loans and leases, net of unearned income and allowance	25,085,000
Trading assets	4,910,000
Premises and fixed assets (including capitalized leases)	1,224,000
Other real estate owned	8,000
Investments in unconsolidated subsidiaries and associated companies	1,020,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,439,000
Other intangible assets	1,719,000

Other assets	13,804,000
Total assets	236,330,000
LIABILITIES	
Deposits:	
In domestic offices	105,635,000
Noninterest-bearing	66,246,000
Interest-bearing	39,389,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	88,801,000
Noninterest-bearing	2,263,000
Interest-bearing	86,538,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	2,355,000
Securities sold under agreements to repurchase	1,122,000
Trading liabilities	5,930,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	1,950,000
Not applicable	
Not applicable	
Subordinated notes and debentures	3,505,000
Other liabilities	9,943,000
Total liabilities	219,241,000
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	8,656,000
Retained earnings	7,532,000
Accumulated other comprehensive income	-584,000
Other equity capital components	0
Total bank equity capital	16,739,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	17,089,000
Total liabilities and equity capital	236,330,000

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,

Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Robert P. Kelly
Gerald L. Hassell
Catherine A. Rein

Directors