AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 6, 1995
REGISTRATION NO. 33-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

PEPSICO, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NORTH CAROLINA	5812	13-1584302
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

PURCHASE, NEW YORK 10577-1444
(914) 253-2000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

DOUGLAS M. CRAM, Esq.
VICE PRESIDENT AND ASSISTANT GENERAL COUNSEL
PEPSICO, INC.
PURCHASE, NEW YORK 10577-1444
(914) 253-2000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPY TO:
WILLIAM M. HARTNETT, ESQ.
CAHILL GORDON & REINDEL
80 Pine Street
NEW YORK, NEW YORK 10005
(212) 701-3000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC:
From time to time after the effective date of this Registration Statement as determined in light of market conditions.

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

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

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum aggregate offering price per unit (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee
Debt Securities, Debt Warrants and Shelf Warrants	$2,500,000,000(2)(3)	100%	$2,500,000,000(2)	$862,068.97

(1) Estimated solely for the purpose of determining the amount of the registration fee.
(2) In U.S. dollars or the equivalent thereof in the case of foreign currencies or currency equivalents.
(3) The principal amount at maturity will be greater if any Debt Securities, Debt Warrants or Shelf Warrants are sold with original issue discount.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE ACT OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Pursuant to Rule 429 of the Rules and Regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended, the prospectus included in this registration statement also relates to $822,000,000 of Debt Securities previously registered under the registrant's registration statement on Form S-3 (File No. 33-51389)

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION DATED
JANUARY , 1995

PROSPECTUS

U.S. $2,500,000,000

(PEPSICO LOGO)

DEBT SECURITIES AND WARRANTS
DUE NOT LESS THAN NINE MONTHS FROM DATE OF ISSUE

PepsiCo, Inc., a North Carolina corporation (the "Company"), may from time to time offer one or more of the following securities under the Registration Statement (hereinafter defined) of which this Prospectus forms a part: debt securities, consisting of notes, debentures, and other evidences of unsecured indebtedness (the "Debt Securities"), warrants to purchase Debt Securities (the "Debt Warrants"), and other warrants, options, and unsecured contractual obligations of the Company (the "Shelf Warrants") (Debt Warrants and Shelf Warrants sometimes referred to collectively as the "Warrants"), up to an aggregate initial offering price of $2,500,000,000 or the equivalent thereof in one or more foreign or composite currencies (any such foreign or composite currency a "Specified Currency"). See "Important Currency Exchange Information". Debt Securities and Warrants (collectively, the "Securities" and each, individually, a "Security") may be offered separately or together, in amounts, at prices, and on terms to be determined at the time of sale.

The particular terms of any series of Debt Securities will be set forth in a separate supplement to this Prospectus (each a "Pricing Supplement"). Each Debt Security will bear interest at either a fixed rate established by the Company at the date of issue (a "Fixed Rate Debt Security") (which in the case of a Debt Security issued at a discount from its principal amount (a

"Discount Debt Security") may be zero) or a floating rate (a "Floating Rate Debt Security"). A Fixed Rate Debt Security may pay a variable amount of principal and a Floating Rate Debt Security may pay a variable amount of interest and/or principal, in each case as determined by reference to the relative value of one or more Specified Currencies, commodities, or instruments, the level of one or more financial or non-financial indices, or any other designated factor or factors (each such security an "Indexed Debt Security"). The minimum denominations in which Debt Securities of a particular series may be purchased will be set forth in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, Debt Securities will be issued in integral multiples of $1,000, will not be redeemable or repayable prior to maturity, and will not be subject to any sinking fund. Each Debt Security will be issued in registered form and will be represented by a single global certificate (a "Global Debt Security") or, at the option of the Company, by a certificate registered in definitive form. Each Global Debt Security will be deposited with The Depository Trust Company, as depositary ("DTC"), or with any other depositary appointed by the Company (DTC or such other depositary the "Depositary"), and will be registered in the name of the Depositary or a nominee thereof. Beneficial interests in a Global Debt Security will be shown on, and transfers thereof will be effected only through, records maintained by the Depositary and its Participants (hereinafter defined). Except under the circumstances described herein or in the applicable Pricing Supplement, beneficial interests in a Global Debt Security will not be issuable in definitive form. SEE "DESCRIPTION OF DEBT SECURITIES--CURRENCY AND INDEX-RELATED RISK FACTORS" FOR A DISCUSSION OF GENERAL RISKS ASSOCIATED WITH INVESTMENTS IN INDEXED DEBT SECURITIES AND IN DEBT SECURITIES DENOMINATED OR PAYABLE IN A SPECIFIED CURRENCY.

The particular terms of any series of Warrants, including the designation, offering price, detachability, expiration date, procedures and conditions relating to exercise, and information regarding the underlying instrument, commodity, or index will be set forth in one or more supplements to this Prospectus (each a "Prospectus Supplement"). The applicable Prospectus Supplement will also identify any material United States tax considerations and any general risks associated with an investment in Warrants of a given series. See "Description of Warrants".
In the event of a variance in the terms set forth in this Prospectus and in the Pricing Supplement or Prospectus Supplement applicable to a particular series of Securities (each such supplement an "applicable Supplement"), the terms of the applicable Supplement will govern.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS OR ANY APPLICABLE SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Securities may from time to time be offered and sold by the Company directly to investors, through one or more agents, or to underwriters for resale to investors. There is no agreement at this time between the Company and any agent or underwriter with respect to the Securities. However, it is anticipated that any agreement between the Company and any agent or underwriter will be in substantially the form of Distribution Agreement filed as Exhibit 1 to the Registration Statement (hereinafter defined). The name of any agent or underwriter involved in the offering of any particular series of Securities (other than an agent acting as purchaser for its own account) will be set forth in the applicable Supplement (any such named agent or underwriter, respectively, an "Agent" or "Underwriter"). It is not currently anticipated that any series of Securities will be listed on any securities exchange and there can be no assurance either that the Securities will be sold or, if sold, that there will be a secondary market for them. The Company or any Agent or Underwriter may reject any offer to purchase Securities, in whole or in part, whether or not solicited. The Company will have the

sole right to accept any offer to purchase Securities and reserves the right to withdraw, cancel, or modify, without notice, the offer to sell Securities contained in this Prospectus and in any applicable Supplement. See "Plan of Distribution".

	PRICE TO PUBLIC (1)	MAXIMUM AGGREGATE COMMISSION & DISCOUNTS(2)(3)	MINIMUM PROCEEDS TO THE COMPANY(2)(3)(4)
Per Debt Security Security	100%(5)	0.75%	99.25%
Per Warrant	(6)	0.75%	99.25%
Total	$2,500,000,000	$18,750,000(7)	$2,481,250,000(7)

</ TABLE>

(1) The aggregate initial public offering price of all Debt Securities and Warrants sold hereunder will not exceed $2,500,000,000, or the equivalent thereof in one or more Specified Currencies, as the case may be.

(2) The Company may pay commissions to Agents and offer discounts to Underwriters, which commissions and discounts will not, in the aggregate, exceed 0.75% of the aggregate initial offering price of all Debt Securities and Warrants sold through Agents and Underwriters. Any such commission or discount will be identified in the applicable Supplement.

(3) An Agent or Underwriter may realize additional consideration from its participation as broker or counterparty in one or more swap transactions related to the issuance of Debt Securities or Warrants. Each Agent and Underwriter will be indemnified by the Company against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended.

(4) Before deduction of expenses payable by the Company estimated at $1,302,000.00.

(5) Unless otherwise specified in the applicable Pricing Supplement, Debt Securities will be issued at 100% of their principal amount.

(6) The initial public offering price of any Warrants sold hereunder will be set forth in the applicable Prospectus Supplement.

(7) In U.S. dollars or the equivalent thereof in one or more Specified Currencies, as the case may be.

This Prospectus may be used by Agents, Underwriters, and other dealers in connection with offers and sales of Securities in market-making transactions at negotiated prices relating to prevailing market prices at the time of sale or otherwise. This Prospectus may not be used to consummate the sale of any Securities unless accompanied by the applicable Supplement.

THE DATE OF THIS PROSPECTUS IS JANUARY , 1995

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange

Act") and, in accordance therewith, files reports, proxy statements, and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements, and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, Room 1024, N.W., Washington, D.C. 20549, at the Commission's New York Regional Office, 7 World Trade Center, Room 1400, New York, New York 10048, and at its Chicago Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, Room 1024, N.W., Washington, D.C. 20549, at prescribed rates. Such reports, proxy statements, and other information may also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, and at the offices of the Chicago Stock Exchange, Inc., 440 South LaSalle Street, Chicago, Illinois 60605.

This Prospectus does not contain all of the information set forth in the registration statement filed by the Company with the Commission under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the offer contained herein. Reference should be made to such registration statement (the "Registration Statement"), the exhibits thereto, and the documents incorporated by reference therein for further information regarding the Company and the Securities.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company with the Commission, relating to the Company and its consolidated subsidiaries, are incorporated by reference in this Prospectus:

(a) the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1993;

(b) the Company's Quarterly Report on Form 10-Q for the twelve-week period ended March 19, 1994;

(c) the Company's Quarterly Report on Form 10-Q for the twelve and twenty-four week periods ended June 11, 1994;

(d) the Company's Quarterly Report on Form 10-Q for the twelve and thirty-six week periods ended September 3, 1994; and

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of the Securities will be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will furnish, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of any such person, a copy of any or all of the documents incorporated by reference herein, except the exhibits to such documents (unless such exhibits are expressly incorporated by reference therein). Requests should be directed to the Manager of Shareholder Relations, PepsiCo, Inc., 700 Anderson Hill Road, Purchase, N.Y. 10577, telephone number (914) 253-3055.

IMPORTANT CURRENCY EXCHANGE INFORMATION

Unless otherwise provided in the applicable Pricing Supplement, purchasers will be required to pay for each

non-U.S. dollar denominated Debt Security in the Specified Currency, and payments of principal, premium, if any, and interest, if any, on such Debt Security will be made in such Specified Currency. Currently, there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies and vice versa. In addition, most banks do not currently offer non-U.S. dollar denominated checking account facilities in the United States and there may be significant restrictions on other non-U.S. dollar denominated accounts offered by banks in the United States. Accordingly, unless alternative arrangements are made, payments of principal, premium, if any, and interest, if any, on Debt Securities payable in a Specified Currency will be made to an account at a bank outside the United States. See "Description of Debt Securities--Currency and Index-Related Risk Factors".

If the applicable Pricing Supplement provides for payments of principal, premium, if any, and interest, if any, on a non-U.S. dollar denominated Debt Security to be made in U.S. dollars, the conversion of the Specified Currency into U.S. dollars will be handled by the exchange rate agent identified in the applicable Pricing Supplement. The costs of such conversion will be borne by the Holder (see Glossary) of such Debt Security through deductions from such payments.

References herein to "U.S. dollars", "U.S. $", and "$" are to the lawful currency of the United States.

THE COMPANY

The Company was incorporated in Delaware in 1919 and was reincorporated in North Carolina in 1986. Unless the context indicates otherwise, the term "PepsiCo" as used in this Prospectus means the Company and its various divisions and subsidiaries. PepsiCo is engaged in the following domestic and international business activities: beverages, snack foods, and restaurants.

PepsiCo's beverage business consists of Pepsi-Cola North America ("PCNA") and Pepsi-Cola International ("PCI"). PCNA manufactures and sells beverages, primarily soft drinks and soft drink concentrates in the United States and Canada. PCNA sells its concentrates to licensed independent and company-owned bottlers and to joint ventures in which PepsiCo participates. Under appointments from PepsiCo, bottlers manufacture, sell, and distribute, within defined territories, carbonated soft drinks and syrups bearing trademarks owned by PepsiCo, including PEPSI-COLA, DIET PEPSI, MOUNTAIN DEW, SLICE, CRYSTAL, MUG, and, within Canada, 7UP and DIET 7UP. In addition, PCNA has entered into a joint venture with Thomas J. Lipton Co. that develops, markets, and distributes ready-to-drink tea products under the LIPTON trademark throughout the United States. PCNA has also entered into a joint venture with Ocean Spray Cranberries, Inc. to develop new juice products and, pursuant to a separate distribution agreement, to distribute single-serve sizes of OCEAN SPRAY juice products throughout the United States. PCI principally sells soft drink concentrates to independent bottlers that manufacture, sell, and distribute carbonated soft drinks outside the United States and Canada under the PEPSI-COLA, DIET PEPSI, MIRINDA, 7UP, PEPSI MAX, DIET 7UP, and other trademarks.

PepsiCo's snack food business consists of Frito-Lay, Inc. ("Frito-Lay") and PepsiCo Foods International ("PFI"). Frito-Lay manufactures and sells a varied line of snack foods throughout the United States and Canada, including such well-known products as FRITOS brand corn chips, LAY'S in the United States and RUFFLES brands potato chips, DORITOS and TOSTITOS brands tortilla chips, CHEE.TOS brand cheese flavored snacks, ROLD GOLD brand pretzels, SMARTFOOD brand cheese flavored popcorn, and SUNCHIPS brand multigrain snacks. PFI manufactures and markets snack foods and other food products outside the United States and Canada, primarily through company-owned facilities and joint ventures. Many of PFI's snack products, such as SABRITAS brand potato chips in Mexico, are similar in taste to Frito-Lay snack foods sold in the United States and Canada. PFI also sells a variety of snack food products that appeal to local tastes, including SMITHS Crisps

and WALKERS Crisps, which are sold in the

United Kingdom, and cookies and confectioneries, which are sold, for example in Mexico by PFI's Gamesa and Sonric's units. In addition, RUFFLES, CHEE.TOS, DORITOS, FRITOS and SUNCHIPS brands snack foods have been introduced to international markets. During 1992, PFI formed a joint venture with General Mills, Inc., called Snack Ventures Europe, combining PFI's businesses in Spain, Portugal, and Greece with General Mills' snack food businesses in France, Belgium, and the Netherlands.

PepsiCo's restaurant business principally consists of Kentucky Fried Chicken Corporation ("KFC"), Pizza Hut, Inc. ("Pizza Hut"), and Taco Bell Corp. ("Taco Bell"). KFC is engaged principally in the operation, development, and franchising of take-out and eat-in restaurants featuring chicken and operating under the names KENTUCKY FRIED CHICKEN and/or KFC. Pizza Hut is engaged principally in the operation, development, and franchising of a system of casual full-service family restaurants, delivery/carry-out units, and kiosks operating under the name Pizza Hut. The full service restaurants serve several varieties of pizza as well as pasta, salads, and sandwiches. Taco Bell is engaged principally in the operation, development, and franchising of a chain of fast-service restaurants serving moderately priced take-out and eat-in Mexican-style food, including tacos, burritos, taco salads, and nachos, and operating under the name TACO BELL. PFS, a division of PepsiCo, is engaged in the operation of Pizza Hut, Taco Bell, and KFC supply systems in the United States, Australia, Canada, Mexico and Puerto Rico.

The Company's executive offices are located at 700 Anderson Hill Road, Purchase, New York 10577 (telephone number (914) 253-2000).

USE OF PROCEEDS

Except as otherwise provided in any applicable Supplement, the net proceeds from the sale of Securities will be utilized by the Company or its subsidiaries for general corporate purposes, including the funding of acquisitions and share repurchases and the refunding of commercial paper and other indebtedness.

Depending upon market conditions, the financial needs of the Company, and other factors, the Company may, from time to time, undertake additional financings. The amount and timing of such financings, if any, cannot be determined at this time.

RATIO OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges of the Company and its consolidated subsidiaries for the fiscal years 1989 through 1993, inclusive, and for the 36-week period ended September 3, 1994, are set forth below. "Fixed charges" consist of interest expense, capitalized interest, amortization of debt discount, and a portion of net rental expense 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, plus fixed charges (excluding capitalized interest), plus amortization of capitalized interest, with the sum divided by fixed charges.

	FISCAL YEARS				
1989	1990	1991	1992	1993	36-Week Period Ended September 3, 1994

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2.97	3.11	3.27	3.66	4.39	4.61	

DESCRIPTION OF DEBT SECURITIES

The Debt Securities are to be issued under an Indenture, dated as of December 14, 1994 (the "Indenture"), between the Company and The Chase Manhattan Bank (National Association), as trustee (the "Trustee"), a copy of which is incorporated by reference as an exhibit to the Registration Statement of which this Prospectus is a part. The statements herein concerning the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture, including the definitions of certain terms. All capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the Indenture. All capitalized terms used in an applicable Pricing Supplement and not otherwise defined therein have the meanings ascribed to such terms in this Prospectus.

THE TERMS AND CONDITIONS SET FORTH IN THIS PROSPECTUS WITH RESPECT TO DEBT SECURITIES WILL APPLY TO EACH DEBT SECURITY UNLESS OTHERWISE SPECIFIED HEREIN OR IN THE APPLICABLE PRICING SUPPLEMENT.

General

The Debt Securities may be issued from time to time in an aggregate principal amount that, together with the aggregate initial offering price of Warrants that may be issued from time to time hereunder, will not exceed $2,500,000,000 or the equivalent thereof in one or more Specified Currencies. The aggregate principal amount may be increased from time to time as authorized by the Board of Directors of the Company. For the purpose of this paragraph: (i) the principal amount of any Discount Debt Security or of any Debt Security issued at a premium over its face amount means the Issue Price (hereinafter defined) of such Debt Security, and (ii) the principal amount of any Debt Security denominated in a Specified Currency means the U.S. dollar equivalent of the Issue Price of such Debt Security as of its issue date. The Indenture does not limit the aggregate principal amount of debt securities that the Company may issue and does not limit the amount of additional indebtedness the Company may incur. The Debt Securities will be unsecured and unsubordinated obligations of the Company and will rank in parity with all other unsecured and unsubordinated indebtedness of the Company.

Debt Securities denominated in U.S. dollars will be issued in integral multiples of $1,000 and in such denominations as will be set forth in the applicable Pricing Supplement. The authorized denominations of Debt Securities denominated in a Specified Currency will be as set forth in the applicable Pricing Supplement. The U.S. dollar equivalent of the principal amount of a Debt Security denominated in a Specified Currency will be determined on the basis of the noon buying rate in the City of New York for cable transfers of such Specified Currency published by the Federal Reserve Bank of New York (such rate the "Market Exchange Rate") on the New York Business Day (hereinafter defined) prior to the date the Company accepted the offer to purchase such Debt Security. Determination of the Market Exchange Rate will be made by the Exchange Rate Agent (hereinafter defined).

Each Debt Security will be issued in fully registered form, as a Global Debt Security, or, if provided in the applicable Pricing Supplement, as a Debt Security in definitive form. Debt Securities may be registered for transfer or exchange at the Corporate Trust Office of the Trustee, at 4 Chase MetroTech Center, Brooklyn, New York 11245. No service charge will be made

for any transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except as set forth below, beneficial interests in Global Debt Securities will not be exchangeable for Debt Securities in definitive form. See "Description of Debt Securities--Global Debt Securities".

Each Debt Security will mature on a date not less than nine months from its issue date, as set forth in the applicable Pricing Supplement. Debt Securities will not be redeemable at the option of the Company

or repayable at the option of the Holder prior to maturity and will not be subject to any sinking fund. The foregoing notwithstanding, the Company may purchase Debt Securities at any time, at any price, in the open market or otherwise, and may thereafter hold or resell such Debt Securities, or surrender such Debt Securities to the Trustee for cancellation, at the sole discretion of the Company.

The applicable Pricing Supplement will describe the particular terms of each Debt Security to be sold pursuant thereto, including (1) the principal amount and, if the principal amount will be amortized over the life of the Debt Security, the method of determining when and to what extent payments of principal will be made prior to maturity or, if the principal amount is variable, the face amount and any index, formula, or other factor to which payment of principal is linked; (2) the initial offering price (the "Issue Price"), if other than 100% of the principal amount; (3) the date on which the Issue Price must be paid (the "Settlement Date") and the manner in which such payment must be made, if other than by wire transfer of immediately available funds; (4) the interest rate or, if the interest rate is variable, any index, formula, or other factor to which payment of interest is linked; (5) the date from which interest, if any, will accrue (the "Interest Accrual Date"), if other than the date of issue; (6) the scheduled date or dates on which interest, if any, will be payable (each an "Interest Payment Date"); (7) the scheduled date or dates on which principal and premium, if any, will be payable (each a "Principal Payment Date"); (8) the date on which the Debt Security is scheduled to mature (the "Scheduled Maturity Date"); (9) whether principal, premium, if any, or interest, if any, may, at the option of the Company or the Holder, be payable in a currency other than the denominated currency of the Debt Security, and the terms and conditions upon which such option may be exercised; (10) whether and under what circumstances the Company will pay additional amounts on the Debt Security in respect of any taxes, assessments, or other governmental charges withheld or deducted and, if so, whether the Company will instead have the option to redeem the Debt Security; (11) any other terms or conditions upon which the Debt Security may be redeemed or repaid by the Company prior to its Scheduled Maturity Date; (12) any mandatory or optional sinking fund provisions; (13) any Event of Default (as defined in the Indenture) with respect to the Debt Security, if not set forth in the Indenture; and (14) any additional terms or provisions of the Debt Security, which will not in any event be inconsistent with the terms and conditions of the Indenture.

Exchange Rate and Other Calculations

Any currency exchange rates and currency exchange calculations to be made with respect to a given Debt Security will be made by the exchange rate agent, which may be either the Company or its appointed agent, as identified in the applicable Pricing Supplement (the Company or any agent so identified in the applicable Pricing Supplement the "Exchange Rate Agent"). Any other calculations to be made with respect to a given Debt Security will be made by the calculation agent, which may be either the Company or its appointed agent, as identified in the applicable Supplement (the Company or any agent so identified in the applicable Pricing Supplement the "Calculation Agent"). All determinations and calculations made by the Exchange Rate Agent or the Calculation Agent, as the case may be, will be at the sole

discretion of the Exchange Rate Agent or the Calculation Agent, as the case may be, and in the absence of manifest error will be conclusive for all purposes and binding on the Holders of the subject Debt Securities.

All currency amounts resulting from calculations with respect to any Debt Security will be rounded, if necessary, to the nearest one-hundredth of a unit, with five one-thousandths of a unit being rounded upward -- e.g., 1.765 being rounded to 1.77 - -- except that in the case of the Japanese yen and the Italian lire, such currency amounts will be rounded to the nearest whole unit -- e.g., 99.5 yen being rounded to 100 yen. All percentages resulting from any calculation with respect to any Debt Security will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (.0000001), with five one-millionths of a percentage point rounded upward -- e.g., .09876545 (or 9.876545%) being rounded to .0987655 (or 9.87655%).

Payment Currency

If the applicable Pricing Supplement provides for payments of principal, premium, if any, and interest, if any, on a non-U.S. dollar denominated Debt Security to be made in U.S. dollars at the option of the Holders thereof, the exchange rate applicable to the conversion of the Specified Currency into U.S. dollars will be based on the highest bid quotation (assuming European-style quotation -- i.e., Specified Currency per U.S. dollar) received by the Exchange Rate Agent on the second New York Business Day prior to the applicable payment date from three recognized foreign exchange dealers in the City of New York (one of which may be the Exchange Rate Agent) for the purchase of the aggregate amount of the Specified Currency payable on such payment date, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. If no such bid quotations are available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of the Debt Security by deductions from such payments.

If payments of principal, premium, if any, or interest, if any, with respect to a Debt Security are required to be made in a Specified Currency and such Specified Currency is not available to the Company for any such payment due to the imposition of exchange controls or other circumstances beyond the control of the Company, or if such Specified Currency is no longer used by the government of the country issuing such currency or is no longer used or is no longer generally available for use for the settlement of transactions by public institutions within the international banking community, then the Company will be entitled to satisfy its payment obligations with respect to such Debt Security by making such payments in U.S. dollars. The amount of each such payment in U.S. dollars will be computed on the basis of the Market Exchange Rate in effect with respect to such Specified Currency on the second New York Business Day prior to the applicable payment date or, if the Market Exchange Rate in effect on such date cannot be readily determined, then on the basis of the highest bid quotation (assuming European-style quotation -- i.e., Specified Currency per U.S. dollar) received by the Exchange Rate Agent on the second New York Business Day prior to the applicable payment date from three recognized foreign exchange dealers in the City of New York (one of which may be the Exchange Rate Agent) for the purchase of the aggregate amount of the Specified Currency payable on such payment date, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. No payment in U.S. dollars made under such circumstances will constitute an Event of Default.

If payments of principal, premium, if any, or interest, if any, with respect to a Debt Security are required to be made in a composite currency and the composition of such composite currency is at any time altered (whether by the addition, elimination, combination, or subdivision of one or more components, by

adjustment of the ratio of any component to the composite unit, or by any combination of such events), then the Company will be entitled to satisfy its payment obligations with respect to such Debt Security by making such payments in such composite currency as altered. See "Currency and Index-Related Risk Factors".

Interest and Principal Payments

The Holder in whose name a Debt Security is registered with the Trustee at the close of business on any given Record Date (see Glossary) will be entitled to the payment of principal, premium, if any, and/or interest, if any, payable on the applicable payment date (such Holder the "Holder of Record"). The Record Date with respect to a payment of principal (other than a payment of principal payable on a Maturity Date) will be the fifteenth day prior to the applicable Principal Payment Date. The Record Date with respect to a payment of interest (other than a payment of interest payable on a Maturity Date) will be the fifteenth day prior to the applicable Interest Payment Date. The initial interest payment on a Debt Security will be made on the first Interest Payment Date occurring at least 15 calendar days after the date of issue to the Holder of Record as of the applicable Record Date. Any payment of principal, premium, and/or interest payable on a Maturity Date will be payable to the Holder in whose name the Debt Security is registered as of such date.

Any U.S. dollar payment of principal, premium, if any, and interest, if any, on a Debt Security, other than principal, premium, if any, or interest, if any, payable on the Maturity Date, will be made by check mailed to the registered address of the Holder of Record as of the applicable Record Date. U.S. dollar payments of principal, premium, if any, and interest, if any, payable on the Maturity Date will be made in immediately available funds upon presentation and surrender of the Debt Security at the office of the Paying Agent located at 4 MetroTech Center, Brooklyn, New York 11245. The foregoing notwithstanding, (a) the Depositary, as Holder of Record of Global Debt Securities, will be entitled to receive U.S. dollar payments of principal, premium, if any, and interest, if any, by wire transfer of immediately available funds, and (b) any Holder of Record of $10,000,000 or more in aggregate principal amount of Debt Securities of the same series issued in definitive form will be entitled to receive U.S. dollar payments of principal, premium, if any, and/or interest, if any, by wire transfer of immediately available funds, provided, that the Paying Agent receives from such Holder of Record a written request with appropriate wire transfer instructions no later than 15 calendar days prior to such date. Non-U.S. dollar payments of principal, premium, if any, and interest, if any, on a Debt Security will be made by wire transfer of funds in the Specified Currency to an account maintained by the Holder of Record with a bank located outside the United States, in accordance with appropriate written wire transfer instructions to be provided by the Holder of Record to the Paying Agent no later than 15 calendar days prior to the applicable payment date. If such wire transfer instructions are not so provided, such non-U.S. dollar payments on such Debt Security will be made by check payable in the Specified Currency mailed to the registered address of the Holder of Record.

Certain Debt Securities, including Discount Debt Securities, may be considered to be issued with original issue discount. The beneficial owners of such Debt Securities must include such discount in income for United States federal income tax purposes at a constant rate. See "United States Tax Considerations--OID Debt Securities". If the principal of any Discount Debt Security is declared to be immediately due and payable as described below under "Description of Certain Indenture Provisions--Events of Default", the amount of principal due and payable with respect to such Discount Debt Security will be limited to the aggregate principal amount of such Discount Debt Security multiplied by the sum of its Issue Price (expressed as a percentage of the aggregate principal amount) plus the original issue discount

amortized from the date of issue to the date of declaration (also expressed as a percentage of the aggregate principal amount), which amortization will be calculated using the "interest method" (computed in accordance with generally accepted accounting principles in effect on the date of declaration). Special considerations applicable to any such Debt Securities will be set forth in the applicable Pricing Supplement.

Fixed Rate Debt Securities

Each Fixed Rate Debt Security will bear interest at the rate stated on the face thereof and in the applicable Pricing Supplement until the principal thereof is paid or duly made available for payment. Such interest will be computed on the basis of a 360-day year of twelve 30-day months.

Interest payments on each Fixed Rate Debt Security will include interest accrued from (and including) the Interest Accrual Date or the last date in respect of which interest has been paid, as the case may be, to (but excluding) the next succeeding Interest Payment Date or the Maturity Date, as the case may be. The interest rates that the Company will agree to pay on newly-issued Fixed Rate Debt Securities are subject to change without notice from time to time, but no such change will affect any Fixed Rate Debt Security previously issued.

If any Interest Payment Date or Principal Payment Date (including the Maturity Date) for any Fixed Rate Debt Security would fall on a day that is not a New York Business Day, the payment of interest and/or principal (and premium, if any) that would otherwise be payable on such date will be postponed to the next succeeding New York Business Day, and no additional interest on such payment will accrue as a result of such postponement.

Floating Rate Debt Securities

Each Floating Rate Debt Security will bear interest until the principal thereof is paid or duly made available for payment at a rate to be determined by reference to the base rate specified in the applicable Pricing Supplement (the "Base Rate"), plus or minus the "Spread", if any, and/or (i) multiplied by the "Spread Multiplier", if any, or (ii) divided by the "Spread Divisor", if any. The "Spread" is the number of basis points (each basis point being equal to one one-hundredth of a percentage point) to be added to or subtracted from the Base Rate. The "Spread Multiplier", if any, and the "Spread Divisor", if any, are the amounts by which the Base Rate, or the Base Rate as adjusted by the Spread, will be multiplied or divided. The Spread, if any, the Spread Multiplier, if any, the Spread Divisor, if any, and the period of maturity of the instrument or obligation with respect to which the Base Rate is calculated (the "Index Maturity") will be specified in the applicable Pricing Supplement.

If specified in the applicable Pricing Supplement, a Floating Rate Debt Security may also have either or both of the following: (i) a maximum limitation, or ceiling, on the rate of interest that may accrue during any interest period (a "Maximum Interest Rate"), and (ii) a minimum limitation, or floor, on the rate of interest that may accrue during any interest period (a "Minimum Interest Rate"). In addition to any Maximum Interest Rate that may be applicable to a Floating Rate Debt Security, the interest rate on a Floating Rate Debt Security will be limited to the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

The rate of interest on each Floating Rate Debt Security will be reset daily, weekly, monthly, quarterly, semiannually, annually, or otherwise, as specified in the applicable Pricing Supplement (each such period an "Interest Period" and the first day of any Interest Period an "Interest Reset Date"). The foregoing notwithstanding (i) the interest rate in effect from the Interest Accrual Date to the first Interest Reset Date will

be the initial interest rate specified in the applicable Pricing Supplement (the "Initial Interest Rate"), (ii) the interest rate in effect for the 15 calendar days prior to any Maturity Date other than the Scheduled Maturity Date will be the interest rate in effect on the fifteenth day preceding such Maturity Date, and (iii) with respect to any Floating Rate Debt Security for which interest is reset daily or weekly, the interest rate in effect for the two-day period immediately preceding any Interest Payment Date will be the interest rate that was in effect on the first day of such two-day period. If any Interest Reset Date for a Floating Rate Debt Security would otherwise be a day that is not a New York Business Day, such Interest Reset Date will be the next succeeding New York Business Day, provided, however, that in the case of a Floating Rate Debt Security whose interest rate is determined by reference to LIBOR (as defined in the applicable Pricing Supplement), if the next succeeding New York Business Day falls in the next succeeding calendar month, such Interest Reset Date will be the immediately preceding New York Business Day.

Interest payments on a Floating Rate Debt Security will be equal to the amount of interest accrued from (and including) the Interest Accrual Date or from (and including) the last date to which interest has been paid, as the case may be, to (but excluding) the applicable Interest Payment Date, except that interest payable on the Maturity Date will include interest accrued to (but excluding) the Maturity Date. If any Interest Payment Date (other than the Maturity Date) for any Floating Rate Debt Security would otherwise be a day that is not a New York Business Day, the payment of interest that would otherwise be payable on such date will be postponed to the next succeeding New York Business Day, provided, however, that in the case of a Floating Rate Debt Security whose interest rate is determined by reference to LIBOR (as defined in the applicable Pricing Supplement), if the next succeeding New York Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding New York Business Day. If the Maturity Date for any Floating Rate Debt Security falls on a day that is not a New York Business Day, the payment of principal, premium, if any, and interest, if any, otherwise payable on such date will be postponed to the next succeeding New York Business Day, and no interest on such payment will accrue as a result of such postponement.

Accrued interest on a Floating Rate Debt Security will be calculated by multiplying the principal amount of such Floating Rate Debt Security (or, in the case of a Floating Rate Debt Security whose

principal amount is determined by reference to a specified index, the face amount of such Floating Rate Debt Security) by an accrued interest factor. The accrued interest factor will be computed as the sum of the interest factors calculated for each day in the period for which interest is being paid. The interest factor for any day in such period will be computed by dividing the interest rate in effect on such day by 360, or as otherwise specified in the applicable Supplement.

Upon the request of the Holder of any Floating Rate Debt Security, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective on the next Interest Reset Date.

Indexed Debt Securities

The Company may, from time to time, issue Indexed Debt Securities with respect to which the principal amount payable on any Principal Payment Date and/or the amount of interest payable on any Interest Payment Date will be determined by reference to the relative value of one or more Specified Currencies or commodities, the level of one or more financial or non-financial indices, and/or any other factor or factors identified in the applicable Pricing Supplement (such identified currencies, commodities, indices, and/or other factors applicable to the

determination of principal or interest payable with respect to a given Debt Security the "applicable Index"). A Fixed Rate Debt Security that is also an Indexed Debt Security may pay an aggregate principal amount that is greater or less than the face amount thereof, depending on the relative value or level of the applicable Index. A Floating Rate Debt Security that is also an Indexed Debt Security may pay interest and/or an aggregate principal amount that is greater or less than the face amount thereof, in each case depending on the relative value or level of the applicable Index. Specific information regarding a particular Indexed Debt Security, including the face amount thereof, the method for determining the principal amount payable on any Principal Payment Date (if applicable), and the method for determining the amount of interest payable on any Interest Payment Date (if applicable) will be set forth in the applicable Pricing Supplement.

Global Debt Securities

All Debt Securities of a given series will be represented by a single Global Debt Security issued in a denomination equal to the aggregate principal amount of the Debt Securities represented thereby. Upon issuance of a Global Debt Security, the respective principal amounts of the Debt Securities represented thereby will be credited by the Depositary, on its book-entry registration and transfer system, to the account of one or more institutions that have established an account with the Depositary (each such institution a "Participant"). The particular accounts to be credited will be designated by the underwriters or agents through which the subject Debt Securities were sold, or by the Company if the subject Debt Securities were offered and sold directly by the Company. Ownership of beneficial interests in a Global Debt Security will be limited to Participants and to those persons who hold interests in a Global Debt Security through Participants. Ownership of beneficial interests in a Global Debt Security will be shown on, and transfers of such ownership will be effected only through, records maintained by the Depositary (with respect to beneficial interests of Participants) or by Participants (with respect to beneficial interests of persons other than Participants). As long as the Depositary or its nominee (as the case may be) is the registered Holder of any Global Debt Security, the Depositary or such nominee (as the case may be) will be considered the sole owner and holder of the Debt Securities represented thereby for all purposes under the Indenture. Except under the circumstances described below, owners of beneficial interests in a Global Debt Security will not be entitled to have the underlying Debt Securities registered in their names and will not receive or be entitled to receive physical delivery of the underlying Debt Securities in definitive form.

Payments of principal, premium, if any, and interest, if any, with respect to Debt Securities represented by a Global Debt Security will be made to the Depositary or its nominee, as the case may be, as the registered owner thereof. None of the Company, the Trustee, or any Paying Agent for the underlying Debt Securities will have any responsibility or liability for any aspect of the records relating to, or for payments made on account of, beneficial ownership interests in a Global Debt Security, or for maintaining,

supervising, or reviewing any records relating to such beneficial ownership interests.

The Company expects that, immediately upon receipt of any payment of principal, premium, or interest with respect to the Debt Securities represented by a Global Debt Security, the Depositary will credit each Participant's account with the amount of such payment that is proportionate to its respective ownership interest in the principal amount of such Global Debt Security (as shown on the records of the Depositary). Payments by Participants to persons who hold beneficial interests in such Global Debt Security through such Participants will be the

responsibility of such Participants; the Company expects that such payments will be governed by standing instructions and customary practices, as is now the case with respect to securities registered in "street name" and held by financial institutions for the accounts of customers.

Owners of beneficial interests in a Global Debt Security will not receive or be entitled to receive physical delivery of the underlying Debt Securities in definitive form, provided, however, that (i) if the Depositary for any Debt Securities represented by a Global Debt Security is at any time unwilling or unable to continue as depositary, and a successor depositary is not appointed by the Company within 90 days, the Company will issue such Debt Securities in definitive form in exchange for such Global Debt Security, (ii) the Company may, at any time and in its sole discretion, determine not to have any Debt Securities of a series represented by one or more Global Debt Securities, in which event the Company will issue Debt Securities of such series in definitive form in exchange for the related Global Debt Security, and (iii) if the Company so provides with respect to a series of Debt Securities represented by a Global Debt Security, the Depositary may, on terms acceptable to the Company and the Depositary, direct that one or more owners of a beneficial interest in a Global Debt Security receive Debt Securities of such series in definitive form and in a principal amount equal to such beneficial interest in the Global Debt Security.

Unless and until it is exchanged in whole or in part for Debt Securities in definitive form, a Global Debt Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary, or by a nominee of the Depositary to either the Depositary or another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary and, in any such case, with the written consent of the Company.

Certain Indenture Provisions

Restrictive Covenant: The Indenture contains a covenant that neither the Company nor any Restricted Subsidiary (see Glossary) will incur, guarantee, or suffer to exist any indebtedness for borrowed money ("Debt"), secured by an mortgage, pledge or lien on any Restricted Property (see Glossary) or on any shares of stock of any Restricted Subsidiary unless the Debt Securities (and, at the option of the Company or a Restricted Subsidiary, as the case may be, any other debt not subordinate to the Debt Securities) are secured at least equally and ratably with such Debt for as long as such Debt remains so secured, subject to certain exceptions specified in the Indenture. Such exceptions include: (i) liens existing prior to the issuance of the Debt Securities; (ii) liens on property or shares of stock of any corporation existing at the time such corporation becomes a Restricted Subsidiary; (iii) liens on property or shares of stock existing when acquired (including acquisition through merger or consolidation) or securing the payment of all or any part of the purchase price, construction, or improvement thereof or securing the payment of all or any part of the purchase price, construction, or improvement thereof or securing any Debt incurred prior to, at the time of, or within 120 days after the later of the acquisition, the completion of construction, or the commencement of full operation of such property or within 120 days after the acquisition of such shares for the purpose of financing all or any portion of the purchase price thereof or construction thereon; (iv) liens in favor of the Company or a Restricted Subsidiary; (v) certain liens in favor of, or required by contracts with, governmental entities; (vi) any extension, renewal, or replacement of any lien referred to in any of the preceding clauses (i) through (vi); and (vii) liens otherwise prohibited by such covenant, securing Debt which, together with the aggregate amount of outstanding indebtedness secured by liens otherwise prohibited by such covenant, does not exceed 10% of the Company's Consolidated Net Tangible Assets (see Glossary). The Indenture does not restrict the transfer of a Restricted Property to an Unrestricted Subsidiary (see Glossary) or the change in designation of a subsidiary owning a Restricted Property from a Restricted Subsidiary to an Unrestricted Subsidiary.

There are no other restrictive covenants contained in the Indenture. The Indenture does not contain any provision that will restrict the Company 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 its capital stock, or from purchasing or redeeming its capital stock. The Indenture does not contain any financial ratios or specified levels of net worth or liquidity to which the Company must adhere. In addition, the Indenture does not contain any provision that would require that the Company repurchase, redeem, or otherwise modify the terms of any of the Debt Securities upon a change in control or other event involving the Company that may adversely affect the creditworthiness of the Company or the value of the Debt Securities.

Consolidation, Merger, and Sale of Assets: The Indenture provides that the Company may, without the consent of the Holders of any of the Debt Securities then outstanding, consolidate or merge with or into, or transfer or lease all or substantially all of its assets to, any corporation that is organized and validly existing under the laws of any domestic jurisdiction, and may permit any such corporation to consolidate with or merge into the Company or convey, transfer, or lease all or substantially all of its assets to the Company, provided, (i) that either the Company will be the surviving corporation or, if not, that the successor corporation will expressly assume by a supplemental indenture the due and punctual payment of the principal, premium, if any, and interest, if any, on the Debt Securities and the performance of every covenant of the Indenture to be performed or observed by the Company, and (ii) the Company or such successor corporation will not, immediately after such merger, consolidation, sale, or conveyance, be in default in the performance of any such obligations. In the event of any such consolidation, merger, conveyance, or transfer, any such successor corporation will succeed to and be substituted for the Company as obligor on the Debt Securities with the same effect as if it had been named in the Indenture as the "Company".

Modification of the Indenture: With certain exceptions, the Holders of a majority in aggregate principal amount of outstanding Debt Securities of a given series may, on behalf of the Holders of all then outstanding Debt Securities of such series, consent to a modification of the Indenture affecting all such Holders' rights thereunder and/or under such Debt Securities, provided, however, that the consent of the Holders of at least 75% in aggregate principal amount of outstanding Debt Securities of a given series must consent to extend the time for payment of any installment of interest payable with respect to such Debt Securities, and provided, further, that except to the extent described in the immediately preceding proviso, the right of any Holder of any outstanding Debt Security to receive payment when due of any payment of principal, premium, or interest payable with respect to such Debt Security, or to institute suit for the enforcement of any such payment, will not be impaired or affected without the consent of such Holder.

The Indenture may be modified by the Company and the Trustee without the consent of any of the Holders of the Debt Securities to (i) evidence the succession of another corporation to the Company, (ii) add to the covenants of the Company, (iii) surrender any right or power of the Company, (iv) cure any ambiguity, (v) add any provisions expressly permitted by the Trust Indenture Act of 1939, as amended, (vi) establish any form of Debt Security, provide for the issuance of any series of Debt Securities, set forth the terms of any series of Debt Securities, or add to the rights of Holders of Debt Securities of any series, (vii) evidence and provide for the acceptance of a successor trustee, (viii) establish additional events of default, and (ix) provide for the issuance of Debt Securities in bearer form provided that no modification may be made with respect to the

matters described in clauses (ii), (iii), (iv), (vi), or (viii) if it is reasonably determined that to do so would adversely affect the interests of the Holders of any outstanding Debt Securities of any series.

Events of Default, Notice, and Waiver: The Indenture provides that each of the following events constitutes an Event of Default with respect to a given series of Debt Securities (other than any such series that has been issued under or modified by a supplemental indenture or Board Resolution (as defined in the Indenture) in which such event is specifically deleted): (i) failure to make any payment of principal or

premium, if any, when due (whether at maturity, upon redemption, at declaration, or otherwise) on the Debt Securities of such series, (ii) failure to make any payment of interest when due on the Debt Securities of such series, which failure is not cured within 30 days, provided, however, that the Holders of not less than 75% of the then outstanding Debt Securities of such series shall not have consented to a postponement of such payment, (iii) failure to make payment when due of any sinking fund or purchase fund installment or analogous obligation, if any, on the Debt Securities of such series, which failure is not cured within 30 days, (iv) failure of the Company to observe or perform any of its other covenants or warranties under the Indenture for the benefit of the Holders of such series, which failure is not cured within 90 days after notice is given as specified in the Indenture, and (v) certain events of bankruptcy, insolvency, or reorganization of the Company. A default under other indebtedness of the Company will not constitute a default under the Indenture, and a default under one series of Debt Securities will not constitute a default under any other series of Debt Securities.

If any Event of Default described in clause (i), (ii), or (iii) of the immediately preceding paragraph shall have occurred, then either the Trustee or the Holders of no less than 51% in aggregate principal amount of the outstanding Debt Securities of the applicable series may declare the principal (or, in the case of Discount Debt Securities, the portion thereof specified by the terms thereof) of all outstanding Debt Securities of such series, and the interest, if any, accrued thereon, to be immediately due and payable. If any Event of Default described in clause (iv) or (v) of the immediately preceding paragraph shall have occurred and shall affect more than one series of Debt Securities, then either the Trustee or the Holders of no less than 51% in aggregate principal amount of the outstanding Debt Securities of each affected series may declare the principal (or, in the case of Discount Debt Securities, the portion thereof specified by the terms thereof) of all outstanding Debt Securities of such series and the interest, if any, accrued thereon, to be immediately due and payable. However, declarations of default may be rescinded and past defaults (other than any Event of Default described in clause (ii) of the immediately preceding paragraph) may be waived by the Holders of a majority in principal amount of the outstanding Debt Securities of the applicable series.

The Indenture requires the Trustee to give to the Holders of each series of Debt Securities notice of all uncured defaults known to the Trustee with respect to such series within 90 days after such default occurs (the term "default" used here to include the Events of Default summarized above, exclusive of any grace period or requirement that notice of default be given), provided, however, that except in the case of a default in the payment of principal, premium, if any, or interest, if any, on the outstanding Debt Securities of such series, or a default in the payment of any sinking fund or purchase fund installment or analogous obligation with respect to such series of Debt Securities, the Trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the Holders of the outstanding Debt Securities of such series.

No Holder of any Debt Securities of any series may institute any action under the Indenture unless and until (i) such Holder has given the Trustee written notice of an Event of Default, (ii) the Holders of not less than 51% in aggregate principal amount of the outstanding Debt Securities of such series have requested the Trustee to institute proceedings in respect of such Event of Default, (iii) such Holder or Holders has or have offered the Trustee such reasonable indemnity as the Trustee may require, (iv) the Trustee has failed to institute an action for 60 days thereafter, and (v) no inconsistent direction has been given to the Trustee during such 60-day period by the Holders of not less than 51% in aggregate principal amount of the outstanding Debt Securities of such series.

The Holders of a majority in aggregate principal amount of the outstanding Debt Securities of any series will have the right, subject to certain limitations, to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee with respect to such series of Debt Securities. The Indenture provides that if an Event of Default shall have occurred and be continuing, the Trustee, in exercising its rights and powers under the Indenture, will be required to use the degree of care of a prudent person in the conduct of his or her own affairs. The Indenture further provides that the Trustee will not be required to expend or risk its own funds, or otherwise

incur any financial liability in the performance of any of its duties under the Indenture, unless it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is reasonably assured.

The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate signed by certain officers of the Company stating whether such officers have obtained knowledge of any default by the Company in the performance of certain covenants and, if so, specifying such default.

Principal Amount of Debt Securities Denominated in a Specified Currency: For the purposes of determining whether the Holders of the requisite principal amount of Debt Securities denominated in a Specified Currency have taken any action as provided under the Indenture, the principal amount of such Debt Securities will be deemed to be that amount of U.S. dollars that could be obtained for such principal amount on the basis of the spot rate of exchange into U.S. dollars for the Specified Currency in which such Debt Securities are denominated (as evidenced to the Trustee by a certificate provided by a financial institution, selected by the Company, that maintains an active trade in such Specified Currency, acting as conversion agent) as of the date of the taking of such action.

Defeasance and Discharge of Covenants: The Indenture provides that the Company, at its option, (i) will be discharged from any and all obligations with respect to the Debt Securities of any series (except for certain obligations to register the transfer or exchange of such Debt Securities, to replace any such Debt Securities that have been stolen, lost, or mutilated, and to maintain paying agencies and hold moneys for payment in trust in respect of such Debt Securities), or (ii) need not comply with certain covenants of the Indenture with respect to the Debt Securities of any series (including those described in the preceding paragraphs captioned "Restrictive Covenant" and "Consolidation, Merger, and Sale of Assets"), in each case: (a) if the Company irrevocably deposits with the Trustee, in trust, money, U.S. Government Obligations, and/or Equivalent Government Securities (each as defined in the Indenture) which, through the payment of interest thereon and principal thereof in accordance with their respective terms, will provide money in an amount sufficient to pay all the principal of (including any

mandatory sinking fund payments) and interest, if any, on, such Debt Securities, (b) such Debt Securities will not thereby be delisted from any stock exchange on which they may be listed, (c) no Event of Default shall have occurred and be continuing with respect to such Debt Securities, and (d) the Company delivers to the Trustee an opinion of counsel to the effect that such deposit and defeasance will not cause the Holders of such Debt Securities to recognize income, gain, or loss for Federal income tax purposes.

The Trustee: The Chase Manhattan Bank (National Association), the Trustee under the Indenture, is also trustee under other indentures under which unsecured debt of the Company and its subsidiaries is outstanding, is a depositary of the Company, has from time to time made loans to the Company and its subsidiaries, and has performed other services for the Company and its subsidiaries in the normal course of its business, including the establishment and management of investment accounts.

CURRENCY AND INDEX-RELATED RISK FACTORS

Currency Exchange Rates

Investments in Debt Securities denominated or payable in a Specified Currency, and in Debt Securities the principal of and/or interest on which will be determined by the relative value of a Specified Currency, entail significant risks (over which the Company has no control) that are not associated with similar investments in Debt Securities denominated and payable in U.S. dollars and bearing a fixed rate of interest. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the U.S. dollar and any such Specified Currency and the possibility of the imposition or modification of exchange controls by either the United States or any foreign government with respect to such Specified Currency (or component thereof, as the case may be), which risks generally depend on

domestic and international economic and political events. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and such volatility may occur in the future. The exchange rate between the U.S. dollar and any Specified Currency (or component thereof, as the case may be) is at any moment a result of the supply and demand for such currencies and changes in such exchange rate result over time from the interaction of many factors, including rates of inflation, interest rate levels, balances of payments, and the extent of governmental surpluses or deficits in the countries that have issued such currencies. These factors are in turn sensitive to the monetary, fiscal, and trade policies pursued by such countries' governments and those of other countries important to international trade and finance. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Debt Security. Depreciation against the U.S. dollar of the currency in which a Debt Security is payable would result in a decrease in the effective yield of such Debt Security below its coupon rate and, in certain circumstances, could result in the loss to the investor on a U.S. dollar basis. In addition, depending on the specific terms of a currency-linked Debt Security, changes in exchange rates relating to any of the currencies involved may result in a decrease in the effective yield of such Debt Security and, in some circumstances, could result in a loss to the investor of all or a substantial portion of the principal thereof. See also "Indexed Payments" below.

Currency Exchange Controls

An investment in a Debt Security payable in a Specified

Currency is subject to the additional risk that such Specified Currency may not be available at the time a payment of principal, premium, if any, or interest, if any, on such Debt Security becomes due. Governments have from time to time imposed exchange controls affecting the general availability of certain Specified Currencies and the imposition or modification of exchange controls by either the United States or any foreign government could affect the availability of one or more Specified Currencies in the future. Even in the absence of such exchange controls, the interaction of various economic and political factors could result in the unavailability of one or more Specified Currencies at any given time. If the Specified Currency in which any payment under a Debt Security would otherwise be required is for any reason not available at the time such payment becomes due, the Company will make such payment in U.S. dollars on the basis of the Market Exchange Rate on the date of such payment, or if such rate of exchange is not then available, then on the basis of the highest bid quotation (assuming European-style quotation -- i.e., Specified Currency per U.S. dollar) received by the Exchange Rate Agent on the second New York Business Day prior to the applicable payment date from three recognized foreign exchange dealers in the City of New York (one of which may be the Exchange Rate Agent) for the purchase of the aggregate amount of the Specified Currency payable on such payment date, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. No payment in U.S. dollars made under such circumstances will constitute an Event of Default. See "Description of Debt Securities--Payment Currency".

Indexed Payments

Investments in Indexed Debt Securities the principal of and/or interest on which will be determined by the relative value or level of a designated Index entail significant risks (over which the Company has no control) that are not associated with similar investments in conventional fixed rate debt securities paying a fixed amount of principal. The value or level of any applicable Index (and, accordingly, the amount of principal and/or interest, as the case may be, payable on an Indexed Debt Security) may at any time be affected by the interaction of various factors, including domestic and international economic and political events. These factors may in turn be affected by the monetary, fiscal, and trade policies pursued by the United States and by other countries important to international trade and finance. In addition, if the formula used to determine the amount of principal and/or interest (as the case may be) payable with respect to an Indexed Debt Security contains a multiple or leverage factor, the effect of any fluctuation in such Index will be increased. A decline in the relative value or level of such Index would result in a decrease in the effective yield of the applicable Indexed Debt Security and, in certain circumstances, could result in a loss

to the investor of all or a substantial portion of the principal thereof. Fluctuations in any particular Index that have occurred in the past are not necessarily indicative of fluctuations in such Index that may occur during the term of the applicable Indexed Debt Security.

Governing Law and Foreign Currency Judgments

The Indenture and the Debt Securities will be governed by and construed in accordance with the laws of the State of New York. United States courts have not customarily rendered judgments for money damages denominated in any currency other than the U.S. dollar. However, New York State law provides that an action based upon an obligation (such as a Debt Security) denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation and converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree.

THIS PROSPECTUS (AS SUPPLEMENTED BY ANY APPLICABLE PRICING SUPPLEMENT) DOES NOT DESCRIBE ALL THE RISKS OF AN INVESTMENT IN INDEXED DEBT SECURITIES OR IN DEBT SECURITIES DENOMINATED OR PAYABLE IN A SPECIFIED CURRENCY. THE COMPANY DISCLAIMS ANY RESPONSIBILITY TO ADVISE PROSPECTIVE PURCHASERS OF SUCH RISKS AS THEY EXIST AT THE DATE OF THIS PROSPECTUS OR ANY APPLICABLE PRICING SUPPLEMENT OR AS SUCH RISKS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN LEGAL, TAX, AND FINANCIAL ADVISORS AS TO THE RISKS ENTAILED IN AN INVESTMENT IN INDEXED DEBT SECURITIES OR IN DEBT SECURITIES DENOMINATED OR PAYABLE IN A SPECIFIED CURRENCY. SUCH DEBT SECURITIES ARE NOT AN APPROPRIATE INVESTMENT FOR INVESTORS WHO ARE UNSOPHISTICATED WITH RESPECT TO INVESTMENTS IN DERIVATIVE SECURITIES AND (WITH RESPECT TO AN INVESTMENT IN DEBT SECURITIES DENOMINATED OR PAYABLE IN A SPECIFIED CURRENCY OR IN DEBT SECURITIES WHOSE PRINCIPAL AND/OR INTEREST WILL BE DETERMINED BY THE RELATIVE VALUE OF A SPECIFIED CURRENCY) ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS.

The information set forth in this Prospectus and/or any applicable Pricing Supplement is directed to prospective purchasers who are residents of the United States. The Company disclaims any responsibility to advise prospective purchasers as to issues regarding the purchase or ownership of or receipt of payments under any Debt Security by residents of countries other than the United States except with respect to certain federal tax issues. See "United States Tax Considerations- Non-United States Holders". Persons who are not residents of the United States are advised to consult their own legal, tax, and financial advisors with regard to such matters.

UNITED STATES TAX CONSIDERATIONS

The following summary is a general discussion of certain United States federal income tax consequences resulting from the ownership and disposition of Debt Securities and does not address the tax consequences of the ownership or disposition of Warrants. A discussion of the material United States federal income tax consequences, if any, resulting from the ownership and disposition of Warrants of any particular series will be provided in the applicable Prospectus Supplement.

This discussion deals only with Debt Securities held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and does not address special classes of holders, such as life insurance companies, dealers in securities or foreign currencies, tax exempt organizations, persons holding Debt Securities as a hedge or hedged against currency risks, persons holding Debt Securities as part of a straddle within the meaning of Section 1092 of the Code or as part of a conversion transaction within the meaning of Section 1258(c) of the Code, or persons whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar. It does

not deal with holders other than the original purchaser and does not discuss the "market discount rules" or the "acquisition premium rules". This discussion does not include any description of the tax laws of any state or local government or of any foreign government that may be applicable to Debt Securities. The United States federal income tax consequences of the ownership and disposition of a particular Debt Security will depend, in part, on the particular terms of the Debt Security as set forth in the applicable Pricing Supplement.

This summary is based on the Code, and United States Department of Treasury regulations, Internal Revenue Service ("IRS") rulings, and judicial decisions as of the date hereof, all of which are subject to change at any time. Such changes may be applied retroactively in a manner that could adversely affect the holder of a Debt Security. These authorities are subject to various interpretations and it is therefore possible that the

United States federal income tax treatment of any series of Debt Securities may differ from the treatment described below.

THE FEDERAL INCOME TAX DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PERSONS CONSIDERING THE PURCHASE OF DEBT SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF DEBT SECURITIES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN, AND OTHER TAX LAWS, AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

United States Holders

For purposes of this discussion, the term "United States Holder" means a beneficial owner of a Debt Security that, for United States federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust subject to United States federal income taxation without regard to the source of its income.

Payment of Interest. Interest paid on a Debt Security other than interest on an "OID Debt Security" that is not "qualified stated interest" (as such terms are defined below), generally will be taxable to a United States Holder as ordinary interest income at the time it is accrued or received, in accordance with the United States Holder's method of accounting for federal income tax purposes.

Original Issue Discount. The following discussion is a summary of the principal United States federal income tax consequences of the ownership and disposition of OID Debt Securities, which for purposes of this discussion means any Debt Security that is treated as having been issued with original issue discount ("OID"), as described below. The rules governing the tax treatment of OID Debt Securities may vary depending on the specific terms of such Debt Security, as set forth in the applicable Pricing Supplement. The following summary is based in part upon the OID provisions of the Code and regulations issued thereunder on January 27, 1994 (the "OID Regulations"). The OID Regulations are to be effective generally for Debt Securities issued on or after April 4, 1994.

A Debt Security will be treated as having been issued with OID if its "stated redemption price at maturity" exceeds its "issue price" by more than a de minimis amount. In general, the excess of stated redemption price at maturity over issue price is treated as de minimis if the amount of OID on the instrument is less than 1/4 of 1 percent of the Debt Security's stated redemption price at maturity multiplied by the number of complete years from issuance to maturity. Under the OID Regulations, special de minimis OID rules apply to certain types of debt instruments, including installment obligations (defined by the OID Regulations as debt instruments that provide for the payment of any amount other than "qualified stated interest" prior to maturity) and Variable Rate Debt Securities (defined below).

In general, the issue price of each Debt Security in a particular offering will be the initial price at which a substantial amount of that particular offering is sold. Under the OID Regulations, if Debt Securities and Warrants are issued together as an investment unit, the issue price for the unit is determined by treating the investment unit as a debt instrument. The issue price as so determined must be allocated between the Debt Securities and the Warrants in the investment unit based on their relative fair market values. Under the OID Regulations, the Company's determination of the allocation will be binding upon a holder unless the holder files a disclosure statement with

the holder's timely filed federal income tax return for the year including the acquisition date of the investment unit. Notice will be given in the applicable Pricing Supplement of the Company's determination of the allocation of the issue price where Debt Securities and Warrants are issued together as part of an investment unit.

The stated redemption price at maturity of a Debt Security is the total of all payments provided by the Debt Security other than "qualified stated interest". Qualified stated interest generally is stated interest that is unconditionally payable at least annually in cash or in property (other than debt instruments of the Company) at a single fixed rate applied to the outstanding principal amount of the Debt Security. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between stated interest payments.

United States Holders of OID Debt Securities (other than certain "short-term OID Debt Securities", as defined below) will be required to include OID in income for United States federal income tax purposes in increasingly greater amounts in successive "accrual periods" (as defined below), generally prior to the receipt of corresponding cash payments, regardless of the holder's method of accounting.

The amount of OID includible in the income of an initial United States Holder for any taxable year is the sum of the daily portions of OID with respect to the OID Debt Security for each day during the taxable year or portion thereof in which such United States Holder held the OID Debt Security ("accrued OID"). The daily portion of OID with respect to an OID Debt Security is determined by allocating to each day in any "accrual period" a ratable portion of the OID allocable to such accrual period. The accrual periods may be of any length and may vary in length over the term of the Debt Security provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. In general, the amount of OID allocable to any accrual period is an amount equal to the excess of (i) the product of the adjusted issue price of the OID Debt Security at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and adjusted for the length of the accrual period) over (ii) the amount of qualified stated interest, if any, allocable to the accrual period. The "adjusted issue price" of the OID Debt Security at the beginning of any accrual period is equal to the original issue price of the OID Debt Security plus the sum of the daily portions of OID with respect to the OID Debt Security for each prior accrual period (determined without regard to the amortization of any premium, as described below), minus any prior payments and any payments made on the first day of the accrual period on the OID Debt Security that were not qualified stated interest. The term "yield to maturity" generally means the discount rate that, when used to compute the present value of all principal and interest payments to be made under the Debt Security, will produce an amount equal to the issue price of the Debt Security. In determining OID allocable to an accrual period, if an interval between payments of qualified stated interest contains more than one accrual period the amount of qualified stated interest payable at the end of the interval, (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval), is allocated on a pro rata basis to each accrual period in the interval and the adjusted issue price at the beginning of each accrual period in the interval must be increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but is not payable until the end of the interval. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. If all accrual periods are of equal length, except for either an initial shorter accrual period or an initial and a final shorter accrual period, the amount of OID allocable to the

initial accrual period may

be computed under any reasonable method.

The OID Regulations provide special rules for "Variable Rate Debt Securities," generally defined as a Debt Security (i) with an issue price that does not exceed the sum of the noncontingent principal payments to be made on the Debt Security by more than a specified amount and (ii) that provides for stated interest that is compounded or paid at least annually, at the current value(s) (as defined in the OID Regulations), of (A) one or more qualified floating rates; (B) a single fixed rate and one or more qualified floating rates; (C) a single objective rate; or (D) a single fixed rate and a qualified inverse floating rate. In certain circumstances, a Debt Security bearing an initial fixed rate for a period of less than one year, followed by a qualified floating rate or an objective rate, may be treated as a Variable Rate Debt Security. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Debt Security is denominated. In addition, certain multiples of a qualified floating rate will be treated as a qualified floating rate. Restrictions on the maximum or minimum stated interest rate, restrictions on the amount of increase or decrease in the stated interest rate, or other similar restrictions generally do not result in a rate failing to be treated as a qualified floating rate provided that such restrictions are fixed throughout the term of the Debt Security or do not significantly alter the yield of the Debt Security. In general, an objective rate is a rate (other than a qualified floating rate) that is determined using a single formula that is fixed throughout the term of the Debt Security and that is based on either (i) the yield or changes in the price of one or more items of actively traded personal property (other than stock or debt of the Company or certain related parties); (ii) one or more qualified floating rates; (iii) one or more rates where each would be a qualified floating rate for a debt instrument denominated in a currency other than the currency in which the Debt Security is denominated; (iv) a combination of rates described immediately above; or (v) any other variable rate designated by the IRS. A rate is not an objective rate, however, if it is reasonably expected that the rate will result in significant front-loading or back-loading of interest. A qualified inverse floating rate is an objective rate that is equal to a fixed rate minus a qualified floating rate, provided that the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

For purposes of determining the OID accruals and the amount of qualified stated interest, a Variable Rate Debt Security is "converted" to an equivalent fixed rate debt instrument by substituting an appropriate fixed rate (as specified by the OID Regulations) for the variable rate or rates. The rules applicable to fixed rate debt instruments, described above, are then applied to determine OID accruals and the qualified stated interest payments. In certain circumstances, if the interest actually accrued or paid during an accrual period is greater or less than the interest assumed to be accrued or paid under the equivalent fixed rate debt instrument, appropriate adjustments must be made to the qualified stated interest or OID allocable to the accrual period. Notice will be given in the applicable Pricing Supplement when the Company determines that a particular Debt Security will be a Variable Rate Debt Security.

Alternative Payment Schedules. The OID Regulations provide special rules for purposes of determining the yield and maturity of a Debt Security that provides for one or more alternative payment schedules applicable upon the occurrence of certain contingencies, where the timing and amounts of the payments under each alternative payment schedule are fixed as of the original issue date. Except as provided in the next paragraph, the yield and maturity of such a Debt Security are generally determined by

assuming that the payments will be made according to the stated payment schedule. However, if based on all the facts and circumstance as of the issue date, it is more likely than not that the stated payment schedule will not occur, then yield and maturity are computed based on the payment schedule most likely to occur. Notice will be given in the applicable Pricing Supplement when the Company determines that a particular Debt Security will be deemed to have a payment schedule for federal income tax purposes that is different than its stated payment schedule. The payment schedule determined by the Company will be binding on all holders of the Debt Security unless the holder explicitly discloses, on a statement attached to the holder's timely filed federal income tax return for the taxable year that includes the acquisition date of the Debt Security, that such holder's determination of yield and maturity is different from the Company's determination.

For purposes of determining yield and maturity of a Debt Security, one or more unconditional options of either the holder or the Company to require payments to be made on the Debt Security under one or more alternative payment schedules (e.g., an option to extend or an option to call a Debt Security at a fixed premium) will be deemed exercised if exercise of such option or options would change the yield on the Debt Security in a manner which would benefit the party that holds such option or options.

Under the OID Regulations, a Debt Security that provides for one or more alternative payment schedules provides for qualified stated interest to the extent of the lowest fixed rate at which qualified stated interest would be payable under any of the payment schedules.

If a contingency described above (including the exercise of an option described in the preceding paragraph) actually occurs or does not occur contrary to the assumptions made with respect thereto, then for purposes of determining the accrual of OID, the yield and maturity of the Debt Security are redetermined by treating the Debt Security as reissued on the date of the change in circumstances for an amount equal to its adjusted issue price on such date.

Contingent Debt Securities. The OID Regulations do not address the federal income tax treatment of Debt Securities which provide for contingent principal or of Floating Rate Debt Securities and Index Debt Securities that do not qualify as Variable Rate Debt Securities ("Contingent Debt Securities"). The federal income tax consequences of the ownership and disposition of a particular Debt Security, and whether it constitutes a Contingent Debt Security, may depend, in part, on the particular terms of the Debt Security as set forth in the applicable Pricing Supplement. UNITED STATES HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE TAX TREATMENT OF CONTINGENT DEBT SECURITIES.

Election by United States Holder. Under the OID Regulations, a United States Holder may elect to treat all interest on a Debt Security as OID. For purposes of this election, interest includes stated interest, OID, de minimis OID, and unstated interest, as adjusted for any amortizable bond premium. The election is to be made for the taxable year in which the United States Holder acquired the Debt Security and may not be revoked without the consent of the IRS. UNITED STATES HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THIS ELECTION.

Short-term OID Debt Securities. In the case of an OID Debt Security that matures one year or less from the date of its issuance (a "short-term OID Debt Security") all payments (including all stated interest) are included in the stated redemption price at maturity. Thus, United States Holders who report income for United States federal income tax purposes on

the accrual method and certain other holders are required to include OID in income currently (in lieu of stated interest). The total OID will be equal to the excess of the stated redemption price at maturity over the issue price of the short-term OID Debt Security, unless the United States Holder elects to compute the OID using tax basis instead of issue price. United States Holders who report income for United States federal income tax purposes on the accrual method and certain other holders are required to accrue such OID on a short-term OID Debt Security on a straight-line basis, unless an election is made to accrue the OID under the constant yield method (based on daily compounding). Generally, an individual and certain other cash method United States Holders of short-term OID Debt Securities are not required, but may elect, to include OID in their income currently. In the case of a United Stated Holder who is not required and does not elect to include OID in income currently, any gain realized on the sale, exchange or retirement of a short-term OID Debt Security will be ordinary income to the extent of the OID accrued on a straight-line basis (or, if elected, according to a constant yield method) through the date of sale, exchange or retirement, reduced by any payments of stated interest or other interest received. In addition, such non-electing United States Holders who are not subject to the current inclusion requirement described above will be required to defer deductions of all or a portion of any interest paid on indebtedness allocable to such short-term OID Debt Securities in an amount not exceeding the deferred income.

Debt Securities Issued at a Premium. A United States Holder that purchases a Debt Security at original issue for an amount in excess of the sum of all amounts payable on the Debt Security after the purchase date (other than qualified stated interest) will be treated as having purchased the Debt Security at a premium and will not be required to include OID, if any, in income. Generally, a United States Holder may elect to amortize such premium over the term of the Debt Security on a constant yield method. If such election is made, the amount required to be included in the United States Holder's income each year with respect to interest on the Debt Security will be reduced by the amount of premium amortized in such year. The premium on a Debt Security held by a United States Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on the disposition of the Debt Security. Any election to amortize premium applies to all bonds (other than bonds the interest on which is excludable from gross income) held by the United States Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the United States Holder, and is irrevocable without the consent of the IRS. If the Debt Security is redeemable at a premium, special rules may apply which could result in a deferral of the amortization of some of the premium.

Reporting. The Company is required to report to the IRS the amount of OID accrued on OID Debt Securities held of record by certain United States Holders. The amount required to be reported by the Company may not be equal to the amount of OID required to be reported as taxable income by a holder of such OID Debt Security.

Sale, Exchange, or Retirement of Debt Securities. A United States Holder's adjusted tax basis in a Debt Security (other than an OID Debt Security) generally will equal the cost of the Debt Security to such holder, reduced by any amortized premium and by payments on the Debt Security received by the holder, other than qualified stated interest. A holder's tax basis in an OID Debt Security will generally be the cost of the Debt Security to such holder, increased by any OID previously included in the holder's income and decreased by the amount of any payment to the holder under the OID Debt Security, other than a payment of qualified stated interest, and by any amortized premium. Upon the sale, exchange, or retirement of a Debt Security, a United States Holder will recognize taxable gain or loss equal to the

difference between the amount realized on the sale, exchange or retirement (other than amounts attributable to accrued OID or interest not previously included in the income of the holder) and such holder's adjusted tax basis in the Debt Security. Any gain attributable to de minimis OID that is recognized on the sale or exchange of a Debt Security is treated as capital gain if the Debt Security is a capital asset in the hands of the holder. Except as described above with respect to certain short-term OID Debt Securities or as described below with respect to certain Foreign Currency Debt Securities, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if, at the time of sale or retirement, the Debt Security has been held for more than one year. Net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income. The deductibility of capital losses, however, may be limited.

Foreign Currency Debt Securities. The following discussion summarizes the principal United States federal income tax consequences to a United States Holder of the ownership and disposition of Debt Securities that are denominated in a Specified Currency or on which interest or principal are payable in one or more Specified Currencies (a "Foreign Currency Debt Security"). The following summary is based upon certain Treasury Regulations issued pursuant to Section 988 of the Code.

Interest on a Debt Security paid in a Specified Currency, other than interest on an OID Debt Security that is not qualified stated interest, will be taxable to a United States Holder as ordinary interest income at the time it is accrued or received, in accordance with the United States Holder's method of accounting for federal income tax purposes. The amount recognized by a cash basis United States Holder is the U.S. dollar value of the interest payment (determined on the basis of the "spot rate" on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time. No exchange gain or loss is recognized at the time of receipt of such payment by a cash basis United States Holder.

Unless the election described below is made, the amount recognized by an accrual basis United

States Holder is the U.S. dollar value of the interest that has accrued for the interest accrual period (determined on the basis of the average exchange rate for the interest accrual period). The average exchange rate for the accrual period (or partial periods) is the simple average of the exchange rates for each business day in such period (or other method if such method is reasonably derived and consistently applied). An accrual basis United States Holder may elect to translate accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a United States Holder may translate such interest using the rate of exchange on the date of receipt. The above election will apply to all debt obligations held by the United States Holder and may not be changed without the consent of the IRS. Upon receipt of an interest payment in the Specified Currency, an accrual basis United States Holder will recognize foreign currency gain or loss to the extent of the difference, if any, between the U.S. dollar value of such payment (determined by translating the Specified Currency received at the spot rate on the date of receipt) and the U.S. dollar value of the interest income that such holder has previously included in income with respect to such payment, which gain or loss will be treated as ordinary income or loss.

In the case of a Foreign Currency Debt Security, the U.S. dollar amount, if any, includible in income as OID for each accrual period by a United States Holder is determined by (i) calculating the amount of OID allocable to each accrual

period in the applicable Specified Currency using the constant yield method described above, and (ii) translating the amount so derived in the same manner as interest income accrued by a holder on the accrual basis, as described above. In general, upon the receipt of payment in the Specified Currency attributable to OID, a United States Holder will recognize foreign currency gain or loss equal to the difference, if any, between the U.S. dollar value of the accrued OID (determined in the same manner as interest income accrued by an accrual basis holder) and the U.S. dollar value of such payment (determined by translating the Specified Currency at the spot rate on the date of receipt), which gain or loss will be treated as ordinary income or loss.

A United States Holder's tax basis in foreign currency generally will be the U.S. dollar value thereof at the spot rate on the date such foreign currency is acquired. The amount of gain or loss recognized by a holder on a sale, exchange or other disposition of foreign currency will be equal to the difference between (i) the amount of U.S. dollars, the U.S. dollar value at the spot rate of the foreign currency, or the fair market value in U.S. dollars of the property, received by the holder upon such sale, exchange or other disposition, and (ii) the holder's tax basis in the foreign currency. Accordingly, a holder that purchases a Foreign Currency Debt Security with previously owned foreign currency will recognize gain or loss in an amount equal to the difference, if any, between such holder's tax basis in the foreign currency and the U.S. dollar value of the foreign currency at the spot rate on the date of purchase of the Foreign Currency Debt Security. Generally, any such gain or loss will be ordinary income or loss.

A United States Holder's tax basis in a Foreign Currency Debt Security will be the U.S. dollar value of the currency paid for such Debt Security at the time of such purchase. Gain or loss realized upon the sale, exchange or retirement of a Foreign Currency Debt Security will be ordinary income or loss to the extent it is attributable to fluctuations in exchange rates. Such foreign currency gain or loss may not exceed the total gain or loss on the sale or retirement of the Debt Security. Generally, any gain or loss recognized upon the sale, exchange or retirement of a Foreign Currency Debt Security, other than the amount treated as foreign currency gain or loss, will be capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the Debt Security was held for more than one year.

Any foreign currency gain or loss that is treated as ordinary income or loss, as described above, generally will not be treated as interest income or expense except to the extent provided in Treasury Regulations or administrative pronouncements of the IRS.

In the case of a Foreign Currency Debt Security, bond premium which a holder elects to amortize will be computed in the relevant Specified Currency and will reduce interest income or OID determined in such Specified Currency. At the time amortizable bond premium offsets interest income, a United States

Holder may realize exchange gain or loss (taxable as ordinary income or loss, but generally not as interest income or expense), measured by the difference between exchange rates at that time and at the time of the acquisition of the Debt Security.

Dual Currency Debt Securities. If so specified in an applicable Pricing Supplement relating to a Foreign Currency Debt Security, the Company may have the option to make all payments of principal and interest scheduled after the exercise of such option in a currency (the "Optional Payment Currency") other than the Specified Currency. In general, payments under such Foreign Currency Debt Securities (referred to herein as "Dual Currency Debt Securities") will be taxed pursuant to the rules regarding interest, OID, premium and foreign currency transactions discussed above. However, a United States Holder of a Dual

Currency Debt Security with respect to which the Company's option has been exercised may be considered to have exchanged a Debt Security denominated in the Specified Currency for a Debt Security denominated in the Optional Payment Currency. Whether such a deemed exchange will require a United States Holder to recognize gain or loss will depend on whether the exchange is part of a recapitalization of the Company. If the Company exercises its option to make future payments in the Optional Payment Currency as part of a recapitalization that qualifies for nonrecognition treatment, a United States Holder of a Dual Currency Debt Security will not recognize gain or loss upon the deemed exchange and the Holder's basis in the Debt Security will be unchanged. If, however, the Company's exercise of this option is not part of a recapitalization, a United States Holder may recognize gain or loss, if any, equal to the difference between the holder's basis in the Debt Security denominated in the Specified Currency and the value of the Debt Security denominated in the Optional Payment Currency.

Non-United States Holders

The payment of interest, premium and principal (including any OID) on a Debt Security to any non-United States Holder will not be subject to United States federal withholding tax (except as discussed below with respect to backup withholding), provided that in the case of a payment of interest, premium, or OID (i) the beneficial owner of the Debt Security is subject to United States federal income tax with respect to the Debt Security on a net basis because the payments received with respect to the Debt Security by such beneficial owner are effectively connected with a U.S. trade or business of such beneficial owner (in which case such beneficial owner may also be subject to the "branch-profits tax" under Section 884 of the Code) and such beneficial owner provides the Company with a properly executed IRS Form 4224, (ii) such beneficial owner provides the Company with a properly executed IRS Form 1001 (or successor form) claiming an exemption from withholding under the benefit of a tax treaty or (iii) (A) such beneficial owner does not actually or constructively own ten percent or more of the total combined voting power of all classes of stock of the Company entitled to vote, (B) such beneficial owner is not a bank whose receipt of interest on a Debt Security is described in section 881(c)(3)(A) of the Code, (C) such beneficial owner is not a controlled foreign corporation that is related to the Company actually or constructively through stock ownership, and (D) either (1) such beneficial owner certifies to the Company or its agent, under penalties of perjury, that it is not a United States Holder and provides its name and address on United States Treasury Form W-8 (or suitable substitute form) or (2) a securities clearing organization, bank or other financial institution that holds customer's securities in the ordinary course of its trade or business (a "financial institution") and holds the Debt Security on behalf of the beneficial owner certifies under penalties of perjury that such a Form W-8 (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof. Notwithstanding the foregoing, pursuant to the Revenue Reconciliation Act of 1993 (the "1993 Act"), certain contingent interest may be subject to United States federal withholding tax. For purposes of this provision of the 1993 Act, contingent interest includes interest that is determined by reference to receipts, sales or other cash flow, income or profits, or a change in value of any property of the issuer or a related person. It also includes interest determined by reference to any dividend, partnership distribution or similar payment made by the issuer or a related person.

A non-United States Holder generally will not be subject to United Stated federal income tax (and no tax generally will be withheld) with respect to gain recognized on a sale, exchange or redemption of a

Debt Security, unless (i) the gain is effectively connected with a trade or business of the non-United States Holder in the United States, or (ii) in the case of a non-United States Holder who is a nonresident alien individual and holds the Debt Security as a capital asset, such Holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met.

A Debt Security held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to United States federal estate tax as a result of such individual's death if, at the time of such death, the individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote and the income on the Debt Security would not have been effectively connected with the conduct of a trade or business by the individual in the United States. Notwithstanding the foregoing, if interest on a Debt Security is treated as contingent interest for purposes of the 1993 Act, as described above, all or a portion of the value of such Debt Security may be subject to United States federal estate tax as a result of such individual's death.

Backup Withholding

The 31% "backup" withholding and information reporting requirements generally apply to certain payments of principal (including OID, if any) and to any payments of premium or interest made within the United States. Information reporting and backup withholding do not apply to payments of principal (including OID, if any) or to any payments of premium or interest made outside the United States by the Company provided the payor does not have actual knowledge that the payee is a United States Holder, and if the certification on United States Treasury Form W-8, described under the section "non-United States Holders" is received.

Payment of the proceeds from the sale of a Debt Security to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that if the broker is a United States person, a controlled foreign corporation for United States tax purposes, or a foreign person 50% or more of whose gross income is effectively connected with the conduct of a trade or business within the United States for a specified three-year period, information reporting will apply to such payments unless such broker has documentary evidence in its files of the owner's foreign status and has no actual knowledge to the contrary, or the owner otherwise establishes an exemption. Payment of the proceeds from a sale of a Debt Security to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its non-United States status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding will generally not apply to United States Holders other than certain non-corporate Holders who fail to supply an accurate taxpayer identification number or who fail to report all interest income required to be shown on their federal income tax return. Any amounts withheld from a payment to a United States Holder under the backup withholding rules will be allowed as a refund or a credit against such holder's United States federal income tax provided that the required information is furnished to the Service.

DESCRIPTION OF WARRANTS

Each series of Debt Warrants will be issued under a Debt Warrant Agreement to be entered into between the Company and The Chase Manhattan Bank (National Association), in its capacity as warrant agent (the "Debt Warrant Agent"), in substantially the form that has been filed as an exhibit to the Registration Statement of which this Prospectus is a part (such agreement the "Debt Warrant Agreement"), together with the applicable form of

warrant certificate (any such certificate a "Debt Warrant Certificate"). Each series of Shelf Warrants will be issued under a separate warrant agreement (each such agreement a "Shelf Warrant Agreement") to be entered into between the Company and The Chase Manhattan Bank (National Association), in its capacity as warrant agent, or such other bank or trust company as may be identified in the applicable Prospectus Supplement (in either case, the "Shelf Warrant Agent"), and to be

filed as an amendment to the Registration Statement together with an appropriate form of shelf warrant certificate (any such certificate a "Shelf Warrant Certificate" and any Debt Warrant Certificate or Shelf Warrant Certificate sometimes referred to as a "Warrant Certificate"). The statements herein concerning the Debt Warrant Agreement or any Shelf Warrant Agreement (the Debt Warrant Agreement and any Shelf Warrant Agreement sometimes referred to as a "Warrant Agreement") do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the applicable Warrant Agreement and the applicable Warrant Certificates, including the definitions of certain terms.

THE TERMS AND CONDITIONS SET FORTH IN THIS PROSPECTUS WITH RESPECT TO WARRANTS WILL APPLY TO EACH WARRANT UNLESS OTHERWISE SPECIFIED HEREIN OR IN THE APPLICABLE PROSPECTUS SUPPLEMENT.

General

Warrants may be offered from time to time, independent of or together with any series of Debt Securities. Prior to the exercise of a Warrant, the holder thereof will not have any of the rights of holders of any security or other instrument underlying such Warrant. Unless otherwise provided in the applicable Prospectus Supplement, a Warrant of any series may be exercised at any time up to the close of business on the expiration date set forth therein, after which time all unexercised Warrants will become void. Registered Warrants of a series will be exchangeable into registered Warrants of the same series representing, in the aggregate, the number of Warrants surrendered for exchange. Warrant Certificates may be presented for transfer and, to the extent exchangeable, may be presented for exchange, at the corporate trust office of the Debt Warrant Agent or the Shelf Warrant Agent, as the case may be (any such agent sometimes referred to as a "Warrant Agent").

The Warrant Agent with respect to any series of Warrants will act solely as an agent of the Company in connection with the applicable Warrant Certificates and will not assume any obligation or relationship of agency or trust for or with any registered holders or beneficial owners of the applicable Warrant Certificates.

Debt Warrants

Each Debt Warrant will entitle the holder to purchase such principal amount of Debt Securities at such exercise price as will in each case be set forth in, or calculable from, the applicable Prospectus Supplement. In addition, the applicable Prospectus Supplement will set forth (i) the designation, aggregate principal amount, and terms of the underlying Debt Securities, (ii) if applicable, the designation and terms of any Debt Securities with which such Debt Warrants are issued and the number of such Debt Warrants issued with each such Debt Security, (iii) the date, if any, on and after which such Debt Warrant and the related Debt Securities will be separately transferable, (iv) the date on which the right to exercise such Debt Warrant will commence and the procedures and conditions relating to exercise, (v) the date on which the right to exercise such Debt Warrant will expire, (vi) a discussion of any material United States tax considerations, (vii) a discussion of any material risk factors, (viii) whether such Debt Warrant will be issued in registered or bearer form and, if registered, where it may be transferred and registered, and (ix) any other terms of such Debt

Warrant, which terms will in no event conflict with the terms or provisions of the Debt Warrant Agreement.

Subject to any restrictions and additional requirements that may be set forth in the applicable Prospectus Supplement, a Debt Warrant may be exercised by delivery to the Debt Warrant Agent of the subject Debt Warrant Certificate, properly completed and duly executed, and of payment of the amount required to purchase the related Debt Securities. The exercise price will be the price applicable on the date of payment in full, as set forth in the applicable Prospectus Supplement. As soon as practicable after receipt by the Debt Warrant Agent at its corporate trust office of such payment and of the Debt Warrant Certificate properly completed and duly executed, the Company will issue and deliver the Debt Securities that have been purchased upon such exercise. If fewer than all the Debt Warrants represented by any Debt Warrant

Certificate are exercised, a new Debt Warrant Certificate will be issued for the remaining amount of Debt Warrants.

Shelf Warrants

The Prospectus Supplement applicable to any particular Shelf Warrant will describe (i) the designation and offering price of such Shelf Warrant, (ii) whether such Shelf Warrant is for the sale or purchase of any Specified Currency, commodity, or security, (iii) whether the settlement value of such Shelf Warrant at the time of exercise will be determined by the relative value or level of any Index, (iv) if such Shelf Warrant has been issued together with one or more Debt Securities, the date on and after which such Shelf Warrant and any such Debt Securities will be separately transferable, (v) the date on which the right to exercise such Shelf Warrant will commence and the procedures and conditions relating to exercise, (vi) the date on which the right to exercise such Shelf Warrant will expire, (vii) a discussion of any material United States tax considerations, (viii) a discussion of any material risk factors, (ix) whether such Shelf Warrant will be issued in registered or bearer form and, if registered, where it may be transferred and registered, and (x) any other terms of such Shelf Warrant, which terms will in no event conflict with the terms and provisions of the applicable Shelf Warrant Agreement.

Subject to any restrictions and additional requirements that may be set forth in the applicable Prospectus Supplement, a Shelf Warrant may be exercised by delivery to the Shelf Warrant Agent of the subject Shelf Warrant Certificate, properly completed and duly executed, and (except with respect to a Shelf Warrant providing for cash settlement value) of payment of the amount required to purchase the underlying currency, commodity, or instrument. The exercise price will be the price applicable on the date of payment in full, as set forth in the applicable Prospectus Supplement. As soon as practicable after receipt by the Shelf Warrant Agent at its corporate trust office of such payment and of the Shelf Warrant Certificate properly completed and duly executed, the Shelf Warrant Agent will buy or sell the related currency, commodity, or instrument, or pay the settlement value therefore, as the case may be. If fewer than all the Shelf Warrants represented by any Shelf Warrant Certificate are exercised, a new Shelf Warrant Certificate will be issued for the remaining amount of Shelf Warrants.

PLAN OF DISTRIBUTION

The Company may appoint Agents to solicit offers to purchase the Securities, each of whom will agree to use best efforts to solicit such offers. The name of any such Agent, and the terms of its agreement with the Company (including the amount of any commission payable by the Company in connection with the sale of Securities through an Agent) will be set forth in the applicable Supplement. Each Agent will have the right, in its reasonable discretion, to reject (in whole or in part) any offer to purchase

Securities solicited by such Agent. The Company may also, on its own behalf, directly solicit offers to purchase Securities, at any time, in any manner, upon any terms, and to any person. The Company will have the sole right to accept offers to purchase Securities and may reject (in whole or in part) any offer to purchase Securities, whether solicited by the Company or an Agent. Unless the Company otherwise agrees, payment of the purchase price of Securities sold by the Company, whether directly or through an Agent, will be required to be made in immediately available funds.

The Company may also sell Securities to Underwriters at discounts to be agreed upon at the time of sale. Such Securities may be resold to investors and other purchasers at a fixed offering price, at prevailing market prices, or at prices related thereto at the time of such resale or otherwise, as determined by the Underwriter and specified in the applicable Supplement. After the initial public offering of Securities that are to be resold by an Underwriter to investors and other purchasers at a fixed public offering price, the public offering price, concession, and discount may be changed. An Underwriter may also sell Securities to other dealers, and may allow to one or more such dealers a discount from the public offering price of such Securities, but the aggregate of all such discounts allowed by the Underwriter to other dealers with respect to such Securities will not be in excess of the discount received by the Underwriter from the Company with respect to such Securities. It is anticipated that any underwriting agreement pertaining to

any Securities will provide that the Underwriter is obligated to purchase all Securities taken by such Underwriter if any are taken.

Underwriters and Agents participating in the distribution of Securities may be deemed to be "underwriters" under the Securities Act, and any discounts and commissions received by them and any profit realized by them on resale of the Securities may be deemed to be underwriting discounts and commissions within the meaning of the Securities Act. Any such compensation received by any such Underwriter or Agent from the Company will be described in the applicable Supplement. It is anticipated that the Company will enter into an agreement with each Underwriter and Agent named in an applicable Supplement, in substantially the form of Distribution Agreement filed as Exhibit 1 to the Registration Statement, which agreement will entitle such Underwriter or Agent to indemnification against certain civil liabilities, including liabilities under the Securities Act, or to contribution for payments it may be required to make in respect thereof.

If so indicated in the applicable Supplement, the Company will authorize Underwriters or other persons acting as the Company's agents to solicit offers by certain institutions to purchase Securities from the Company at the public offering price set forth in such Supplement pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in such Supplement. Institutions with which such contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to the approval of the Company. The obligations of any purchaser under any such delayed delivery contract will not be subject to any conditions except that (i) the purchase of the Securities will not at the time of delivery be prohibited under the laws of any jurisdiction to which such purchaser is subject, and (ii) if the Securities are also being sold to Underwriters, the Company will have sold to such Underwriters the Securities not sold for delayed delivery. The Underwriters and such other persons will not have any responsibility in respect of the validity or performance of such contracts.

None of the Securities will have an established trading

market when issued. It is not currently anticipated that the Securities will be listed on any securities exchange. Agents, Underwriters, and other dealers may make a market in the Securities but will not be obligated to do so and may discontinue any market-making at any time without notice. There can be no assurance that the Securities offered hereby will be sold or, if sold, that there will be a secondary market for them.

LEGAL OPINIONS

Unless otherwise indicated in any applicable Supplement, the legality of the Securities offered hereby will be passed upon (i) for the Company by Douglas Cram, Esq., Vice President and Assistant General Counsel of the Company and, with respect to the matters described herein under the caption "Federal Tax Considerations", by Matthew M. McKenna, Esq., Vice President, Taxes, of the Company, and (ii) for any Agents and Underwriters by Cahill Gordon & Reindel (a partnership including a professional corporation), New York, New York. Mr. Cram and Mr. McKenna each own certain securities of the Company. Cahill Gordon & Reindel renders legal services to the Company from time to time.

EXPERTS

The consolidated financial statements and schedules of the Company as of December 25, 1993 and December 26, 1992, and for each of the fiscal years in the three-year period ended December 25, 1993 included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1993, have been audited by KPMG Peat Marwick LLP, independent auditors, as set forth in their report thereon included in such Annual Report and incorporated herein by reference. The report of KPMG Peat Marwick LLP covering the December 25, 1993 financial statements refers to the Company's adoption of the Financial Accounting Standards Board's Statements of Financial Accounting Standards No. 106, "Employers'

Accounting For Postretirement Benefits Other Than Pensions" and No. 109, "Accounting For Income Taxes" in 1992. Such consolidated financial statements and schedules are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of the Company and its subsidiaries for the twelve-week period ended March 19, 1994, the twelve and twenty-four week periods ended June 11, 1994, and the twelve and thirty-six week periods ended September 3, 1994, incorporated by reference herein, KPMG Peat Marwick LLP have reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports included in the Company's quarterly reports on Form 10-Q for the twelve-week period ended March 19, 1994, the twelve and twenty-four week periods ended June 11, 1994, and the twelve and thirty-six week periods ended September 3, 1994, incorporated by reference herein, state that they did not audit and they do not express an opinion on that condensed consolidated interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. KPMG Peat Marwick LLP are not subject to the liability provisions of Section 11 of the Securities Act for their reports on the unaudited condensed consolidated interim financial information because those reports are not "reports" or a "part" of the Registration Statement prepared or certified by accountants within the meaning of Sections 7 and 11 of the Securities Act.

The financial statements incorporated herein by reference to all documents subsequently filed by the Company pursuant to

Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act prior to the filing of a post-effective amendment that indicates that all securities offered hereby have been sold or that deregisters all securities then remaining unsold, are or will be so incorporated in reliance upon the reports of KPMG Peat Marwick LLP and any other independent public accountants relating to such financial information and upon the authority of such independent public accountants as experts in accounting and auditing in giving such reports to the extent that the particular firm has audited such financial statements and consented to the use of their reports thereon.

GLOSSARY

As used in the Prospectus or in any applicable Supplement (unless otherwise defined therein), the terms set forth below are defined as follows:

"Actual/Actual" means the actual number of days in the applicable Interest Period in respect of which payment is being made divided by 365 (or, if any portion of the applicable Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the applicable Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the applicable Interest Period falling in a non-leap year divided by 365). See also "Actual/360", "Actual/365 (Fixed)", "Bond Basis", and "Eurobond Basis".

"Actual/360" means the actual number of days in the applicable Interest Period in respect of which payment is being made divided by 360. See also "Actual/Actual", "Actual/365 (Fixed)", "Bond Basis", and "Eurobond Basis".

"Actual/365"--see "Actual/Actual".

"Actual/365 (Fixed)" means the actual number of days in the applicable Interest Period in respect of which payment is being made divided by 365. See also "Actual/Actual", "Actual/360", "Actual/365 (Fixed)", "Bond Basis", and "Eurobond Basis".

"Agent"--see page 1 of the Prospectus.

"Base Rate"--see page 9 of the Prospectus.

"Bond Basis" means the number of days in the applicable Interest Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the applicable Interest Period is the 31st day of a month but the first day of the applicable Interest Period is a day other than the 30th or 31st day of a month, in which case the months that include that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the applicable Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

"Business Day" when used in conjunction with a designated city 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 be closed in (i) London, England (with respect to a Debt Security the principal of or interest on which will be determined by reference to LIBOR), (ii) Brussels, Belgium (with respect to a Debt Security denominated in ECUs or whose principal or interest will be determined by reference to the relative value of the ECU), or (iii) the financial center of the country issuing the Specified Currency (with respect to a Debt Security denominated in a Specified Currency other than the ECU or whose principal or interest will be determined by reference to the relative value of any Specified Currency other than the ECU). See also "New York

Business Day".

"Business Day Convention" means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

(i) if "Following" is specified, that date will be the first following day that is a Business Day;

(ii) if "Modified Following" or "Modified" is specified, that date will be the first

following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and

(iii) if "Preceding" is specified, that date will be the first preceding day that is a Business Day.

"CD Rate" with respect to any Interest Determination Date means the rate set forth in H.15(519) for the period for the specified Index Maturity under the caption "CDs (Secondary Market)". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for such Interest Determination Date for the Index Maturity under the caption "Certificates of Deposit". If such rate does not appear in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the arithmetic mean of the secondary market offered rates of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City as of 10:00 a.m., New York City time, for such Interest Determination Date for negotiable U.S. Dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity and in an amount that is representative for a single transaction in the relevant market at the relevant time.

"Calculation Agent"--see page 6 of the Prospectus.

"Calculation Date" when used with respect to any Interest Determination Date means the date by which the applicable interest rate must be determined, which date will be the earlier of (i) the tenth calendar day following such Interest Determination Date or, if such date is not a New York Business Day, the first New York Business Day occurring after such 10-day period or (ii) the New York Business Day immediately preceding the applicable Interest Payment Date or Maturity Date, as the case may be.

"Commercial Paper Rate" with respect to any Interest Determination Date means the Money Market Yield (see below) of the rate set forth in H.15(519) for that day opposite the Index Maturity under the caption "Commercial Paper". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for such Interest Determination Date in respect of the Index Maturity under the caption "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If such rate does not appear in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination

Date, the rate for such Interest Determination Date will be the Money Market Yield of the arithmetic mean of the offered rates of three leading dealers of U.S. commercial paper in New York City as of 11:00 a.m., New York City time, for such Interest Determination Date for U.S. dollar commercial paper of the Index Maturity placed for industrial issuers whose bond rating is "AA" or the equivalent from a nationally recognized rating agency.

"Composite 3:30 P.M. Quotations for U.S. Government Securities" means the daily statistical release designated as such, or any successor publication, published by the Federal Reserve Bank of New York.

"Commission"--see page 2 of the Prospectus.

"Company"--see page 1 of the Prospectus.

"Consolidated Net Tangible Assets" is defined as the total assets of the Company and its Restricted Subsidiaries (less applicable depreciation, amortization, and other valuation reserves), except to the extent

resulting from write-ups of capital assets (other than write-ups in connection with accounting for acquisitions, in accordance with generally accepted accounting principles), less all current liabilities (excluding intercompany liabilities) and all intangible assets of the Company and its Restricted Subsidiaries, all as set forth on the most recent consolidated balance sheet of the Company and its Restricted Subsidiaries, prepared in accordance with generally accepted accounting principles.

"DTC"--see page 1 of the Prospectus.

"Debt Securities"--see page 1 of the Prospectus.

"Debt Warrant"--see page 1 of the Prospectus.

"Debt Warrant Agent"--see page 24 of the Prospectus.

"Debt Warrant Agreement"--see page 24 of the Prospectus.

"Debt Warrant Certificate"--see page 24 of the Prospectus.

"Depositary"--see page 1 of the Prospectus.

"Discount Debt Security"--see page 1 of the Prospectus.

"ECU" means the European Currency Unit and refers to a single unit of the composite currency known as the "European Currency".

"Eurobond Basis" means the number of days in the applicable Interest Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the applicable Interest Period unless, in the case of the final applicable Interest Period, the Scheduled Maturity Date is the last day of the month of February, in which case the Month of February shall not be considered to be lengthened to a 30-day month).

"Event of Default" is defined in the Indenture. See page 12 of the Prospectus for a discussion of Events of Default.

"Exchange Act"--see page 2 of the Prospectus.

"Exchange Rate Agent"--see page 6 of the Prospectus.

"Federal Funds Rate" with respect to any Interest Determination Date means the rate set forth in H.15(519) for that

day opposite the caption "Federal Funds (Effective)". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for such Interest Determination Date under the caption "Federal Funds/Effective Rate". If such rate does not appear in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the arithmetic mean for the last transaction in overnight U.S. dollar Federal Funds by three leading brokers of U.S. dollar Federal Funds transactions in New York City as of 11:00 a.m., New York City time, for such Interest Determination Date.

"Fixed Rate Debt Security"--see page 1 of the Prospectus.

"Floating Rate Debt Security"--see page 1 of the Prospectus.

"Global Debt Security"--see page 1 of the Prospectus.

"Holder" means (i) with respect to a Debt Security issued in definitive form, the beneficial owner of the Debt Security, and (ii) with respect to a Debt Security of any series that is issued in global form, the Depositary or a nominee thereof, in either case as reflected on the Security Register (as defined in the Indenture) maintained by the Trustee in its capacity as Paying Agent.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Holder of Record"--see page 7 of the Prospectus.

"Index Maturity"--see page 9 of the Prospectus.

"Index" or "applicable Index"--see page 10 of the Prospectus.

"Indexed Debt Security"--see page 1 of the Prospectus.

"Indenture"--see page 5 of the Prospectus.

"Initial Interest Rate"--see page 9 of the Prospectus.

"Interest Accrual Date"--see page 6 of the Prospectus.

"Interest Determination Date" with respect to any Interest Reset Date means the date two Business Days prior to such Interest Reset Date.

"Interest Payment Date"--see page 6 of the Prospectus.

"Interest Period"--see page 9 of the Prospectus.

"Interest Reset Date"--see page 9 of the Prospectus.

"Issue Price"--see page 6 of the Prospectus.

"LIBOR" with respect to any Interest Determination Date will be the rate for deposits in U.S. dollars or the Specified Currency (as the case may be) for a period of the Index Maturity that appears on the Telerate Page: (a) 3740 (for Australian Dollars); (b) 3740 (for Canadian Dollars); (c) 3750 (for Swiss Francs); (d) 3750 (for Deutsche Marks); (e) 3740 (for French Francs); (f) 3750 (for Pound Sterling); (g) 3740 (for Italian Lire); (h) 3750 (for Japanese Yen); (i) 3740 (for Spanish Pesetas); (j) 3750 (for U.S. dollars), and (k) 3750 (for European

Currency Units) as of 11:00 a.m., London Time, on such Interest Determination Date. If such rate does not appear on the specified Telerate Page by 9:00 a.m., New York City time, on such Interest Determination Date, the rate for such Interest Determination Date will be determined on the basis of the rates at which deposits in U.S. dollars or in the Specified Currency (as the case may be) are offered by four major banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date to prime banks in the London interbank market for a period of the Index Maturity commencing on the applicable Interest Reset Date and in an amount that is representative for a single transaction in the relevant market at the relevant time. The Calculation Agent will request the principal London office of each such bank to provide a quotation of its rate. If at least two quotations are provided, the rate for such Interest Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such Interest Reset Date will be the arithmetic mean of the rates quoted by major banks in New York City or in the relevant financial center of the country issuing the Specified Currency (as the case may be) as of

11:00 a.m., local time in New York City or in such financial center, on such Interest Determination Date for loans in U.S. dollars or in the Specified Currency (as the case may be) to leading European banks for a period of the Index Maturity commencing on such Interest Reset Date and in an amount that is representative for a single transaction in the relevant market at the relevant time.

"Market Exchange Rate"--see page 5 of the Prospectus.

"Maturity Date" means the date on which the entire principal amount outstanding under a Debt Security becomes due and payable, whether on the Scheduled Maturity Date or by declaration of acceleration, call for redemption, or otherwise.

"Maximum Interest Rate"--see page 9 of the Prospectus.

"Minimum Interest Rate"--see page 9 of the Prospectus.

"Money Market Yield" means, in respect of any security with a maturity of nine months or less, the rate for which is quoted on a bank discount basis, a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for a security, quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Period.

"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, regulation, or executive order, to be closed in the City of New York and: (i) with respect to any Debt Security denominated or payable in ECUs, that is also a Brussels Business Day, (ii) with respect to any Debt Security denominated or payable in any other Specified Currency, that is also a Business Day in the financial center of the country issuing such Specified Currency, and (iii) with respect to any Debt Security the principal of or interest on which will be determined by reference to LIBOR, that is also a London Business Day. See also "Business Day".

"Participant"--see page 10 of the Prospectus.

"Paying Agent" means the agent appointed by the Company to distribute amounts payable by the Company on the Debt Securities. The Company has designated the Trustee as Paying Agent.

"PepsiCo" -- see page 3 of the Prospectus.

"Pricing Supplement" -- see page 1 of the Prospectus.

"Prime Rate" with respect to any Interest Determination Date means the rate set forth in H.15(519) for that day opposite the caption "Bank Prime Loan". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page as such bank's prime rate or base lending rate as in effect for that Interest Determination Date as quoted on the Reuters Screen NYMF Page for such Interest Determination Date or, if fewer than four rates appear on the Reuters Screen NYMF Page for such Interest Determination Date, the rate will be the arithmetic mean of the rates of interest publicly announced by three major banks in New York City as its U.S. dollar prime rate or base lending rate as in effect for such Interest Determination Date. Each change in the prime rate or base lending rate of any bank so announced by such

bank will be effective as of the effective date of the announcement or, if no effective date is specified, as of the date of the announcement.

"Principal Payment Date" -- see page 6 of the Prospectus.

"Prospectus Supplement" -- see page 1 of the Prospectus.

"Record Date" means any date as of which the Holder of a Debt Security will be determined by the Trustee for any purpose described herein or in the Indenture, such determination to be made as of the close of business on such date by reference to the Security Register (as defined in the Indenture) maintained by the Trustee in its capacity as Paying Agent.

"Registration Statement" -- see page 2 of the Prospectus.

"Restricted Property" is defined in the Indenture as any single manufacturing or processing plant, office, building, or warehouse owned or leased by the Company or a Restricted Subsidiary, other than any such facility or portion thereof that, in the opinion of the Board of Directors of the Company, is not of material importance to the business conducted by the Company and its Restricted Subsidiaries taken as a whole, provided, that no such facility (or portion thereof) will be deemed of material importance if its gross book value (before deducting accumulated depreciation) is less than 2% of the Company's Consolidated Net Tangible Assets.

"Restricted Subsidiary" is defined in the Indenture as any subsidiary of the Company other than an Unrestricted Subsidiary.

"Scheduled Maturity Date" -- see page 6 of the Prospectus.

"Securities" -- see page 1 of the Prospectus.

"Securities Act" -- see page 2 of the Prospectus.

"Settlement Date" -- see page 6 of the Prospectus.

"Shelf Warrant" -- see page 1 of the Prospectus.

"Shelf Warrant Agent" -- see page 24 of the Prospectus.

"Shelf Warrant Agreement" -- see page 24 of the Prospectus.

"Shelf Warrant Certificate" -- see page 25 of the Prospectus.

"Specified Currency" -- see page 1 of the Prospectus.

"Spread" -- see page 9 of the Prospectus.

"Spread Divisor" -- see page 9 of the Prospectus.

"Spread Multiplier" -- see page 9 of the Prospectus.

"Supplement" means any Pricing Supplement or Prospectus Supplement.

"30/360" -- see "Bond Basis".

"30E/360" -- see "Eurobond Basis".

"360/360" -- see "Bond Basis".

"Trustee" -- see page 5 of the Prospectus.

"US Treasury Bill Rate" with respect to any Interest Determination Date means the rate at which United States Treasury bills are auctioned, as set forth in H.15(519) for that day opposite the Index Maturity under the caption "U.S. Government Security/Treasury Bills/Auction Average (Investment)". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Bond Equivalent Yield (as defined below) of the auction average rate for those Treasury bills as announced by the United States Department of the Treasury. If United States Treasury bills of the Index Maturity are not auctioned during any period of seven consecutive calendar days ending on and including any Friday, and a U.S. Treasury Bill Rate would have been available on the applicable Interest Determination Date if such Treasury bills had been auctioned during that seven day period, an Interest Determination Date will be deemed to have occurred on the day during that seven-day period on which such Treasury bills would have been auctioned in accordance with the usual practices of the United States Department of the Treasury, and the rate for that Interest Determination Date will be the Bond Equivalent Yield of the rate set forth in H.15(519) for that day opposite the Index Maturity under the caption "U.S. Government Securities/Treasury Bills/Secondary Market". If such interest rate does not appear in H.15(519) by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates of three primary United States Government dealers in New York City as of approximately 3:30 p.m., New York City time, for such Interest Determination Date for the issue of United States Treasury bills with a remaining maturity closest to the Index Maturity.

For the purposes of this definition, the term "Bond Equivalent Yield" is to be calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for the security, quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Period.

"Underwriter" -- see page 1 of the Prospectus.

"Unrestricted Subsidiary" means A&M Food Services, Inc., Kentucky Fried Chicken of California, Inc., Pizza Hut, Inc., Pizza Management, Inc., QSR, Inc., Taco Bell Corp., any Subsidiaries thereof and any other Subsidiary of the Company (not at the time designated a Restricted Subsidiary) (i) the major part of whose business consists of finance, banking, credit, leasing, insurance, financial services, or other similar operations, or any combination thereof, (ii) substantially all the assets of which consist of the capital stock of one or more such Subsidiaries, or (iii) designated as such by the Company's Board of Directors; provided that such designation will not constitute a violation of the terms of the Securities.

"Warrant Agent" -- see page 25 of the Prospectus.

"Warrant Agreement" --see page 25 of the Prospectus.

"Warrant Certificate" -- see page 25 of the Prospectus.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN OUR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR ANY APPLICABLE SUPPLEMENT IN CONNECTION WITH THE OFFER CONTAINED HEREIN OR THEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY AGENT. NEITHER THE DELIVERY OF THIS PROSPECTUS OR ANY APPLICABLE SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THEREOF, OR THAT THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. NEITHER THIS PROSPECTUS NOR ANY APPLICABLE SUPPLEMENT CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY DEBT SECURITIES OR WARRANTS IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

TABLE OF CONTENTS

U.S. $2,500,000,000

(PEPSICO LOGO)

DEBT SECURITIES AND WARRANTS
DUE NOT LESS THAN NINE MONTHS FROM DATE OF ISSUE

PROSPECTUS

JANUARY , 1995

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The expenses in connection with the issuance and distribution of the securities being registered, other than underwriting compensation, are:

Securities and Exchange Commission Registration Fee	$ 862,068.97
Accounting Fees and Expenses*	$ 165,000.00
Trustee's Fees and Expenses(including counsel fees)*	$ 30,000.00
Blue Sky Fees and Expenses (including counsel fees)*	$ 30,000.00
Printing and Engraving Fees*	$ 10,000.00
Rating Agency Fees*	$ 200,000.00
Miscellaneous*	$ 4,931.03
Total	$1,302,000.00

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* Estimated

Item 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

(i) Sections 55-8-50 through 55-8-58 of the North Carolina Business Corporation Act provide as follows:

Section 55-8-50. Policy statement and definitions.

(a) It is the public policy of this State to enable corporations organized under this Chapter to attract and maintain responsible, qualified directors, officers, employees and agents,

and, to that end, to permit corporations organized under this Chapter to allocate the risk of personal liability of directors, officers, employees and agents through indemnification and insurance as authorized in this Part.

(b) Definition in this Part:

(1) "Corporation" includes any domestic or foreign corporation absorbed in a merger which, if its separate existence had continued, would have had the obligation or power to indemnify its directors, officers, employees, or agents, so that a person who would have been entitled to receive or request indemnification from such corporation if its separate existence had continued shall stand in the same position under this Part with respect to the surviving corporation.

(2) "Director" means an individual who is or was a director of a corporation or an individual who, while a director of a corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. A Director is considered to be serving any employee benefit plan at the corporation's request if his duties to the corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a director.

(3) "Expenses" means expenses of every kind in defending a proceeding, including counsel fees.

(4) "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(4a) "Officer", "employee", or "agent" includes, unless the context requires otherwise, the estate or personal representative of a person who acted in that capacity.

(5) "Official capacity" means: (i) when used with respect to a director, the office of director in a corporation; and (ii) when used with respect to an individual other than a director, as contemplated in G.S. 55-8-56, the office in a corporation held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the corporation. "Official capacity" does not include service for any other foreign or domestic corporation or any partnership, joint venture, trust, employee benefit plan, or other enterprise.

(6) "Party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(7) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

Section 55-8-51. Authority to indemnify.

(a) Except as provided in subsection (d), a corporation may indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if:

(1) He conducted himself in good faith; and

(2) He reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in its best interests; and (ii) in all other cases, that his conduct was at least not opposed to its best interest; and

(3) In the case of any criminal proceeding, he

had no reasonable cause to believe his conduct was unlawful.

(b) A director's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfied the requirement of subsection (a)(2)(ii).

(c) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of no contest or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this section.

(d) A corporation may not indemnify a director under this section:

(1) In connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or

(2) In connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

(e) Indemnification permitted under this section in connection with a proceeding by or in the right of the corporation that is concluded without a final adjudication on the issue of liability is limited to reasonable expenses incurred in connection with the proceeding.

(f) The authorization, approval or favorable recommendation by the board of directors of a corporation of indemnification, as permitted by this section, shall not be deemed an act or corporate transaction in which a director has a conflict of interest, and no such indemnification shall be void or voidable on such ground.

Section 55-8-52. Mandatory indemnification.

Unless limited by its articles of incorporation, a corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

Section 55-8-53. Advance for expenses.

Expenses incurred by a director in defending a proceeding may be paid by the corporation in advance of the final disposition of such proceeding as authorized by the board of directors in the specific case or as authorized or required under any provision in the articles of incorporation or bylaws or by any applicable resolution or contract upon receipt of an undertaking by or on behalf of the director to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation against such expenses.

Section 55-8-54. Court-ordered indemnification.

Unless a corporation's articles of incorporation provide otherwise, a director of the corporation who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court after giving any notice the court considers necessary may order indemnification if it determines:

(1) The director is entitled to mandatory indemnification under G.S. 55-8-52, in which case the court shall also order the corporation to pay the director's reasonable expenses incurred to obtain court-ordered indemnification;

(2) The director is fairly and reasonably entitled to

indemnification in view of all the relevant circumstances, whether or not he met the standard of conduct set forth in G.S. 55-8-51 or was adjudged liable as described in G.S. 55-8-51(d), but if he was adjudged so liable his indemnification is limited to reasonable expenses incurred.

Section 55-8-55. Determination and authorization of indemnification.

(a) A corporation may not indemnify a director under G.S. 55-8-51 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because he has met the standard of conduct set forth in G.S. 55-8-51.

(b) The determination shall be made:

(1) By the board of directors by majority vote of a quorum consisting of directors not at the time parties to the proceeding;

(2) If a quorum cannot be obtained under subdivision (1), by majority vote of a committee duly designated by the board of directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;

(3) By special legal counsel (i) selected by the board of directors or its committee in the manner prescribed in subdivision (1) or (2); or (ii) if a quorum of the board of directors cannot be obtained under subdivision (1) and a committee cannot be designated under subdivision (2), selected by majority vote of the full board of directors (in which selected directors who are parties may participate); or

(4) By the shareholders, but shares owned by or voted under the control of directors who are at the time parties to the proceeding may not be voted on the determination.

(c) Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under subsection (b)(3) to select counsel.

Section 55-8-56. Indemnification of officers, employees, and agents.

Unless a corporation's articles of incorporation provide otherwise:

(1) An officer of the corporation is entitled to mandatory indemnification under G.S. 55-8-52, and is entitled to apply for court-ordered indemnification under G.S. 55-8-54, in each case to the same extent as a director;

(2) The corporation may indemnify and advance expenses under this Part to an officer, employee, or agent of the corporation to the same extent as to a director; and

(3) A corporation may also indemnify and advance expenses to an officer, employee, or agent who is not a director to the extent, consistent with public policy, that may be provided by its articles of incorporation, bylaws, general or specific action of its board of directors, or contract.

Section 55-8-57. Additional indemnification and insurance.

(a) In addition to and separate and apart from the indemnification provided for in G.S. 55-8-51, 55-8-52, 55-8-54, 55-8-55 and 55-8-56, a corporation may in its articles of incorporation or bylaws or by contract or resolution indemnify or

agree to indemnify any one or more of its directors, officers, employees, or agents against liability and expenses in any proceeding (including without limitation a proceeding brought by or on behalf of the corporation itself) arising out of their status as such or their activities in any of the foregoing capacities; provided, however, that a corporation may not indemnify or agree to indemnify a person against liability or expenses he may incur on account of his activities which were at the time taken known or believed by him to be clearly in conflict with the best interests of the corporation. A corporation may likewise and to the same extent indemnify or agree to indemnify any person who, at the request of the corporation, is or was serving as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise or as a trustee or administrator under an employee benefit plan. Any provision in any articles of incorporation, bylaw, contract, or resolution permitted under this section may include provisions for recovery from the corporation of reasonable costs, expenses, and attorney's fees in connection with the enforcement of rights to indemnification granted therein and may further include provisions establishing reasonable procedures for determining and enforcing the rights granted therein.

(b) The authorization, adoption, approval, or favorable recommendation by the board of directors of a public corporation of any provision in any articles of incorporation, bylaw, contract or resolution, as permitted in this section, shall not be deemed an act or corporate transaction in which a director has a conflict of interest, and no such articles of incorporation or bylaw provision or contract or resolution shall be void or voidable on such grounds. The authorization, adoption, approval, or favorable recommendation by the board of directors of a nonpublic corporation of any provision in any articles of incorporation, bylaw, contract or resolution, as permitted in this section, which occurred prior to July 1, 1990, shall not be deemed an act or corporate transaction in which a director has a conflict of interest, and no such articles of incorporation, bylaw provision, contract or resolution shall be void or voidable on such grounds. Except as permitted in G.S. 55-8-31, no such bylaw, contract, or resolution not adopted, authorized, approved or ratified by shareholders shall be effective as to claims made or liabilities asserted against any director prior to its adoption, authorization, or approval by the board of directors.

(c) A corporation may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee, or agent of the corporation or who, while a director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him in that capacity or arising from his status as a director, officer, employee, or agent, whether or not the corporation would have power to indemnify him against the same liability under any provision of this act.

Section 55-8-58. Application of Part.

(a) If articles of incorporation limit indemnification or advance for expenses, indemnification and advance for expenses are valid only to the extent consistent with the articles.

(b) This Part does not limit a corporation's power to pay or reimburse expenses incurred by a director in connection with his appearance as a witness in a proceeding at a time when he has not been made a named defendant or respondent to the proceeding.

(c) This Part shall not affect rights or liabilities arising out of acts or omissions occurring before the effective date of this act.

(ii) Section 3.07 of Article III of the By-Laws of the

Company provides as follows:

Unless the Board of Directors shall determine otherwise, the Corporation 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, whether civil, criminal, administrative or investigative, by reason of the fact that he, his testator or intestate, is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation, as a director, officer or employee of another enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. Such indemnification may, in the discretion of the Board, include advances of a director's, officer's or employee's expenses prior to final disposition of such action, suit or proceeding. The right of indemnification provided for in this Section 3.07 shall not exclude any rights to which such persons may otherwise be entitled to contract or as a matter of law.

(iii) Officers and directors of the Company are presently covered by insurance which (with certain exceptions and within certain limitations) indemnifies them against any losses arising from any alleged wrongful act including any alleged error or misstatement or misleading statement or wrongful act or omission or neglect of duty.

Item 16. EXHIBITS

1		Form of Distribution Agreement.
3		Restated Articles of Incorporation
4	(a)	Indenture, dated as of December 14, 1994, between PepsiCo, Inc. and The Chase Manhattan Bank (National Association) as Trustee.
	(b)	Forms of Debt Securities (included as Exhibits A and B to the Indenture filed herewith as Exhibit 4(a)).
	(c)	Form of Fixed Rate Note.
	(d)	Form of Floating Rate Note.
	(e)	Form of Debt Warrant Agreement.
	(f)	Form of Debt Warrant Certificate (included as Annex A to the form of Debt Warrant Agreement filed herewith as Exhibit 4(e)).
5		Opinion and consent of Douglas Cram, Esq., Vice President and Assistant General Counsel of the Company.
8		Opinion and consent of Matthew M. McKenna, Esq., Vice President, Taxes of the Company.
12		PepsiCo, Inc. and its Consolidated Subsidiaries Statement of Computation of Ratio of Earnings to Fixed Charges (Unaudited).
15		Letter from KPMG Peat Marwick LLP regarding unaudited financial information incorporated herein by reference to Exhibit 15 to the Company's Quarterly Reports on Form 10-Q for the twelve-week period ended March 19, 1994, the twelve and twenty-four week periods ended June 11, 1994, and the twelve and thirty-six week periods ended September 3, 1994.
23	(a)	Consent and Acknowledgment of KPMG Peat Marwick LLP.

(b) The consent of Douglas Cram, Esq. is contained in his opinion filed as Exhibit 5 to this Registration Statement.

(c) The consent of Matthew M. McKenna, Esq. is contained in his opinion filed as Exhibit 8 to this Registration Statement.

24 Power of Attorney of PepsiCo, Inc. and certain of its officers and directors, incorporated herein by reference to Exhibit 24 to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1993.

25 Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of The Chase Manhattan Bank (National Association).

Item 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of the 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 this 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 this Registration Statement; and

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

provided, however, that the undertakings set forth in paragraphs (i) and (ii) 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 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;

(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 therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(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.

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 that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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 provisions described under Item 15 above, 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 such Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, PEPSICO, INC. 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 PURCHASE, NEW YORK ON THE 6th DAY OF JANUARY, 1995.

PEPSICO, INC.

BY: /s/ LAWRENCE F. DICKIE

Lawrence F. Dickie
(ATTORNEY-IN-FACT)
VICE PRESIDENT, ASSOCIATE GENERAL COUNSEL
AND ASSISTANT SECRETARY

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATE INDICATED:

Signature	Title	Date
D. WAYNE CALLOWAY* (D. Wayne Calloway)	Chairman of the Board, Chief Executive Officer and Director	January 6, 1995
ROBERT G. DETTMER* (Robert G. Dettmer)	Executive Vice President and Chief Financial Officer	January 6, 1995
ROBERT L. CARLETON* (Robert L. Carleton)	Senior Vice President and Controller (Chief Accounting Officer)	January 6, 1995
JOHN F. AKERS* (John F. Akers)	Director	January 6, 1995
ROBERT E. ALLEN* (Robert E. Allen)	Director	January 6, 1995
ROGER A. ENRICO* (Roger A. Enrico)	Director	January 6, 1995
JOHN J. MURPHY* (John J. Murphy.)	Director	January 6, 1995

ANDRALL E. PEARSON* (Andrall E. Pearson)	Director	January 6, 1995
SHARON PERCY ROCKEFELLER* (Sharon Percy Rockefeller)	Director	January 6, 1995
ROGER B. SMITH* (Roger B. Smith)	Director	January 6, 1995
ROBERT H. STEWART, III* (Robert H. Stewart, III)	Director	January 6, 1995
P.ROY VAGELOS* (P. Roy Vagelos)	Director	January 6, 1995
ARNOLD R. WEBER* (Arnold R. Weber)	Director	January 6, 1995

*By: /s/ LAWRENCE F. DICKIE
(Lawrence F. Dickie)
Attorney-in-Fact

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unaudited financial information, incorporated herein by reference to Exhibit 15 to the Company's Quarterly Reports on Form 10-Q for the twelve-week period ended March 19, 1994, the twelve and twenty-four week periods ended June 11, 1994, and the twelve and thirty and thirty-six week periods ended September 3, 1994	
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_____
* Incorporated by reference

Exhibit 1

PEPSICO, INC.

$2,500,000,000
Debt Securities and Warrants

U.S. DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT, dated as of _____, 199_, between PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"), and _____, a _____ organized under the laws of the State of _____ (the "Bank").

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. 33-_____ (the "Registration Statement"), including a prospectus (the "Prospectus"), relating to $2,500,000,000 in aggregate offering price of the Company's Debt Securities and Warrants (as such terms are defined in the Prospectus); and

WHEREAS, the Bank has agreed to participate in the offer and sale of Debt Securities and Warrants (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", and "Prospectus Supplement", 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.

SECTION 2. Appointment of Bank as Agent. From the date hereof and until the expiration or earlier termination of this Agreement, the Bank will be the 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 Pricing Supplement or Prospectus Supplement (each such supplement a "Supplement" or an "applicable Supplement"), provided, however, that the Bank will not be required to solicit offers to purchase Securities issued pursuant to a Supplement that does not name the Bank as an agent. All sales of Securities resulting from a solicitation made or an offer to purchase received by the 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 the Bank as underwriter and/or as purchaser for its own account.

(a) Non-Exclusive Agency. The 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 the Bank as purchaser for its own account), to underwriters (including the 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 the 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 by Bank as Agent; Rights of Acceptance and Rejection of Offers. The 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, together with the aggregate public offering price of all Securities previously sold by the Company (whether through or to any agents or underwriters or otherwise), would exceed the sum of $2,500,000,000, or, 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 the Bank in its capacity as agent, the Company will pay the 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 11(c) hereof), in U.S. dollars or such other currency as the Company and the 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 the Bank and set forth in the applicable Terms Agreement (hereinafter defined). Any provision of this Agreement to the contrary notwithstanding, the Bank will not 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 the Bank in its capacity as agent hereunder, on the terms and conditions set forth herein and in the applicable Terms Agreement, (ii) the 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 the Bank acquiring legal title thereto.

(d) Termination or Suspension of Solicitations by Bank as Agent. The Company may at any time require the Bank to terminate or temporarily suspend the solicitation of offers to purchase Securities. Upon receipt of written notice from the Company to the Bank directing the Bank 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 Bank, the Bank 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 the Bank's solicitation of offers to purchase Securities will not (except under the circumstances contemplated in Section 6 or Section 9(b) hereof) relieve or otherwise affect the Bank's obligation to purchase any Securities the 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 the 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 the Bank.

(e) Scope of Agency. In soliciting offers to purchase Securities, the Bank will be acting solely as an agent for the Company. The 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 the Bank and accepted by the Company, but the Bank will not 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 the Bank harmless against any loss, claim, damage, or liability arising from or as a result of such default and will pay to the Bank the commission the Bank would have received had such sale been consummated.

SECTION 3. Purchase and Sale of Securities by Bank as Underwriter. The Company and the Bank may agree upon one or more sales of Securities to the 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 the 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 the Bank as agent and/or to the Bank as purchaser for its own account.

(a) Bank's Obligation to Purchase Securities; Multiple Underwriters. In the event that the Bank is the sole underwriter with respect to a particular series of Securities, the Bank will be obligated to purchase all of the Securities of such series. In the event that the 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 each of the 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 the 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, the Bank will not be entitled to any discount with respect to the purchase of a given Security unless (i) the 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) the Bank shall have been named as an underwriter in the applicable Supplement. It is expressly acknowledged and agreed that the 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 the Bank to such dealers with respect to such Securities will not exceed the discount received by the Bank from the Company with respect to such Securities.

SECTION 4. Terms Agreement; Administrative Procedures. No agreement for the purchase of Securities by the Bank in its capacity as underwriter or through the 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 Exhibit I, and such writing shall have been signed by both the Company and the 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 Bank 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 Exhibit II. 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. Delivery of Certain Documents, Certificates, and Opinions. Prior to or contemporaneously with the execution and delivery of this Agreement by the Bank (or, in respect of paragraph (g) below, at such later date or dates as indicated in such paragraph), the Bank has received or will receive the following documents:

(a) the opinion of Douglas Cram, Esq., Vice President and Assistant General Counsel of the Company, or such other counsel as may be selected by the Company and agreed to by the Bank (Mr. Cram or such other counsel each, successively, the "Company's Counsel"), dated as of the effective date of the Registration Statement (the "Effective Date"), substantially in the form of Annex A hereto,

(b) the opinion of Cahill Gordon & Reindel, special counsel to the Bank, or such other counsel as may be selected by the Bank and agreed to by the Company (Cahill Gordon & Reindel or such other counsel each, successively, the "Bank's Counsel"), dated as of the Effective Date, substantially in the form of Annex B hereto,

(c) the opinion of Matthew M. McKenna, Esq., Vice President, Taxes, of the Company, or such other tax counsel as may be selected by the Company and agreed to by the Bank (Mr. McKenna or such other counsel each, successively, the "Tax Counsel"), dated as of the Effective Date, substantially in the form of Annex C hereto,

(d) a certificate of the Secretary or the Assistant Secretary of the Company, dated as of the Effective Date, substantially in the form of Annex D hereto,

(e) a certificate of the Executive Vice President and Chief Financial Officer and the Senior Vice President and Treasurer of the Company, dated as of the Effective Date, substantially in the form of Annex E hereto, and

(f) an Auditors' Letter (as hereinafter defined) with respect to the preceding fiscal quarter of the Company, dated as of a date no later than 14 business days following the date on which the Company shall have filed its Quarterly Report on Form 10-Q with respect to such fiscal quarter (or its Annual Report on Form 10-K for the year in which such fiscal quarter occurred, as the case may be).

(g) At such time as any form of Shelf Warrant Agreement is filed by the Company as an amendment and/or exhibit to the Registration Statement, and at such time as any Prospectus Supplement relating to one or more series of Shelf Warrants is filed by the Company as a supplement to the Prospectus, the Bank will receive an opinion of the Company's Counsel, an opinion of the Bank's Counsel, and an opinion of the Tax Counsel, each dated as of the date such exhibit is filed or the effective date of such amendment or supplement, as the case may be, substantially in the forms attached hereto as Annex A, Annex B, and Annex C, respectively, modified as appropriate to address such series of Shelf Warrants and the related Warrant Agreement and Prospectus Supplement, provided, however, that such opinion of the Company's Counsel will be limited to the opinions described in paragraphs (5) and (8) of Annex A hereto, modified as appropriate to address such Warrant Agreement, and to the opinions described in paragraphs (6), (7), and (11) of Annex A hereto, modified as appropriate to address such series of Shelf Warrants and the applicable Prospectus Supplement. The Bank will also receive a certificate of the Secretary or an Assistant Secretary of the Company, dated as of the date such exhibit is filed or the effective date of such amendment or supplement, as the case may

be, certifying that such series of Shelf Warrants, and the related Warrant Agreement, Prospectus Supplement, and form of Warrant Certificate, have been approved by the Board of Directors of the Company. The receipt by the Bank of such opinions and certificate will be a condition precedent to the Bank's obligation to solicit offers for the purchase of such series of Shelf Warrants, but will not be a condition precedent to the Bank's continued obligation to solicit offers for the purchase of any other Securities in its capacity as agent hereunder.

SECTION 6. Certain Conditions Precedent to Bank's Obligations. The Bank's obligation 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 7 hereof or in the applicable Terms Agreement (as the case may be), to receipt of the opinions and certificates to be delivered to the Bank pursuant to the terms of Sections 5 and 9 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 the Bank of offers to purchase Securities, at the time the Company accepts any offer to purchase Securities through the Bank in its capacity as agent or by the 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 the Bank in its capacity as agent or by the 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 specified in the most recent Auditors' Letter delivered to the Bank in accordance with the provisions of paragraph (b) below, or 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, (B) any suspension or material limitation of trading in the Company's capital stock by the Commission or the New York Stock Exchange, Inc. (the "NYSE"), or (C) any decrease by Moody's Investors Services, Inc. or Standard & Poor's Corporation with respect to the ratings of any of the debt securities issued or guaranteed by the Company (the events described in the foregoing clauses A through C the "Company-Specific Events"), the effect of any of which Company-Specific Events shall have made it impracticable, in the
reasonable judgment of the 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 or the establishment of minimum prices 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 the Bank, to market such Securities, such judgment to be based on relevant market conditions, including, without limitation, the impact of such Market Event on debt 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 have been instituted or threatened.

(b) The Bank will receive, upon execution and delivery of this Agreement and any applicable Terms Agreement and thereafter on a quarterly basis throughout the term of this Agreement, a letter from KPMG Peat Marwick ("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"), setting forth certain information with respect to the preceding fiscal quarter of the Company, provided, that on or prior to the Settlement Date for the first sale of Securities resulting from a solicitation made or an offer to purchase received by the Bank in its capacity as agent, or on or prior to the Settlement Date for the first sale of Securities made to the Bank in its capacity as underwriter, (1) the Bank shall have delivered to the Company's Auditors a letter setting forth certain representations in substantially the form of Annex F hereto, or (2) the Bank's Counsel shall have delivered to the Company's Auditors an opinion in substantially the form of Annex G hereto. Each letter from the Company's Auditors to the Bank will be dated as of a date no later than 14 business days following the date on which the Company shall have filed its Quarterly Report on Form 10-Q with respect to such fiscal quarter (or its Annual Report on Form 10-K for the year in which such fiscal quarter occurred, as the case may be) and will state substantially as follows (each such letter an "Auditors' Letter"):

(i) they are independent certified public accountants within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the respective applicable rules and regulations of the Commission thereunder;

(ii) in their opinion the most recent audited financial statements of the Company and the financial statement schedules of the Company audited by them and included or incorporated in the Registration Statement and/or the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the respective applicable published rules and regulations thereunder;

(iii) on the basis of: a reading of the financial statements of the Company and its subsidiaries on a consolidated basis (which may be unaudited) included or incorporated by reference in the Registration Statement and/or the Prospectus; a reading of the minutes of the meetings of the Board of Directors of the Company held subsequent to the date of the most recent audited financial statements of the Company included or incorporated by reference in the Registration Statement and/or the Prospectus to a specified date not more than five New York Business Days prior to the date of the applicable Auditors' Letter; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its subsidiaries as to transactions and events subsequent to the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement and/or the Prospectus to a specified date not more than five New York Business Days prior to the date of such Auditors' Letter (which procedures and inquiries do not constitute an audit made in accordance with generally accepted auditing standards), nothing came to their attention which caused them to believe that:

1. the unaudited financial statements, if any, included or incorporated by reference in the Registration Statement and/or the Prospectus do not comply as to form in all material respects with applicable accounting requirements of the Securities Act and the Exchange Act and the respective applicable published rules and regulations thereunder, or are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements included or incorporated by

reference in the Registration Statement and/or the Prospectus;

2. during the period from the first day following the date of the last financial statements (which may be unaudited) of the Company included or incorporated by reference in the Registration Statement and/or the Prospectus, to a specified date not more than five New York Business Days from the date of the applicable Auditors' Letter, there has been any (i) decrease in the outstanding capital stock of the Company or in the consolidated shareholders' equity of the Company other than a decrease

resulting from a normal dividend distribution or change in the foreign currency translation adjustment account or (ii) increase in the consolidated long-term debt of the Company resulting from the issuance of long-term debt, in any case greater than 3% as compared with amounts shown in the unaudited condensed consolidated balance sheet at the end of the Company's immediately preceding fiscal quarter, except in each case for decreases or increases, as the case may be, that the Registration Statement and/or the Prospectus disclose have occurred or may occur or that are described in such letter; or during such period there were any decreases in consolidated net sales or in consolidated total or per share amounts of income from continuing operations or of net income, as compared with the corresponding period in the preceding year, except, in each case, for decreases that the Registration Statement and/or the Prospectus disclose have occurred or may occur or that are described in such letter; or

3. the amounts included in any unaudited "capsule" financial information derived from the general accounting records of the Company and included or incorporated by reference in the Registration Statement and/or the Prospectus and the amounts used to compute the ratios set forth in the table of "Ratio of Earnings to Fixed Charges", if any, included in the Registration Statement and/or the Prospectus do not agree with the corresponding amounts in the audited or unaudited financial statements or schedules prepared by the Company, as the case may be, from which such amounts were derived or that the computation of the ratios set forth in the aforementioned table is not arithmetically correct;

(iv) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and its subsidiaries) set forth in the Registration Statement and/or the Prospectus and in Exhibit 12 to the Registration Statement, including certain information included or incorporated in Items 1, 6, 7 and 11 of the Company's most recent Annual Report on Form 10-K, incorporated by reference in the Registration Statement and/or the Prospectus, and the information included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included or incorporated by reference in the Company's most recent Quarterly Reports on Form 10-Q, incorporated in the Registration Statement and/or the Prospectus, agrees with the general accounting records of the Company and its subsidiaries or schedules prepared by the Company, excluding any questions of legal interpretation; and

(v) if unaudited pro forma financial statements are included or incorporated in the Registration Statement and/or the Prospectus, on the basis of a reading of the unaudited pro forma financial statements, carrying out certain procedures specified by the Bank, inquiries of certain officials of the Company who have responsibility for financial and accounting matters, and proving the arithmetic accuracy of the application of the unaudited pro forma adjustments to the historical amounts in the unaudited pro forma financial statements, nothing came to their attention which caused them to believe that the unaudited pro forma financial statements do not comply in form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or that the unaudited pro forma adjustments have not been properly applied to the historical amounts in the compilation of such statements.

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

SECTION 7. Representations and Warranties of the Company. The Company represents and warrants to the Bank that, as of the date hereof, asof each date on which the Company and the Bank execute and deliver a Terms Agreement, as of each date the Company issues and sells Securities through theBank in its capacity as agent or to the Bank in its capacity as underwriter,and as of each date the Registration Statement or the Prospectus is amended or supplemented, the following statements are and shall be true:

(a) (i) 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, (ii) as of 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 $2,500,000,000 in aggregate public offering price of Debt Securities and Warrants, and (iii) 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 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, and (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; provided, however, that the Company makes no representations and warranties (1) as to information contained in or omitted from the Registration Statement or the Prospectus in reliance upon and in conformity with information furnished in writing to the Company by the Bank expressly for use in the Registration Statement or the Prospectus or any amendment or supplement thereto, or (2) as to that part of the Registration Statement that constitutes 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 has been duly incorporated and is validly existing and in good standing 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 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 on the Company and its subsidiaries taken as a whole.

(d) 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.

(e) This Agreement has been duly authorized, executed, and delivered by the Company and (assuming due authorization, valid execution, and delivery by the 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 12 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.

(f) The respective forms of Terms Agreement and Debt Warrant Agreement filed by the Company as exhibits to the Registration Statement, and the form of any Shelf Warrant 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.

(g) 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 in accordance with the provisions of the applicable Warrant Agreement, as the case may be, and delivered to and duly paid for in accordance with the applicable provisions of the Prospectus, any applicable Supplement, and Section 11(c) hereof, will be entitled to the benefits of the Indenture or the applicable Warrant 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, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(h) The execution and delivery of and performance by the Company of its obligations under this Agreement, the Securities, the Indenture, any Warrant Agreement, and any Terms Agreement, as the case may be, will not contravene any provision of any applicable law or of the Restated Charter 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, 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 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.

(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.

(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 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 or the Prospectus that is not so described.

SECTION 8. Authority, Compliance with Laws. As of the date hereof, as of each date on which the Company and the Bank execute and deliver a Terms Agreement, as of each date the Company issues and sells Securities through the Bank in its capacity as agent or to the Bank in its capacity as underwriter, and as of each date the Registration Statement or the Prospectus is amended or supplemented, 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 the Bank and (assuming due authorization, valid execution, and delivery thereof by the Company) is a valid and binding agreement of the Bank, enforceable against the Bank in accordance with its respective terms, except as the enforceability of any such terms or provisions (including, without limitation, the Bank's agency obligations under Section 2 hereof and the Bank's indemnification obligations under Section 12 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 the Bank nor the performance by the 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 the Bank), or of any term or provision of the Charter or By-Laws of the Bank, any agreement or other instrument binding upon the Bank, or any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over the Bank, and all consents, approvals, authorizations, and orders of and qualifications with all governmental bodies and agencies that are, to the Bank's knowledge, required for the performance by the 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) The Bank has delivered and will deliver a copy of the 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 the Bank is named as an agent or underwriter, in each case in accordance with all applicable federal and state laws. The 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 9. Agreements. The Company and the Bank agree as follows:

(a) Prior to the filing by the Company of any amendment to the Registration Statement or of any Supplement that shall name

the Bank as agent or underwriter, the Company will afford the Bank or the 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 Bank of (i) 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 and the filing of any supplement to the Prospectus other than a Pricing Supplement, (ii) 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, (iii) 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 (iv) 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 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 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 (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 the Bank will promptly comply with the terms of such notice. If the Company thereafter decides to amend or supplement the Registration Statement or the Prospectus to correct such statement or omission or to effect such compliance, it will promptly advise the Bank of such decision, either by telephone or telecopier (in either case with 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 Prospectus, as the case may, and will supply the Bank with one signed copy of any such amended Registration Statement and as many copies of any such amended or supplemented Prospectus as the Bank may reasonably request. If such amendment or supplement is satisfactory in the reasonable judgment of the Bank 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, as the case may be, the Bank 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 the Bank in its capacity as agent, or before the 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, as the case may be, satisfactory in the reasonable judgment of the Bank to correct such statement or omission or to effect such compliance, and the Company will supply the Bank with one signed copy of such amended Registration Statement and as many copies of such amended or supplemented Prospectus as the Bank may reasonably request, provided, however, that the expense of preparing, filing, and supplying copies to the 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 the Bank and thereafter will be borne by the Bank.

(c) The Company will furnish to the Bank, without charge, one signed copy of the Registration Statement (including exhibits) and all amendments thereto that shall become effective, and as many copies of the Prospectus, any documents incorporated by reference therein, and any supplements and amendments thereto as the Bank may reasonably request, in each case within a reasonable period of time following the date on which this Agreement is executed and delivered by the Company and the Bank, or the date on which such document becomes effective, or the date on which such document is requested by the Bank, as applicable.

(d) The Company will, with such assistance from the Bank 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 Bank 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 the Bank in its capacity as an underwriter hereunder to and including the corresponding Settlement Date, the Company will not, without the 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 the 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 the Bank as agent hereunder, or through any other agent of the Company.

(f) 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.

(g) Each time the Registration Statement or Prospectus is amended or supplemented by the Company's periodic filings pursuant to the Exchange Act, or by any means or for any purpose other than by the filing of a Pricing Supplement or for a change the Company reasonably deems to be immaterial, the Company will make available to the Bank, promptly upon request, (i) an officers' certificate, dated the date of such amendment or supplement to the Registration Statement or the Prospectus, as the case may be, in substantially the form of Annex E hereto, and (ii) a written opinion of the Company's Counsel, dated the date of such amendment or supplement to the Registration Statement or the Prospectus, as the case may be, as to the matters addressed in paragraphs (1), (8), (9), (10) and (11) of Annex A hereto, provided, however, that in lieu of such opinion, counsel last furnishing such an opinion to the Bank (including the opinion to be delivered pursuant to paragraph (a) of Section 5 hereof) may furnish to the Bank a letter stating that the Bank may rely on such last opinion to the same extent as though it were dated the date of such letter (except that statements in such last opinion will be deemed to relate to the Registration Statement or the Prospectus as amended and supplemented as of the date of such letter).

(h) Each time the Registration Statement or the Prospectus is amended or supplemented to set forth amended or supplemental financial information, or amended or supplemental financial information is incorporated by reference in the Registration Statement or the Prospectus, the Company will cause the Company's Auditors to forthwith furnish the Bank with a letter substantially in the form of an Auditors' Letter, dated the effective date of such amendment or supplement, as the case may be, as to such amended or supplemental financial information; 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, and provided, further, that the delivery of such letter by the Company's Auditors to the Bank will be in addition to, and not in lieu of, any Auditors' Letter to be delivered to the Bank pursuant to paragraph 6(b) of this Agreement.

(i) As of the date hereof, as of each date on which the Company and the Bank execute and deliver a Terms Agreement, as of each date the Company issues and sells Securities through the Bank in its capacity as agent or to the Bank in its capacity as underwriter, and as of each date the Registration Statement or the Prospectus is amended or supplemented, the Bank has disclosed and will disclose to the Company the purchase of any Security made by the 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.

SECTION 10. Fees and Expenses. The Company will pay all costs, fees, and expenses arising in connection with the sale of any Securities through the Bank in its capacity as agent or to the Bank in its capacity as underwriter and in connection with the performance by the Bank of its related obligations hereunder and under any Terms Agreement, including the following: (i) expenses incident to the preparation and filing of the Registration Statement and the Prospectus and all amendments and supplements thereto, (ii) expenses incident to the issuance and delivery of such Securities, (iii) the fees and disbursements of the Company's Counsel, the Tax Counsel, the Company's Auditors, the Trustee, and the Trustee's counsel, (iv) 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 9(d) hereof, including related filing fees and the reasonable fees and disbursements of the Bank's Counsel in connection therewith and in connection with the preparation of any survey of Blue Sky laws (a "Blue Sky Survey"), (v) expenses incident to the printing and delivery to the Bank, in the quantities hereinabove stated, of copies of the Registration Statement and all amendments thereto and of the Prospectus and all amendments and supplements thereto, (vi) expenses incident to the printing and delivery to the Bank, in such quantities as the Bank shall reasonably request, of copies of the Indenture, any Warrant Agreement, and any Blue Sky Survey, (vii) any fees charged by rating agencies for the rating of such Securities, (viii) the fees and expenses, if any, incurred with respect to any applicable filing with the National Association of Securities Dealers, and (ix) the reasonable fees and disbursements of the Bank's 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 Bank's Counsel hereunder; provided, however, that the Bank will pay all costs, fees, and expenses incurred by the Bank in connection with the purchase of Securities by the Bank for its own account or with respect to the resale of Securities purchased by the Bank in its capacity as underwriter hereunder, including all transfer taxes, advertising expenses, and fees and expenses of the Bank's Counsel incident to the resale of any such Securities. The immediately preceding proviso notwithstanding, the Company will, upon demand, reimburse the Bank for all reasonable out-of-pocket expenses incurred by the Bank in connection with a purchase by the Bank as underwriter that is not consummated as a result of a material failure by the Company to perform its obligations hereunder, including, without limitation, a default by the Company with respect to any of the representations or warranties set forth in Section 7 hereof.

SECTION 11. Inspection; Place of Delivery; Payment.

(a) Inspection. The Company agrees to have available for inspection, checking, and packaging by the Bank or its appointed agent, at the office of the Trustee in Brooklyn, New York, the Securities to be sold through or to the Bank as agent or underwriter hereunder, not later than 1:00 P.M. on the New York Business Day prior to the applicable Settlement Date.

(b) Place of Delivery of Documents, Certificates and Opinions. The documents, certificates and opinions required to be delivered to the Bank pursuant to Sections 5 and 6 of this Agreement will be delivered at the offices of the Bank's Counsel, or at such other location as may be agreed upon by the Company and the Bank, 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 Bank and the Company may agree upon in writing.

(c) Payment. Delivery of Securities sold by or through the Bank as underwriter or agent will be made to the Bank 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 Bank as underwriter 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 Bank as agent (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 Bank and set forth in the applicable Terms Agreement.

SECTION 12. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold the Bank and each person, if any, who controls the 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 the Bank come 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 or the 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 or the Prospectus in reliance upon and in conformity with information furnished to the Company by the Bank in writing expressly for use in the Registration Statement or the Prospectus or any amendment or supplement thereto, and provided, further, that any amount payable by the Company to the 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 Bank of the provisions of paragraph (c) of Section 8 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 9 hereof), as such amounts are finally determined by a court of competent jurisdiction.

(b) The Bank 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 Bank, 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 or the Prospectus in reliance upon and in conformity with information furnished to the Company by the Bank in writing expressly for use in the Registration Statement 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 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 Bank (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. The immediately preceding sentence notwithstanding, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for reasonable fees and expenses of counsel as contemplated by the third sentence of this paragraph, the indemnifying party agrees that it will be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. 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.

(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 Bank, on the other, from the offering of Securities as to which the Bank was a named agent or underwriter, 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 Bank, 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 Bank, on the other, in connection with the offering of Securities as to which the Bank was a named agent or underwriter 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 Bank from the Company in respect thereof. The relative fault of the Company, on the one hand, and of the Bank, 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 Bank and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The Company and the Bank 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 Bank 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 Bank was a named agent or underwriter exceeds the amount of losses, claims, damages, and liabilities sustained or incurred by the 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 or the Prospectus (other than in reliance upon and in conformity with information furnished to the Company by the Bank in writing expressly for use in the Registration Statement or the Prospectus or any amendment or supplement thereto), (ii) any amount payable by the Company or the Bank, as the case may be (the "Contributing Party"), pursuant to the provisions of this paragraph or paragraph (d) of this Section 12 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 the Bank of the provisions of paragraph (c) of Section 8 hereof (if the Company is the Contributing Party) or (y) by the Company of its obligations under paragraphs (b) or (c) of Section 9 hereof (if the 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 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. 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 Bank upon the giving of written notice of such termination to the other party hereto in accordance with the provisions of Section 15 hereof, provided, however, that if the Company and the Bank shall have executed a Terms Agreement for the purchase of Securities by the Bank in its capacity as underwriter, this Agreement may not be terminated by the Bank prior to delivery of and payment for such Securities except upon the failure of any of the conditions precedent described in Section 6(a) hereof, and provided, further, that if the Company and the Bank shall have executed a Terms Agreement for the purchase of Securities through the Bank as agent, this Agreement may not be terminated by the Bank prior to delivery of and payment for such Securities unless and until the Bank 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 14. Representations and Indemnities to Survive. Therespective agreements of the Company and the Bank set forth in Sections 2(e),4, 9(b), 9(f), 10, 12, and 18 hereof, the representations and warranties of the Company set forth in Section 7 hereof, the representations and warranties of the Bank set forth in Section 8 hereof, and the statements and opinions of theCompany and its officers set forth in the documents to be delivered by the Company to the Bank as provided in paragraphs 5(a), 5(c), 5(d), 5(e), and 6(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 13 above.

SECTION 15. 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 Bank under paragraphs 5(a), 5(c), 5(d), 5(e), 5(f), or 9(g) hereof will be deemed delivered if executed by all required signatories and telecopied to the Company and/or the Bank, 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 16. 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 12 hereof. No other person will have any right orobligation hereunder. Neither party to this Agreement may assign its rights hereunder without the written consent of the other party.

SECTION 17. 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 18. 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 19. 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 _____, 199_.

PEPSICO, INC.

By:
Name:
Title:

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

[NAME OF BANK]

By:
Name:
Title:

Notice Information:
[Name of Bank]
[Address]
Telephone No.:
Facsimile No.:
Attention:

ANNEX A

[PEPSICO LETTERHEAD]

_____, 199_

[Name and Address of Bank]

Dear Sirs:

I am Vice President and Assistant General Counsel of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"). I have acted as counsel for the Company in connection with the registration of $2,500,000,000 in aggregate offering price of the Company's Debt Securities and Warrants (collectively, the "Securities") that may, from time to time, be issued by the Company (i) with respect to Debt Securities, under the Indenture, dated as of December 14, 1994, between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Indenture"), (ii) with respect to Debt Warrants, under the Debt Warrant Agreement (hereinafter defined) to be entered into by the Company and The Chase Manhattan Bank (National Association), as Warrant Agent, and (iii) with respect to Shelf Warrants, under one or more warrant agreements to be entered into by the Company and one or more warrant agents.

You have requested my opinion pursuant to Section 5(a) of the Distribution Agreement to be executed and delivered by you and the Company in substantially the form attached hereto as Exhibit A (the "Distribution Agreement"). In connection with such opinion, I have examined the Registration Statement on Form S-3, File No. 33-_____ (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission (the "Commission") with respect to the Securities, and have examined such records, certificates, and other documents, certified or otherwise authenticated to my satisfaction, have made such inquiries of officers and employees of the Company, and have made such other examinations as, in each case, I have deemed necessary or appropriate. I have assumed the genuineness of all signatures on all documents examined by me and the conformity to originals of all copies submitted to me.

Capitalized terms used herein and not otherwise defined have the meanings ascribed to those terms by the Prospectus filed as part of the Registration Statement (the "Prospectus").

On the basis of the foregoing and having regard for such legal considerations as I have deemed relevant, it is my opinion that:

1. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of North Carolina, has the corporate power and authority to own its properties and to conduct its business as described in the Prospectus, and is duly qualified to do business as a foreign corporation in each jurisdiction where 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 financial condition of the Company and its subsidiaries taken as a whole.

2. The Distribution Agreement has been duly authorized and, when executed and delivered by the Company, assuming due authorization and execution by you, will be a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by (i) the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws affecting creditors' rights generally, (ii) any other applicable federal or state law, including any law limiting rights of indemnity or contribution, (iii) equitable principles of general applicability, and (iv) the discretion of any court in which a proceeding for enforceability may be brought.

3. The Indenture has been duly authorized, executed, and delivered by the Company and, assuming due authorization and execution by the Trustee, is qualified under the Trust Indenture Act of 1939, as amended, and is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by (i) the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws affecting creditors' rights generally, (ii) any other applicable federal or state law, (iii) rights of acceleration in accordance with the terms of the Indenture, (iv) equitable principles of general applicability, and (v) the discretion of any court in which a proceeding for enforceability may be brought.

4. The forms of Debt Securities included as Exhibits 4(b) and 4(c) to the Registration Statement were established in accordance with the provisions of Section 202(iii) of the Indenture.

5. The form of Debt Warrant Agreement included as Exhibit 4(e) to the Registration Statement (the "Debt Warrant Agreement") has been duly authorized and, assuming valid execution and delivery by the Company and due authorization, valid execution, and delivery by the Warrant Agent, will be a valid and binding obligation of the Company, enforceable against

the Company in accordance with its terms, except as limited by (i) the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws affecting creditors' rights generally, (ii) any other applicable federal or state law, (iii) equitable principles of general applicability, and (iv) the discretion of any court in which a proceeding for enforceability may be brought.

6. The form of Debt Warrant Certificate included as Exhibit 4(f) to the Registration Statement complies with the provisions of Section 1.02 of the Debt Warrant Agreement.

7. The Debt Securities and Debt Warrants have been duly authorized and, when issued by the Company and (i) authenticated by the Trustee in accordance with the applicable provisions of the Indenture (with respect to Debt Securities) or (ii) countersigned by the Warrant Agent in accordance with the applicable provisions of the Debt Warrant Agreement and (iii) delivered to and duly paid for by the purchasers thereof in accordance with the applicable provisions of the Prospectus, any applicable Supplement, and the Distribution Agreement, will be valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as limited by (a) the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws affecting creditors' rights generally, (b) any other applicable federal or state law, (c) rights of acceleration in accordance with the terms of the Indenture (with respect to Debt Securities), (d) equitable principles of general applicability, and (e) the discretion of any court in which a proceeding for enforceability may be brought.

8. The execution and delivery of and performance by the Company of its obligations under the Distribution Agreement, the Indenture, the Debt Warrant Agreement, the Debt Securities, and the Debt Warrants will not contravene any provision of the Restated Charter 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 my knowledge after due inquiry, of any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over the Company or any of its subsidiaries. No consent, approval, authorization, or order of or qualification with any governmental body or agency is required for the performance by the Company of its obligations under the Distribution Agreement, the Indenture, the Debt Warrant Agreement, the Debt Securities, or the Debt Warrants, except as may be required by the Blue Sky laws or other securities laws of the various states in which the Debt Securities and Warrants may be offered and sold.

9. To the extent that each of the statements described below constitutes a summary of the legal matters, documents, or proceedings referred to therein, such statements fairly present the information called for with respect thereto and fairly summarize the matters referred to therein:

(i) statements in the Prospectus under the captions "Description of Debt Securities", "Description of Warrants--Debt Warrants", and "Plan of Distribution";

(ii) statements in the Registration Statement under the caption "Item 15--Indemnification of Directors and Officers";

(iii) statements in the Company's annual report on Form 10-K for the fiscal year ended December 25, 1993 under the caption "Item 3--Legal Proceedings"; and

(iv) statements in Part II of the Company's quarterly reports on Form 10-Q for the twelve-week period ended March 19, 1994, the twelve and twenty-four week periods ended June 11, 1994, and the twelve and thirty-six week periods ended September 3, 1994, respectively, under the caption "Item 1--Legal Proceedings".

10. To my knowledge after due inquiry, there is no legal or governmental proceeding pending or threatened, no statute or regulation, and no agreement, instrument, or other document to which, in any case, the Company or any of its subsidiaries is a party, or by which, in any case, any of the properties of the Company or its subsidiaries is bound, that is required to be described in the Registration Statement, the Prospectus, or any applicable Pricing Supplement or Prospectus Supplement, or that is required to be filed as an exhibit to the Registration Statement, that is not so described or filed.

11. Based solely upon my participation in the preparation of the Registration Statement and the documents included or incorporated by reference therein, and without independent check or verification I am (i) of the opinion that each document incorporated by reference in the Prospectus (except for financial statements and schedules, as to which I express no opinion), at the time it was filed with the Commission, complied as to form and in all material respects with the Securities Exchange Act of 1934, as amended, and with the rules and regulations of the Commission thereunder, (ii) of the opinion that the Registration Statement (except for the financial statements and schedules included or incorporated by reference therein and except for that part of the Registration Statement that constitutes the Statement of Eligibility and Qualification of the Trustee (the "Form T-1"), as to which I express no opinion), at the time it became effective, complied as to form and in all material respects with the Securities Act of 1933, as amended, and with the rules and regulations of the Commission thereunder, and (ii) of the belief that each part of the Registration Statement (except for financial statements and schedules included or incorporated by reference therein and except for that part of the Registration Statement that constitutes the Form T-1, as to which I express no belief), did not, at the time the Registration Statement became effective, 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, in light of the circumstances under which they were made, not misleading.

The opinions and belief expressed in paragraph 7 above (except as to due authorization of the Debt Securities and Debt Warrants), in paragraph 9 above as to the statements in the Prospectus under the captions "Description of Debt Securities", "Description of Warrants--Debt Warrants", and "Plan of Distribution", and in paragraph 11 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 relating to any such Debt Securities. None of the opinions and beliefs expressed herein address, or should in any way be deemed to apply to, Shelf Warrants or any warrant agreement relating to any one or more series of Shelf Warrants.

The opinions expressed above do not address, and should in no way be deemed to address, compliance with any laws other than the laws of the State of New York, the corporation laws of the State of North Carolina, and the federal laws of the United States of America.

This opinion is being furnished to you in accordance with the provisions of Section 5(a) of the Distribution Agreement and is solely for the benefit of, and may be relied upon solely by, you and your counsel. This opinion is not intended for, and may not be relied upon by, any other person or entity without my prior written consent.

Very truly yours,

ANNEX B

[FORM OF OPINION OF CAHILL GORDON & REINDEL]

, 199_

(212) 701-3000

To the Bank Named in the
Attached Distribution Agreement

Gentlemen:

This opinion is being furnished to you (the "Bank") pursuant to Section 5(b) of the Distribution Agreement dated as of _____, 199_ (the "Distribution Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Distribution Agreement) between the Bank and PepsiCo, Inc. (the "Company") relating to the proposed issuance and sale from time to time by the Company of up to $2,500,000,000 aggregate principal amount of the Company's debt securities (the "Debt Securities") and warrants to purchase debt securities (the "Debt Warrants" and, together with the Debt Securities, the "Securities"), to be issued under the Indenture dated as of December 14, 1994 (the "Indenture"), between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee") or the Debt Warrant Agreement to be entered into by the Company and one or more agents (each a "Warrant Agent") in substantially the form filed as an exhibit to the Registration Statement (the "Debt Warrant Agreement"). A registration statement on Form S-3 (File No. 33-_____) (such registration statement, including all documents filed as part thereof or incorporated by reference therein, is herein called the "Registration Statement"), including a prospectus (such prospectus, including the documents incorporated therein by reference, is herein called the "Prospectus"), relating to the Securities was filed by the Company with the Securities and Exchange Commission (the "Commission") on _____. The Registration Statement was declared effective by the Commission on _____, 1995.

We advise you that in our opinion:

1. each of the Distribution Agreement and the Debt Warrant 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 the enforceability thereof may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, by any other federal or state laws or by general principles of equity or the discretion of the court before which any proceeding therefor may be brought;

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 the enforceability thereof may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now ore hereafter in effect relating to creditors' rights generally, by any other federal or state laws, rights of acceleration, or by general principles of equity or the discretion of the court before which any proceeding therefor may be brought;

3. the Securities have been duly authorized and when issued and delivered by the Company and authenticated by the Trustee or the Warrant Agent, as the case may be, in accordance

with the provisions of the Indenture or the Debt Warrant 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, as the case may be, and will be valid and binding obligations of the Company, enforceable in accordance with their respective terms except as the enforceability thereof may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, by any other federal or state laws, rights of acceleration, or by general principles of equity or the discretion of the court before which any proceeding may be brought;

4. The statements in the Prospectus under the captions "Description of Debt Securities", "Description of Warrants -- Debt Warrants" and "Plan of Distribution" in each case insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

5. the Registration Statement has become effective under the Securities Act of 1933, as amended (the "Act") and no proceedings for a stop order are pending or, to the best of our knowledge, threatened;

6. except for financial statements, schedules and other financial or statistical data and the Statement of Eligibility and Qualification on Form T-1 of the Trustee, as to which we have not been requested to, and do not express any opinion, the Registration Statement and Prospectus comply as to form in all material respects with the requirements of the Act and all applicable rules and regulations thereunder.

We have participated in conferences with officers and other representatives of the Company, counsel for the Company, representatives of the Company's Accountant and the Bank's representatives at which the contents of the Registration Statement and the

Prospectus and related matters were discussed and, although we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Registration Statement and the Prospectus (except to the extent stated in paragraph 4 above), on the basis of the foregoing, relying as to materiality to a large extent upon the opinions of officers and other representatives of the Company, no facts have come to our attention which lead us to believe that (A) the Registration Statement at the time such Registration Statement became effective contained an 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 or (B) the Prospectus, as of its date, contained an untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (it being understood that we have not been requested to and do not express any comment on (i) financial statements, related schedules and other financial and statistical data, or (ii) the Statement to Eligibility and Qualification on Form T-1 of the Trustee).

The opinion in paragraph (3) above (except as to due authorization of the Securities), the opinions in paragraph (4) above as to the statements in the Prospectus under the captions "Description of Debt Securities" and "Description of Debt Warrants" and the opinion and belief in paragraph (6) and clause (B) above do not address any application of the Commodity Exchange Act, as amended (or amending legislation now pending before Congress), or the rules, regulations orders or interpretations of the Commodity Futures Trading Commission to Securities the payments of principal or interest on which will be determined by reference to one or more currency exchange rates,

commodity prices, equity indices or other factors. In addition, for the purpose of the opinions in paragraphs (3) and (4) above, we have assumed that (a) the Securities will conform both in form and with the requirements set forth in the Indenture or the Debt Warrant Agreement, as the case may be, and (b) none of the terms of the Securities not contained in the forms examined by us will violate any applicable law or be unenforceable. The opinions in paragraph (4) above are based solely on our participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto (but not including documents incorporated therein by reference) and are without independent check or verification except as specified. In connection with our opinion in paragraph (3) above, we note that, as of the date of this opinion, a judgment for money in any action based upon an obligation denominated in a currency other than currency of the United States, a federal or state court in New York shall render or enter a judgment or decree in the foreign currency of the underlying obligation. Such judgment or decree shall be converted into currency of the United States at the rate of exchange prevailing on the date of entry of the judgment or decree.

Very truly yours,

ANNEX C

_____, 199

[To the Bank Named on the Attached Schedule A]

Dear Sirs:

I am Vice President, Taxes of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"). I have acted as tax counsel for the Company in connection with the registration of $2,500,000,000 in aggregate offering price of the Company's Debt Securities and Warrants (collectively, the "Securities") that may, from time to time, be issued by the Company.

You have requested my opinion pursuant to Section 5(c) of the Distribution Agreement to be executed and delivered by you and the Company in substantially the form attached hereto as Exhibit A (the "Distribution Agreement"). In connection with such opinion, I have examined the Registration Statement on Form S-3, File No. 33-_____ (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission (the "Commission") with respect to the Securities, including the form of prospectus contained therein (the "Prospectus"). All capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms by the Prospectus.

On the basis of my review of the Registration Statement, it is my opinion that if the offering of the Securities is conducted in the manner described in the Prospectus, and if the terms of any series of Securities are as contemplated by the Prospectus, then the statements contained in the section of the Prospectus entitled "United States Tax Considerations" accurately describe certain United States federal income tax consequences of ownership and disposition of the Securities, except with respect to Debt Warrants and Shelf Warrants, which consequences will be discussed in the applicable Prospectus Supplement to be filed hereafter.

I do not purport to be expert in, or to express any opinion concerning, the laws of any jurisdiction other than the federal laws of the United States of America.

This opinion is being furnished to you in accordance with the provisions of Section 5(c) of the Distribution Agreement and is solely for the benefit of, and may be relied upon solely by, you and your counsel. This opinion is not intended for, and may not be relied upon by, any other person or entity without my prior written consent.

Very truly yours,

ANNEX D

SECRETARY'S CERTIFICATE

I, Edward V. Lahey, Jr., the duly qualified, elected, and acting 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 Exhibit A is a true and complete copy of the Restated Articles of Incorporation of the Company, certified as of _____, 19__ by the Secretary of State of the State of North Carolina. No further amendments or supplements to the Restated Charter have been proposed to or approved by the Board of Directors or shareholders of the Company.

2. Attached hereto as Exhibit B is a true, correct, and complete copy of the By-Laws of the Company. Such By-Laws have been in effect at all times since January 22, 1987.

3. Attached hereto as Exhibits C-1 and C-2 are copies of resolutions adopted by the Board of Directors of the Company on _____, 199_, relating to the issuance of short-term and long-term debt securities, which resolutions are in 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. 33-_____, filed by the Company on January 6, 1995 (the "Registration Statement"), relating to $2,500,000,000 in aggregate offering price of the Company's Debt Securities and Warrants (as such terms are defined in the Registration Statement), a copy of which is attached hereto as Exhibit D;

(b) the Indenture, dated as of December 14, 1994, between the Company and The Chase Manhattan Bank (National Association), as trustee, a copy of which is attached hereto as Exhibit 4(a) to the Registration Statement;

(c) the form of Debt Warrant Agreement that may be entered into by the Company and The Chase Manhattan Bank (National Association), as warrant agent, a copy of which is attached hereto as Exhibit 4(e) to the Registration Statement; 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 Debt Securities and Warrants, a copy of which is attached hereto as Exhibit 1 to the Registration Statement.

5. The Debt Securities may be issued from time to time, in substantially the forms attached hereto as Exhibit E (with respect to Fixed Rate Debt Securities) and Exhibit F (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) the Executive Vice President and

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 G (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 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 H, on such terms as shall be determined by any two Authorized Persons, provide- that such terms will in no event violate or conflict with the terms and provisions of the Debt Warrant Agreement 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 relevant to the preparation of the Registration Statement, 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.

Randall C. Barnes	Senior Vice President and Treasurer	_____
D. Wayne Calloway	Chairman of the Board and Chief Executive Officer	_____
Douglas Cram	Vice President and Assistant General Counsel	_____
Robert G. Dettmer	Executive Vice President and Chief Financial Officer	_____
Lawrence F. Dickie	Vice President and Associate General Counsel	_____
Karen L. Halby	Vice President and Tax Counsel	_____
Matthew M. McKenna	Vice President, Taxes	_____
Sandra Wijnberg	Vice President, Corporate Finance and Assistant Treasurer	_____

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of the day of _____, 199 .

_____
Edward V. Lahey, Jr.

Secretary

I, Douglas Cram, a Vice President of the Company, hereby certify that Edward V. Lahey, Jr. is the duly qualified, elected, and acting Senior Vice President, General Counsel, and Secretary of the Company, has been duly elected or appointed to such offices, has held such offices at all times relevant to the preparation of the Registration Statement, holds such offices as of the date hereof, and that the signature set forth below is his genuine signature.

Edward V. Lahey, Jr. Senior Vice President, General Counsel and Secretary _____

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ day of _____, 199 .

_____
Douglas Cram
Vice President

ANNEX E

OFFICERS' CERTIFICATE

Robert G. Dettmer, Executive Vice President and Chief Financial Officer, and Randall C. Barnes, Senior Vice President and Treasurer, of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"), each hereby certifies as follows:

1. I have examined the Company's Registration Statement on Form S-3, File No. 33-_____ (the "Registration Statement"), as filed by the Company with the Securities and Exchange Commission (the "Commission") on January 6, 1995, including all of the documents filed as exhibits thereto. 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 (such prospectus hereinafter the "Prospectus").

2. To the best of 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.

3. To the best of my knowledge, there has not been any material adverse change in the financial condition, earnings, business, or operations of the Company and its subsidiaries, taken as a whole, from that described in the Registration Statement.

4. To my knowledge, after due inquiry, I am of the belief that the Registration Statement (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 light of the circumstances under which it was made, not misleading.

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ of _____, 199 .

_____
Robert G. Dettmer
Executive Vice President
and Chief Financial Officer

_____
Randall C. Barnes
Senior Vice President
and Treaurer

ANNEX F

[Letterhead of Bank]

Gentlemen:

In connection with the placement of any debt securities or warrants to purchase debt securities (the "Securities") to be issued by PepsiCo, Inc., [Name of financial intermediary(ies)], as principal or agent, will be reviewing certain information relating to PepsiCo, Inc. that will be included (or incorporated by reference) in the Registration Statement on Form S-3 (File No. 33-_____) of PepsiCo, Inc. pursuant to which the Securities have been registered (the "Registration Statement"), which may be delivered to investors and utilized by them as a basis for their investment decision. This review process, applied to the information relating to PepsiCo, Inc., is substantially consistent with the due diligence review process that an underwriter would perform in connection with this placement of securities. We are knowledgeable with respect to the due diligence review process that an underwriter would perform in connection with a placement of securities registered pursuant to the Securities Act of 1933. We hereby request that you deliver to us a "comfort" letter in substantially the same form as the "draft" comfort letter delivered to PepsiCo, Inc. for the immediately preceding fiscal quarter of PepsiCo, Inc. concerning the financial statements of PepsiCo, Inc. and certain statistical and other data included in the Registration Statement.

Very truly yours,

[Name of financial intermediary]

ANNEX G

[Letterhead of Cahill Gordon & Reindel]

Gentlemen:

In connection with the placement of any debt securities or warrants to purchase debt securities (the "Securities") to be issued by PepsiCo, Inc., [Name of financial intermediary(ies)], as principal or agent, will be reviewing certain information relating to PepsiCo, Inc. that will be included (or incorporated by reference) in the Registration Statement on Form S-3 (File No. 33-_____) of PepsiCo, Inc. pursuant to which the Securities have been registered (the "Registration Statement"), which may be delivered to investors and utilized by them as a basis for their investment decision. In our opinion, [Name of financial intermediary(ies)] has a statutory due diligence defense under Section 11 of the Securities Act of 1933 (the "Act"). We are knowledgeable with respect to the due diligence review process that an underwriter would perform in connection with a placement of securities registered pursuant to the Act. We hereby request that you deliver to [Name of financial intermediary(ies)] a "comfort" letter in substantially the same form as the "draft" comfort letter delivered to PepsiCo, Inc. for the immediately preceding fiscal quarter of PepsiCo, Inc. concerning the financial statements of PepsiCo, Inc. and certain statistical and other data included in the Registration Statement.

Very truly yours,

Cahill Gordon & Reindel

EXHIBIT I

PEPSICO, INC.

$2,500,000,000
Debt Securities and Warrants

TERMS AGREEMENT

Under
the Distribution Agreement, dated _____, 19__,
Between PepsiCo, Inc. and [Name of Bank]
(The "Distribution Agreement")

_____, 19__

PepsiCo, Inc.
Purchase, N.Y. 10577

Attention:

In accordance with the provisions of the above-referenced Distribution Agreement, the undersigned (the "Bank"), in its capacity as [Agent][Underwriter] under the Distribution Agreement, hereby [delivers on behalf of one or more third-party investors an offer][agrees] 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 is acting as agent)][3 (if the Bank is acting as underwriter)], 4, and 6 through 15 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 internal 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 refered to in Section 12 of the Distribution Agreement, and no other person will have any right or obligation hereunder. Neither party to this Terms Agreement may assign its rights hereunder without the written consent of the other party. 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]

By: _____
Name:
Title:

Accepted this __ day of
_____, 19__.

PEPSICO, INC.

By: _____
Name:
Title:

EXHIBIT II

PEPSICO, INC.

ADMINISTRATIVE PROCEDURES

_____

Explained below are the administrative procedures applicable to the offering of up to $2,500,000,000 in aggregate principal amount 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. 33-_____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 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 December 14, 1994 (as it may be supplemented or amended from time to time, the "Indenture"), between the Company and The Chase Manhattan Bank (National Association) ("Chase"), as trustee. Chase 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 Chase, 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, Chase will perform certain custodial, document control, and administrative functions as described below and in accordance with its obligations (a) under the Letter of Representations from the Company and Chase to DTC, dated as of the date hereof (the "Letter of Representations"), and (b) 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, representing up to $150,000,000 in aggregate principal amount of all such Debt Securities. Each Global Debt Security will be dated and issued as of the date of its authentication by Chase. 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:

The Company has arranged with the CUSIP Service Bureau of Standard & Poor's Corporation (the "CUSIP Service Bureau") for the reservation of a series of CUSIP numbers (including tranche

numbers) for the Debt Securities, which series consists of approximately 900 CUSIP numbers and relates to Global Debt Securities representing Book-Entry Debt Securities. The Company has obtained from the CUSIP Service Bureau a written list of such series of reserved CUSIP numbers and has delivered to Chase and DTC the written list of 900 CUSIP numbers of such series. Chase will assign CUSIP numbers to Global Debt Securities as described below under Settlement Procedure "B". DTC will notify the CUSIP Service Bureau periodically of the CUSIP numbers that Chase has assigned to Global Debt Securities. At any time when fewer than 100 of the reserved CUSIP numbers of such series remain unassigned to Global Debt Securities, Chase shall so advise the Company and, if it deems necessary, the Company will reserve additional CUSIP numbers for assignment to Global Debt Securities representing Book-Entry Debt Securities. Upon obtaining such additional CUSIP numbers, the Company shall deliver a list of such additional CUSIP numbers to Chase 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:

Chase 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 Chase) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, Chase 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, Chase 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 $150,000,000 in aggregate

principal amount, one Global Debt Security will be authenticated and issued to represent each $150,000,000 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.

Notice of
Redemption Dates:

Chase will give notice to DTC prior to each Redemption Date (as specified in the Debt Security), if any, at the time and in the manner set forth in the Letter of Representations.

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 $150,000,000. If one or more Book-Entry Debt Securities having an aggregate principal amount in excess of $150,000,000 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 $150,000,000 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. 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, 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. Standard & Poor's Corporation will use the information received in the pending deposit message described under Settlement Procedure "C" below in order to include the amount of any interest payable and certain other information regarding the related Global Debt Security in the appropriate weekly bond report published by Standard & Poor's Corporation.

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 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, Chase 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, interest on Fixed Rate Book-

Entry Debt Securities (including interest for partial periods) will be calculated on the basis of a 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, Chase will deliver to the Company and DTC a written notice specifying by CUSIP number the amount of interest 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. DTC will confirm the amount payable on each such Global Debt Security on such Interest Payment Date by reference to the daily bond reports published by Standard & Poor's Corporation. In the case of amortizing Debt Securities, Chase will provide separate written notice to DTC prior to each Interest Payment Date at the times and in the manner set forth in the Letter of Representations. The Company will pay to Chase, 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 Chase 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 Securityis 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, Chase will deliver to the Company and DTC a written list of principal and interest 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, Chase will provide separate written notice to DTC prior to each Interest Payment Date at the times and in the manner set forth in the Letter of Representations. The Company

will pay to Chase, as the paying agent, the principal amount of such Global Debt Security, together with interest due at such Maturity Date or redemption date. Chase 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 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, in the case of Fixed Rate Debt Securities, no interest shall accrue on such payment for the period from and after such Maturity Date or redemption date. Promptly after payment to DTC of the principal and interest due on the Maturity Date or redemption date of such Global Debt Security, Chase 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 Chase in funds available for immediate use by Chase 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 Chase to withdraw funds from an account maintained by the Company at Chase. The Company will confirm such instructions in writing to Chase. Prior to 10 A.M. (New York City time) on each Maturity Date or redemption date or as soon as possible thereafter, Chase 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 Chase 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 CHASE 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 the Bank as the Bank shall have reasonably requested by the close of business on the preceding New York Business Day. The Bank 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 Bank 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 the Bank shall be as follows:

A. The Bank 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.

Interst Payment Dates.

Record dates.

Redemption and/or repayment provisions, if any.

Trade date.

Settlement Date.

Issue Price.

Bank's 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.

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

Any other applicable terms.

B. The Company will advise Chase by elephone 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 and Chase will mutually then assign a CUSIP number to the Global Debt Security representing such Book-Entry Debt Security and will notify the Bank of such CUSIP number by telephone as soon as practicable.

C. Chase will enter a pending deposit message through DTC's Participant Terminal System, providing the following settlement information to DTC, the Agent and Standard & Poor's Corporation:

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) ant 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. Chase will complete and authenticate the Global Debt Security representing such Debt Security.

E. DTC will credit such Debt Security to Chase's participant account at DTC.

F. Chase 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 Chase's participant account and credit such Debt Security to the Bank's participant account, and (ii) debit the Bank's settlement account and credit Chase's settlement account for an amount equal to the price of such Debt Security less the Bank's commission or discount, if any. The entry of such a delivery order shall constitute a representation and warranty by Chase to DTC that (a) the Global Debt Security representing such Book-Entry Debt Security has been issued and authenticated and (b) Chase is holding such Global Debt Security pursuant to the [Certificate] Agreement between Chase and DTC.

G. Unless the Bank purchased such debt Security as principal for its own account, the Bank will enter an SDFS delivery order through DTC's Participant Terminal System instructing DTC (i) to debit such Debt Security to the 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 the 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. Chase will credit to the account of the Company maintained at Chase, New York, New York, in funds available for immediate use, in the amount transferred to Chase in accordance with Settlement Procedure "F".

J. Unless the Bank purchased such Debt Security as underwriter or as principal for its own account, the 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, Chase 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 Chase but which have not yet been settled.

For sales by the Company of Book-Entry Securities to or through the Bank 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, Chase, after receiving notice from the company or the Bank, 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 Chase fails to enter an SDFS delivery order with respect to a Book-Entry Debt Security pursuant to Settlement Procedure "F", Chase 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 Chase's participant account, provided that Chase'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, Chase will mark such Global Debt Security "canceled," make appropriate entries in Chase'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, Chase 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, the 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, Chase 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, Chase 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

Chase 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 Chase. 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 Chase 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, 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 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, interest on Fixed Rate Certificated Debt Securities (including interest for partial periods) will be calculated on the basis of a 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:

Chase will pay the principal amount of each Certificated Debt Security at maturity or upon redemption upon presentation and surrender of such Debt Security to Chase. 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 Chase and in turn by the holder of such Debt Security. Certificated Debt Securities presented to Chase at maturity or upon redemption for payment will be canceled by Chase and delivered to the Company with a certificate of cancellation. All interest payments on a Certified U.S. dollar Certificated Debt Security (other than interest due at maturity or upon redemption) will be made by U.S. dollar check drawn on Chase (or another person appointed by Chase) and mailed by Chase 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. Following each Record Date during the period that the Registration Statement is in effect, Chase will furnish the Company with a list of interest payments 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. Chase 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. Chase 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 any Interest Payment Date or the Maturity Date or redemption date for any Certificated Floating Rate Debt Security would fall on a day that is not a New York Business Day, such Interest Payment Date, Maturity Date or redemption date will be the following day that is a New York Business Day, except that, in the case of a Certificated LIBOR-indexed Debt Security, if such succeeding New York Business Day is in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding day that is a New York Business Day.

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 the Bank as the Bank shall have requested by the close of business on the preceding New

York Business Day. The Bank 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 Bank 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 Bank and the Bank's 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 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 date.

Settlement Procedures:

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

A. The Bank 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.

Bank's 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.

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

Any other applicable terms.

B. The Company will advise Chase 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 Chase 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 Bank, and the Trustee: (a) Certificate with customer confirmation, (b) Stub One (for Chase), (c) Stub Two (for the Bank), and (d) Stub Three (for the Company).

The information set forth in Settlement Procedure "A".

D. Chase will complete and authenticate such Certificated Debt Security and deliver it (with the confirmation) and Stubs One and Two to the Bank, and the Bank will acknowledge receipt of such Debt Security by stamping or otherwise marking Stub One and returning it to Chase. Such delivery will be made only against such acknowledgment of receipt and evidence that instructions have been given by the Bank for payment to the account of the

Company at the Chase Manhattan Bank (National Association), New York, New York, in funds available for immediate use, of an amount equal to the price of such Debt Security less the

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

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

F. Chase will send Stub Three to the Company by first-class mail. Periodically during the period that the Registration Statement is in effect, Chase 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 Chase but which have not yet been settled.

Timetable: For sales by the Company of Certificated Debt Securities to or through the Bank, 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:	3:00 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 day before 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 the 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 Bank will notify the Company and Chase by telephone and will return such Debt Security to Chase. Upon receipt of such notice, the Company will immediately wire transfer to the account of the 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 the Bank of its obligations hereunder or under the Distribution Agreement or the applicable Terms Agreement, then the Company will reimburse the Bank or Chase, as appropriate, 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, Chase will mark such Debt Security "canceled", make appropriate entries in its records, and send such Debt Security to the Company.

Restated Articles of Incorporation

of

PepsiCo, Inc.

FIRST: The name of the corporation is PepsiCo, Inc., hereinafter referred to as the "Corporation".

SECOND: The Corporation is to have perpetual existence.

THIRD: The address of the Corporation's registered office in this State shall be 213 Broad Street, New Bern, Craven County, North Carolina, 28560, and the name of its registered agent at such address shall be F. Blackwell Stith.

FOURTH: The purpose or purposes for which the Corporation is organized and the objects proposed to be transacted, promoted or carried on by it are as follows:

(1) To engage in the manufacture, purchase, sale, bottling and distribution, either at wholesale, retail or otherwise, of beverages, syrups, flavors and extracts, carbonated and aerated water, soda water, mineral waters, soft drinks and non-alcoholic beverages of every kind, and any and all other commodities, substances and products of every kind, nature and description;

(2) To purchase, lease, construct or otherwise acquire, and to hold, own, use, maintain, manage and operate, plants, factories, warehouses, stores, shops and other establishments, facilities and equipment, of every kind, nature and description, used or useful in the conduct of the business of the Corporation;

(3) To manufacture, purchase, sell and generally to trade and deal in and with goods, wares, products and merchandise of every kind, nature and description, and to engage or participate in any mercantile, manufacturing or trading business of any kind or character whatsoever;

(4) To build, erect, construct, purchase, hold or otherwise acquire, own, provide, maintain, establish, lease and operate, buy, sell, exchange or otherwise dispose of mills, factories, warehouses, agencies, buildings, structures, offices, works, plants and work shops, with suitable plant, engines, boilers, machinery and equipment, and all things of whatsoever kind and nature suitable, necessary, useful or advisable in connection with any or all of the objects herein set forth;

(5) To acquire by purchase, lease or otherwise, upon such terms and conditions and in such manner as the board of directors of the Corporation shall determine or agree to, and to the extent to which the same may be allowed by law, all or any part of the property, real and personal, tangible or intangible, of any nature whatsoever, including the good will, business and rights of all kinds, of any other corporation or of any person, firm or association, which may be useful or convenient in the business of the Corporation and to pay for the same in cash, stocks, bonds or in other securities of the Corporation, or partly in cash and partly in such stocks, bonds or other securities, or in such other manner as may be agreed, and to hold, possess and improve

such properties, and to assume in connection with the acquisition of any such property any liabilities of any such corporation, person, firm or association, and to conduct in any legal manner the whole or any part of any business so acquired, and to pledge, mortgage, sell or otherwise dispose of the same. To carry on the business of warehousing and all business incidental thereto, including the issue of warehouse receipts, negotiable or otherwise, and the making of advances or loans upon the security of goods warehoused; to maintain and conduct stores for the general sale of merchandise, both at wholesale and retail;

(6) To borrow money, and, from time to time, to make, accept, endorse, execute and issue bonds, debentures, promissory notes, bills of exchange and other obligations of the Corporation for moneys borrowed or in payment of property acquired or for any of the other objects or purposes of the Corporation or its business, and to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement or other instrument of trust, or by other lien upon, assignment of, or agreement in regard to all or any part of the property, rights, privileges or franchises of the Corporation wheresoever situated, whether now owned or hereafter to be acquired;

(7) To apply for, obtain, register, purchase, lease, or otherwise acquire, and to hold, use, own, operate and introduce, and to sell, assign or otherwise dispose of, any trade marks, trade names, patents, inventions, improvements and processes used in connection with or acquired under letters patent of the United States or elsewhere, and to use, exercise, develop, grant licenses in respect of, or otherwise turn to account any such trade marks, patents, licenses, processes and the like;

(8) To guarantee and to acquire, by purchase, subscription or otherwise, and to hold and own and to sell, assign, transfer, pledge or otherwise dispose of the stock, or certificates of interest in shares of stock, bonds, debentures and other securities and obligations of any other corporation, domestic or foreign, and to issue in exchange therefor the stock, bonds, or other obligations of the Corporation, and while the owner of any such stock, certificates of interest in shares of stock, bonds, debentures, obligations and other evidences of indebtedness, to possess and exercise in respect thereof all of the rights, powers and privileges of ownership, including the right to vote thereon, and also in the manner, and to the extent now or hereafter authorized or permitted by the laws of the State of North Carolina, to purchase, acquire, own and hold and to dispose of the stock, bonds or other evidence of indebtedness of the Corporation;

(9) To guarantee the payment of dividends upon any shares of the capital stock of, or the performance of any contract by any other corporation or association in which the Corporation shall have an interest, and to endorse or otherwise guarantee the payment of the principal and interest, or either, of any bonds, debentures, notes, securities, or other evidences of indebtedness created or issued by any such other corporation or association or by individuals or partnerships, to aid in any manner any other corporation or association, any bonds or other securities or evidences of indebtedness of which, or shares of stock in which (or voting trust certificates therefor) are held by or for the Corporation, or in which, or in the welfare of which, the Corporation shall have any interest, and to do any acts or things designed to protect, preserve, improve or enhance the value of any such bonds or other securities or property of the Corporation, but nothing contained herein shall be construed to authorize the Corporation to engage in the business of a guaranty or trust company;

(10) In general, to do any or all of the things hereinbefore set forth, and such other things as are

incidental or conducive to the attainment of the objects and purposes of the Corporation, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation, and in carrying on its business, and for the purpose of attaining or furthering any of its objects, to make and perform contracts, and to do all such acts and things, and to exercise any and all such powers, to the same extent as a natural person might or could lawfully do to the extent allowed by law;

(11) To have one or more offices and to carry on its operations and transact its business within and without the State of North Carolina and in other states of the United States of America, and in the districts, territories or dependencies of the United States and in any and all foreign countries and, without restriction or limit as to the amount, to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the states, districts, territories or dependencies of the United States, and in any and all foreign countries, subject always to the laws of such state, district, territory, dependency or foreign country.

(12) To do any or all of the things herein set forth, and such other things as are incidental or conducive to the attainment of the above objects, to the same extent a natural person might or could do, and in any part of the world, in so far as the same are not inconsistent with the laws of the State of North Carolina.

The purposes and powers specified in any clause contained in this Fourth Article shall, except where otherwise expressed in said articles, be in nowise limited or restricted by reference to or inferences from the terms of any other clause of this or any other article of these Articles of Incorporation, but the purposes and powers specified in each of the clauses of this article shall be regarded as independent purposes and powers.

In general, the Corporation shall have the authority to carry on any other business in connection with the foregoing, whether manufacturing or otherwise, and to have and to exercise all the powers conferred by the laws of the State of North Carolina upon corporations formed under the North Carolina Business Corporation Act.

FIFTH: The total number of shares of Capital Stock which the Corporation shall have authority to issue is 1,800,000,000, of the par value of one and two-thirds cents (1-2/3 cents) per share.

SIXTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

SEVENTH: No holder of the Corporation's Capital Stock shall be entitled, as of right, to subscribe for, purchase or receive any part of any new or additional issue of its capital stock, of any class, whether now or hereafter authorized (including treasury stock), or of any bonds, debentures or other securities convertible into stock, or warrants or options to purchase stock of any class, but all such additional shares of stock or bonds, debentures or other securities convertible into stock, including all stock now or hereafter authorized, may be issued and disposed of by the board of directors from time to time to such person or persons and upon such terms and for such consideration (so far as may be permitted by law) as the board of directors in their absolute discretion may from time to time fix and determine.

EIGHTH: The following provisions are intended for the regulation of the business and for the conduct of the

internal affairs of the Corporation, and it is expressly provided that the same are intended to be in furtherance and not in limitation of the powers conferred by statute:

(1) The number of directors of the Corporation shall be fixed and may be altered from time to time, as may be provided in the by-laws, but at no time is the number of directors to be less than three. The directors need not be stockholders. In case of any increase in the number of directors, the additional directors may be elected by the directors or by the stockholders entitled to vote therefor at an annual or special meeting, as shall be provided in the by-laws;

(2) The board of directors may, by resolution passed by a majority of the whole board, designate three or more of their number to constitute an executive committee, to the extent provided in said resolution or in the by-laws, shall have and exercise the powers of the board of directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. From time to time the by-laws, or the board of directors by resolution, may provide methods for the permanent or temporary filling of any vacancy in the executive committee or in any other committee appointed by the board;

(3) The board of directors shall have power to sell, assign, transfer, convey, exchange, or otherwise dispose of the property, effects, assets, franchises and good will of the Corporation as an entirety, for cash, for the securities of any other corporation, or for any other consideration, pursuant to the vote at the special meeting called for the purpose, of the holders of at least two-thirds of the issued and outstanding Capital Stock of the Corporation.

(4) The board of directors may make by-laws from time to time, and may alter, amend or repeal any by-laws, but any by-laws made by the board of directors may be altered, amended or repealed by the stockholders entitled to vote;

(5) In case of any vacancy in the board of directors, through death, resignation, disqualification or other cause, the remaining directors by an affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the directors whose place shall be vacant, and until the election of a successor;

(6) The directors shall have power, from time to time, to determine whether and to what extent, and at what times and places and under what conditions and regulations, the accounts and books of the Corporation, or any of them, shall be open to the inspection of stockholders; and no stockholder shall have any right to inspect any books or account or document of the Corporation except as conferred by the statutes of the State of North Carolina, or authorized by the directors;

(7) The board of directors shall have power to appoint such standing committees as they may determine, with such powers as shall be conferred by them or as may be authorized by the by-laws;

(8) The board of directors shall elect a president and vice president and appoint a secretary and treasurer. Any two of such offices may be held by the same person, except that the president shall hold no other of such offices. The board of directors may also appoint one or more additional vice presidents, one or more assistant secretaries, and one or more assistant treasurers, and to the extent provided by the by-laws or by the board of directors by resolution from time to time, the persons so appointed shall have and exercise the powers of the president, secretary and treasurer, respectively. The board of directors may appoint

other and additional officers, with such powers as the directors may deem advisable;

(9) Both stockholders and directors shall have power, if the by-laws so provide, to hold their meetings and have one or more offices without the State of North Carolina, and to keep the books of the Corporation (subject to the provisions of the statutes) outside of the State of north Carolina, at such places as may be from time to time designated;

(10) The Corporation may in its by-laws confer powers additional to the foregoing upon the directors, in addition to the powers and authorities expressly conferred upon them by the statutes;

(11) No contract or other transaction between the Corporation and any other corporation shall be affected or invalidated by the fact that any one or more of the directors of the Corporation is or are interested in, or is a director or officer, or are directors or officers of, such other corporation, and any director or directors, individually or jointly, may be a party or parties to, or may be interested in, any contract or transaction of the Corporation or in which the Corporation is interested; and no contract, act or transaction of the Corporation with any person or persons, firm or corporation, shall be affected or invalidated by the fact that any director or directors of the Corporation is a party, or are parties, to or interested in such contract, act or transaction, or in any way connected with such person or person, firm or corporation, and each and every such person or persons, firm or corporation, and each and every person who may become a director of the Corporation is hereby relieved from any liability that might otherwise exist from contracting with the Corporation for the benefit of himself or any firm, association or corporation in which he may be in any wise interested;

(12) The Corporation reserves the right to amend, alter, change, or repeal any provision herein contained, in the manner now or hereafter prescribed by law, and all the rights conferred on stockholders hereunder are granted and are to be held and enjoyed subject to such rights of amendment, alteration, change or repeal.

NINTH: The number of directors constituting the initial Board of Directors shall be twelve; and the names and addresses of the persons who are to serve as directors until the first meeting of stockholders, or until their successors are elected and qualified, are:

Name	Address
D. Wayne Calloway	700 Anderson Hill Road Purchase, New York 10577
Frank T. Cary	700 Anderson Hill Road Purchase, New York 10577
William T. Coleman, Jr.	700 Anderson Hill Road Purchase, New York 10577
Clifton C. Garvin, Jr.	700 Anderson Hill Road Purchase, New York 10577
Michael H. Jordan	700 Anderson Hill Road Purchase, New York 10577

Donald M. Kendall	700 Anderson Hill Road Purchase, New York 10577
John J. Murphy	700 Anderson Hill Road Purchase, New York 10577
Andrall E. Pearson	700 Anderson Hill Road Purchase, New York 10577
Sharon Percy Rockefeller	700 Anderson Hill Road Purchase, New York 10577
Robert H. Stewart, III	700 Anderson Hill Road Purchase, New York 10577
Robert S. Strauss	700 Anderson Hill Road Purchase, New York 10577
Arnold R. Weber	700 Anderson Hill Road Purchase, New York 10577

TENTH: Stockholders do not have the right to cumulate their vote for the election of directors.

ELEVENTH: The name and address of the incorporator are:

Arch E. Lynch, Jr.	3600 Glenwood Avenue Raleigh, North Carolina 27605

Exhibit 4(a)

PEPSICO, INC.

and

THE CHASE MANHATTAN BANK
(National Association), Trustee

Indenture

Dated as of December 14, 1994

Providing for Issuance of Debt Securities

CROSS-REFERENCE TABLE
(Certain Indenture Provisions and
Provisions of Trust Indenture Act of 1939)

TIA Section		Indenture Section
303	(1)	101(2)
	(4)	608(d)(1)
	(5)	608(d)(2)
	(6)	608(d)(6)
	(10)	101
	(12)	608(d)(5) 613(c)(5)
	(13)	101
	(16)	608(d)(4) 608(d)(1)
310	(a)(1)	609
	(a)(2)	609
	(a)(3)	Not Applicable
	(a)(4)	Not Applicable
	(b)	608
	(c)	Not Applicable
311	(a)	613(a)
	(b)	613(b)
	(b)(2)	613(b) 703(a)(2) 703(b)
312	(a)	701 702(a)
	(b)	702(b)
	(c)	702(c)
313	(a)	703(a)

	(b)	703(b)
	(c)	703(a) 702(b)
	(d)	702(c)
314	(a)	704
	(b)	Not Applicable
	(c)(1)	102
	(c)(2)	102
	(c)(3)	Not Applicable
	(d)	Not Applicable
315	(a)	601(a) 602(c)
	(b)	602 703(a)(6)
	(c)	601(b)
	(d)	601(c)
	(d)(1)	601(a)
	(d)(2)	601(c)(2)
	(d)(3)	601(c)(3)
	(e)	514
316	(a)	512,513
	(a)(1)(A)	502 512
	(a)(1)(B)	513
	(a)(2)	Not Applicable
	(b)	508
317	(a)(1)	503
	(a)(2)	504
	(b)	1003
318	(a)	107

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ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

THIS INDENTURE, between PepsiCo, Inc., a North Carolina corporation (hereinafter called the "Company") having its principal office at 700 Anderson Hill Road, Purchase, N.Y. 10577, and The Chase Manhattan Bank (National Association), a national banking association incorporated and existing under the laws of the United States of America, trustee (hereinafter called the "Trustee"), is made and entered into as of this 14th day of December, 1994.

Recitals of the Company

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of its debentures, notes, bonds, and other evidences of indebtedness, to be issued in one or more fully registered series.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

Agreements of the Parties

To set forth or to provide for the establishment of the terms and conditions upon which the Securities (as hereinafter defined) are and are to be authenticated, issued, and delivered, and in consideration of the premises thereof, and the purchase of Securities by the Holders (as hereinafter defined) thereof, it is mutually covenanted and agreed as follows, for the equal and proportionate benefit of all Holders from time to time of the Securities or of any series thereof, as the case may be:

ARTICLE ONE
Definitions and Other Provisions
of General Application

Section 101. Definitions. For all purposes of this Indenture and of any indenture supplemental hereto, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act (as hereinafter defined), either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States of America at the date of such computation; and

(4) all references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein", "hereof", and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

"Act", when used with respect to any Securityholder (as hereinafter defined), has the meaning specified in Section 104.

"Affiliate" of any specified Person (as hereinafter defined) means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any Person authorized by the Trustee to authenticate Securities of one or more series under Section 614.

"Authentication Order" has the meaning specified in Section 303.

"Board of Directors" means (i) the board of directors of the Company, (ii) any duly authorized committee of that board, or (iii) any officer, director, or authorized representative of the Company, in each case duly authorized by such Board to act hereunder.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Chairman" means the Company's Chairman of the Board and Chief Executive Officer.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

"Company" means PepsiCo, Inc., unless and until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation.

"Company Request", "Company Order", and "Company Consent" mean, respectively, a written request, order, or consent signed in the name of the Company by its Chairman, Executive Vice President (as hereinafter defined), or any Vice President (as hereinafter defined), or by any other officer or officers of the Company pursuant to an applicable Board Resolution, and delivered to the Trustee.

"Consolidated Net Tangible Assets" means the total amount of assets (less applicable depreciation, amortization, and other valuation reserves), except to the extent resulting from write-ups of capital assets (except write-ups in connection with accounting for acquisitions in accordance with generally accepted accounting principles in the United States), of the Company and its Restricted Subsidiaries, after deducting therefrom (i) all current liabilities of the Company and its Restricted Subsidiaries (excluding any such liabilities that are intercompany items) and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the latest consolidated balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with generally accepted accounting principles.

"Corporate Trust Office" means the principal office of the Trustee in the City of New York at which at any particular time its corporate trust business shall be principally administered, which office at the date hereof is located at 4 Chase MetroTech Center, Brooklyn, N.Y. 11245, except that with respect to the presentation of Securities for payment or registration of transfer or exchange and with respect to the location of the Security Register, such term shall mean the office or the agency of the Trustee in said city at which at any particular time its corporate agency business shall be conducted, which office at the date hereof is located at 4 Chase MetroTech Center, Brooklyn, N.Y. 11245.

"Debt" has the meaning specified in Section 1006.

"Defaulted Interest" has the meaning specified in Section 307.

"Depositary" means with respect to the Securities of any series issuable or issued in whole or in part in global form, the Person designated as Depositary by the Company pursuant to Section 301, unless and until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean or include each Person who is then a Depositary hereunder, and if at any time there is more than one such Person, "Depositary" as used with respect to the Securities of any such series shall mean the "Depositary" with respect to the Securities of that series.

"Discharged" has the meaning specified in Section 402.

"Equivalent Government Securities" means, in relation to Securities denominated in a currency other than U.S. dollars and other than a Specified Currency, securities of the government that issued the currency in which such Securities are denominated or securities of government agencies backed by the full faith and credit of such government.

"Event of Default" has the meaning specified in Article Five.

"Executive Vice President" means the Company's Executive Vice President and Chief Financial Officer.

"Holder", "Securityholder" and "Holder of Securities" means a Person in whose name a Security is registered in the Security Register (as hereinafter defined).

"Indenture" or "this Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of any particular series of Securities established as contemplated by Section 301.

"Interest Payment Date", when used with respect to any series of Securities, means any date on which an installment of interest on those Securities is scheduled to be paid.

"Maturity", when used with respect to any Security, means the date on which the entire principal amount outstanding under such Security becomes due and payable, as therein or herein provided, whether on a Principal Payment Date, on the Scheduled Maturity Date (as hereinafter defined), by declaration of acceleration, call for redemption, or otherwise.

"Mortgage" is defined in Section 1006.

"New York Business Day" means (except, with respect to any particular series of Securities, as may be otherwise provided in the form of such Securities) 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, regulation, or executive order to be closed.

"Officers' Certificate" means a certificate signed by any two of the Chairman, the Executive Vice President, the Treasurer, and the Assistant Treasurer of the Company, or by any other officer or officers of the Company pursuant to an applicable Board Resolution, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel to the Company, which counsel may be an employee of the Company.

"Original Issue Discount Security" means any Security which is initially sold at a discount from the principal amount thereof and the terms of which provide that upon redemption or acceleration of the Maturity thereof, an amount less than the principal amount thereof would become due and payable.

"Outstanding", when used with respect to any particular Securities or to the Securities of any particular series means, as of the date of determination, all such Securities theretofore authenticated and delivered under this Indenture, except:

(i) such Securities theretofore canceled by the Trustee or delivered by the Company to the Trustee for cancellation;

(ii) such Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited in trust with the Trustee or with any Paying Agent (as hereinafter defined) other than the Company, or, if the Company shall act as its own Paying Agent, has been set aside and segregated in trust by the Company; provided, in any case, that if such Securities are to be redeemed prior to their Scheduled Maturity Date, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) such Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, or which shall have been paid, in each case, pursuant to the terms of Section 306 (except with respect to any such Security as to which proof satisfactory to the Trustee is presented that such Security is held by a person in whose hands such Security is a legal, valid, and binding obligation of the Company).

In determining whether the Holders of the requisite principal amount of such Securities Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of any Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof. In determining whether the Holders of the requisite principal amount of such Securities Outstanding have given a direction concerning the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or concerning the exercise of any trust or power conferred upon the Trustee under this Indenture, or concerning a consent on behalf of the Holders of any series of Securities to the waiver of any past default and its consequences, Securities owned by the Company, any other obligor upon the Securities, or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding. In determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Securities which a Responsible Officer assigned to the corporate trust department of the Trustee knows to be owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to act as owner with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"Paying Agent" means, with respect to any Securities, any Person appointed by the Company to distribute amounts payable by the Company on such Securities. If at any time there shall be more than one such Person, "Paying Agent" as used with respect to the Securities of any particular series shall mean the Paying Agent with respect to Securities of that series. As of the date of this Indenture, the

Company has appointed The Chase Manhattan Bank (National Association) as Paying Agent with respect to all Securities issuable hereunder.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company,

trust, unincorporated organization, or government, or any agency or political subdivision thereof.

"Place of Payment" means with respect to any series of Securities issued hereunder the city or political subdivision so designated with respect to the series of Securities in question in accordance with the provisions of Section 301.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in lieu of a lost, destroyed, mutilated, or stolen Security shall be deemed to evidence the same debt as the lost, destroyed, mutilated, or stolen Security.

"Principal Property" means any single manufacturing or processing plant, office building, or warehouse owned or leased by the Company or a Restricted Subsidiary other than a plant, warehouse, office building, or portion thereof which, in the opinion of the Company's Board of Directors, is not of material importance to the business conducted by the Company and its Restricted Subsidiaries as an entirety.

"Record Date" means any date as of which the Holder of a Security will be determined for any purpose described herein, such determination to be made as of the close of business on such date by reference to the Security Register.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price specified in the Security at which it is to be redeemed pursuant to this Indenture.

"Repayment Date", when used with respect to any Security to be repaid, means the date fixed for such repayment pursuant to such Security.

"Repayment Price", when used with respect to any Security to be repaid, means the price at which it is to be repaid pursuant to such Security.

"Responsible Officer", when used with respect to the Trustee, means the chairman of the board of directors, the chairman of the executive committee of the board of directors, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any senior trust officer or trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Restricted Subsidiary" means at any time any Subsidiary of the Company except a Subsidiary which is at the time an Unrestricted Subsidiary.

"Scheduled Maturity Date", when used with respect to any Security, means the date specified in such Security as the date on which all outstanding principal and interest will be due and payable.

"Security" or "Securities" means any note or notes, bond or bonds, debenture or debentures, or any other evidences of indebtedness, as the case may be, of any series authenticated and delivered from time to time under this Indenture.

"Security Register" shall have the meaning specified in Section 305.

"Security Registrar" means the Person who maintains the Security Register, which Person shall be the Trustee unless and until a successor Security Registrar is appointed by the Company.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Specified Currency" has the meaning specified in Section 301(16).

"Subsidiary" of any specified corporation means any corporation at least a majority of whose outstanding Voting Stock shall at the time be owned, directly or indirectly, by the specified corporation or by one or more of its Subsidiaries, or both.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as in force as of the date hereof, except as provided in Section 905.

"Trustee" means The Chase Manhattan Bank (National Association), unless and until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean and include each Person who is then a Trustee hereunder. If at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"Unrestricted Subsidiary" means A&M Food Services, Inc., Kentucky Fried Chicken of California, Inc., Pizza Hut, Inc., Pizza Management, Inc., QSR, Inc., Taco Bell Corp., any Subsidiaries thereof and any other Subsidiary of the Company (not at the time designated a Restricted Subsidiary) (i) the major part of whose business consists of finance, banking, credit, leasing, insurance, financial services, or other similar operations, or any combination thereof, (ii) substantially all the assets of which consist of the capital stock of one or more such Subsidiaries, or (iii) designated as such by the Company's Board of Directors; provided that such designation will not constitute a violation of the terms of the Securities. Any Subsidiary designated as a Restricted Subsidiary may be designated as an Unrestricted Subsidiary unless such designation will constitute a violation of the terms of the Securities.

"U.S. Government Obligations" means (i) securities that are direct obligations of the United States of America, the payment of which is unconditionally guaranteed by the full faith and credit of the United States of America and (ii) securities that are obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed by the full faith and credit of the United States of America, and also includes depository receipts issued by a bank or trust company as custodian with respect to any of the securities described in the preceding clauses (i) and (ii), and any payment of interest or principal payable under any of the securities described in the preceding clauses (i) and (ii) that is held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt, or from any amount received by the custodian in respect of such securities, or from

any specific payment of interest or principal payable under the securities evidenced by such depository receipt.

"Vice President", when used with respect to the Company

or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"Voting Stock", as applied to the stock of any corporation, means stock of any class or classes (however designated), the outstanding shares of which have, by the terms thereof, ordinary voting power to elect a majority of the members of the board of directors (or other governing body) of such corporation, other than stock having such power only by reason of the happening of a contingency.

Section 102. Officers' Certificates and Opinions. Every Officers' Certificate, Opinion of Counsel, and other certificate or opinion to be delivered to the Trustee under this Indenture with respect to any action to be taken by the Trustee shall include the following:

(1) a statement that each individual signing such certificate or opinion has read all covenants and conditions of this Indenture relating to such proposed action, including the definitions of all applicable capitalized terms;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 103. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, legal counsel, unless such officer knows that any such certificate, opinion, or representation is erroneous. Any opinion of counsel for the Company may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, unless such counsel knows that any such certificate, opinion, or representation is erroneous.

Where any Person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, such instruments may, but need not, be consolidated and form a single instrument.

Section 104. Acts of Securityholders. (a) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Securityholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Securityholders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered

to the Trustee and (if expressly required by the applicable terms of this Indenture) to the Company. If any Securities are denominated in coin or currency other than that of the United States, then for the purposes of determining whether the Holders of the requisite principal amount of Securities have taken any action as herein described, the principal amount of such Securities shall be deemed to be that amount of United States dollars that could be obtained for such principal amount on the basis of the spot rate of exchange into United States dollars for the currency in which such Securities are denominated (as evidenced to the Trustee by a certificate provided by a financial institution, selected by the Company, that maintains an active trade in the currency in question, acting as conversion agent) as of the date the taking of such action by the Holders of such requisite principal amount is evidenced to the Trustee as provided in the immediately preceding sentence. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Securityholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Securities shall for all purposes be determined by reference to the Security Register, as such register shall exist as of the applicable Record Date.

(d) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other action, the Company may, at its option, by Board Resolution, fix in advance a Record Date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other action, but the Company shall have no obligation to do so. If such Record Date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such Record Date, but only the Holders of record at the close of business on such Record Date shall be deemed to be Holders for the purpose of determining whether Holders of the requisite proportion of Securities Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other action, and for that purpose the Securities Outstanding shall be computed as of such Record Date; provided that no such authorization, agreement or consent by the Holders on such Record Date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after such Record Date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Security shall bind each subsequent Holder of such Security, and each Holder of any Security issued upon the transfer thereof or in exchange therefor or in lieu thereof, with respect to anything done or suffered to be done by the Trustee or the Company in reliance upon such action, whether or not notation of such action is made upon such Security.

Section 105. Notices, etc., to Trustee and Company. Any request, order, authorization, direction, consent, waiver, or

other action to be taken by the Trustee, the Company, or the Securityholders hereunder (including any Authentication Order), and any notice to be given to the Trustee or the Company with respect to any action taken or to be taken by the Trustee, the Company, or the Securityholders hereunder, shall be sufficient if made in writing and

(1) (if to be furnished or delivered to or filed with the Trustee by the Company or any Securityholder) delivered to the Trustee at its Corporate Trust Office, or

(2) (if to be furnished or delivered to the Company by the Trustee or any Securityholder, and except as otherwise provided in Section 501(4) and, in the case of a request for repayment, except as specified in the Security carrying the right to repayment) mailed to the Company, first-class postage prepaid, at its principal office (as specified in the first paragraph of this instrument) or at any other address hereafter furnished in writing by the Company to the Trustee.

Section 106. Notice to Securityholders; Waiver. Where this Indenture or any Security provides for notice to Securityholders of any event, such notice shall be sufficiently given (unless otherwise expressly provided herein or in such Security) if in writing and mailed, first-class postage prepaid, to each Securityholder affected by such event, at his or her address as it appears in the Security Register as of the applicable Record Date, not later than the latest date or earlier than the earliest date prescribed by this Indenture or such Security for the giving of such notice. In any case where notice to Securityholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Securityholder shall affect the sufficiency of such notice with respect to other Securityholders. Where this Indenture or any Security provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Securityholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it shall be impractical to mail notice of any event to any Securityholder when such notice is required to be given pursuant to any provision of this Indenture or the applicable Security, then any method of notification as shall be satisfactory to the Trustee and the Company shall be deemed to be sufficient for the giving of such notice.

Section 107. Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the TIA, such required provision shall control.

Section 108. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents hereof are for convenience only and shall not affect the construction of any provision of this Indenture.

Section 109. Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 110. Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture. Nothing in this Indenture or in any Securities, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, the Authenticating Agent, the Security Registrar, any Paying Agent, and the Holders of Securities (or such of them as may be affected thereby), any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 113. Counterparts. This instrument may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all of which shall together constitute but one and the same instrument.

Section 114. Judgment Currency. The Company agrees, to the fullest extent that it may effectively do so under applicable law, that (a) if for the purpose of obtaining judgment in any court with respect to the Securities of any series it is necessary to convert the sum due in respect of the principal, premium, if any, or interest, if any, payable with respect to such Securities into a currency in which a judgment can be rendered (the "Judgment Currency"), the rate of exchange from the currency in which payments under such Securities is payable (the "Required Currency") into the Judgment Currency shall be the highest bid quotation (assuming European-style quotation -- i.e., Required Currency per Judgment Currency) received by the Company from three recognized foreign exchange dealers in the City of New York for the purchase of the aggregate amount of the judgment (as denominated in the Judgment Currency) on the New York Business Day preceding the date on which a final unappealable judgment is rendered, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract, and (b) the Company's obligations under this Indenture to make payments in the Required Currency (i) shall not be discharged or satisfied by any tender, or by any recovery pursuant to any judgment (whether or not entered in accordance with the preceding clause (a)), in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the actual receipt by the judgment creditor of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such actual receipt shall fall short of the full amount of the Required Currency so expressed to be payable, and (iii) shall not be affected by judgment being obtained for any other sum due under this Indenture.

ARTICLE TWO
Security Forms

Section 201. Forms Generally. The Securities of each series shall have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with the rules of any securities exchange, or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

The definitive Securities, if any, shall be printed, lithographed or engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner permitted by the rules of any securities exchange, all as

determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Section 202. Forms of Securities. Each Security shall be (i) substantially in the form of Exhibit A hereto if no sinking fund provision is authorized with respect to such Security by or pursuant to the Board Resolution required for the creation of such Security under Section 301 hereof, (ii) substantially in the form of Exhibit B hereto if a sinking fund provision is authorized with respect to such Security by or pursuant to the Board Resolution required for the creation of such Security under Section 301 hereof, or (iii) in one of the forms approved from time to time by or pursuant to any Board Resolution, or established in one or more indentures supplemental hereto. Prior to the delivery to the Trustee for authentication of any Security in any form approved by or pursuant to a Board Resolution, the Company shall deliver to the Trustee a copy of such Board Resolution, together with a true and correct copy of the form of Security which has been approved thereby, or, if a Board Resolution authorizes a specific officer or officers to approve a form of Security, together with a certificate of such

officer or officers approving the form of Security attached thereto, provided, however, that with respect to all Securities issued pursuant to the same Board Resolution, the required copy of such Board Resolution, together with the appropriate attachment, need be delivered only once. Any form of Security approved by or pursuant to a Board Resolution must be acceptable as to form to the Trustee, such acceptance to be evidenced by the Trustee's authentication of Securities in that form or by a certificate signed by a Responsible Officer of the Trustee and delivered to the Company.

Section 203. Securities in Global Form. If Securities of a series are issuable in whole or in part in global form, the global security representing such Securities may provide that it shall represent the aggregate amount of Outstanding Securities from time to time endorsed thereon and may also provide that the aggregate amount of Outstanding Securities represented thereby may from time to time be reduced to reflect exchanges or increased to reflect the issuance of additional Securities. Any endorsement of a Security in global form to reflect the amount (or any increase or decrease in the amount) of Outstanding Securities represented thereby shall be made in such manner and by such Person or Persons as shall be specified therein or in the Authentication Order delivered to the Trustee pursuant to Section 303 hereof.

Section 204. Form of Trustee's Certificate of Authentication. The form of Trustee's Certificate of Authentication for any Security issued pursuant to this Indenture shall be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank

(National Association), as Trustee,

By:

Authorized Officer

ARTICLE THREE

Section 301. General Title; General Limitations; Issuable in Series; Terms of Particular Series. The aggregate principal amount of Securities that may be authenticated, delivered, and Outstanding at any time under this Indenture is not limited.

The Securities may be issued in one or more series in such aggregate principal amount as may from time to time be authorized by the Board of Directors. All Securities issued under this Indenture shall in all respects be equally and ratably entitled to the benefits hereof, without preference, priority, or distinction on account of the actual time of the authentication and delivery or Scheduled Maturity Date thereof.

Each series of Securities shall be created either by or pursuant to one or more Board Resolutions or by one or more indentures supplemental hereto. Any such Board Resolution or supplemental indenture (or, in the case of a series of Securities created pursuant to a Board Resolution, any officer or officers authorized by such Board Resolution) shall establish the terms of any such series of Securities, including the following (as and to such extent as may be applicable):

(1) the title of such series;

(2) the limit, if any, upon the aggregate principal amount or issue price of the Securities of such series;

(3) the issue date or issue dates of the Securities of such series;

(4) the Scheduled Maturity Date of the Securities of such series;

(5) the place or places where the principal, premium, if any, interest, if any, and additional amounts, if any, payable with respect to the Securities of such series shall be payable (if other than as provided in Section 1002);

(6) whether the Securities of such series will be issued at par or at a premium over or a discount from their face amount;

(7) the rate or rates (which may be fixed or variable) at which the Securities of such series shall bear interest, if any, and, if applicable, the method by which such rate or rates may be determined;

(8) the date or dates (or the method by which such date or dates may be determined) from which interest, if any, shall accrue, and the Interest Payment Dates on which such interest shall be payable;

(9) the period or periods within which, the Redemption Price(s) or Repayment Price(s) at which, and any other terms and conditions upon which the Securities of such series may be redeemed or repaid, in whole or in part, by the Company;

(10) the obligation, if any, of the Company to redeem, repay, or purchase any of the Securities of such series pursuant to any sinking fund, mandatory redemption, purchase obligation, or analogous provision at the option of a Holder thereof, and the period or periods within which, the Redemption Price(s) or Repayment Price(s) or other price or prices at which, and any other terms and conditions upon which the Securities shall be redeemed, repaid, or purchased, in whole or in part, pursuant to such obligation;

(11) the issuance of the Securities of such series in whole or in part in global form and, if so, the identity of the

Depositary for such global security and the terms and conditions, if any, upon which interests in the Securities represented by such global security may be exchanged, in whole or in part, for the individual Securities represented thereby;

(12) the denominations in which the Securities of such series will be issued;

(13) whether and under what circumstances additional amounts on the Securities of such series shall be payable in respect of any taxes, assessments, or other governmental charges withheld or deducted and, if so, whether the Company will have the option to redeem such Securities rather than pay such additional amounts;

(14) the basis upon which interest shall be calculated;

(15) if the Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security for a definitive Security of such series)

only upon receipt of certain certificates or other documents or upon satisfaction of other conditions, then the form and terms of such certificates, documents, and/or conditions;

(16) the exchange or conversion of the Securities of that series, at the option of the Holders thereof, for or into new Securities of a different series or for or into any other securities except shares of Capital Stock of the Company or any subsidiary of the Company or securities directly or indirectly convertible into or exchangeable for any such shares;

(17) if other than U.S. dollars, the foreign or composite currency or currencies (each such currency a "Specified Currency") in which the Securities of such series shall be denominated and in which payments of principal, premium, if any, interest, if any, or additional amounts, if any, payable with respect to such Securities shall or may be payable;

(18) if the principal, premium, if any, interest, if any, or additional amounts, if any, payable with respect to the Securities of such series are to be payable in any currency other than that in which the Securities are stated to be payable, whether at the election of the Company or of a Holder thereof, the period or periods within which, and the terms and conditions upon which, such election may be made;

(19) if the amount of any payment of principal, premium, if any, interest, if any, or other sum payable with respect to the Securities of such series may be determined by reference to the relative value of one or more Specified Currencies, commodities, or instruments, the level of one or more financial or non-financial indices, or any other designated factors or formulas, the manner in which such amounts shall be determined;

(20) the exchange of Securities of such series, at the option of the Holders thereof, for other Securities of the same series of the same aggregate principal amount of a different authorized kind or different authorized denomination or denominations, or both;

(21) the appointment by the Trustee of an Authenticating Agent in one or more places other than the Corporate Trust Office of the Trustee, with power to act on behalf of the Trustee, and subject to its direction, in the authentication and delivery of the Securities of such series;

(22) any trustees, depositaries, paying agents, transfer agents, registrars, or other agents with respect to the Securities of such series;

(23) the portion of the principal amount of Securities of such series, if other than the principal amount thereof, that

shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or provable in bankruptcy pursuant to Section 504;

(24) any Event of Default with respect to the Securities of such series, if not set forth herein;

(25) any covenant solely for the benefit of the Securities of such series;

(26) the applicability of Sections 401, 402, and 403 of this Indenture to the Securities of such series; and

(27) any other terms not inconsistent with the provisions of this Indenture.

If all of the Securities issuable by or pursuant to any Board Resolution are not to be issued at one time, it shall not be necessary to deliver the Officers'

Certificate and Opinion of Counsel required by Section 303 hereof at the time of issuance of each such Security, but such Officers' Certificate and Opinion of Counsel shall be delivered at or before the time of issuance of the first such Security.

If any series of Securities shall be established by action taken pursuant to any Board Resolution, the execution by the officer or officers authorized by such Board Resolution of an Authentication Order (as defined in Section 303 below) with respect to the first Security of such series to be issued, and the delivery of such Authentication Order to the Trustee at or before the time of issuance of the first Security of such series, shall constitute a sufficient record of such action. If all of the Securities of any such series are not to be issued at one time, it shall be necessary to deliver an Authentication Order with respect to each subsequent issuance of Securities of such series, but such Authentication Orders may be executed by any authorized officer or officers of the Company, whether or not such officer or officers would have been authorized to establish such series pursuant to the aforementioned Board Resolution.

Unless otherwise provided by or pursuant to the Board Resolution or supplemental indenture creating such series (i) a series may be reopened for issuances of additional Securities of such series, and (ii) all Securities of the same series shall be substantially identical.

The form of the Securities of each series shall be established pursuant to the provisions of this Indenture or by or pursuant to the Board Resolution or supplemental indenture creating such series. The Securities of each series shall be distinguished from the Securities of each other series in such manner as the Board of Directors or its authorized representative or representatives may determine.

Unless otherwise provided with respect to Securities of a particular series, the Securities of any series may only be issuable in registered form, without coupons.

Section 302. Denominations and Currency. The Securities of each series shall be issuable in such denominations and currency as shall be provided in the provisions of this Indenture or by or pursuant to the Board Resolution or supplemental indenture creating such series. In the absence of any such provisions with respect to the Securities of any series, the Securities of that series shall be issuable only in fully registered form in denominations of U.S. $1,000 and any integral multiple thereof.

Section 303. Execution, Authentication and Delivery, and Dating. The Securities shall be executed on behalf of the Company by any two of the Chairman, the Executive Vice President,

and any Vice President of the Company under its corporate seal reproduced thereon and attested by its Secretary or any one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted, or otherwise reproduced on the Securities. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Security that has been duly authenticated and delivered by the Trustee.

Unless otherwise provided in the form of Security for any series, all Securities shall be dated the date of their authentication.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities to the Trustee for authentication, together with a Company Order for authentication and delivery (such Order an "Authentication Order") with respect to such Securities, and the Trustee shall, upon receipt of such Authentication Order, in accordance with procedures acceptable to

the Trustee set forth in the Authentication Order, and subject to the provisions hereof, authenticate and deliver such Securities to such recipients as may be specified from time to time pursuant to such Authentication Order. The material terms of such Securities shall be determinable by reference to such Authentication Order and procedures. If provided for in such procedures, such Authentication Order may authorize authentication and delivery of such Securities pursuant to oral instructions from the Company or its duly authorized agent, which instructions shall be promptly confirmed in writing. In authenticating such Securities and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to the provisions of Section 601 hereof) shall be fully protected in relying upon:

(1) an executed supplemental indenture, if any;

(2) an Officers' Certificate, certifying as to the authorized forms and terms of such Securities; and

(3) an Opinion of Counsel, stating that:

(a) the form or forms and terms of such Securities have been established by and in conformity with the provisions of this Indenture; and

(b) such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, moratorium, reorganization, and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general principles of equity;

provided, however, that if all Securities issuable by or pursuant to a Board Resolution or supplemental indenture are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate or Opinion of Counsel otherwise required pursuant to this paragraph at or prior to the time of authentication of each such Security if such documents are delivered at or prior to the time of authentication upon original

issuance of the first such Security to be issued. After the original issuance of the first such Security to be issued, any separate request by the Company that the Trustee authenticate such Securities for original issuance will be deemed to be a certification by the Company that it is in compliance with all conditions precedent provided for in this Indenture relating to the authentication and delivery of such Securities.

The Trustee shall not be required to authenticate such Securities if the issue thereof will adversely affect the Trustee's own rights, duties, or immunities under the Securities and this Indenture.

If the Company shall establish pursuant to Section 301 that Securities of a series may be issued in whole or in part in global form, then the Company shall execute, and the Trustee shall (in accordance with this Section 303 and the Authentication Order with respect to such series) authenticate and deliver, one or more Securities in global form that (i) shall represent and shall be denominated in an aggregate amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by such one or more Securities in global form, (ii) shall be registered, in the name of the Depositary for such Security or Securities in global form, or in the name of a nominee of such Depositary, (iii) shall be delivered to such Depositary or pursuant to such Depositary's instruction, and (iv) shall bear a legend substantially as follows: "Unless and until it is exchanged in whole or in part for Debt Securities in certificated form, this Debt Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary, or by a nominee of the Depositary to the Depositary or another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary." Each Depositary designated pursuant to Section 301 for a

Security in global form must, at the time of its designation and at all times while it serves as Depositary, be a clearing agency registered under the Securities Exchange Act of 1934 and any other applicable statute or regulation.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

Section 304. Temporary Securities. Pending the preparation of definitive Securities of any series, the Company may execute, and, upon receipt of the documents required by Section 303 hereof, together with an Authentication Order, the Trustee shall authenticate and deliver, temporary Securities of such series that are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued in registered form, without coupons, and with such appropriate insertions, omissions, substitutions, and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities. In the case of Securities of any series for which a temporary Security may be issued in global form, such temporary global security shall represent all of the Outstanding Securities of such series and tenor.

Except in the case of temporary Securities in global form, which shall be exchanged in accordance with the provisions thereof, if temporary Securities of any series are issued, the Company will cause definitive Securities of such series to be

prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities of such series shall be exchangeable, at the Corporate Trust Office of the Trustee, or at such other office or agency as may be maintained by the Company in a Place of Payment pursuant to Section 1002 hereof, for definitive Securities of such series having identical terms and provisions, upon surrender of the temporary Securities of such series, at the Company's own expense and without charge to the Holder; and upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of such series in authorized denominations containing identical terms and provisions. Unless otherwise specified as contemplated by Section 301 with respect to a temporary Security in global form, until so exchanged, the temporary Securities of such series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

Section 305. Registration, Transfer and Exchange. With respect to the Securities of each series, the Trustee shall keep a register (herein sometimes referred to as the "Security Register") which shall provide for the registration of Securities of each series, and for transfers of Securities of such series, in accordance with information to be provided to the Trustee by the Company, subject to such reasonable regulations as the Trustee may prescribe. Such register shall be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times the information contained in such register or registers shall be available for inspection at the Corporate Trust Office of the Trustee or at such other office or agency to be maintained by the Company pursuant to Section 1002 hereof.

Upon due presentation for registration of transfer of any Security of any series at the Corporate Trust Office of the Trustee or at any other office or agency maintained by the Company with respect to that series pursuant to Section 1002 hereof, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of such series of any authorized denominations, of a like aggregate principal amount and Scheduled Maturity Date.

Any other provision of this Section 305 notwithstanding, unless and until it is exchanged in whole or in part for the individual Securities represented thereby, in definitive form, a Security in global form representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary for such series to a nominee of such Depositary, or by a nominee of such Depositary to such Depositary or another nominee of such Depositary, or by such Depositary or any such nominee to a successor Depositary for such series or a nominee of such successor Depositary.

At the option of the Holder, Securities of any series may be exchanged for other Securities of such series of any authorized denominations, of a like aggregate principal amount and Scheduled Maturity Date, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Securityholder making the exchange is entitled to receive.

If at any time the Depositary for the Securities of a series represented by one or more Securities in global form notifies the Company that it is unwilling or unable to continue as Depositary for the Securities of such series, or if at any time the Depositary for the Securities of such series shall no longer be eligible under Section 303 hereof, the Company, by Company Order, shall appoint a successor Depositary with respect

to the Securities of such series. If a successor Depositary for the Securities of such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company's election pursuant to Section 301 that such Securities be represented by one or more Securities in global form shall no longer be effective with respect to the Securities of such series and the Company will execute, and the Trustee, upon receipt of an Authentication Order for the authentication and delivery of definitive Securities of such series, will authenticate and deliver Securities of such series in definitive form, in authorized denominations, in an aggregate principal amount, and of like terms and tenor, equal to the principal amount of the Security or Securities in global form representing such series, in exchange for such Security or Securities in global form.

The Company may at any time and in its sole discretion determine that individual Securities of any series issued in global form shall no longer be represented by such Security or Securities in global form. In such event the Company will execute, and the Trustee, upon receipt of an Authentication Order for the authentication and delivery of definitive Securities of such series and of the same terms and tenor, will authenticate and deliver Securities of such series in definitive form, in authorized denominations, and in aggregate principal amount equal to the principal amount of the Security or Securities in global form representing such series in exchange for such Security or Securities in global form.

If specified by the Company pursuant to Section 301 with respect to a series of Securities issued in global form, the Depositary for such series of Securities may surrender a Security in global form for such series of Securities in exchange in whole or in part for Securities of such series in definitive form and of like terms and tenor on such terms as are acceptable to the Company and such Depositary. Thereupon, the Company shall execute, and the Trustee upon receipt of an Authentication Order for the authentication and delivery of definitive Securities of such series, shall authenticate and deliver, without service charge:

(a) to each Person specified by such Depositary, a new definitive Security or Securities of the same series and of the same tenor, in authorized denominations, in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Security in global form; and

(b) to such Depositary, a new Security in global form in a denomination equal to the difference, if any, between the principal amount of the surrendered Security in global form and

the aggregate principal amount of the definitive Securities delivered to Holders pursuant to clause (a) above.

Upon the exchange of a Security in global form for Securities in definitive form, such Security in global form shall be canceled by the Trustee or an agent of the Company or the Trustee. Securities issued in definitive form in exchange for a Security in global form pursuant to this Section 305 shall be registered in such names and in such authorized denominations as the Depositary for such Security in global form, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee or an agent of the Company or the Trustee in writing. The Trustee or such agent shall deliver such Securities to or as directed by the Persons in whose names such Securities are so registered or to the Depositary.

Whenever any securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such transfer or exchange.

Every Security presented or surrendered for registration of transfer, exchange, redemption or payment shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

Unless otherwise provided in the Security to be transferred or exchanged, no service charge shall be imposed for any registration of transfer or exchange of Securities, but the Company may (unless otherwise provided in such Security) require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906, or 1107 hereof not involving any transfer.

The Company shall not be required to (i) issue, register the transfer of, or exchange any Security of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of such series selected for redemption under Section 1103 and ending at the close of business on the date of such mailing, or (ii) register the transfer of or exchange any Security so selected for redemption in whole or in part, except in the case of any Security to be redeemed in part, the portion thereof not to be redeemed.

Section 306. Mutilated, Destroyed, Lost and Stolen Securities. If (i) any mutilated Security is surrendered to the Trustee, or the Company or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Security, and (ii) there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company may in its discretion execute and upon request of the Company the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Security, a new Security of like tenor, series, Scheduled Maturity Date, and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of the same series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated,

destroyed, lost or stolen Securities.

Section 307. Payment of Interest; Interest Rights Preserved. Interest on any Security which is payable and is punctually paid or duly provided for on any Interest Payment Date shall, if so provided in such Security, be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the applicable Record Date, notwithstanding any transfer or exchange of such Security subsequent to such Record Date and prior to such Interest Payment Date. (unless such Interest Payment Date is also the date of Maturity of such Security).

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered Holder on the applicable Record Date by virtue of his having been such Holder; and, except as hereinafter provided, such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or clause (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names any such Securities (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to the Holder of each such Security at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names such Securities (or their respective Predecessor Securities) are registered on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which such

Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

If any installment of interest on any Security called for redemption pursuant to Article Eleven is due and payable on or prior to the Redemption Date and is not paid or duly provided for on or prior to the Redemption Date in accordance with the foregoing provisions of this Section 307, such interest shall be payable as part of the Redemption Price of such Securities.

Interest on Securities of any series that bear interest may be paid by mailing a check to the address of the Person

entitled thereto at such address as shall appear in the Securities Register for such series or by such other means as may be specified in the form of such Security.

Subject to the foregoing provisions of this Section 307 and the provisions of Section 305 hereof, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 308. Persons Deemed Owners. Prior to due presentment of a Security for registration of transfer, the Company, the Trustee, and any agent of the Company or the Trustee may treat the Person in whose name any Security is registered on the applicable Record Date(s) as the owner of such Security for the purpose of receiving payment of principal, premium, if any, interest, if any (subject to Sections 305 and 307 hereof), and any additional amounts payable with respect to such Security, and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee, nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Authenticating Agent, any Paying Agent, the Security Registrar, or any Co-Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests and each of them may act or refrain from acting without liability on any information relating to such records provided by the Depositary.

Section 309. Cancellation. All Securities surrendered for payment, redemption, registration of transfer, exchange, or credit against a sinking or analogous fund shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and, if not already canceled, shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. Acquisition of such Securities by the Company shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation. No Security shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. The Trustee shall destroy all canceled Securities and deliver a certificate of such destruction to the Company.

Section 310. Computation of Interest. Unless otherwise provided as contemplated in Section 301, interest on the Securities shall be calculated on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR
Satisfaction and Discharge

Section 401. Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect with respect to any series of Securities (except as to any surviving rights of conversion or transfer or exchange of Securities of such series expressly provided for herein or in the form of Security for such series), and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as to such series, when

(1) either

(A) all Securities of that series theretofore authenticated and delivered (other than (i) Securities of such series which have been destroyed, lost, or stolen and which have been replaced or paid as provided in Section 306, and (ii) Securities of such series for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee canceled or for cancellation; or

(B) all such Securities of that series not theretofore delivered to the Trustee canceled or for cancellation

(i) have become due and payable, or

(ii) will, in accordance with their Scheduled Maturity Date, become due and payable within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and, in any of the cases described in subparagraphs (i), (ii), or (iii) above, the Company has deposited or caused to be deposited with the Trustee, as trust funds in trust for the purpose, an amount in money, in U.S. Government Obligations, or in Equivalent Government Securities sufficient to pay and discharge the entire indebtedness on such Securities with respect to principal, premium, if any, and interest, if any, to the date of such deposit (in the case of Securities which have become due and payable), or to the Scheduled Maturity Date or Redemption Date, as the case may be; provided, however, that if such U.S. Government Obligations or Equivalent Government Securities are callable or redeemable at the option of the issuer thereof, the amount of such money, U.S. Government Obligations, and Equivalent Government Securities deposited with the Trustee must be sufficient to pay and discharge the entire indebtedness referred to above if such issuer elects to exercise such call or redemption provisions at any time prior to the Scheduled Maturity Date or Redemption Date, as the case may be. The Company, but not the Trustee, shall be responsible for monitoring any such call or redemption provision; and

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company with respect to the Securities of such series; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Securities of such series have been complied with and, in the case of the Opinion of Counsel, stating either that no requirement to register

under the Investment Company Act of 1940, as amended, will arise as a result of the Company's exercise of its option under this Section 401 or that any such registration requirement has been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any series of Securities, the obligations of the Company under paragraph (1) of this Section 401 and its obligations to the Trustee with respect to that series under Section 607 shall survive, and the obligations of the Trustee under Sections 403 and 1003 shall survive.

Section 402. Defeasance and Discharge of Covenants upon Deposit of Moneys, U.S. Government Obligations, or Equivalent Government Securities. At the Company's option, either (a) the Company shall be deemed to have been Discharged (as defined below) from its obligations with respect to any series of Securities on the 91st day after the applicable

conditions set forth below have been satisfied and/or (b) the Company shall cease to be under any obligation to comply with any term, provision or condition set forth in Sections 801 or 1006 hereof with respect to any series of Securities at any time after the applicable conditions set forth below have been satisfied:

(1) The Company shall have deposited or caused to be deposited irrevocably with the Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities of such series (i) money in an amount, or (ii) U.S. Government Obligations or Equivalent Government Securities which through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (iii) a combination of (i) and (ii), sufficient, in the opinion (with respect to (ii) and (iii)) of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal (including mandatory sinking fund payments) of, and interest on, the Outstanding Securities of such series on the dates such installments of interest or principal are due; provided, however, that if such U.S. Government Obligations and Equivalent Government Securities are callable or redeemable at the option of the issuer thereof, the amount of such money, U.S. Government Obligations, and/or Equivalent Government Securities deposited with the Trustee must be sufficient to pay and discharge the entire indebtedness referred to above if the issuer of any such U.S. Government Obligations or Equivalent Government Securities elects to exercise such call or redemption provisions at any time prior to the Scheduled Maturity Date of such Securities. The Company, but not the Trustee, shall be responsible for monitoring any such call or redemption provision.

(2) If the Securities of such series are then listed on any stock exchange, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Company's exercise of its option under this paragraph would not cause such Securities to be delisted.

(3) No Event of Default or event which with notice or lapse of time would become an Event of Default with respect to the Securities of such series shall have occurred and be continuing on the date of such deposit.

(4) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that (a) Holders of the Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of the Company's exercise of its option under this Section 402 and (b) either no requirement to register under the Investment Company Act of 1940, as amended, will arise as a result of the Company's exercise of its option under this Section 402 or any such registration requirement has been complied with.

"Discharged" means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Securities of such series and to have

satisfied all the obligations under this Indenture relating to the Securities of such series (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except (A) the rights of Holders of Securities of such series to receive, from the trust fund described in clause (1) above, payment of the principal of and the interest, if any, on such Securities when such payments are due; (B) the Company's obligations with respect to such Securities under Sections 305, 306, 402(1), 403, and 1002 hereof; and (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder.

Section 403. Application of Trust Money. All money deposited with the Trustee pursuant to Section 401 or Section 402 hereof shall be held in trust and applied by it, in accordance

with the provisions of this Indenture and of the series of Securities in respect of which it was deposited, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and interest, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

Section 404. Paying Agent to Repay Moneys Held. Upon the satisfaction and discharge of this Indenture, all moneys then held by any Paying Agent of the Securities (other than the Trustee) shall, upon demand of the Company, be repaid to it or paid to the Trustee, and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

Section 405. Return of Unclaimed Amounts. Any amounts deposited with or paid to the Trustee or any Paying Agent for payment of the principal of, premium, if any, or interest, if any, on the Securities and not applied but remaining unclaimed by the Holders of such Securities for two years after the date upon which the principal of, premium, if any, or interest, if any, on such Securities, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on demand; and the Holder of any of such Securities shall thereafter look only to the Company for any payment which such Holder may be entitled to collect (until such time as such unclaimed amounts shall escheat, if at all, to the State of New York). Notwithstanding the foregoing, the Trustee or Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once a week for two successive weeks (in each case on any day of the week) in a newspaper printed in the English language and customarily published at least once a day at least five days in each calendar week and of general circulation in the Borough of Manhattan, in the City and State of New York, a notice that said amounts have not been so applied and that after a date named therein any unclaimed balance of said amounts then remaining will be promptly returned to the Company.

ARTICLE FIVE
Remedies

Section 501. Events of Default. "Event of Default", wherever used herein, means with respect to any series of Securities any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), unless such event is either inapplicable to a particular series or it is specifically deleted or modified in the supplemental indenture creating such series of Securities or in the form of Security for such series:

(1) default in the payment of any interest on any Security of such series when it becomes due and payable, and continuance of such default for a period of 30 days, provided, that the Holders of not less than 75% of the then Outstanding Securities of such series shall not have consented to a postponement of such payment; or

(2) default in the payment of the principal amount of (or premium, if any, on) any Security of such series as and when the same shall become due, either at Maturity, upon redemption, by declaration, or otherwise; or

(3) default in the payment of any sinking or purchase fund or analogous obligation when the same becomes due by the terms of the Securities of such series and continuance of such default for a period of 30 days; or

(4) default in the performance or breach of any covenant or warrant of the Company in this Indenture in respect of the Securities of such series (other than a covenant or warranty in respect of the Securities of such series a default in the performance of which or the breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 51% in the principal amount of the Outstanding Securities of such series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry of an order for relief against the Company under the Federal Bankruptcy Act by a court having jurisdiction in the premises or a decree or order by a court having jurisdiction in the premises adjudging the Company a bankrupt or insolvent under any other applicable Federal or State law, or the entry of a decree or order approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Federal Bankruptcy Code or any other applicable Federal or State law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or

(6) the consent by the Company to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other applicable Federal or State law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(7) any other Event of Default provided in the supplemental indenture under which such series of Securities is issued or in the form of Security for such series.

A default under any indebtedness of the Company other than the Securities will not constitute an Event of Default under this Indenture, and a default under one series of Debt Securities will not constitute a default under any other series of Securities.

Section 502. Acceleration of Maturity; Rescission, and Annulment. If any Event of Default described in Section 501 above shall have occurred and be continuing with respect to any series, then and in each and every such case, unless the principal of all the Securities of such series shall have already become due and payable, either the Trustee or the Holders of not less than 51% in aggregate principal amount of the Securities of such series then Outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by Holders), may declare the principal amount (or, if the Securities of such series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Securities of such series and any and all accrued interest

thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, any provision of this Indenture or the Securities of such series to the contrary notwithstanding. No declaration of acceleration by the Trustee with respect to any series of Securities shall constitute a declaration of acceleration by the Trustee with respect to any other series of Securities, and no

declaration of acceleration by the Holders of at least 51% in aggregate principal amount of the Outstanding Securities of any series shall constitute a declaration of acceleration or other action by any of the Holders of any other series of Securities, in each case whether or not the Event of Default on which such declaration is based shall have occurred and be continuing with respect to more than one series of Securities, and whether or not any Holders of the Securities of any such affected series shall also be Holders of Securities of any other such affected series.

At any time after such a declaration of acceleration has been made with respect to the Securities of any series and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of such series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest, if any, on the Securities of such series,

(B) the principal of (and premium, if any, on) any Securities of such series which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Securities of such series, to the extent that payment of such interest is lawful,

(C) interest on overdue installments of interest at the rate or rates prescribed therefor by the terms of the Securities of such series to the extent that payment of such interest is lawful, and

(D) the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel, and all other amounts due the Trustee under Section 607;

and

(2) all Events of Default with respect to such series of Securities, other than the nonpayment of the principal of the Securities of such series which have become due solely by such acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if:

(1) default is made in the payment of any installment of interest on any Security of any series when such interest becomes due and payable, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof, or

(3) default is made in the payment of any sinking or purchase fund or analogous obligation when the same becomes due by the terms of the Securities of any series, and

(4) any such default continues for any period of grace provided in relation to such default pursuant to Section 501,

then, with respect to the Securities of such series, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holder of any such Security (or the Holders of any such

series in the case of clause (3) above), the whole amount then due and payable on any such Security (or on the Securities of any such series in the case of clause (3) above) for principal (and premium, if any) and interest, if any, with interest (to the extent that payment of such interest shall be legally enforceable) upon the overdue principal (and premium, if any) and upon overdue installments of interest, if any, at such rate or rates as may be prescribed therefor by the terms of any such Security (or of Securities of any such series in the case of clause (3) above); and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due the Trustee under Section 607.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Securities of such series and collect the money adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to any series of Securities occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 504. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceedings or otherwise,

(i) to file and prove a claim for the whole amount of principal (or, with respect to Original Discount Securities, such portion of the principal amount as may be specified in the terms of such Securities), premium, if any, and interest, if any, owing and unpaid in respect of the Securities, and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, and all other amounts due the Trustee under Section 607) and of the Securityholders allowed in such judicial proceedings, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Securityholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee any

amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee and its agent and counsel, and any other amounts due the Trustee under Section 607 hereof.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

Section 505. Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture of the Securities of any series may be prosecuted and enforced by the Trustee without the possession of any of the Securities of such series or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel, be for the ratable benefit of the Holders of the Securities, of the series in respect of which such judgment has been recovered.

Section 506. Application of Money Collected. Any money collected by the Trustee with respect to a series of Securities pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, if any, upon presentation of the Securities of such series and the notation thereon of the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of all amounts due the Trustee under Section 607 hereof.

Second: To the payment of the amounts then due and unpaid upon the Securities of that series for principal, premium, if any, interest, if any, and additional amounts, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind.

Section 507. Limitation on Suits. No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to Securities of such series;

(2) the Holders of not less than 51% in principal amount of the Outstanding Securities of such series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request, and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of such series;

it being understood and intended that no one or more Holders of Securities of such series shall have any right in any manner whatever by virtue of, or by availing of, any provision of this

Indenture to affect, disturb or prejudice the rights of any other Holders of Securities of such series, or to obtain or to seek to obtain priority or preference over any other such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and proportionate benefit of all the Holders of all Securities of such series.

Section 508. Unconditional Right of Securityholders To Receive Principal, Premium, and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal, premium, if any, and (subject to Section 307) interest, if any, (and additional amounts, if any) on such Security on or after the respective payment dates expressed in such Security (or, in the case of redemption or repayment, on the Redemption Date or Repayment Date, as the case may be) and to institute suit for the enforcement of any such payment on or after such respective date, and such right shall not be impaired or affected without the consent of such Holder.

Section 509. Restoration of Rights and Remedies. If the Trustee or any Securityholder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Company, the Trustee and the Securityholders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Securityholders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Securityholders is intended to be exclusive of any other right or remedy, and every right or remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Securityholders, as the case may be.

Section 512. Control by Securityholders. The Holders of a majority in principal amount of the Outstanding Securities of any series shall 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 with respect to the Securities of such series, provided that

(1) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture or if the Trustee in good faith shall, by a Responsible Officer, determine that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Holders not taking part in such direction, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 513. Waiver of Past Defaults. The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may, on behalf of the Holders of all the Securities of such series, waive any past default hereunder with respect to such series and its consequences, except a default not theretofore cured:

(1) in the payment of principal, premium, if any, or interest, if any, on any Security of such series, or in the payment of any sinking or purchase fund or analogous obligation with respect to the Securities of such series, or

(2) in respect of a covenant or provision in this Indenture which, under Article Nine hereof, cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 514. Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder or group of Securityholders holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series to which the suit relates, or to any suit instituted by any Securityholder for the enforcement of the payment of principal, premium, if any, or interest, if any, on any Security on or after the respective payment dates expressed in such Security (or, in the case of redemption or repayment, on or after the Redemption Date or Repayment Date).

Section 515. Waiver of Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law (other than any bankruptcy law) wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX
The Trustee

Section 601. Certain Duties and Responsibilities of Trustee. (a) Except during the continuance of an Event of Default with respect to any series of Securities,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Securities of such series, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee

may, with respect to Securities of such series, conclusively rely upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such

certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default with respect to any series of Securities has occurred and is continuing, the Trustee shall exercise, with respect to the Securities of such series, such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Outstanding Securities of any series relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee with respect to the Securities of such series, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 602. Notice of Defaults. Within 90 days after the occurrence of any default hereunder with respect to Securities of any series, the Trustee shall transmit by mail to all Securityholders of such series, as their names and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal, premium, if any, or interest, if any, on any Security of such series or in the payment of any sinking or purchase fund installment or analogous obligation with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Securityholders of such series and; provided, further, that, in the case of any default of the character specified in Section 501(4) with respect to Securities of such series, no such notice to Securityholders of such series

shall be given until at least 60 days after the occurrence thereof. For the purpose of this Section, the term "default", with respect to Securities of any

series, means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 603. Certain Rights of Trustee. Except as otherwise provided in Section 601 above:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Securityholders pursuant to this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 604. Not Responsible for Recitals or Issuance of Securities. The recitals contained herein and in the Securities, except the certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 605. May Hold Securities. The Trustee or any Paying Agent, Security Registrar, or other agent of the Company, in its individual or any other capacity, may become the owner or

pledgee of Securities and, subject to Sections 608 and 613 hereof, may otherwise deal with

the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar, or such other agent.

Section 606. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

Section 607. Compensation and Reimbursement. The Company covenants and agrees

(1) to pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(5) and 501(6) above, such expenses (including the reasonable charges and expenses of its counsel) and compensation for such services are intended to constitute expenses of administration under any applicable Federal or State bankruptcy, insolvency, reorganization, or other similar law.

Section 608. Disqualification; Conflicting Interests. If the Trustee has or shall acquire any conflicting interest within the meaning of the Trust Indenture Act, it shall either eliminate such interest or resign as Trustee, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series or by virtue of being a trustee under:

(i) the Indenture dated as of September 28, 1990, between the Company and the Trustee relating to certain debt securities, (ii) the Indenture dated as of October 15, 1986, between the Company and the Trustee relating to certain debt securities, (iii) the Indenture dated as of October 1, 1986, between the Company and the Trustee relating to the Company's Euro-Medium-Term Notes, (iv) the Trust Agreement with Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority (the "Authority") dated as of November 15, 1983, under which the Authority assigned certain rights under a Loan Agreement dated November 15, 1983, between the Authority and the Company, including the right to payment from the Company of amounts sufficient to enable the Authority to pay principal and interest and redemption payments (including redemption premium, if any) on the bonds issued under said Trust Agreement, (v) the Indenture dated as of March 2, 1982, among

PepsiCo Capital Corporation N.V., the Company, as guarantor, and the Trustee relating to

the PepsiCo Capital Corporation N.V. Zero Coupon Guaranteed Notes due 1994, and (vi) the Indenture dated as of April 1, 1982, among PepsiCo Capital Resources, Inc., the Company, as guarantor, and the Trustee relating to the PepsiCo Capital Resources, Inc. Zero Coupon Serial Guaranteed Debentures Due 1988-2012.

Section 609. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder with respect to each series of Securities that shall be a corporation organized and doing business under the laws of the United States of America or of any State or Territory thereof or of the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by Federal or State authority and having its principal office and place of business in the City of New York, if there be such a corporation having its principal office and place of business in said City. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to any series of Securities shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 611.

(b) The Trustee may resign with respect to any series of Securities at any time by giving 60 days' written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed with respect to any series of Securities at any time by Act of the Holders of 66 2/3% in principal amount of the Outstanding Securities of that series, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608 above with respect to any series of Securities after written request therefor by the Company or by any Securityholder who has been a bona fide Holder of a Security of that series for at least 6 months, or

(2) the Trustee shall cease to be eligible under Section 609 above with respect to any series of Securities and shall fail to resign after written request therefor by the Company or by any such Securityholder, or

(3) the Trustee shall become incapable of acting with respect to any series of Securities, or

(4) the Trustee shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case (i) the Company may remove the Trustee, with respect to the series or, in the case of clause (4), with respect to all series, or (ii) subject to Section 514, any Securityholder who has been a bona fide Holder of a Security of such series for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee with respect to the series or, in the case of clause (4), with respect to all series.

(e) If the Trustee shall resign, be removed or become incapable of acting with respect to any series of Securities, or if a vacancy shall occur in the office of Trustee with respect to any series of Securities for any cause, the Company shall promptly appoint a successor Trustee for that series of Securities. If, within one year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Trustee with respect to such series of Securities shall be appointed by Act of the Holders of 66 2/3% in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee with respect to such series and supersede the successor Trustee appointed by the Company with respect to such series. If no successor Trustee with respect to such series shall have been so appointed by the Company or the Securityholders of such series and accepted appointment in the manner hereinafter provided, any Securityholder who has been bona fide Holder of a Security of that series for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to any series and each appointment of a successor Trustee with respect to any series by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Securities of that series as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee and the address of its principal Corporate Trust Office.

Section 611. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective with respect to any series as to which it is resigning or being removed as Trustee, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the predecessor Trustee with respect to any such series; but, on request of the Company or the successor Trustee, such predecessor Trustee shall, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the predecessor Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such predecessor Trustee hereunder with respect to all or any such series. Upon reasonable request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the predecessor Trustee and each successor Trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto which (1) shall contain such provisions as shall be deemed necessary or desirable to transfer and to conform to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the predecessor Trustee with respect

to the Securities of any series

as to which the appointment of such successor Trustee relates and (2) if the predecessor Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Securities of any series as to which the predecessor Trustee is not being succeeded shall continue to be vested in the predecessor Trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be Trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee.

No successor Trustee with respect to any series of Securities shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible with respect to that series under this Article.

Section 612. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor Trustee by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 613. Preferential Collection of Claims Against Company. If and when the Trustee shall be or shall become a creditor, of the Company (or of any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or against any such other obligor, as the case may be).

Section 614. Appointment of Authenticating Agent. At any time when any of the Securities remain Outstanding the Trustee, with the approval of the Company, may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as an Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and, if other than the Company itself, subject to supervision or examination by Federal or State authority. If

such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an

Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and, if other than the Company, to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and, if other than the Company, to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee, with the approval of the Company, may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 607.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank
(National Association),
As Trustee

By ----------

As Authenticating Agent

By ----------

Authorized Officer

ARTICLE SEVEN
Securityholders' Lists and Reports by Trustee and Company

Section 701. Company To Furnish Trustee Names and Addresses of Securityholders. The Company will furnish or cause to be furnished to the Trustee:

(a) semiannually, not more than 15 days after January 1 and July 1 in each year, in such form as the Trustee may reasonably require, a list of the names and addresses of the Holders of Securities of each series as of such date, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished, provided that if the Trustee shall be the Security Registrar for such series, such list shall not be required to be furnished.

Section 702. Preservation of Information; Communications to Securityholders. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of Securities contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders of Securities received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) If three or more Holders of Securities of any series (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Securities of such series or with the Holders of all Securities with respect to their rights under this Indenture or under such Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 702(a), or

(ii) inform such applicants as to the approximate number of Holders of Securities of such series or all Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of a Security of such series or to all Securityholders, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the

Holders of Securities of such series or all Securityholders, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all Securityholders of such series or all Securityholders, as the case may be, with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders of Securities in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

Section 703. Reports by Trustee. (a) The term "reporting date" as used in this Section, means May 15. Within 60 days after the reporting date in each year, beginning in 1994, the Trustee shall transmit by mail to all Securityholders, as their names and addresses appear in the Security Register, a brief report dated as of such reporting date with respect to:

(1) its eligibility under Section 609 and its qualifications under Section 608, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under said Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of Securities of any series, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Securities of such series Outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in Section 613(b)(2), (3), (4) or (6);

(4) the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(5) any additional issue of Securities which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with Section 602.

(b) The Trustee shall transmit by mail to all Securityholders, as their names and addresses appear in the Security Register, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection (a) of this Section (or if no such report has yet been transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities of any series, on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Securities Outstanding of such series at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with each stock exchange upon which the Securities are listed, and also with the Commission. The Company will notify the Trustee when the Securities are listed on any stock exchange. The Trustee shall also transmit by mail all reports as required by Section 313(c) of the TIA.

Section 704. Reports by Company. The Company will:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it will file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Securityholders, as their names and addresses appear in the Security Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

Section 705. Notice of Maturity. Notice of maturity of each series of Securities (other than book-entry securities) shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Maturity of such Securities, to each Holder of such Securities, at the address of such Holder appearing in the Security Register on the applicable Record Date. Notice of Maturity shall be given by the Company or, at the Company's request, by the Trustee, in the name and at the expense of the Company.

Consolidation, Merger, Conveyance or Transfer

Section 801. Company May Consolidate, etc., Only on Certain Terms. The Company shall not consolidate with or merge into any other corporation or convey or transfer all or substantially all of its assets to any Person, unless;

(1) either the Company shall be the continuing corporation, or the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer all or substantially all of the properties and assets of the Company shall be a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal, premium, if any, and interest, if any, on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Opinion of Counsel as conclusive evidence that any such consolidation, merger, conveyance or transfer and any assumption permitted or required by this Article complies with the provisions of this Article.

Section 802. Successor Corporation Substituted. Upon any consolidation or merger, or any conveyance or transfer of all or substantially all of the properties and assets of the Company in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein and the Company shall thereupon be released from all obligations hereunder and under the Securities. Such successor corporation thereupon may cause to be signed and may issue any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation, instead of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All of the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

ARTICLE NINE
Supplemental Indentures

Section 901. Supplemental Indentures without Consent of Securityholders. Without the consent of the Holders of any Securities, the Company and the Trustee, at any time and from time to

time, may enter into one or more indentures supplemental

hereto (which shall conform to the provisions of the TIA as in force at the date of execution thereof), in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by any such successor of the covenants, agreements and obligations of the Company pursuant to Article Eight hereof; or

(2) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the Holders of the Securities of any or all series as the Company and the Trustee shall consider to be for the protection of the Holders of the Securities of any or all series or to surrender any right or power herein conferred upon the Company (and if such covenants or the surrender of such right or power are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included or such surrenders are expressly being made solely for the benefit of one or more specified series); or

(3) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or in any supplemental indenture, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(4) to add to this Indenture such provisions as may be expressly permitted by the TIA, excluding, however, the provisions referred to in Section 316(a)(2) of the TIA as in effect at the date as of which this instrument is executed or any corresponding provision in any similar federal statute hereafter enacted; or

(5) to establish any form of Security, as provided in Article Two hereof, and to provide for the issuance of any series of Securities, as provided in Article Three hereof, and to set forth the terms thereof, and/or to add to the rights of the Holders of the Securities of any series; or

(6) to evidence and provide for the acceptance of appointment by another corporation as a successor Trustee hereunder with respect to one or more series of Securities and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to Section 611 hereof; or

(7) to add any additional Events of Default in respect of the Securities of any or all series (and if such additional Events of Default are to be in respect of less than all series of Securities, stating that such Events of Default are expressly being included solely for the benefit of one or more specified series); or

(8) to provide for the issuance of Securities in bearer as well as fully registered form.

No supplemental indenture for the purposes identified in clauses (2), (3), (5) or (7) above may be entered into if to do so would adversely affect the interest of the Holders of Securities of any series.

Section 902. Supplemental Indentures with Consent of Securityholders. With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture or indentures, by Act of said Holders delivered to the Company and the Trustee, the Company and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series

under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(1) change the Scheduled Maturity Date or the stated payment date of any payment of premium or interest payable on any Security, or reduce the principal amount thereof, or any amount of interest or premium payable thereon, or change the method of computing the amount of principal thereof or any interest payable thereon on any date, or change any Place of Payment where, or the coin or currency in which, any Security or any payment of premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the same shall become due and payable, whether at Maturity or, in the case of redemption or repayment, on or after the Redemption Date or the Repayment Date, as the case may be; or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences, provided for in this Indenture; or

(3) modify any of the provisions of this Section, Section 513 or Section 1007, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture that has expressly been included solely for the benefit of one or more particular series of Securities, or that modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Securityholders under this Section 902 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures. Upon request of the Company and upon filing with the Trustee of evidence of an Act of Securityholders as aforementioned, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, powers, trusts, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

Section 904. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and the respective rights, limitation of rights, duties, powers, trusts and immunities under this Indenture of the Trustee, the Company, and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be determined, exercised and enforced thereunder to the extent provided therein.

Section 905. Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the TIA as then in effect.

Section 906. Reference in Securities to Supplemental

Indentures. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any modification of this Indenture contained in any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

ARTICLE TEN
Covenants

Section 1001. Payment of Principal, Premium and Interest. With respect to each series of Securities, the Company will duly and punctually pay or cause to be paid the principal, premium, if any, and interest, if any, on such Securities in accordance with their terms and this Indenture, and will duly comply with all the other terms, agreements and conditions contained in the Indenture for the benefit of the Securities of such series.

Section 1002. Maintenance of Office or Agency. So long as any of the Securities remain outstanding, the Company will maintain an office or agency in each Place of Payment where Securities may be presented or surrendered for payment, where Securities may be surrendered for transfer or exchange, and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and of any change in the location, of such office or agency. If at any time the Company shall fail to maintain such office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the principal Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

Section 1003. Money for Security Payments To Be Held in Trust. If the Company shall at any time act as its own Paying Agent for any series of Securities, it will, on or before each due date of the principal, premium, if any, or interest, if any, on any of the Securities of such series, segregate and hold in trust for the benefit of the Holders of the Securities a sum sufficient to pay such principal, premium, or interest so becoming due until such sums shall be paid to such Holders of the Securities or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, on or prior to each due date of the principal, premium, if any, or interest, if any, on any Securities of such series, deposit with a Paying Agent a sum sufficient to pay such principal, premium, or interest so becoming due, such sum to be held in trust for the benefit of the Holders of the Securities entitled to the same and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent other than the Trustee for any series of Securities to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will

(1) hold all sums held by it for the payment of principal, premium, if any, or interest, if any, on Securities of such series in trust for the benefit of the Holders of the Securities entitled thereto until such sums shall be paid to such Holders of the Securities or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company

(or any other obligor upon the Securities of such series) in the making of any such payment of principal, premium, if any, or interest, if any, on the Securities of such series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may, at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any series of Securities or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent in respect of each and every series of Securities as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Company in respect of all Securities, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 1004. Certificate to Trustee. The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company (beginning in 1994), an Officers' Certificate stating that in the course of the performance by the signers of their duties as officers of the Company they would normally have knowledge of any default by the Company in the performance of any of its covenants or agreements contained herein, stating whether or not they have knowledge of any such default and, if so, specifying each such default of which the signers have knowledge and the nature thereof.

Section 1005. Corporate Existence. Subject to Article Eight the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 1006. Limitation on Secured Debt. So long as any of the Securities of any series shall be outstanding, neither the Company nor any Restricted Subsidiary will incur, suffer to exist or guarantee any indebtedness for borrowed money ("Debt"), secured by a mortgage, pledge, or lien (a "Mortgage") on any Principal Property or on any shares of stock of any Restricted Subsidiary unless the Company or such Restricted Subsidiary secures or causes such Restricted Subsidiary to secure the Securities of such series (and any other Debt of the Company or such Restricted Subsidiary, at the option of the Company or such Restricted Subsidiary, not subordinate to the Securities) equally and ratably with (or prior to) such secured Debt, so long as such secured Debt shall be so secured, unless after giving effect thereto the aggregate amount of all such Debt so secured does not exceed 10% of Consolidated Net Tangible Assets. This restriction will not, however, apply to Debt secured by:

(1) Mortgages existing prior to the issuance of such Securities;

(2) Mortgages on property of, or on shares of stock of or Debt of, any corporation existing at the time such corporation becomes a Restricted Subsidiary;

(3) Mortgages in favor of the Company or any Restricted Subsidiary;

(4) Mortgages in favor of any governmental bodies to secure progress or advance payments;

(5) Mortgages on property, shares of stock or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation) or to secure the payment of all or any part of the purchase price thereof or construction thereon or to secure any Debt incurred prior to, at the time of, or within 120 days after the later of the acquisition, the completion of construction, or the commencement

of full operation of such property or within 120 days after

the acquisition of such shares or Debt for the purpose of financing all or any part of the purchase price thereof or construction thereon; and

(6) any extension, renewal or refunding referred to in the foregoing clauses (1) to (5), inclusive.

The transfer of a Principal Property to an Unrestricted Subsidiary or the change in designation from Restricted Subsidiary to Unrestricted Subsidiary which owns a Principal Property shall not be restricted.

Section 1007. Waiver of Certain Covenants. The Company may omit in respect of any series of Securities, in any particular instance, to comply with any covenant or condition set forth in Section 1006, if before or after the time for such compliance the Holders of at least a majority in principal amount of the Securities at the time Outstanding of such series shall, by Act of such Securityholders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, provided, however, that the Holders of at least 75% in principal amount of the Securities at the time Outstanding of such series shall be required to extend the time for payment of any scheduled payment of interest on the Securities of such series before such payment has become due (which extension shall in no event be for a period longer than three years from the date such payment of interest would otherwise be due), and provided, further, that no waiver by the Holders of the Securities of such series shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

ARTICLE ELEVEN
Redemption of Securities

Section 1101. Applicability of Article. The Company may reserve the right to redeem and pay before the Scheduled Maturity Date all or any part of the Securities of any series, either by optional redemption, sinking or purchase fund or analogous obligation or otherwise, by provision therefor in the form of Security for such series established and approved pursuant to Section 202 or 203, and on such terms as are specified in such form or in the indenture supplemental hereto with respect to Securities of such series as provided in Section 301. Redemption of Securities of any series shall be made in accordance with the terms of such Securities and, to the extent that this Article does not conflict with such terms, the succeeding Sections of this Article.

Section 1102. Election To Redeem; Notice to Trustee. In case of any redemption at the election of the Company of fewer than all of the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee) notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed.

Section 1103. Selection by Trustee of Securities To Be Redeemed. If fewer than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate, which may include provision for the selection for redemption of portions of the principal of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series. Unless otherwise provided in the terms of a particular series of Securities, the portions of the principal of Securities so

selected for partial redemption shall be equal to the minimum authorized denomination of the Securities of such series, or an integral multiple thereof, and the principal amount which remains outstanding shall not be less than the minimum authorized denomination for Securities of such series.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal of such Security which has been or is to be redeemed.

Section 1104. Notice of Redemption. Notice of redemption shall be given by first-class mail, postage prepaid, mailed not fewer than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his or her address appearing in the Security Register on the applicable Record Date.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price;

(3) if fewer than all Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Securities to be redeemed, from the Holder to whom the notice is given and that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities of the same series in the aggregate principal amount equal to the unredeemed portion thereof will be issued in accordance with Section 1107;

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security, and that interest, if any, thereon shall cease to accrue from and after said date;

(5) the place where such Securities are to be surrendered for payment of the Redemption Price, which shall be the office or agency maintained by the Company in the Place of Payment pursuant to Section 1002 hereof; and

(6) that the redemption is on account of a sinking or purchase fund, or other analogous obligation, if that be the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

Section 1105. Deposit of Redemption Price. On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of all the Securities which are to be redeemed on that date.

Section 1106. Securities Payable on Redemption Date. Notice of Redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall default in

the payment of the Redemption Price) such Securities shall cease to bear interest. Upon surrender of such Securities for redemption in accordance with the notice, such Securities shall be paid

by the Company at the Redemption Price. Any installment of interest due and payable on or prior to the Redemption Date shall be payable to the Holders of such Securities registered as such on the relevant Record Date according to the terms and the provisions of Section 307 above.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by the Security, or as otherwise provided in such Security.

Section 1107. Securities Redeemed in Part. Any Security that is to be redeemed only in part shall be surrendered at the office or agency maintained by the Company in the Place of Payment pursuant to Section 1002 hereof with respect to that series (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security without service charge and at the expense of the Company, a new Security or Securities of the same series and Scheduled Maturity Date, of any authorized denomination as requested by such Holders in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

Section 1108. Provisions with Respect to Any Sinking Funds. Unless the form or terms of any series of Securities shall provide otherwise, in lieu of making all or any part of any mandatory sinking fund payment with respect to such series of Securities in cash, the Company may at its option (1) deliver to the Trustee for cancellation any Securities of such series theretofore acquired by the Company, or (2) receive credit for any Securities of such series (not previously so credited) acquired or redeemed by the Company (other than through operation of a mandatory sinking fund) and theretofore delivered to the Trustee for cancellation, and if it does so then (i) Securities so delivered or credited shall be credited at the applicable sinking fund Redemption Price with respect to Securities of such series, and (ii) on or before the 60th day next preceding each sinking fund Redemption Date with respect to such series of Securities, the Company will deliver to the Trustee (A) an Officers' Certificate specifying the portions of such sinking fund payment to be satisfied by payment of cash and by the delivery or credit of Securities of such series acquired or redeemed by the Company, and (B) such Securities, to the extent not previously surrendered. Such Officers' Certificate shall also state that the Securities for which the Company elects to receive credit have not been previously so credited and were not acquired by the Company through operation of the mandatory sinking fund, if any, provided with respect to such Securities and are not required to be delivered to the Trustee pursuant to Section 309 and shall also state that no Event of Default with respect to Securities of such series has occurred and is continuing. All Securities so delivered to the Trustee shall be canceled by the Trustee and no Securities shall be authenticated in lieu thereof.

If the sinking fund payment or payments (mandatory or optional) with respect to any series of Securities made in cash plus any unused balance of any preceding sinking fund payments with respect to Securities of such series made in cash shall exceed $50,000 (or a lesser sum if the Company shall so request), unless otherwise provided by the terms of such series of Securities, that cash shall be applied by the Trustee on the sinking fund Redemption Date with respect to Securities of such series next following the date of such payment to the redemption of Securities of such series at the applicable sinking fund Redemption Price with respect to Securities of such series,

together with accrued interest, if any, to the date fixed for redemption, with the effect provided in Section 1106. The Trustee shall select, in the manner provided in Section 1103, for redemption on such sinking fund Redemption Date a sufficient principal amount of Securities of such series to utilize that cash and shall thereupon cause notice of redemption of the Securities of such series for the sinking fund to be given in the manner provided in Section 1104 (and with the effect provided in Section 1106) for the redemption of Securities in part at the option of the Company. Any sinking fund moneys not so applied or allocated by the Trustee to the redemption of Securities of such series shall be added to the next cash sinking fund

payment with respect to Securities of such series received by the Trustee and, together with such payment, shall be applied in accordance with the provisions of this Section 1108. Any and all sinking fund moneys with respect to Securities of any series held by the Trustee at the Maturity of Securities of such series, and not held for the payment or redemption of particular Securities of such series, shall be applied by the Trustee, together with other moneys, if necessary, to be deposited sufficient for the purpose, to the payment of the principal of the Securities of such series at Maturity.

On or before each sinking fund Redemption Date provided with respect to Securities of any series, the Company shall pay to the Trustee in cash a sum equal to all accrued interest, if any, to the date fixed for redemption on Securities to be redeemed on such sinking fund Redemption Date pursuant to this Section 1108.

The Trustee shall not redeem any Securities with sinking fund moneys or give any notice of redemption of Securities by operation of the applicable sinking fund during the continuance of a default in payment of interest on Securities of such series or of any Event of Default with respect to such series, except that if the notice of redemption of any Securities shall theretofore have been mailed in accordance with the provisions hereof, the Trustee shall redeem such Securities if cash sufficient for that purpose shall be deposited with the Trustee for that purpose in accordance with the terms of this Article Eleven. Except as aforesaid, any moneys in the sinking fund with respect to Securities of any series at the time when any such default or Event of Default with respect to such series shall occur, and any moneys thereafter paid into such sinking fund shall, during the continuance of such default or Event of Default with respect to such series, be held as security for the payment of all Securities of such series; provided, however, that in case such default or Event of Default with respect to such series shall have been cured or waived as provided herein, such moneys shall thereafter be applied on the next sinking fund payment date on which such moneys may be applied pursuant to the provisions of this Section 1108.

ARTICLE TWELVE
Repayment at Option of Holders

Section 1201. Applicability of Article. Repayment of Securities of any series before their Scheduled Maturity Date at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

Section 1202. Repayment of Securities. Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest thereon accrued to the Repayment Date specified in the terms of such Securities. On or before the Repayment Date, the Company will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the

Repayment Price of all the Securities which are to be repaid

on such date.

Section 1203. Exercise of Option. Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder, must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Company shall from time to time notify the Holders of such Securities) not earlier than 30 days nor later than 15 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of $1,000 unless otherwise specified in the terms of such Security, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part, if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

Section 1204. When Securities Presented for Repayment Become Due and Payable. If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) interest on such Securities or the portions thereof, as the case may be, shall cease to accrue.

Section 1205. Securities Repaid in Part. Upon surrender of any Security which is to be repaid in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Company, a new Security or Securities of the same series and Scheduled Maturity Date, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested; all as of the day and year first above written.

PepsiCo, Inc.,

By:/s/ Randall C. Barnes

RANDALL C. BARNES
Senior Vice President
and Treasurer

Attest:

/s/ Edward V. Lahey, Jr.

EDWARD V. LAHEY, JR.
Senior Vice President, General
Counsel and Secretary

The Chase Manhattan Bank

(National Association),

By: R.J. Halleran

R.J. HALLERAN
Second Vice President

Attest:

/s/ Mary Lewicki
- ---
MARY LEWICKI
Corporate Trust Officer

State of New York,
County of New York, ss.:

On the 14th day of December before me personally came R.J. Halleran, to me known, who, being by me duly sworn, did depose and say that he resides at Brooklyn, New York; that he is Second Vice President of The Chase Manhattan Bank (National Association), one of the parties described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to that instrument is such corporate seal; that it was affixed by authority of the board of directors of said corporation; and that he signed his name thereto by like authority.

Name

Delia K.Benjamin
Notary Public, State of New York
No. 24-4659667
Qualified in Kings County
Commisssion Expires April 30, 1995

[Notarial Seal]

State of New York,
County of Westchester, ss.:

On the 14th day of December, 1994 before me personally came Randall C. Barnes, to me known, who, being by me duly sworn, did depose and say that he resides at 700 Anderson Hill Rd., Purchase, NY; that he is the Senior Vice President and Treasurer of PepsiCo, Inc., one of the parties described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to that instrument is such corporate seal; that it was affixed by authority of the board of directors of said corporation; and that he signed his name thereto by like authority.

Name

Cathleen Gold
Notary Public, State of New York
No. 5005541
Qualified in Westchester County
My Commission Expires Dec. 14, 1996

[Notarial Seal]

[FORM OF FACE OF NOTE]

No.

PEPSICO, INC.

[NON-SINKING FUND] NOTE DUE

PEPSICO, INC., a corporation duly organized and existing under the laws of the State of North Carolina (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to ____ or to [his] [her] [its] registered assigns, the principal sum of ___ on ____, 19__, and to pay interest on said principal sum semi-annually on ___ and ___ of each year, commencing, _____ 19 __, at the rate of __% per annum from ____, 19__, or from the most recent date in respect of which interest has been paid or duly provided for, until payment of the principal sum has been made or duly provided for. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Record Date for such Interest Payment Date, which shall be the fifteenth day (whether or not a New York Business Day) next preceding such Interest Payment Date. Any such interest that is payable but is not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes not earlier than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed and upon such notice as may be required by such exchange, if such manner of payment shall be deemed practical by the Trustee, all as more fully provided in the Indenture.

Payment of the principal of and interest on this Note will be made at the Place of Payment in such coin or currency of _____ as at the time of payment is legal tender for payment of public and private debts; provided, however, that payments of interest may be made at the option of the Company by checks mailed to the addresses of the persons entitled thereto as such addresses shall appear in the Security Register.

Reference is made to the further provisions of this Note set forth on the reverse hereof, which shall have the same effect as though fully set forth at this place.

Unless one of the certificates of authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument

to be duly executed by manual or facsimile signature under its corporate seal or a facsimile thereof.

Dated:

PEPSICO, INC.

By: ----------
Authorized Officer

By: ----------
Authorized Officer

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK
(National Association), as
Trustee

By: ----------
Authorized Officer

[FORM OF ALTERNATIVE CERTIFICATE OF AUTHENTICATION]

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK
(National Association), as
Trustee

By: _____
Authorized Officer

By: _____
Authorized Officer

[FORM OF REVERSE OF NOTE]

PEPSICO, INC.

NOTE DUE

This Note is one of a duly authorized issue of debentures, notes, or other evidences of indebtedness of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 14, 1994 (herein called the "Indenture"), between the Company and The Chase Manhattan Bank (National Association), as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee, and the Holders of the Securities, the terms upon which the

Securities are, and are to be, authenticated and delivered, and the definitions of capitalized terms used herein and not otherwise defined herein. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may be denominated in different currencies, may mature at different times, may bear interest (if any) at different rates (which rates may be fixed or variable), may be subject to different redemption provisions (if any), may be subject to different sinking, purchase, or analogous funds (if any), may be subject to different covenants and Events of Default, and may otherwise vary as provided in the Indenture. This Note is one of a series of Notes of the Company designated as set forth on the face hereof (herein called the "Notes"), limited in aggregate principal amount to _____.

[The Notes may not be redeemed by the Company prior to maturity.]

[The Notes are subject to redemption upon not less than 30 nor more than 60 days' notice by mail (1) on _____ in any year commencing with the year _____ and ending with the year _____ through operation of the sinking fund for the series at a Redemption Price equal to 100% of the principal amount thereof, and (2) at any time, in whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount):

If redeemed during the 12-month period beginning each of the years indicated:

Years	Price	Years	Redemption Price

and thereafter at a Redemption Price equal to __% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Scheduled Maturity Date is on or prior to such Redemption Date will be payable to the Holders of record of such Notes or one or more Predecessor Securities at the close of business on the applicable Record Dates referred on the face hereof.]

[Notwithstanding the foregoing, the Company may not, prior to __, 19__, redeem any Notes as contemplated by clause (2) of the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted accounting practices,) of less than __% per annum.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding of each series to be affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by

the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Securities with respect to the Indenture or for any remedy under the Indenture.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal amount hereof may be declared due and payable in the manner and with the effect provided in the Indenture.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registerable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any Place of Payment duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different authorized denominations as requested by the Holder surrendering the same.

No service charge shall be made for any such registration or transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

[FORM OF REVERSE OF NOTE]

PEPSICO, INC.

SINKING FUND NOTE DUE

This Note is one of a duly authorized issue of debentures, notes, or other evidences of indebtedness of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 14, 1994 (herein called the "Indenture"), between the

Company and The Chase Manhattan Bank (National Association), as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee, and the Holders of the Securities, the terms upon which the Securities are, and are to be, authenticated and delivered, and the definition of capitalized terms used herein and not otherwise defined herein. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may be denominated in different currencies, may mature at different times, may bear interest (if any) at different rates (which rates may be fixed or variable), may be subject to different redemption provisions (if any), may be subject to different sinking, purchase, or analogous funds (if any), may be subject to different covenants and Events of Default, and may otherwise vary as provided in the Indenture. This Note is one of a series of Notes of the Company designated as set forth on the face hereof (herein called the "Notes"), limited in aggregate principal amount to _____.

[The Notes may not be redeemed by the Company prior to maturity except pursuant to the sinking fund.]

[The Notes are subject to redemption upon not less than 30 nor more than 60 days' notice by mail (1) on _____ in any year commencing with the year 19__ and ending with the year 19__ through operation of the sinking fund for the series at a Redemption Price equal to 100% of the principal amount thereof, and (2) at any time, in whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount):

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK
(National Association), as
Trustee

by_____
Authorized Officer

[FORM OF ALTERNATIVE CERTIFICATE OF AUTHENTICATION]

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE CHASE MANHATTAN BANK
(National Association), as
Trustee

by_____
Authenticating Agent

by_____
Authorized Officer

If redeemed during the 12-month period beginning each of the years indicated:

Redemption

Years	Price	Years	Price

and thereafter at a Redemption Price equal to __ % of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Scheduled Maturity Date is on or prior to such Redemption Date will be payable to the Holders of record of such Notes or one or more Predecessor Securities at the close of business on the applicable Record Dates referred to on the face hereof.]

[Notwithstanding the foregoing, the Company may not redeem any Notes as contemplated by clause (2) of the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted accounting practice) of less than __ % per annum.]

The sinking fund provides for the redemption on ____ in each year beginning with the year ____ and ending with the year ____ of not less than _____ in principal amount of Notes ("mandatory sinking fund"). At its option, the Company may make an additional sinking fund payment on or before the due date of any mandatory sinking fund payment to redeem up to an additional principal amount of Notes on any such date. The option to make such sinking fund payments in addition to the mandatory sinking fund is not cumulative and to the extent not availed of in any year will terminate.

At its option, the Company may credit against any mandatory sinking fund payment the principal amount of Notes acquired or redeemed by it (other than with mandatory sinking fund payments) and not previously credited.

In the event of redemption of this Note in part only, a new Note or Notes for the unredeemed portion hereof will be issued in the name of the Holder hereof upon cancelation hereof.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series under the

Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding of each series to be affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the all Securities of each series at the time Outstanding, on behalf of the Holders of Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Securities with respect to the Indenture or for any remedy under the Indenture.

If an Event of Default with respect to the Notes shall occur

and be continuing, the principal amount hereof may be declared due and payable in the manner and with the effect provided in the Indenture.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registerable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in any Place of Payment duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of ____ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different authorized denominations as requested by the Holder surrendering the same.

No service charge shall be made for any such registration or transfer or
exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee, and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company, the Trustee, nor any such agent shall be affected by notice to the contrary.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Exhibit 4(c)

Fixed Rate Note

REGISTERED
No.

REGISTERED
$
CUSIP:

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer or exchange or for payment, then this certificate shall be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of The Depository Trust Company), and ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL.

Unless and until this certificate is exchanged in whole or in part for Notes in certificated form, this certificate may not be transferred except as a whole by The Depository Trust Company to a nominee thereof or by a nominee thereof to The Depository Trust Company or another nominee of The Depository Trust Company or by The Depository Trust Company or any nominee to a successor depository or nominee of such successor depository.

PEPSICO, INC.
FIXED RATE NOTE

ISSUE PRICE:

INTEREST RATE:

MATURITY DATE:

INTEREST ACCRUES FROM:

INTEREST PAYMENT DATES:

REDEEMABLE:
Yes ( ) No ( )

SPECIFIED CURRENCY:

INITIAL REDEMPTION DATE:

APPLICABILITY OF MODIFIED PAYMENT UPON ACCELERATION:

INITIAL REDEMPTION PERCENTAGE:

If yes, state Issue Price:

ANNUAL REDEMPTION PERCENTAGE REDUCTION:

SINKING FUND:

OPTION TO ELECT REPAYMENT:
Yes ( ) No ( )

APPLICABILITY OF ANNUAL INTEREST PAYMENTS:

OPTIONAL REPAYMENT DATE(S):

OPTIONAL REPAYMENT
PRICE(S):

PepsiCo, Inc., a North Carolina corporation (together with its successors and assigns, the "Issuer"), for value received, hereby promises to pay to Cede & Co., or the registered assignees thereof, the principal sum of _____ dollars on the Scheduled Maturity Date specified above (except to the extent redeemed or repaid prior to such Scheduled Maturity Date) and to pay interest thereon at the Interest Rate per annum specified above from the Interest Accrual Date specified above until the principal hereof is paid or duly made available for payment (except as provided below) on the Scheduled Maturity Date, such interest payments to commence on the Interest Payment Date next succeeding the Interest Accrual Date specified above, and on the Scheduled Maturity Date (or any redemption or repayment date); provided, however, that if the Interest Accrual Date occurs between a Record Date, as defined below, and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date succeeding the Interest Accrual Date to the registered holder of this Note on the Record Date with respect to such second Interest Payment Date; and provided, further, that if this Note is subject to "Annual Interest Payments", interest payments shall be made annually in arrears.

Interest on this Note will accrue from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from the Interest Accrual Date, until the principal hereof has been paid or duly made available for payment (except as provided below). The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the date 15 calendar days prior to an Interest Payment Date (whether or not a New York Business Day) (each such date a "Record Date"); provided, however, that interest payable on the Maturity Date (or any redemption or repayment date) will be payable to the person in whose name this Note is registered on such date.

Payment of the principal and any premium and interest due on this Note at the Scheduled Maturity Date (or any redemption or repayment date) will be made in immediately available funds upon surrender of this Note at the office or agency of the Trustee, as defined on the reverse hereof, maintained for that purpose in The City of New York, or at such other paying agency as the Issuer may determine. Payment of the principal of and premium, if any, and interest on this Note will be made in the currency indicated above; provided, however, that U.S. dollar payments of interest, other than interest due at maturity or any date of redemption or repayment, will be made by U.S. dollar check mailed to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date. A Holder of U.S. $10,000,000 or more in aggregate principal amount of Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at maturity or any date of redemption or repayment, by wire transfer of immediately available funds if appropriate wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If this Note is denominated in a Specified currency, payments of interest hereon will be made by wire transfer of immediately available funds to an account maintained by the Holder hereof with a bank located outside the United States, if appropriate wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If such wire transfer instructions are not so received, such interest payments will be made by check payable in such Specified Currency mailed to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date.

Reference is hereby made to the further provisions of this

Note set forth after the caption reading "Further Provisions of Note", which further provisions shall for all purposes have the same effect as if set forth at this place. In the event of an inconsistency between any provision set forth above and any provision set forth in "Further Provisions of Note", the description above shall govern.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture, as defined in Further Provisions of Note, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed
under its corporate seal.

DATED: PEPSICO, INC.

By:----------

Authorized Officer

By:----------

Authorized Officer

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

This is one of the Notes referred
to in the within-mentioned
Indenture.

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION),
as Trustee

By:_____
Authorized Officer

[FURTHER PROVISIONS OF NOTE]

This Note is one of a duly authorized issue of Notes having maturities not less than nine months from the date of issue (the "Notes"). The Notes are issuable under an Indenture, dated as of December 14, 1994 (herein called the "Indenture"), between the Issuer and The Chase Manhattan Bank (National Association), as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, and immunities of the Issuer, the Trustee, and Holders of the Notes, the terms upon which the Notes are, and are to be, authenticated and delivered, and the definitions of capitalized terms used herein and not otherwise defined herein. The terms of individual Notes may vary with respect to interest rates, interest rate formulas, issue dates, maturity dates, or otherwise, all as provided in the Indenture. To the extent not inconsistent herewith, the terms of the Indenture are hereby incorporated by reference herein.

The Notes will not be subject to any sinking fund and, unless otherwise provided on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or subject to repayment at the option of the holder prior to maturity.

Unless otherwise indicated on the face of this Note, this Note may not be redeemed prior to the Scheduled Maturity Date. If so indicated on the face of this Note, this Note may be

redeemed in whole or in part at the option of the Issuer on or after the Initial Redemption Date specified on the face hereof on the terms set forth on the face hereof, together with interest accrued and unpaid hereon to the date of redemption (except as provided below). If this Note is subject to "Annual Redemption Percentage Reduction," the Initial Redemption Percentage indicated on the face hereof will be reduced on each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction specified on the face hereof until the redemption price of this Note is 100% of the principal amount hereof, together with interest accrued and unpaid hereon to the date of redemption (except as provided below). Notice of redemption shall be mailed to the registered Holders of the Notes designated for redemption at their addresses as the same shall appear on the Security Register not less than 30 nor more than 60 days prior to the date fixed for redemption, subject to all the conditions and provisions of the Indenture. In the event of redemption of this Note in part only, a new Note or Notes for the amount of the unredeemed portion hereof shall be issued in the name of the holder hereof upon the cancellation hereof.

Unless otherwise indicated on the face of this Note, this Note shall not be subject to repayment at the option of the holder prior to the Maturity Date. If so indicated on the face of this Note, this Note will be subject to repayment at the option of the holder on the Optional Repayment Date or Dates specified on the face hereof on the terms set forth herein. On any Optional Repayment Date, this Note will be repayable in whole or in part in increments of _____ or, if this Note is denominated in _____, in increments of ___ units of such Specified Currency (provided that any remaining principal amount hereof shall not be less than the minimum authorized denomination hereof) at the option of the holder hereof at a price equal to 100% of the principal amount to be repaid, together with interest accrued and unpaid hereon to the date of repayment (except as provided below). For this Note to be repaid at the option of the holder hereof, the Trustee must receive at its Corporate Trust Office in the Borough of Manhattan, The City of New York, at least 15 but not more than 30 days prior to the date of repayment, (i) this Note with the form entitled "Option to Elect Repayment" below duly completed or (ii) a telegram, telex, facsimile transmission, or a letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States setting forth the name of the Holder of this Note, the principal amount hereof, the certificate number of this Note or a description of this Note's tenor and terms, the principal amount hereof to be repaid, a statement that the option to elect repayment is being exercised thereby, and a guarantee that this Note, together with the form entitled "Option to Elect Repayment" duly completed, will be received by the Trustee not later than the fifth New York Business Day after the date of such telegram, telex, facsimile transmission, or letter; provided, that such telegram, telex, facsimile transmission, or letter shall only be effective if this Note and form duly completed are received by the Trustee by such fifth New York Business Day. Exercise of such repayment option by the holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note or Notes for the amount of the unpaid portion hereof shall be issued in the name of the holder hereof upon the cancellation hereof.

Interest payments on this Note will include interest accrued to but excluding the Interest Payment Dates or the Maturity Date (or any earlier redemption or repayment date), as the case may be. Interest payments for this Note will be computed and paid on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date or Principal Payment Date (including the Maturity Date) on this Note would fall on a day that is not a New York Business Day, the payment of interest and/or principal (and premium, if any) that would otherwise be payable on such date will be postponed to the next succeeding New York Business Day, and no additional interest on such payment will accrue as a result of such postponement.

In the case where the Interest Payment Date or the Scheduled

Maturity Date (or any redemption or repayment date) does not fall on a New York Business Day, payment of interest, premium, if any, or principal otherwise payable on such date need not be made on such date, but may be made on the next succeeding New York Business Day with the same force and effect as if made on such Interest Payment Date or on the Scheduled Maturity Date (or any redemption or repayment date), and no interest shall accrue for the period from and after such Interest Payment Date or the Scheduled Maturity Date (or any redemption or repayment date) to such next succeeding New York Business Day.

This Note and all the obligations of the Issuer hereunder are direct, unsecured obligations of the Issuer and rank without preference or priority among themselves and pari passu with all other existing and future unsecured and unsubordinated indebtedness of the Issuer, subject to certain statutory exceptions in the event of liquidation upon insolvency.

This Note, and any Note or Notes issued upon transfer or exchange hereof, is issuable only in fully registered form, without coupons, and, if denominated in U.S. dollars, is issuable only in denominations of U.S. $ _____ and any integral multiple of U.S. $1,000 in excess thereof. If this Note is denominated in a Specified Currency, then, unless a higher minimum denomination is required by applicable law, it is issuable only in denominations of the equivalent of U.S. $ _____ (rounded down to an integral multiple of 1,000 units of such Specified Currency), or any amount in excess thereof which is an integral multiple of 1,000 units of such Specified Currency, as determined by reference to the noon dollar buying rate in New York City for cable transfers of such Specified Currency published by the Federal Reserve Bank of New York (the "Market Exchange Rate") on the New York Business Day immediately preceding the date of issuance.

Except as set forth below, if the principal of, premium, if any, or interest on, this Note is payable in a Specified Currency and such Specified Currency is not available to the Issuer for making payments hereon due to the imposition of exchange controls or other circumstances beyond the control of the Issuer or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions within the international banking community, then the Issuer will be entitled to satisfy its obligations to the Holder of this Note by making such payments in U.S. dollars on the basis of the noon buying rate in the City of New York for cable transfers of such Specified Currency published by the Federal Reserve Bank of New York (the "Market Exchange Rate") on the second New York Business Day prior to the applicable payment date or, if the Market Exchange Rate in effect on such date cannot by readily determined, then on the basis of the highest bid quotation (assuming European-style quotation -- i.e., Specified Currency per U.S. dollar) on the second New York Business Day prior to the applicable payment date from three recognized foreign exchange dealers in the City of New York (one of which may be the Company) for the purchase of the aggregate amount of the Specified Currency payable on such payment date, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. Any payment made under such circumstances in U.S. dollars where the required payment is in a Specified Currency other than U.S. dollars will not constitute an Event of Default.

If payments of principal, premium, if any, or interest, if any, with respect to this Note are required to be made in a composite currency and the composition of such composite currency is at any time altered (whether by the addition, elimination, combination, or subdivision of one or more components, by adjustment of the ratio of any component to the composite unit, or by any combination of such events), then the company will be entitled to satisfy its payment obligations hereunder by making such payments in such composite currency as altered.

All determinations referred to above made by the Issuer or its agent shall be at its sole discretion and shall, in the

absence of manifest error, be conclusive to the extent permitted by law for all purposes and binding on the Holder of this Note.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes of each series under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding of each series to be affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes of each series at the time Outstanding, on behalf of the Holders of all Notes of such series, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Notes with respect to the Indenture or for any remedy under the Indenture.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal amount hereof may be declared due and payable in the manner and with the effect provided in the Indenture.

If the face hereof indicates that this Note is subject to "Modified Payment upon Acceleration," then (i) if the principal hereof is declared to be due and payable as referred to in the preceding paragraph, the amount of principal due and payable with respect to this Note shall be limited to the aggregate principal amount hereof multiplied by the sum of the Issue Price specified on the face hereof (expressed as a percentage of the aggregate principal amount) plus the original issue discount amortized from the Original Issue Date to the date of declaration, which amortization shall be calculated using the "interest method" (computed in accordance with generally accepted accounting principles in effect on the date of declaration), (ii) for the purpose of any vote of Securityholders taken pursuant to the Indenture prior to the acceleration of payment of this Note, the principal amount hereof shall equal the amount that would be due and payable hereon, calculated as set forth in clause (i) above, if this Note were declared to be due and payable on the date of any such vote and (iii) for the purpose of any vote of Securityholders taken pursuant to the Indenture following the acceleration of payment of this Note, the principal amount hereof shall equal the amount of principal due and payable with respect to this Note, calculated as set forth in clause (i) above.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place, and rate, and in the coin or currency, herein prescribed.

So long as this Note shall be outstanding, the Issuer will cause to be maintained an office or agency for the payment of the principal of and premium, if any, and interest on this Note as herein provided in the City of New York, and an office or agency in said City of New York for the registration of transfer or exchange of the Notes. The Issuer may designate other agencies for the payment of said principal, premium, if any, and interest at such place or places (subject to applicable laws and regulations) as the Issuer may decide. So long as there shall be such an agency, the Issuer shall keep the Trustee advised of the names and locations of such agencies, if any are so designated.

As provided in the Indenture and subject to certain

limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the Corporate Trust Office or any other applicable Place of Payment, duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed, by the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration or transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer, the Trustee, and any agent of the Issuer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payments as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Issuer, the Trustee, nor any such agent shall be affected by notice to the contrary.

This Note shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-as tenants in common
TEN ENT-as tenants by the entireties
JT TEN-as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT
.....Custodian.....
(Cust) (Minor)

Under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

[PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

:
:

- ----------
- -
[PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE]

the within Note and all rights thereunder, hereby irrevocably constituting and appointing such person attorney to transfer such note on the books of the Issuer, with full power of substitution in the premises.

Dated:

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably requests and instructs the Issuer to repay the within Note (or portion thereof specified below) pursuant to its terms at a price equal to the principal amount thereof, together with interest to the Optional Repayment Date, to the undersigned at

_____

_____

_____

(Please print or typewrite name and address of the undersigned)

If less than the entire principal amount of the within Note is to be repaid, specify the portion thereof which the holder elects to have repaid: _____; and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Notes to be issued to the holder for the portion of the within Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):
_____.

Dated: _____

_____

The signature on this Option to Elect Repayment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement.

Exhibit 4(d)

Floating Rate Note

REGISTERED No.	REGISTERED $ CUSIP:

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer or exchange or for payment, then this certificate shall be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of The Depository Trust Company), and ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

Unless and until this certificate is exchanged in whole or in part for Notes in certificated form, this certificate may not be transferred except as a whole by The Depository Trust Company to a nominee thereof or by a nominee thereof to The Depository Trust Company or another nominee of The Depository Trust Company or by The Depository Trust Company or any nominee to a successor depository or nominee of such successor depository.

PEPSICO, INC.
FLOATING RATE NOTE

ISSUE PRICE:	ORIGINAL ISSUE DATE:	MATURITY DATE:
BASE RATE:	SPREAD (PLUS OR MINUS)	SPREAD MULTIPLIER:
INTEREST ACCRUES FROM:	INTEREST PAYMENT PERIOD:	INTEREST RESET PERIOD:
INDEX MATURITY:	INITIAL INTEREST RESET DATE:	INITIAL INTEREST RATE:
INTEREST PAYMENT DATES:	INTEREST DETERMIN-ATION DATES:	INTEREST RESET DATES:
MINIMUM INTEREST RATE:	MAXIMUM INTEREST RATE:	SPECIFIED CURRENCY:
REDEEMABLE: YES ____ NO____	OPTION TO ELECT REPAYMENT: YES____ NO____	CALCULATION AGENT:
INITIAL REDEMP-TION DATE:	OPTIONAL REPAYMENT DATE(S):	ALTERNATIVE RATE EVENT SPREAD:
INITIAL REDEMP-TION PERCENTAGE:	OPTIONAL REPAY-MENT PRICE(S):	
ANNUAL REDEMP-TION PERCENTAGE REDUCTION:	SINKING FUND:	ORIGINAL YIELD TO MATURITY:

PepsiCo, Inc., a North Carolina corporation (together with its successors and assigns, the "Issuer"), for value received, hereby promises to pay to Cede & Co., or the registered assignees thereof, the principal sum of _____dollars on the Scheduled Maturity Date specified above (except to the extent redeemed or repaid prior to such Scheduled Maturity Date) and to pay interest thereon, from the Interest Accrual Date specified above, at a rate per annum equal to the Initial Interest Rate

specified above until the Initial Interest Reset Date specified above, and thereafter at a rate per annum determined in accordance with the Formula Rate set forth above, or to the extent not specified above, as determined in accordance with the provisions set forth under the Further Provisions of Note hereof until the principal hereof is paid or duly made available for payment. The Issuer will pay interest in arrears monthly, quarterly, semiannually, or annually as specified above on each Interest Payment Date (as specified above), such interest payments to commence on the first Interest Payment Date next succeeding the Interest Accrual Date specified above, and on the Scheduled Maturity Date (or any redemption or repayment date); provided, however, that if the Interest Accrual Date occurs between a Record Date, as defined below, and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date succeeding the Interest Accrual Date to the registered Holder of this Note on the Record Date with respect to such second Interest Payment Date; and provided, further, that if an Interest Payment Date or the Maturity Date or redemption or repayment date would fall on a day that is not a Business Day, as defined under the Further Provisions of Note hereof, such Interest Payment Date, Scheduled Maturity Date or redemption or repayment date shall be the following day that is a New York Business Day.

Interest on this Note will accrue from the most recent date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from the Interest Accrual Date, until the principal hereof has been paid or duly made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the date 15 calendar days prior to an Interest Payment Date (whether or not a New York Business Day) (each such date a "Record Date"); provided, however, that interest payable on the Scheduled Maturity Date (or any redemption or repayment date) will be payable to the person in whose name this Note is registered on such date.

Payment of the principal and any premium and interest due on this Note at the Scheduled Maturity Date (or any redemption or repayment date) will be made in immediately available funds upon surrender of this Note at the Corporate Trust Office of the Trustee, as defined on the reverse hereof, maintained for that purpose in The City of New York, or at such other paying agency as the Issuer may determine. Payment of the principal of and premium, if any, and interest on this Note will be made in the currency indicated above; provided, however, that U.S. dollar payments of interest, other than interest due at maturity or any date of redemption or repayment, will be made by U.S. dollar check mailed to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date. A Holder of U.S. $10,000,000 or more in aggregate principal amount of Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at maturity or any date of redemption or repayment, by wire transfer of immediately available funds if wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If this Note is denominated in a currency other than U.S. dollars, payments of Interest hereon will be made by wire transfer of immediately available funds to an account maintained by the Holder hereof with a bank located outside the United States, if appropriate wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If such wire transfer instructions are not so received, such interest payments will be made by check payable in such Specified Currency marked to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date.

Reference is hereby made to the further provisions of this

Note set forth after the caption reading "Further Provisions of Note", which further provisions shall for all purposes have the same effect as if set forth at this place. In the event of an inconsistency between any provision set forth above and any provision set forth in "Further Provisions of Note", the description above shall govern.

Unless the certificate of authentication hereon has been executed by the Trustee referred to under the Further Provisions of Note hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture, as defined under the Further Provisions of Note hereof, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed under its corporate seal.

DATED: PEPSICO, INC.

By:----------
Authorized Officer

By:----------

Authorized Officer

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

This is one of the Notes
referred to in the within-
mentioned Indenture.

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as Trustee

By:

_____
Authorized Officer

[FURTHER PROVISIONS OF NOTE]

This Note is one of a duly authorized issue of Notes having maturities not less than nine months from the date of issue (the "Notes"). The Notes are issuable under an Indenture, dated as of December 14, 1994 (herein called the "Indenture"), between the Issuer and The Chase Manhattan Bank (National Association), as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities of the Issuer, the Trustee and the Holders of the Notes, the terms upon which the Notes are, and are to be, authenticated and delivered, and the definitions of capitalized terms used herein and not otherwise defined herein. The terms of individual Notes may vary with respect to interest rates, interest rate formulas, issue dates, maturity dates, or otherwise, all as provided in the Indenture. To the extent not inconsistent herewith, the terms of the Indenture are hereby incorporated by reference herein.

The Notes will not be subject to any sinking fund and, unless otherwise provided on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or subject to repayment at the option of the holder prior to maturity.

Unless otherwise indicated on the face of this Note, this Note may not be redeemed prior to the Scheduled Maturity Date. If so indicated on the face of this Note, this Note may be redeemed in whole or in part at the option of the Issuer on or after the Initial Redemption Date specified on the face hereof on the terms set forth on the face hereof, together with interest accrued and unpaid hereon to the date of redemption. If this Note is subject to "Annual Redemption Percentage Reduction," the Initial Redemption Percentage indicated on the face hereof will be reduced on each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction specified on the face hereof until the redemption price of this Note is 100% of the principal amount hereof, together with interest accrued and unpaid hereon to the date of redemption. Notice of redemption shall be mailed to the registered Holders of the Notes designated for redemption at their addresses as the same shall appear on the Security Register not less than 30 nor more than 60 days prior to the date fixed for redemption, subject to all the conditions and provisions of the Indenture. In the event of redemption of this Note in part only, a new Note or Notes for the amount of the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

Unless otherwise indicated on the face of this Note, this Note shall not be subject to repayment at the option of the Holder prior to the scheduled Maturity Date. If so indicated on the face of this Note, this Note will be subject to repayment at the option of the Holder on the Optional Repayment Date or Dates specified on the face hereof on the terms set forth herein. On any Optional Repayment Date, this Note will be repayable in whole or in part in increments of $_____ or, if this Note is denominated in _____ in increments of _____ units of such Specified Currency (provided that any remaining principal amount hereof shall not be less than the minimum authorized denomination hereof) at the option of the holder hereof at a price equal to 100% of the principal amount to be repaid, together with interest accrued and unpaid hereon to the date of repayment. For this Note to be repaid at the option of the Holder hereof, the Trustee must receive at its Corporate Trust Office in the Borough of Manhattan, the City of New York, at least 15 but not more than 30 days prior to the date of repayment, (i) this Note with the form entitled "Option to Elect Repayment" below duly completed or (ii) a telegram, telex, facsimile transmission, or a letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States setting forth the name of the Holder of this Note, the principal amount hereof, the certificate number of this Note or a description of this Note's tenor and terms, the principal amount hereof to be repaid, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note, together with the form entitled "Option to Elect Repayment" duly completed, will be received by the Trustee not later than the fifth New York Business Day after the date of such telegram, telex, facsimile transmission, or letter; provided, that such telegram, telex, facsimile transmission, or letter shall only be effective if this Note and form duly completed are received by the Trustee by such fifth New York Business Day. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note or Notes for the amount of the unpaid portion hereof shall be issued in the name of the holder hereof upon the cancellation hereof.

This Note will bear interest at the rate determined in accordance with the applicable provisions below by reference to the Base Rate shown on the face hereof based on the Index Maturity, if any, shown on the face hereof (i) plus or minus the Spread, if any, or (ii) multiplied by the Spread Multiplier, if any, specified on the face hereof. Commencing with the Initial Interest Reset Date specified on the face hereof, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date (as used herein, the term "Interest Reset Date" shall include the Initial Interest Reset Date). The Interest Reset Dates will be the Interest Reset Dates specified on the face hereof; provided, however, that (i) the interest rate

in effect for the period from the Interest Accrual Date to the Initial Interest Reset Date will be the Initial Interest Rate and (ii) the interest rate in effect hereon for the 15 days immediately prior to the Schedule Maturity Date hereof (or, with respect to any principal amount to be redeemed or repaid, any redemption or repayment date) shall be that in effect on the fifteenth calendar day preceding the Schedule Maturity Date hereof or such date of redemption or repayment, as the case may be. If any Interest Reset Date would otherwise be a day that is not a New York Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a New York Business Day, except that if the Base Rate specified on the face hereof is LIBOR and such New York Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the next preceding New York Business Day.

"Business Day" when used in conjunction with a designated city 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 be closed in (i) London, England (with respect to a Debt Security the principal of or interest on which will be determined by reference to LIBOR), (ii) Brussels, Belgium (with respect to a Debt Security dominated in ECUs or whose principal or interest will be determined by reference to the relative value of the ECU), or (iii) the financial center of the country issuing the Specified Currency (with respect to a Debt Security denominated in a Specified Currency other than the ECU or whose principal or interest will be determined by reference to the relative value of any Specified Currency other than the ECU). See also "New York Business Day".

"Business Day Convention" means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

(i) if "Following" is specified, that date will be the first following day that is a Business Day;

(ii) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and

(iii) if "Preceding" is specified, that date will be the first preceding day that is a Business Day.

"CD Rate" with respect to any Interest Determination Date means the rate set forth in H.15(519) for the period for the specified Index Maturity under the caption "CDs (Secondary Market)". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for such Interest Determination Date for the Index Maturity under the caption "Certificates of Deposit". If such rate does not appear in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the arithmetic mean of the secondary market offered rates of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City as of 10:00 a.m., New York City time, for such Interest Determination Date for negotiable U.S. Dollar certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity and in an amount that is representative for a single transaction in the relevant market at the relevant time.

"Calculation Date" when used with respect to any Interest

Determination Date means the date by which the applicable interest rate must be determined, which date will be the earlier of (i) the tenth calendar day following such Interest Determination Date or, if such date is not a New York Business Day, the first New York Business Day occurring after such 10-day period, or (ii) the New York Business Day immediately preceding the applicable Interest Payment Date or Scheduled Maturity Date, as the case may be.

"Commercial Paper Rate" with respect to any Interest Determination Date means the Money Market Yield (see below) of the rate set forth in H.15(519) for that day opposite the Index Maturity under the caption "Commercial Paper". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for such Interest Determination Date in respect of the Index Maturity under the caption "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If such rate does not appear in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the arithmetic mean of the offered rates of three leading dealers of U.S. commercial paper in New York City as of 11:00 a.m., New York City time, for such Interest Determination Date for U.S. dollar commercial paper of the Index Maturity placed for industrial issuers whose bond rating is "AA" or the equivalent from a nationally recognized rating agency.

"Composite 3:30 P.M. Quotations for U.S. Government Securities" means the daily statistical release designated as such, or any successor publication, published by the Federal Reserve Bank of New York.

"Federal Funds Rate" with respect to any Interest Determination Date means the rate set forth in H.15(519) for that day opposite the caption "Federal Funds (Effective)". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for such Interest Determination Date under the caption "Federal Funds/Effective Rate". If such rate does not appear in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the arithmetic mean for the last transaction in overnight U.S. dollar Federal Funds by three leading brokers of U.S. dollar Federal Funds transactions in New York City as of 11:00 a.m., New York City time, for such Interest Determination Date.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Index Maturity" means the period of maturity of the applicable instrument or obligation.

"Interest Determination Date" with respect to any Interest Reset Date means the date two Business Days prior to such Interest Reset Date.

"Libor" with respect to any Interest Determination Date will be the rate for deposits in U.S. dollars or the Specified Currency (as the case may be) for a period of the Index Maturity that which appears on the Telerate Page: (a) 3740 (for Australian Dollars); (b) 3740 (for Canadian Dollars); (c) 3750 (for Swiss Francs); (d) 3750 (for Deutsche Marks); (e) 3740 (for French Francs); (f) 3750 (for Pound Sterling); (g) 3740 (for

Italian Lire); (h) 3750 (for Japanese Yen); (i) 3740 (for Spanish Pesetas); (j) 3750 (for U.S. dollars), and (k) 3750 (for European Currency Units) as of 11:00 a.m., London Time, on such Interest Determination Date. If such rate does not appear on the specified Telerate Page by 9:00 a.m., New York City time, on such Interest Determination Date, the rate for such Interest Determination Date will be determined on the basis of the rates at which deposits in U.S. dollars or the Specified Currency (as the case may be) are offered by four major banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date to prime banks in the London interbank market for a period of the Index Maturity commencing on the applicable Interest Reset Date and in an amount that is representative for a single transaction in the relevant market at the relevant time. The Calculation Agent will request the principal London office of each such bank to provide a quotation of its rate. If at least two quotations are provided, the rate for such Interest Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such Interest Reset Date will be the arithmetic mean of the rates quoted by major banks in New York City or in the relevant financial center of the country issuing the Specified Currency (as the case may be) as of 11:00 a.m., local time in New York City or in such financial center (as the case may be), on such Interest Determination Date for loans in U.S. dollars or in the Specified Currency (as the case may be) to leading European banks for a period of the Index Maturity commencing on such Interest Reset Date and in an amount that is representative for a single transaction in the relevant market at the relevant time.

"Maturity Date" means the date on which the entire principal amount outstanding under a Debt Security becomes due and payable, whether on the Scheduled Maturity Date or by declaration of acceleration, call for redemption, or otherwise.

"Money Market Yield" means, in respect of any security with a maturity of nine months or less, the rate for which is quoted on a bank discount basis, a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for a security, quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Period.

"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, regulation, or executive order, to be closed in the City of New York and: (i) with respect to any Debt Security denominated or payable in ECUs, that is also a Brussels Business Day, (ii) with respect to any Debt Security denominated or payable in any other Specified Currency, that is also a Business Day in the financial center of the country issuing such Specified Currency, and (iii) with respect to any Debt Security the principal of or interest on which will be determined by reference to LIBOR, that is also a London Business Day. See also "Business Day".

"Prime Rate" with respect to any Interest Determination Date means the rate set forth in H.15(519) for that day opposite the caption "Bank Prime Loan". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page as such bank's prime rate or base lending rate as in effect for that Interest Determination

Date as quoted on the Reuters Screen NYMF Page for such Interest Determination Date or, if fewer than four rates appear on the Reuters Screen NYMF Page for such Interest Determination Date, the rate will be the arithmetic mean of the rates of interest publicly announced by three major banks in New York City as its U.S. dollar prime rate or base lending rate as in effect for such Interest Determination Date. Each change in the prime rate or base lending rate of any bank so announced by such bank will be effective as of the effective date of the announcement or, if no effective date is specified, as of the date of the announcement.

"US Treasury Bill Rate" with respect to any Interest Determination Date means the rate at which United States Treasury bills are auctioned, as set forth in H.15(519) for that day opposite the Index Maturity under the caption "U.S. Government Security/Treasury Bills/Auction Average (Investment)". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Bond Equivalent Yield (as defined below) of the auction average rate for those Treasury bills as announced by the United States Department of the Treasury. If United States Treasury bills of the Index Maturity are not auctioned during any period of seven consecutive calendar days ending on and including any Friday, and a U.S. Treasury Bill Rate would have been available on the applicable Interest Determination Date if such Treasury bills had been auctioned during that seven day period, an Interest Determination Date will be deemed to have occurred on the day during that seven-day period on which such Treasury bills would have been auctioned in accordance with the usual practices of the United States Department of the Treasury, and the rate for that Interest Determination Date will be the Bond Equivalent Yield of the rate set forth in H.15(519) for that day opposite the Index Maturity under the caption "U.S. Government Securities/Treasury Bills/Secondary Market". If such interest rate does not appear in H.15(519) by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates of three primary United States Government dealers in New York City as of approximately 3:30 p.m., New York City time, for such Interest Determination Date for the issue of United States Treasury bills with a remaining maturity closest to the Index Maturity.

For the purposes of this definition, the term "Bond Equivalent Yield" is to be calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the per annum rate for the security, quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Period.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. The Trustee shall have no responsibility for determinations made by the Calculation Agent of the interest rates hereon. The interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States Federal law of general application.

At the request of the Holder hereof, the Calculation Agent will provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate that will become effective as of the next Interest Reset Date.

Interest payments on this Note will be equal to the amount of interest accrued from (and including) the Interest Accural Date or from (and including) the last date to which interest has been paid, as the case may be, to (but excluding) the applicable Interest Payment Date, except that interest payable on the Maturity Date will include interest accrued to (but excluding) the Maturity Date. If any Interest Payment Date (other than the Maturity Date) for any Floating Rate Debt Security would otherwise be a day that is not a New York Business Day, the payment of interest that would otherwise be payable on such date will be postponed to the next succeeding New York Business Day provided, however, that if the interest rate is determined by reference to LIBOR and such next succeeding New York Business Day falls in the next succeeding calendar month, such Interest Payment Date will be the immediately preceding New York Business Day. If the Maturity Date falls on this Note on a day that is not a New York Business Day, the payment of principal, premium, if any, and interest, if any, otherwise payable on such date will be postponed to the next succeeding New York Business Day, and no interest on such payment will accrue as a result of such postponement.

Accrued interest on this Note will be calculated by multiplying the principal amount hereof by an accrued interest factor. The accrued interest factor will be computed as the sum of the interest factors calculated for each day in the period for which interest is being paid. The interest factor for any day in such period will be computed by dividing the interest rate in effect on such day by _____.

This Note and all the obligations of the Issuer hereunder are direct, unsecured obligations of the Issuer and rank without preference or priority among themselves and pari passu with all other existing and future unsecured and unsubordinated indebtedness of the Issuer, subject to certain statutory exceptions in the event of liquidation upon insolvency.

This Note, and Note or Notes issued upon transfer or exchange hereof, is issuable only in fully registered form, without coupons, and, if denominated in U.S. dollars, is issuable only in denominations of U.S. $_____ and any integral multiple of U.S. $1,000 in excess thereof. If this Note is denominated in a Specified Currency, then, unless a higher minimum denomination is required by applicable law, it is issuable only in denominations of the equivalent of U.S. $_____ (rounded down to an integral multiple of 1,000 units of such Specified Currency), or any amount in excess thereof which is an integral multiple of 1,000 units of such Specified Currency, as determined by reference to the noon dollar buying rate in New York City for cable transfers of such Specified Currency published by the Federal Reserve Bank of New York (the "Market Exchange Rate") on the New York Business Day immediately preceding the date of issuance.

Except as set forth below, if the principal of, premium, if any, or interest on, this Note is payable in a Specified Currency and such Specified Currency is not available to the Issuer for making payments hereon due to the imposition of exchange controls or other circumstances beyond the control of the Issuer or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions within the international banking community, then the Issuer will be entitled to satisfy its obligations to the Holder of this Note by making such payments in U.S. dollars on the basis of the highest bid quotation (assuming European-style quotation - -- i.e., Specified Currency per U.S. dollar) on the second New York Business Day prior to the applicable payment date from the recognized foreign exchange dealers in the City of New York (one of which may be the Company) for the purchase of the aggregate amount of the Specified Currency payable on such payment date,

for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. If no such bid quotations are available, payments will be made in the Specified Currency. Any payment made under such circumstances in U.S. dollars where the required payment is in a Specified Currency other than U.S. dollars will not constitute an Event of Default.

If payments of principal, premium, if any, or interest, if any, with respect to this Note are required to be made in a composite currency and the composition of such composite currency is at any time altered (whether by the addition, elimination, combination, or subdivision of one or more components, by adjustment of the ratio of any component to the composite unit, or by any combination of such events), then the Company will be entitled to satisfy its payment obligations hereunder by making such payments in such composite currency as altered.

All determinations referred to above made by the Issuer or its agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and binding on the Holder of this Note.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes of each series under the Indenture at any time by the Issuer and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding of each series to be affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes of each series at the time Outstanding, on behalf of the Holders of all Notes of such series, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Notes with respect to the Indenture or for any remedy under the Indenture.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal amount hereof may be declared due and payable in the manner and with the effect provided in the Indenture.

No reference herein to the Indenture and no provisions of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place, and rate, and in the coin or currency, herein prescribed.

So long as this Note shall be outstanding, the Issuer will cause to be maintained an office or agency for the payment of the principal of and premium, if any, and interest on this Note as herein provided in the City of New York, and an office or agency in said City of New York for the registration, transfer, or exchange of the Notes. The Issuer may designate other agencies for the payment of said principal, premium, if any, and interest at such place or places (subject to applicable laws and regulations) as the Issuer may decide. So long as there shall be such an agency, the Issuer shall keep the Trustee advised of the names and locations of such agencies, if any are so designated.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registerable in the Security Register, upon surrender of this Note for registration of transfer at the Corporate Trust Office of the Trustee or any other applicable Place of Payment, duly endorsed, or accompanied by a written instrument of transfer in

form satisfactory to the Issuer and the Security Registrar duly executed, by the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration or transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer, the Trustee, and any agent of the Issuer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Issuer, the Trustee, nor any such agent shall be affected by notice to the contrary.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -
.....Custodian.....
(Cust) (Minor)

Under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the above list.

_____

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

[PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

- ---

[PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE]

the within Note and all rights thereunder, hereby irrevocably constituting and appointing such person attorney to transfer such note on the books of the Issuer, with full power of substitution in the premises.

Dated: _

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

Exhibit 4(e)

PEPSICO, INC.

and

THE CHASE MANHATTAN BANK
(National Association),
Debt Warrant Agent

_____

DEBT WARRANT AGREEMENT

Dated as of _____

DEBT WARRANT AGREEMENT, dated as of _____, between PEPSICO, INC., a North Carolina corporation (hereinafter the "Company"), and THE CHASE MANHATTAN BANK (National Association), as Debt Warrant Agent (hereinafter the "Debt Warrant Agent").

WHEREAS, the Company has filed with the Securities and Exchange Commission a Registration Statement on Form S-3 (the "Registration Statement") providing for the issuance of up to $2,500,000,000 in aggregate public offering price of its debt securities, consisting of note, bonds, and other evidences of unsecured indebtedness (the "Debt Securities"), warrants to purchase Debt Securities (the "Debt Warrants"), and other warrants, options, and unsecured contractual obligations of the Company (the "Shelf Warrants");

WHEREAS, any Debt Warrants will be represented by one or more warrant certificates in global or definitive form (each such certificate a "Debt Warrant Certificate"); and

WHEREAS, the Company desires the Debt Warrant Agent to act on behalf of the Company in connection with the issuance, exchange, exercise, and replacement of the Debt Warrant Certificates, and in this Agreement wishes to set forth, among other things, the form and provisions of the Debt Warrant Certificates and the terms and conditions on which they may be issued, exchanged, exercised, and replaced;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows (all capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the Prospectus filed as part of the Registration Statement):

ARTICLE I

ISSUANCE OF DEBT WARRANTS AND EXECUTION AND DELIVERY OF DEBT WARRANT CERTIFICATES

SECTION 1.01. Issuance of Debt Warrants. The designation and particular terms of any Debt Warrant shall be as set forth in the applicable Prospectus Supplement and in the Debt Warrant Certificate relating thereto. Debt Warrants may be issued separately or together with one or more Debt Securities of any

series and, if issued together with any such Debt Securities, may be separately transferable after the date indicated in the applicable Prospectus Supplement and in the Debt Warrant Certificate relating thereto (such date the "Detachability Date"). A Debt Warrant Certificate may evidence one or more Debt Warrants. Each Debt Warrant evidenced by a a Debt Warrant Certificate shall represent the right, subject to the provisions contained herein and therein, to purchase one or more Debt Securities of a designated series in such principal amount as shall be designated therein.

SECTION 1.02. Execution and Delivery of Debt Warrant Certificates. Debt Warrant Certificates may be issued in global or definitive form, payable to the order of the bearer or the registered holder thereof, in substantially the form set forth in Annex A hereto. Each Debt Warrant Certificate will be dated the date of its authentication by the Debt Warrant Agent and may have such letters, numbers, or other marks of identification or designation and such legends or endorsements printed, lithographed, or engraved thereon as may be approved by the officers of the Company executing the same (such execution to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, or regulation applicable thereto, including any rule or regulation of any stock exchange on which the Debt Warrants may be listed. The Debt Warrant Certificates shall be signed on behalf of the Company by any two of its Chairman of the Board and Chief Executive Officer (the "Chairman"), its Executive Vice President and Chief Financial Officer (the "Executive Vice President"), or any of its Vice Presidents, under its corporate seal, and attested by its Secretary or Assistant Secretary. Such signatures may be manual or facsimile signatures of such authorized officers and may be imprinted or otherwise reproduced on the Debt Warrant Certificates. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted, or otherwise reproduced on the Debt Warrant Certificates.

No Debt Warrant Certificate shall be valid for any purpose, and no Debt Warrant evidenced thereby shall be exercisable, until such Debt Warrant Certificate has been countersigned by the manual signature of the Debt Warrant Agent. Such signature by the Debt Warrant Agent upon any Debt Warrant Certificate executed by the Company shall be conclusive evidence that the Debt Warrant Certificate so countersigned has been duly issued hereunder.

In case any officer of the Company who shall have signed any of the Debt Warrant Certificates shall cease to be such officer before the Debt Warrant Certificates so signed shall have been countersigned and delivered by the Debt Warrant Agent, such Debt Warrant Certificates may be countersigned and delivered notwithstanding that the person who signed such Debt Warrant Certificates ceased to be such officer of the Company; and any Debt Warrant Certificate may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Debt Warrant Certificate, shall be the proper officers of the Company, although at the date of the execution of this Agreement any such person was not such officer.

The terms "holder" or "holder of a Debt Warrant Certificate" as used herein shall mean:

1. with respect to any Debt Warrant Certificate in bearer form: (a) if the Debt Warrants represented thereby were issued together with Debt Securities that are not immediately detachable, the registered owner of the Debt Securities to which such Debt Warrant Certificate was initially attached, and (b) after the Detachability Date, the bearer of such Debt Warrant Certificate;

2. with respect to any Debt Warrant Certificate in registered form: (a) if the Debt Warrants represented thereby were issued together with Debt Securities that are not

immediately detachable, the registered owner of the Debt Securities to which such Debt Warrant Certificate was initially attached, and (b) after the Detachability Date, the person in whose name the Debt Warrant Certificate shall be registered upon the books to be maintained by the Debt Warrant Agent for that purpose.

The Company will or will cause the registrar of the Debt Securities to at all times make available to the Debt Warrant Agent such information regarding the holders of the any Debt Securities to which any Debt Warrants are attached as may be necessary to keep the records of the Debt Warrant Agent up to date.

SECTION 1.03. Issuance of Debt Warrant Certificates. Debt Warrant Certificates evidencing the right to purchase up to[$2,500,000,000] in aggregate public offering price of Debt Securities (except as provided in Section 2.03(c), 3.02, or 3.04 hereof) may be executed by the Company and delivered to the Debt Warrant Agent upon the execution of this Agreement or from time to time thereafter. The Debt Warrant Agent shall, upon receipt of Debt Warrant Certificates duly executed on behalf of the Company in accordance with the terms hereof, countersign such Debt Warrant Certificates and deliver the same to the holders thereof upon and in accordance with the order of the Company. Subsequent to such original issuance of the Debt Warrant Certificates, the Debt Warrant Agent shall countersign a Debt Warrant Certificate only if such Debt Warrant Certificate is issued in exchange or substitution for one or more previously countersigned Debt Warrant Certificates or, with respect to Debt Warrant Certificates in registered form, in connection with the transfer thereof, as provided in Section 2.03(c) below.

ARTICLE II

EXERCISE PRICE, DURATION, AND EXERCISE OF DEBT WARRANTS

SECTION 2.01. Exercise Price. During the period from and including _____, 19__, to and including,_____ 19 __, the exercise price of each Debt Warrant will be [% of the principal amount of the Debt Securities] [$] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding].

[During the period from _____, 19__, to and including_____, 19__, the exercise price of each Debt Warrant will be [% of the principal amount of the Debt Securities] [$_____] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding _____].] [In each case the original issue discount will be amortized at a _____% annual rate, computed on [an annual] [a semi-annual] basis using a 360-day year consisting of twelve 30-day months.] Such purchase price of Debt Securities is referred to in this Agreement as the "Exercise Price". [The original issue discount for each $_____ in aggregate principal amount of Debt Securities is $_____.]

SECTION 2.02. Duration of Debt Warrants. Each Debt Warrant may be exercised in whole [at any time, as specified herein, on or after [the date hereof] [_____, 19__] and at or before 5:00 PM New York time on_____, 19__ (each day during such period may hereinafter be referred to as an "Exercise Date")] [on the following specific dates: [list of dates] (each an "Exercise Date")], or such later date as may be selected by the Company, in a written statement to the Debt Warrant Agent and with notice to the holders of the Debt Warrants (such date of expiration is herein referred to as the "Expiration Date"). Each Debt Warrant not exercised at or before 5:00 PM New York time on the Expiration Date shall become void, and all rights of the holder of the Debt Warrant Certificate evidencing such Debt Warrant under this Agreement shall cease.

SECTION 2.03. Exercise of Debt Warrants.

(a) On any Exercise Date specified in Section 2.02, any whole number of Debt Warrants may be exercised by delivery to the Debt Warrant Agent of the applicable Debt Warrant Certificate, together with the form of election to purchase Debt Securities set forth on the reverse side of the Debt Warrant Certificate properly completed and duly executed, and by paying in full, in U.S. dollars or in the Specified Currency, as the case may be, [by certified check or official bank check or by bank wire transfer] [by bank wire transfer] [in immediately available funds] to the Debt Warrant Agent the Exercise Price for each Debt Warrant, such delivery and payment to be made at [the corporate trust office of the Debt Warrant Agent] or such other place as the Company and the Debt Warrant Agent shall hereafter agree in writing. The date on which the duly completed and executed Debt Warrant Certificate and payment in full of the Exercise Price are received by the Debt Warrant Agent shall be deemed to be the date on which the applicable Debt Warrant is exercised. The Debt Warrant Agent shall deposit all funds received by it in payment of the Exercise Price in an account of the Company maintained with it and shall advise the Company by telephone or by facsimile transmission or other form of electronic communication available to both parties at the end of each day on which a [payment] [wire transfer] for the exercise of such Debt Warrants is received of the amount so deposited to its account. The Debt Warrant Agent shall promptly confirm such telephone advice to the Company in writing.

(b) The Debt Warrant Agent shall, from time to time, as promptly as practicable, advise the Company and the Trustee of (i) the number of Debt Warrants exercised, (ii) the instructions of the holders of the Debt Warrant Certificates evidencing such Debt Warrants with respect to delivery of the Debt Securities, (iii) delivery of Debt Warrant Certificates evidencing the balance, if any, of the Debt Warrants remaining after such exercise, and (iv) such other information as the Company or the Trustee shall reasonably require.

(c) As soon as practicable after the exercise of any Debt Warrant, the Company shall issue, pursuant to the Indenture, in authorized denominations, to or upon the order of the holder of the Debt Warrant Certificate evidencing such Debt Warrant, the Debt Securities to which such holder is entitled, registered in [such name or names as may be directed by such holder] [the name of the registered holder of such Debt Securities]. If fewer than all of the Debt Warrants evidenced by such Debt Warrant Certificate are exercised, the Company shall execute, and an authorized officer shall manually countersign and deliver, a new Debt Warrant Certificate evidencing the number of such Debt Warrants remaining unexercised.

(d) The Company shall not be required to pay any stamp or other tax or other governmental charge required to be paid in connection with any transfer involved in the issuance of Debt Securities and the Company shall not be required to issue or deliver any Debt Security unless or until the person requesting the issuance thereof shall have paid to the Company the amount of such tax or governmental charge or shall have established to the satisfaction of the Company that such tax or other governmental charge has been paid or that no such tax or other governmental charge is payable.

ARTICLE III

OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF DEBT WARRANT CERTIFICATES

SECTION 3.01. No Rights as a Holder of Debt Securities Conferred by Debt Warrants or Debt Warrant Certificates. No Debt Warrant Certificate or Debt Warrant evidenced thereby shall entitle the holder thereof to any of the rights of a

holder of Debt Securities, including, without limitation, the right to receive payments of principal, premium, if any, or interest, if any, on the Debt Securities to which such Debt Warrant or Debt Warrant Certificate relates, or to enforce any of the covenants in the Indenture with respect to such Debt Securities.

SECTION 3.02. Lost, Stolen, Mutilated, or Destroyed Debt Warrant Certificates. Upon receipt by the Debt Warrant Agent of evidence reasonably satisfactory to it of the ownership and loss, theft, destruction, or mutilation of any Debt Warrant Certificate and of indemnity reasonably satisfactory to the Debt Warrant Agent and, in the case of mutilation, upon surrender of such Debt Warrant Certificate to the Debt Warrant Agent for cancellation, in the absence of notice to the Company and the Debt Warrant Agent that such Debt Warrant Certificate has been transferred or acquired, and subject to the provisions of Section 3.03 below, such Debt Warrant Certificate shall be replaced by a new Debt Warrant Certificate reflecting the identical terms of such lost, stolen, destroyed, or mutilated Debt Warrant Certificate.

SECTION 3.03. Transfer, Exchange or Replacement of Debt Warrants and Debt Warrant Certificates. Any Debt Warrant Certificate attached to one or more Debt Securities will be transferred, exchanged, or replaced only together with the Debt Security or Debt Securities to which such Debt Warrant Certificate is attached, and only for the purpose of affecting, or in conjunction with, a transfer, exchange, or replacement of such Debt Security or Debt Securities. Prior to the Detachability Date, each transfer, exchange, or replacement of an attached Debt Security by the Trustee shall operate also to transfer the related Debt Warrants. After the Detachability Date, each transfer of an attached Debt Security shall be made only upon surrender, at the corporate trust office of the Debt Warrant Agent, of the Debt Warrant Certificates evidencing the related Debt Warrants and of such appropriate instruments of registration or transfer and of such written transfer instructions as shall be in form and substance satisfactory to the Company and the Debt Warrant Agent. Debt Warrant Certificates may be transferred or exchanged, after the Detachability Date, for Debt Warrant Certificates in other denominations evidencing the related Debt Warrants, provided that such other Debt Warrant Certificates evidence the same number of Debt Warrants as the Debt Warrant Certificates so surrendered. The Debt Warrant Agent shall keep, at its corporate trust office, books in which it shall register Debt Warrant Certificates and all exchanges and transfers of outstanding Debt Warrant Certificates. No service charge shall be made for any exchange [or registration of transfer] of Debt Warrant Certificates, but the Company may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in connection with any such exchange [or registration of transfer]. Whenever any Debt Warrant Certificates are so surrendered for exchange [or registration of transfer], an authorized officer of the Debt Warrant Agent shall manually countersign and deliver to the person or persons entitled thereto a Debt Warrant Certificate or Debt Warrant Certificates duly authorized and executed by the Company, as so requested. The Debt Warrant Agent shall not be required to effect any exchange [or registration of transfer] which will result in the issuance of a Debt Warrant Certificate evidencing a fraction of a Debt Warrant. All Debt Warrant Certificates issued upon any exchange [or registration of transfer] of Debt Warrant Certificates shall be valid obligations of the Company, evidencing the same obligations and entitled to the same benefits under this Agreement as the Debt Warrant Certificates surrendered for such exchange [or registration of transfer].

SECTION 3.04. Treatment of Holders of Debt Warrant Certificates. Debt Warrants issued in bearer form shall be transferable by delivery and shall be deemed negotiable by the bearer of the related Debt Warrant Certificate, which bearer

may be treated by the Company, the Debt Warrant Agent, and all other persons dealing with such bearer as the absolute owner thereof for all purposes and as the person entitled to exercise the rights represented by the Debt Warrants evidenced thereby, any notice to the contrary notwithstanding. Debt Warrants issued in registered form shall be transferable only on the books of the Debt Warrant Agent and in accordance with the applicable terms and conditions hereof, and every holder of such a Debt Warrant Certificate, by accepting the same, consents and agrees with the Company, the Debt Warrant Agent, and with every subsequent holder of such Debt Warrant Certificate that until the transfer of the Debt Warrant Certificate is registered on the books of the Debt Warrant Agent (or, prior to the Detachability Date, on the register maintained by the registrar of the related Debt Securities), the Company and the Debt Warrant Agent (or the registrar of the related Debt Securities, as the case may be), may treat such registered holder as the absolute owner thereof for all purposes and as the person entitled to exercise the rights represented by the Debt Warrants evidenced thereby, any notice to the contrary notwithstanding.

SECTION 3.05. Cancellation of Debt Warrant Certificates. Any Debt Warrant Certificate surrendered for exchange or registration of transfer, or for exercise of the Debt Warrants evidenced thereby, shall be delivered to the Debt Warrant Agent, and all Debt Warrant Certificates so surrendered or delivered to the Debt Warrant Agent shall be promptly canceled by the Debt Warrant Agent and shall not be reissued and, except as expressly provided otherwise by this Agreement, no Debt Warrant Certificate shall be issued in exchange or in lieu thereof. The Debt Warrant Agent shall destroy all canceled Debt Warrant Certificates and deliver a certificate of such destruction to the Company.

ARTICLE IV

CONCERNING THE DEBT WARRANT AGENT

SECTION 4.01. Debt Warrant Agent. The Company hereby appoints The Chase Manhattan Bank (National Association) as Debt Warrant Agent of the Company in respect of the Debt Warrants and the related Debt Warrant Certificates upon the terms and subject to the conditions herein set forth, and The Chase Manhattan Bank (National Association) hereby accepts such appointment. The Debt Warrant Agent shall have the powers and authority granted to and conferred upon it in the Debt Warrant Certificates and hereby and such further powers and authority to act on behalf of the Company as the Company may hereafter grant to or confer upon it by a signed, written instrument. All of the terms and provisions with respect to such powers and authority contained in the Debt Warrant Certificates are subject to and governed by the terms and provisions hereof.

SECTION 4.02. Conditions of Debt Warrant Agent's Obligations. The Debt Warrant Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following, to all of which the Company agrees and to all of which the rights of the holders the Debt Warrant Certificates shall at all times be subject.

(a) Compensation and Indemnification. The Company agrees promptly to pay the Debt Warrant Agent the compensation to be agreed upon with the Company for all services rendered by the Debt Warrant Agent and to reimburse the Debt Warrant Agent for reasonable out-of-pocket expenses (including counsel fees) incurred by the Debt Warrant Agent in connection with the services rendered by it hereunder. The Company also agrees to indemnify the Debt Warrant Agent for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the part of the Debt Warrant Agent, arising out of or in connection with its acting as Debt Warrant Agent hereunder, as well as the costs and expenses of defending against any claim of such liability.

(b) Agent for the Company. In acting under this Agreement and in connection with the Debt Warrants and Debt Warrant Certificates, the Debt Warrant Agent is acting solely as agent of the Company and does not assume any fiduciary obligation or relationship of agency or trust for or with any of the holders of Debt Warrants or Debt Warrant Certificates or the beneficial owners thereof.

(c) Counsel. The Debt Warrant Agent may consult with counsel satisfactory to it, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by it hereunder in good faith and in accordance with the advice of such counsel.

(d) Documents. The Debt Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any provision of any Debt Warrant or Debt Warrant Certificate or any notice, direction, consent, certificate, affidavit, statement, or other paper or document delivered to it in accordance with the provisions hereof reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

(e) Certain Transactions. The Debt Warrant Agent and its officers, directors, and employees may own or acquire any interest in Debt Warrants with the same rights that it or they would have if it were not the Debt Warrant Agent hereunder, and, to the extent permitted by applicable law, it or they may engage or be interested in any financial or other transaction with the Company and may act on, or as depository, trustee, or agent for, any committee or body of holders of Debt Securities or any other obligations of the Company as freely as if it were not the Debt Warrant Agent hereunder. Nothing in this Debt Warrant Agreement shall be deemed to prevent the Debt Warrant Agent from acting as Trustee under the Indenture.

(f) No Liability for Invalidity. The Debt Warrant Agent shall have no liability with respect to any invalidity of this Agreement or any of the Debt Warrants or Debt Warrant Certificates.

(g) No Liability for Interest. The Debt Warrant Agent shall have no liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Debt Warrants or Debt Warrant Certificates.

(h) No Responsibility for Representations. The Debt Warrant Agent shall not be responsible for any of the Company's recitals or representations herein or in the Debt Warrant Certificates.

(i) No Implied Obligations. The Debt Warrant Agent shall be obligated to perform only such duties as are specifically set forth herein and in the Debt Warrant Certificates and no implied duties or obligations shall be read into this Agreement or the Debt Warrant Certificates against the Debt Warrant Agent. The Debt Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Debt Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Company of any of the Debt Warrant Certificates authenticated by the Debt Warrant Agent and delivered by it to the Company pursuant to this Agreement, or for the application by the Company of the proceeds of the Debt Warrants. The Debt Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained herein or in the Debt Warrant Certificates or in the case of the receipt of any written demand from a holder of any Debt Warrant with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any

proceedings at law or otherwise or, except as provided in Section 5.02 hereof, to make any demand upon the Company.

SECTION 4.03. Resignation and Appointment of Successor.

(a) The Company agrees, for the benefit of the holders of the Debt Warrants, that there shall at all times be a Debt Warrant Agent hereunder until all the Debt Warrants issued hereunder have expired or are otherwise no longer exercisable.

(b) The Debt Warrant Agent may at any time resign as such agent by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; provided that such date shall not be less than three months after the date on which such notice is given unless the Company otherwise agrees in writing. The Debt Warrant Agent hereunder may be removed at any time by the filing with it an instrument in writing signed by or on behalf of the Company and specifying such removal and the date upon which such removal shall become effective. Such resignation or removal shall take effect upon the appointment by the Company, as hereinafter provided, of a successor Debt Warrant Agent (which shall be a bank or trust company authorized under the laws of the jurisdiction of its organization to exercise corporate trust powers) and the acceptance of such appointment by such successor Debt Warrant Agent. The obligation of the Company under Section 4.02(a) shall continue to the extent set forth therein notwithstanding the resignation or removal of the Debt Warrant Agent.

(c) In case at any time the Debt Warrant Agent shall resign, be removed, or shall for any reason be incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or shall file a petition seeking relief under the Federal Bankruptcy Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy law or similar law, or make an assignment for the benefit of its creditors or consent to the appointment of a receiver or custodian of all or any substantial part of its property, or shall admit in writing its inability to pay or meet its debts as they mature, or if a receiver or custodian of it or of all or any substantial part of its property shall be appointed, or if an order of any court shall be entered for relief against it under the provisions of the Federal Bankruptcy Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy or similar law, or if any public officer shall have taken charge or control of the Debt Warrant Agent or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation, a successor Debt Warrant Agent, qualified as aforesaid, shall be appointed by the Company by an instrument in writing, filed with such successor Debt Warrant Agent. Upon the appointment as aforesaid of a successor Debt Warrant Agent and acceptance by such successor Debt Warrant Agent of such appointment, the Debt Warrant Agent shall cease to be Debt Warrant Agent hereunder.

(d) Any successor Debt Warrant Agent appointed hereunder shall execute, acknowledge, and deliver to its predecessor and to the Company a signed instrument accepting such appointment hereunder, and thereupon such successor Debt Warrant Agent, without any further act, deed, or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties, and obligations of such predecessor with like effect as if originally named as Debt Warrant Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obligated to transfer, deliver, and pay over, and such successor Debt Warrant Agent shall be entitled to receive, all monies, securities, and other property on deposit with or held by such predecessor in its capacity as Debt Warrant Agent hereunder.

(e) Any corporation into which the Debt Warrant Agent may be merged or converted or any corporation with which the Debt Warrant Agent may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Debt

Warrant Agent shall be a party, or any corporation to which the Debt Warrant Agent shall sell or otherwise transfer all or substantially all of its assets and business, shall be the successor Debt Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation is qualified as aforesaid.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Amendment. This Agreement may be amended by the parties hereto, without the consent of the holders of any Debt Warrants issued hereunder, for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision contained herein, or for the purpose of making any other provisions with respect to matters or questions arising under this Agreement as the Company and the Debt Warrant Agent may deem necessary or desirable; provided that such action shall not adversely affect the interests of such holders.

SECTION 5.02. Notices and Demands to the Company and Debt Warrant Agent. If the Debt Warrant Agent shall receive any notice or demand addressed to the Company by the holder of a Debt Warrant pursuant to the provisions hereof or of the related form of Debt Warrant Certificate, the Debt Warrant Agent shall promptly forward such notice or demand to the Company.

SECTION 5.03. Addresses. Any communication from the Debt Warrant Agent to the Company with respect to this agreement shall be addressed to PepsiCo, Inc., 700 Anderson Hill Road, Purchase, New York 10577, Attention: _____, and any communication from the Company to the Debt Warrant Agent with respect to this Agreement shall be addressed to the principal corporate trust office of the Debt Warrant Agent, Attention: Corporate Trust Department (or such other address as shall be hereafter specified in writing by the Debt Warrant Agent or the Company, as the case may be).

SECTION 5.04. Notices to Holders of Debt Warrants. Any notice to holders of Debt Warrants that are required or permitted by the provisions of this Agreement to be given shall be given (a) with respect to Debt Warrants issued in registered form, by first class mail postage prepaid to such holder's address as appears on the books of the Debt Warrant Agent (or, prior to the Detachability Date, on the books of the registrar of the Debt Securities), or (b) with respect to Debt Warrants issued in bearer form, by publication at least once in a daily morning newspapers in New York City and in London.

SECTION 5.05. Applicable Law. The validity, interpretation, and performance of the terms and provisions of this Agreement and of each Debt Warrant and Debt Warrant Certificate issued hereunder shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5.06. Delivery of Prospectus. The Company will furnish to the Debt Warrant Agent sufficient copies of the Prospectus and of each applicable Prospectus Supplement and Pricing Supplement relating to the Debt Warrants and the related Debt Securities, and the Debt Warrant Agent agrees that upon the exercise of any Debt Warrant the Debt Warrant Agent will deliver to the holder of such Debt Warrant, prior to or concurrently with the delivery of the Debt Securities issued upon such exercise, copies of the Prospectus (as amended or supplemented as of such date), together with all such applicable Supplements.

SECTION 5.07. Obtaining of Governmental Approvals. The Company will obtain, file, and keep effective any and all permits, consents, and approvals of governmental agencies and authorities and all securities acts filings under United States

Federal and state laws as shall be necessary for the valid issuance, sale, and transfer of the Debt Warrants and the related Debt Securities.

SECTION 5.08. Persons Having Rights under this Agreement. Nothing in this Agreement shall give to any person other than the Company, the Debt Warrant Agent, and the holders of the Debt Warrants any right, remedy, or claim under or by reason of this Agreement.

SECTION 5.09. Headings. The captions and headings used herein are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 5.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which as so executed shall be deemed to be an original, but shall together constitute but one and the same instrument.

SECTION 5.11. Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times at the principal corporate trust office of the Debt Warrant Agent for inspection by the holder of any Debt Warrant.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by one of their respective authorized officers as of the day and year first above written.

PEPSICO, INC.

By_____
Title:

THE CHASE MANHATTAN BANK
(National Association)

By_____
Title:

ANNEX A

FORM OF DEBT WARRANT CERTIFICATE

[Face of Debt Warrant Certificate]

[Form of Legend if Debt Warrants are not immediately detachable from Debt Securities: This Debt Warrant cannot be transferred or exchanged prior to_____, 19__, unless attached to the [designate Debt Securities] to which this Debt Warrant relates.]

THIS DEBT WARRANT SHALL BE EXERCISABLE ONLY
IF COUNTERSIGNED BY THE DEBT WARRANT
AGENT AS PROVIDED BELOW

PEPSICO, INC.

WARRANT TO PURCHASE
$_____ in aggregate principal amount of _____Debt Securities due _____, 19__

VOID AFTER 5:00 P.M., NEW YORK TIME, ON_____, 19__

No. [CUSIP No.]

This certifies that [the bearer] [_____or its registered assigns] is the [owner] [registered owner] of the Warrant[s] identified above (the "Debt Warrant[s]"), [each] such Debt Warrant entitling such [bearer] [registered owner] to purchase, at any time after 5:00 p.m., New York time, on_____, 19__, and on or before 5:00 p.m., New York time, on_____, 19__, (or such later date as may be designated

by the Company by written notice to the holder as provided in the Debt Warrant Agreement, dated as of _____, 19__ (the "Debt Warrant Agreement") between PepsiCo, Inc. (the "Company") and The Chase Manhattan Bank (National Association) as debt warrant agent (the "Debt Warrant Agent")), $_____ in aggregate principal amount of the Debt Securities, [designate series] (the "Debt Securities") to be issued by the Company under the Indenture, dated as of December 14, 1994 (the "Indenture"), between the Company and The Chase Manhattan Bank (National Association) as trustee (the "Trustee").

The Debt Warrant[s] represented hereby shall be exercisable only in accordance with the terms and provisions set forth herein, in the Debt Warrant Agreement, and in the Indenture. Copies of the Debt Warrant Agreement and the Indenture may be obtained at the corporate trust office of the Debt Warrant Agent located at _____. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms by the Debt Warrant Agreement.

[Reverse of Debt Warrant Certificate]

The exercise price of [each] [such] Debt Warrant shall be calculated as follows: (a) during the period from and including _____ 19__, to and including _____, 19__, the exercise price of [each] [such] Debt Warrant will be [___% of the principal amount of the underlying Debt Securities] [$_____] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding _____], (b) during the period from _____, 19__, to and including _____, 19__, the exercise of [each] [such] Debt Warrant will be [___% of the principal amount of the related Debt Securities] [$_____] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding _____], and (c) in each case (as applicable), [the original issue discount will be amortized at an annual rate of ___%, computed on [an annual] [a semi-annual] basis, using a [360-day year consisting of twelve 30-day months] [the original issue discount for each $_____ in aggregate principal amount of Debt Securities will be _____] (such exercise price the "Exercise Price").

The [holder] [registered holder] may exercise the Debt Warrant[s] evidenced hereby by delivery to the Debt Warrant Agent of this Debt Warrant Certificate, together with the form of election to purchase set forth below properly completed and duly executed, and by paying in full, in lawful money of [the United States] [_____], [$]_____, by [certified check or official bank check or by] bank wire transfer, in each case, in immediately available funds, the Exercise Price for [such Debt Warrant] [each Debt Warrant to be exercised], payable to the [order of] [an account designated in writing by] the Company, such delivery and payment to be made at the corporate trust office of Debt Warrant Agent at the address specified below, or to such successor debt warrant agent at such other address as the Company may hereafter notify the [holder] [registered holder] in writing.

Any whole number of Debt Warrants evidenced by this Debt Warrant Certificate may be exercised to purchase Debt Securities in registered form upon such terms and conditions as are set forth in the Prospectus and [the] [any] applicable Supplement[s]. [Upon exercise of fewer than all of the Debt Warrants evidenced hereby, there shall be issued to the [holder] [registered holder] a new Debt Warrant Certificate evidencing the number of Debt Warrants remaining unexercised.]

[If the Debt Warrant[s] represented hereby is not immediately detachable from the underlying Debt Securities, [each] such Debt Warrant may be exchanged or transferred prior to _____, 19__,only together with the underlying Debt Securities and only for the purpose of effecting, or in

conjunction with, an exchange or transfer of such Debt Securities. After such date, [each] such Debt Warrant and all rights hereunder, may be transferred by delivery as hereinabove provided and the Company and the Debt Warrant Agent may treat the bearer hereof as the owner for all purposes.]

[If the Debt Warrant[s] represented hereby are immediately detachable from the underlying Debt Securities, [each] such Debt Warrant may be registered for transfer or exchange upon delivery of this Debt Warrant Certificate as hereinabove provided.]

This Debt Warrant Certificate shall not entitle the [holder] [registered holder] hereof to any of the rights of a holder of the underlying Debt Securities, including, without limitation, the right to receive payments of principal, premium, if any, or interest, if any, on such Debt Securities or to enforce any of the covenants of the Indenture.

Neither this Debt Warrant Certificate nor the Debt Warrant[s] represented hereby shall be valid or obligatory for any purpose until countersigned by the Debt Warrant Agent.

Dated as of _____, 19__

PEPSICO, INC.

By_____
Title:

[ ], as Debt Warrant Agent,

By_____
Authorized Officer

Further Instructions for Exercise of Debt Warrant[s]

To exercise the Debt Warrants evidenced hereby, the holder must complete the information required below and present this Debt Warrant Certificate in person or by [registered] mail to the Debt Warrant Agent at the address set forth below. This Debt Warrant Certificate, completed and duly executed, must be received by the Debt Warrant Agent together with payment in full of the Exercise Price in accordance with the terms hereof.

The undersigned hereby irrevocably elects to exercise [the] [___ of the] Debt Warrant[s] evidenced hereby and to purchase [$]_____ in aggregate principal amount of the underlying Debt Securities to which such Debt Warrant[s] relate[s]. By executing this instrument as indicated below, the undersigned represents that [he/she/it] has tendered payment for such Debt Securities in accordance with the provisions set forth herein. The undersigned requests that said principal amount of Debt Securities be in the authorized denominations, registered in such names, and delivered as specified below.

Dated:

_____
Name _____
[ ]

_____
Address

_____
(Insert Social Security or Other
Identifying Number of Holder)

_____

Signature _____

The Debt Warrants evidenced hereby may be exercised at the following address:

Attention:

[Instructions as to form and delivery of Debt Securities and Debt Warrant Certificates evidencing unexercised Debt Warrants to be provided as appropriate.]

[If Registered Debt Warrant]

Assignment

(Form of Assignment To Be Executed Upon Transfer of Debt Warrants Evidenced Hereby)

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto

Please insert social security or other identifying number

_____

(Please print name and address including zip code)

_____

[_____ of] the Debt Warrant[s] represented by the within Debt Warrant Certificate and does hereby irrevocably constitute and appoint _____ as Attorney to transfer said Debt Warrant[s] on the books of the Debt Warrant Agent with full power of substitution in the premises.

Dated:

_____
Signature

(Signature must conform in all respects to name of holder as specified on the face of this Debt Warrant Certificate and must bear a signature guaranteed by a bank, trust company, or member broker of the New York, Midwest, or Pacific Stock Exchange.)

Signature Guaranteed:

_____

January 6, 1995

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

Dear Sir or Madam:

I am Vice President and Assistant General Counsel of PepsiCo, Inc. (the "Company"), and have acted as its counsel in connection with the registration under the Securities Act of 1933, as amended (the "Act") of $2,500,000,000 of (i) the Company's debt securities, consisting of notes, debentures, and other evidences of unsecured indebtedness (the "Debt Securities"), proposed to be issued under an Indenture, dated as of December 14, 1994, between the Company and the Chase Manhattan Bank (National Association), as Trustee (the "Indenture"), included as an exhibit to the Registration Statement (as defined below), (ii) warrants to purchase Debt Securities (the "Debt Warrants"), proposed to be issued under a debt warrant agreement to be entered into between the Company and The Chase Manhattan Bank, (National Association), as Debt Warrant Agent (the "Debt Warrant Agreement"), in substantially the form included as an exhibit to the Registration Statement, and (iii) other warrants, options, and unsecured contractual obligations of the Company (the "Shelf Warrants"), proposed to be issued under one or more shelf warrant agreements to be entered into between the Company and The Chase Manhattan Bank (National Association), or such other bank or trust company as may be identified in any supplement to the Prospectus filed as part of the Registration Statement (any such agreement a "Shelf Warrant Agreement"), in substantially the form to be filed as an exhibit to the Registration Statement at or prior to the issuance of any Shelf Warrants subject thereto.

You have requested my opinion in connection with the Registration Statement on Form S-3 relating to the Debt Securities, Debt Warrants and Shelf Warrants (collectively, the "Securities"), which Registration Statement is being filed by the Company with the Securities and Exchange on this date (the "Registration Statement").

It is my opinion that the Securities have been duly authorized and will be duly, validly and legally issued and will be binding obligations of the Company when (i) with respect to the Debt Warrants, the Debt Warrant Agreement shall have been duly authorized , executed, and delivered, (ii) with respect to any Shelf Warrant, the applicable Shelf Warrant Agreement shall have been duly authorized, executed, and delivered, (iii) the applicable provisions of the Act, of any other federal securities laws, and of the laws of such other jurisdictions as may be applicable to the Securities, shall have been complied with, and (iv) the Securities shall have been duly executed, authenticated, and delivered against payment therefore in the manner described in the aforementioned Registration Statement after it has become effective under the Act.

The opinion expressed above should not be deemed to encompass compliance with any laws other than those of the State of New York, the corporation laws of the State of North Carolina, and the federal laws of the United States of America.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of my name in the Registration Statement under the caption "Legal Matters". In giving this consent, I do not admit that I am in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the

Securities and Exchange Commission thereunder.

Very truly yours,

/s/ DOUGLAS CRAM

January 6, 1995

Dear Sirs:

I am Vice President, Taxes of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"). I have acted as tax counsel for the Company in connection with the registration of $2,500,000,000 in aggregate offering price of the (i) the Company's debt securities, consisting of notes, debentures, and other evidences of unsecured indebtedness (the "Debt Securities"), proposed to be issued under an Indenture, dated as of December 14, 1994, between the Company and the Chase Manhattan Bank (National Association), as Trustee (the "Indenture"), included as an exhibit to the Registration Statement (as defined below), (ii) warrants to purchase Debt Securities (the "Debt Warrants"), proposed to be issued under a debt warrant agreement to be entered into between the Company and The Chase Manhattan Bank, (National Association), as Debt Warrant Agent (the "Debt Warrant Agreement"), in substantially the form included as an exhibit to the Registration Statement, and (iii) other warrants, options, and unsecured contractual obligations of the Company (the "Shelf Warrants"), proposed to be issued under one or more shelf warrant agreements to be entered into between the Company and The Chase Manhattan Bank (National Association), or such other bank or trust company as may be identified in any supplement to the Prospectus filed as part of the Registration Statement (any such agreement a "Shelf Warrant Agreement"), in substantially the form to be filed as an exhibit to the Registration Statement at or prior to the issuance of any Shelf Warrants subject thereto.

You have requested my opinion in connection with the Registration Statement on Form S-3 relating to the Debt Securities, Debt Warrants and Shelf Warrants (collectively, the "Securities"), which Registration Statement is being filed by the Company with the Securities and Exchange on this date (the "Registration Statement").

It is my opinion that if the offering of the Securities is conducted in the manner described in the Prospectus filed as part of the Registration Statement (the "Prospectus"), and if the terms of any series of Securities are as contemplated by the Prospectus, then the statements contained in the section of the Prospectus entitled "United States Tax Considerations" accurately describe certain United States federal income tax consequences of ownership and disposition of the Securities, except, with respect to Debt Warrants or Shelf Warrants, which consequences will be discussed in the applicable Prospectus Supplement to be filed hereafter.

I do not purport to be expert in, or to express any opinion concerning, the laws of any jurisdiction other than the federal laws of the United States of America.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of my name in the Registration Statement under the caption "Legal Matters". In giving this consent, I do not admit that I am in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ MATTHEW M. MCKENNA

EXHIBIT 12

PEPSICO, INC. AND SUBSIDIARIES

Computation of Ratio of Earnings to Fixed Charges

(in millions except ratio amounts, unaudited)

	36 Week Period Ended		52 Week Period Ended		
	9/3/94	9/4/93	12/25/93	12/26/92	12/28/91
Earnings:					
Income before income taxes and cumulative effect of accounting changes	$1,940.9	$1,763.8	$2,422.5	$1,898.8	$1,659.7
Amortization of capitalized interest	3.4	3.6	5.0	5.0	4.5
Interest expense	433.9	403.5	572.7	586.1	613.7
Amortization of debt discount	0.2	0.2	0.2	0.3	0.3
Interest portion of net rent expense (a)	99.6	89.9	134.4	121.4	103.4
Earnings available for fixed charges	$2,478.0	$2,261.0	$3,134.8	$2,611.6	$2,381.6
Fixed Charges:					
Interest expense	$ 433.9	$ 403.5	$ 572.7	$ 586.1	$ 613.7
Capitalized interest	4.0	4.2	6.5	6.6	10.0
Amortization of debt discount	0.2	0.2	0.2	0.3	0.3
Interest portion of net rent expense (a)	99.6	89.9	134.4	121.4	103.4
Total fixed charges	$ 537.7	$ 497.8	$ 713.8	$ 714.4	$ 727.4
Ratio of Earnings to Fixed Charges	4.61	4.54	4.39	3.66	3.27

(a) One-third of net rent expense is the portion deemed representative of the interest factor.

Exhibit 23(a)

Consent of Independent Auditors

We consent to the use of our audit report dated February 1, 1994 on the consolidated financial statements and schedules of PepsiCo, Inc. and subsidiaries as of December 25, 1993 and December 26, 1992 and for each of the years in the three year period ended December 25, 1993 incorporated herein by reference in the Registration Statement on Form S-3 and in the related prospectus of PepsiCo, Inc. pertaining to the registration of $2,500,000,000 in principal amount of debt securities and warrants for PepsiCo, Inc. and to the reference to our Firm under the heading "Experts" in the Registration Statement.

Our report refers to PepsiCo's adoption of the provisions of the Financial Accounting Standards Board's Statements of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and No. 109, "Accounting for Income Taxes" in 1992.

/s/ KPMG Peat Marwick LLP

New York, New York
January 6, 1995

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PepsiCo, Inc.
Purchase, New York

Re: The Registration Statement on Form S-3 and in the related prospectus of PepsiCo, Inc. pertaining to the registration of $2,500,000,000 in principal amount of debt securities and warrants for PepsiCo, Inc.

With respect to the subject registration statement, we acknowledge our awareness of the use therein of our reports dated April 26, 1994, July 19,1994 and October 11, 1994 related to our reviews of interim financial information.

Pursuant to Rule 436(c) under the Securities Act of 1933, such reports are not considered part of a registration statement prepared or certified by an accountant within the meaning of sections 7 and 11 of the Act.

Very truly yours,

/s/ KPMG Peat Marwick LLP

New York, New York
January 6, 1995

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Securities Act of 1933
File No. _____
(If application to
determine eligibility of trustee
for delayed offering
pursuant to Section 305 (b) (2))

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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)

THE CHASE MANHATTAN BANK
(National Association)
(Exact name of trustee as specified in its charter)

13-2633612
(I.R.S. Employer Identification Number)

1 Chase Manhattan Plaza, New York, New York
(Address of principal executive offices)

10081
(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)

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Item 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.

Comptroller of the Currency, Washington, D.C.

Board of Governors of The Federal Reserve System, Washington, D. C.

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

Yes.

Item 2. Affiliations with the Obligor.

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

The Trustee is not the obligor, nor is the Trustee directly or indirectly controlling, controlled by, or under common control with the obligor.

(See Note on Page 2.)

Item 16. List of Exhibits.

List below all exhibits filed as a part of this statement of eligibility.

*1. -- A copy of the articles of association of the trustee as now in effect .(See Exhibit T-1 (Item 12) , Registration No. 33-55626.)

*2. -- Copies of the respective authorizations of The Chase Manhattan Bank (National Association) and The Chase Bank of New York (National Association) to commence business and a copy of approval of merger of said corporations, all of which documents are still in effect. (See Exhibit T-1 (Item 12), Registration No. 2-67437.)

*3. -- Copies of authorizations of The Chase Manhattan Bank (National Association) to exercise corporate trust powers, both of which documents are still in effect. (See Exhibit T-1 (Item 12), Registration No. 2-67437).

*4. -- A copy of the existing by-laws of the trustee. (See Exhibit T-1 (Item 12(a)), Registration No. 22-26320.)

*5. -- A copy of each indenture referred to in Item 4, if the obligor is in default. (Not applicable).

*6. -- The consents of United States institutional trustees required by Section 321(b) of the Act. (See Exhibit T-1, (Item 12), Registration No. 22-19019.)

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

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*The Exhibits thus designated are incorporated herein by reference. Following the description of such Exhibits is a reference to the copy of the Exhibit heretofore filed with the Securities and Exchange Commission, to which there have been no amendments or changes.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the trustee of all facts on which to base a responsive answer to Item 2 the answer to said Item is based on incomplete information.

Item 2 may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, The Chase Manhattan Bank (National Association), a corporation organized and existing under the laws of the United States of America, 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 the State of New York, on the 12th day December, 1994.

THE CHASE MANHATTAN BANK

(NATIONAL ASSOCIATION)

By: /s/ Mary Lewicki

MARY LEWICKI
Corporate Trust

Exhibit 7

REPORT OF CONDITION
Consolidating domestic and foreign subsidiaries of the
The Chase Manhattan Bank, N.A.
of New York in the State of New York, at the close of business on June 30, 1994, published in response to call made by Comptroller of the Currency, under title 12, United States Code, Section 161.

Charter Number 2370 Comptroller of the Currency Northeastern District

Statement of Resources and Liabilities

	Thousands of Dollars
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 4,956,205
Interest-bearing balances	6,138,639
Held to maturity securities	926,935
Available-for-sale securities	4,934,082
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
Federal funds sold	3,032,000
Securities purchased under agreements to resell	0
Loans and lease financing receivable:	
Loans and leases, net of unearned income	$49,508,041
LESS: Allowance for loan and lease losses	1,087,962

LESS: Allocated transfer risk reserve		0
Loans and leases, net of unearned income, allowance, and reserve		48,420,079
Assets held in trading accounts		18,856,428
Premises and fixed assets (including capitalized leases)		1,653,111
Other real estate owned		822,608
Investments in unconsolidated subsidiaries and associated companies		57,230
Customers' liability to this bank on acceptances outstanding		814,608
Intangible assets		378,800
Other assets		4,400,477
TOTAL ASSETS		$95,391,202
LIABILITIES		
Deposits:		
In domestic offices		$30,434,771
Noninterest-bearing	$11,442,433	
Interest-bearing	$18,992,338	
In foreign offices, Edge and Agreement subsidiaries, and IBFs:		33,399,860
Noninterest-bearing	$ 2,858,541	
Interest-bearing	30,541,319	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:		
Federal funds purchased		1,134,731
Securities sold under agreements to repurchase.		69,783
Demand notes issued to the U.S. Treasury		25,000
Trading liabilities		12,831,327
Other borrowed money:		
With original maturity of one year or less		2,678,498
With original maturity of more than one year		167,944
Mortgage indebtedness and obligations under capitalized leases		40,965
Bank's liability on acceptances executed and outstanding		825,499
Subordinated notes and debentures		2,360,000
Other liabilities		4,681,805
TOTAL LIABILITIES		88,650,183
Limited-life preferred stock and related surplus		0
EQUITY CAPITAL		
Perpetual preferred stock and related surplus		0
Common stock		913,113
Surplus		4,614,743
Undivided profits and capital reserves		1,226,618
Net unrealized holding gains (losses) on available-for-sale securities		(24,868)
Cumulative foreign currency translation adjustments		11,413
TOTAL EQUITY CAPITAL		6,741,019
TOTAL LIABILITIES, LIMITED-LIFE PREFERRED STOCK, AND EQUITY CAPITAL		$95,391,202

I, Lester J. Stephens, Jr., Senior Vice President and Controller 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.

(Signed) Lester J. Stephens, Jr.

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.

(Signed) Thomas G. Labrecque
(Signed) Arthur F. Ryan Directors
(Signed) Richard J. Boyle