

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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PEPSICO, INC.

(Exact name of registrant as specified in its charter)

North Carolina  
(State of Incorporation)13-1584302  
(I.R.S. No.)Purchase, New York 10577  
(Address of principal executive offices, including zip code)1995 STOCK OPTION INCENTIVE PLAN  
(Full title of the Plan)Kathleen Allen Luke, Esq.  
Vice President, Corporate Division CounselPepsiCo, Inc.  
Purchase, New York 10577  
(Name and address of agent for service)(914) 253-3691  
(Telephone number, including area code, of agent for service)

## CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered*	Proposed maximum offering price per	Proposed maximum aggregate offering	Amount of registration fee*	
				share*	price *
PepsiCo, Inc. Capital Stock, par value 1-2/3 cents per share	4,000,000	\$46.375	\$185,500,000	\$63,965.52	

\*The 4,000,000 shares being registered represent the approximate number of shares awardable in 1995 under the Plan described herein, as estimated solely for the purpose of calculating the registration fee. Pursuant to Rule 457(h) under the Securities Act of 1933, the offering price and registration fee have been calculated on the basis of the exercise price of the options awarded under the Plan described herein, which was \$46.375.

PEPSICO, INC. STOCK OPTION INCENTIVE PLAN

PART II

## INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

## ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The information listed below, which has been filed by PepsiCo, Inc. ("PepsiCo") with the Securities and Exchange Commission (the "Commission"), is specifically incorporated herein by reference:

(a) The description of PepsiCo Capital Stock contained in PepsiCo's Registration Statement on Form 8-B dated December 11, 1986;

(b) PepsiCo's Annual Report on Form 10-K for its fiscal year ended December 31, 1994;

(c) PepsiCo's proxy statement filed pursuant to Section 14 of the Securities Exchange Act of 1934 in connection with its 1995 Annual Meeting of Shareholders;

(d) PepsiCo's Quarterly Report on Form 10-Q for the

twelve week period ended March 25, 1995; and  
(e) PepsiCo's Quarterly Report on Form 10-Q for the  
twelve and twenty-four week periods ended June 17, 1995.

All documents filed by PepsiCo pursuant to  
Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange  
Act of 1934 after the date hereof, and prior to the filing  
of a post-effective amendment indicating the termination of  
the offering of the securities offered hereby, shall be  
deemed to be incorporated by reference herein and to be a  
part hereof from the date of filing of such documents.

Any statement contained in a document incorporated by  
reference herein shall be deemed to be modified or  
superseded for purposes hereof to the extent that a  
statement contained herein (or in any other subsequently  
filed document which also is or is deemed to be incorporated  
by reference herein) modifies or supersedes such statement.  
Any statement so modified or superseded shall not be deemed  
to constitute a part hereof except as so modified or  
superseded.

## Item 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

## LEGAL OPINION

Kathleen Allen Luke, Esq., Vice President, Corporate Division Counsel of PepsiCo, has rendered an opinion stating that the shares of PepsiCo Capital Stock registered hereunder have been duly and validly issued, and are fully paid and nonassessable. Ms. Luke is a full-time employee of PepsiCo and beneficially owns certain PepsiCo securities, including PepsiCo Capital Stock and options to purchase PepsiCo Capital Stock.

## EXPERTS

The consolidated financial statements and schedule of PepsiCo, Inc. and Subsidiaries as of December 31, 1994 and December 25, 1993 and for each of the years in the three year period ended December 31, 1994, included in the PepsiCo, Inc. 1994 Annual Report on Form 10-K have been audited by KPMG Peat Marwick LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in auditing and accounting.

With respect to the unaudited condensed consolidated interim financial statements of PepsiCo, Inc. and Subsidiaries as of and for the twelve week period ended March 25, 1995 and as of and for the twelve and twenty-four week periods ended June 17, 1995 incorporated by reference herein, KPMG Peat Marwick LLP has reported that they have applied limited procedures in accordance with professional standards for a review of such financial statements. However, their separate reports included in PepsiCo's quarterly reports on Form 10-Q as of and for the twelve week period ended March 25, 1995 and as of and for the twelve and twenty-four week periods ended June 17, 1995, incorporated by reference herein, state that they did not audit and they do not express an opinion on such condensed consolidated interim financial statements. Accordingly, the degree of reliance on their reports on such financial statements should be restricted in light of the limited nature of the review procedures applied. KPMG Peat Marwick LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited condensed consolidated interim financial statements because such reports are not a "report" or a "part" of the Registration Statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act of 1933.

The financial statements incorporated herein by reference to all documents subsequently filed by PepsiCo pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which 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, and

relating to such financial information and upon the authority of such independent public accountants as experts in auditing and accounting 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.

ITEM 6. 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) Definitions 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 an 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 incurred 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 interests; 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 satisfies 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; or

(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); (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 selection 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 attorneys' 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 on or 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 Chapter.

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 July 1, 1990.

(ii) Section 3.07 of Article III of the By-Laws of PepsiCo 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 attorneys' 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 by contract or as a matter of law.

(iii) Officers and directors of PepsiCo 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.

(iv) PepsiCo has entered into indemnification agreements with its directors whereby (with certain exceptions) PepsiCo will, in general, indemnify directors, to the extent permitted by law, against liabilities, costs or expenses arising out of his or her status as a director by reason of anything done or not done as a director.

ITEM 8. EXHIBITS

The Index to Exhibits is incorporated herein by reference.

ITEM 9. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

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

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

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

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

material change to such information in the Registration Statement;

PROVIDED HOWEVER, that paragraphs (a)(1)(i) and (a)(1)(ii) 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 the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 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.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 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 10th day of August, 1995.

PEPSICO, INC.

By: /s/LAWRENCE F. DICKIE

Lawrence F. Dickie  
Vice President, Associate  
General Counsel and Assistant  
Secretary

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 and Chief Executive	August 10, 1995  Officer
Robert G. Dettmer * (Robert G. Dettmer)	Executive Vice President	August 10, 1995  and Chief Financial Officer
Robert L. Carleton * (Robert L. Carleton)	Senior Vice President and Controller (Chief	August 10, 1995  Accounting Officer)
John F. Akers * (John F. Akers)	Director	August 10, 1995
Robert E. Allen * (Robert E. Allen)	Director	August 10, 1995
Roger A. Enrico * (Roger A. Enrico)	Vice Chairman of the Board and Chairman and	August 10, 1995  Chief Executive Officer, PepsiCo Worldwide Restaurants
John J. Murphy * (John J. Murphy)	Director	August 10, 1995



## INDEX TO EXHIBITS

Exhibit No.	Description	Page
4 (a)	Restated Articles of Incorporation of PepsiCo, Inc., which is incorporated herein by reference from Exhibit 4(a) to PepsiCo's Registration Statement on Form S-3 (Registration No. 57181).	*
(b)	By-Laws of PepsiCo, Inc., as amended, which is incorporated by reference from Exhibit 3(ii) to PepsiCo's Annual Report on Form 10-K for the fiscal year ended December 26, 1992.	*
(c)	PepsiCo, Inc. 1995 Stock Option Incentive Plan.	
5	Opinion and consent of Kathleen Allen Luke, Esq., Vice President and Corporate Division Counsel of PepsiCo.	
15	Letter from KPMG Peat Marwick LLP regarding unaudited interim financial information, incorporated by reference from Exhibit 15 to PepsiCo's Quarterly Report on Form 10-Q for the twelve week period ended March 25, 1995 and the twelve and twenty-four week period ended June 17, 1995.	*
23 (a)	Consent of KPMG Peat Marwick LLP	
(b)	The consent of Kathleen Allen Luke, Esq. is contained in her opinion filed as Exhibit 5.	*
24	Power of Attorney of PepsiCo, Inc. and certain of its officers and directors, filed as Exhibit 24 to PepsiCo's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, is incorporated herein by reference.	*

\*Previously filed or incorporated by reference

PEPSICO, INC.

1995 Stock Option Incentive Plan

1. PURPOSES. The principal purposes of the 1995 Stock Option Incentive Plan (the "Plan") are to provide long-term incentives in the form of stock options to those persons with significant responsibility for the success and growth of PepsiCo, Inc. and its subsidiaries, affiliates, divisions and other businesses in which it has a substantial financial interest, to assist the Company in attracting and retaining key employees on a competitive basis, and to associate the interests of such employees with those of PepsiCo's shareholders.

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

(a) "Capital Stock" or "Stock" means PepsiCo Capital Stock, par value 1-2/3 cents per share.

(b) "Committee" means the Compensation Committee of the Board of Directors of PepsiCo, as appointed from time to time by the Board, consisting of two or more outside, disinterested members of the Board.

(c) "Company" means PepsiCo, Inc., its divisions, direct and indirect subsidiaries, affiliates and other businesses in which it has a substantial financial interest.

(d) "Fair Market Value" means an amount equal to the mean of the high and low sales prices for Capital Stock as reported on the composite tape for securities listed on the New York Stock Exchange, on the date in question (or, if no sales of Stock were made on said Exchange on such date, on the next preceding day on which sales were made on such Exchange), carried out to four decimal places.

(e) "Grant Date" means the date an Option is granted under the Plan. The date of grant of an Option shall be the date as of which the Committee determines that such Option shall become effective.

(f) "Option" or "Stock Option" means a right granted under the Plan to purchase a share of PepsiCo Capital Stock at a fixed price for a specified period of time.

(g) "Option Exercise Price" means the price at which a share of Capital Stock covered by an Option granted hereunder may be purchased.

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

(i) "PepsiCo" means PepsiCo, Inc., a North Carolina corporation.

(j) "Retirement" means termination from employment by the Company for reasons other than death after the employee has fulfilled the requirements for either a normal, early or disability retirement pension, as defined under the Company's retirement program applicable to such employee at the date of termination of employment.

(k) "Totally Disabled" shall have the meaning set forth in the Company's long term disability program applicable to U.S. salaried employees.

3. ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Committee, which shall have all the powers vested in it by the terms of the Plan, including, but not limited to, authority to determine the persons to be granted Options under the Plan, to determine the size and applicable terms and conditions of grants to be made to such persons, to determine the time when Options will be granted and any conditions which must be satisfied by employees before an award is made, to determine when Options may be exercised and whether they may be deferred, to determine whether an award should be reduced or eliminated, and to authorize grants to eligible persons.

The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan as the Committee deems necessary or advisable. The Committee's interpretations of the

Plan, and all actions taken and determinations made by the Committee concerning any matter arising under or with respect to the Plan or any Options granted hereunder shall be final, binding and conclusive on all parties concerned, including, without limitation, Optionees, the Company, its employees, PepsiCo and its shareholders.

4. ELIGIBILITY. All Company employees who hold positions graded at Level 12, 13, 14 or 15, or the equivalent, on a Grant Date are eligible to be granted Options under the Plan. To receive a grant the employee must have been nominated for an award by his or her Division. Employees who are hired at or promoted to an eligible level after a Grant Date will only be eligible to receive a grant on the next Grant Date. Notwithstanding the foregoing, no employee may be granted Options which, if exercised in the aggregate, would result in that employee receiving more than 10% of the maximum number of shares available for issuance under the Plan.

5. AWARDS. Stock Options will be granted annually in July of each year in amounts determined from time to time by the Committee. The amounts may vary by grade level. All Options granted under the Plan shall be evidenced by agreements containing such terms and conditions (not inconsistent with the Plan) as the Committee may determine, subject to the following:

(a) Option Exercise Price. The Option Exercise Price shall be equal to the Fair Market Value of a share of Capital Stock on the Grant Date.

(b) Term. Unless terminated earlier in accordance with their terms, Options will expire on July 31 of the 10th year after the date of their grant. For example, if an Option is granted on July 27, 1995, it will expire on July 31, 2005.

(c) Exercisability. Options shall vest and become exercisable on August 1 of the calendar year that immediately succeeds the calendar year in which such Options were granted. For example, if an Option is granted on July 27, 1995, it will vest and become exercisable on August 1, 1996. Once exercisable, Options may be exercised until the expiration of their term. Fractional Options may not be exercised and no fractional shares shall be purchasable or deliverable under the Plan.

(d) Termination of Employment, Death, Total Disability or Retirement. All Options shall automatically expire upon, and no Option may be exercised after, the termination of the Optionee's employment with the Company, provided, however, that if such termination occurs by reason of the Optionee's death, Total Disability or Retirement, then the Optionee's designated beneficiary (or, if none, his or her legal representative), in the event of death, or the Optionee, in the event of Retirement or Total Disability, shall be vested with and have the right to exercise that portion of the Options which is in proportion to the Optionee's active service during the vesting period. Such Options may be exercised during the remaining term of the Options.

(e) Buy-out of Option Gains. The Committee shall have the right, at any time, in its sole discretion and without the consent of the holder thereof, to cancel a Stock Option and pay to the holder the excess of the Fair Market Value of the shares covered by such Option over the Option Exercise Price for such Option as of the date the Committee provides written notice of its intention to exercise this right. Payments of buy out amounts may be made in cash, in shares of Capital Stock, or partly in cash and partly in Capital Stock, as the Committee deems advisable. Payments of any such buy out amounts shall be made net of any applicable foreign, federal (including FICA), state and local withholding taxes.

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

(g) Assignment or Transfer. Unless the Committee shall specifically determine otherwise, during an Optionee's lifetime, his or her Options shall not be transferable and shall only be exercisable by the Optionee and any purported transfer shall be null and void.

No Option, nor any rights or interests therein, shall be assignable or transferable except by will or the laws of descent and distribution.

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

7. EXERCISING OPTIONS. To exercise an Option, the holder thereof shall give notice of his or her exercise to PepsiCo, or its agent, specifying the number of shares of Capital Stock to be purchased and identifying the specific Options that are being exercised. From time to time the Committee may establish procedures relating to effecting such exercises. An Option is exercisable during an Optionee's lifetime only by the Optionee, provided, however, that in the event the Optionee is incapacitated and unable to exercise Options, such Options may be exercised by such Optionee's legal guardian, legal representative, fiduciary or other representative whom the Committee deems appropriate based on applicable facts and circumstances.

8. PAYMENT OF OPTION EXERCISE PRICE. The Option Exercise Price for the Options being exercised must be paid in full at time of issuance of the Capital Stock. In addition, in order to enable the Company to meet any applicable foreign, federal (including FICA), state and local withholding tax requirements, an Optionee shall also be required to pay the amount of tax to be withheld at the time of exercise. No share of Stock will be delivered to any Optionee until all such amounts have been paid. The obligation of PepsiCo to deliver cash or Capital Stock shall be subject to currency or other restrictions imposed by any government.

9. SHARES OF STOCK SUBJECT TO THE PLAN. The shares that may be delivered or purchased under the Plan shall not exceed an aggregate of 25,000,000 shares of Capital Stock, subject to any adjustments which may be made pursuant to Section 10 hereof. Shares of Stock used for purposes of the Plan may be either shares of authorized but unissued Capital Stock or treasury shares or both. Stock covered by Options which have terminated or expired prior to exercise or have been surrendered or cancelled shall be available for further option hereunder.

10. DILUTION AND OTHER ADJUSTMENTS. In the event of any change in the outstanding shares of Capital Stock by reason of any stock split, stock dividend, recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, such equitable adjustments may be made in the Plan and the Options granted hereunder as the Committee determines are necessary or appropriate, including, if necessary, an adjustment in the number of shares and Option Exercise Prices per share applicable to Options then outstanding and in the number of shares which are reserved for issuance under the Plan. Any such adjustment shall be conclusive and binding for all purposes of the Plan.

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

12. NO RIGHTS TO OPTIONS OR EMPLOYMENT. No employee or other person shall have any claim or right to be granted an Option under the Plan. Having received an Option under the Plan shall not give an employee any right to receive any other grant under the Plan. An Optionee shall have no rights to or interest in any Option except as set forth herein or in the terms and conditions of the Option. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company.

13. RIGHTS AS SHAREHOLDER. An Optionee under the Plan shall have no rights as a holder of Capital Stock with respect to Options granted hereunder, unless and until certificates for shares of Capital Stock are issued to such Optionee.

14. COSTS AND EXPENSES. Except as provided in Sections 5 and 8 hereof with respect to taxes, the costs and expenses of administering the Plan shall be borne by PepsiCo and shall not be charged to any grant nor to any employee receiving a grant.

15. PLAN UNFUNDED. The Plan shall be unfunded. Except for reserving a sufficient number of authorized shares to the extent required by law to meet the requirements of the Plan, PepsiCo shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the delivery of PepsiCo Capital Stock upon exercise of any Option granted under the Plan.

16. AMENDMENTS. The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any awards theretofore made under the Plan. With the consent of affected Optionees, the Committee may amend outstanding agreements evidencing awards under the Plan in a manner not inconsistent with the terms of the Plan.

17. OTHER ACTIONS. This Plan shall not restrict the authority of the Committee or of PepsiCo, for proper corporate purposes, to grant or assume stock options, other than under the Plan, to or with respect to any employee or other person.

18. GOVERNING LAW. This Plan shall be governed by and construed in accordance with the laws of the State of North Carolina.

19. EFFECTIVENESS OF THE PLAN. This Plan shall become effective on July 27, 1995.

August 10, 1995

PepsiCo, Inc.  
700 Anderson Hill Road  
Purchase, New York 19577

Dear Sir or Madam:

As Vice President, Corporate Division Counsel of PepsiCo, Inc. ("PepsiCo"), I have acted as counsel to PepsiCo in connection with the Registration Statement on Form S-8 (the "Registration Statement") being filed today with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended (the "Act"), of 4,000,000 shares of PepsiCo Capital Stock, par value 1-2/3 cents per share (the "Shares"), pursuant to the PepsiCo 1995 Stock Option Incentive Plan (the "Plan").

In connection with the opinion set forth below, I have examined such records and documents and have made such investigations of law and fact as I have deemed necessary.

Based upon the foregoing, it is my opinion that the Shares being registered pursuant to the Registration Statement to which this opinion is an exhibit, when sold in accordance with the terms of the Plan, will be legally issued, fully paid and nonassessable.

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 Opinion". 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/ KATHLEEN ALLEN LUKE

## Consent of Independent Auditors

The Board of Directors  
PepsiCo, Inc.

We consent to the use of our report dated February 7, 1995 on the consolidated financial statements and schedule of PepsiCo, Inc. and subsidiaries as of December 31, 1994 and December 25, 1993 and for each of the years in the three year period ended December 31, 1994 incorporated herein by reference in the Registration Statement on Form S-8 of PepsiCo, Inc. pertaining to the 1995 Stock Option Incentive Plan and to the reference to our firm under the heading "Experts" in the Registration Statement.

Our report refers to PepsiCo, Inc.'s adoption of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," and the change in the method of calculating the market-related value of pension plan assets used in the determination of pension expense in 1994, and PepsiCo'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. Further, we acknowledge our awareness of the use therein of our review reports dated May 2, 1995 and July 25, 1995 related to our review of interim financial information. Our review reports refer to PepsiCo, Inc.'s adoption of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," and the change in the method of calculating the market-related value of pension plan assets used in the determination of pension expense in 1994, and PepsiCo'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.

Pursuant to Rule 436(c) under the Securities Act of 1933, such review report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of sections 7 and 11 of the Act.

/s/ KPMG Peat Marwick LLP

New York, New York  
August 10, 1995