

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 20, 2010 (12 weeks)

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number 1-1183



PepsiCo, Inc.

(Exact Name of Registrant as Specified in its Charter)

North Carolina

(State or Other Jurisdiction of
Incorporation or Organization)

13-1584302

(I.R.S. Employer
Identification No.)

700 Anderson Hill Road, Purchase, New York

(Address of Principal Executive Offices)

10577

(Zip Code)

914-253-2000

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

(Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Number of shares of Common Stock outstanding as of April 16, 2010: 1,612,718,843

PEPSICO, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements.

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in millions except per share amounts, unaudited)

	12 Weeks Ended	
	3/20/10	3/21/09
Net Revenue	\$ 9,368	\$ 8,263
Cost of sales	4,463	3,744
Selling, general and administrative expenses	4,049	2,921
Amortization of intangible assets	16	10
Operating Profit	840	1,588
Bottling equity income	709	25
Interest expense	(154)	(98)
Interest income	6	—
Income before income taxes	1,401	1,515
(Benefit from)/provision for income taxes	(33)	374
Net income	1,434	1,141
Less: Net income attributable to noncontrolling interests	4	6
Net Income Attributable to PepsiCo	\$ 1,430	\$ 1,135
Net Income Attributable to PepsiCo per Common Share		
Basic	\$ 0.90	\$ 0.73
Diluted	\$ 0.89	\$ 0.72
Cash Dividends Declared per Common Share	\$ 0.45	\$ 0.425

See accompanying [Notes to the Condensed Consolidated Financial Statements](#).

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions, unaudited)

	12 Weeks Ended	
	3/20/10	3/21/09
Operating Activities		
Net income	\$ 1,434	\$ 1,141
Depreciation and amortization	376	314
Stock-based compensation expense	47	54
2009 restructuring and impairment charges	–	25
Cash payments for 2009 restructuring charges	(26)	(124)
PBG/PAS merger and integration costs	321	–
Cash payments for PBG/PAS merger and integration costs	(85)	–
Gain on previously held equity interests in PBG and PAS	(958)	–
Asset write-off	145	–
Non-cash foreign exchange loss related to Venezuela devaluation	120	–
Excess tax benefits from share-based payment arrangements	(29)	(7)
Pension and retiree medical plan contributions	(640)	(1,042)
Pension and retiree medical plan expenses	113	96
Bottling equity income, net of dividends	46	(6)
Deferred income taxes and other tax charges and credits	(127)	(2)
Change in accounts and notes receivable	(155)	(114)
Change in inventories	309	(139)
Change in prepaid expenses and other current assets	(98)	(203)
Change in accounts payable and other current liabilities	(616)	(413)
Change in income taxes payable	186	223
Other, net	(122)	(69)
Net Cash Provided by/(Used for) Operating Activities	<u>241</u>	<u>(266)</u>
Investing Activities		
Capital spending	(274)	(298)
Sales of property, plant and equipment	16	8
Acquisitions of PBG and PAS, net of cash and cash equivalents acquired	(2,833)	–
Acquisition of manufacturing and distribution rights from Dr Pepper Snapple Group, Inc. (DPSG)	(900)	–
Other acquisitions and investments in noncontrolled affiliates	(15)	(27)
Short-term investments, by original maturity		
More than three months – purchases	(4)	(23)
More than three months – maturities	8	18
Three months or less, net	(6)	12
Other investing, net	(3)	–
Net Cash Used for Investing Activities	<u>(4,011)</u>	<u>(310)</u>
Financing Activities		
Proceeds from issuances of long-term debt	4,216	1,044
Payments of long-term debt	(7)	(39)
Short-term borrowings, by original maturity		
More than three months – proceeds	21	12
More than three months – payments	(3)	(45)
Three months or less, net	1,010	362
Cash dividends paid	(712)	(669)
Share repurchases – common	(735)	–
Share repurchases – preferred	(1)	(1)
Proceeds from exercises of stock options	267	91
Excess tax benefits from share-based payment arrangements	29	7
Acquisition of noncontrolling interest in Lebedyansky from PBG	(159)	–
Other financing	(5)	–
Net Cash Provided by Financing Activities	<u>3,921</u>	<u>762</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(145)	(62)
Net Increase in Cash and Cash Equivalents	6	124
Cash and Cash Equivalents – Beginning of year	3,943	2,064
Cash and Cash Equivalents – End of period	<u>\$ 3,949</u>	<u>\$ 2,188</u>
Non-cash activity:		
Issuance of common stock and equity awards in connection with our acquisitions of PBG and PAS,	\$ 4,451	\$ –

as reflected in investing and financing activities

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See accompanying [Notes to the Condensed Consolidated Financial Statements](#).

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions)

	(Unaudited) 3/20/10	12/26/09
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,949	\$ 3,943
Short-term investments	198	192
Accounts and notes receivable, less allowance: 3/10 – \$162, 12/09 – \$90	6,204	4,624
Inventories		
Raw materials	1,644	1,274
Work-in-process	184	165
Finished goods	1,455	1,179
	<u>3,283</u>	<u>2,618</u>
Prepaid expenses and other current assets	1,631	1,194
Total Current Assets	15,265	12,571
Property, Plant and Equipment	31,277	24,912
Accumulated Depreciation	<u>(12,427)</u>	<u>(12,241)</u>
	18,850	12,671
Amortizable Intangible Assets, net	2,048	841
Goodwill	13,156	6,534
Other Nonamortizable Intangible Assets	12,302	1,782
Nonamortizable Intangible Assets	25,458	8,316
Investments in Noncontrolled Affiliates	1,381	4,484
Other Assets	1,142	965
Total Assets	<u>\$ 64,144</u>	<u>\$ 39,848</u>

Continued on next page.

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (continued)
(in millions except per share amounts)

	(Unaudited) 3/20/10	12/26/09
Liabilities and Equity		
Current Liabilities		
Short-term obligations	\$ 1,974	\$ 464
Accounts payable and other current liabilities	9,553	8,127
Income taxes payable	127	165
Total Current Liabilities	11,654	8,756
Long-term Debt Obligations	19,884	7,400
Other Liabilities	6,607	5,591
Deferred Income Taxes	4,143	659
Total Liabilities	42,288	22,406
Commitments and Contingencies		
Preferred Stock, no par value	41	41
Repurchased Preferred Stock	(146)	(145)
PepsiCo Common Shareholders' Equity		
Common stock, par value 1 2/3 cents per share:		
Authorized 3,600 shares, issued 3/10 – 1,865 shares, 12/09 – 1,782 shares	31	30
Capital in excess of par value	4,510	250
Retained earnings	34,496	33,805
Accumulated other comprehensive loss	(3,569)	(3,794)
Less: repurchased common stock, at cost:		
3/10 – 239 shares, 12/09 – 217 shares	(13,782)	(13,383)
Total PepsiCo Common Shareholders' Equity	21,686	16,908
Noncontrolling interests	275	638
Total Equity	21,856	17,442
Total Liabilities and Equity	\$ 64,144	\$ 39,848

See accompanying [Notes to the Condensed Consolidated Financial Statements](#).

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(in millions, unaudited)

	12 Weeks Ended			
	3/20/10		3/21/09	
	Shares	Amount	Shares	Amount
Preferred Stock	<u>0.8</u>	<u>\$ 41</u>	<u>0.8</u>	<u>\$ 41</u>
Repurchased Preferred Stock				
Balance, beginning of year	(0.6)	(145)	(0.5)	(138)
Redemptions	(–)	(1)	(–)	(1)
Balance, end of period	<u>(0.6)</u>	<u>(146)</u>	<u>(0.5)</u>	<u>(139)</u>
Common Stock				
Balance, beginning of year	1,782	30	1,782	30
Shares issued in connection with our acquisitions of PBG and PAS	83	1	–	–
Balance, end of period	<u>1,865</u>	<u>31</u>	<u>1,782</u>	<u>30</u>
Capital in Excess of Par Value				
Balance, beginning of year		250		351
Stock-based compensation expense		47		54
Stock option exercises/RSUs converted ^(a)		(248)		(141)
Withholding tax on RSUs converted		(29)		(31)
Equity issued in connection with our acquisitions of PBG and PAS		4,451		–
Other		39		–
Balance, end of period		<u>4,510</u>		<u>233</u>
Retained Earnings				
Balance, beginning of year		33,805		30,638
Net income attributable to PepsiCo		1,430		1,135
Cash dividends declared – common		(744)		(662)
Cash dividends declared – preferred		–		(1)
Cash dividends declared – RSUs		(2)		(1)
Other		7		–
Balance, end of period		<u>34,496</u>		<u>31,109</u>
Accumulated Other Comprehensive Loss				
Balance, beginning of year		(3,794)		(4,694)
Currency translation adjustment		120		(1,018)
Cash flow hedges, net of tax:				
Net derivative losses		(48)		(9)
Reclassification of derivative losses to net income		18		3
Reclassification of pension and retiree medical losses to net income, net of tax		136		25
Unrealized losses on securities, net of tax		(1)		(5)
Balance, end of period		<u>(3,569)</u>		<u>(5,698)</u>
Repurchased Common Stock				
Balance, beginning of year	(217)	(13,383)	(229)	(14,122)
Share repurchases	(14)	(940)	–	–
Stock option exercises	7	434	2	147
Other	(15)	107	1	83
Balance, end of period	<u>(239)</u>	<u>(13,782)</u>	<u>(226)</u>	<u>(13,892)</u>
Total Common Shareholders' Equity		<u>21,686</u>		<u>11,782</u>
Noncontrolling Interests				
Balance, beginning of year		638		476
Net income attributable to noncontrolling interests		4		6
Distributions to noncontrolling interests, net		(352)		–
Currency translation adjustment		(15)		(87)
Balance, end of period		<u>275</u>		<u>395</u>
Total Equity		<u>\$ 21,856</u>		<u>\$ 12,079</u>

(a) Includes total tax benefit/(shortfall) of \$18 million in 2010 and \$(1) million in 2009.

See accompanying [Notes to the Condensed Consolidated Financial Statements](#).

PEPSICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
(in millions, unaudited)

	12 Weeks Ended	
	<u>3/20/10</u>	<u>3/21/09</u>
Net Income	\$ 1,434	\$ 1,141
Other Comprehensive Income		
Currency translation adjustment	105	(1,105)
Reclassification of pension and retiree medical losses to net income, net of tax	136	25
Cash flow hedges, net of tax:		
Net derivative losses	(48)	(9)
Reclassification of derivative losses to net income	18	3
Unrealized losses on securities, net of tax	(1)	(5)
	210	(1,091)
Comprehensive Income	1,644	50
Comprehensive loss attributable to noncontrolling interests	11	81
Comprehensive Income Attributable to PepsiCo	<u>\$ 1,655</u>	<u>\$ 131</u>

See accompanying [Notes to the Condensed Consolidated Financial Statements](#).

PEPSICO, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation and Our Divisions

Basis of Presentation

Our Condensed Consolidated Balance Sheet as of March 20, 2010 and the Condensed Consolidated Statements of Income, Cash Flows, Equity and Comprehensive Income for the 12 weeks ended March 20, 2010 and March 21, 2009 have not been audited. These statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009. In our opinion, these financial statements include all normal and recurring adjustments necessary for a fair presentation. The results for the 12 weeks are not necessarily indicative of the results expected for the full year.

While the majority of our results are reported on a period basis, most of our international operations report on a monthly calendar basis for which the months of January and February are reflected in our first quarter results.

On February 26, 2010, we completed our acquisitions of The Pepsi Bottling Group, Inc. (PBG) and PepsiAmericas, Inc. (PAS). The results of the acquired companies in the U.S. and Canada are reflected in our condensed consolidated results as of the acquisition date, and the international results of the acquired companies will be reported as of the beginning of our second quarter 2010, consistent with our monthly international reporting calendar. The results of the acquired companies in the U.S., Canada and Mexico are reported within our PAB segment, and the results of the acquired companies in Europe, including Russia, are reported within our Europe segment. Prior to our acquisitions of PBG and PAS, we recorded our share of equity income or loss from the acquired companies in bottling equity income in our income statement. Subsequent to our acquisitions of PBG and PAS, we continue to record our share of equity income or loss from Pepsi Bottling Ventures LLC in bottling equity income and our share of income or loss from other noncontrolled affiliates as a component of selling, general and administrative expenses. Additionally, in connection with our acquisitions of PBG and PAS, we recorded a gain on our previously held equity interests of \$958 million, comprising \$735 million which is non-taxable and recorded in bottling equity income and \$223 million related to the reversal of deferred tax liabilities associated with these previously held equity interests. See also [Acquisitions of PBG and PAS](#) and [Items Affecting Comparability](#) in Management's Discussion and Analysis of Financial Condition and Results of Operations.

As of the beginning of our 2010 fiscal year, the results of our Venezuelan businesses are reported under hyperinflationary accounting. See [Our Business Risks](#) and [Items Affecting Comparability](#) in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Our significant interim accounting policies include the recognition of a pro rata share of certain estimated annual sales incentives, and certain advertising and marketing costs, generally in proportion to revenue, and the recognition of income taxes using an estimated annual effective tax rate. Raw materials, direct labor and plant overhead, as well as purchasing and receiving costs, costs directly related to production planning, inspection costs and raw material handling facilities, are included in cost of sales. The costs of moving, storing and delivering finished product are included in selling, general and administrative expenses.

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The following information is unaudited. Tabular dollars are presented in millions, except per share amounts. All per share amounts reflect common per share amounts, assume dilution unless otherwise noted, and are based on unrounded amounts. This report should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 26, 2009.

Our Divisions

We are now organized into four business units, as follows:

1. PepsiCo Americas Foods (PAF), which includes Frito-Lay North America (FLNA), Quaker Foods North America (QFNA) and all of our Latin American food and snack businesses (LAF), including our Sabritas and Gamesa businesses in Mexico;
2. PepsiCo Americas Beverages (PAB), which includes PepsiCo Beverages Americas and Pepsi Beverages Company;
3. PepsiCo Europe, which includes all beverage, food and snack businesses in Europe; and
4. PepsiCo Asia, Middle East and Africa (AMEA), which includes all beverage, food and snack businesses in AMEA.

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

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

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	12 Weeks Ended			
	Net Revenue		Operating Profit	
	3/20/10	3/21/09	3/20/10	3/21/09
FLNA	\$ 3,067	\$ 3,000	\$ 770	\$ 697
QFNA	480	485	153	175
LAF	983	867	145	164
PAB	2,765	2,088	73	425
Europe	993	947	113	98
AMEA	1,080	876	160	136
Total division	9,368	8,263	1,414	1,695
Corporate Unallocated				
Net impact of mark-to-market on commodity hedges	-	-	46	62
PBG/PAS merger and integration costs	-	-	(88)	-
Venezuela currency devaluation	-	-	(129)	-
Asset write-off	-	-	(145)	-
Foundation contribution	-	-	(100)	-
Other	-	-	(158)	(169)
	<u>\$ 9,368</u>	<u>\$ 8,263</u>	<u>\$ 840</u>	<u>\$ 1,588</u>

	Total Assets	
	3/20/10	12/26/09
FLNA	\$ 6,231	\$ 6,337
QFNA	960	997
LAF	3,557	3,575
PAB ^(a)	32,112	7,670
Europe ^(a)	12,460	9,321
AMEA	5,180	4,937
Total division	60,500	32,837
Corporate	3,408	3,933
Investments in bottling affiliates ^(a)	236	3,078
	<u>\$64,144</u>	<u>\$ 39,848</u>

^(a) Change in 2010 relates primarily to our acquisitions of PBG and PAS.

Acquisitions of PBG and PAS

On February 26, 2010, PepsiCo announced that pursuant to the terms of merger agreements entered into on August 3, 2009 (the “Merger Agreements”), PBG and PAS merged with and into Pepsi-Cola Metropolitan Bottling Company, Inc. (“Metro”), with Metro continuing as the surviving corporation and a wholly owned subsidiary of PepsiCo. We acquired PBG and PAS to create a more fully integrated supply chain and go-to-market business model, improving the effectiveness and efficiency of the distribution of our brands and enhancing our revenue growth. The total purchase price was approximately \$12.6 billion, which included \$8.3 billion of cash and equity and the fair value of our previously held equity interests in PBG and PAS of \$4.3 billion.

Under the terms of the Merger Agreements: (i) each outstanding share of common stock of PBG not held by Metro, PepsiCo or a subsidiary of PepsiCo or held by PBG as treasury stock (each, a “PBG Share”) was canceled and converted into the right to receive, at the holder’s election, either 0.6432 shares of common stock of PepsiCo (the “PBG Per Share Stock Consideration”) or \$36.50 in cash, without interest (the “PBG Cash Election Price”), subject to proration provisions which provide that an aggregate 50% of such outstanding PBG Shares were converted into the right to receive common stock of PepsiCo and an aggregate 50% of such outstanding PBG Shares were converted into the right to receive cash and each PBG Share and share of Class B common stock of PBG held by Metro, PepsiCo or a subsidiary of PepsiCo was canceled or converted to the right to receive 0.6432 shares of common stock of PepsiCo; and (ii) each outstanding share of common stock of PAS not held by Metro, PepsiCo or a subsidiary of PepsiCo or held by PAS as treasury stock (each, a “PAS Share”) was canceled and converted into the right to receive, at the holder’s election, either 0.5022 shares of common stock of PepsiCo (the “PAS Per Share Stock Consideration”) or \$28.50 in cash, without interest (the “PAS Cash Election Price”), subject to proration provisions which provide that an aggregate 50% of such outstanding PAS Shares were converted into the right to receive common stock of PepsiCo and an aggregate 50% of such outstanding PAS Shares were converted into the right to receive cash and each PAS Share held by Metro, PepsiCo or a subsidiary of PepsiCo was canceled or converted into the right to receive 0.5022 shares of common stock of PepsiCo.

Each PBG or PAS stock option was converted into an adjusted PepsiCo stock option to acquire a number of shares of PepsiCo common stock, determined by multiplying the number of shares of PBG or PAS common stock subject to the PBG or PAS stock option by an exchange ratio (the “Closing Exchange Ratio”) equal to the closing price of a share of PBG or PAS common stock on the business day immediately before the acquisition date divided by the closing price of a share of PepsiCo common stock on the business day immediately before the acquisition date. The exercise price per share of PepsiCo common stock subject to the adjusted PepsiCo stock option is equal to the per share exercise price of PBG or PAS stock option divided by the Closing Exchange Ratio.

Each PBG restricted stock unit (RSU) was adjusted so that its holder is entitled to receive, upon settlement, a number of shares of PepsiCo common stock equal to the number of shares of PBG common stock subject to the PBG RSU multiplied by the PBG Per Share Stock Consideration. PBG performance-based RSUs were converted into PepsiCo RSUs based on 100% target achievement, and, following conversion, remain subject to continued service of the holder. Each PBG RSU held by a non-employee director was vested and canceled at the acquisition date, and, in exchange for cancellation of the PBG RSU, the holder received the PBG Per Share Stock Consideration for each share of PBG common stock subject to the PBG RSU.

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Each cash-settled PAS RSU was canceled in exchange for a cash payment equal to the closing price of a share of PAS common stock on the business day immediately before the closing of the PAS merger for each share of PAS common stock subject to each PAS RSU. Each PAS restricted share was converted into either the PAS Per Share Stock Consideration or the PAS Cash Election Price, at the election of the holder, with the same proration procedures applicable to PAS stockholders described above.

Pursuant to the terms of PBG's executive retention arrangements, PBG equity awards granted to certain executives prior to the PBG merger vest immediately upon a qualifying termination of the executive's employment except for certain PBG executives whose equity awards vested immediately at the effective time of the PBG merger pursuant to the terms of PepsiCo's executive retention agreements. Each PAS equity award granted prior to the PAS merger vested immediately at the effective time of the PAS merger pursuant to the original terms of the awards.

Prior to the mergers, we had equity investments in PBG and PAS. In addition to approximately 32% of PBG's outstanding common stock that we owned at year-end 2009, we owned 100% of PBG's class B common stock and approximately 7% of the equity of Bottling Group, LLC, PBG's principal operating subsidiary. At year-end 2009, we owned approximately 43% of the outstanding common stock of PAS.

The guidance on accounting for business combinations requires that an acquirer remeasure its previously held equity interest in an acquiree at its acquisition date fair value and recognize the resulting gain or loss in earnings. Thus, in connection with our acquisitions of PBG and PAS, the carrying amounts of our previously held equity interests in PBG and PAS were revalued to fair value at the acquisition date, resulting in a gain in the first quarter of 2010 of \$958 million, comprising \$735 million which is non-taxable and recorded in bottling equity income and \$223 million related to the reversal of deferred tax liabilities associated with these previously held equity interests.

As discussed in *Debt Obligations and Commitments*, in January 2010, we issued \$4.25 billion of fixed and floating rate notes. A portion of the net proceeds from the issuance of these notes was used to finance our acquisitions of PBG and PAS.

Our actual stock price on February 25, 2010 (the last trading day prior to the closing of the mergers) was used to determine the value of stock, stock options and RSUs issued as consideration in connection with our acquisitions of PBG and PAS and thus to calculate the actual purchase price.

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The table below represents the computation of the purchase price excluding assumed debt and the fair value of our previously held equity interests in PBG and PAS as of the acquisition date:

	Total Number of Shares/Awards Issued	Total Estimated Fair Value
Payment in cash, for the remaining (not owned by PepsiCo and its subsidiaries) outstanding shares of PBG and PAS common stock and equity awards vested at consummation of merger	–	\$ 3,813
Payment to PBG and PAS of shares of PepsiCo common stock for the remaining (not owned by PepsiCo and its subsidiaries) outstanding shares of PBG and PAS common stock and equity awards vested at consummation of merger	67	4,175
Issuance of PepsiCo equity awards (vested and unvested) to replace existing PBG and PAS equity awards	16	276
Total purchase price	<u>83</u>	<u>\$ 8,264</u>

The following table summarizes the preliminary estimates of the fair value of identifiable assets acquired and liabilities assumed in the PBG and PAS acquisitions and the resulting goodwill as of the acquisition date. The preliminary estimates of the fair value of identifiable assets acquired and liabilities assumed are subject to revisions, which may result in adjustments to the preliminary values presented below, when appraisals are finalized. We expect to finalize these amounts as soon as possible but no later than by the end of 2010.

	Preliminary Estimates of Acquisition Date Fair Value
Inventory	\$ 983
Property, plant and equipment	6,568
Amortizable intangible assets	1,219
Nonamortizable intangible assets, primarily reacquired franchise rights	9,654
Other current assets and current liabilities ^(a)	764
Other noncurrent assets	278
Debt obligations	(8,814)
Pension and retiree medical benefits	(959)
Other noncurrent liabilities	(455)
Deferred income taxes	(3,683)
Total identifiable net assets	<u>5,555</u>
Goodwill	6,684
Subtotal	<u>12,239</u>
Fair value of acquisition of noncontrolling interest	317
Total purchase price	<u>\$ 12,556</u>

^(a) Includes cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable and other current liabilities.

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Goodwill is calculated as the excess of the purchase price paid over the net assets recognized. The goodwill recorded as part of the PBG and PAS acquisitions primarily reflects the value of adding PBG and PAS to PepsiCo to create a more fully integrated supply chain and go-to-market business model, as well as any intangible assets that do not qualify for separate recognition. Goodwill is not amortizable nor deductible for tax purposes. While the final calculation of goodwill and its allocation among reporting units is not complete, substantially all of the goodwill is recorded in our PAB segment.

In connection with our acquisitions of PBG and PAS, we reacquired certain franchise rights which had previously provided PBG and PAS with the exclusive and perpetual rights to manufacture and/or distribute beverages for sale in specified territories. Reacquired franchise rights totaling \$8.5 billion were assigned a perpetual life and are, therefore, not amortizable. Amortizable acquired franchise rights of \$0.9 billion have weighted-average estimated useful lives of 43 years. Other amortizable intangible assets, primarily customer relationships, have weighted-average estimated useful lives of 20 years.

Under the guidance on accounting for business combinations, merger and integration costs are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred. See [Restructuring, Impairment and Integration Charges](#) for details on the expenses incurred during the 12 weeks ended March 20, 2010.

The following table presents unaudited consolidated pro forma financial information as if the closing of our acquisitions of PBG and PAS had occurred on December 27, 2009 for purposes of the financial information presented for the 12 weeks ended March 20, 2010; and as if the closing of our acquisitions of PBG and PAS had occurred on December 28, 2008 for purposes of the financial information presented for the 12 weeks ended March 21, 2009.

	(unaudited) 12 Weeks Ended	
	3/20/10	3/21/09
Net Revenue	\$11,112	\$11,083
Net Income Attributable to PepsiCo	\$ 966	\$ 1,200
Net Income Attributable to PepsiCo per Common Share – Diluted	\$ 0.58 ^(a)	\$ 0.73

^(a) Includes PBG/PAS merger and integration costs, inventory fair value adjustments and the gain on previously held equity interests.

The unaudited consolidated pro forma financial information was prepared in accordance with the acquisition method of accounting under existing standards, and the regulations of the U.S. Securities and Exchange Commission, and is not necessarily indicative of the results of operations that would have occurred if our acquisitions of PBG and PAS had been completed on the dates indicated, nor is it indicative of the future operating results of PepsiCo.

The historical unaudited consolidated financial information has been adjusted to give effect to pro forma events that are (1) directly attributable to the acquisitions, (2) factually supportable, and (3) expected to have a continuing impact on the combined results of PepsiCo, PBG and PAS.

The unaudited pro forma results have been adjusted with respect to certain aspects of our acquisitions of PBG and PAS to reflect:

- the consummation of the acquisitions;

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- consolidation of PBG and PAS which are now owned 100% by PepsiCo and the corresponding gain resulting from the remeasurement of our previously held equity interests in PBG and PAS;
- the elimination of related party transactions between PepsiCo and PBG, and PepsiCo and PAS;
- changes in assets and liabilities to record their preliminary estimated acquisition date fair values and changes in certain expenses resulting therefrom;
- additional indebtedness, including, but not limited to, debt issuance costs and interest expense, incurred in connection with the acquisitions; and
- merger and integration charges associated with the acquisitions.

The unaudited pro forma results do not reflect future events that may occur after the acquisitions, including, but not limited to, the anticipated realization of ongoing savings from operating synergies in subsequent periods. They also do not give effect to certain one-time charges we expect to incur in connection with the acquisitions, including, but not limited to, charges that are expected to achieve ongoing cost savings and synergies.

Intangible Assets

	<u>3/20/10</u>	<u>12/26/09</u>
<i>Amortizable intangible assets, net</i>		
Acquired franchise rights	\$ 886	\$ –
Reacquired franchise rights	140	–
Brands	1,455	1,465
Other identifiable intangibles	705	505
	<u>3,186</u>	<u>1,970</u>
Accumulated amortization	<u>(1,138)</u>	<u>(1,129)</u>
	<u>\$ 2,048</u>	<u>\$ 841</u>

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The change in the book value of nonamortizable intangible assets is as follows:

	Balance 12/26/09	Acquisitions	Translation and Other	Balance 3/20/10
FLNA				
Goodwill	\$ 306	\$ –	\$ 7	\$ 313
Brands	30	–	1	31
	<u>336</u>	<u>–</u>	<u>8</u>	<u>344</u>
QFNA				
Goodwill	175	–	–	175
LAF				
Goodwill	479	–	–	479
Brands	136	–	1	137
	<u>615</u>	<u>–</u>	<u>1</u>	<u>616</u>
PAB^(a)				
Goodwill	2,431	6,461	37	8,929
Reacquired franchise rights	–	7,659	38	7,697
Acquired franchise rights	–	689	903 ^(b)	1,592
Brands	112	–	(3)	109
	<u>2,543</u>	<u>14,809</u>	<u>975</u>	<u>18,327</u>
Europe^(a)				
Goodwill	2,624	223	(108)	2,739
Reacquired franchise rights	–	806	–	806
Acquired franchise rights	–	500	–	500
Brands	1,378	–	(76)	1,302
	<u>4,002</u>	<u>1,529</u>	<u>(184)</u>	<u>5,347</u>
AMEA				
Goodwill	519	–	2	521
Brands	126	–	2	128
	<u>645</u>	<u>–</u>	<u>4</u>	<u>649</u>
Total goodwill	6,534	6,684	(62)	13,156
Total reacquired franchise rights	–	8,465	38	8,503
Acquired franchise rights	–	1,189	903	2,092
Total brands	1,782	–	(75)	1,707
	<u>\$ 8,316</u>	<u>\$ 16,338</u>	<u>\$ 804</u>	<u>\$ 25,458</u>

^(a) Net increases in 2010 relate primarily to our acquisitions of PBG and PAS.

^(b) Includes \$900 million related to our upfront payment to Dr Pepper Snapple Group (DPSG) to manufacture and distribute Dr Pepper and certain other DPSG products.

Stock-Based Compensation

In connection with our acquisition of PBG, we issued 13.4 million stock options and 2.7 million RSUs at a weighted-average grant price of \$42.89 and \$62.30, respectively, to replace previously held PBG equity awards. In connection with our acquisition of PAS, we issued 0.4 million stock options at a weighted-average grant price of \$31.72 to replace previously held PAS equity awards. Our equity issuances included 8.3 million stock options and 0.6 million RSUs which were vested at the acquisition date and were included in the purchase price consideration. The remaining 5.5 million stock options and 2.1 million RSUs issued are unvested and are being amortized over their remaining vesting period, up to 3 years.

For the 12 weeks in 2010, we recognized stock-based compensation expense of \$74 million (\$47 million recorded as stock-based compensation expense and \$27 million included in PBG/PAS merger and integration charges). Of the \$74 million, \$32 million was related to the unvested acquisition-related grants described above. For the 12 weeks in 2009, we recognized stock-based compensation expense of \$54 million.

In connection with our acquisitions of PBG and PAS, The Compensation Committee of PepsiCo's Board of Directors elected to delay the annual equity award grant from the first quarter of 2010 to the second quarter of 2010, in order to ensure that all eligible employees receive grants on the same date and at the same market price.

Our weighted-average Black-Scholes fair value assumptions are as follows:

	12 Weeks Ended	
	3/20/10	3/21/09
Expected life	4 yrs.	6 yrs.
Risk free interest rate	1.6%	2.8%
Expected volatility ^(a)	18%	17%
Expected dividend yield	2.8%	3.0%

^(a) Reflects movements in our stock price over the most recent historical period equivalent to the expected life.

Pension and Retiree Medical Benefits

In connection with our acquisitions of PBG and PAS, we assumed sponsorship of pension and retiree medical plans that provide defined benefits to U.S. and certain international employees. As of the acquisition date, we preliminarily estimated and recorded the following assets and liabilities for these plans and recorded the net funded status:

	Pension		Retiree Medical
	<u>U.S.</u>	<u>International</u>	
Fair value of plan assets	\$1,633	\$ 52	\$ –
Projected benefit liability	2,161	90	393
Funded status	\$ (528)	\$ (38)	\$ (393)

The components of net periodic benefit cost for pension and retiree medical plans (including, in 2010, the preliminary estimate of the impact of our acquisitions of PBG and PAS) are as follows:

	12 Weeks Ended					
	Pension				Retiree Medical	
	<u>3/20/10</u>	<u>3/21/09</u>	<u>3/20/10</u>	<u>3/21/09</u>	<u>3/20/10</u>	<u>3/21/09</u>
	U.S.		International			
Service cost	\$ 61	\$ 55	\$ 14	\$ 8	\$ 12	\$ 10
Interest cost	98	86	18	14	20	19
Expected return on plan assets	(125)	(107)	(22)	(18)	–	–
Amortization of prior service cost/(benefit)	3	3	–	1	(4)	(4)
Amortization of experience loss	25	25	4	1	1	3
	62	62	14	6	29	28
Special termination benefits	8	–	–	–	–	–
Total expense	\$ 70	\$ 62	\$ 14	\$ 6	\$ 29	\$ 28

Income Taxes

A rollforward of our reserves for all federal, state and foreign tax jurisdictions, is as follows:

	3/20/10	12/26/09
Balance, beginning of year	\$ 1,731	\$ 1,711
Additions for tax positions related to the current year	38	238
Additions for tax positions from prior years	386	79
Reductions for tax positions from prior years	(372)	(236)
Settlement payments	–	(64)
Statute of limitations expiration	(1)	(4)
Translation and other	–	7
Balance, end of period	<u>1,782^(a)</u>	<u>\$ 1,731</u>

^(a) Includes a preliminary estimate of amounts related to our acquisitions of PBG and PAS.

Net Income Attributable to PepsiCo per Common Share

The computations of basic and diluted net income attributable to PepsiCo per common share are as follows:

	12 Weeks Ended			
	3/20/10		3/21/09	
	Income	Shares^(a)	Income	Shares^(a)
Net income attributable to PepsiCo	\$ 1,430		\$ 1,135	
Preferred shares:				
Dividends	–		–	
Redemption premium	(1)		(1)	
Net income available for PepsiCo common shareholders	<u>\$ 1,429</u>	<u>1,582</u>	<u>\$ 1,134</u>	<u>1,555</u>
Basic net income attributable to PepsiCo per common share	<u>\$ 0.90</u>		<u>\$ 0.73</u>	
Net income available for PepsiCo common shareholders	\$ 1,429	1,582	\$ 1,134	1,555
Dilutive securities:				
Stock options and RSUs ^(b)	–	23	–	14
ESOP convertible preferred stock	1	1	1	1
Diluted	<u>\$ 1,430</u>	<u>1,606</u>	<u>\$ 1,135</u>	<u>1,570</u>
Diluted net income attributable to PepsiCo per common share	<u>\$ 0.89</u>		<u>\$ 0.72</u>	

^(a) Weighted-average common shares outstanding.

^(b) Options to purchase 20.7 million shares in 2010 and 55.3 million shares in 2009 were not included in the calculation of earnings per share because these options were out-of-the-money. Out-of-the-money options had an average exercise price of \$67.02 in 2010 and \$59.43 in 2009.

Debt Obligations and Commitments

In the first quarter of 2010, we issued \$4.25 billion of fixed and floating rate notes. The issuance was comprised of \$1.25 billion of floating rate senior unsecured notes maturing in 2011 (the “2011 Floating Rate Notes”), \$1.0 billion of 3.10% senior unsecured notes maturing in 2015, \$1.0 billion

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of 4.50% senior unsecured notes maturing in 2020 and \$1.0 billion of 5.50% senior unsecured notes maturing in 2040. The 2011 Floating Rate Notes bear interest at a rate equal to the three-month London Inter-Bank Offered Rate (“LIBOR”) plus 3 basis points. A portion of the net proceeds from the issuance of these notes was used to finance our acquisitions of PBG and PAS. The remainder of the net proceeds from the issuance of these notes was designated for general corporate purposes.

On February 26, 2010, in connection with the transactions contemplated by the PBG Merger Agreement, Metro, PBG, Bottling Group, LLC and The Bank of New York Mellon (as successor to The Chase Manhattan Bank) (the PBG Trustee) entered into a First Supplemental Indenture (the PBG Supplemental Indenture) to the Indenture dated March 8, 1999 (the PBG Indenture) between PBG, Bottling Group, LLC and the PBG Trustee. Pursuant to the PBG Supplemental Indenture, Metro assumed the due and punctual payment of the principal of (and premium, if any) and interest on the 7.00% Senior Notes due March 1, 2029 (the 7.00% Notes) under the PBG Indenture. As of March 20, 2010, the outstanding principal amount of the 7.00% Notes was approximately \$1 billion. The 7.00% Notes are guaranteed by Bottling Group, LLC.

On February 26, 2010, in connection with the transactions contemplated by the PAS Merger Agreement, Metro, PAS and The Bank New York Mellon Trust Company, N.A. (as ultimate successor in interest to The First National Bank of Chicago) (the PAS IL Trustee) entered into a Second Supplemental Indenture (the PAS IL Supplemental Indenture) to the Indenture dated January 15, 1993 (the PAS IL Indenture) between PAS and the PAS IL Trustee. Pursuant to the PAS IL Supplemental Indenture, Metro assumed the due and punctual payment of the principal of (and premium, if any) and interest on the 7.625% Notes due 2015 (the 7.625% Notes), the 7.29% Notes due 2026 (the 7.29% Notes), the 7.44% Notes due 2026 (the 7.44% Notes) and the 4.50% Notes due 2013 (the 4.50% Notes) under the PAS IL Indenture. As of March 20, 2010, the outstanding principal amount of the 7.625% Notes was approximately \$9 million, the outstanding principal amount of the 7.29% Notes was approximately \$100 million, the outstanding principal amount of the 7.44% Notes was approximately \$25 million and the outstanding principal amount of the 4.50% Notes was approximately \$150 million.

On February 26, 2010, also in connection with the transactions contemplated by the PAS Merger Agreement, Metro, PAS and Wells Fargo Bank, National Association (the PAS MN Trustee, formerly known as Wells Fargo Bank Minnesota, National Association) entered into a First Supplemental Indenture (the PAS MN Supplemental Indenture) to the Indenture dated August 15, 2003 (the PAS MN Indenture) between PAS and the PAS MN Trustee. Pursuant to the PAS MN Supplemental Indenture, Metro assumed the due and punctual payment of the principal of (and premium, if any) and interest on the 5.625% Notes due 2011 (the 5.625% Notes), the 5.75% Notes due 2012 (the 5.75% Notes), the 4.375% Notes due 2014 (the 4.375% Notes), the 4.875% Notes due 2015 (the 4.875% Notes), the 5.00% Notes due 2017 (the 5.00% Notes) and the 5.50% Notes due 2035 (the 5.50% Notes) under the PAS MN Indenture. As of March 20, 2010, the outstanding principal amount of the 5.625% Notes was approximately \$250 million, the outstanding principal amount of the 5.75% Notes was approximately \$300 million, the outstanding principal amount of the 4.375% Notes was approximately \$350 million, the outstanding principal amount of the 4.875% Notes was approximately \$300 million, the outstanding principal amount of the 5.00% Notes was approximately \$250 million and the outstanding principal amount of the 5.50% Notes was approximately \$250 million.

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As a result of the transactions contemplated by the PBG Merger Agreement, Bottling Group, LLC, which was previously a subsidiary of PBG, became a wholly-owned subsidiary of Metro. Bottling Group, LLC currently has issued and outstanding approximately \$1 billion of its 4.625% Senior Notes due 2012 (the 4.625% Notes), \$250 million of its 4.125% Senior Notes due 2015, \$400 million of its 5.00% Senior Notes due 2013, \$800 million of 5.50% Senior Notes due 2016, \$1.3 billion of its 6.95% Senior Notes due 2014 (the 6.95% Notes) and \$750 million of its 5.125% Senior Notes due 2019. Bottling Group, LLC's 4.625% Notes and 6.95% Notes are guaranteed by PepsiCo.

As of March 20, 2010, the long-term debt acquired from our anchor bottlers (including debt previously issued by PBG, Bottling Group, LLC and PAS) in connection with our acquisitions of PBG and PAS has a total face value of approximately \$7.5 billion (fair value of \$8.4 billion) with a weighted-average stated interest rate of 5.7%. This acquired debt has a remaining weighted-average maturity of 7.5 years. See also [Acquisitions of PBG and PAS](#).

As previously disclosed, we entered into amendments to PBG's revolving credit facility (the Amended PBG Credit Facility) and PAS's revolving credit facility (the Amended PAS Credit Facility) and these amendments became effective on February 26, 2010. Under the Amended PBG Credit Facility, Metro is able to borrow up to \$1,080 million from time to time. Borrowings under the Amended PBG Credit Facility, which expires in October 2012, are guaranteed by PepsiCo. The Amended PBG Credit Facility was unused as of March 20, 2010. Under the Amended PAS Credit Facility, Metro is able to borrow up to \$540 million from time to time. Borrowings under the Amended PAS Credit Facility, which expires in June 2011, are guaranteed by PepsiCo. The Amended PAS Credit Facility was unused as of March 20, 2010.

As of March 20, 2010, short-term obligations totaled \$2.0 billion, of which \$1.2 billion was comprised of commercial paper.

Long-Term Contractual Commitments^(a)

	Payments Due by Period				
	Total	2010	2011 – 2012	2013 – 2014	2015 and beyond
Long-term debt obligations ^(b)	\$19,884	\$ –	\$4,080	\$4,540	\$ 11,264
Interest on debt obligations ^(c)	6,740	782	1,421	1,031	3,506
Operating leases	1,413	354	435	246	378
Purchasing commitments	2,965	733	1,342	645	245
Marketing commitments	790	186	340	92	172
Other commitments	11	–	11	–	–
	<u>\$31,803</u>	<u>\$2,055</u>	<u>\$7,629</u>	<u>\$6,554</u>	<u>\$ 15,565</u>

(a) Reflects non-cancelable commitments as of March 20, 2010 based on foreign exchange rates in effect at that time and excludes any reserves for uncertain tax positions as we are unable to reasonably predict the ultimate amount or timing of settlement.

(b) Excludes current maturities of long-term debt obligations of \$115 million. Includes \$156 million of principal and accrued interest related to our zero coupon notes.

(c) Interest payments on floating-rate debt are estimated using interest rates effective as of March 20, 2010.

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As of March 20, 2010, our total long-term contractual commitments totaled \$31.8 billion, an increase of \$18.1 billion from December 26, 2009. This increase is substantially due to the assumption of PBG's and PAS's outstanding debt, the issuance of new debt to finance our acquisitions of PBG and PAS, and the associated interest on debt.

Most long-term contractual commitments, except for our long-term debt obligations, are not recorded on our balance sheet. Non-cancelable operating leases primarily represent building leases. Non-cancelable purchasing commitments are primarily for packaging materials, oranges and orange juice and cooking oil. Non-cancelable marketing commitments are primarily for sports marketing. See [Pension and Retiree Medical Benefits](#) regarding our pension and retiree medical obligations.

Restructuring, Impairment and Integration Charges

In the first quarter of 2010, we incurred merger and integration charges of \$312 million related to our acquisitions of PBG and PAS, including \$193 million recorded in the PAB segment, \$1 million recorded in the Europe segment, \$88 million recorded in corporate unallocated expenses and \$30 million recorded in interest expense. All of these charges, other than the interest expense portion, were recorded in selling, general and administrative expenses. These charges are being incurred to help create a more fully integrated supply chain and go-to-market business model, to improve the effectiveness and efficiency of the distribution of our brands and to enhance our revenue growth. These charges also include closing costs, one-time financing costs and advisory fees related to our acquisitions of PBG and PAS. In addition, we recorded \$9 million of charges, representing our share of the respective merger costs of PBG and PAS, in bottling equity income. Substantially all cash payments related to the above charges are expected to be paid by the end of 2011. In total, these charges had an after-tax impact of \$261 million or \$0.16 per share. In the second half of 2009, we incurred \$50 million of charges related to the merger of PBG and PAS, of which substantially all was paid in 2009.

In the first quarter of 2009, we incurred a charge of \$25 million (\$19 million after-tax or \$0.01 per share) in conjunction with our Productivity for Growth program. Our Productivity for Growth program was completed in 2009 with total charges in 2009 of \$36 million (\$29 million after-tax or \$0.02 per share). These charges were recorded in selling, general and administrative expenses. The program included actions in all divisions of the business, including the closure of six plants that we believe will increase cost competitiveness across the supply chain, upgrade and streamline our product portfolio, and simplify the organization for more effective and timely decision-making. Substantially all cash payments related to these charges are expected to be paid by the end of 2010.

A summary of our restructuring, impairment and integration activity in the first quarter of 2010 is as follows:

	<u>Severance and Other Employee Costs^(a)</u>	<u>Asset Impairment</u>	<u>Other Costs</u>	<u>Total</u>
2010 merger and integration charges	\$ 83	\$ 98	\$ 140	\$ 321
Cash payments	(4)	–	(81)	(85)
Non-cash charges	(31)	(98)	(6)	(135)
Liability as of March 20, 2010	<u>\$ 48</u>	<u>\$ –</u>	<u>\$ 53</u>	<u>\$ 101</u>

^(a) Primarily reflects termination costs for approximately 345 employees.

Financial Instruments

We are exposed to market risks arising from adverse changes in:

- commodity prices, affecting the cost of our raw materials and energy,
- foreign exchange risks, and
- interest rates.

In the normal course of business, we manage these risks through a variety of strategies, including the use of derivatives. Certain derivatives are designated as either cash flow or fair value hedges and qualify for hedge accounting treatment, while others do not qualify and are marked to market through earnings. Cash flows from derivatives used to manage commodity, foreign exchange or interest risks are classified as operating activities. See “[Our Business Risks](#)” in Management’s Discussion and Analysis of Financial Condition and Results of Operations for further unaudited information on our business risks.

For cash flow hedges, changes in fair value are deferred in accumulated other comprehensive loss within common shareholders’ equity until the underlying hedged item is recognized in net income. For fair value hedges, changes in fair value are recognized immediately in earnings, consistent with the underlying hedged item. Hedging transactions are limited to an underlying exposure. As a result, any change in the value of our derivative instruments would be substantially offset by an opposite change in the value of the underlying hedged items. Hedging ineffectiveness and a net earnings impact occur when the change in the value of the hedge does not offset the change in the value of the underlying hedged item. Ineffectiveness of our hedges has not been material. If the derivative instrument is terminated, we continue to defer the related gain or loss and then include it as a component of the cost of the underlying hedged item. Upon determination that the underlying hedged item will not be part of an actual transaction, we recognize the related gain or loss in net income immediately.

We also use derivatives that do not qualify for hedge accounting treatment. We account for such derivatives at market value with the resulting gains and losses reflected in our income statement. We do not use derivative instruments for trading or speculative purposes. We perform assessments of our counterparty credit risk regularly, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent assessment of our counterparty credit risk, we consider this risk to be low. In addition, we enter into derivative contracts with a variety of financial institutions that we believe are creditworthy in order to reduce our concentration of credit risk and generally settle with these financial institutions on a net basis.

Commodity Prices

We are subject to commodity price risk because our ability to recover increased costs through higher pricing may be limited in the competitive environment in which we operate. This risk is managed through the use of fixed-price purchase orders, pricing agreements, geographic diversity and derivatives. We use derivatives, with terms of no more than three years, to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, primarily for natural gas, diesel fuel and aluminum. For those derivatives that qualify for hedge accounting, any ineffectiveness is recorded immediately. We classify both the earnings and cash flow impact from these derivatives consistent with the underlying hedged item. During the next 12 months, we expect to reclassify net losses of \$8 million related to these hedges from accumulated other

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comprehensive loss into net income. Derivatives used to hedge commodity price risk that do not qualify for hedge accounting are marked to market each period and reflected in our income statement.

Our open commodity derivative contracts that qualify for hedge accounting had a face value of \$582 million as of March 20, 2010 and \$259 million as of March 21, 2009. These contracts resulted in net unrealized gains of \$72 million as of March 20, 2010 and net unrealized losses of \$110 million as of March 21, 2009.

Our open commodity derivative contracts that do not qualify for hedge accounting had a face value of \$221 million as of March 20, 2010 and \$512 million as of March 21, 2009. These contracts resulted in net losses of \$20 million as of March 20, 2010 and \$268 million as of March 21, 2009.

Foreign Exchange

Financial statements of foreign subsidiaries are translated into U.S. dollars using period-end exchange rates for assets and liabilities and weighted-average exchange rates for revenues and expenses. Adjustments resulting from translating net assets are reported as a separate component of accumulated other comprehensive loss within common shareholders' equity as currency translation adjustment.

On occasion, we may enter into derivatives, primarily forward contracts with terms of no more than two years, to manage our exposure to foreign currency transaction risk. Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains or losses in our income statement as incurred.

Our foreign currency derivatives had a total face value of \$1.4 billion as of March 20, 2010 and \$1.0 billion as of March 21, 2009. The contracts that qualify for hedge accounting resulted in net unrealized losses of \$29 million as of March 20, 2010 and net unrealized gains of \$88 million as of March 21, 2009. During the next 12 months, we expect to reclassify net losses of \$29 million related to these hedges from accumulated other comprehensive loss into net income. The contracts that do not qualify for hedge accounting resulted in a net loss of \$5 million as of March 20, 2010 and net losses of \$68 million March 21, 2009. All losses and gains were offset by changes in the underlying hedged items, resulting in no net material impact on earnings.

Interest Rates

We centrally manage our debt and investment portfolios considering investment opportunities and risks, tax consequences and overall financing strategies. We use various interest rate derivative instruments including, but not limited to, interest rate swaps, cross currency interest rate swaps, Treasury locks and swap locks to manage our overall interest expense and foreign exchange risk. These instruments effectively change the interest rate and currency of specific debt issuances. Certain of our fixed rate indebtedness (including indebtedness acquired in our acquisitions of PBG and PAS) has been swapped to floating rates. The notional amount, interest payment and maturity date of the interest rate and cross currency swaps match the principal, interest payment and maturity date of the related debt. Our Treasury locks and swap locks are entered into to protect against unfavorable interest rate changes relating to forecasted debt transactions.

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The notional amounts of the interest rate derivative instruments outstanding as of March 20, 2010 and March 21, 2009 were \$8.35 billion and \$2.75 billion, respectively. For those interest rate derivative instruments that qualify for cash flow hedge accounting, any ineffectiveness is recorded immediately. We classify both the earnings and cash flow impact from these interest rate derivative instruments consistent with the underlying hedged item. During the next 12 months, we expect to reclassify net losses of \$6 million related to these hedges from accumulated other comprehensive loss into net income.

At March 20, 2010, approximately 40% of total debt (including indebtedness acquired in our acquisitions of PBG and PAS), after the impact of the related interest rate derivative instruments, was exposed to variable rates, compared to 57% as of December 26, 2009. In addition to variable rate long-term debt, all debt with maturities of less than one year is categorized as variable for purposes of this measure.

Fair Value Measurements

The fair values of our financial assets and liabilities are categorized as follows:

	March 20, 2010			
	Total	Level 1	Level 2	Level 3
Assets^(a)				
Available-for-sale securities ^(b)	\$ 69	\$ 69	\$ –	\$ –
Short-term investments – index funds ^(c)	\$ 123	\$ 123	\$ –	\$ –
Derivatives designated as hedging instruments:				
Forward exchange contracts ^(d)	\$ 10	\$ –	\$ 10	\$ –
Interest rate derivatives ^(e)	207	–	207	–
Prepaid forward contracts ^(f)	64	–	64	–
Commodity contracts – other ^(g)	112	–	112	–
	<u>\$ 393</u>	<u>\$ –</u>	<u>\$ 393</u>	<u>\$ –</u>
Derivatives not designated as hedging instruments:				
Forward exchange contracts ^(d)	\$ 2	\$ –	\$ 2	\$ –
Commodity contracts – other ^(g)	12	–	12	–
	<u>\$ 14</u>	<u>\$ –</u>	<u>\$ 14</u>	<u>\$ –</u>
Total asset derivatives at fair value	<u>\$ 407</u>	<u>\$ –</u>	<u>\$ 407</u>	<u>\$ –</u>
Total assets at fair value	<u>\$ 599</u>	<u>\$ 192</u>	<u>\$ 407</u>	<u>\$ –</u>
Liabilities^(a)				
Deferred compensation ^(h)	\$ 572	\$ 124	\$ 448	\$ –
Derivatives designated as hedging instruments:				
Forward exchange contracts ^(d)	\$ 39	\$ –	\$ 39	\$ –
Interest rate derivatives ^(e)	12	–	12	–
Commodity contracts – other ^(g)	5	–	5	–
Commodity contracts – futures ⁽ⁱ⁾	35	35	–	–
	<u>\$ 91</u>	<u>\$ 35</u>	<u>\$ 56</u>	<u>\$ –</u>
Derivatives not designated as hedging instruments:				
Forward exchange contracts ^(d)	\$ 7	\$ –	\$ 7	\$ –
Interest rate derivatives ^(e)	42	–	42	–
Commodity contracts – other ^(g)	30	–	30	–
Commodity contracts – futures ⁽ⁱ⁾	2	2	–	–
	<u>\$ 81</u>	<u>\$ 2</u>	<u>\$ 79</u>	<u>\$ –</u>
Total liability derivatives at fair value	<u>\$ 172</u>	<u>\$ 37</u>	<u>\$ 135</u>	<u>\$ –</u>
Total liabilities at fair value	<u>\$ 744</u>	<u>\$ 161</u>	<u>\$ 583</u>	<u>\$ –</u>

- (a) Financial assets are classified on our balance sheet within other assets, with the exception of short-term investments. Financial liabilities are classified on our balance sheet within other current liabilities and other liabilities.
- (b) Based on the price of common stock.
- (c) Based on price changes in index funds used to manage a portion of market risk arising from our deferred compensation liability.
- (d) Based on observable market transactions of spot and forward rates.
- (e) Based on LIBOR and recently reported transactions in the marketplace.
- (f) Based primarily on the price of our common stock.
- (g) Based on recently reported transactions in the marketplace, primarily swap arrangements.
- (h) Based on the fair value of investments corresponding to employees' investment elections.
- (i) Based on average prices on futures exchanges.

The fair value of our debt obligations as of March 20, 2010 was \$23.0 billion, based upon prices of similar instruments in the marketplace.

	March 21, 2009			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets^(a)				
Available-for-sale securities ^(b)	\$ 35	\$ 35	\$ –	\$ –
Short-term investments – index funds ^(c)	\$ 83	\$ 83	\$ –	\$ –
Derivatives designated as hedging instruments:				
Forward exchange contracts ^(d)	\$ 88	\$ –	\$ 88	\$ –
Interest rate swaps ^(e)	306	–	306	–
Prepaid forward contracts ^(f)	38	–	38	–
	<u>\$ 432</u>	<u>\$ –</u>	<u>\$ 432</u>	<u>\$ –</u>
Derivatives not designated as hedging instruments:				
Forward exchange contracts ^(d)	\$ 1	\$ –	\$ 1	\$ –
Total asset derivatives at fair value	<u>\$ 433</u>	<u>\$ –</u>	<u>\$ 433</u>	<u>\$ –</u>
Total assets at fair value	<u>\$ 551</u>	<u>\$ 118</u>	<u>\$ 433</u>	<u>\$ –</u>
Liabilities^(a)				
Deferred compensation ^(g)	\$ 428	\$ 85	\$ 343	\$ –
Derivatives designated as hedging instruments:				
Commodity contracts – futures ^(h)	\$ 70	\$ 70	\$ –	\$ –
Commodity contracts – other ⁽ⁱ⁾	40	–	40	–
	<u>\$ 110</u>	<u>\$ 70</u>	<u>\$ 40</u>	<u>\$ –</u>
Derivatives not designated as hedging instruments:				
Forward exchange contracts ^(d)	\$ 69	\$ –	\$ 69	\$ –
Commodity contracts – futures ^(h)	42	42	–	–
Commodity contracts – other ⁽ⁱ⁾	226	–	226	–
	<u>\$ 337</u>	<u>\$ 42</u>	<u>\$ 295</u>	<u>\$ –</u>
Total liability derivatives at fair value	<u>\$ 447</u>	<u>\$ 112</u>	<u>\$ 335</u>	<u>\$ –</u>
Total liabilities at fair value	<u>\$ 875</u>	<u>\$ 197</u>	<u>\$ 678</u>	<u>\$ –</u>

- (a) Financial assets are classified on our balance sheet as other assets, with the exception of short-term investments. Financial liabilities are classified on our balance sheet as other liabilities.
- (b) Based on the price of common stock.
- (c) Based on price changes in index funds used to manage a portion of market risk arising from our deferred compensation liability.
- (d) Based on observable market transactions of spot and forward rates.
- (e) Based on LIBOR and recently reported transactions in the marketplace.
- (f) Based primarily on the price of our common stock.
- (g) Based on the fair value of investments corresponding to employees' investment elections.
- (h) Based on average prices on futures exchanges.
- (i) Based on recently reported transactions in the marketplace, primarily swap arrangements.

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The effective portion of the pre-tax losses/(gains) on our derivative instruments are categorized in the tables below.

	12 Weeks Ended March 20, 2010		
	Losses/(Gains) Recognized in Income Statement	Losses/(Gains) Recognized in Accumulated Other Comprehensive Loss	Losses Reclassified from Accumulated Other Comprehensive Loss into Income Statement
Fair Value/Non-designated Hedges			
Forward exchange contracts ^(a)	\$ 6		
Interest rate derivatives ^(b)	10		
Prepaid forward contracts ^(a)	(18)		
Commodity contracts ^(a)	(46)		
Total	<u>\$ (48)</u>		

Cash Flow Hedges			
Forward exchange contracts ^(c)		\$ 13	\$ 11
Commodity contracts ^(c)		(12)	16
Interest rate derivatives ^(b)		48	—
Total		<u>\$ 49</u>	<u>\$ 27</u>

	12 Weeks Ended March 21, 2009		
	Losses/(Gains) Recognized in Income Statement	Losses Recognized in Accumulated Other Comprehensive Loss	(Gains)/Losses Reclassified from Accumulated Other Comprehensive Loss into Income Statement
Fair Value/Non-designated Hedges			
Forward exchange contracts ^(a)	\$ 40		
Interest rate swaps ^(b)	66		
Prepaid forward contracts ^(a)	3		
Commodity contracts ^(a)	(62)		
Total	<u>\$ 47</u>		

Cash Flow Hedges			
Forward exchange contracts ^(c)		\$ —	\$ (22)
Commodity contracts ^(c)		21	26
Total		<u>\$ 21</u>	<u>\$ 4</u>

- (a) Included in corporate unallocated expenses.
(b) Included in interest expense in our income statement.
(c) Included in cost of sales in our income statement.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) amended its accounting guidance on the consolidation of variable interest entities (VIE). Among other things, the new guidance requires a qualitative rather than a quantitative assessment to determine the primary beneficiary of a VIE based on whether the entity (1) has the power to direct matters that most significantly impact the activities of the VIE and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. In addition, the amended guidance requires an ongoing reconsideration of the primary beneficiary. The provisions of this new guidance were effective as of the beginning of our 2010 fiscal year, and the adoption did not have a material impact on our financial statements.

In the second quarter of 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. The PPACA changes the tax treatment related to an existing retiree drug subsidy (RDS) available to sponsors of retiree health benefit plans that provide a benefit that is at least actuarially equivalent to the benefits under Medicare Part D. As a result of the PPACA, RDS payments will effectively become taxable in tax years beginning in 2013, by requiring the amount of the subsidy received to be offset against our deduction for health care expenses. The provisions of the PPACA require us to record the effect of this tax law change beginning in our second quarter of 2010, and consequently we expect to record a one-time related tax charge of approximately \$40 million in the second quarter of 2010. We are currently evaluating the longer-term impacts of this new legislation.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FINANCIAL REVIEW

Our discussion and analysis is an integral part of understanding our financial results. Also refer to Basis of Presentation and Our Divisions in the Notes to the Condensed Consolidated Financial Statements. Tabular dollars are presented in millions, except per share amounts. All per share amounts reflect common per share amounts, assume dilution unless otherwise noted and are based on unrounded amounts. Percentage changes are based on unrounded amounts.

Our Critical Accounting Policies

Sales Incentives and Advertising and Marketing Costs

We offer sales incentives and discounts through various programs to customers and consumers. These incentives are accounted for as a reduction of revenue. Certain sales incentives are recognized at the time of sale while other incentives, such as bottler funding and customer volume rebates, are recognized during the year incurred, generally in proportion to revenue, based on annual targets. Anticipated payments are estimated based on historical experience with similar programs and require management judgment with respect to estimating customer participation and performance levels. Differences between estimated expense and actual incentive costs are normally insignificant and are recognized in earnings in the period such differences are determined. In addition, certain advertising and marketing costs are also recognized during the year incurred, generally in proportion to revenue.

Income Taxes

In determining our quarterly provision for income taxes, we use an estimated annual effective tax rate which is based on our expected annual income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Subsequent recognition, derecognition and measurement of a tax position taken in a previous period are separately recognized in the quarter in which they occur.

Goodwill and Other Nonamortizable Assets

In connection with our acquisitions of PBG and PAS, we reacquired certain franchise rights which provided PBG and PAS with the exclusive and perpetual rights to manufacture and/or distribute beverages for sale in specified territories. In determining the useful life of these reacquired franchise rights, we considered many factors including the existing perpetual bottling arrangements, the indefinite period expected for the reacquired rights to contribute to our future cash flows, as well as the lack of any factors that would limit the useful life of the reacquired rights to us, including legal, regulatory, contractual, competitive, economic or other factors. Therefore, certain reacquired franchise rights, as well as perpetual brands and goodwill, will not be amortized, but instead will be tested for impairment at least annually. Certain reacquired and acquired franchise rights are amortizable over the remaining contractual period of the contract in which the right was granted.

On December 7, 2009, we reached an agreement with DPSG to manufacture and distribute Dr Pepper and certain other DPSG products in the territories where they were previously sold by PBG and PAS. Under the terms of the agreement, we made an upfront payment of \$900 million to

DPSG on February 26, 2010. Based upon the terms of the agreement with DPSG, the amount of the upfront payment has been capitalized and will not be amortized, but instead will be tested for impairment at least annually.

Recent Accounting Pronouncements

In June 2009, the FASB amended its accounting guidance on the consolidation of VIEs. Among other things, the new guidance requires a qualitative rather than a quantitative assessment to determine the primary beneficiary of a VIE based on whether the entity (1) has the power to direct matters that most significantly impact the activities of the VIE and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. In addition, the amended guidance requires an ongoing reconsideration of the primary beneficiary. The provisions of this new guidance were effective as of the beginning of our 2010 fiscal year, and the adoption did not have a material impact on our financial statements.

In the second quarter of 2010, the PPACA was signed into law. The PPACA changes the tax treatment related to an existing RDS available to sponsors of retiree health benefit plans that provide a benefit that is at least actuarially equivalent to the benefits under Medicare Part D. As a result of the PPACA, RDS payments will effectively become taxable in tax years beginning in 2013, by requiring the amount of the subsidy received to be offset against our deduction for health care expenses. The provisions of the PPACA require us to record the effect of this tax law change beginning in our second quarter of 2010, and consequently we expect to record a one-time related tax charge of approximately \$40 million in the second quarter of 2010. We are currently evaluating the longer-term impacts of this new legislation.

Our Business Risks

We discuss expectations regarding our future performance, such as our business outlook, in our annual and quarterly reports, press releases, and other written and oral statements. These “forward-looking statements” are based on currently available information, operating plans and projections about future events and trends. They are inherently uncertain, and investors must recognize that events could turn out to be significantly different from our expectations. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Our operations outside of the United States generate approximately 40% of our net revenue. As a result, we are exposed to foreign currency risks, including unforeseen economic changes and political unrest. During the 12 weeks ended March 20, 2010, favorable foreign currency contributed 3 percentage points to net revenue growth, primarily due to appreciation of the Canadian dollar, Mexican peso and Brazilian real, partially offset by depreciation of the Venezuelan bolivar fuerte (bolivar). Currency declines against the U.S. dollar which are not offset could adversely impact our future results. At March 20, 2010, we estimate that an unfavorable 10% change in the exchange rates would have increased our net unrealized losses by \$103 million.

In addition, we continue to use the official exchange rate to remeasure the financial statements of our snack and beverage businesses in Venezuela. We use the official rate as we currently intend to remit dividends solely through the government-operated Foreign Exchange Administration Board (CADIVI). As of the beginning of our 2010 fiscal year, the results of our Venezuelan businesses

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are reported under hyperinflationary accounting. This determination was made based upon Venezuela's National Consumer Price Index (NCPI) which indicated cumulative inflation in Venezuela in excess of 100% for the three-year period ended November 30, 2009. Consequently, the functional currency of our Venezuelan entities changed from the bolivar to the U.S. dollar. Effective January 11, 2010, the Venezuelan government devalued the bolivar by resetting the official exchange rate from 2.15 bolivars per dollar to 4.3 bolivars per dollar; however, certain activities are permitted to access an exchange rate of 2.6 bolivars per dollar. In 2010, we expect that the majority of our transactions will be remeasured at the 4.3 exchange rate, and as a result of the change to hyperinflationary accounting and the devaluation of the bolivar, we recorded a one-time net charge of \$120 million in the first quarter of 2010. In the 12 weeks ended March 20, 2010, our operations in Venezuela generated less than 1% of our net revenue.

We expect to be able to reduce the impact of volatility in our raw material and energy costs through our hedging strategies and ongoing sourcing initiatives. The potential change in fair value of commodity derivative instruments that qualify for hedge accounting, assuming a 10% decrease in the underlying commodity price at March 20, 2010, would have decreased our net unrealized gains in the first quarter by \$66 million. The potential change in fair value of commodity derivative instruments that do not qualify for hedge accounting, assuming a 10% decrease in the underlying commodity price at March 20, 2010, would have increased our net losses in the first quarter by \$19 million.

See [Financial Instruments](#) in the Notes to the Condensed Consolidated Financial Statements for further discussion of our derivative instruments, including their fair value as of March 20, 2010. Assuming variable rate debt and investment levels as of March 20, 2010, a 1-percentage-point increase in interest rates would have increased full-year net interest expense by \$47 million.

Cautionary statements included in Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009 should be considered when evaluating our trends and future results.

Results of Operations – Consolidated Review**Items Affecting Comparability**

Our reported financial results are impacted by the following items in each of the following periods:

	12 Weeks Ended	
	3/20/10	3/21/09
Operating profit		
Mark-to-market net gains	\$ 46	\$ 62
2009 restructuring and impairment charges	\$ –	\$ (25)
PBG/PAS merger and integration charges	\$ (282)	\$ –
Inventory fair value adjustments	\$ (281)	\$ –
Venezuela currency devaluation	\$ (120)	\$ –
Asset write-off	\$ (145)	\$ –
Foundation contribution	\$ (100)	\$ –
Bottling equity income		
Gain on previously held equity interests	\$ 735	\$ –
PBG/PAS merger and integration charges	\$ (9)	\$ –
Interest expense		
PBG/PAS merger and integration costs	\$ (30)	\$ –
Net income attributable to PepsiCo		
Mark-to-market net gains	\$ 29	\$ 40
2009 restructuring and impairment charges	\$ –	\$ (19)
Gain on previously held equity interests	\$ 958	\$ –
PBG/PAS merger and integration charges	\$ (261)	\$ –
Inventory fair value adjustments	\$ (240)	\$ –
Venezuela currency devaluation	\$ (120)	\$ –
Asset write-off	\$ (92)	\$ –
Foundation contribution	\$ (64)	\$ –
Net income attributable to PepsiCo per common share – diluted		
Mark-to-market net gains	\$ 0.02	\$ 0.03
2009 restructuring and impairment charges	\$ –	\$ (0.01)
Gain on previously held equity interests	\$ 0.60	\$ –
PBG/PAS merger and integration charges	\$ (0.16)	\$ –
Inventory fair value adjustments	\$ (0.15)	\$ –
Venezuela currency devaluation	\$ (0.07)	\$ –
Asset write-off	\$ (0.06)	\$ –
Foundation contribution	\$ (0.04)	\$ –

Mark-to-Market Net Impact

We centrally manage commodity derivatives on behalf of our divisions. These commodity derivatives include energy, fruit, aluminum and other raw materials. Certain of these commodity derivatives do not qualify for hedge accounting treatment and are marked to market with the resulting gains and losses recognized in corporate unallocated expenses. These gains and losses are subsequently reflected in division results when the divisions take delivery of the underlying commodity.

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For the 12 weeks ended March 20, 2010, we recognized \$46 million (\$29 million after-tax or \$0.02 per share) of mark-to-market net gains on commodity hedges in corporate unallocated expenses.

For the 12 weeks ended March 21, 2009, we recognized \$62 million (\$40 million after-tax or \$0.03 per share) of mark-to-market net gains on commodity hedges in corporate unallocated expenses.

2009 Restructuring and Impairment Charges

In the first quarter of 2009, we incurred charges of \$25 million (\$19 million after-tax or \$0.01 per share) in conjunction with our Productivity for Growth program. The program included actions in all divisions of the business, including the closure of six plants that we believe will increase cost competitiveness across the supply chain, upgrade and streamline our product portfolio, and simplify the organization for more effective and timely decision-making. These initiatives were completed in the second quarter of 2009.

Gain on Previously Held Equity Interests

In the first quarter of 2010, in connection with our acquisitions of PBG and PAS, we recorded a gain on our previously held equity interests of \$958 million (\$0.60 per share), comprising \$735 million which is non-taxable and recorded in bottling equity income and \$223 million related to the reversal of deferred tax liabilities associated with these previously held equity interests.

PBG/PAS Merger and Integration Charges

In the first quarter of 2010, we incurred merger and integration charges of \$312 million related to our acquisitions of PBG and PAS, including \$193 million recorded in the PAB segment, \$1 million recorded in the Europe segment, \$88 million recorded in corporate unallocated expenses and \$30 million recorded in interest expense. These charges are being incurred to help create a more fully integrated supply chain and go-to-market business model, to improve the effectiveness and efficiency of the distribution of our brands and to enhance our revenue growth. These charges also include closing costs, one-time financing costs and advisory fees related to our acquisitions of PBG and PAS. In addition, we recorded \$9 million of charges, representing our share of the respective merger costs of PBG and PAS, recorded in bottling equity income. In total, these charges had an after-tax impact of \$261 million or \$0.16 per share.

Inventory Fair Value Adjustments

In the first quarter of 2010, we recorded \$281 million (\$240 million after-tax or \$0.15 per share) of incremental costs in cost of sales related to fair value adjustments to the acquired inventory and other related hedging contracts included in PBG's and PAS's balance sheets at the acquisition date.

Venezuela Currency Devaluation

As of the beginning of our 2010 fiscal year, we recorded a one-time \$120 million net charge related to our change to hyperinflationary accounting for our Venezuelan businesses and the related devaluation of the bolivar. \$129 million of this net charge was recorded in corporate unallocated expenses, with the balance (income of \$9 million) recorded in our PAB segment. In total, this net charge had an after-tax impact of \$120 million or \$0.07 per share.

Asset Write-Off

In the first quarter of 2010, we recorded a \$145 million charge (\$92 million after-tax or \$0.06 per share) related to a change in scope of one release in our ongoing migration to SAP software. This change was driven, in part, by a review of our North America systems strategy following our acquisitions of PBG and PAS. This change does not impact our overall commitment to continue our implementation of SAP across our global operations over the next few years.

Foundation Contribution

In the first quarter of 2010, we made a \$100 million (\$64 million after-tax or \$0.04 per share) contribution to The PepsiCo Foundation, Inc., in order to fund charitable and social programs over the next several years. This contribution was recorded in corporate unallocated expenses.

Non-GAAP Measures

Certain measures contained in this Form 10-Q are financial measures that are adjusted for items affecting comparability (see “Items Affecting Comparability” for a detailed list and description of each of these items), as well as, in certain instances, adjusted for foreign currency. These measures are not in accordance with Generally Accepted Accounting Principles (GAAP). Items adjusted for currency assume foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. We believe investors should consider these non-GAAP measures in evaluating our results as they are more indicative of our ongoing performance and with how management evaluates our operational results and trends. These measures are not, and should not be viewed as, a substitute for U.S. GAAP reporting measures. See also “Management Operating Cash Flow.”

Volume

Since our divisions each use different measures of physical unit volume, a common servings metric is necessary to reflect our consolidated physical unit volume. For the 12 weeks ended March 20, 2010, total servings increased slightly, as worldwide snacks increased 1% and worldwide beverages decreased 0.5%.

We discuss volume for our beverage businesses on a bottler case sales (BCS) basis in which all beverage volume is converted to an 8-ounce-case metric. Most of our beverage volume is sold by our company-owned and franchise-owned bottlers, and that portion is based on our bottlers’ sales to retailers and independent distributors. The remainder of our volume is based on our direct shipments to retailers and independent distributors. We report our international beverage volume on a monthly basis. Our first quarter includes beverage volume outside of North America for

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January and February. Concentrate shipments and equivalents (CSE) represent our physical beverage volume shipments to independent bottlers, retailers and independent distributors, and is the measure upon which our revenue is based.

Consolidated Results**Total Net Revenue and Operating Profit**

	12 Weeks Ended		
	<u>3/20/10</u>	<u>3/21/09</u>	<u>Change</u>
Total net revenue	\$ 9,368	\$ 8,263	13%
Operating profit			
FLNA	\$ 770	\$ 697	10%
QFNA	153	175	(12)%
LAF	145	164	(12)%
PAB	73	425	(83)%
Europe	113	98	16%
AMEA	160	136	17%
Corporate Unallocated			
Net impact of mark-to-market on commodity hedges	46	62	(26)%
PBG/PAS merger and integration costs	(88)	–	n/m
Venezuela currency devaluation	(129)	–	n/m
Asset write-off	(145)	–	n/m
Foundation contribution	(100)	–	n/m
Other	(158)	(169)	(6)%
Total operating profit	\$ 840	\$ 1,588	(47)%
Total operating profit margin	9.0%	19.2%	(10.2)

n/m = not meaningful

See “[Results of Operations – Division Review](#)” for a tabular presentation and discussion of key drivers of net revenue.

12 Weeks

On a reported basis, total operating profit decreased 47% and operating margin decreased 10.2 percentage points. These declines were primarily driven by items affecting comparability (see “[Items Affecting Comparability](#)”) which contributed 58 percentage points to the total operating profit decline and 9.9 percentage points to the total operating margin decline. These declines were partly offset by other corporate unallocated expenses which decreased 6%.

Other Consolidated Results

	12 Weeks Ended		
	3/20/10	3/21/09	Change
Bottling equity income	\$ 709	\$ 25	\$ 684
Interest expense, net	\$ (148)	\$ (98)	\$ (50)
Tax rate	(2.3)%	24.7%	
Net income attributable to PepsiCo	\$ 1,430	\$ 1,135	26%
Net income attributable to PepsiCo per common share – diluted	\$ 0.89	\$ 0.72	23%
Mark-to-market net gains	(0.02)	(0.03)	
2009 restructuring and impairment charges	–	0.01	
Gain on previously held equity interests	(0.60)	–	
PBG/PAS merger and integration charges	0.16	–	
Inventory fair value adjustments	0.15	–	
Venezuela currency devaluation	0.07	–	
Asset write-off	0.06	–	
Foundation contribution	0.04	–	
Net income attributable to PepsiCo per common share – diluted, excluding above items*	<u>\$ 0.76**</u>	<u>\$ 0.71**</u>	7%
Impact of foreign currency translation			<u>1</u>
Growth in net income attributable to PepsiCo per common share – diluted, excluding above items, on a constant currency basis*			<u>8%</u>

* See “Non-GAAP Measures”

** Does not sum due to rounding

12 Weeks

Bottling equity income increased \$684 million, primarily reflecting the gain on our previously held equity interests in connection with our acquisitions of PBG and PAS.

Net interest expense increased \$50 million, primarily reflecting bridge and term financing costs in connection with our acquisitions of PBG and PAS, partially offset by lower average rates on our debt balances.

The reported tax rate decreased 27.0 percentage points compared to the prior year, primarily reflecting the impact of our acquisitions of PBG and PAS, which includes the reversal of deferred taxes attributable to our previously held equity interests in PBG and PAS, as well as the favorable resolution of certain tax matters in the quarter.

Net income attributable to PepsiCo increased 26% and net income attributable to PepsiCo per common share increased 23%. Items affecting comparability (see “[Items Affecting Comparability](#)”) increased both net income attributable to PepsiCo and net income attributable to PepsiCo per common share by 16 percentage points.

Results of Operations – Division Review

The results and discussions below are based on how our Chief Executive Officer monitors the performance of our divisions. For additional information, see [Our Divisions](#) and [Restructuring, Impairment and Integration Charges](#) in the Notes to the Condensed Consolidated Financial Statements and “Items Affecting Comparability.”

Furthermore, in the discussions of net revenue and operating profit below, “effective net pricing” reflects the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries, and “net pricing” reflects the year-over-year combined impact of list price changes, weight changes per package, discounts and allowances. Additionally, “acquisitions”, except as otherwise noted, reflect all mergers and acquisitions activity, including the impact of acquisitions, divestitures and changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees.

Net Revenue

12 Weeks Ended	FLNA	QFNA	LAF	PAB	Europe	AMEA	Total
March 20, 2010	\$3,067	\$ 480	\$983	\$2,765	\$ 993	\$ 1,080	\$9,368
March 21, 2009	\$3,000	\$ 485	\$867	\$2,088	\$ 947	\$ 876	\$8,263
<i>% Impact of:</i>							
Volume ^(a)	1%	(1)%	–%	*	(3.5)%	10%	*
Effective net pricing ^(b)	–	(2)	7	*	1	7	*
Foreign exchange	1	2	6	1	8	5	3
Acquisitions	–	–	0.5	*	–	1	*
<i>% Change^(c)</i>	<u>2%</u>	<u>(1)%</u>	<u>13%</u>	<u>32%</u>	<u>5%</u>	<u>23%</u>	<u>13%</u>

(a) Excludes the impact of acquisitions. In certain instances, volume growth varies from the amounts disclosed in the following divisional discussions due to nonconsolidated joint venture volume, and, for our beverage businesses, temporary timing differences between BCS and CSE. Our net revenue excludes nonconsolidated joint venture volume, and, for our beverage businesses, is based on CSE.

(b) Includes the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries.

(c) Amounts may not sum due to rounding.

* It is impractical to separately determine and quantify the impact of our acquisitions of PBG and PAS from changes in our pre-existing beverage business since we now manage these businesses as an integrated system.

Frito-Lay North America

	12 Weeks Ended		%
	3/20/10	3/21/09	Change
Net revenue	<u>\$ 3,067</u>	<u>\$ 3,000</u>	2
Impact of foreign currency translation			(1)
Net revenue growth, on a constant currency basis*			<u>1</u>
Operating profit	\$ 770	\$ 697	10
2009 restructuring and impairment charges	–	2	
Operating profit, excluding above item*	<u>\$ 770</u>	<u>\$ 699</u>	10
Impact of foreign currency translation			(1)
Operating profit growth excluding above item, on a constant currency basis*			<u>9</u>

* See “Non-GAAP Measures”

Net revenue grew 2% and pound volume increased 1%. The volume growth reflects high-single-digit growth in trademark Lay’s and double-digit growth in variety packs, partially offset by a high-single-digit decline in trademark Cheetos. Foreign currency increased net revenue growth by over 1 percentage point.

Operating profit grew 10%, reflecting lower commodity costs, primarily cooking oil, as well as the net revenue growth. Foreign currency increased operating profit growth by 1 percentage point.

Quaker Foods North America

	12 Weeks Ended		%
	3/20/10	3/21/09	Change
Net revenue	<u>\$ 480</u>	<u>\$ 485</u>	(1)
Impact of foreign currency translation			(2)
Net revenue growth, on a constant currency basis*			<u>(3)</u>
Operating profit	\$ 153	\$ 175	(12)
2009 restructuring and impairment charges	–	1	
Operating profit, excluding above item*	<u>\$ 153</u>	<u>\$ 176</u>	(13)
Impact of foreign currency translation			(1)
Operating profit growth excluding above item, on a constant currency basis*			<u>(14)</u>

* See “Non-GAAP Measures”

Net revenue declined 1% and volume declined 1%. The volume decline primarily reflects a mid-single-digit decline in ready-to-eat cereals and a low-single-digit decline in Oatmeal, partially offset by double-digit growth in trademark Roni. The net revenue performance also reflected almost 2 percentage points of favorable foreign currency which was offset by increased trade spending.

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Operating profit declined 12%, primarily reflecting insurance settlement recoveries recorded in the prior year related to the Cedar Rapids flood, which negatively impacted operating profit performance by 10 percentage points. Foreign currency positively contributed 1 percentage point to the operating profit performance.

Latin America Foods

	12 Weeks Ended		%
	3/20/10	3/21/09	Change
Net revenue	<u>\$ 983</u>	<u>\$ 867</u>	13
Impact of foreign currency translation			(6)
Net revenue growth, on a constant currency basis*			<u>8**</u>
Operating profit	<u>\$ 145</u>	<u>\$ 164</u>	(12)
2009 restructuring and impairment charges	<u>-</u>	<u>3</u>	
Operating profit, excluding above item*	<u>\$ 145</u>	<u>\$ 167</u>	(13)
Impact of foreign currency translation			8
Operating profit growth excluding above item, on a constant currency basis*			<u>(5)</u>

* See "Non-GAAP Measures"

** Does not sum due to rounding

Volume grew 1%, reflecting a high-single-digit increase in Brazil and a slight increase at Gamesa in Mexico, partially offset by a low-single-digit decline at Sabritas in Mexico and a double-digit decline in Venezuela. Our acquisition of a snacks company in Peru in the prior year contributed nearly 1 percentage point to the volume growth.

Net revenue increased 13%, primarily reflecting favorable effective net pricing. Net revenue growth reflected 6 percentage points of favorable foreign currency, which was net of a 6-percentage-point unfavorable impact from Venezuela.

Operating profit declined 12%, primarily reflecting higher commodity costs, partially offset by the net revenue growth. Operating profit performance reflected 8 percentage points of unfavorable foreign currency, driven primarily by a 19-percentage-point unfavorable impact from Venezuela.

PepsiCo Americas Beverages

	12 Weeks Ended		%
	3/20/10	3/21/09	Change
Net revenue	<u>\$ 2,765</u>	<u>\$ 2,088</u>	32
Impact of foreign currency translation			(1)
Net revenue growth, on a constant currency basis*			<u>32**</u>
Operating profit	\$ 73	\$ 425	(83)
2009 restructuring and impairment charges	–	13	
PBG/PAS merger and integration costs	193	–	
Inventory fair value adjustments	281	–	
Venezuela currency devaluation	(9)	–	
Operating profit, excluding above items*	<u>\$ 538</u>	<u>\$ 438</u>	23
Impact of foreign currency translation			5
Operating profit growth excluding above items, on a constant currency basis*			<u>28</u>

* See “Non-GAAP Measures”

** Does not sum due to rounding

Volume decreased 4%, primarily reflecting North America volume declines, partially offset by the incremental volume related to our Dr Pepper Snapple Group (DPSG) manufacturing and distribution agreement, entered into in connection with our acquisitions of PBG and PAS, which positively contributed 2 percentage points to the volume performance. Excluding the impact of the incremental DPSG volume, North America volumes decreased 5.5%, driven by a 4% decline in CSD volume and a 7% decline in non-carbonated beverage volume. The non-carbonated beverage volume performance primarily reflected a double-digit decline in our base Aquafina water business and a high-single-digit decline in Gatorade sports drinks.

Net revenue increased 32%, primarily reflecting the incremental finished goods revenue related to our acquisitions of PBG and PAS. The net revenue growth reflected nearly 1 percentage point of favorable foreign currency, which was net of a 1-percentage-point unfavorable impact from Venezuela.

Operating profit decreased 83%, primarily reflecting the items affecting comparability in the above table (see “[Items Affecting Comparability](#)”). Excluding these items, operating profit increased 23%, largely reflecting the incremental operating results from our acquisitions of PBG and PAS. Unfavorable foreign currency reduced operating profit performance by 5 percentage points, driven primarily by a 7-percentage-point unfavorable impact from Venezuela.

Europe

	12 Weeks Ended		% Change
	3/20/10	3/21/09	
Net revenue	\$ 993	\$ 947	5
Impact of foreign currency translation			(8)
Net revenue growth, on a constant currency basis*			(3)
Operating profit	\$ 113	\$ 98	16
2009 restructuring and impairment charges	–	3	
PBG/PAS merger and integration costs	1	–	
Operating profit, excluding above items*	\$ 114	\$ 101	14
Impact of foreign currency translation			(10)
Operating profit growth excluding above items, on a constant currency basis*			4

* See “Non-GAAP Measures”

Snacks volume declined 4%, reflecting continued macroeconomic challenges. Double-digit declines in Russia and Romania and a high-single-digit decline in Poland were partially offset by double-digit growth in Quaker in the United Kingdom and double-digit growth in France. Additionally, Walkers in the United Kingdom declined at a low-single-digit rate.

Beverage volume declined 4%. Double-digit-declines in Russia and the Ukraine, driven by continued category weakness, were partially offset by double-digit growth in Turkey and mid-single-digit growth in Germany.

Net revenue grew 5%, primarily reflecting favorable foreign currency which contributed 8 percentage points to the growth, partially offset by the volume declines.

Operating profit grew 16%, primarily reflecting favorable foreign currency which contributed 10 percentage points to the increase. In addition, lower commodity costs, the favorable impact of productivity initiatives and favorable effective net pricing were partially offset by the volume declines.

Asia, Middle East & Africa

	12 Weeks Ended		% Change
	3/20/10	3/21/09	
Net revenue	<u>\$ 1,080</u>	<u>\$ 876</u>	23
Impact of foreign currency translation			(5)
Net revenue growth, on a constant currency basis*			<u>18</u>
Operating profit	\$ 160	\$ 136	17
2009 restructuring and impairment charges	-	3	
Operating profit, excluding above item*	<u>\$ 160</u>	<u>\$ 139</u>	15
Impact of foreign currency translation			(3)
Operating profit growth excluding above item, on a constant currency basis*			<u>12</u>

* See "Non-GAAP Measures"

Snacks volume grew 13%, reflecting broad-based increases driven by double-digit growth in India and China, partially offset by a high-single-digit decline in Australia. Additionally, the Middle East grew volume at a high-single-digit rate. Acquisitions contributed almost 3 percentage points to the snacks volume growth.

Beverage volume grew 10%, driven by double-digit growth in China and India, partially offset by a mid-single-digit decline in the Middle East. Acquisitions had a nominal impact on the beverage volume growth rate.

Net revenue grew 23%, reflecting the volume growth and favorable effective net pricing. Foreign currency contributed over 5 percentage points to the net revenue growth and acquisitions contributed over 1 percentage point.

Operating profit grew 17%, driven primarily by the net revenue growth. Favorable foreign currency contributed over 3 percentage points to the operating profit growth and acquisitions reduced operating profit growth by 2 percentage points.

Our Liquidity and Capital Resources

We believe that our cash generating capability and financial condition, together with our revolving credit facilities and other available methods of debt financing (including long-term debt financing which, depending upon market conditions, we intend to use to replace a portion of our commercial paper borrowings), will be adequate to meet our operating, investing and financing needs. However, there can be no assurance that continued or increased volatility in the global capital and credit markets will not impair our ability to access these markets on terms commercially acceptable to us.

In addition, currency restrictions enacted by the government in Venezuela have impacted our ability to pay dividends outside of the country from our snack and beverage operations in Venezuela. As of March 20, 2010, our operations in Venezuela comprised 5% of our cash and cash equivalents balance.

Operating Activities

During the 12 weeks in 2010, net cash provided by operating activities was \$241 million, compared to net cash used of \$266 million in the prior year period. The operating cash flow performance in the current year reflected a discretionary pension contribution of \$600 million compared to a \$1 billion contribution in the prior year period. Operating cash flow performance in 2010 was also impacted by a \$100 million contribution to The PepsiCo Foundation, Inc., \$85 million of payments for merger and integration costs related to our acquisitions of PBG and PAS and \$26 million of payments for 2009 restructuring charges. Operating cash flow in the current year also benefited from net favorable working capital comparisons to the prior year. We expect net cash provided by operating activities to be about \$8.3 billion in 2010.

Investing Activities

During the 12 weeks, net cash used for investing activities was \$4.0 billion, primarily reflecting \$2.8 billion of cash paid, net of cash and cash equivalents acquired, in connection with our acquisitions of PBG and PAS, as well as \$900 million of cash paid in connection with our manufacturing and distribution agreement with DPSG. Additionally, we used \$0.3 billion for capital spending in the current year. We expect to invest about \$3.6 billion in net capital spending in 2010.

Financing Activities

During the 12 weeks, net cash provided by financing activities was \$3.9 billion, primarily reflecting proceeds from issuances of long-term debt of \$4.2 billion in connection with our acquisitions of PBG and PAS. The return of operating cash flow to our shareholders through share repurchases and dividend payments of \$1.4 billion was mostly offset by net proceeds from short-term borrowings of \$1.0 billion and stock option proceeds of \$0.3 billion.

In the first quarter of 2010, our Board of Directors approved a 7% increase in the annual dividend from \$1.80 to \$1.92 per share and authorized the repurchase of up to \$15.0 billion of PepsiCo common stock through June 30, 2013. This authorization was in addition to our \$8.0 billion repurchase program authorized by our Board of Directors and publicly announced on May 2, 2007 and expiring on June 30, 2010.

Management Operating Cash Flow

We focus on management operating cash flow as a key element in achieving maximum shareholder value, and it is the primary measure we use to monitor cash flow performance. However, it is not a measure provided by accounting principles generally accepted in the U.S. Therefore, this measure is not, and should not be viewed as, a substitute for U.S. GAAP cash flow measures. Since net capital spending is essential to our product innovation initiatives and maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider net capital spending when evaluating our cash from operating activities. Additionally, we consider certain items (included in the table below), in evaluating management operating cash flow. We believe investors should consider these items in evaluating our 2010 and 2009 management operating cash flow results. The table below reconciles net cash provided by operating activities, as reflected in our cash flow statement, to our management operating cash flow excluding the impact of the items below.

	12 Weeks Ended	
	3/20/10	3/21/09
Net cash provided by/(used for) operating activities	\$ 241	\$ (266)
Capital spending	(274)	(298)
Sales of property, plant and equipment	16	8
Management operating cash flow	(17)	(556)
Discretionary pension contribution	600	1,000
Payments related to 2009 restructuring charges	26	124
PBG/PAS merger and integration payments	85	–
Foundation contribution	100	–
Management operating cash flow excluding above items	<u>\$ 794</u>	<u>\$ 568</u>

We expect to continue to return management operating cash flow to our shareholders through dividends and share repurchases while maintaining short-term credit ratings that ensure appropriate financial flexibility and ready access to global and capital credit markets at favorable interest rates. However, see “[Our Business Risks](#)” in Management’s Discussion and Analysis of Financial Condition and Results of Operations and Item 1A. Risk Factors and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009 for certain factors that may impact our operating cash flows.

Credit Ratings

Our objective is to maintain short-term credit ratings that provide us with ready access to global capital and credit markets at favorable interest rates. On February 24, 2010, Moody’s Investors Service (Moody’s) lowered the corporate credit rating of PepsiCo and its supported subsidiaries and the rating of PepsiCo’s senior unsecured long-term debt to Aa3 from Aa2. Moody’s rating for PepsiCo’s short-term indebtedness was confirmed at Prime-1 and the outlook is stable. Moody’s cited increased leverage resulting from our acquisitions of PBG and PAS, among other things, as the reason for the downgrade. On March 17, 2010, Standard & Poor’s Ratings Services (S&P) lowered PepsiCo’s corporate credit rating to A from A+ and lowered the rating of PepsiCo’s senior unsecured long-term debt to A- from A+. S&P’s rating for PepsiCo’s short-term indebtedness was

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confirmed at A-1 and the outlook is stable. S&P cited its expectation that our credit measures will remain below its expectations and its view that PepsiCo's senior unsecured long-term debt is structurally subordinated to certain obligations of our operating subsidiaries, among other things, as the reasons for the downgrade.

In connection with our acquisitions of PBG and PAS, our subsidiary, Metro, assumed certain senior unsecured long-term indebtedness of PBG and PAS. See *Debt Obligations* in the Notes to the Condensed Consolidated Financial Statements for a description of such indebtedness. Moody's currently rates the senior unsecured indebtedness Metro assumed from PBG at A2 (consisting of indebtedness guaranteed by Bottling Group, LLC), the senior unsecured indebtedness of Bottling Group, LLC at A2 and the senior unsecured indebtedness Metro assumed from PAS at Baa1, however such ratings remain under review and Moody's has indicated it may withdraw such ratings. S&P currently rates such senior unsecured indebtedness at A.

PepsiCo has maintained investment grade ratings for over a decade. PepsiCo's corporate credit rating, the rating of PepsiCo's senior unsecured long-term debt and short-term indebtedness, the rating of the PBG and PAS senior unsecured long-term indebtedness assumed by Metro and the rating of senior unsecured long-term indebtedness of Bottling Group LLC are each considered investment grade.

See Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009.

Debt Obligations

See [Debt Obligations](#) in the Notes to the Condensed Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
PepsiCo, Inc.:

We have reviewed the accompanying Condensed Consolidated Balance Sheet of PepsiCo, Inc. and Subsidiaries as of March 20, 2010, the related Condensed Consolidated Statements of Income, Cash Flows, Equity and Comprehensive Income for the twelve weeks ended March 20, 2010 and March 21, 2009. These interim condensed consolidated financial statements are the responsibility of PepsiCo, Inc.'s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheet of PepsiCo, Inc. and Subsidiaries as of December 26, 2009, and the related Consolidated Statements of Income, Cash Flows and Equity for the fiscal year then ended not presented herein; and in our report dated February 22, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying Condensed Consolidated Balance Sheet as of December 26, 2009, is fairly stated, in all material respects, in relation to the Consolidated Balance Sheet from which it has been derived.

/s/ KPMG LLP

New York, New York
April 23, 2010

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

See “[Management’s Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks](#)” and [Financial Instruments](#) in the Notes to the Condensed Consolidated Financial Statements. In addition, see Item 1A. Risk Factors and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Our Business Risks in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009.

ITEM 4. Controls and Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our assessment included the operations and related assets of PBG and PAS, which we acquired on February 26, 2010. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

During our first fiscal quarter of 2010, we continued migrating certain of our financial processing systems to SAP software. This software implementation is part of our ongoing global business transformation initiative, and we plan to continue implementing such software throughout other parts of our businesses over the course of the next few years. In connection with the SAP implementation and resulting business process changes, we continue to enhance the design and documentation of our internal control processes to ensure suitable controls over our financial reporting.

Except as described above, there were no changes in our internal control over financial reporting during our first fiscal quarter of 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings.

On November 15, 2006, the City of West Palm Beach instituted administrative proceedings alleging that the former PepsiAmericas, Inc. was not in compliance with the Industrial Discharge Permit, the IP Ordinances and certain other municipal and/or interlocal wastewater ordinances with regard to PepsiAmericas, Inc.'s biochemical oxygen demand, chemical oxygen demand and pH discharge levels in the wastewater generated by the manufacturing plant operated by PepsiAmericas, Inc. in Riviera Beach, FL. The City sought monetary sanctions in connection with the alleged violations. In the second quarter, Pepsi-Cola Metropolitan Bottling Company, Inc., the successor to PepsiAmericas, Inc., will pay a \$123,500 fine in full settlement of these proceedings. The settlement also addresses future operations by establishing effluent levels for the plant which Pepsi-Cola Metropolitan Bottling Company, Inc. expects to comply with going forward.

On October 30, 2009, the Los Angeles Regional Water Quality Control Board (RWQCB) instituted proceedings alleging that discharges from a water treatment system operated by a contractor of Pneumo Abex LLC (Pneumo Abex) in Oxnard, CA, exceeded applicable permit and effluent (primarily copper and nickel) requirements and sought monetary sanctions in connection with such alleged violations. The water treatment system was part of the remediation of soil and ground water contamination at a former facility of Pneumo Abex. Pneumo Abex is a divested business of PepsiAmericas, Inc. In the first quarter, PepsiAmericas, Inc. paid a \$147,000 fine to the RWQCB to settle these proceedings. Pepsi-Cola Metropolitan Bottling Company, Inc., the successor to PepsiAmericas, Inc., is investigating a new remedy for contamination at the site.

We and our subsidiaries are party to a variety of other legal proceedings arising in the normal course of business. While the results of these proceedings cannot be predicted with certainty, management believes that the final outcome of these proceedings will not have a material adverse effect on our consolidated financial statements, results of operations or cash flows.

ITEM 1A. Risk Factors.

There have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

A summary of our common stock repurchases (in millions, except average price per share) during the first quarter under the \$8.0 billion repurchase program authorized by our Board of Directors and publicly announced on May 2, 2007, and expiring on June 30, 2010, is set forth in the table below. All such shares of common stock were repurchased pursuant to open market transactions.

On March 15, 2010 we publicly announced that our Board of Directors authorized the repurchase of up to \$15.0 billion of PepsiCo common stock through June 30, 2013.

Issuer Purchases of Common Stock

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may Yet Be Purchased Under the Plans or Programs
2007 Repurchase Program				
12/26/09				\$ 6,355
12/27/09 – 1/23/10	–	\$ –	–	–
				6,355
1/24/10 – 2/20/10	–	–	–	–
				6,355
2/21/10 – 3/20/10	14.5	64.95	14.5	(940)
Total	14.5	64.95	14.5	5,415
2010 Repurchase Program				15,000
2/21/10 – 3/20/10	–	–	–	–
Total	–	–	–	15,000
Total Repurchase Programs	<u>14.5</u>	<u>\$ 64.95</u>	<u>14.5</u>	<u>\$ 20,415</u>

PepsiCo also repurchases shares of its convertible preferred stock from an employee stock ownership plan (ESOP) fund established by Quaker in connection with share redemptions by ESOP participants. The following table summarizes our convertible preferred share repurchases during the first quarter.

Issuer Purchases of Convertible Preferred Stock

Period	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that may Yet Be Purchased Under the Plans or Programs
12/26/09				
12/27/09 – 1/23/10	2,100	\$ 305.44	N/A	N/A
1/24/10 – 2/20/10	–	–	N/A	N/A
2/21/10 – 3/20/10	2,100	330.10	N/A	N/A
Total	<u>4,200</u>	\$ 317.77	N/A	N/A

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ITEM 6. Exhibits

See Index to Exhibits on page 55.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PepsiCo, Inc.
(Registrant)

Date: April 23, 2010

/s/ Peter A. Bridgman
Peter A. Bridgman
Senior Vice President and Controller

Date: April 23, 2010

/s/ Thomas H. Tamoney, Jr.
Thomas H. Tamoney, Jr.
Senior Vice President, Deputy General
Counsel and Assistant Secretary
(Duly Authorized Officer)

INDEX TO EXHIBITS

ITEM 6

EXHIBITS

- Exhibit 3.1 Amended and Restated Articles of Incorporation of PepsiCo, Inc., which are incorporated herein by reference to Exhibit 4.1 to PepsiCo, Inc.'s Registration Statement on Form S-8 (Registration No. 333-66632).
- Exhibit 3.2 By-Laws of PepsiCo, Inc., as amended on February 5, 2010, which are incorporated herein by reference to Exhibit 3.2 to PepsiCo's Current Report on Form 8-K dated February 5, 2010.
- Exhibit 4.1 PepsiCo, Inc. agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument defining the rights of holders of long-term debt of PepsiCo, Inc. and all of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed with the Securities and Exchange Commission.
- Exhibit 4.2 First Supplemental Indenture, dated as of February 26, 2010, among Pepsi-Cola Metropolitan Bottling Company, Inc., The Pepsi Bottling Group, Inc., Bottling Group, LLC and The Bank of New York Mellon to the Indenture dated March 8, 1999 between The Pepsi Bottling Group, Inc., Bottling Group, LLC and The Chase Manhattan Bank, which is incorporated by reference to Exhibit 4.1 to PepsiCo, Inc.'s Current Report on Form 8-K dated February 26, 2010.
- Exhibit 4.3 Indenture, dated as of March 8, 1999, by and among The Pepsi Bottling Group, Inc., as obligor, Bottling Group, LLC, as guarantor, and The Chase Manhattan Bank, as trustee, relating to \$1,000,000,000 7% Series B Senior Notes due 2029, which is incorporated herein by reference to Exhibit 10.14 to The Pepsi Bottling Group, Inc.'s Registration Statement on Form S-1 (Registration No. 333-70291).
- Exhibit 4.4 Second Supplemental Indenture, dated as of February 26, 2010, among Pepsi-Cola Metropolitan Bottling Company, Inc., PepsiAmericas, Inc. and The Bank New York Mellon Trust Company, N.A. to the Indenture dated as of January 15, 1993 between Whitman Corporation and The First National Bank of Chicago, as trustee, which is incorporated herein by reference to Exhibit 4.2 to PepsiCo, Inc.'s Current Report on Form 8-K dated February 26, 2010.
- Exhibit 4.5 First Supplemental Indenture, dated as of May 20, 1999, including the Indenture dated as of January 15, 1993, between Whitman Corporation and The First National Bank of Chicago, as trustee, which is incorporated herein by reference to Exhibit 4.3 to Post-Effective Amendment No. 1 to PepsiAmericas, Inc.'s Registration Statement on Form S-8 (Registration No. 333-64292) filed on December 29, 2005).

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Exhibit 4.6	Form of PepsiAmericas, Inc. 7.625% Notes due 2015.
Exhibit 4.7	Form of PepsiAmericas, Inc. 7.29% Notes due 2026.
Exhibit 4.8	Form of PepsiAmericas, Inc. 7.44% Notes due 2026.
Exhibit 4.9	Form of PepsiAmericas, Inc. 4.50% Notes due 2013.
Exhibit 4.10	First Supplemental Indenture, dated as of February 26, 2010, among Pepsi-Cola Metropolitan Bottling Company, Inc., PepsiAmericas, Inc. and Wells Fargo Bank, National Association to the Indenture dated as of August 15, 2003 between PepsiAmericas, Inc. and Wells Fargo Bank Minnesota, National Association, as trustee, which is incorporated by reference to Exhibit 4.3 to PepsiCo, Inc.'s Current Report on Form 8-K dated February 26, 2010.
Exhibit 4.11	Indenture dated as of August 15, 2003 between PepsiAmericas, Inc. and Wells Fargo Bank Minnesota, National Association, as trustee, which is incorporated herein by reference to Exhibit 4 to PepsiAmericas, Inc.'s Registration Statement on Form S-3 (Registration No. 333-108164) filed on August 22, 2003.
Exhibit 4.12	Form of PepsiAmericas, Inc. 5.625% Notes due 2011, which is incorporated herein by reference to Exhibit 4.1 to PepsiAmericas, Inc.'s Current Report on Form 8-K dated May 23, 2006.
Exhibit 4.13	Form of PepsiAmericas, Inc. 5.75% Notes due 2012, which is incorporated herein by reference to Exhibit 4.1 to PepsiAmericas, Inc.'s Current Report on Form 8-K dated July 11, 2007.
Exhibit 4.14	Form of PepsiAmericas, Inc. 4.375% Notes due 2014, which is incorporated herein by reference to Exhibit 4.1 to PepsiAmericas, Inc.'s Current Report on Form 8-K dated February 9, 2009.
Exhibit 4.15	Form of PepsiAmericas, Inc. 4.875% Notes due 2015.
Exhibit 4.16	Form of PepsiAmericas, Inc. 5.00% Notes due 2017.
Exhibit 4.17	Form of PepsiAmericas, Inc. 5.50% Notes due 2035.
Exhibit 4.18	Indenture dated as of November 15, 2002 among Bottling Group, LLC, as obligor, PepsiCo, Inc., as guarantor, and JPMorgan Chase Bank, as trustee, relating to \$1,000,000,000 4 5/8% Senior Notes due November 15, 2012, which is incorporated herein by reference to Exhibit 4.8 to The Pepsi Bottling Group, Inc.'s Annual Report on Form 10-K for the year ended December 28, 2002.

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Exhibit 4.19	Indenture, dated as of June 10, 2003 by and between Bottling Group, LLC, as obligor, and JPMorgan Chase Bank, as trustee, relating to \$250,000,000 4 1/8% Senior Notes due June 15, 2015, which is incorporated herein by reference to Exhibit 4.1 to Bottling Group, LLC's registration statement on Form S-4 (Registration No. 333-106285).
Exhibit 4.20	Indenture, dated as of October 1, 2003, by and between Bottling Group, LLC, as obligor, and JPMorgan Chase Bank, as trustee, which is incorporated herein by reference to Exhibit 4.1 to Bottling Group, LLC's Current Report on Form 8-K dated October 2, 2003.
Exhibit 4.21	Form of Bottling Group, LLC 5.00% Senior Notes due November 15, 2013, which is incorporated herein by reference to Exhibit 4.1 to Bottling Group, LLC's Current Report on Form 8-K dated November 12, 2003.
Exhibit 4.22	Indenture, dated as of March 30, 2006, by and between Bottling Group, LLC, as obligor, and JPMorgan Chase Bank, N.A., as trustee, which is incorporated herein by reference to Exhibit 4.1 to The Pepsi Bottling Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 25, 2006.
Exhibit 4.23	Form of Bottling Group, LLC 5.50% Senior Notes due April 1, 2016, which is incorporated herein by reference to Exhibit 4.2 to The Pepsi Bottling Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 25, 2006.
Exhibit 4.24	Form of Bottling Group, LLC 6.95% Senior Notes due March 15, 2014, which is incorporated herein by reference to Exhibit 4.2 to Bottling Group, LLC's Current Report on Form 8-K dated October 21, 2008.
Exhibit 4.25	Form of Bottling Group, LLC 5.125% Senior Notes due January 15, 2019, which is incorporated herein by reference to Exhibit 4.1 to Bottling Group, LLC's Current Report on Form 8-K dated January 14, 2009.
Exhibit 10.1	PBG 2004 Long Term Incentive Plan, which is incorporated herein by reference to Exhibit 99.1 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
Exhibit 10.2	PBG 2002 Long Term Incentive Plan, which is incorporated herein by reference to Exhibit 99.2 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
Exhibit 10.3	PBG Long Term Incentive Plan, which is incorporated herein by reference to Exhibit 99.3 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
Exhibit 10.4	The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan, which is incorporated herein by reference to Exhibit 99.4 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).

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- Exhibit 10.5 PBG Directors' Stock Plan, which is incorporated herein by reference to Exhibit 99.5 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
- Exhibit 10.6 PBG Stock Incentive Plan, which is incorporated herein by reference to Exhibit 99.6 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
- Exhibit 10.7 Amendments to PBG 2002 Long Term Incentive Plan, The Pepsi Bottling Group, Inc. Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and The Pepsi Bottling Group, Inc. Stock Incentive Plan (effective February 8, 2007), which are incorporated herein by reference to Exhibit 99.7 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
- Exhibit 10.8 Amendments to PBG 2004 Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 2002 Long Term Incentive Plan, The Pepsi Bottling Group, Inc. Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan, The Pepsi Bottling Group, Inc. Directors' Stock Plan and The Pepsi Bottling Group, Inc. Stock Incentive Plan (effective February 19, 2010), which are incorporated herein by reference to Exhibit 99.8 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
- Exhibit 10.9 PepsiAmericas, Inc. 2000 Stock Incentive Plan (including Amendments No. 1, No. 2 and No. 3 thereto), which is incorporated herein by reference to Exhibit 99.9 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
- Exhibit 10.10 Amendment No. 4 to PepsiAmericas, Inc. 2000 Stock Incentive Plan (effective February 18, 2010), which is incorporated herein by reference to Exhibit 99.10 to PepsiCo, Inc.'s Registration Statement on Form S-8 as filed on February 26, 2010 (Registration No. 333-165107).
- Exhibit 10.11 Amendment to the PepsiCo Executive Income Deferral Program Document for the 409A Program, adopted February 18, 2010.
- Exhibit 10.12 Amendment to the PepsiCo Pension Equalization Plan Document for the 409A Program, adopted February 18, 2010.
- Exhibit 10.13 Specified Employee Amendments to Arrangements Subject to Section 409A of the Internal Revenue Code, adopted February 18, 2010 and March 29, 2010.
- Exhibit 10.14 Amendment No. 1, dated as of December 31, 2009, among PepsiAmericas, Inc., Pepsi-Cola Metropolitan Bottling Company, Inc., PepsiCo, Inc., Citibank, N.A. and the lenders party thereto to the Five Year Credit Agreement dated as of June 6, 2006 among PepsiAmericas, Inc., the lenders party thereto, Citibank, N.A., as Agent, and the other agents party thereto, which is incorporated herein by reference to Exhibit 3.1 to PepsiCo, Inc.'s Current Report on Form 8-K dated February 26, 2010.

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Exhibit 10.15	Amendment No. 1, dated as of December 31, 2009, among The Pepsi Bottling Group, Inc., Bottling Group, LLC, Pepsi-Cola Metropolitan Bottling Company, Inc., PepsiCo, Inc., Citibank, N.A. and the lenders party thereto to the First Amended and Restated Credit Agreement dated as of October 19, 2007 among The Pepsi Bottling Group, Inc., Bottling Group, LLC, the lenders party thereto, Citibank, N.A., as Agent, and the other agents party thereto, which is incorporated herein by reference to Exhibit 3.2 to PepsiCo, Inc.'s Current Report on Form 8-K dated February 26, 2010.
Exhibit 10.16	Form of Annual Long-Term Incentive Award Agreement, which is incorporated herein by reference to Exhibit 10.1 to PepsiCo, Inc.'s Current Report on Form 8-K dated April 16, 2010.
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges.
Exhibit 15	Letter re: Unaudited Interim Financial Information.
Exhibit 31	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101	The following materials from PepsiCo Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 20, 2010 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statement of Income, (ii) the Condensed Consolidated Statement of Cash Flows, (iii) the Condensed Consolidated Balance Sheet, (iv) the Condensed Consolidated Statement of Equity, (v) the Condensed Consolidated Statement of Comprehensive Income, and (vi) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.

THIS NOTE MAY BE TRANSFERRED IN WHOLE BUT NOT IN PART 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 SELECTED OR APPROVED BY THE COMPANY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. 1

\$ 100,000,000.00

WHITMAN CORPORATION
7 5/8% Note due June 15, 2015

CUSIP: 96647 KAE 2

WHITMAN CORPORATION, a Delaware corporation (herein called the "Company," which term includes any successor corporation under the Indenture referred to herein), for value received, hereby promises to pay to :

CEDE & CO.

or registered assigns, the principal sum of

ONE HUNDRED MILLION DOLLARS

On June 15, 2015, and to pay interest on such principal sum at the rate of seven and five-eighths per centum (7 5/8%) per annum.

The Company will pay interest from the later of June 26, 1995 or the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on the Interest Payment Dates (June 15 and December 15, beginning December 15, 1995) and on June 15, 2015, or until the principal hereof is otherwise paid 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 Holder of this Note (or one or more predecessor Notes) of record at the close of business on the Record Date for such Interest Payment Date, which, except in the case of interest payable at Maturity (as defined in the Indenture), shall be the first day (whether or not a Business Day) of this month in which such Interest Payment Date occurs and, in the case of interest payable at Maturity, shall be the date such that interest payable at Maturity is payable to the same Person to whom principal on this Note is payable. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Record Date, and may be paid to the Holder of this Note (or one or more predecessor Notes) of record at the close of business on a subsequent record date fixed by the Trustee for the payment of such Defaulted Interest, notice whereof shall be given to Holders not less than 15 days prior to such subsequent record date. Payment of the principal of the Note and, unless otherwise paid as hereinafter provided, the interest thereon will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto at such Person's address appearing in the Security Register. Payment of the principal of this Note and the interest thereon payable at Maturity will be made in immediately available funds provided that this Note is presented at such office or agency in time for the Trustee (or a duly authorized paying agent) to make payment in such funds in accordance with its normal procedures. Additional provisions of the Note are set forth on the reverse hereof.

Unless the certificate 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 Note to be duly executed under its corporate seal.

WHITMAN CORPORATION

Dated: June 26, 1995

By:

This is one of the Securities of the
Series designated herein issued
Under the within-mentioned
Indenture.

Executive Vice President

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

By:

Attest:

Authorized Signature

Secretary

WHITMAN CORPORATION
7 5/8% Note due June 15, 2015

This note is one of a duly authorized issue of debt securities of the company (herein called the "Securities"), Issuable in one or more series, unlimited in aggregate principal amount except as may be otherwise provided in respect of the Securities of a particular series, issued and to issued under and pursuant to an Indenture dated as of January 15, 1993 (herein called the "Indenture"), duly executed and delivered by the Company to The First National Bank of Chicago, as Trustee (the "Trustee"), and is one of a series limited in aggregate principal amount to \$100,000,000 and designated as 7 5/8% Notes due June 15, 2015 (herein called the "7 5/8% Notes"). Reference is hereby made to the Indenture for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of Securities (including Holders of the 7 5/8% Notes).

The 7 5/8% Notes are not redeemable prior to their Stated Maturity and are not subject to any sinking fund.

If an Event of Default shall have occurred and be continuing with respect to the Securities of any series, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding, may declare the entire principal of (and premium, if any, on) all of the Securities of such series then Outstanding and the interest accrued thereon to be due and payable immediately in the manner and with the effect provided in the Indenture. Prior to a declaration of acceleration of the Maturity of any Securities of any series, the Holders of not less than a majority in aggregate principal amount of the Securities of such series then Outstanding with respect to which a default or breach or an Event of Default shall have occurred and be continuing may on behalf of the Holders of all of the Securities of such series waive any past default or breach or Event of Default and its consequences, except a default or breach or Event of Default in the payment of principal of (or premium, if any) or interest on any Security of such series. Upon any such waiver, such default or breach shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured with the effect provided in the Indenture but no such waiver shall extend to any subsequent or other default or breach or Event of Default or impair any right consequent thereon.

The Indenture permits the amendment thereof and the modification to the rights and obligations of the Company and the rights of the Holders 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 then Outstanding of all series which are affected by such amendment or modification, except that certain amendments which do not adversely affect the rights of any Holder of the Securities may be made without the approval of Holders of the Securities and no amendment or modification may, among other things, extend the Stated Maturity of any Security, reduce the principal amount thereof, reduce the rate or extend the time of payment of any interest thereon without the consent of the Holder of each security so affected or reduce the aforesaid majority in aggregate principal amount of Securities of any series, the consent of the Holders of which is required for any such amendment or modification, without the consent of the Holders of all Securities of each affected series.

Notwithstanding any provision in the Indenture or any provision of this Note, the Holder of this Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) 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, transfer of this Note is registrable on the Security Register, upon due presentment for registration of transfer of this Note at the office or agency of the Company in Chicago, Illinois, or such other offices or agencies as the company may designate, and thereupon the company shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of authorized denominations, of the same series and of like aggregate principal amount at Stated Maturity. The 7 5/8 % Notes are issuable only as fully registered Securities in denominations of \$1,000 and any integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Securities of the same terms as this Note and of authorized denominations.

No service charge will be made for any such exchange or registration of transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto.

All terms used in this Note which are defined in the Indenture have the meanings assigned to them in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

Insert assignee's soc. sec. or tax I.D. no.

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____

agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the first page of the within Note in every particular, without alteration or enlargement or any change whatever and must be guaranteed by a commercial bank or trust company having its principal office

or a correspondent in the City of New York or by a member of the New York Stock Exchange.

THIS NOTE MAY BE TRANSFERRED IN WHOLE BUT NOT IN PART 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 SELECTED OR APPROVED BY THE COMPANY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. 1

\$100,000,000.00

WHITMAN CORPORATION
7.29% Note due September 15, 2026

CUSIP: 96647KAF9

WHITMAN CORPORATION, a Delaware corporation (herein called the "Company," which term includes any successor corporation under the Indenture referred to herein), for value received, hereby promises to pay to:

CEDE & CO.

or registered assigns, the principal sum of

ONE HUNDRED MILLION DOLLARS

on September 15, 2026, and to pay interest on such principal sum at the rate of seven and twenty-nine hundredths per centum (7.29%) per annum.

The Company will pay interest from the later of September 23, 1996 or the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on the Interest Payment Dates (March 15 and September 15, beginning March 15, 1997) and on September 15, 2026, or until the principal hereof is otherwise paid 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 Holder of this Note (or one or more predecessor Notes) of record at the close of business on the Record Date for such Interest Payment Date, which, except in the case of interest payable at Maturity (as defined in the Indenture), shall be the first day (whether or not a Business Day) of the month in which such Interest Payment Date occurs and, in the case of interest payable at Maturity, shall be the date such that interest payable at Maturity is payable to the same Person to whom principal on this Note is payable. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Record Date, and may be paid to the Holder of this Note (or one or more predecessor Notes) of record at the close of business on a subsequent record date fixed by the Trustee for the payment of such Defaulted Interest, notice whereof shall be given to Holders not less than 15 days prior to such subsequent record date. Payment of the principal of this Note and, unless otherwise paid as hereinafter provided, the interest thereon will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto at such Person's address appearing in the Security Register. Payment of the principal of this Note and the interest thereon payable at Maturity will be made in immediately available funds provided that this Note is presented at such office or agency in time for the Trustee (or a duly authorized paying agent) to make payment in such funds in accordance with its normal procedures. Additional provisions of this Note are set forth on the reverse hereof.

Unless the certificate 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 Note to be duly executed under its corporate seal.

WHITMAN CORPORATION

Dated: September 23, 1996

By:



Executive Vice President

This is one of the Securities of the series designated herein issued under the within-mentioned Indenture.

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

Attest:



By:

Secretary

Authorized Signature

WHITMAN CORPORATION
7.29% Note due September 15, 2026

This Note is one of a duly authorized issue of debt securities of the Company (herein called the "Securities"), issuable in one or more series, unlimited in aggregate principal amount except as may be otherwise provided in respect of the Securities of a particular series, issued and to be issued under and pursuant to an Indenture dated as of January 15, 1993 (herein called the "Indenture"), duly executed and delivered by the Company to The First National Bank of Chicago, as Trustee (the "Trustee"), and is one of a series limited in aggregate principal amount to \$100,000,000 and designated as 7.29% Notes due September 15, 2026 (herein called the "7.29% Notes"). Reference is hereby made to the Indenture for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of Securities (including Holders of the 7.29% Notes).

The 7.29% Notes are not redeemable prior to their Stated Maturity and are not subject to any sinking fund, except as set forth below.

This Note is repayable, in whole or in part (in integral multiples of \$1,000), at the option of the Holder on September 15, 2004 at 100% of the principal amount hereof, plus accrued and unpaid interest to but excluding September 15, 2004. In order for this Note to be repaid on September 15, 2004, the Trustee must receive no earlier than July 15, 2004 and no later than 5:00 p.m. Chicago time on August 16, 2004 (i) this Note with the form below entitled "Option to Elect Repayment On September 15, 2004" duly completed or (ii) a telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the Holder of this Note, the principal amount of this Note, the principal amount of this Note to be repaid, the certificate number or a description of the tenor and terms of this Note, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note with the form below entitled "Option to Elect Repayment On September 15, 2004" duly completed will be received by the Trustee not later than five Business Days after the date of such telegram, telex, facsimile transmission, hand delivery or letter. If the procedure described in clause (ii) of the preceding sentence is followed, this Note with such form duly completed must be received by the Trustee by such fifth Business Day. Upon a partial repayment this Note will be cancelled and a new Note or Notes for the remaining principal amount hereof will be issued in the name of the Holder hereof.

As long as this Note is represented by a Global Security registered in the name of the Depository or its nominee, the option for repayment may be exercised only by the Depository or its nominee.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of this Note for repayment will be determined by the Company, whose determination will be final and binding. Failure by the Company to repay any portion of this Note on September 15, 2004 as set forth above, will result in an Event of Default.

If an Event of Default shall have occurred and be continuing with respect to the Securities of any series, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding, may declare the entire principal of (and premium, if any, on) all of the Securities of such series then Outstanding and the interest accrued thereon to be due and payable immediately in the manner and with the effect provided in the Indenture. Prior to a declaration of acceleration of the Maturity of any Securities of any series, the Holders of not less than a majority in aggregate principal amount of the Securities of such series then Outstanding with respect to which a default or breach or an Event of Default shall have occurred and be continuing may on behalf of the Holders of all of the Securities of such series waive any past default or breach or Event of Default and its consequences, except a default or breach or Event of Default in the payment of principal of (or premium, if any) or interest on any Security of such series. Upon any such waiver, such default or breach shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured with the effect provided in the Indenture but no such waiver shall extend to any subsequent or other default or breach or Event of Default or impair any right consequent thereon.

The Indenture permits the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders 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 then Outstanding of all series which are affected by such amendment or modification, except that certain amendments which do not adversely affect the rights of any Holder of the Securities may be made without the approval of Holders of the Securities and no amendment or modification may, among other things, extend the Stated Maturity of any Security, reduce the principal amount thereof, reduce the rate or extend the time of payment of any interest thereon without the consent of the Holder of each Security so affected or reduce the aforesaid majority in aggregate principal amount of Securities of any series, the consent of the Holders of which is required for any such amendment or modification, without the consent of the Holders of all Securities of each affected series.

Notwithstanding any provision in the Indenture or any provision of this Note, the Holder of this Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) 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, transfer of this Note is registrable on the Security Register, upon due presentment for registration of transfer of this Note at the office or agency of the Company in Chicago, Illinois, or such other offices or agencies as the Company may designate, and thereupon the Company shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of authorized denominations, of the same series and of like aggregate principal amount at Stated Maturity. The 7.29% Notes are issuable only as fully registered Securities in denominations of \$1,000 and any integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Securities of the same terms as this Note and of authorized denominations.

No service charge will be made for any such exchange or registration of transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto.

All terms used in this Note which are defined in the Indenture have the meanings assigned to them in the Indenture.

OPTION TO ELECT REPAYMENT ON SEPTEMBER 15, 2004

[To be completed only if the Holder elects to exercise such right]

The undersigned owner of this Note hereby irrevocably elects to have the Company repay the principal amount of this Note or portion hereof below designated at 100% of the principal amount plus accrued and unpaid interest to but excluding September 15, 2004. If a portion of this Note is not being repaid, specify the principal amount to be repaid and the denomination or denominations (which will be \$1,000 or an integral multiple of \$1,000 in excess thereof) of the Note or Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid):

Dated: _____

Principal amount to be repaid if amount to be repaid is less than the entire principal amount of this Note (principal amount remaining must be an authorized denomination)

\$ _____

(which will be an integral multiple of \$1,000)

Denomination or denominations of the Note or Notes to be issued for the portion of this Note not being repaid

Signature

Sign exactly as name appears on the front of this Note.

Indicate address where check is to be sent, if repaid:

SOCIAL SECURITY OR OTHER TAXPAYER ID NUMBER

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

Insert assignee's soc. sec. or tax I.D. no.

(Print or type assignee's name, address and zip code)

and all rights thereunder and irrevocably appoint _____

agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the first page of the within Note in every particular, without alteration or enlargement or any change whatever and must be guaranteed by a commercial bank or trust company having its principal office or a correspondent in the City of New York or by a member of the New York Stock Exchange.

THIS NOTE MAY BE TRANSFERRED IN WHOLE BUT NOT IN PART 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 SELECTED OR APPROVED BY THE COMPANY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. 1

\$ 25,000,000.00

WHITMAN CORPORATION
7.44% Note due September 15, 2026

CUSIP: 96647KAG7

WHITMAN CORPORATION, a Delaware corporation (herein called the "Company," which term includes any successor corporation under the Indenture referred to herein), for value received, hereby promises to pay to:

CEDE & CO.

or registered assigns, the principal sum of

TWENTY-FIVE MILLION DOLLARS

on September 15, 2026, and to pay interest on such principal sum at the rate of seven and forty-four hundredths per centum (7.44%) per annum.

The Company will pay interest from the later of September 23, 1996 or the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on the Interest Payment Dates (March 15 and September 15, beginning March 15, 1997) and on September 15, 2026, or until the principal hereof is otherwise paid 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 Holder of this Note (or one or more predecessor Notes) of record at the close of business on the Record Date for such Interest Payment Date, which, except in the case of interest payable at Maturity (as defined in the Indenture), shall be the first day (whether or not a Business Day) of the month in which such Interest Payment Date occurs and, in the case of interest payable at Maturity, shall be the date such that interest payable at Maturity is payable to the same Person to whom principal on this Note is payable. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Record Date, and may be paid to the Holder of this Note (or one or more predecessor Notes) of record at the close of business on a subsequent record date fixed by the Trustee for the payment of such Defaulted Interest, notice whereof shall be given to Holders not less than 15 days prior to such subsequent record date. Payment of the principal of this Note and, unless otherwise paid as hereinafter provided, the interest thereon will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto at such Person's address appearing in the Security Register. Payment of the principal of this Note and the interest thereon payable at Maturity will be made in immediately available funds provided that this Note is presented at such office or agency in time for the Trustee (or a duly authorized paying agent) to make payment in such funds in accordance with its normal procedures. Additional provisions of this Note are set forth on the reverse hereof.

Unless the certificate 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 Note to be duly executed under its corporate seal.

WHITMAN CORPORATION

Dated: September 23, 1996

By:



Executive Vice President

This is one of the Securities of the series designated herein issued under the within-mentioned Indenture.

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

Attest:



By:

Secretary

Authorized Signature

WHITMAN CORPORATION
7.44% Note due September 15, 2026

This Note is one of a duly authorized issue of debt securities of the Company (herein called the "Securities"), issuable in one or more series, unlimited in aggregate principal amount except as may be otherwise provided in respect of the Securities of a particular series, issued and to be issued under and pursuant to an Indenture dated as of January 15, 1993 (herein called the "Indenture"), duly executed and delivered by the Company to The First National Bank of Chicago, as Trustee (the "Trustee"), and is one of a series limited in aggregate principal amount to \$100,000,000 and designated as 7.44% Notes due September 15, 2026 (herein called the "7.44% Notes"). Reference is hereby made to the Indenture for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of Securities (including Holders of the 7.44% Notes).

The 7.44% Notes are not redeemable prior to their Stated Maturity and are not subject to any sinking fund, except as set forth below.

This Note is repayable, in whole or in part (in integral multiples of \$1,000), at the option of the Holder on September 15, 2008 at 100% of the principal amount hereof, plus accrued and unpaid interest to but excluding September 15, 2008. In order for this Note to be repaid on September 15, 2008, the Trustee must receive no earlier than July 15, 2008, and no later than 5:00 p.m., Chicago time, on August 15, 2008 (i) this Note with the form below entitled "Option to Elect Repayment On September 15, 2008" duly completed or (ii) a telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the Holder of this Note, the principal amount of this Note, the principal amount of this Note to be repaid, the certificate number or a description of the tenor and terms of this Note, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note with the form below entitled "Option to Elect Repayment On September 15, 2008" duly completed will be received by the Trustee not later than five Business Days after the date of such telegram, telex, facsimile transmission, hand delivery or letter. If the procedure described in clause (ii) of the preceding sentence is followed, this Note with such form duly completed must be received by the Trustee by such fifth Business Day. Upon a partial repayment this Note will be cancelled and a new Note or Notes for the remaining principal amount hereof will be issued in the name of the Holder hereof.

As long as this Note is represented by a Global Security registered in the name of the Depository or its nominee, the option for repayment may be exercised only by the Depository or its nominee.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of this Note for repayment will be determined by the Company, whose determination will be final and binding. Failure by the Company to repay any portion of this Note on September 15, 2008 as set forth above, will result in an Event of Default.

If an Event of Default shall have occurred and be continuing with respect to the Securities of any series, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the Holders of not less than 25 % in aggregate principal amount of the Securities of such series then Outstanding, may declare the entire principal of (and premium, if any, on) all of the Securities of such series then Outstanding and the interest accrued thereon to be due and payable immediately in the manner and with the effect provided in the Indenture. Prior to a declaration of acceleration of the Maturity of any Securities of any series, the Holders of not less than a majority in aggregate principal amount of the Securities of such series then Outstanding with respect to which a default or breach or an Event of Default shall have occurred and be continuing may on behalf of the Holders of all of the Securities of such series waive any past default or breach or Event of Default and its consequences, except a default or breach or Event of Default in the payment of principal of (or premium, if any) or interest on any Security of such series. Upon any such waiver, such default or breach shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured with the effect provided in the Indenture but no such waiver shall extend to any subsequent or other default or breach or Event of Default or impair any right consequent thereon.

The Indenture permits the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders 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 then Outstanding of all series which are affected by such amendment or modification, except that certain amendments which do not adversely affect the rights of any Holder of the Securities may be made without the approval of Holders of the Securities and no amendment or modification may, among other things, extend the Stated Maturity of any Security, reduce the principal amount thereof, reduce the rate or extend the time of payment of any interest thereon without the consent of the Holder of each Security so affected or reduce the aforesaid majority in aggregate principal amount of Securities of any series, the consent of the Holders of which is required for any such amendment or modification, without the consent of the Holders of all Securities of each affected series.

Notwithstanding any provision in the Indenture or any provision of this Note, the Holder of this Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) 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, transfer of this Note is registrable on the Security Register, upon due presentment for registration of transfer of this Note at the office or agency of the Company in Chicago, Illinois, or such other offices or agencies as the Company may designate, and thereupon the Company shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of authorized denominations, of the same series and of like aggregate principal amount at Stated Maturity. The 7.44% Notes are issuable only as fully registered Securities in denominations of \$1,000 and any integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Securities of the same terms as this Note and of authorized denominations.

No service charge will be made for any such exchange or registration of transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto.

All terms used in this Note which are defined in the Indenture have the meanings assigned to them in the Indenture.

OPTION TO ELECT REPAYMENT ON SEPTEMBER 15, 2008

[To be completed only if the Holder elects to exercise such right]

The undersigned owner of this Note hereby irrevocably elects to have the Company repay the principal amount of this Note or portion hereof below designated at 100% of the principal amount plus accrued and unpaid interest to but excluding September 15, 2008. If a portion of this Note is not being repaid, specify the principal amount to be repaid and the denomination or denominations (which will be \$1,000 or an integral multiple of \$1,000 in excess thereof) of the Note or Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid):

Dated: _____

Principal amount to be repaid if amount to be repaid is less than the entire principal amount of this Note (principal amount remaining must be an authorized denomination)

\$ _____

(which will be an integral multiple of \$1,000)

Denomination or denominations of the Note or Notes to be issued for the portion of this Note not being repaid

Signature

Sign exactly as name appears on the front of this Note.

Indicate address where check is to be sent, if repaid:

SOCIAL SECURITY OR OTHER TAXPAYER ID NUMBER

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

Insert assignee's soc. sec. or tax I.D. no.

(Print or type assignee's name, address and zip code)

and all rights thereunder and irrevocably appoint _____

agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the first page of the within Note in every particular, without alteration or enlargement or any change whatever and must be guaranteed by a commercial bank or trust company having its principal office or a correspondent in the City of New York or by a member of the New York Stock Exchange.

[Face of Note]

Registered No. FX 0004

PEPSIAMERICAS, INC.
Medium-Term Notes, Series C

CUSIP No. 71343X AD6

(Fixed Rate)

If this Note is a Book-Entry Note, the registered owner of this Note (as indicated below) is The Depository Trust Company (the "Depository") or a nominee of the Depository, and the following legend is applicable: Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The following summary of terms is subject to the information set forth on the reverse hereof:

PRINCIPAL AMOUNT AND CURRENCY OR CURRENCY UNIT:

U.S. \$150,000,000

FORM: BOOK-ENTRY: CERTIFICATED:

DENOMINATIONS

(IF OTHER THAN U.S. DOLLARS OR THE U.S. DOLLAR

DENOMINATIONS SET FORTH ON THE REVERSE): N.A.

OPTION TO RECEIVE PAYMENTS IN SPECIFIED CURRENCY:

YES: NO:

EXCHANGE RATE AGENT: N.A.

ISSUE DATE: MARCH 6, 2003

STATED MATURITY DATE: March 15, 2013

INTEREST RATE: 4.500%

INTEREST PAYMENT DATE(S): MARCH 15 AND

SEPTEMBER 15, COMMENCING SEPTEMBER 15, 2003

RECORD DATE(S): MARCH 1 AND SEPTEMBER 1

REDEMPTION DATE(S) (OPTION OF THE ISSUER): AT ANY
TIME ON OR AFTER THE ORIGINAL ISSUE DATE

REDEMPTION PRICE(S): THE GREATER OF (I) 100% OF THE
PRINCIPAL AMOUNT TO BE REDEEMED OR (II) THE SUM OF
THE PRESENT VALUES OF THE REMAINING SCHEDULED
PAYMENTS OF PRINCIPAL AND INTEREST ON THE NOTES
BEING REDEEMED FROM THE REDEMPTION DATE TO THE
MATURITY DATE, DISCOUNTED TO THE REDEMPTION DATE ON
A SEMI-ANNUAL BASIS (ASSUMING A 360-DAY YEAR
CONSISTING OF TWELVE 30-DAY MONTHS) AT THE TREASURY
RATE (AS DEFINED HEREIN) PLUS 15 BASIS POINTS; PLUS. FOR
EACH OF (I) AND (II) ABOVE, ACCRUED AND UNPAID
INTEREST TO THE REDEMPTION DATE

REPAYMENT DATE(S) (OPTION OF THE HOLDER): N.A.

NOTICE PERIOD: NOT LESS THAN 30 NOR MORE THAN 60
DAYS

REPAYMENT PRICE(S): N.A.

SINKING FUND: YES: NO:

OPTIONAL EXTENSION OF STATED MATURITY DATE:

YES: NO:

AMORTIZING NOTE: YES: NO:

EXTENSION PERIOD:.

NUMBER OF EXTENSION PERIODS:

FINAL MATURITY DATE:

ORIGINAL ISSUE DISCOUNT SECURITY:

YES: NO:

OTHER PROVISIONS: N.A.

TOTAL AMOUNT OF OID:

YIELD TO MATURITY:

INITIAL ACCRUAL PERIOD OID:

PEPSIAMERICAS, INC., a corporation duly organized and existing under the laws of Delaware (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 CEDE & CO. or registered assigns, the principal amount specified above (any currency or currency unit other than U.S. dollars being hereinafter referred to as a "Specified Currency") on the Stated Maturity Date specified above, and to pay interest thereon from and including the Issue Date specified above or from and including the most recent Interest Payment Date (as hereinafter defined) to which interest on this Note (or any predecessor Note) has been paid or duly provided for, as the case may be, to but excluding the relevant Interest Payment Date.

Interest will be paid on the Interest Payment Date or Dates specified above, commencing with the first such Interest Payment Date next succeeding the Issue Date specified above (except as provided below), at the rate per annum specified above, until the principal hereof is paid or made available for payment and at Maturity; provided that unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election (as hereinafter defined) with respect to one or more such payments, the Company will make all such payments in U.S. dollars in amounts determined as set forth herein. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Holder of record of this Note (or one or more predecessor Notes) at the close of business on the Record Date specified above, next preceding such Interest Payment Date; provided that interest payable at Maturity shall be payable to the same Person to whom principal on this Note is payable. The first payment of interest on any Note originally issued between a Record Date and the next Interest Payment Date will be made on the Interest Payment Date following the next succeeding Record Date to the Holder on such next succeeding Record Date. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Record Date and may either be paid to the Holder of record of this Note (or one or more predecessor Notes) at the close of business on a subsequent record date fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to Holders not less than 15 days prior to such subsequent record date, or 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, all as more fully provided in said Indenture.

If this Note is a Book-Entry Note as specified above, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depositary or its nominee, the Company will cause payments of principal of, and any premium and interest on, such Book-Entry Notes to be made to the Depositary or its nominee, as the case may be, by wire transfer of immediately available funds, in the funds and in the manner required by agreements with, or regulations or procedures prescribed from time to time by, the Depositary or its nominee, and otherwise in accordance with such agreements, regulations and procedures. If this Note is a Book-Entry Note as specified above, the following legend is applicable except as specified on the reverse hereof: THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY 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 OF THE DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR.

If this Note is a certificated Note as specified above, payments of the principal of, and any premium and interest on, this Note will be made in immediately available funds if this Note is surrendered at the principal corporate trust office of the Trustee in the Borough of Manhattan. The City of New York, provided that this Note is presented to the Trustee in time for the Trustee to make such payment in such funds in accordance with its normal procedures. A Holder of \$10,000,000 or more in aggregate principal amount of Notes denominated and payable in U.S. dollars and having the same Interest Payment Date shall be entitled to receive such payments by wire transfer of immediately available funds to an account maintained by such Holder with a bank located in the United States, provided that the Holder shall have provided in writing to the Trustee, on or prior to the relevant Record Date, appropriate payment instructions. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but not any tax, assessment or governmental charge imposed upon the Holder of this Note.

Payment of the principal of, and any premium and interest on, this Note shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public debts; provided that, if this Note is denominated in a Specified Currency, the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments, the Exchange Rate Agent is able to convert such payments as provided below and the Specified Currency is not unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Company, then (i) the payment of interest on this Note will be made in the

Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of such debts) by check drawn on a bank office located outside the United States and mailed to the address of the Person entitled thereto as such address shall appear in the Security Register and (ii) the payment of principal, and any premium and interest, due at Maturity will be made in such Specified Currency (or, if applicable, such other currency or currencies) by wire transfer of immediately available funds to an account maintained by the holder hereof with a bank office located in the country which issued the Specified Currency (or, in the case of Euros, Brussels), as shall have been designated at least fifteen days prior to Maturity by the Holder, upon presentation of this Note to the Trustee (or a duly authorized paying agent) in time for such wire transfer to be made by the Trustee (or such paying agent) in accordance with its normal procedures. Unless otherwise specified above, if this Note is denominated in a Specified Currency the Holder hereof may elect to receive payments of principal, and any premium and interest, in such Specified Currency (a "Specified Currency Payment Election") by delivery of a written request (including, in the case of an election with respect to payments at Maturity, appropriate wire transfer instructions) to the Trustee at its principal corporate trust office referred to above on or prior to the relevant Record Date or the fifteenth day prior to Maturity, as the case may be. Such request may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. The Holder may elect to receive payment in the Specified Currency for all principal, premium and interest payments and need not file a separate election for each payment. Such election shall remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the relevant Record Date or at least fifteen days prior to Maturity, as the case may be.

If a Specified Currency is not available for the payment of principal of, or any premium or interest on, this Note due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making payment in U.S. dollars on the basis of the Market Exchange Rate on the second Business Day prior to such payment, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate or as otherwise specified above. Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Indenture.

If payment in respect of this Note is required to be made in any currency unit, and such currency unit is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Company, then the Company will be entitled, but not required, to make any payments in respect of this Note in U.S. dollars until such currency unit is again available. The amount of each payment in U.S. dollars will be computed on the basis of the equivalent of the currency unit in U.S. dollars, which will be determined by the Company or its agent on the following basis. The component currencies of the currency unit for this purpose (the "Component Currencies" or, individually, a "Component Currency") will be the currency amounts that were components of the currency unit as of the last day of which the currency unit was used. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies will be determined by the Company or such agent on the basis of the most recently available Market Exchange Rate for each such Component Currency; or as otherwise specified above.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency will be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of whose currencies as Component Currencies will be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency will be replaced by the amounts of such two or more currencies, the sum of which will be equal to the amount of the original Component Currency.

All determinations referred to above made by the Company or its agent (including the Exchange Rate Agent) will be at the Company's sole discretion and will, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

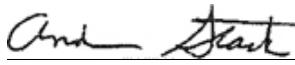
REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF AND THE ATTACHED ANNEX. IF ANY, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, or its successor as Trustee, or its Authenticating Agent, by manual signature of an authorized signatory, this Note will 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 under its corporate seal.

Dated: March 6, 2003

PEPSIAMERICAS, INC.

By: 
Its: Vice President and Treasurer

Attest: 
Its: Assistant Secretary

This is one of the Securities of the series designated herein issued under the within-mentioned Indenture.

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: 
Authorized Signatory

PEPSIAMERICAS, INC.

MEDIUM-TERM NOTE, SERIES C

SECTION 1. General. This Note is one of a duly authorized issue of debt securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of January 15, 1993, as supplemented as of May 20, 1999, (herein called the "Indenture"), between the Company and Bank One Trust Company, 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 thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be authenticated and delivered. This Note is one of the Securities of the series designated on the face hereof. The Notes may be of different principal amounts and currencies or currency units, bear different dates, mature at different times, bear interest at different rates, be subject to different redemption provisions, if any, may be subject to different sinking funds, purchase or analogous funds, if any, and may otherwise vary, all as provided in the Indenture.

SECTION 2. Payments. Interest on this Note will be payable on the Interest Payment Date or Interest Payment Dates as specified on the face hereof and, in either case, at Maturity.

Unless otherwise specified on the face hereof, payments on this Note with respect to any Interest Payment Date or Maturity will include interest accrued from and including the Issue Date, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, to but excluding such Interest Payment Date or Maturity. Unless otherwise specified on the face hereof, interest on this Note will be computed and paid on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified on the face hereof, if this Note is an Amortizing Note, payments with respect to this Note will be applied first to interest due and payable hereon and then to the reduction of the unpaid principal amount hereof. If this Note is an Amortizing Note, table, setting forth repayment information in respect to this Note will be set forth on the face hereof.

All percentages resulting from any calculation with respect to this Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with five one-millionths of a percentage point being rounded upward) and all dollar amounts used in or resulting from any such calculation with respect to this Note will be rounded to the nearest cent or, if this Note is denominated in one or more currencies or currency units other than U.S. dollars, the nearest unit (with one-half cent or five one-thousandths of a unit being rounded upward).

If this Note is denominated in a Specified Currency, unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments as provided on the face hereof, the Holder of this Note shall receive payment of principal, and any premium and interest, in U.S. dollars at an exchange rate based on the highest bid quotation in The City of New York received by the Exchange Rate Agent (who, unless otherwise specified on the face hereof, will be the Trustee) at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of such Specified Currency payable to all Holders of Securities of this Series denominated in a Specified Currency and scheduled to receive U.S. dollar payments on such payment date and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments.

"Business Day" means (i) any day other than a Saturday or Sunday and other than a day on which banking institutions in New York, New York or Chicago, Illinois are authorized or obligated by law or executive order to close or, (ii) if this Note is a LIBOR Note, any day on which dealings in deposits in United States dollars are transacted

in the London interbank market or, (iii) if this Note is denominated in one or more currencies or currency units other than U.S. dollars, other than Euro only, any such day that is not a day on which banking institutions in the principal financial center in the country of the specified currency are authorized or obligated by law or executive order to close or, (iv) if this Note is denominated in Euro, any date on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open. If an Interest Payment Date or Maturity for this Note falls on a day that is not a Business Day, payment of principal, and any premium or interest, to be made on such day with respect to this Note will be made on the next day that is a Business Day with the same force and effect as if made on the due date, and no additional interest will be payable on the date of payment for the period from and after the due date as a result of such delayed payment.

“Euro” means the lawful currency of the participating member states of the European Union that adopted a single currency in accordance with the treaty establishing the European Comity as amended by the Treaty on European Union signed February 7, 1992.

SECTION 3. Redemption. This Note will be redeemable at the option of the Company prior to the Stated Maturity Date only if one or more Redemption Dates is specified on the face hereof. If so specified, this Note will be subject to redemption at the option of the Company on the Redemption Date (or during any such range of dates) in whole or from time to time in part in increments of \$100,000 or the minimum denomination, if any, specified on the face hereof (provided that any remaining principal amount hereof shall be at least \$100,000 or such minimum denomination), at the Redemption Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the Redemption Date, but payments due with respect to this Note prior to the Redemption Date will be payable to the Holder of this Note of record at the close of business on the relevant Record Date specified on the face hereof, all as provided in the Indenture. The Company may exercise such option by causing the Trustee to mail a notice of such redemption, at least 30 but not more than 60 calendar days prior to the date of redemption, in accordance with the provisions of the Indenture. In the event of redemption of this Note in part only, this Note will be cancelled and a new Note or Notes representing the unredeemed portion hereof will be issued in the name of the Holder hereof.

“Treasury Rate” means, with respect to any Redemption Date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue for this Note, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Note that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the arithmetic average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day before the Redemption Date, as published in the daily statistical release (or any successor release) by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S Government Securities” or (ii) if that release (or any successor release) is not available or does not contain those prices on that Business Day, the arithmetic average of the Reference Treasury Dealer Quotations for the Redemption Date.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Trustee after consultation with the Company.

“Reference Treasury Dealer” means Banc of America Securities LLC, Banc One Capital Markets, Inc., Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc., Salomon Smith Barney Inc. and Wachovia Securities, Inc. and their respective successors. If any of the Reference Treasury Dealers ceases to be a primary U.S government securities dealer in New York City (a “Primary Treasury Dealer”), the Company may substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day before the Redemption Date.

SECTION 4. Repayment. If so specified on the face hereof, this Note will be repayable, in whole or from time to time in part, prior to Maturity at the option of the Holder on the Repayment Date or Dates (or range of such dates) specified on the face hereof at the Repayment Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the date of repayment. In order for this Note to be repaid prior to Maturity, the Trustee must receive at least 30 but not more than 60 calendar days prior to an Repayment Date (i) this Note with the form below entitled “Option to Elect Repayment” duly completed or (ii) a telegram, facsimile transmission, or letter (first class, postage prepaid) from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the Holder of this Note, the principal amount of this Note, the principal amount of this Note to be repaid, the certificate number or a description of the tenor and terms of this Note, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note with the form below entitled “Option to Elect Repayment” duly completed will be received by the Trustee not later than five Business Days after the date of such telegram, facsimile transmission or letter. If the procedure described in clause (ii) of the preceding sentence is followed, this Note with such form duly completed must be received by the Trustee by such fifth Business Day. Unless otherwise specified on the face hereof, exercise of the repayment option by the Holder of this Note will be irrevocable. The repayment option may be exercised by the Holder of this Note for less than the entire principal amount of this Note, provided that the principal amount of this Note remaining outstanding after such repayment is an authorized denomination. Upon such partial repayment this Note will be cancelled and a new Note or Notes for the remaining principal amount hereof will be issued in the name of the Holder hereof.

If this Note is a Book-Entry Note as specified on the face hereof, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depository or its nominee, the option for repayment may be exercised by a participant that has an account with the Depository, on behalf of the beneficial owner of this Note, by delivering a written notice substantially similar to the form below entitled “Option to Elect Repayment” duly completed to the Trustee at its Corporate Trust Office (or such other address of which the Company will from time to time notify the Holders), at least 30 but not more than 60 calendar days prior to the Repayment Date. A notice of election from a participant on behalf of the beneficial owner of this Note to exercise the option to have this Note repaid must be received by the Trustee prior to 5:00 P.M., New York City time, on the last day for giving such notice. In order to ensure that a notice is received by the Trustee on a particular day, the beneficial owner of this Note must so direct the applicable participant before such participant’s deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, the beneficial owner of this Note should consult the participant through which such beneficial owner owns its interest herein for the deadline for such participant. All notices shall be executed by a duly authorized officer of such participant (with signatures guaranteed) and will be irrevocable. In addition, the beneficial owner of this Note shall effect delivery at the time such notice of election is given to the Depository by causing the applicable participant to transfer such beneficial owner’s interest in this Note, on the Depository’s records, to the Trustee.

SECTION 5. Optional Extension of Maturity. If so specified on the face hereof, the Stated Maturity Date of this Note may be extended at the option of the Company for one or more periods, as specified on the face hereof (each an "Extension Period"), up to but not beyond the date (the "Final Maturity Date") specified on the face hereof. The Company may exercise such option with respect to this Note by notifying the Trustee of such exercise at least 45 but not more than 60 calendar days prior to the Stated Maturity Date, or the then applicable extension thereof of this Note (the "Applicable Maturity Date"). If the Company so notifies the Trustee of such exercise, the Trustee will send, not later than 40 calendar days prior to the Applicable Maturity Date, by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) to the Holder of this Note a notice (the "Extension Notice") relating to such Extension Period indicating (i) that the Company has elected to extend the Stated Maturity Date of this Note, (ii) the new Stated Maturity Date, (iii) the interest rate applicable to such Extension Period and (iv) the provisions, if any, for redemption during such Extension Period, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during such Extension Period. Upon the Trustee's sending of the Extension Notice, the Stated Maturity Date of this Note will be extended automatically and, except as modified by the Extension Notice and as described in the next two paragraphs, this Note will have the same terms as prior to the sending of such Extension Notice.

Notwithstanding the foregoing, not later than 20 calendar days prior to the Applicable Maturity Date of this Note, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to send by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) notice of such higher interest rate to the Holder of this Note. Such notice will be irrevocable. All Notes with respect to which the Stated Maturity Date is extended will bear such higher interest rate for the Extension Period, whether or not tendered for repayment as provided in the next paragraph.

If the Company extends the Stated Maturity Date of this Note (or an Extension Period, as applicable), the Holder will have the option to elect repayment of this Note, in whole but not in part, by the Company on the Applicable Maturity Date at a price equal to the principal amount hereof, plus accrued and unpaid interest to but excluding such date. In order for this Note to be so repaid on the Applicable Maturity Date, the Holder of this Note must follow the procedures specified under Section 4 for optional repayment, except that the period for delivery of this Note or notification to the Trustee will be at least 25 but not more than 35 calendar days prior to the Original Maturity Date. If the Holder has tendered this Note for repayment following receipt of an Extension Notice, the Holder may revoke such tender for repayment by written notice to the Trustee received prior to 5:00 p.m., New York City time, on the tenth calendar day prior to the Applicable Maturity Date.

SECTION 6. Renewal of Maturity. If the note is a variable rate renewable Note (a “Renewable Note”), the stated maturity of all or any portion of the principal amount may be extended in accordance with the procedures described below. On the Interest Payment Dates specified herein (each such Interest Payment Date, an “Election Date”), the stated maturity of the Renewable Note will be extended to the Interest Payment Date occurring twelve months after such Election Date, unless the holder elects to terminate the automatic extension of the stated maturity of the Renewable Note or of any portion thereof having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee prior to such Election Date. The stated maturity of Renewable Notes may not be extended beyond the Final Maturity Date, as specified in the applicable pricing supplement (the “Final Maturity Date”). If the holder elects to terminate the automatic extension of the stated maturity of any portion of the principal amount of Renewable Notes and such election is not revoked as described below, such portion will become due and payable on the Interest Payment Date falling six months (unless another period is specified herein) after the Election Date prior to which the holder made its election.

An election to terminate the automatic extension of maturity may be revoked as to any portion of Renewable Notes having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee on any day following the effective date of the election to terminate the automatic extension of the stated maturity and prior to the date 15 days before the date on which such portion would otherwise mature. The revocation may be made for less than the entire principal amount of the Renewable Notes for which the automatic extension of the stated maturity has been terminated as long as the above-described minimum amount and multiple requirement is met. A revocation may not be made during the period from and including a Record Date to but excluding the immediately succeeding Interest Payment Date.

Renewable Notes may be redeemed in whole or in part at the option of the Company on the Interest Payment Dates in each year specified herein, at a redemption price specified herein, together with accrued and unpaid interest to the date of redemption.

SECTION 7. Sinking Fund. This Note is not subject to a sinking fund unless otherwise specified on the face hereof.

SECTION 8. Original Issue Discount Notes. Notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note as specified on the face hereof, the amount payable in the event the principal amount hereof is declared to be due and payable immediately by reason of an Event of Default or in the event of redemption or repayment hereof prior to the Stated Maturity Date hereof, in lieu of the principal amount due at the Stated Maturity Date hereof, will be the Amortized Face Amount of this Note as of the date of declaration, redemption or repayment, as the case may be. The “Amortized Face Amount” of this Note will be the amount equal to (a) the principal amount of this Note multiplied by the Issue Price specified on the face hereof plus (b) the portion of the difference between the dollar amount determined pursuant to the preceding clause (a) and the principal amount hereof that has accreted at the Yield to Maturity specified on the face hereof (computed in accordance with generally accepted United States bond yield computation principles) to such date of declaration, redemption or repayment but in no event will the Amortized Face Amount of this Note exceed its principal amount.

SECTION 9. Events of Default. If any Event of Default with respect to Notes of this series shall occur and be continuing, the principal of the Notes of this series may be declared due and payable in the manner and with the effect provided in the Indenture; provided, however, that notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note, the amount so declared to be due and payable will be the Amortized Face Amount of this Note as of the date of such declaration as specified under Section 7.

SECTION 10. Modification or Waiver: Obligation of the Company Absolute. 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 to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Outstanding Securities of each series, on behalf of the Holders of all Securities of such series, to waive, with respect to the Securities of such series, 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 will 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 hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture will alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and any premium and interest on, this Note at the times, places and rates herein prescribed.

SECTION 11. Discharge, Legal Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Note and (b) certain restrictive covenants and the related Events of Default upon compliance by the Company with certain conditions specified therein, which provisions apply to this Note.

SECTION 12. Authorized Denominations. Unless otherwise specified on the face hereof, the Notes of this series are issuable only in global or certificated registered form, without coupons, in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof (or in the case of Notes denominated in a Specified Currency, in such minimum denomination not less than the equivalent of \$100,000 in such Specified Currency on the basis of the noon buying rate for cable transfers in The City of New York as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York (the "Market Exchange Rate") for such Specified Currency on the date the Company agrees to issue such Security and such other denomination or denominations in excess of \$100,000 or its equivalent as is specified on the face hereof). As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, Notes of this series are exchangeable for Notes of this series of like aggregate principal amount and like Stated Maturity Date and with like terms and conditions of a different authorized denomination, as requested by the Holder surrendering the same.

SECTION 13. Registration of Transfer. As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, 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 maintained for that purpose duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar (which will initially be the Trustee at its principal corporate trust office located in the Borough of Manhattan, The City of New York), duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of this series with like terms and conditions of authorized denominations and for the same Stated Maturity Date and aggregate principal amount, will be issued to the designated transferee or transferees.

If this Note is a Book-Entry Note as specified on the face hereof, this Note is exchangeable for certificated Notes only upon the terms and conditions provided in the Indenture. Except as provided in the Indenture, owners of beneficial interests in this Book-Entry Note will not be entitled to receive physical delivery of Notes in certificated registered form and will not be considered the Holders thereof for any purpose under the Indenture.

No service charge will be made for any such registration of 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.

SECTION 14. Owners. Prior to due presentment of this Note for registration of transfer, 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 all purposes, whether or not this Note be overdue and notwithstanding any notation of ownership or other writing hereon, and none of the Company, the Trustee or any such agent will be affected by notice to the contrary.

SECTION 15. Governing Law. The Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

SECTION 16. Defined Terms. All terms used in this Note which are defined in the Indenture will have the meanings assigned to them in the Indenture unless otherwise defined herein; and all references in the Indenture to "Security" or "Securities" will be deemed to include the Notes.

OPTION TO ELECT REPAYMENT

[To be completed only if this Note is repayable at the option of the Holder and the Holder elects to exercise such rights]

The undersigned owner of this Note hereby irrevocably elects to have the Company repay (i) the principal amount of this Note or portion hereof below designated at the applicable Repayment Price indicated on the face hereof plus accrued and unpaid interest to but excluding the date of repayment, if this Note is to be repaid pursuant to Section 4 of this Note, or (ii) 100% of the principal amount of this Note plus accrued and unpaid interest to but excluding the Applicable Maturity Date, if this Note is to be repaid pursuant to Section 5 hereof. If a portion of this Note is not being repaid pursuant to clause (i) above, specify the principal amount to be repaid and the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Note or Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid):

Dated: _____

Principal amount to be repaid if amount to be repaid is pursuant to clause (i) above and is less than the entire principal amount of this Note (principal amount remaining must be an authorized denomination)

\$ _____

Denomination or denominations of the Note or Notes to be issued for the portion of this Note not being repaid pursuant to clause (i) above

Signature
Sign exactly as name appears on the front of this Note.

Indicate address where check is to be sent, if repaid:

SOCIAL SECURITY OR OTHER TAXPAYER ID NUMBER

[Face of Note]

Registered No. 1

PEPSIAMERICAS, INC.

CUSIP No. 71343P AA 9

4.875% Note due 2015
(Fixed Rate)

If this Note is a Book-Entry Note, the registered owner of this Note (as indicated below) is The Depository Trust Company (the "Depository") or a nominee of the Depository, and the following legend is applicable: Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The following summary of terms is subject to the information set forth on the reverse hereof:

Principal Amount and Currency or Currency Unit:

U.S. \$300,000,000

Form: Book-Entry: Certificated:

Denominations

(If other than U.S. Dollars or the U.S. Dollar denominations set forth on the reverse): N.A.

Option to receive payments in specified currency:

Yes: No:

Exchange Rate Agent: N.A.

Issue Date: January 10, 2005

Stated Maturity Date: January 15, 2015

Interest Rate: 4.875% per annum

Interest Payment Date(s):

January 15 and July 15, commencing July 15, 2005

Record Date(s): January 1 and July 1

Redemption Date(s) (option of the Company): At any time on or after the original issue date

Redemption Price(s): The greater of (i) 100% of the principal amount to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on this Note being redeemed from the redemption date through the Stated Maturity Date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 0.125%; plus, for each of (i) and (ii) above, accrued and unpaid interest to the redemption date

Repayment Price(s): N.A.

Repayment Date(s) (option of the Holder): N.A.

Optional extension of stated maturity date:

Yes: No:

Notice Period: Not less than 30 nor more than 60 days

Sinking Fund: Yes: No:

Amortizing Note: Yes: No:

Extension Period: N.A.
Number of Extension Periods: N.A.
Final Maturity Date: N.A.

Original Issue Discount Security:
Yes: No:

Other Provisions: N.A.

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period OID:

PEPSIAMERICAS, INC., a corporation duly organized and existing under the laws of Delaware (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 CEDE & CO. or registered assigns, the Principal Amount specified above (any currency or currency unit other than U.S. dollars being hereinafter referred to as a “Specified Currency”) on the Stated Maturity Date specified above, and to pay interest thereon from and including the Issue Date specified above or from and including the most recent Interest Payment Date specified above to which interest on this Note (or any predecessor Note) has been paid or duly provided for, as the case may be, to but excluding the relevant Interest Payment Date or redemption date, as applicable.

Interest will be paid on the Interest Payment Date or Dates specified above, commencing with the first such Interest Payment Date next succeeding the Issue Date specified above (except as provided below), at the rate per annum specified above, until the principal hereof is paid or made available for payment; provided that, unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election (as hereinafter defined) with respect to one or more such payments, the Company will make all such payments in U.S. dollars in amounts determined as set forth herein. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Holder of this Note (or one or more predecessor Notes) at the close of business on the Record Date specified above immediately preceding such Interest Payment Date. The first payment of interest on any Note originally issued between a Record Date and the next Interest Payment Date will be made on the Interest Payment Date following the next succeeding Record Date to the Holder on such next succeeding Record Date. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Record Date and may either be paid to the Holder of this Note (or one or more predecessor Notes) at the close of business on a subsequent record date fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to Holders not less than 15 days prior to such subsequent record date, or 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, all as more fully provided in said Indenture.

If this Note is a Book-Entry Note as specified above, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depository or its nominee, the Company will cause payments of principal of, and any premium and interest on, this Note to be made to the Depository or its nominee, as the case may be, by wire transfer of immediately available funds, in the funds and in the manner required by agreements with, or regulations or procedures prescribed from time to time by, the Depository or its nominee, and otherwise in accordance with such agreements, regulations and procedures. If this Note is a Book-Entry Note as specified above, the following legend is applicable except as specified on the reverse hereof: THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR OF THE DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR.

If this Note is a certificated Note as specified above, payments of the principal of, and any premium and interest on, this Note will be made in immediately available funds if this Note is surrendered at the principal corporate trust office of the Trustee in Minneapolis, Minnesota, provided that this Note is presented to the Trustee in time for the Trustee to make such payment in such funds in accordance with its normal procedures. A Holder of \$10,000,000 or more in aggregate principal amount of Notes denominated and payable in U.S. dollars and having the same Interest Payment Date shall be entitled to receive such payments by wire transfer of immediately available funds to an account maintained by such Holder with a bank located in the United States, provided that the Holder shall have provided in writing to the Trustee, on or prior to the relevant Record Date, appropriate payment instructions. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but not any tax, assessment or governmental charge imposed upon the Holder of this Note.

Payment of the principal of, and any premium and interest on, this Note shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public debts: provided that, if this Note is denominated in a Specified Currency, the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments, the Exchange Rate Agent is able to convert such payments as provided below and the Specified Currency is not unavailable due to the imposition of

exchange controls or other circumstances beyond the control of the Company, then (i) the payment of interest on this Note will be made in the Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of such debts) by check drawn on a bank office located outside the United States and mailed to the address of the Person entitled thereto as such address shall appear in the Security Register and (ii) the payment of principal, and any premium and interest, due at Maturity will be made in such Specified Currency (or, if applicable, such other currency or currencies) by wire transfer of immediately available funds to an account maintained by the holder hereof with a bank office located in the country which issued the Specified Currency (or, in the case of Euros, Brussels), as shall have been designated at least fifteen days prior to Maturity by the Holder, upon presentation of this Note to the Trustee (or a duly authorized paying agent) in time for such wire transfer to be made by the Trustee (or such paying agent) in accordance with its normal procedures. Unless otherwise specified above, if this Note is denominated in a Specified Currency the Holder hereof may elect to receive payments of principal, and any premium and interest, in such Specified Currency (a "Specified Currency Payment Election") by delivery of a written request (including, in the case of an election with respect to payments at Maturity, appropriate wire transfer instructions) to the Trustee at its principal corporate trust office referred to above on or prior to the relevant Record Date or the fifteenth day prior to Maturity, as the case may be. Such request may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. The Holder may elect to receive payment in the Specified Currency for all principal, premium and interest payments and need not file a separate election for each payment. Such election shall remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the relevant Record Date or at least fifteen days prior to Maturity, as the case may be.

If a Specified Currency is not available for the payment of principal of, or any premium or interest on, this Note due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making payment in U.S. dollars on the basis of the Market Exchange Rate on the second Business Day prior to such payment, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate or as otherwise specified above. Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Indenture.

If payment in respect of this Note is required to be made in any currency unit, and such currency unit is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Company, then the Company will be entitled, but not required, to make any payments in respect of this Note in U.S. dollars until such currency unit is again available. The amount of each payment in U.S. dollars will be computed on the basis of the equivalent of the currency unit in U.S. dollars, which will be determined by the Company or its agent on the following basis. The component currencies of the currency unit for this purpose (the "Component Currencies" or, individually, a "Component Currency") will be the currency amounts that were components of the currency unit as of the last day of which the currency unit was used. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Components Currencies. The U.S. dollar equivalent of each of the Component Currencies will be determined by the Company or such agent on the basis of the most recently available Market Exchange Rate for each such Component Currency or as otherwise specified above.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency will be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of whose currencies as Component Currencies will be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency will be replaced by the amounts of such two or more currencies, the sum of which will be equal to the amount of the original Component Currency.

All determinations referred to above made by the Company or its agent (including the Exchange Rate Agent) will be at the Company's sole discretion and will, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, IF ANY, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, or its successor as Trustee, or its Authenticating Agent, by manual signature of an authorized signatory, this Note will 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 under its corporate seal.

Dated: January 10, 2005

PEPSIAMERICAS, INC.

By: _____
Its: Executive Vice President and Chief Financial Officer

Attest: _____
Its: Secretary

This is one of the Securities of the series designated herein issued under the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

PEPSIAMERICAS, INC.

4.875% Notes due January 15, 2015

SECTION 1. General. This Note is one of a duly authorized issue of debt securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of August 15, 2003 (herein called the "Indenture"), between the Company and Wells Fargo 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 thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Note is one of the Securities of the series designated as the "4.875% Notes due 2015" (the "Notes"). The Company may, without the consent of any of the holders of the Note, create and issue additional debt securities so that those additional debt securities will form a single series with the Note.

SECTION 2. Payments. Interest on this Note will be payable on the Interest Payment Date or Interest Payment Dates as specified on the face hereof and, in either case, at Maturity.

Unless otherwise specified on the face hereof, payments on this Note with respect to any Interest Payment Date or Maturity will include interest accrued from and including the Issue Date, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, to but excluding such Interest Payment Date or Maturity. Unless otherwise specified on the face hereof, interest on this Note will be computed and paid on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified on the face hereof, if this Note is an Amortizing Note, payments with respect to this Note will be applied first to interest due and payable hereon and then to the reduction of the unpaid principal amount hereof. If this Note is an Amortizing Note, a table setting forth repayment information in respect to this Note will be set forth on the face hereof.

All percentages resulting from any calculation with respect to this Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with five one-millionths of a percentage point being rounded upward) and all dollar amounts used in or resulting from any such calculation with respect to this Note will be rounded to the nearest cent or, if this Note is denominated in one or more currencies or currency units other than U.S. dollars, the nearest unit (with one-half cent or five one-thousandths of a unit being rounded upward).

If this Note is denominated in a Specified Currency, unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments as provided on the face hereof, the Holder of this Note shall receive payment of principal, and any premium and interest, in U.S. dollars at an exchange rate based on the highest bid quotation in The City of New York received by the Exchange Rate Agent (who, unless otherwise specified on the face hereof, will be the Trustee) at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of such Specified Currency payable to all Holders of Securities of this Series denominated in a Specified Currency and scheduled to receive U.S. dollar payments on such payment date and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments.

“Business Day” means any day other than a Saturday or Sunday and other than a day on which banking institutions in New York, New York or Minneapolis, Minnesota are authorized or obligated by law or executive order to close. If an Interest Payment Date or Maturity for this Note falls on a day that is not a Business

Day, payment of principal, and any premium or interest, to be made on such day with respect to this Note will be made on the next day that is a Business Day with the same force and effect as if made on the due date, and no additional interest will be payable on the date of payment for the period from and after the due date as a result of such delayed payment.

“Euro” means the lawful currency of the participating member states of the European Union that adopted a single currency in accordance with the treaty establishing the European Comity as amended by the Treaty on European Union signed February 7, 1992.

SECTION 3. Redemption. This Note will be redeemable at the option of the Company prior to the Stated Maturity Date only if one or more Redemption Dates is specified on the face hereof. If so specified, this Note will be subject to redemption at the option of the Company on the Redemption Date (or during any such range of dates) in whole or from time to time in part in increments of \$1,000 or the minimum denomination, if any, specified on the face hereof (provided that any remaining principal amount hereof shall be at least \$1,000 or such minimum denomination), at the Redemption Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the Redemption Date, but interest payments due with respect to this Note on an Interest Payment Date or prior to the Redemption Date will be payable to the Holder of this Note at the close of business on the relevant Record Date specified on the face hereof, all as provided in the Indenture. The Company may exercise such option by causing the Trustee to mail a notice of such redemption, at least 30 but not more than 60 calendar days prior to the date of redemption, in accordance with the provisions of the Indenture. In the event of redemption of this Note in part only, this Note will be cancelled and a new Note or Notes representing the unredeemed portion hereof will be issued in the name of the Holder hereof.

“Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the week immediately prior to the third Business Day before such Redemption Date, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Federal Reserve and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the remaining term of this Note (if no maturity is within three months before or after such remaining term, yields for the two published maturities most closely corresponding to such remaining term shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third Business Day before such Redemption Date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue for this Note, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Note that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the arithmetic average of at least three Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations or (ii) if fewer than five Reference Treasury Dealer Quotations are obtained, the arithmetic mean of all such obtained Reference Treasury Dealer Quotations.

“Independent Investment Banker” means one of the Redemption Treasury Dealers appointed by the Trustee after consultation with the Company.

“Redemption Treasury Dealer” means Banc of America Securities LLC, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Wachovia Capital Markets, LLC, BNP Paribas Securities Corp., Wells Fargo Brokerage Services, LLC, Loop Capital Markets, LLC and their respective successors. If any of the Redemption Treasury Dealers ceases to be a primary U.S. Government Securities dealer in New York City (a “Primary Treasury Dealer”), we may substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Redemption Treasury Dealer and any Redemption Date, the arithmetic average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Redemption Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day before the Redemption Date.

SECTION 4. Repayment. If so specified on the face hereof, this Note will be repayable, in whole or from time to time in part, prior to Maturity at the option of the Holder on the Repayment Date or Dates (or range of such dates) specified on the face hereof at the Repayment Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the date of repayment. In order for this Note to be repaid prior to Maturity, the Trustee must receive at least 30 but not more than 60 calendar days prior to an Repayment Date (i) this Note with the form below entitled “Option to Elect Repayment” duly completed or (ii) a telegram, facsimile transmission, or letter (first class, postage prepaid) from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the Holder of this Note, the principal amount of this Note, the principal amount of this Note to be repaid, the certificate number or a description of the tenor and terms of this Note, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note with the form below entitled “Option to Elect Repayment” duly completed will be received by the Trustee not later than five Business Days after the date of such telegram, facsimile transmission or letter. If the procedure described in clause (ii) of the preceding sentence is followed, this Note with such form duly completed must be received by the Trustee by such fifth Business Day. Unless otherwise specified on the face hereof, exercise of the repayment option by the Holder of this Note will be irrevocable. The repayment option may be exercised by the Holder of this Note for less than the entire principal amount of this Note, provided that the principal amount of this Note remaining outstanding after such repayment is an authorized denomination. Upon such partial repayment this Note will be cancelled and a new Note or Notes for the remaining principal amount hereof will be issued in the name of the Holder hereof.

If this Note is a Book-Entry Note as specified on the face hereof, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depository or its nominee, the option for repayment may be exercised by a participant that has an account with the Depository, on behalf of the beneficial owner of this Note, by delivering a written notice substantially similar to the form below entitled “Option to Elect Repayment” duly completed to the Trustee at its Corporate Trust Office (or such other address of which the Company will from time to time notify the Holders), at least 30 but not more than 60 calendar days prior to the Repayment Date. A notice of election from a participant on behalf of the beneficial owner of this Note to exercise the option to have this Note repaid must be received by the Trustee prior to 5:00 P.M., New York City time, on the last day for giving such notice. In order to ensure that a notice is received by the Trustee on a particular day, the beneficial owner of this Note must so direct the applicable participant before such participant’s deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, the beneficial owner of this Note should consult the participant through which such beneficial owner owns its interest herein for the deadline for such participant. All notices shall be executed by a duly authorized officer of such participant (with signatures guaranteed) and will be irrevocable. In addition, the beneficial owner of this Note shall effect delivery at the time such notice of election is given to the Depository by causing the applicable participant to transfer such beneficial owner’s interest in this Note, on the Depository’s records, to the Trustee.

SECTION 5. Optional Extension of Maturity. If so specified on the face hereof, the Stated Maturity Date of this Note may be extended at the option of the Company for one or more periods, as specified on the face hereof (each an "Extension Period"), up to but not beyond the date (the "Final Maturity Date") specified on the face hereof. The Company may exercise such option with respect to this Note by notifying the Trustee of such exercise at least 45 but not more than 60 calendar days prior to the Stated Maturity Date, or the then applicable extension thereof of this Note (the "Applicable Maturity Date"). If the Company so notifies the Trustee of such exercise, the Trustee will send, not later than 40 calendar days prior to the Applicable Maturity Date, by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) to the Holder of this Note a notice (the "Extension Notice") relating to such Extension Period indicating (i) that the Company has elected to extend the Stated Maturity Date of this Note, (ii) the new Stated Maturity Date, (iii) the interest rate applicable to such Extension Period and (iv) the provisions, if any, for redemption during such Extension Period, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur

during such Extension Period. Upon the Trustee's sending of the Extension Notice, the Stated Maturity Date of this Note will be extended automatically and, except as modified by the Extension Notice and as described in the next two paragraphs, this Note will have the same terms as prior to the sending of such Extension Notice.

Notwithstanding the foregoing, not later than 20 calendar days prior to the Applicable Maturity Date of this Note, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to send by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) notice of such higher interest rate to the Holder of this Note. Such notice will be irrevocable. All Notes with respect to which the Stated Maturity Date is extended will bear such higher interest rate for the Extension Period, whether or not tendered for repayment as provided in the next paragraph.

If the Company extends the Stated Maturity Date of this Note (or an Extension Period, as applicable), the Holder will have the option to elect repayment of this Note, in whole but not in part, by the Company on the Applicable Maturity Date at a price equal to the principal amount hereof, plus accrued and unpaid interest to but excluding such date. In order for this Note to be so repaid on the Applicable Maturity Date, the Holder of this Note must follow the procedures specified under Section 4 for optional repayment, except that the period for delivery of this Note or notification to the Trustee will be at least 25 but not more than 35 calendar days prior to the Original Maturity Date. If the Holder has tendered this Note for repayment following receipt of an Extension Notice, the Holder may revoke such tender for repayment by written notice to the Trustee received prior to 5:00 p.m., New York City time, on the tenth calendar day prior to the Applicable Maturity Date.

SECTION 6. Renewal of Maturity. If the note is a variable rate renewable Note (a "Renewable Note"), the stated maturity of all or any portion of the principal amount may be extended in accordance with the procedures described below. On the Interest Payment Dates specified herein (each such Interest Payment Date, an "Election Date"), the stated maturity of the Renewable Note will be extended to the Interest Payment Date occurring twelve months after such Election Date, unless the holder elects to terminate the automatic extension of the stated maturity of the Renewable Note or of any portion thereof having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee prior to such Election Date. The stated maturity of Renewable Notes may not be extended beyond the Final Maturity Date, as specified in the applicable pricing supplement (the "Final Maturity Date"). If the holder elects to terminate the automatic extension of the stated maturity of any portion of the principal amount of Renewable Notes and such election is not revoked as described below, such portion will become due and payable on the Interest Payment Date falling six months (unless another period is specified herein) after the Election Date prior to which the holder made its election.

An election to terminate the automatic extension of maturity may be revoked as to any portion of Renewable Notes having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee on any day following the effective date of the election to terminate the automatic extension of the stated maturity and prior to the date 15 days before the date on which such portion would otherwise mature. The revocation may be made for less than the entire principal amount of the Renewable Notes for which the automatic extension of the stated maturity has been terminated as long as the above-described minimum amount and multiple requirement is met. A revocation may not be made during the period from and including a Record Date to but excluding the immediately succeeding Interest Payment Date.

Renewable Notes may be redeemed in whole or in part at the option of the Company on the Interest Payment Dates in each year specified herein, at a redemption price specified herein, together with accrued and unpaid interest to the date of redemption.

SECTION 7. Sinking Fund. This Note is not subject to a sinking fund unless otherwise specified on the face hereof.

SECTION 8. Original Issue Discount Notes. Notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note as specified on the face hereof, the amount payable in the event the principal amount hereof is declared to be due and payable immediately by reason of an Event of Default or in the

event of redemption or repayment hereof prior to the Stated Maturity Date hereof, in lieu of the principal amount due at the Stated Maturity Date hereof, will be the Amortized Face Amount of this Note as of the date of declaration, redemption or repayment, as the case may be. The “Amortized Face Amount” of this Note will be the amount equal to (a) the principal amount of this Note multiplied by the Issue Price specified on the face hereof plus (b) the portion of the difference between the dollar amount determined pursuant to the preceding clause (a) and the principal amount hereof that has accreted at the Yield to Maturity specified on the face hereof (computed in accordance with generally accepted United States bond yield computation principles) to such date of declaration, redemption or repayment but in no event will the Amortized Face Amount of this Note exceed its principal amount.

SECTION 9. Events of Default. If any Event of Default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture; provided, however, that notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note, the amount so declared to be due and payable will be the Amortized Face Amount of this Note as of the date of such declaration as specified under Section 7.

SECTION 10. Modification or Waiver: Obligation of the Company Absolute. 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 to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Outstanding Securities of each series, on behalf of the Holders of all Securities of such series, to waive, with respect to the Securities of such series, 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 will 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 hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture will alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and any premium and interest on, this Note at the times, places and rates herein prescribed.

SECTION 11. Discharge, Legal Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Note and (b) certain restrictive covenants and the related Events of Default upon compliance by the Company with certain conditions specified therein, which provisions apply to this Note.

SECTION 12. Authorized Denominations. Unless otherwise specified on the face hereof, the Notes are issuable only in global or certificated registered form, without coupons, in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof (or in the case of Notes denominated in a Specified Currency, in such minimum denomination not less than the equivalent of \$1,000 in such Specified Currency on the basis of the noon buying rate for cable transfers in The City of New York as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York (the “Market Exchange Rate”) for such Specified Currency on the date the Company agrees to issue such Security and such other denomination or denominations in excess of \$1,000 or its equivalent as is specified on the face hereof). As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, Notes are exchangeable for Notes of like aggregate principal amount and like Stated Maturity Date and with like terms and conditions of a different authorized denomination, as requested by the Holder surrendering the same.

SECTION 13. Registration of Transfer. As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, 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 maintained for that purpose duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar (which will initially be the Trustee at its principal corporate trust office located in Minneapolis, Minnesota, duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes with like terms and conditions of authorized denominations and for the same Stated Maturity Date and aggregate principal amount, will be issued to the designated transferee or transferees.

If this Note is a Book-Entry Note as specified on the face hereof, this Note is exchangeable for certificated Notes only upon the terms and conditions provided in the Indenture. Except as provided in the Indenture, owners of beneficial interests in this Book-Entry Note will not be entitled to receive physical delivery of Notes in certificated registered form and will not be considered the Holders thereof for any purpose under the Indenture.

No service charge will be made for any such registration of 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.

SECTION 14. Owners. Prior to due presentment of this Note for registration of transfer, 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 all purposes, whether or not this Note be overdue and notwithstanding any notation of ownership or other writing hereon, and none of the Company, the Trustee or any such agent will be affected by notice to the contrary.

SECTION 15. Governing Law. The Indenture and the Notes, including this Note, will be governed by and construed in accordance with the laws of the State of Minnesota.

SECTION 16. Defined Terms. All terms used in this Note which are defined in the Indenture will have the meanings assigned to them in the Indenture unless otherwise defined herein; and all references in the Indenture to “Security” or “Securities” will be deemed to include the Notes.

OPTION TO ELECT REPAYMENT

[To be completed only if this Note is repayable at the option of the Holder and the Holder elects to exercise such rights]

The undersigned owner of this Note hereby irrevocably elects to have the Company repay (i) the principal amount of this Note or portion hereof below designated at the applicable Repayment Price indicated on the face hereof plus accrued and unpaid interest to but excluding the date of repayment, if this Note is to be repaid pursuant to Section 4 of this Note, or (ii) 100% of the principal amount of this Note plus accrued and unpaid interest to but excluding the Applicable Maturity Date, if this Note is to be repaid pursuant to Section 5 hereof. If a portion of this Note is not being repaid pursuant to clause (i) above, specify the principal amount to be repaid and the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Note or Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid):

Dated: _____

Signature
Sign exactly as name appears on the front of this Note.

Principal amount to be repaid if amount to be repaid is pursuant to clause (i) above and is less than the entire principal amount of this Note (principal amount remaining must be an authorized denomination)

Indicate address where check is to be sent, if repaid:

\$ _____

Denomination or denominations of the Note or Notes to be issued for the portion of this Note not being repaid pursuant to clause (i) above

SOCIAL SECURITY OR OTHER TAXPAYER ID
NUMBER

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, will 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 POSTAL ZIP CODE OF ASSIGNEE

the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated: _____

Signature
Sign exactly as name appears on the front of this Note
[SIGNATURE MUST BE GUARANTEED by a member of a recognized Medallion Guarantee Program]

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN INSTRUMENT IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

[Face of Note]

Registered No. 1

PEPSIAMERICAS, INC.

CUSIP No. 71343P AB 7

5.00% Note due May 15, 2017
(Fixed Rate)

If this Note is a Book-Entry Note, the registered owner of this Note (as indicated below) is The Depository Trust Company (the "Depository") or a nominee of the Depository, and the following legend is applicable: Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The following summary of terms is subject to the information set forth on the reverse hereof:

Principal Amount and Currency or Currency Unit:

U.S. \$250,000,000

Form: Book-Entry: Certificated:

Denominations

(If other than U.S. Dollars or the U.S. Dollar denominations set forth on the reverse): N.A.

Exchange Rate Agent: N.A.

Option to receive payments in specified currency:

Yes: No:

Stated Maturity Date: May 15, 2017

Issue Date: May 18, 2005

Interest Rate: 5.00% per annum

Interest Payment Date(s):

May 15 and November 15, commencing November 15, 2005

Record Date(s): May 1 and November 1

Redemption Date(s) (option of the Company): At any time on or after the Issue Date

Redemption Price(s): The greater of (i) 100% of the principal amount of this Note to be redeemed, and (ii) as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal of this Note to be redeemed plus interest thereon from the Redemption Date (exclusive of interest payable on such Redemption Date) through the Stated Maturity Date, discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 0.15%.

Repayment Price(s): N.A.

Repayment Date(s) (option of the Holder): N.A.

Notice Period: Not less than 30 nor more than 60 days

Optional extension of stated maturity date:

Yes: No: Sinking Fund: Yes: No:

Amortizing Note: Yes:

No:

Extension Period: N.A.

Number of Extension Periods: N.A.

Final Maturity Date: N.A.

Original Issue Discount Security:

Yes:

No:

Other Provisions: N.A.

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period OID:

PEPSIAMERICAS, INC., a corporation duly organized and existing under the laws of Delaware (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 CEDE & CO. or registered assigns, the Principal Amount specified above (any currency or currency unit other than U.S. dollars being hereinafter referred to as a “Specified Currency”) on the Stated Maturity Date specified above, and to pay interest thereon from and including the Issue Date specified above or from and including the most recent Interest Payment Date specified above to which interest on this Note (or any predecessor Note) has been paid or duly provided for, as the case may be, to but excluding the relevant Interest Payment Date or redemption date, as applicable.

Interest will be paid on the Interest Payment Date or Dates specified above, commencing with the first such Interest Payment Date next succeeding the Issue Date specified above (except as provided below), at the rate per annum specified above, until the principal hereof is paid or made available for payment; provided that, unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election (as hereinafter defined) with respect to one or more such payments, the Company will make all such payments in U.S. dollars in amounts determined as set forth herein. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Holder of this Note (or one or more predecessor Notes) at the close of business on the Record Date specified above immediately preceding such Interest Payment Date. The first payment of interest on any Note originally issued between a Record Date and the next Interest Payment Date will be made on the Interest Payment Date following the next succeeding Record Date to the Holder on such next succeeding Record Date. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Record Date and may either be paid to the Holder of this Note (or one or more predecessor Notes) at the close of business on a subsequent record date fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to Holders not less than 15 days prior to such subsequent record date, or 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, all as more fully provided in said Indenture.

If this Note is a Book-Entry Note as specified above, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depository or its nominee, the Company will cause payments of principal of, and any premium and interest on, this Note to be made to the Depository or its nominee, as the case may be, by wire transfer of immediately available funds, in the funds and in the manner required by agreements with, or regulations or procedures prescribed from time to time by, the Depository or its nominee, and otherwise in accordance with such agreements, regulations and procedures. If this Note is a Book-Entry Note as specified above, the following legend is applicable except as specified on the reverse hereof: THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR OF THE DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR.

If this Note is a certificated Note as specified above, payments of the principal of, and any premium and interest on, this Note will be made in immediately available funds if this Note is surrendered at the principal corporate trust office of the Trustee in Minneapolis, Minnesota, provided that this Note is presented to the Trustee in time for the Trustee to make such payment in such funds in accordance with its normal procedures. A Holder of \$10,000,000 or more in aggregate principal amount of Notes denominated and payable in U.S. dollars and having the same Interest Payment Date shall be entitled to receive such payments by wire transfer of immediately available funds to an account maintained by such Holder with a bank located in the United States, provided that the Holder shall have provided in writing to the Trustee, on or prior to the relevant Record Date, appropriate payment instructions. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but not any tax, assessment or governmental charge imposed upon the Holder of this Note.

Payment of the principal of, and any premium and interest on, this Note shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public debts: provided that, if this Note is denominated in a Specified Currency, the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments, the Exchange Rate Agent is able to convert such payments as provided below and the Specified Currency is not unavailable due to the imposition of

exchange controls or other circumstances beyond the control of the Company, then (i) the payment of interest on this Note will be made in the Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of such debts) by check drawn on a bank office located outside the United States and mailed to the address of the Person entitled thereto as such address shall appear in the Security Register and (ii) the payment of principal, and any premium and interest, due at Maturity will be made in such Specified Currency (or, if applicable, such other currency or currencies) by wire transfer of immediately available funds to an account maintained by the holder hereof with a bank office located in the country which issued the Specified Currency (or, in the case of Euros, Brussels), as shall have been designated at least fifteen days prior to Maturity by the Holder, upon presentation of this Note to the Trustee (or a duly authorized paying agent) in time for such wire transfer to be made by the Trustee (or such paying agent) in accordance with its normal procedures. Unless otherwise specified above, if this Note is denominated in a Specified Currency the Holder hereof may elect to receive payments of principal, and any premium and interest, in such Specified Currency (a "Specified Currency Payment Election") by delivery of a written request (including, in the case of an election with respect to payments at Maturity, appropriate wire transfer instructions) to the Trustee at its principal corporate trust office referred to above on or prior to the relevant Record Date or the fifteenth day prior to Maturity, as the case may be. Such request may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. The Holder may elect to receive payment in the Specified Currency for all principal, premium and interest payments and need not file a separate election for each payment. Such election shall remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the relevant Record Date or at least fifteen days prior to Maturity, as the case may be.

If a Specified Currency is not available for the payment of principal of, or any premium or interest on, this Note due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making payment in U.S. dollars on the basis of the Market Exchange Rate on the second Business Day prior to such payment, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate or as otherwise specified above. Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Indenture.

If payment in respect of this Note is required to be made in any currency unit, and such currency unit is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Company, then the Company will be entitled, but not required, to make any payments in respect of this Note in U.S. dollars until such currency unit is again available. The amount of each payment in U.S. dollars will be computed on the basis of the equivalent of the currency unit in U.S. dollars, which will be determined by the Company or its agent on the following basis. The component currencies of the currency unit for this purpose (the "Component Currencies" or, individually, a "Component Currency") will be the currency amounts that were components of the currency unit as of the last day of which the currency unit was used. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies will be determined by the Company or such agent on the basis of the most recently available Market Exchange Rate for each such Component Currency or as otherwise specified above.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency will be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of whose currencies as Component Currencies will be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency will be replaced by the amounts of such two or more currencies, the sum of which will be equal to the amount of the original Component Currency.

All determinations referred to above made by the Company or its agent (including the Exchange Rate Agent) will be at the Company's sole discretion and will, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, or its successor as Trustee, or its Authenticating Agent, by manual signature of an authorized signatory, this Note will 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 under its corporate seal.

Dated: May 18, 2005

PEPSIAMERICAS, INC.

By: _____
Its: Executive Vice President and Chief Financial Officer

Attest: _____
Its: Secretary

This is one of the Securities of the series designated herein issued under the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

PEPSIAMERICAS, INC.

5.00% Note due May 15, 2017

SECTION 1. General. This Note is one of a duly authorized issue of debt securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of August 15, 2003 (herein called the "Indenture"), between the Company and Wells Fargo 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 thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Note is one of the Securities of the series designated as the "5.00% Notes due May 15, 2017" (the "Notes"). The Company may, without the consent of any of the holders of the Note, create and issue additional debt securities so that those additional debt securities will form a single series with the Note.

SECTION 2. Payments. Interest on this Note will be payable on the Interest Payment Date or Interest Payment Dates as specified on the face hereof and, in either case, at Maturity.

Unless otherwise specified on the face hereof, payments on this Note with respect to any Interest Payment Date or Maturity will include interest accrued from and including the Issue Date, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, to but excluding such Interest Payment Date or Maturity. Unless otherwise specified on the face hereof, interest on this Note will be computed and paid on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified on the face hereof, if this Note is an Amortizing Note, payments with respect to this Note will be applied first to interest due and payable hereon and then to the reduction of the unpaid principal amount hereof. If this Note is an Amortizing Note, a table setting forth repayment information in respect to this Note will be set forth on the face hereof.

All percentages resulting from any calculation with respect to this Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with five one-millionths of a percentage point being rounded upward) and all dollar amounts used in or resulting from any such calculation with respect to this Note will be rounded to the nearest cent or, if this Note is denominated in one or more currencies or currency units other than U.S. dollars, the nearest unit (with one-half cent or five one-thousandths of a unit being rounded upward).

If this Note is denominated in a Specified Currency, unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments as provided on the face hereof, the Holder of this Note shall receive payment of principal, and any premium and interest, in U.S. dollars at an exchange rate based on the highest bid quotation in The City of New York received by the Exchange Rate Agent (who, unless otherwise specified on the face hereof, will be the Trustee) at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of such Specified Currency payable to all Holders of Securities of this Series denominated in a Specified Currency and scheduled to receive U.S. dollar payments on such payment date and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments.

“Business Day” means any day other than a Saturday or Sunday and other than a day on which banking institutions in New York, New York or Minneapolis, Minnesota are authorized or obligated by law or executive order to close. If an Interest Payment Date or Maturity for this Note falls on a day that is not a Business

Day, payment of principal, and any premium or interest, to be made on such day with respect to this Note will be made on the next day that is a Business Day with the same force and effect as if made on the due date, and no additional interest will be payable on the date of payment for the period from and after the due date as a result of such delayed payment.

“Euro” means the lawful currency of the participating member states of the European Union that adopted a single currency in accordance with the treaty establishing the European Comity as amended by the Treaty on European Union signed February 7, 1992.

SECTION 3. Redemption. This Note will be redeemable at the option of the Company prior to the Stated Maturity Date only if one or more Redemption Dates is specified on the face hereof. If so specified, this Note will be subject to redemption at the option of the Company on the Redemption Date (or during any such range of dates) in whole or from time to time in part in increments of \$1,000 or the minimum denomination, if any, specified on the face hereof (provided that any remaining principal amount hereof shall be at least \$1,000 or such minimum denomination), at the Redemption Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the Redemption Date, but interest payments due with respect to this Note on an Interest Payment Date or prior to the Redemption Date will be payable to the Holder of this Note at the close of business on the relevant Record Date specified on the face hereof, all as provided in the Indenture. The Company may exercise such option by causing the Trustee to mail a notice of such redemption, at least 30 but not more than 60 calendar days prior to the date of redemption, in accordance with the provisions of the Indenture. In the event of redemption of this Note in part only, this Note will be cancelled and a new Note or Notes representing the unredeemed portion hereof will be issued in the name of the Holder hereof.

“Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the week immediately prior to the third Business Day before such Redemption Date, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Federal Reserve and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the remaining term of this Note (if no maturity is within three months before or after such remaining term, yields for the two published maturities most closely corresponding to such remaining term shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third Business Day before such Redemption Date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue for this Note, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Note that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the arithmetic average of at least three Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations or (ii) if fewer than five Reference Treasury Dealer Quotations are obtained, the arithmetic mean of all such obtained Reference Treasury Dealer Quotations.

“Independent Investment Banker” means one of the Redemption Treasury Dealers appointed by the Trustee after consultation with the Company.

“Redemption Treasury Dealer” means Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. and their respective successors. If any of the Redemption Treasury Dealers ceases to be a primary U.S. Government Securities dealer in New York City (a “Primary Treasury Dealer”), we may substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Redemption Treasury Dealer and any Redemption Date, the arithmetic average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Redemption Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day before the Redemption Date.

SECTION 4. Repayment. If so specified on the face hereof, this Note will be repayable, in whole or from time to time in part, prior to Maturity at the option of the Holder on the Repayment Date or Dates (or range of such dates) specified on the face hereof at the Repayment Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the date of repayment. In order for this Note to be repaid prior to Maturity, the Trustee must receive at least 30 but not more than 60 calendar days prior to an Repayment Date (i) this Note with the form below entitled “Option to Elect Repayment” duly completed or (ii) a telegram, facsimile transmission, or letter (first class, postage prepaid) from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the Holder of this Note, the principal amount of this Note, the principal amount of this Note to be repaid, the certificate number or a description of the tenor and terms of this Note, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note with the form below entitled “Option to Elect Repayment” duly completed will be received by the Trustee not later than five Business Days after the date of such telegram, facsimile transmission or letter. If the procedure described in clause (ii) of the preceding sentence is followed, this Note with such form duly completed must be received by the Trustee by such fifth Business Day. Unless otherwise specified on the face hereof, exercise of the repayment option by the Holder of this Note will be irrevocable. The repayment option may be exercised by the Holder of this Note for less than the entire principal amount of this Note, provided that the principal amount of this Note remaining outstanding after such repayment is an authorized denomination. Upon such partial repayment this Note will be cancelled and a new Note or Notes for the remaining principal amount hereof will be issued in the name of the Holder hereof.

If this Note is a Book-Entry Note as specified on the face hereof, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depository or its nominee, the option for repayment may be exercised by a participant that has an account with the Depository, on behalf of the beneficial owner of this Note, by delivering a written notice substantially similar to the form below entitled “Option to Elect Repayment” duly completed to the Trustee at its Corporate Trust Office (or such other address of which the Company will from time to time notify the Holders), at least 30 but not more than 60 calendar days prior to the Repayment Date. A notice of election from a participant on behalf of the beneficial owner of this Note to exercise the option to have this Note repaid must be received by the Trustee prior to 5:00 P.M., New York City time, on the last day for giving such notice. In order to ensure that a notice is received by the Trustee on a particular day, the beneficial owner of this Note must so direct the applicable participant before such participant’s deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, the beneficial owner of this Note should consult the participant through which such beneficial owner owns its interest herein for the deadline for such participant. All notices shall be executed by a duly authorized officer of such participant (with signatures guaranteed) and will be irrevocable. In addition, the beneficial owner of this Note shall effect delivery at the time such notice of election is given to the Depository by causing the applicable participant to transfer such beneficial owner’s interest in this Note, on the Depository’s records, to the Trustee.

SECTION 5. Optional Extension of Maturity. If so specified on the face hereof, the Stated Maturity Date of this Note may be extended at the option of the Company for one or more periods, as specified on the face hereof (each an "Extension Period"), up to but not beyond the date (the "Final Maturity Date") specified on the face hereof. The Company may exercise such option with respect to this Note by notifying the Trustee of such exercise at least 45 but not more than 60 calendar days prior to the Stated Maturity Date, or the then applicable extension thereof of this Note (the "Applicable Maturity Date"). If the Company so notifies the Trustee of such exercise, the Trustee will send, not later than 40 calendar days prior to the Applicable Maturity Date, by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) to the Holder of this Note a notice (the "Extension Notice") relating to such Extension Period indicating (i) that the Company has elected to extend the Stated Maturity Date of this Note, (ii) the new Stated Maturity Date, (iii) the interest rate applicable to such Extension Period and (iv) the provisions, if any, for redemption during such Extension Period, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur

during such Extension Period. Upon the Trustee's sending of the Extension Notice, the Stated Maturity Date of this Note will be extended automatically and, except as modified by the Extension Notice and as described in the next two paragraphs, this Note will have the same terms as prior to the sending of such Extension Notice.

Notwithstanding the foregoing, not later than 20 calendar days prior to the Applicable Maturity Date of this Note, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to send by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) notice of such higher interest rate to the Holder of this Note. Such notice will be irrevocable. All Notes with respect to which the Stated Maturity Date is extended will bear such higher interest rate for the Extension Period, whether or not tendered for repayment as provided in the next paragraph.

If the Company extends the Stated Maturity Date of this Note (or an Extension Period, as applicable), the Holder will have the option to elect repayment of this Note, in whole but not in part, by the Company on the Applicable Maturity Date at a price equal to the principal amount hereof, plus accrued and unpaid interest to but excluding such date. In order for this Note to be so repaid on the Applicable Maturity Date, the Holder of this Note must follow the procedures specified under Section 4 for optional repayment, except that the period for delivery of this Note or notification to the Trustee will be at least 25 but not more than 35 calendar days prior to the Original Maturity Date. If the Holder has tendered this Note for repayment following receipt of an Extension Notice, the Holder may revoke such tender for repayment by written notice to the Trustee received prior to 5:00 p.m., New York City time, on the tenth calendar day prior to the Applicable Maturity Date.

SECTION 6. Renewal of Maturity. If the note is a variable rate renewable Note (a "Renewable Note"), the stated maturity of all or any portion of the principal amount may be extended in accordance with the procedures described below. On the Interest Payment Dates specified herein (each such Interest Payment Date, an "Election Date"), the stated maturity of the Renewable Note will be extended to the Interest Payment Date occurring twelve months after such Election Date, unless the holder elects to terminate the automatic extension of the stated maturity of the Renewable Note or of any portion thereof having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee prior to such Election Date. The stated maturity of Renewable Notes may not be extended beyond the Final Maturity Date, as specified in the applicable pricing supplement (the "Final Maturity Date"). If the holder elects to terminate the automatic extension of the stated maturity of any portion of the principal amount of Renewable Notes and such election is not revoked as described below, such portion will become due and payable on the Interest Payment Date falling six months (unless another period is specified herein) after the Election Date prior to which the holder made its election.

An election to terminate the automatic extension of maturity may be revoked as to any portion of Renewable Notes having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee on any day following the effective date of the election to terminate the automatic extension of the stated maturity and prior to the date 15 days before the date on which such portion would otherwise mature. The revocation may be made for less than the entire principal amount of the Renewable Notes for which the automatic extension of the stated maturity has been terminated as long as the above-described minimum amount and multiple requirement is met. A revocation may not be made during the period from and including a Record Date to but excluding the immediately succeeding Interest Payment Date.

Renewable Notes may be redeemed in whole or in part at the option of the Company on the Interest Payment Dates in each year specified herein, at a redemption price specified herein, together with accrued and unpaid interest to the date of redemption.

SECTION 7. Sinking Fund. This Note is not subject to a sinking fund unless otherwise specified on the face hereof.

SECTION 8. Original Issue Discount Notes. Notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note as specified on the face hereof, the amount payable in the event the principal amount hereof is declared to be due and payable immediately by reason of an Event of Default or in the

event of redemption or repayment hereof prior to the Stated Maturity Date hereof, in lieu of the principal amount due at the Stated Maturity Date hereof, will be the Amortized Face Amount of this Note as of the date of declaration, redemption or repayment, as the case may be. The “Amortized Face Amount” of this Note will be the amount equal to (a) the principal amount of this Note multiplied by the Issue Price specified on the face hereof plus (b) the portion of the difference between the dollar amount determined pursuant to the preceding clause (a) and the principal amount hereof that has accreted at the Yield to Maturity specified on the face hereof (computed in accordance with generally accepted United States bond yield computation principles) to such date of declaration, redemption or repayment but in no event will the Amortized Face Amount of this Note exceed its principal amount.

SECTION 9. Events of Default. If any Event of Default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture; provided, however, that notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note, the amount so declared to be due and payable will be the Amortized Face Amount of this Note as of the date of such declaration as specified under Section 7.

SECTION 10. Modification or Waiver: Obligation of the Company Absolute. 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 to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Outstanding Securities of each series, on behalf of the Holders of all Securities of such series, to waive, with respect to the Securities of such series, 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 will 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 hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture will alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and any premium and interest on, this Note at the times, places and rates herein prescribed.

SECTION 11. Discharge, Legal Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Note and (b) certain restrictive covenants and the related Events of Default upon compliance by the Company with certain conditions specified therein, which provisions apply to this Note.

SECTION 12. Authorized Denominations. Unless otherwise specified on the face hereof, the Notes are issuable only in global or certificated registered form, without coupons, in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof (or in the case of Notes denominated in a Specified Currency, in such minimum denomination not less than the equivalent of \$1,000 in such Specified Currency on the basis of the noon buying rate for cable transfers in The City of New York as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York (the “Market Exchange Rate”) for such Specified Currency on the date the Company agrees to issue such Security and such other denomination or denominations in excess of \$1,000 or its equivalent as is specified on the face hereof). As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, Notes are exchangeable for Notes of like aggregate principal amount and like Stated Maturity Date and with like terms and conditions of a different authorized denomination, as requested by the Holder surrendering the same.

SECTION 13. Registration of Transfer. As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, 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 maintained for that purpose duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar (which will initially be the Trustee at its principal corporate trust office located in Minneapolis, Minnesota, duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes with like terms and conditions of authorized denominations and for the same Stated Maturity Date and aggregate principal amount, will be issued to the designated transferee or transferees.

If this Note is a Book-Entry Note as specified on the face hereof, this Note is exchangeable for certificated Notes only upon the terms and conditions provided in the Indenture. Except as provided in the Indenture, owners of beneficial interests in this Book-Entry Note will not be entitled to receive physical delivery of Notes in certificated registered form and will not be considered the Holders thereof for any purpose under the Indenture.

No service charge will be made for any such registration of 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.

SECTION 14. Owners. Prior to due presentment of this Note for registration of transfer, 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 all purposes, whether or not this Note be overdue and notwithstanding any notation of ownership or other writing hereon, and none of the Company, the Trustee or any such agent will be affected by notice to the contrary.

SECTION 15. Governing Law. The Indenture and the Notes, including this Note, will be governed by and construed in accordance with the laws of the State of Minnesota.

SECTION 16. Defined Terms. All terms used in this Note which are defined in the Indenture will have the meanings assigned to them in the Indenture unless otherwise defined herein; and all references in the Indenture to “Security” or “Securities” will be deemed to include the Notes.

OPTION TO ELECT REPAYMENT

[To be completed only if this Note is repayable at the option of the Holder and the Holder elects to exercise such rights]

The undersigned owner of this Note hereby irrevocably elects to have the Company repay (i) the principal amount of this Note or portion hereof below designated at the applicable Repayment Price indicated on the face hereof plus accrued and unpaid interest to but excluding the date of repayment, if this Note is to be repaid pursuant to Section 4 of this Note, or (ii) 100% of the principal amount of this Note plus accrued and unpaid interest to but excluding the Applicable Maturity Date, if this Note is to be repaid pursuant to Section 5 hereof. If a portion of this Note is not being repaid pursuant to clause (i) above, specify the principal amount to be repaid and the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Note or Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid):

Dated: _____

Principal amount to be repaid if amount to be repaid is pursuant to clause (i) above and is less than the entire principal amount of this Note (principal amount remaining must be an authorized denomination)

\$ _____

Denomination or denominations of the Note or Notes to be issued for the portion of this Note not being repaid pursuant to clause (i) above

Signature
Sign exactly as name appears on the front of this Note.

Indicate address where check is to be sent, if repaid:

SOCIAL SECURITY OR OTHER TAXPAYER ID NUMBER

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, will 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 POSTAL ZIP CODE OF ASSIGNEE

the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated: _____

Signature
Sign exactly as name appears on the front of this Note
[SIGNATURE MUST BE GUARANTEED by a member of a recognized Medallion Guarantee Program]

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN INSTRUMENT IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

[Face of Note]

Registered No. 1

PEPSIAMERICAS, INC.

CUSIP No. 71343P AC 5

5.50% Note due May 15, 2035
(Fixed Rate)

If this Note is a Book-Entry Note, the registered owner of this Note (as indicated below) is The Depository Trust Company (the "Depository") or a nominee of the Depository, and the following legend is applicable: Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The following summary of terms is subject to the information set forth on the reverse hereof:

Principal Amount and Currency or Currency Unit:

U.S. \$250,000,000

Form: Book-Entry: Certificated:

Denominations

(If other than U.S. Dollars or the U.S. Dollar denominations set forth on the reverse): N.A.

Exchange Rate Agent: N.A.

Option to receive payments in specified currency:

Yes: No:

Stated Maturity Date: May 15, 2035

Issue Date: May 18, 2005

Interest Rate: 5.50% per annum

Interest Payment Date(s):

May 15 and November 15, commencing November 15, 2005

Record Date(s): May 1 and November 1

Redemption Date(s) (option of the Company): At any time on or after the Issue Date

Redemption Price(s): The greater of (i) 100% of the principal amount of this Note to be redeemed and (ii) as determined by an Independent Investment Banker, the sum of the present values of the remaining scheduled payments of principal of this Note to be redeemed plus interest thereon from the Redemption Date (exclusive of interest payable on such Redemption Date) through the Stated Maturity Date, discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 0.20%.

Repayment Date(s) (option of the Holder): N.A.

Repayment Price(s): N.A.

Notice Period: Not less than 30 nor more than 60 days

Sinking Fund: Yes: No:

Optional extension of stated maturity date:

Yes: No:

Amortizing Note: Yes: No:

Extension Period: N.A.
Number of Extension Periods: N.A.
Final Maturity Date: N.A.

Original Issue Discount Security:
Yes: No:

Other Provisions: N.A.

Total Amount of OID:

Yield to Maturity:

Initial Accrual Period OID:

PEPSIAMERICAS, INC., a corporation duly organized and existing under the laws of Delaware (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 CEDE & CO. or registered assigns, the Principal Amount specified above (any currency or currency unit other than U.S. dollars being hereinafter referred to as a “Specified Currency”) on the Stated Maturity Date specified above, and to pay interest thereon from and including the Issue Date specified above or from and including the most recent Interest Payment Date specified above to which interest on this Note (or any predecessor Note) has been paid or duly provided for, as the case may be, to but excluding the relevant Interest Payment Date or redemption date, as applicable.

Interest will be paid on the Interest Payment Date or Dates specified above, commencing with the first such Interest Payment Date next succeeding the Issue Date specified above (except as provided below), at the rate per annum specified above, until the principal hereof is paid or made available for payment; provided that, unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election (as hereinafter defined) with respect to one or more such payments, the Company will make all such payments in U.S. dollars in amounts determined as set forth herein. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Holder of this Note (or one or more predecessor Notes) at the close of business on the Record Date specified above immediately preceding such Interest Payment Date. The first payment of interest on any Note originally issued between a Record Date and the next Interest Payment Date will be made on the Interest Payment Date following the next succeeding Record Date to the Holder on such next succeeding Record Date. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Record Date and may either be paid to the Holder of this Note (or one or more predecessor Notes) at the close of business on a subsequent record date fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to Holders not less than 15 days prior to such subsequent record date, or 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, all as more fully provided in said Indenture.

If this Note is a Book-Entry Note as specified above, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depository or its nominee, the Company will cause payments of principal of, and any premium and interest on, this Note to be made to the Depository or its nominee, as the case may be, by wire transfer of immediately available funds, in the funds and in the manner required by agreements with, or regulations or procedures prescribed from time to time by, the Depository or its nominee, and otherwise in accordance with such agreements, regulations and procedures. If this Note is a Book-Entry Note as specified above, the following legend is applicable except as specified on the reverse hereof: THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR OF THE DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR.

If this Note is a certificated Note as specified above, payments of the principal of, and any premium and interest on, this Note will be made in immediately available funds if this Note is surrendered at the principal corporate trust office of the Trustee in Minneapolis, Minnesota, provided that this Note is presented to the Trustee in time for the Trustee to make such payment in such funds in accordance with its normal procedures. A Holder of \$10,000,000 or more in aggregate principal amount of Notes denominated and payable in U.S. dollars and having the same Interest Payment Date shall be entitled to receive such payments by wire transfer of immediately available funds to an account maintained by such Holder with a bank located in the United States, provided that the Holder shall have provided in writing to the Trustee, on or prior to the relevant Record Date, appropriate payment instructions. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but not any tax, assessment or governmental charge imposed upon the Holder of this Note.

Payment of the principal of, and any premium and interest on, this Note shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public debts: provided that, if this Note is denominated in a Specified Currency, the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments, the Exchange Rate Agent is able to convert such payments as provided below and the Specified Currency is not unavailable due to the imposition of

exchange controls or other circumstances beyond the control of the Company, then (i) the payment of interest on this Note will be made in the Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of such debts) by check drawn on a bank office located outside the United States and mailed to the address of the Person entitled thereto as such address shall appear in the Security Register and (ii) the payment of principal, and any premium and interest, due at Maturity will be made in such Specified Currency (or, if applicable, such other currency or currencies) by wire transfer of immediately available funds to an account maintained by the holder hereof with a bank office located in the country which issued the Specified Currency (or, in the case of Euros, Brussels), as shall have been designated at least fifteen days prior to Maturity by the Holder, upon presentation of this Note to the Trustee (or a duly authorized paying agent) in time for such wire transfer to be made by the Trustee (or such paying agent) in accordance with its normal procedures. Unless otherwise specified above, if this Note is denominated in a Specified Currency the Holder hereof may elect to receive payments of principal, and any premium and interest, in such Specified Currency (a "Specified Currency Payment Election") by delivery of a written request (including, in the case of an election with respect to payments at Maturity, appropriate wire transfer instructions) to the Trustee at its principal corporate trust office referred to above on or prior to the relevant Record Date or the fifteenth day prior to Maturity, as the case may be. Such request may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. The Holder may elect to receive payment in the Specified Currency for all principal, premium and interest payments and need not file a separate election for each payment. Such election shall remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the relevant Record Date or at least fifteen days prior to Maturity, as the case may be.

If a Specified Currency is not available for the payment of principal of, or any premium or interest on, this Note due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making payment in U.S. dollars on the basis of the Market Exchange Rate on the second Business Day prior to such payment, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate or as otherwise specified above. Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Indenture.

If payment in respect of this Note is required to be made in any currency unit, and such currency unit is unavailable due to the imposition of exchange controls or other circumstances beyond the control of the Company, then the Company will be entitled, but not required, to make any payments in respect of this Note in U.S. dollars until such currency unit is again available. The amount of each payment in U.S. dollars will be computed on the basis of the equivalent of the currency unit in U.S. dollars, which will be determined by the Company or its agent on the following basis. The component currencies of the currency unit for this purpose (the "Component Currencies" or, individually, a "Component Currency") will be the currency amounts that were components of the currency unit as of the last day of which the currency unit was used. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Components Currencies. The U.S. dollar equivalent of each of the Component Currencies will be determined by the Company or such agent on the basis of the most recently available Market Exchange Rate for each such Component Currency or as otherwise specified above.

If the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of the currency as a Component Currency will be divided or multiplied in the same proportion. If two or more Component Currencies are consolidated into a single currency, the amounts of whose currencies as Component Currencies will be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such single currency. If any Component Currency is divided into two or more currencies, the amount of the original Component Currency will be replaced by the amounts of such two or more currencies, the sum of which will be equal to the amount of the original Component Currency.

All determinations referred to above made by the Company or its agent (including the Exchange Rate Agent) will be at the Company's sole discretion and will, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, or its successor as Trustee, or its Authenticating Agent, by manual signature of an authorized signatory, this Note will 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 under its corporate seal.

Dated: May 18, 2005

PEPSIAMERICAS, INC.

By: _____
Its: Executive Vice President and Chief Financial Officer

Attest: _____
Its: Secretary

This is one of the Securities of the series designated herein issued under the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

[Reverse of Note]

PEPSIAMERICAS, INC.

5.50% Note due May 15, 2035

SECTION 1. General. This Note is one of a duly authorized issue of debt securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of August 15, 2003 (herein called the "Indenture"), between the Company and Wells Fargo 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 thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Note is one of the Securities of the series designated as the "5.50% Notes due May 15, 2035" (the "Notes"). The Company may, without the consent of any of the holders of the Note, create and issue additional debt securities so that those additional debt securities will form a single series with the Note.

SECTION 2. Payments. Interest on this Note will be payable on the Interest Payment Date or Interest Payment Dates as specified on the face hereof and, in either case, at Maturity.

Unless otherwise specified on the face hereof, payments on this Note with respect to any Interest Payment Date or Maturity will include interest accrued from and including the Issue Date, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, to but excluding such Interest Payment Date or Maturity. Unless otherwise specified on the face hereof, interest on this Note will be computed and paid on the basis of a 360-day year of twelve 30-day months.

Unless otherwise specified on the face hereof, if this Note is an Amortizing Note, payments with respect to this Note will be applied first to interest due and payable hereon and then to the reduction of the unpaid principal amount hereof. If this Note is an Amortizing Note, a table setting forth repayment information in respect to this Note will be set forth on the face hereof.

All percentages resulting from any calculation with respect to this Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with five one-millionths of a percentage point being rounded upward) and all dollar amounts used in or resulting from any such calculation with respect to this Note will be rounded to the nearest cent or, if this Note is denominated in one or more currencies or currency units other than U.S. dollars, the nearest unit (with one-half cent or five one-thousandths of a unit being rounded upward).

If this Note is denominated in a Specified Currency, unless the Holder hereof is entitled to make, and has made, a Specified Currency Payment Election with respect to such payments as provided on the face hereof, the Holder of this Note shall receive payment of principal, and any premium and interest, in U.S. dollars at an exchange rate based on the highest bid quotation in The City of New York received by the Exchange Rate Agent (who, unless otherwise specified on the face hereof, will be the Trustee) at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of such Specified Currency payable to all Holders of Securities of this Series denominated in a Specified Currency and scheduled to receive U.S. dollar payments on such payment date and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments.

“Business Day” means any day other than a Saturday or Sunday and other than a day on which banking institutions in New York, New York or Minneapolis, Minnesota are authorized or obligated by law or executive order to close. If an Interest Payment Date or Maturity for this Note falls on a day that is not a Business

Day, payment of principal, and any premium or interest, to be made on such day with respect to this Note will be made on the next day that is a Business Day with the same force and effect as if made on the due date, and no additional interest will be payable on the date of payment for the period from and after the due date as a result of such delayed payment.

“Euro” means the lawful currency of the participating member states of the European Union that adopted a single currency in accordance with the treaty establishing the European Comity as amended by the Treaty on European Union signed February 7, 1992.

SECTION 3. Redemption. This Note will be redeemable at the option of the Company prior to the Stated Maturity Date only if one or more Redemption Dates is specified on the face hereof. If so specified, this Note will be subject to redemption at the option of the Company on the Redemption Date (or during any such range of dates) in whole or from time to time in part in increments of \$1,000 or the minimum denomination, if any, specified on the face hereof (provided that any remaining principal amount hereof shall be at least \$1,000 or such minimum denomination), at the Redemption Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the Redemption Date, but interest payments due with respect to this Note on an Interest Payment Date or prior to the Redemption Date will be payable to the Holder of this Note at the close of business on the relevant Record Date specified on the face hereof, all as provided in the Indenture. The Company may exercise such option by causing the Trustee to mail a notice of such redemption, at least 30 but not more than 60 calendar days prior to the date of redemption, in accordance with the provisions of the Indenture. In the event of redemption of this Note in part only, this Note will be cancelled and a new Note or Notes representing the unredeemed portion hereof will be issued in the name of the Holder hereof.

“Treasury Rate” means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the week immediately prior to the third Business Day before such Redemption Date, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Federal Reserve and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the remaining term of this Note (if no maturity is within three months before or after such remaining term, yields for the two published maturities most closely corresponding to such remaining term shall be determined and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third Business Day before such Redemption Date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue for this Note, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Note that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the arithmetic average of at least three Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations or (ii) if fewer than five Reference Treasury Dealer Quotations are obtained, the arithmetic mean of all such obtained Reference Treasury Dealer Quotations.

“Independent Investment Banker” means one of the Redemption Treasury Dealers appointed by the Trustee after consultation with the Company.

“Redemption Treasury Dealer” means Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. and their respective successors. If any of the Redemption Treasury Dealers ceases to be a primary U.S. Government Securities dealer in New York City (a “Primary Treasury Dealer”), we may substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Redemption Treasury Dealer and any Redemption Date, the arithmetic average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Redemption Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day before the Redemption Date.

SECTION 4. Repayment. If so specified on the face hereof, this Note will be repayable, in whole or from time to time in part, prior to Maturity at the option of the Holder on the Repayment Date or Dates (or range of such dates) specified on the face hereof at the Repayment Price or Prices specified on the face hereof, plus accrued and unpaid interest to but excluding the date of repayment. In order for this Note to be repaid prior to Maturity, the Trustee must receive at least 30 but not more than 60 calendar days prior to an Repayment Date (i) this Note with the form below entitled “Option to Elect Repayment” duly completed or (ii) a telegram, facsimile transmission, or letter (first class, postage prepaid) from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the Holder of this Note, the principal amount of this Note, the principal amount of this Note to be repaid, the certificate number or a description of the tenor and terms of this Note, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note with the form below entitled “Option to Elect Repayment” duly completed will be received by the Trustee not later than five Business Days after the date of such telegram, facsimile transmission or letter. If the procedure described in clause (ii) of the preceding sentence is followed, this Note with such form duly completed must be received by the Trustee by such fifth Business Day. Unless otherwise specified on the face hereof, exercise of the repayment option by the Holder of this Note will be irrevocable. The repayment option may be exercised by the Holder of this Note for less than the entire principal amount of this Note, provided that the principal amount of this Note remaining outstanding after such repayment is an authorized denomination. Upon such partial repayment this Note will be cancelled and a new Note or Notes for the remaining principal amount hereof will be issued in the name of the Holder hereof.

If this Note is a Book-Entry Note as specified on the face hereof, while this Note is represented by one or more Book-Entry Notes registered in the name of the Depository or its nominee, the option for repayment may be exercised by a participant that has an account with the Depository, on behalf of the beneficial owner of this Note, by delivering a written notice substantially similar to the form below entitled “Option to Elect Repayment” duly completed to the Trustee at its Corporate Trust Office (or such other address of which the Company will from time to time notify the Holders), at least 30 but not more than 60 calendar days prior to the Repayment Date. A notice of election from a participant on behalf of the beneficial owner of this Note to exercise the option to have this Note repaid must be received by the Trustee prior to 5:00 P.M., New York City time, on the last day for giving such notice. In order to ensure that a notice is received by the Trustee on a particular day, the beneficial owner of this Note must so direct the applicable participant before such participant’s deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, the beneficial owner of this Note should consult the participant through which such beneficial owner owns its interest herein for the deadline for such participant. All notices shall be executed by a duly authorized officer of such participant (with signatures guaranteed) and will be irrevocable. In addition, the beneficial owner of this Note shall effect delivery at the time such notice of election is given to the Depository by causing the applicable participant to transfer such beneficial owner’s interest in this Note, on the Depository’s records, to the Trustee.

SECTION 5. Optional Extension of Maturity. If so specified on the face hereof, the Stated Maturity Date of this Note may be extended at the option of the Company for one or more periods, as specified on the face hereof (each an "Extension Period"), up to but not beyond the date (the "Final Maturity Date") specified on the face hereof. The Company may exercise such option with respect to this Note by notifying the Trustee of such exercise at least 45 but not more than 60 calendar days prior to the Stated Maturity Date, or the then applicable extension thereof of this Note (the "Applicable Maturity Date"). If the Company so notifies the Trustee of such exercise, the Trustee will send, not later than 40 calendar days prior to the Applicable Maturity Date, by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) to the Holder of this Note a notice (the "Extension Notice") relating to such Extension Period indicating (i) that the Company has elected to extend the Stated Maturity Date of this Note, (ii) the new Stated Maturity Date, (iii) the interest rate applicable to such Extension Period and (iv) the provisions, if any, for redemption during such Extension Period, including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur

during such Extension Period. Upon the Trustee's sending of the Extension Notice, the Stated Maturity Date of this Note will be extended automatically and, except as modified by the Extension Notice and as described in the next two paragraphs, this Note will have the same terms as prior to the sending of such Extension Notice.

Notwithstanding the foregoing, not later than 20 calendar days prior to the Applicable Maturity Date of this Note, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to send by telegram, telex, facsimile transmission, hand delivery or letter (first class, postage prepaid) notice of such higher interest rate to the Holder of this Note. Such notice will be irrevocable. All Notes with respect to which the Stated Maturity Date is extended will bear such higher interest rate for the Extension Period, whether or not tendered for repayment as provided in the next paragraph.

If the Company extends the Stated Maturity Date of this Note (or an Extension Period, as applicable), the Holder will have the option to elect repayment of this Note, in whole but not in part, by the Company on the Applicable Maturity Date at a price equal to the principal amount hereof, plus accrued and unpaid interest to but excluding such date. In order for this Note to be so repaid on the Applicable Maturity Date, the Holder of this Note must follow the procedures specified under Section 4 for optional repayment, except that the period for delivery of this Note or notification to the Trustee will be at least 25 but not more than 35 calendar days prior to the Original Maturity Date. If the Holder has tendered this Note for repayment following receipt of an Extension Notice, the Holder may revoke such tender for repayment by written notice to the Trustee received prior to 5:00 p.m., New York City time, on the tenth calendar day prior to the Applicable Maturity Date.

SECTION 6. Renewal of Maturity. If the note is a variable rate renewable Note (a "Renewable Note"), the stated maturity of all or any portion of the principal amount may be extended in accordance with the procedures described below. On the Interest Payment Dates specified herein (each such Interest Payment Date, an "Election Date"), the stated maturity of the Renewable Note will be extended to the Interest Payment Date occurring twelve months after such Election Date, unless the holder elects to terminate the automatic extension of the stated maturity of the Renewable Note or of any portion thereof having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee prior to such Election Date. The stated maturity of Renewable Notes may not be extended beyond the Final Maturity Date, as specified in the applicable pricing supplement (the "Final Maturity Date"). If the holder elects to terminate the automatic extension of the stated maturity of any portion of the principal amount of Renewable Notes and such election is not revoked as described below, such portion will become due and payable on the Interest Payment Date falling six months (unless another period is specified herein) after the Election Date prior to which the holder made its election.

An election to terminate the automatic extension of maturity may be revoked as to any portion of Renewable Notes having a minimum principal amount of \$100,000 or any multiple of \$100,000 in excess thereof by delivering a notice to such effect to the Trustee on any day following the effective date of the election to terminate the automatic extension of the stated maturity and prior to the date 15 days before the date on which such portion would otherwise mature. The revocation may be made for less than the entire principal amount of the Renewable Notes for which the automatic extension of the stated maturity has been terminated as long as the above-described minimum amount and multiple requirement is met. A revocation may not be made during the period from and including a Record Date to but excluding the immediately succeeding Interest Payment Date.

Renewable Notes may be redeemed in whole or in part at the option of the Company on the Interest Payment Dates in each year specified herein, at a redemption price specified herein, together with accrued and unpaid interest to the date of redemption.

SECTION 7. Sinking Fund. This Note is not subject to a sinking fund unless otherwise specified on the face hereof.

SECTION 8. Original Issue Discount Notes. Notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note as specified on the face hereof, the amount payable in the event the principal amount hereof is declared to be due and payable immediately by reason of an Event of Default or in the

event of redemption or repayment hereof prior to the Stated Maturity Date hereof, in lieu of the principal amount due at the Stated Maturity Date hereof, will be the Amortized Face Amount of this Note as of the date of declaration, redemption or repayment, as the case may be. The “Amortized Face Amount” of this Note will be the amount equal to (a) the principal amount of this Note multiplied by the Issue Price specified on the face hereof plus (b) the portion of the difference between the dollar amount determined pursuant to the preceding clause (a) and the principal amount hereof that has accreted at the Yield to Maturity specified on the face hereof (computed in accordance with generally accepted United States bond yield computation principles) to such date of declaration, redemption or repayment but in no event will the Amortized Face Amount of this Note exceed its principal amount.

SECTION 9. Events of Default. If any Event of Default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture; provided, however, that notwithstanding anything herein to the contrary, if this Note is an Original Issue Discount Note, the amount so declared to be due and payable will be the Amortized Face Amount of this Note as of the date of such declaration as specified under Section 7.

SECTION 10. Modification or Waiver: Obligation of the Company Absolute. 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 to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Outstanding Securities of each series, on behalf of the Holders of all Securities of such series, to waive, with respect to the Securities of such series, 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 will 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 hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture will alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and any premium and interest on, this Note at the times, places and rates herein prescribed.

SECTION 11. Discharge, Legal Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Note and (b) certain restrictive covenants and the related Events of Default upon compliance by the Company with certain conditions specified therein, which provisions apply to this Note.

SECTION 12. Authorized Denominations. Unless otherwise specified on the face hereof, the Notes are issuable only in global or certificated registered form, without coupons, in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof (or in the case of Notes denominated in a Specified Currency, in such minimum denomination not less than the equivalent of \$1,000 in such Specified Currency on the basis of the noon buying rate for cable transfers in The City of New York as certified for customs purposes by (or if not so certified, as otherwise determined by) the Federal Reserve Bank of New York (the “Market Exchange Rate”) for such Specified Currency on the date the Company agrees to issue such Security and such other denomination or denominations in excess of \$1,000 or its equivalent as is specified on the face hereof). As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, Notes are exchangeable for Notes of like aggregate principal amount and like Stated Maturity Date and with like terms and conditions of a different authorized denomination, as requested by the Holder surrendering the same.

SECTION 13. Registration of Transfer. As provided in the Indenture and subject to certain limitations therein specified and to the limitations described below, if applicable, 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 maintained for that purpose duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar (which will initially be the Trustee at its principal corporate trust office located in Minneapolis, Minnesota, duly executed by the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes with like terms and conditions of authorized denominations and for the same Stated Maturity Date and aggregate principal amount, will be issued to the designated transferee or transferees.

If this Note is a Book-Entry Note as specified on the face hereof, this Note is exchangeable for certificated Notes only upon the terms and conditions provided in the Indenture. Except as provided in the Indenture, owners of beneficial interests in this Book-Entry Note will not be entitled to receive physical delivery of Notes in certificated registered form and will not be considered the Holders thereof for any purpose under the Indenture.

No service charge will be made for any such registration of 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.

SECTION 14. Owners. Prior to due presentment of this Note for registration of transfer, 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 all purposes, whether or not this Note be overdue and notwithstanding any notation of ownership or other writing hereon, and none of the Company, the Trustee or any such agent will be affected by notice to the contrary.

SECTION 15. Governing Law. The Indenture and the Notes, including this Note, will be governed by and construed in accordance with the laws of the State of Minnesota.

SECTION 16. Defined Terms. All terms used in this Note which are defined in the Indenture will have the meanings assigned to them in the Indenture unless otherwise defined herein; and all references in the Indenture to "Security" or "Securities" will be deemed to include the Notes.

OPTION TO ELECT REPAYMENT

[To be completed only if this Note is repayable at the option of the Holder and the Holder elects to exercise such rights]

The undersigned owner of this Note hereby irrevocably elects to have the Company repay (i) the principal amount of this Note or portion hereof below designated at the applicable Repayment Price indicated on the face hereof plus accrued and unpaid interest to but excluding the date of repayment, if this Note is to be repaid pursuant to Section 4 of this Note, or (ii) 100% of the principal amount of this Note plus accrued and unpaid interest to but excluding the Applicable Maturity Date, if this Note is to be repaid pursuant to Section 5 hereof. If a portion of this Note is not being repaid pursuant to clause (i) above, specify the principal amount to be repaid and the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Note or Notes to be issued to the Holder for the portion of this Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid):

Dated: _____

Signature
Sign exactly as name appears on the front of this Note.

Principal amount to be repaid if amount to be repaid is pursuant to clause (i) above and is less than the entire principal amount of this Note (principal amount remaining must be an authorized denomination)

Indicate address where check is to be sent, if repaid:

\$ _____

SOCIAL SECURITY OR OTHER TAXPAYER ID NUMBER

Denomination or denominations of the Note or Notes to be issued for the portion of this Note not being repaid pursuant to clause (i) above

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, will 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	(Minor)
	(Cust)	
	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 POSTAL ZIP CODE OF ASSIGNEE

the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated: _____

Signature
Sign exactly as name appears on the front of this Note
[SIGNATURE MUST BE GUARANTEED by a member of a recognized Medallion Guarantee Program]

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN INSTRUMENT IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

**AMENDMENT TO THE
PEPSICO EXECUTIVE INCOME DEFERRAL PROGRAM
DOCUMENT FOR THE 409A PROGRAM**

The PepsiCo Executive Income Deferral Program document for the 409A Program (the "Plan") is hereby amended as set forth below. Amendment Nos. 2 and 3 are effective as of the date of execution of this amending document. Amendment Nos. 1 and 4 are effective as of the date set forth in each such Amendment.

1. Section 2.17 is amended by adding a new subsection (d) at the end of thereof, effective as of the "Effective Time" as defined in new paragraph (3) below.

"(d) Identification of Key Employees On and After the Effective Time. Notwithstanding the foregoing, for the periods on after the Effective Time (as defined in paragraph (3) below), Key Employees shall be identified as follows:

(1) For the period that begins on the Effective Time and ends on March 31, 2010, Key Employees shall be identified by combining the lists of Key Employees of all members of the PepsiCo Organization as in effect immediately prior to the Effective Time. The foregoing method of identifying Key Employees is intended to comply with Treas. Reg. § 1.409A-1(i)(6)(i), which authorizes the use of an alternative method of identifying specified employees that complies with Treas. Reg. §§ 1.409A-1(i)(5) and -1(i)(8) and Section VII.C.4.d of the Preamble to the Final Regulations under Section 409A of the Code, which permits "service recipients to simply combine the pre-transaction separate lists of specified employees where it is determined that such treatment would be administratively less burdensome."

(2) For periods beginning on or after April 1, 2010, Key Employees under any plan or arrangement sponsored by a member of the PepsiCo Organization that is subject to Section 409A of the Code shall be identified in accordance with an alternative method of identifying Key Employees under Treas. Reg. § 1.409A-1(i)(5) adopted on a global basis by the Company for all such plans and arrangements, or if no such alternative method is adopted, in accordance with the default method for identifying Key Employees under Treas. Reg. § 1.409A-1(i)(1), (2), (3) and (4).

(3) For purposes of this subsection (d), "Effective Time" means the earlier of (i) the Effective Time as defined in the Agreement and Plan of Merger dated as of August 3, 2009, among PepsiAmericas, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc., and (ii) the Effective Time as defined in the Agreement and Plan of Merger dated as of August 3, 2009, among The Pepsi Bottling Group, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc."

2. New Section 3.04 is added to the Plan to read as follows:

“3.04 Acquisitions and Divestitures. A written agreement between an Employer and a party that is not part of the PepsiCo Organization regarding the purchase or sale of a business unit, division, or subsidiary (“Business”) may provide for the termination or commencement of the participation of Executives in this Plan. Absent specific provision in such agreement to the contrary:

(a) Each Executive of a Business that is sold shall cease being eligible for this Plan upon such sale; and

(b) No Executive of a Business that is acquired shall be eligible for this Plan except as otherwise designated in the Plan or in such documents related to the Plan as the Plan Administrator may designate from time to time.

Unless otherwise specifically provided therein, for purposes of Article IX (amendment and termination of the Plan), approval and execution of a written agreement of acquisition or divestiture by one or more Employers is approval by the Company of the designation of Plan eligibility under such agreement and authorization from the Company to the Plan Administrator to carry out the provisions and intent of such agreement.”

3. A new Appendix B is added to the Plan as set forth in Attachment A of this Amendment.

4. A new Appendix C is added to the Plan as set forth in Attachment B of this Amendment, effective as of the Effective Time as defined therein.

The above amendments are hereby adopted this 18th day of February 2010, effective as provided above.

PEPSICO, INC.

By: /s/ Cynthia M. Trudell
Cynthia M. Trudell
Title: Senior Vice President and
Chief Personnel Officer

APPROVED:

By: /s/ Christopher J. Bellanca
PepsiCo, Inc. Law Department

Attachment A

“APPENDIX ARTICLE B – PARTICIPATING EMPLOYERS

The following members of the PepsiCo Organization have been designated as Employers as of December 31, 2009:

PepsiCo, Inc.
Alpac Corporation
Beaman Bottling Company
Beverage Services, Inc.
Beverages, Foods & Service Industries, Inc.
Border Properties, Inc.
Breckinridge, Inc.
Davlyn Realty Corporation
Duo Juice Company
FL Transportation, Inc.
FLRC, Inc.
Frito-Lay, Inc.
Frito-Lay Dip Company, Inc.
Frito-Lay North America, Inc.
Frito-Lay RFLS Holdings, Inc.
Frito-Lay Sales Inc.
Fuelosophy, Inc.
Gamesa USA, Inc.
Gatorade Puerto Rico Company
Golden Grain Company
Goldfinch Holdings LLC
Greenville Holding Corp.
Hayfield Finance Company
Heathland LP
Hillbrook Insurance Company, Inc.
Homefinding Company of Texas
IZZE Beverage Co.
J.E. Duke II, Inc.
Long Bay, Inc.
Midland Bottling Co.
Mountainview Insurance Company, Inc.
Naked Juice Co.
Naked Juice Co. Holdings, Inc.
Naked Juice Co. of Illinois, Inc.
Naked Juice of Glendora, Inc.
Naked Juice of New Jersey, Inc.
NCJV, Inc.

New Century Beverage Company
New Whirled Company
PCNA Manufacturing, Inc.
Pepsi Bottling Holdings, Inc.
Pepsi Logistics Company, Inc.
Pepsi Promotions, Inc.
PepsiCo (Malaysia) Sdn. Bhd.
PepsiCo Captive Holdings, Inc.
PepsiCo Finance (Antilles A) N.V.
PepsiCo Financial Shared Services, Inc.
PepsiCo Foods International Holdings, Inc.
PepsiCo Overseas Corp.
PepsiCo Pension Management Services, Ltd.
PepsiCo Puerto Rico, Inc.
PepsiCo Services International, Inc.
PepsiCo World Trading Company, Inc.
Pepsi-Cola Advertising and Marketing, Inc.
Pepsi-Cola Bottling Company of St. Louis, Inc.
Pepsi-Cola Company
Pepsi-Cola Fountain Company, Inc.
Pepsi-Cola International Limited (U.S.A.)
Pepsi-Cola Management and Administrative Services, Inc.
Pepsi-Cola Mediterranean, Ltd.
Pepsi-Cola Metropolitan Bottling Company, Inc.
Pepsi-Cola Operating Company of Chesapeake and Indianapolis
Pepsi-Cola Panamericana, LLC
Pepsi-Cola Sales and Distribution, Inc.
Pepsi-Cola Technical Operations, Inc.
PlayCo, Inc.
Prestwick, Inc.
PRS, Inc.
Putnam Holdings, Inc.
PV Merger Corp.
QFL OHQ Sdn. Bhd.
QTG Development, Inc.
QTG Services, Inc.
Quaker Manufacturing LLC
Quaker Mexico Holdings, LLC
Quaker Oats Asia, Inc.
Quaker Oats Capital Corporation
Quaker Oats Company, The
Quaker Oats Europe, LLC
Quaker Oats Europe, Inc.
Quaker Sales & Distribution, Inc.
Rolling Frito-Lay Sales, LP
RUSCAN, Inc.

Seven-Up Asia, Inc.
Seven-Up Great Britain, Inc.
Seven-Up Southern Hemisphere, Inc.
Smartfoods, Inc.
SOBE Operating Corp., Inc.
South Beach Beverage Company, Inc.
Stacy's Pita Chip Company
Stokely-Van Camp, Inc.
Sun Foods, Inc.
SVC Latin America, Inc.
SVC Logistics, Inc.
SVC Manufacturing, Inc.
TFL Holdings, Inc.
The Fresh Juice Company of Florida, Inc.
The Gatorade Company
TPI Urban Renewal Corporation
Tropicana Manufacturing Company, Inc.
Tropicana Products Sales, Inc.
Tropicana Products, Inc.
Tropicana Services, Inc.
Tropicana Transportation Corporation"

Attachment B

“APPENDIX ARTICLE C – PBG AND PAS EXECUTIVES

C.1 Purpose. The purpose of this Article is to provide for a “home plan rules” approach for employees who move between, or are newly hired by, a PepsiCo Business, a PBG Business or a PAS Business following the merger of The Pepsi Bottling Group, Inc. and PepsiAmericas, Inc. into the Pepsi-Cola Metropolitan Company, Inc., a wholly owned subsidiary the Company, except as provided herein with respect to the deferral of Bonus Compensation under the Plan by PBG Executives and PAS Executives for the 2010 Plan Year. This Article C is effective as of the Effective Time.

C.2 Definitions. The definitions listed below apply for purposes of this Article C. Any other defined term used herein shall have the meaning applied to that term in the main portion of the Plan document.

(a) “Effective Time” means:

(1) With respect to the provisions of this Article C applicable to PAS Executives or PAS Businesses, the meaning given to that term under the Agreement and Plan of Merger dated as of August 3, 2009, among PepsiAmericas, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc.; and

(2) With respect to the provisions of this Article C applicable to PBG Executives or PBG Businesses, the meaning given to that term under the Agreement and Plan of Merger dated as of August 3, 2009, among Pepsi Bottling Group, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc.

(b) “PAS Business” means each Employer, division of an Employer or other organizational subdivision of an Employer that the Company classifies as part of the PAS business.

(c) “PAS Executive” means an individual who is employed by a PAS Business.

(d) “PBG Business” means each Employer, division of an Employer or other organizational subdivision of an Employer that the Company classifies as part of the PBG business.

(e) “PBG Executive” means an individual who is employed by a PBG Business.

(f) "PepsiCo Business" means each Employer, division of an Employer or other organizational subdivision of an Employer that the Company classifies as part of the PepsiCo business.

C.3 Participating Employers. PBG Businesses and PAS Businesses are not Employers under the Plan, except with respect to:

(a) Individuals who are hired by a PAS Business or PBG Business and who were Executives immediately before such date of hire; and

(b) PAS Executives and PBG Executives who elect to defer their Bonus Compensation under the Plan for the Plan Year beginning January 1, 2010 and later Plan Years.

C.4 Eligibility to Participate. PBG Executives and PAS Executives are eligible to participate in this Plan as follows:

(a) An individual who is hired by a PepsiCo Business after the Effective Time shall be eligible to participate in the Plan upon satisfying the Plan's eligibility requirements (and shall not be eligible to participate in the non-qualified defined contribution plan of another member of the PepsiCo Organization) unless he was employed by a member of the PepsiCo Organization that is not a PepsiCo Business immediately before such date of hire with a PepsiCo Business. PBG Executives and PAS Executives are ineligible to participate in this Plan, except that an individual who is hired by a PBG Business or PAS Business on or after the Effective Time, and who is an Executive immediately before such date of hire, shall be eligible to continue participating in this Plan for so long as he is continuously employed by a member of the PepsiCo Organization, to the same extent as if he had remained an Executive.

(b) Notwithstanding the foregoing, PBG Executives and PAS Executives are eligible to defer Base Compensation and Bonus Compensation under the Plan, subject to the terms and conditions of the main provisions of the Plan, beginning with Bonus Compensation payable for the Performance Period that relates to the Plan Year that begins on January 1, 2010, and Base Compensation for the Plan Year that begins January 1, 2011.

C.5 No Special Rights. Nothing in this Article is intended to override the provisions of Section 3.04 of the Plan or to otherwise confer any other rights under the Plan not specifically authorized herein."

**AMENDMENT TO THE
PEPSICO PENSION EQUALIZATION PLAN
DOCUMENT FOR THE 409A PROGRAM**

The PepsiCo Pension Equalization Plan document for the 409A Program is hereby amended as set forth below, effective as of the "Effective Time" as defined in Amendment No. 1 below.

1. The definition of "Key Employee" in Section 2.1(t) is amended by adding the following new paragraph (4) at the end thereof:

"(4) Identification of Key Employees On and After the Effective Time. Notwithstanding the foregoing, for the periods on and after the Effective Time (as defined in subparagraph (iii) below), Key Employees shall be identified as follows:

(i) For the period that begins on the Effective Time and ends on March 31, 2010, Key Employees shall be identified by combining the lists of Key Employees of all members of the PepsiCo Organization as in effect immediately prior to the Effective Time. The foregoing method of identifying Key Employees is intended to comply with Treas. Reg. § 1.409A-1(i)(6)(i), which authorizes the use of an alternative method of identifying specified employees that complies with Treas. Reg. §§ 1.409A-1(i)(5) and -1(i)(8) and Section VII.C.4.d of the Preamble to the Final Regulations under Section 409A of the Code, which permits "service recipients to simply combine the pre-transaction separate lists of specified employees where it is determined that such treatment would be administratively less burdensome."

(ii) For periods beginning on or after April 1, 2010, Key Employees under any plan or arrangement sponsored by a member of the PepsiCo Organization that is subject to Section 409A of the Code shall be identified in accordance with an alternative method of identifying Key Employees under Treas. Reg. § 1.409A-1(i)(5) adopted on a global basis by the Company for all such plans and arrangements, or if no such alternative method is adopted, in accordance with the default method for identifying Key Employees under Treas. Reg. § 1.409A-1(i)(1), (2), (3) and (4).

(iii) For purposes of this paragraph (4), "Effective Time" means the earlier of (x) the Effective Time as defined in the Agreement and Plan of Merger dated as of August 3, 2009, among PepsiAmericas, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc., and (y) the Effective Time as defined in the Agreement and Plan of Merger dated as of August 3, 2009, among The Pepsi Bottling Group, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc."

PEPSICO, INC.

By: /s/ Cynthia M. Trudell

Cynthia M. Trudell

Title: Senior Vice President and
Chief Personnel Officer

Date: 2/18/2010

APPROVED:

By: /s/ Stacy L. DeWalt

PepsiCo, Inc. Law Department

**SPECIFIED EMPLOYEE AMENDMENT TO
ALL NONQUALIFIED DEFERRED COMPENSATION PLANS,
EMPLOYMENT AGREEMENTS, SEVERANCE AGREEMENTS,
CHANGE-IN-CONTROL AGREEMENTS, AND ALL OTHER
ARRANGEMENTS SUBJECT TO SECTION 409A OF THE INTERNAL
REVENUE CODE**

As Effective, March 31, 2010

All nonqualified deferred compensation plans, employment agreements, severance agreements, change-in-control agreements, and all other agreements, arrangements or plans (collectively, the "Plans and Arrangements") which are sponsored by or entered into by PepsiCo, Inc. (the "Company") or another member of the PepsiCo Organization, and which are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), are hereby amended as set forth below, effective as of March 31, 2010.

1. The Plans and Arrangements shall apply the following rule of administrative convenience for determining "Specified Employees" or "Key Employees" (whichever term is used by the Plans and Arrangements) for purposes of complying with the six-month payment delay that is required under Section 409A of the Code with respect to such employees:
 - (a) For the period that begins on April 1, 2010, and ends on March 31, 2011, an employee shall be a Specified Employee or Key Employee (subject to subparagraph (c) below) if he was classified as at least a Band IV or its equivalent on December 31, 2009. For this purpose, an employee shall be considered to be at least a Band IV or its equivalent as of a date if the employee is classified as one of the following types of employees in the PepsiCo Organization on that date: (i) a Band IV employee or above in a PepsiCo Business, (ii) a Level E7 employee or above in a PBG Business, or (iii) a Salary Grade 19 employee or above at a PAS Business.
 - (b) For the twelve-month period that begins on April 1, 2011, and for each twelve-month period that begins on April 1 in subsequent years, an employee shall be a Specified Employee or Key Employee (subject to subparagraph (c) below) if the employee was an employee of the PepsiCo Organization who was classified as Band IV or above on the December 31 that immediately precedes such April 1.
 - (c) Notwithstanding the rule of administrative convenience, an employee shall be a Specified Employee or Key Employee for the 12-month period that begins on any April 1, if as of the preceding December 31 the employee

would be a specified employee, within the meaning of Treasury Regulation § 1.409A-1(i), or any successor, by applying as of such December 31 the default rules that apply under such regulation for determining the minimum number of a service recipient's specified employees. If the preceding sentence and the methods for identifying Specified Employees or Key Employees set forth in subparagraph (a) or (b) above, taken together, would result in more than 200 individuals being counted as Specified Employees or Key Employees as of any December 31 determination date, then the number of individuals treated as Specified Employees or Key Employees pursuant to subparagraph (a) or (b), who are not described in the first sentence of this subparagraph (c), shall be reduced to 200 by eliminating from consideration those employees otherwise added by such subparagraph in order of their base compensation, from the lowest base compensation to the highest.

2. The following definitions apply for purposes of this Amendment:

“PAS Business” means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PAS business.

“PBG Business” means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PBG business.

“PepsiCo Business” means each employer, division of an employer or other organizational subdivision of an employer that the Company classifies as part of the PepsiCo business.

“PepsiCo Organization” means the controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the PepsiCo Organization only during the period it is one of the group of organizations described in the preceding sentence.

3. The method for identifying Specified Employees or Key Employees set forth in Amendment No. 1 above is intended as alternative method of identifying Specified Employees or Key Employees under Treas. Reg. § 1.409A-1(i)(5), and is adopted herein on a global basis and shall be interpreted and applied consistently with the rules applicable to such alternative arrangements.

PEPSICO, INC.

By: /s/ Cynthia M. Trudell

Cynthia M. Trudell

Title: Senior Vice President and
Chief Personnel Officer

Date: 3/29/10

APPROVED:

By: /s/ Christopher J. Bellanca
PepsiCo, Inc. Law Department

**AMENDMENT TO ALL EMPLOYMENT-RELATED
AGREEMENTS, PLANS AND OTHER ARRANGEMENTS**

Effective as of the Effective Time (as defined in Amendment No. 3 below), all existing and future employment agreements, severance agreements, change-in-control agreements and other agreements, arrangements or plans (collectively, "Arrangements") entered into or sponsored by PepsiCo, Inc. (the "Company"), including without limitation Arrangements assumed by the Company as a result of the mergers of The Pepsi Bottling Group, Inc. and PepsiAmericas, Inc. into Pepsi-Cola Metropolitan Bottling Company, Inc., shall be amended as follows:

1. For the period that begins on the Effective Time and ends on March 31, 2010, the applicable Arrangement shall identify "Specified Employees" or "Key Employees" (whichever term is used in a particular Agreement in order to comply with the required six-month payment delay to such employees under Section 409A of the Internal Revenue Code (the "Code")) by combining the lists of Specified Employees or Key Employees of all members of the PepsiCo Organization as in effect immediately prior to the Effective Time. The foregoing method of identifying Specified Employees or Key Employees is intended to comply with Treas. Reg. § 1.409A-1(i)(6)(i), which authorizes the use of an alternative method of identifying specified employees that complies with Treas. Reg. §§ 1.409A-1(i)(5) and -1(i)(8) and Section VII.C.4.d of the Preamble to the Final Regulations under Section 409A of the Code, which permits "service recipients to simply combine the pre-transaction separate lists of specified employees where it is determined that such treatment would be administratively less burdensome."
2. For periods beginning on or after April 1, 2010, Specified Employees or Key Employees under any plan or arrangement sponsored by a member of the PepsiCo Organization that is subject to Section 409A of the Code shall be identified in accordance with an alternative method of identifying Specified Employees or Key Employees under Treas. Reg. § 1.409A-1(i)(5) adopted on a global basis by the Company for all such plans and arrangements, or if no such alternative method is adopted, in accordance with the default method for identifying Specified Employees or Key Employees under Treas. Reg. § 1.409A-1(i)(1), (2), (3) and (4).
3. The following definitions apply for purposes of this Amendment:

"**Effective Time**" means the earlier of (i) the Effective Time as defined in the Agreement and Plan of Merger dated as of August 3, 2009, among PepsiAmericas, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc., and (ii) the Effective Time as defined in the Agreement and

Plan of Merger dated as of August 3, 2009, among The Pepsi Bottling Group, Inc., PepsiCo, Inc., and Pepsi-Cola Metropolitan Bottling Company, Inc. All Arrangements amended by this Amendment shall also be amended to include a new definition for the term "Effective Time" as defined herein.

"PepsiCo Organization" means the controlled group of organizations of which the Company is a part, as defined by Code section 414 and regulations issued thereunder. An entity shall be considered a member of the PepsiCo Organization only during the period it is one of the group of organizations described in the preceding sentence.

4. This Amendment shall apply only to those Arrangements that are not separately amended directly by the Company to provide the foregoing.

PEPSICO, INC.

By: /s/ Cynthia M. Trudell

Cynthia M. Trudell
Title: Senior Vice President and
Chief Personnel Officer

Date: 2/18/2010

APPROVED:

By: /s/ Christopher J. Bellanca
PepsiCo, Inc. Law Department

PEPSICO, INC. AND SUBSIDIARIES
 Computation of Ratio of Earnings to Fixed Charges
 (in millions except ratio amounts, unaudited)

	12 Weeks Ended	
	<u>3/20/10</u>	<u>3/21/09</u>
Earnings:		
Income before income taxes	\$ 1,401	\$ 1,515
Unconsolidated affiliates interests, net	50	(31)
Amortization of capitalized interest	1	1
Interest expense ^(a)	154	98
Interest portion of rent expense ^(b)	34	29
Earnings available for fixed charges	<u>\$ 1,640</u>	<u>\$ 1,612</u>
Fixed Charges:		
Interest expense ^(a)	\$ 154	\$ 98
Capitalized interest	2	2
Interest portion of rent expense ^(b)	34	29
Total fixed charges	<u>\$ 190</u>	<u>\$ 129</u>
Ratio of Earnings to Fixed Charges^(c)	<u>8.64</u>	<u>12.52</u>

^(a) Excludes interest related to our reserves for income taxes as such interest is included in provision for income taxes.

^(b) One-third of net rent expense is the portion deemed representative of the interest factor.

^(c) Based on unrounded amounts.

Accountant's Acknowledgement

The Board of Directors and Shareholders
PepsiCo, Inc.:

We hereby acknowledge our awareness of the use of our report dated April 23, 2010 included within the Quarterly Report on Form 10-Q of PepsiCo, Inc. for the twelve weeks ended March 20, 2010, and incorporated by reference in the following Registration Statements and in the related Prospectuses:

Description, Registration Statement Number

Form S-3

- PepsiCo Automatic Shelf Registration Statement, 333-154314
- PepsiAmericas, Inc. 2000 Stock Incentive Plan, 333-165176
- PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan and PBG Stock Incentive Plan, 333-165177

Form S-8

- The PepsiCo 401(k) Plan for Hourly Employees, 333-150868
- The PepsiCo 401(k) Plan for Salaried Employees, 333-150867
- PepsiCo, Inc. 2007 Long-Term Incentive Plan, 333-142811
- PepsiCo, Inc. 2003 Long-Term Incentive Plan, 333-109509
- PepsiCo SharePower Stock Option Plan, 33-35602, 33-29037, 33-42058, 33-51496, 33-54731, 33-66150 and 333-109513
- Director Stock Plan, 33-22970 and 333-110030
- 1979 Incentive Plan and the 1987 Incentive Plan, 33-19539
- 1994 Long-Term Incentive Plan, 33-54733
- PepsiCo, Inc. 1995 Stock Option Incentive Plan, 33-61731, 333-09363 and 333-109514
- 1979 Incentive Plan, 2-65410
- PepsiCo, Inc. Long Term Savings Program, 2-82645, 33-51514 and 33-60965
- PepsiCo 401(k) Plan, 333-89265
- Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates and the Retirement Savings and Investment Plan for Union Employees of Tropicana Products, Inc. and Affiliates (Teamster Local Union #173), 333-65992
- The Quaker Long Term Incentive Plan of 1990, The Quaker Long Term Incentive Plan of 1999 and The Quaker Oats Company Stock Option Plan for Outside Directors, 333-66632
- The Quaker 401(k) Plan for Salaried Employees and The Quaker 401(k) Plan for Hourly Employees, 333-66634
- The PepsiCo 401(k) Plan for Salaried Employees, 333-76196
- The PepsiCo 401(k) Plan for Hourly Employees, 333-76204
- The PepsiCo Share Award Plan, 333-87526
- PBG 401(k) Savings Program, PBG 401(k) Program, PepsiAmericas, Inc. Salaried 401(k) Plan and PepsiAmericas, Inc. Hourly 401(k) Plan, 333-165106
- PBG 2004 Long Term Incentive Plan, PBG 2002 Long Term Incentive Plan, PBG Long Term Incentive Plan, The Pepsi Bottling Group, Inc. 1999 Long Term Incentive Plan, PBG Directors' Stock Plan, PBG Stock Incentive Plan and PepsiAmericas, Inc. 2000 Stock Incentive Plan, 333-165107

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

/s/ KPMG LLP

New York, New York
April 23, 2010

CERTIFICATION

I, **Indra K. Nooyi**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PepsiCo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2010

/s/ Indra K. Nooyi

Indra K. Nooyi
Chairman of the Board of Directors
and Chief Executive Officer

CERTIFICATION

I, **Hugh F. Johnston**, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PepsiCo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2010

/s/ Hugh F. Johnston

Hugh F. Johnston
Chief Financial Officer

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PepsiCo, Inc. (the "Corporation") on Form 10-Q for the quarterly period ended March 20, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Indra K. Nooyi, Chairman of the Board of Directors and Chief Executive Officer of the Corporation, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 23, 2010

/s/ Indra K. Nooyi

Indra K. Nooyi
Chairman of the Board of Directors
and Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PepsiCo, Inc. (the "Corporation") on Form 10-Q for the quarterly period ended March 20, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Hugh F. Johnston, Chief Financial Officer of the Corporation, certify to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 23, 2010

/s/ Hugh F. Johnston

Hugh F. Johnston

Chief Financial Officer