

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

January 28, 2005

Date of Report (Date of earliest event reported)

PepsiCo, Inc.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation)

1-1183

(Commission File Number)

13-1584302

(IRS Employer Identification No.)

700 Anderson Hill Road, Purchase, New York 10577

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (914) 253-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written Communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14a-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 8.01. Other Events.

PepsiCo, Inc. grants various awards to its directors and executive officers under the shareholder-approved 2003 Long-Term Incentive Plan. Forms of award agreements are attached hereto as exhibits and are hereby incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

- 99.1 Regular Performance-Based Long-Term Incentive Award
- 99.2 Regular Long-Term Incentive Award
- 99.3 Special Long-Term Incentive Award (Restricted Stock Units Terms and Conditions)
- 99.4 Special Long-Term Incentive Award (Stock Option Agreement)
- 99.5 Non-Employee Director Restricted Stock Unit Agreement
- 99.6 Non-Employee Director Stock Option Agreement

SIGNATURE

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 hereunto duly authorized.

Date: January 28, 2005

PepsiCo, Inc.

By: /s/ Robert E. Cox

Robert E. Cox
Vice President, Deputy General
Counsel and Assistant Secretary

INDEX TO EXHIBITS

Exhibit Number	Description
99.1	Regular Performance-Based Long-Term Incentive Award
99.2	Regular Long-Term Incentive Award
99.3	Special Long-Term Incentive Award (Restricted Stock Units Terms and Conditions)
99.4	Special Long-Term Incentive Award (Stock Option Agreement)
99.5	Non-Employee Director Restricted Stock Unit Agreement
99.6	Non-Employee Director Stock Option Agreement

[YEAR] REGULAR/PERFORMANCE-BASED LONG-TERM INCENTIVE AWARD**STOCK OPTION / RESTRICTED STOCK UNITS TERMS AND CONDITIONS**

These Terms and Conditions, along with the Long Term Incentive Award Summary (the “Award Summary”) delivered herewith and signed by the individual named on the Award Summary (the “Participant”) shall constitute an Agreement made as of the Grant Date (as indicated on the Award Summary), by and between PepsiCo, Inc., a North Carolina corporation having its principal office at 700 Anderson Hill Road, Purchase, New York 10577 (“PepsiCo,” and with its divisions and direct and indirect subsidiaries, the “Company”), and the Participant.

W I T N E S S E T H:

WHEREAS, the Board of Directors and shareholders of PepsiCo have approved the 2003 Long-Term Incentive Plan (the “Plan”), for the purposes and subject to the provisions set forth in the Plan; and

WHEREAS, pursuant to the authority granted to it in said Plan, the Compensation Committee of the Board of Directors of PepsiCo (the “Committee”), by resolution duly adopted at a meeting held on or prior to the Grant Date desires to grant to the Participant the stock options and/or restricted stock units set forth on the Award Summary; and

WHEREAS, awards granted under the Plan are to be evidenced by an Agreement in such form and containing such terms and conditions as the Committee shall determine;

NOW, THEREFORE, it is mutually agreed as follows:

A. Terms and Conditions Applicable to Stock Options. These terms and conditions shall apply with respect to the stock options granted to the Participant as indicated on the Award Summary.

1. Grant. In consideration of the Participant remaining in the employ of the Company, PepsiCo hereby grants to the Participant, on the terms and conditions set forth herein, the right and option to purchase the number of shares of PepsiCo Common Stock, par value \$.0167 per share, indicated on the Award Summary, at the Grant/Exercise Price per share indicated on the Award Summary (the “Option Exercise Price”), which was the Fair Market Value (as defined below) of PepsiCo Common Stock on the Grant Date. The right to purchase each such share is referred to herein as an “Option.”

2. Exercisability. Subject to the terms and conditions set forth herein, the Options shall become fully vested on the ____ anniversary of the Grant Date (the “Vesting Date”) and shall be exercisable from the Vesting Date through the day immediately prior to the ____ anniversary of the Grant Date (the “Expiration Date”). Options may vest only while the Participant is actively employed by the Company. Once vested and exercisable, and until terminated, all or any portion of the Options may be exercised from time to time and at any time under procedures that the Committee or its delegate shall establish from time to time, including, without limitation, procedures regarding the frequency of exercise and the minimum number of Options which may be exercised at any time.

3. Exercise Procedure. Subject to terms and conditions set forth herein, Options may be exercised by giving written notice of exercise to PepsiCo in the manner specified from time to time by PepsiCo. The aggregate Option Exercise Price for the shares being purchased, together with any amount which the Company may be required to withhold upon such exercise in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of issuance of such shares.

4. Effect of Termination of Employment, Death, Retirement and Total Disability.

(a) Termination of Employment. Options may vest only while the Participant is actively employed by the Company. Thus, vesting ceases upon the termination of the Participant's active employment with the Company. Only vested Options may be exercised. Subject to subparagraphs 4(b), 4(c) and 4(d), vested Options shall be exercisable until the earlier of (i) the date that is the last trading day on the New York Stock Exchange during the 90-calendar day period after the date the Participant's employment with the Company terminates and (ii) the Expiration Date. Subject to subparagraphs 4(b), 4(c) and 4(d), all Options shall automatically expire upon the earlier of (i) and (ii) in the immediately preceding sentence.

(b) Death, Retirement or Total Disability On or Prior to the First Anniversary of the Grant Date. If the Participant's employment terminates on or prior to the first anniversary of the Grant Date, by reason of the Participant's death, Retirement (as defined below) or Total Disability (as defined below), then: (i) the whole number of Options which is in proportion to the Participant's active service (measured in calendar days) during the period commencing on the Grant Date and ending on the first anniversary of the Grant Date shall vest on the Participant's last day of active employment with the Company; (ii) the Options shall continue to become exercisable in accordance with Paragraph A.2 of this Agreement; and (iii) the Options may be exercised by the Participant's legal representative (or any person to whom the Options may be transferred by will or the applicable laws of descent and distribution), in the event of death, or the Participant, in the event of Retirement or Total Disability, prior to the Expiration Date in accordance with this Agreement.

(c) Death, Retirement or Total Disability After the First Anniversary of the Grant Date. If the Participant's employment terminates after the first anniversary of the Grant Date by reason of the Participant's death, Retirement or Total Disability, then: (i) the Options shall become fully vested on the Participant's last day of active employment with the Company; (ii) the Options shall continue to become exercisable in accordance with Paragraph A.2 of this Agreement; and (iii) the Options may be exercised by the Participant's legal representative (or any person to whom the Options may be transferred by will or the applicable laws of descent and distribution), in the event of death, or the Participant, in the event of Retirement or Total Disability, prior to the Expiration Date in accordance with this Agreement.

(d) Transfers to a Related Entity. In the event the Participant transfers to a Related Entity (as defined below), as a result of actions by PepsiCo, the Options shall become fully vested and exercisable on the date of such transfer and shall otherwise remain outstanding and be exercisable in accordance with this Agreement.

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

B. Terms and Conditions Applicable to Restricted Stock Units. These terms and conditions shall apply with respect to the restricted stock units granted to the Participant as indicated on the Award Summary.

1. **Grant.** In consideration of the Participant remaining in the employ of the Company, PepsiCo hereby grants to the Participant, on the terms and conditions set forth herein, the number of restricted stock units indicated on the Award Summary (the “Restricted Stock Units”).

2. **Payment.** Subject to Paragraphs B.3 and B.4 below, the Restricted Stock Units shall vest on the third anniversary of the Grant Date and be payable as soon as practicable after such date (the “Payment Date”). Restricted Stock Units that become payable shall be settled in shares of PepsiCo Common Stock with the Participant receiving one share of PepsiCo Common Stock for each Restricted Stock Unit. Any amount that the Company may be required to withhold upon the settlement of Restricted Stock Units and/or the payment of dividend equivalents (see Paragraph B.5 below) in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of the issuance of shares or payment of cash. The Company may, in its discretion, establish procedures to ensure proper withholding of applicable taxes.

3. **Forfeiture of Restricted Stock Units.** The number of Restricted Stock Units that are payable shall be determined based on the achievement of performance targets. Subject to the terms and conditions set forth herein, the Restricted Stock Units shall be subject to forfeiture as follows:

(a) The payment of one-third of the Restricted Stock Units shall be determined based on the achievement of specific [year] performance targets. The specific performance targets and the percentage of the one-third of the Restricted Stock Units that shall be forfeited if such targets are not achieved shall be established by the Committee in the first ninety (90) days of [year].

(b) The payment of one-third of the Restricted Stock Units shall be determined based on the achievement of specific [year] performance targets. The specific performance targets and the percentage of the one-third of the Restricted Stock Units that shall be forfeited if such targets are not achieved shall be established by the Committee in the first ninety (90) days of [year].

(c) The payment of one-third of the Restricted Stock Units shall be determined based on the achievement of specific [year] performance targets. The specific performance targets and the percentage of the one-third of the Restricted Stock Units that shall be forfeited if such targets are not achieved shall be established by the Committee in the first ninety (90) days of [year].

(d) Notwithstanding the achievement of any performance targets established under Paragraphs B.3(a), (b) and (c) above, the Committee has the discretion to reduce the number of Restricted Stock Units paid, subject to and in accordance with the Plan.

4. Effect of Termination of Employment, Death, Retirement and Total Disability.

(a) Termination of Employment. Restricted Stock Units may vest and become payable only while the Participant is actively employed by the Company. Thus, vesting ceases upon the termination of the Participant's active employment with the Company. Subject to subparagraphs 4(b), 4(c) and 4(d), all unvested Restricted Stock Units shall automatically be forfeited and canceled upon the date that the Participant's employment with the Company terminates.

(b) Death, Retirement or Total Disability On or Prior to the First Anniversary of the Grant Date. If the Participant's employment terminates on or prior to the first anniversary of the Grant Date, by reason of the Participant's death, Retirement (as defined below) or Total Disability (as defined below), then the whole number of Restricted Stock Units which is in proportion to the Participant's active service (measured in calendar days) during the period commencing on the Grant Date and ending on the first anniversary of the Grant Date shall vest on the Participant's last day of active employment with the Company. All Restricted Stock Units that vest in accordance with the foregoing sentence shall remain subject to the payment and forfeiture provisions of Paragraphs B.2 and B.3, except that payment will be made as soon as practicable after achievement of the applicable performance targets described in Paragraphs B.3(a), (b), (c) is determined.

(c) Death, Retirement or Total Disability After the First Anniversary of the Grant Date. If the Participant's employment terminates after the first anniversary of the Grant Date by reason of the Participant's death, Retirement or Total Disability, then the Restricted Stock Units shall become fully vested on the Participant's last day of active employment with the Company. All such vested Restricted Stock Units shall remain subject to the payment and forfeiture provisions of Paragraphs B.2 and B.3, except that payment will be made as soon as practicable after achievement of the applicable performance targets described in Paragraphs B.3(a), (b), (c) is determined.

(d) Transfers to a Related Entity. In the event the Participant transfers to a Related Entity (as defined below), as a result of actions by PepsiCo, the Restricted Stock Units shall become fully vested on the Participant's last day of active employment with the Company. All such vested Restricted Stock Units shall remain subject to the payment and forfeiture provisions of Paragraphs B.2 and B.3.

5. Dividend Equivalents. During the period between the Grant Date and the Payment Date, the Participant shall accumulate dividend equivalents with respect to the Restricted Stock Units, which dividend equivalents shall be paid in cash (without interest) to the Participant only if and when the applicable Restricted Stock Units vest and become payable. Dividend equivalents shall equal the dividends actually paid with respect to PepsiCo Common Stock during the period between the Grant Date and the Payment Date.

C. Terms and Conditions Applicable to Stock Options and Restricted Stock Units.

1. Prohibited Conduct.

(a) The Participant agrees that, at any time prior to the exercise of the Options or payment of the Restricted Stock Units granted hereunder, and for a period of twelve months after the later of (i) completion of all such exercises of Stock Options, (ii) payment of Restricted Stock Units or (iii) termination of the Participant's employment with the Company for

any reason whatsoever (including Retirement or Total Disability), he or she will not engage in any of the following activities anywhere in the world:

(1) Non-Competition. Participant shall not accept any employment, assignment, position or responsibility, or acquire any ownership interest, which involves the Participant's Participation in a business entity that markets, sells, distributes or produces Covered Products, unless such business entity makes retail sales or consumes Covered Products without in any way competing with the Company.

(2) Raiding Employees. Participant shall not in any way, directly or indirectly (including through someone else acting on the Participant's recommendation, suggestion, identification or advice), solicit any Company employee to leave the Company's employment or to accept any position with any other entity.

(3) Non-Disclosure. Participant shall not use or disclose to anyone any confidential information regarding the Company other than as necessary in his or her position with the Company. Such confidential information shall include all non-public information the Participant acquired as a result of his or her positions with the Company which might be of any value to a competitor of the Company, or which might cause any economic loss or substantial embarrassment to the Company or its customers, bottlers, distributors or suppliers if used or disclosed. Examples of such confidential information include, without limitation, non-public information about the Company's customers, suppliers, distributors and potential acquisition targets; its business operations and structure; its product lines, formulas and pricing; its processes, machines and inventions; its research and know-how; its financial data; and its plans and strategies.

(4) Misconduct. Participant shall not engage in any acts that are considered to be contrary to the Company's best interests, including, but not limited to, violating the Company's Code of Conduct, engaging in unlawful trading in the securities of PepsiCo or of any other company based on information gained as a result of his or her employment with the Company, or engaging in any other activity which constitutes gross misconduct.

(b) In the event the Company determines that the Participant has breached any term of Paragraph C.1(a), in addition to any other remedies the Company may have available to it, the Company may in its sole discretion:

(1) Cancel any unexercised Options or unpaid Restricted Stock Units granted hereunder;

(2) Require the Participant to pay to the Company all gains realized from the exercise of any Options granted hereunder, which have been exercised within the twelve-month period immediately preceding the date as of which the Participant has breached a provision of Paragraph C.1(a), as determined by the Company; and/or

(3) Require the Participant to pay to the Company the value (determined as of the date restrictions on the Restricted Stock Units lapse) of any Restricted Stock Units, which have been paid within the twelve-month period immediately preceding the date as of which the Participant has breached a provision of Paragraph C.1(a), as determined by the Company.

2. Adjustment for Change in Common Stock. In the event of any change in the outstanding shares of PepsiCo Common Stock by reason of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, spin-off or other similar corporate change, (a) the number and type of shares which the Participant may

purchase pursuant to the Options and the Option Exercise Price at which the Participant may purchase such shares may be adjusted appropriately, and (b) the number and type of shares to which the Restricted Stock Units held by the Participant relate may be adjusted appropriately.

3. Effect of Change in Control. At the date of a Change in Control (as defined in the Plan) (a) all outstanding and unvested Options granted hereunder shall immediately vest and become exercisable and shall remain outstanding in accordance with their terms and (b) all outstanding and unvested Restricted Stock Units granted hereunder shall immediately vest and become payable in accordance with their terms, including payout of the dividend equivalents accumulated through the date of the Change in Control. In the event that any Option granted hereunder becomes unexercisable during its term on or after a Change in Control because: (i) the Participant is involuntarily terminated (other than for cause) within two years after the Change in Control; (ii) such Option is terminated or adversely modified; or (iii) PepsiCo Common Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the Participant shall immediately be entitled to receive a lump sum cash payment equal to the greater of (x) the gain on such Option or (y) the Black-Scholes value of such Option (as determined by a nationally recognized independent investment banker chosen by PepsiCo), in either case calculated on the date such Option becomes unexercisable. For purposes of the preceding sentence, the gain on an Option shall be calculated as the difference between the closing price per share of PepsiCo Common Stock as of the date such Option becomes unexercisable and the Option Exercise Price.

4. Nontransferability. Unless the Committee specifically determines otherwise: (a) the Options and Restricted Stock Units are personal to the Participant and, with respect to Options, during the Participant's lifetime, such Options may be exercised only by the Participant, and (b) the Options and Restricted Stock Units shall not be transferable or assignable, other than in the case of the Participant's death by will, the laws of descent and distribution.

5. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Covered Products" means any product which falls into one or more of the following categories, so long as the Company is producing, marketing, selling or licensing such product anywhere in the world: beverages, including without limitation carbonated soft drinks, tea, water, juice drinks, sports drinks, coffee drinks, and value added dairy drinks; juices and juice products; snacks, including salty snacks, sweet snacks, meat snacks, granola and cereal bars, and cookies; hot cereals; pancake mixes; value-added rice products; pancake syrup; value-added pasta products; ready-to-eat cereals; dry pasta products; or any product or service which the Participant had reason to know was under development by the Company during the Participant's employment with the Company.

(b) "Fair Market Value" of a share of PepsiCo Common Stock on any date shall mean an amount equal to the mean of the high and low sales prices for a share of PepsiCo Common Stock as reported on the composite tape for securities listed on The New York Stock Exchange, Inc. on the date in question (or if no sales of Common Stock were made on said Exchange on such date, on the next preceding day on which sales were made on such Exchange), rounded up to nearest one-fourth.

(c) "Participation" shall be construed broadly to include, without limitation: (i) serving as a director, officer, employee, consultant or contractor with respect to such a business entity; (ii) providing input, advice, guidance or suggestions to such a business entity; or (iii) providing a recommendation or testimonial on behalf of such a business entity or one or more products it produces.

(d) “Related Entity” shall mean any entity as to which the Company directly or indirectly owns 20% or more of the entity’s voting securities, general partnership interests, or other voting or management rights.

(e) “Retirement” shall mean (i) early, normal or late retirement under the U.S. pension plan in which the Participant participates (if any), (ii) retirement as explicitly set out in an individual agreement, (iii) termination of employment after age 55 with at least 10 years of service with the Company (or, if earlier, after attaining at least age 65 and completing at least five years of service with the Company), or (iv) retirement as otherwise determined by the Committee.

(f) “Retirement Date” shall mean the effective date of Retirement.

(g) “Total Disability” shall mean becoming totally and permanently disabled, as determined for purposes of the Company’s Long Term Disability Plan (or in the absence of such Disability Plan being applicable to the Participant, as determined by the Committee in its sole discretion).

6. Notices. Any notice to be given to PepsiCo under the terms of this Agreement shall be addressed to PepsiCo at Purchase, New York 10577, Attention: Vice President, Compensation, or such other address as PepsiCo may hereafter designate to the Participant. Any such notice shall be deemed to have been duly given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal postal service.

7. Binding Effect.

(a) This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to PepsiCo, whether by merger, consolidation or the sale of all or substantially all of PepsiCo’s assets. PepsiCo will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PepsiCo expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PepsiCo would be required to perform it if no such succession had taken place.

(b) This Agreement shall be binding upon and inure to the benefit of the Participant or his or her legal representative and any person to whom the Options and Restricted Stock Units may be transferred by will or the applicable laws of descent and distribution.

8. No Contract of Employment; Agreement’s Survival. This Agreement is not a contract of employment, nor does it impose on the Company any obligation to retain the Participant in its employ. This Agreement shall survive the termination of the Participant’s employment for any reason.

9. Amendment; Waiver. No provision of this Agreement may be amended or waived unless agreed to in writing and signed by the chief personnel officer or chief legal officer of PepsiCo (or either of their delegates). The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

10. Severability or Reform by Court. In the event that any provision of this Agreement is deemed by a court to be broader than permitted by applicable law, then such provision shall be reformed (or otherwise revised or narrowed) so that it is enforceable to the fullest extent permitted by applicable law. If any provision of this Agreement shall be declared by a court to be invalid or unenforceable to any extent, the validity or enforceability of the remaining provisions of this Agreement shall not be affected.

11. Prospectus. The Participant has been provided a copy of PepsiCo's Prospectus relating to the Plan, the Options and the shares covered thereby, and the Restricted Stock Units. By signing the Award Summary, the Participant agrees that he or she has reviewed the Prospectus, and fully understands his or her rights under the Plan.

12. Plan Controls. The Options, Restricted Stock Units and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any guidelines, policies or regulations which govern administration of the Plan, which shall be controlling. PepsiCo reserves its rights to amend or terminate the Plan at any time without the consent of the Participant; provided, however, that Options and Restricted Stock Units outstanding under the Plan at the time of such action shall not be adversely affected thereby. All interpretations or determinations of the Committee or its delegate shall be final, binding and conclusive upon the Participant (and his or her legal representatives and any recipient of a transfer of the Options or Restricted Stock Units) on any question arising hereunder or under the Plan or other guidelines, policies or regulations which govern administration of the Plan.

13. Rights to Future Grants; Compliance with Law. By entering into this Agreement, the Participant acknowledges and agrees that: (a) the Option and/or Restricted Stock Unit grant will be exclusively governed by the terms of the Plan, including the right reserved by the Company to amend or cancel the Plan at any time without the Company incurring liability to the Participant (except for Options and Restricted Stock Units already granted under the Plan), (b) stock options and restricted stock units are not a constituent part of the Participant's salary and that the Participant is not entitled, under the terms and conditions of his/her employment, or by accepting or being awarded the Options and/or Restricted Stock Units pursuant to this Agreement to require options, restricted stock units or other awards to be granted to him/her in the future under the Plan or any other plan, (c) upon exercise of the Options or vesting of Restricted Stock Units the Participant will arrange for payment to the Company an estimated amount to cover employee payroll taxes resulting from the exercise and/or, to the extent necessary, any balance may be withheld from the Participant's wages, (d) benefits received under the Plan will be excluded from the calculation of termination indemnities or other severance payments, and (e) the Participant will seek all necessary approval under, make all required notifications under and comply with all laws, rules and regulations applicable to the ownership of stock options and stock and the exercise of stock options, including, without limitation, currency and exchange laws, rules and regulations.

14. No Rights as Shareholder. The Participant shall have no rights as a holder of PepsiCo Common Stock unless and until certificates for shares of Common Stock are issued to the Participant.

15. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of North Carolina, without giving effect to conflict of laws principles.

16. Entire Agreement. This Agreement constitutes the entire understanding between the parties to this Agreement.

REGULAR LONG-TERM INCENTIVE AWARD**STOCK OPTION / RESTRICTED STOCK UNITS TERMS AND CONDITIONS**

These Terms and Conditions, along with the Long Term Incentive Award Summary (the "Award Summary") delivered herewith and signed by the individual named on the Award Summary (the "Participant") shall constitute an Agreement made as of the Grant Date (as indicated on the Award Summary), by and between PepsiCo, Inc., a North Carolina corporation having its principal office at 700 Anderson Hill Road, Purchase, New York 10577 ("PepsiCo," and with its divisions and direct and indirect subsidiaries, the "Company"), and the Participant.

W I T N E S S E T H:

WHEREAS, the Board of Directors and shareholders of PepsiCo have approved the 2003 Long-Term Incentive Plan (the "Plan"), for the purposes and subject to the provisions set forth in the Plan; and

WHEREAS, pursuant to the authority granted to it in said Plan, the Compensation Committee of the Board of Directors of PepsiCo (the "Committee"), by resolution duly adopted at a meeting held on or prior to the Grant Date desires to grant to the Participant the stock options and/or restricted stock units set forth on the Award Summary; and

WHEREAS, awards granted under the Plan are to be evidenced by an Agreement in such form and containing such terms and conditions as the Committee shall determine;

NOW, THEREFORE, it is mutually agreed as follows:

A. Terms and Conditions Applicable to Stock Options. These terms and conditions shall apply with respect to the stock options, if any, granted to the Participant as indicated on the Award Summary.

1. Grant. In consideration of the Participant remaining in the employ of the Company, PepsiCo hereby grants to the Participant, on the terms and conditions set forth herein, the right and option to purchase the number of shares of PepsiCo Common Stock, par value \$.0167 per share, indicated on the Award Summary, at the Grant/Exercise Price per share indicated on the Award Summary (the "Option Exercise Price"), which was the Fair Market Value (as defined below) of PepsiCo Common Stock on the Grant Date. The right to purchase each such share is referred to herein as an "Option."

2. Exercisability. Subject to the terms and conditions set forth herein, the Options shall become fully vested on the _____ anniversary of the Grant Date (the "Vesting Date") and shall be exercisable from the Vesting Date through the day immediately prior to the _____ anniversary of the Grant Date (the "Expiration Date"). Options may vest only while the Participant is actively employed by the Company. Once vested and exercisable, and until terminated, all or any portion of the Options may be exercised from time to time and at any time under procedures that the Committee or its delegate shall establish from time to time, including, without limitation, procedures regarding the frequency of exercise and the minimum number of Options which may be exercised at any time.

3. Exercise Procedure. Subject to terms and conditions set forth herein, Options may be exercised by giving written notice of exercise to PepsiCo in the manner specified from time to time by PepsiCo. The aggregate Option Exercise Price for the shares being purchased, together with any amount which the Company may be required to withhold upon such exercise in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of issuance of such shares.

4. Effect of Termination of Employment, Death, Retirement and Total Disability.

(a) Termination of Employment. Options may vest only while the Participant is actively employed by the Company. Thus, vesting ceases upon the termination of the Participant's active employment with the Company. Only vested Options may be exercised. Subject to subparagraphs 4(b), 4(c) and 4(d), vested Options shall be exercisable until the earlier of the Expiration Date and the date that is the last trading day on the New York Stock Exchange during the 90-calendar day period after the date the Participant's employment with the Company terminates. Subject to subparagraphs 4(b), 4(c) and 4(d), all Options shall automatically expire upon and may not be exercised after the earlier of the Expiration Date and the date that is the last trading day on the New York Stock Exchange during the 90-calendar day period after the date the Participant's employment with the Company terminates.

(b) Death, Retirement or Total Disability On or Prior to the First Anniversary of the Grant Date. If the Participant's employment terminates on or prior to the first anniversary of the Grant Date, by reason of the Participant's death, Retirement (as defined below) or Total Disability (as defined below), then: (i) the portion of the Options which is in proportion to the Participant's active service (measured in calendar days) during the period commencing on the Grant Date and ending on the first anniversary of the Grant Date shall vest on the Participant's last day of active employment with the Company; (ii) the Options shall continue to become exercisable in accordance with Paragraph A.2 of this Agreement; and (iii) the Options may be exercised by the Participant's legal representative (or any person to whom the Options may be transferred by will or the applicable laws of descent and distribution), in the event of death, or the Participant, in the event of Retirement or Total Disability, prior to the Expiration Date in accordance with this Agreement.

(c) Death, Retirement or Total Disability After the First Anniversary of the Grant Date. If the Participant's employment terminates after the first anniversary of the Grant Date by reason of the Participant's death, Retirement or Total Disability, then: (i) the Options shall become fully vested on the Participant's last day of active employment with the Company; (ii) the Options shall continue to become exercisable in accordance with Paragraph A.2 of this Agreement; and (iii) the Options may be exercised by the Participant's legal representative (or any person to whom the Options may be transferred by will or the applicable laws of descent and distribution), in the event of death, or the Participant, in the event of Retirement or Total Disability, prior to the Expiration Date in accordance with this Agreement.

(d) Transfers to a Related Entity. In the event the Participant transfers to a Related Entity (as defined below), as a result of actions by PepsiCo, the Options shall become fully vested and exercisable on the date of such transfer and shall otherwise remain outstanding and be exercisable in accordance with this Agreement.

5. Buy-Out of Option Gains. At any time after any Option becomes exercisable, the Committee shall have the right, in its sole discretion and without the consent of the Participant, to cancel such Option and pay to the Participant the difference between the Option Exercise Price and the Fair Market Value of the shares covered by the Option as of the date the Committee gives written notice (the "Buy Out Notice") of its intention to exercise such right. Payments of such buy out amounts pursuant to this provision shall be effected by PepsiCo as promptly as possible after the date of the Buy Out Notice and may be made in cash, in shares of Common Stock or partly in cash and partly in Common Stock, as the Committee deems advisable. To the extent payment is made in shares of Common Stock, the number of shares shall be determined by dividing the amount of the payment to be made by the Fair Market Value of a share of Common Stock at the date of the Buy Out Notice. In no event shall PepsiCo be required to deliver a fractional share of

Common Stock in satisfaction of a buy out hereunder. Payments of any such buy out amounts shall be made net of any applicable foreign, federal (including FICA), state and local withholding taxes.

B. Terms and Conditions Applicable to Restricted Stock Units. These terms and conditions shall apply with respect to the restricted stock units, if any, granted to the Participant as indicated on the Award Summary.

1. Grant. In consideration of the Participant remaining in the employ of the Company, PepsiCo hereby grants to the Participant, on the terms and conditions set forth herein, the number of restricted stock units indicated on the Award Summary (the “Restricted Stock Units”).

2. Vesting. Subject to the terms and conditions set forth herein, the Restricted Stock Units shall become fully vested on the third anniversary of the Grant Date (the “Vesting Date”) and will be payable as soon as practicable after that date. Restricted Stock Units may vest only while the Participant is actively employed by the Company.

3. Payment. Restricted Stock Units that vest and become payable shall be settled in shares of PepsiCo Common Stock with the Participant receiving one share of PepsiCo Common Stock for each vested Restricted Stock Unit. Any amount that the Company may be required to withhold upon the settlement of Restricted Stock Units and/or the payment of dividend equivalents (see Section B.5 below) in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of the issuance of shares or payment of cash. The Company may, in its discretion, establish procedures to ensure proper withholding of applicable taxes.

4. Effect of Termination of Employment, Death, Retirement and Total Disability.

(a) Termination of Employment. Restricted Stock Units may vest and become payable only while the Participant is actively employed by the Company. Thus, vesting ceases upon the termination of the Participant’s active employment with the Company. Subject to subparagraphs 4(b), 4(c) and 4(d), all unvested Restricted Stock Units shall automatically be forfeited and canceled upon the date that the Participant’s employment with the Company terminates.

(b) Death, Retirement or Total Disability On or Prior to the First Anniversary of the Grant Date. If the Participant’s employment terminates on or prior to the first anniversary of the Grant Date, by reason of the Participant’s death, Retirement (as defined below) or Total Disability (as defined below), then the whole number of Restricted Stock Units which is in proportion to the Participant’s active service (measured in calendar days) during the period commencing on the Grant Date and ending on the first anniversary of the Grant Date shall vest on the Participant’s last day of active employment with the Company and will be payable as soon as practicable after that date.

(c) Death, Retirement or Total Disability After the First Anniversary of the Grant Date. If the Participant’s employment terminates after the first anniversary of the Grant Date by reason of the Participant’s death, Retirement or Total Disability, then the Restricted Stock Units shall become fully vested on the Participant’s last day of active employment with the Company and will be payable as soon as practicable after that date.

(d) Transfers to a Related Entity. In the event the Participant transfers to a Related Entity (as defined below), as a result of actions by PepsiCo, the Restricted Stock Units shall become fully vested and payable on the date of such transfer.

5. Dividend Equivalents. During the vesting period, the Participant shall accumulate dividend equivalents with respect to the Restricted Stock Units, which dividend equivalents shall be paid in cash (without interest) to the Participant only if and when the applicable Restricted Stock Units vest and become payable. Dividend equivalents shall equal the dividends actually paid with respect to PepsiCo Common Stock during the vesting period.

C. Terms and Conditions Applicable to Stock Options and Restricted Stock Units.

1. Prohibited Conduct.

(a) The Participant agrees that, at any time prior to the exercise of the Options or vesting of the Restricted Stock Units granted hereunder, and for a period of twelve months after the later of (i) completion of all such exercises of Stock Options, (ii) vesting of Restricted Stock Units or (iii) termination of the Participant's employment with the Company for any reason whatsoever (including Retirement or Total Disability), he or she will not engage in any of the following activities anywhere in the world:

(1) Non-Competition. Participant shall not accept any employment, assignment, position or responsibility, or acquire any ownership interest, which involves the Participant's Participation in a business entity that markets, sells, distributes or produces Covered Products, unless such business entity makes retail sales or consumes Covered Products without in any way competing with the Company.

(2) Raiding Employees. Participant shall not in any way, directly or indirectly (including through someone else acting on the Participant's recommendation, suggestion, identification or advice), solicit any Company employee to leave the Company's employment or to accept any position with any other entity.

(3) Non-Disclosure. Participant shall not use or disclose to anyone any confidential information regarding the Company other than as necessary in his or her position with the Company. Such confidential information shall include all non-public information the Participant acquired as a result of his or her positions with the Company which might be of any value to a competitor of the Company, or which might cause any economic loss or substantial embarrassment to the Company or its customers, bottlers, distributors or suppliers if used or disclosed. Examples of such confidential information include, without limitation, non-public information about the Company's customers, suppliers, distributors and potential acquisition targets; its business operations and structure; its product lines, formulas and pricing; its processes, machines and inventions; its research and know-how; its financial data; and its plans and strategies.

(4) Misconduct. Participant shall not engage in any acts that are considered to be contrary to the Company's best interests, including, but not limited to, violating the Company's Code of Conduct, engaging in unlawful trading in the securities of PepsiCo or of any other company based on information gained as a result of his or her employment with the Company, or engaging in any other activity which constitutes gross misconduct.

(b) In the event the Company determines that the Participant has breached any term of Paragraph C.1(a), in addition to any other remedies the Company may have available to it, the Company may in its sole discretion:

(1) Cancel any unexercised Options or unvested Restricted Stock Units granted hereunder;

(2) Require the Participant to pay to the Company all gains realized from the exercise of any Options granted hereunder, which have been exercised within the twelve-month period immediately preceding the date as of which the Participant has breached a provision of Paragraph C.1(a), as determined by the Company; and/or

(3) Require the Participant to pay to the Company the value (determined as of the Vesting Date) of any Restricted Stock Units, which have vested within the twelve-month period immediately preceding the date as of which the Participant has breached a provision of Paragraph C.1(a), as determined by the Company.

2. Adjustment for Change in Common Stock. In the event of any change in the outstanding shares of PepsiCo Common Stock by reason of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, spin-off or other similar corporate change, (a) the number and type of shares which the Participant may purchase pursuant to the Options and the Option Exercise Price at which the Participant may purchase such shares may be adjusted appropriately, and (b) the number and type of shares to which the Restricted Stock Units held by the Participant relate may be adjusted appropriately.

3. Effect of Change in Control. At the date of a Change in Control (as defined in the Plan) (a) all outstanding and unvested Options granted hereunder shall immediately vest and become exercisable and shall remain outstanding in accordance with their terms and (b) all outstanding and unvested Restricted Stock Units granted hereunder shall immediately vest and become payable in accordance with their terms, including payout of the dividend equivalents accumulated through the date of the Change in Control. In the event that any Option granted hereunder becomes unexercisable during its term on or after a Change in Control because: (i) the Participant is involuntarily terminated (other than for cause) within two years after the Change in Control; (ii) such Option is terminated or adversely modified; or (iii) PepsiCo Common Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the Participant shall immediately be entitled to receive a lump sum cash payment equal to the greater of (x) the gain on such Option or (y) the Black-Scholes value of such Option (as determined by a nationally recognized independent investment banker chosen by PepsiCo), in either case calculated on the date such Option becomes unexercisable. For purposes of the preceding sentence, the gain on an Option shall be calculated as the difference between the closing price per share of PepsiCo Common Stock as of the date such Option becomes unexercisable and the Option Exercise Price.

4. Nontransferability. Unless the Committee specifically determines otherwise: (a) the Options and Restricted Stock Units are personal to the Participant and, with respect to Options, during the Participant's lifetime, such Options may be exercised only by the Participant, and (b) the Options and Restricted Stock Units shall not be transferable or assignable, other than in the case of the Participant's death by will, the laws of descent and distribution.

5. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Covered Products" means any product which falls into one or more of the following categories, so long as the Company is producing, marketing, selling or licensing such product anywhere in the world: beverages, including without limitation carbonated soft drinks, tea, water, juice drinks, sports drinks, coffee drinks, and value added dairy drinks; juices and juice products; snacks, including salty snacks, sweet snacks, meat snacks, granola and cereal bars, and cookies; hot cereals; pancake mixes; value-added rice products; pancake syrup; value-added pasta products; ready-to-eat cereals; dry pasta products; or any product or service which the Participant had reason to know was under development by the Company during the Participant's employment with the Company.

(b) “Fair Market Value” of a share of PepsiCo Common Stock on any date shall mean an amount equal to the mean of the high and low sales prices for a share of PepsiCo Common Stock as reported on the composite tape for securities listed on The New York Stock Exchange, Inc. on the date in question (or if no sales of Common Stock were made on said Exchange on such date, on the next preceding day on which sales were made on such Exchange), rounded up to nearest one-fourth.

(c) “Participation” shall be construed broadly to include, without limitation: (i) serving as a director, officer, employee, consultant or contractor with respect to such a business entity; (ii) providing input, advice, guidance or suggestions to such a business entity; or (iii) providing a recommendation or testimonial on behalf of such a business entity or one or more products it produces.

(d) “Related Entity” shall mean any entity as to which the Company directly or indirectly owns 20% or more of the entity’s voting securities, general partnership interests, or other voting or management rights.

(e) “Retirement” shall mean (i) early, normal or late retirement under the U.S. pension plan in which the Participant participates (if any), (ii) retirement as explicitly set out in an individual agreement, (iii) termination of employment after age 55 with at least 10 years of service with the Company (or, if earlier, after attaining at least age 65 and completing at least five years of service with the Company), or (iv) retirement as otherwise determined by the Committee.

(f) “Retirement Date” shall mean the effective date of Retirement.

(g) “Total Disability” shall mean becoming totally and permanently disabled, as determined for purposes of the Company’s Long Term Disability Plan (or in the absence of such Disability Plan being applicable to the Participant, as determined by the Committee in its sole discretion).

6. Notices. Any notice to be given to PepsiCo under the terms of this Agreement shall be addressed to PepsiCo at Purchase, New York 10577, Attention: Vice President, Compensation, or such other address as PepsiCo may hereafter designate to the Participant. Any such notice shall be deemed to have been duly given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal postal service.

7. Binding Effect.

(a) This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to PepsiCo, whether by merger, consolidation or the sale of all or substantially all of PepsiCo’s assets. PepsiCo will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PepsiCo expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PepsiCo would be required to perform it if no such succession had taken place.

(b) This Agreement shall be binding upon and inure to the benefit of the Participant or his or her legal representative and any person to whom the Options and Restricted Stock Units may be transferred by will or the applicable laws of descent and distribution.

8. No Contract of Employment; Agreement's Survival. This Agreement is not a contract of employment, nor does it impose on the Company any obligation to retain the Participant in its employ. This Agreement shall survive the termination of the Participant's employment for any reason.

9. Amendment; Waiver. No provision of this Agreement may be amended or waived unless agreed to in writing and signed by the chief personnel officer or chief legal officer of PepsiCo (or either of their delegates). The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

10. Severability or Reform by Court. In the event that any provision of this Agreement is deemed by a court to be broader than permitted by applicable law, then such provision shall be reformed (or otherwise revised or narrowed) so that it is enforceable to the fullest extent permitted by applicable law. If any provision of this Agreement shall be declared by a court to be invalid or unenforceable to any extent, the validity or enforceability of the remaining provisions of this Agreement shall not be affected.

11. Prospectus. The Participant has been provided a copy of PepsiCo's Prospectus relating to the Plan, the Options and the shares covered thereby, and the Restricted Stock Units. By signing the Award Summary, the Participant agrees that he or she has reviewed the Prospectus, and fully understands his or her rights under the Plan.

12. Plan Controls. The Options, Restricted Stock Units and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any guidelines, policies or regulations which govern administration of the Plan, which shall be controlling. PepsiCo reserves its rights to amend or terminate the Plan at any time without the consent of the Participant; provided, however, that Options and Restricted Stock Units outstanding under the Plan at the time of such action shall not be adversely affected thereby. All interpretations or determinations of the Committee or its delegate shall be final, binding and conclusive upon the Participant (and his or her legal representatives and any recipient of a transfer of the Options or Restricted Stock Units) on any question arising hereunder or under the Plan or other guidelines, policies or regulations which govern administration of the Plan.

13. Rights to Future Grants; Compliance with Law. By entering into this Agreement, the Participant acknowledges and agrees that: (a) the Option and/or Restricted Stock Unit grant will be exclusively governed by the terms of the Plan, including the right reserved by the Company to amend or cancel the Plan at any time without the Company incurring liability to the Participant (except for Options and Restricted Stock Units already granted under the Plan), (b) stock options and restricted stock units are not a constituent part of the Participant's salary and that the Participant is not entitled, under the terms and conditions of his/her employment, or by accepting or being awarded the Options and/or Restricted Stock Units pursuant to this Agreement to require options, restricted stock units or other awards to be granted to him/her in the future under the Plan or any other plan, (c) upon exercise of the Options or vesting of Restricted Stock Units the Participant will arrange for payment to the Company an estimated amount to cover employee payroll taxes resulting from the exercise and/or, to the extent necessary, any balance may be withheld from the Participant's wages, (d) benefits received under the Plan will be excluded from the calculation of termination indemnities or other severance payments, and (e) the Participant will seek all necessary approval under, make all required notifications under and comply with all laws, rules and regulations applicable to the ownership of stock options and stock and the exercise of stock options, including, without limitation, currency and exchange laws, rules and regulations.

14. No Rights as Shareholder. The Participant shall have no rights as a holder of PepsiCo Common Stock unless and until certificates for shares of Common Stock are issued to the Participant.

15. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of North Carolina, without giving effect to conflict of laws principles.

16. Entire Agreement. This Agreement constitutes the entire understanding between the parties to this Agreement.

SPECIAL LONG-TERM INCENTIVE AWARD**RESTRICTED STOCK UNITS TERMS AND CONDITIONS**

These Terms and Conditions, along with the Long Term Incentive Award Summary (the "Award Summary") delivered herewith and signed by the individual named on the Award Summary (the "Participant") shall constitute an Agreement made as of the Grant Date (as indicated on the Award Summary), by and between PepsiCo, Inc., a North Carolina corporation having its principal office at 700 Anderson Hill Road, Purchase, New York 10577 ("PepsiCo," and with its divisions and direct and indirect subsidiaries, the "Company"), and the Participant.

W I T N E S S E T H:

WHEREAS, the Board of Directors and shareholders of PepsiCo have approved the 2003 Long-Term Incentive Plan (the "Plan"), for the purposes and subject to the provisions set forth in the Plan; and

WHEREAS, pursuant to the authority granted to it in said Plan, the Compensation Committee of the Board of Directors of PepsiCo (the "Committee"), by resolution duly adopted at a meeting held on _____, 200_, desires to grant to the Participant the restricted stock units set forth on the Award Summary; and

WHEREAS, awards granted under the Plan are to be evidenced by an Agreement in such form and containing such terms and conditions as the Committee shall determine;

NOW, THEREFORE, it is mutually agreed as follows:

These terms and conditions shall apply with respect to the restricted stock units granted to the Participant as indicated on the Award Summary.

1. Grant. In consideration of the Participant remaining in the employ of the Company, PepsiCo hereby grants to the Participant, on the terms and conditions set forth herein, the number of restricted stock units indicated on the Award Summary (the "Restricted Stock Units").

2. Vesting. Subject to the terms and conditions set forth herein, the Restricted Stock Units shall become fully vested on the _____ anniversary of the Grant Date (the "Vesting Date") and will be payable as soon as practicable after that date. Restricted Stock Units may vest only while the Participant is actively employed by the Company.

3. Payment. Restricted Stock Units that vest and become payable shall be settled in shares of PepsiCo Common Stock with the Participant receiving one share of PepsiCo Common Stock for each vested Restricted Stock Unit. Any amount that the Company may be required to withhold upon the settlement of Restricted Stock Units and/or the payment of dividend equivalents (see Section A.5 below) in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of the issuance of shares or payment of cash. The Company may, in its discretion, establish procedures to ensure proper withholding of applicable taxes.

4. Effect of Termination of Employment, Retirement, Death, and Total Disability.

(a) Termination of Employment. Restricted Stock Units may vest and become payable only while the Participant is actively employed by the Company. Thus, vesting ceases upon the termination of the Participant's active employment with the Company. Subject to subparagraphs 4(b) and 4(c), all unvested Restricted Stock Units shall automatically be forfeited and canceled upon the date that the Participant's employment with the Company terminates.

(b) Death or Total Disability. If the Participant's employment with the Company terminates by reason of the Participant's death or Total Disability (as defined below), then the whole number of Restricted Stock Units which is in proportion to the Participant's active service (measured in calendar days) during the period commencing on the Grant Date and ending on the Vesting Date shall become fully vested and payable on the date of termination, subject to the terms and conditions of this Agreement.

(c) Transfers to a Related Entity. In the event the Participant transfers to a Related Entity (as defined below), as a result of actions by PepsiCo, the Restricted Stock Units shall become fully vested and payable on the date of such transfer.

(d) Retirement. For purposes of clarity of Paragraph 4(a) and not of limitation, in the event that prior to the vesting of the Restricted Stock Units the Participant ceases active employment with the Company by reason of the Participant's Retirement (as defined below), then all unvested Restricted Stock Units shall automatically be forfeited and canceled upon the date that the Participant's employment with the Company terminates.

5. Dividend Equivalents. During the period commencing on the Grant Date and ending on the date Restricted Stock Units are paid, the Participant shall accumulate dividend equivalents with respect to the Restricted Stock Units, which dividend equivalents shall be paid in cash (without interest) to the Participant only if and when the applicable Restricted Stock Units vest and become payable. Dividend equivalents shall equal the dividends actually paid with respect to PepsiCo Common Stock during the vesting period.

6. Prohibited Conduct.

(a) The Participant agrees that, at any time prior to the vesting and payment of the Restricted Stock Units granted hereunder, and for a period of twelve months after the later of (i) the vesting and payment of the Restricted Stock Units or (ii) termination of the Participant's employment with the Company for any reason whatsoever (including retirement or Total Disability), he or she will not engage in any of the following activities anywhere in the world:

(1) Non-Competition. Participant shall not accept any employment, assignment, position or responsibility, or acquire any ownership interest, which involves the Participant's Participation in a business entity that markets, sells, distributes or produces Covered Products, unless such business entity makes retail sales or consumes Covered Products without in any way competing with the Company.

(2) Raiding Employees. Participant shall not in any way, directly or indirectly (including through someone else acting on the Participant's recommendation, suggestion, identification or advice), solicit any Company employee to leave the Company's employment or to accept any position with any other entity.

(3) Non-Disclosure. Participant shall not use or disclose to anyone any confidential information regarding the Company other than as necessary in his or her position with the Company. Such confidential information shall include all non-public information the Participant acquired as a result of his or her positions with the Company which might be of any value to a competitor of the Company, or which might cause any economic loss or substantial embarrassment to the Company or its customers, bottlers, distributors or suppliers if used or

disclosed. Examples of such confidential information include, without limitation, non-public information about the Company's customers, suppliers, distributors and potential acquisition targets; its business operations and structure; its product lines, formulas and pricing; its processes, machines and inventions; its research and know-how; its financial data; and its plans and strategies.

(4) **Misconduct.** Participant shall not engage in any acts that are considered to be contrary to the Company's best interests, including, but not limited to, violating the Company's Code of Conduct, engaging in unlawful trading in the securities of PepsiCo or of any other company based on information gained as a result of his or her employment with the Company, or engaging in any other activity which constitutes gross misconduct.

(b) In the event the Company determines that the Participant has breached any term of Paragraph 6(a), in addition to any other remedies the Company may have available to it, the Company may in its sole discretion:

(1) Cancel any unvested Restricted Stock Units granted hereunder; and/or

(2) Require the Participant to pay to the Company the value of any Restricted Stock Units (determined as of the date the restrictions on such Restricted Stock Units lapse), which have been paid within the twelve-month period immediately preceding the date as of which the Participant has breached a provision of Paragraph 6(a), as determined by the Company.

7. **Adjustment for Change in Common Stock.** In the event of any change in the outstanding shares of PepsiCo Common Stock by reason of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, spin-off or other similar corporate change, the number and type of shares to which the Restricted Stock Units held by the Participant relate may be adjusted appropriately.

8. **Effect of Change in Control.** At the date of a Change in Control (as defined in the Plan) all outstanding and unvested Restricted Stock Units granted hereunder shall immediately vest and become payable in accordance with their terms, including payout of the dividend equivalents accumulated through the date of the Change in Control.

9. **Nontransferability.** Unless the Committee specifically determines otherwise: (a) the Restricted Stock Units are personal to the Participant and (b) the Restricted Stock Units shall not be transferable or assignable, other than in the case of the Participant's death by will, the laws of descent and distribution.

10. **Definitions.** As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Covered Products" means any product which falls into one or more of the following categories, so long as the Company is producing, marketing, selling or licensing such product anywhere in the world: beverages, including without limitation carbonated soft drinks, tea, water, juice drinks, sports drinks, coffee drinks, and value added dairy drinks; juices and juice products; snacks, including salty snacks, sweet snacks, meat snacks, granola and cereal bars, and cookies; hot cereals; pancake mixes; value-added rice products; pancake syrup; value-added pasta products; ready-to-eat cereals; dry pasta products; or any product or service which the Participant had reason to know was under development by the Company during the Participant's employment with the Company.

(b) "Participation" shall be construed broadly to include, without limitation: (i) serving as a director, officer, employee, consultant or contractor with respect to such a business entity; (ii) providing input, advice, guidance or suggestions to such a business entity; or (iii) providing a recommendation or testimonial on behalf of such a business entity or one or more products it produces.

(c) "Related Entity" shall mean any entity as to which the Company directly or indirectly owns 20% or more of the entity's voting securities, general partnership interests, or other voting or management rights.

(d) "Retirement" shall mean (i) early, normal or late retirement under the U.S. pension plan in which the Participant participates (if any), (ii) retirement as explicitly set out in an individual agreement, (iii) termination of employment after age 55 with at least 10 years of service with the Company (or, if earlier, after attaining at least age 65 and completing at least five years of service with the Company), or (iv) retirement as otherwise determined by the Committee.

(e) "Total Disability" shall mean becoming totally and permanently disabled, as determined for purposes of the Company's Long Term Disability Plan (or in the absence of such Disability Plan being applicable to the Participant, as determined by the Committee in its sole discretion).

11. Notices. Any notice to be given to PepsiCo under the terms of this Agreement shall be addressed to PepsiCo at Purchase, New York 10577, Attention: Vice President, Compensation, or such other address as PepsiCo may hereafter designate to the Participant. Any such notice shall be deemed to have been duly given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal postal service.

12. Binding Effect.

(a) This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to PepsiCo, whether by merger, consolidation or the sale of all or substantially all of PepsiCo's assets. PepsiCo will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PepsiCo expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PepsiCo would be required to perform it if no such succession had taken place.

(b) This Agreement shall be binding upon and inure to the benefit of the Participant or his or her legal representative and any person to whom the Restricted Stock Units may be transferred by will or the applicable laws of descent and distribution.

13. No Contract of Employment; Agreement's Survival. This Agreement is not a contract of employment, nor does it impose on the Company any obligation to retain the Participant in its employ. This Agreement shall survive the termination of the Participant's employment for any reason.

14. Amendment; Waiver. No provision of this Agreement may be amended or waived unless agreed to in writing and signed by the chief personnel officer or chief legal officer of PepsiCo (or either of their delegates). The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

15. Severability or Reform by Court. In the event that any provision of this Agreement is deemed by a court to be broader than permitted by applicable law, then such provision shall be reformed (or otherwise revised or narrowed) so that it is enforceable to the fullest extent permitted by applicable law. If any provision of this Agreement shall be declared by a court to be invalid or unenforceable to any extent, the validity or enforceability of the remaining provisions of this Agreement shall not be affected.

16. Prospectus. The Participant has been provided a copy of PepsiCo's Prospectus relating to the Plan and the Restricted Stock Units. By signing the Award Summary, the Participant agrees that he or she has reviewed the Prospectus, and fully understands his or her rights under the Plan.

17. Plan Controls. The Restricted Stock Units and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any guidelines, policies or regulations which govern administration of the Plan, which shall be controlling. PepsiCo reserves its rights to amend or terminate the Plan at any time without the consent of the Participant; provided, however, that Restricted Stock Units outstanding under the Plan at the time of such action shall not be adversely affected thereby. All interpretations or determinations of the Committee or its delegate shall be final, binding and conclusive upon the Participant (and his or her legal representatives and any recipient of a transfer of the Restricted Stock Units) on any question arising hereunder or under the Plan or other guidelines, policies or regulations which govern administration of the Plan.

18. Rights to Future Grants; Compliance with Law. By entering into this Agreement, the Participant acknowledges and agrees that: (a) the Restricted Stock Unit grant will be exclusively governed by the terms of the Plan, including the right reserved by the Company to amend or cancel the Plan at any time without the Company incurring liability to the Participant (except for Restricted Stock Units already granted under the Plan), (b) restricted stock units are not a constituent part of the Participant's salary and the Participant is not entitled, under the terms and conditions of his/her employment, or by accepting or being awarded the Restricted Stock Units pursuant to this Agreement to require restricted stock units or other awards to be granted to him/her in the future under the Plan or any other plan, (c) upon vesting of Restricted Stock Units the Participant will arrange for payment to the Company an estimated amount to cover employee payroll taxes resulting from the exercise and/or, to the extent necessary, any balance may be withheld from the Participant's wages, (d) benefits received under the Plan will be excluded from the calculation of termination indemnities or other severance payments, and (e) the Participant will seek all necessary approval under, make all required notifications under and comply with all laws, rules and regulations applicable to the ownership of stock including, without limitation, currency and exchange laws, rules and regulations.

19. No Rights as Shareholder. The Participant shall have no rights as a holder of PepsiCo Common Stock unless and until certificates for shares of Common Stock are issued to the Participant.

20. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of North Carolina, without giving effect to conflict of laws principles.

21. Entire Agreement. This Agreement constitutes the entire understanding between the parties to this Agreement.

[YEAR] SPECIAL LONG-TERM INCENTIVE AWARD**STOCK OPTION AGREEMENT**

AGREEMENT made as of the __ day of _____, 200__, by and between PepsiCo, Inc., a North Carolina corporation having its principal office at 700 Anderson Hill Road, Purchase, New York 10577 ("PepsiCo," and with its divisions and direct and indirect subsidiaries, the "Company"), and [Name] (the "Optionee").

W I T N E S S E T H:

WHEREAS, the Board of Directors and shareholders of PepsiCo have approved the 2003 Long-Term Incentive Plan (the "Plan"), for the purposes and subject to the provisions set forth in the Plan; and

WHEREAS, pursuant to the authority granted to it in said Plan, the Compensation Committee of the Board of Directors of PepsiCo (the "Committee"), by resolution duly adopted at a meeting held on [date], desires to grant to the Optionee options to purchase the number of shares of PepsiCo's Common Stock set forth below; and

WHEREAS, options granted under the Plan are to be evidenced by an Agreement in such form and containing such terms and conditions as the Committee shall determine;

NOW, THEREFORE, it is mutually agreed as follows:

1. Grant. In consideration of the Optionee remaining in the employ of the Company, PepsiCo hereby grants to the Optionee, on the terms and conditions set forth herein, the right and option to purchase an aggregate of [number] shares of PepsiCo Common Stock, par value \$.0167 per share, at a price of \$[price] per share (the "Option Exercise Price"), which was the Fair Market Value (as defined below) of PepsiCo Common Stock on [date], the date of grant. The right to purchase each such share is referred to herein as an "Option".

2. Exercisability. Subject to the terms and conditions set forth herein, the Options shall vest and be exercisable as follows:

(a) [number] Options shall vest on [date] and such options shall be exercisable from [date] through [date].

(b) [number] Options shall vest on [date] and such options shall be exercisable from [date] through [date].

The "Option Term" shall commence on [date] and shall end on [date] and [date] for the Options under Sections 2(a) and 2(b), respectively. Once exercisable and until terminated, all or any portion of the Options may be exercised from time to time and at any time under procedures that the Committee or its delegate shall establish from time to time, including, without limitation, procedures regarding the frequency of exercise and the minimum number of Options which may be exercised at any time.

3. Exercise Procedure. Subject to terms and conditions set forth herein, Options may be exercised by giving written notice of exercise to PepsiCo in the manner specified from time to time by PepsiCo. The aggregate Option Exercise Price for the shares being purchased, together with any amount which the Company may be required to withhold upon such exercise in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of issuance of such shares.

4. Effect of Termination of Employment, Death, Retirement and Total Disability.

(a) Termination of Employment. Subject to subparagraphs 4(b), 4(c) and 4(d), the Options shall automatically expire upon, and no Option may be exercised after the termination of the Optionee's employment with the Company.

(b) Death or Total Disability. If the Optionee's employment terminates, by reason of the Optionee's death or Total Disability (as defined below), then: (i) the portion of the Options which is in proportion to the Optionee's active service during the period commencing on [date] and ending on the respective vesting date for the Options, as set forth in Section 2(a) or 2(b) above, shall vest on the date of termination; (ii) the Options shall continue to become exercisable in accordance with this Agreement; and (iii) all of the Options may be exercised by the Optionee's legal representative (or any person to whom the Options may be transferred by will or the applicable laws of descent and distribution), in the event of death, or the Optionee, in the event of Total Disability, during the Option Term in accordance with this Agreement.

(c) Retirement. In the event that, prior to the expiration of the Options, the Optionee ceases to be an employee of the Company by reason of the Optionee's Retirement (as defined below), then the Optionee shall continue to be vested with and have the right to exercise those Options which are vested and exercisable as of the Optionee's Retirement Date (as defined below). Any Options which are not vested as of the Optionee's Retirement Date shall automatically expire and terminate on the Retirement Date.

(d) Transfers to a Related Entity. In the event the Optionee transfers to a Related Entity (as defined below), as a result of actions by PepsiCo, the Options shall become fully vested and exercisable on the date of such transfer and shall otherwise remain outstanding and be exercisable in accordance with this Agreement.

5. Prohibited Conduct.

(a) The Optionee agrees that, at any time prior to the exercise of the Options granted hereunder, and for a period of twenty-four months after the later of (i) completion of all such exercises or (ii) termination of the Optionee's employment with the Company for any reason whatsoever (including Retirement or Total Disability), he or she will not engage in any of the following activities anywhere in the world:

(1) Non-Competition. Optionee shall not accept any employment, assignment, position or responsibility, or acquire any ownership interest, which involves the Optionee's Participation in a business entity that markets, sells, distributes or produces Covered Products, unless such business entity makes retail sales or consumes Covered Products without in any way competing with the Company.

(2) Raiding Employees. Optionee shall not in any way, directly or indirectly (including through someone else acting on the Optionee's recommendation, suggestion, identification or advice), solicit any Company employee to leave the Company's employment or to accept any position with any other entity.

(3) Non-Disclosure. Optionee shall not use or disclose to anyone any confidential information regarding the Company other than as necessary in his or her position with the Company. Such confidential information shall include all non-public information the Optionee acquired as a result of his or her positions with the Company which might be of any value to a competitor of the Company, or which might cause any economic loss or substantial embarrassment

to the Company or its customers, bottlers, distributors or suppliers if used or disclosed. Examples of such confidential information include, without limitation, non-public information about the Company's customers, suppliers, distributors and potential acquisition targets; its business operations and structure; its product lines, formulas and pricing; its processes, machines and inventions; its research and know-how; its financial data; and its plans and strategies.

(4) **Misconduct.** Optionee shall not engage in any acts that are considered to be contrary to the Company's best interests, including, but not limited to, violating the Company's Code of Conduct, engaging in unlawful trading in the securities of PepsiCo or of any other company based on information gained as a result of his or her employment with the Company, or engaging in any other activity which constitutes gross misconduct.

(b) In the event the Company determines that the Optionee has breached any term of this Paragraph 5, in addition to any other remedies the Company may have available to it, the Company may in its sole discretion:

(1) Cancel any unexercised Options granted hereunder; and

(2) Require the Optionee to pay to the Company all gains realized from the exercise of any Options granted hereunder, which have been exercised within the twelve-month period immediately preceding the date at which the Optionee has breached a provision of this Paragraph 5, as determined by the Company.

6. **Adjustment for Change in Common Stock.** In the event of any change in the outstanding shares of PepsiCo Common Stock by reason of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, spin-off or other similar corporate change, the number and type of shares which the Optionee may purchase pursuant to the Options and the Option Exercise Price at which the Optionee may purchase such shares may be adjusted appropriately.

7. **Effect of Change in Control.** At the date of a Change in Control (as defined in the Plan), all outstanding and unvested Options granted hereunder shall immediately vest and become exercisable, and such Options shall remain outstanding in accordance with their terms. In the event that any Option granted hereunder becomes unexercisable during its term on or after a Change in Control because: (i) the Optionee is involuntarily terminated (other than for cause) within two years after the Change in Control; (ii) such Option is terminated or adversely modified; or (iii) PepsiCo Common Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then the Optionee shall immediately be entitled to receive a lump sum cash payment equal to the greater of (x) the gain on such Option or (y) the Black-Scholes value of such Option (as determined by a nationally recognized independent investment banker chosen by PepsiCo), in either case calculated on the date such Option becomes unexercisable. For purposes of the preceding sentence, the gain on an Option shall be calculated as the difference between the closing price per share of PepsiCo Common Stock as of the date such Option becomes unexercisable and the Option Exercise Price.

8. **Nontransferability.** Unless the Committee specifically determines otherwise: (a) the Options are personal to the Optionee and, during his or her lifetime, may be exercised only by the Optionee, and (b) the Options shall not be transferable or assignable, other than by will or the laws of descent and distribution, and any such purported transfer or assignment shall be null and void.

9. **Buy-Out of Option Gains.** At any time after any Option becomes exercisable, the Committee shall have the right, in its sole discretion and without the consent of the Optionee, to cancel such Option and pay to the Optionee the difference between the Option Exercise Price of

the Option and the Fair Market Value of the shares covered by the Option as of the date the Committee gives written notice (the “Buy Out Notice”) of its intention to exercise such right. Payments of such buy out amounts pursuant to this provision shall be effected by PepsiCo as promptly as possible after the date of the Buy Out Notice and may be made in cash, in shares of Common Stock or partly in cash and partly in Common Stock, as the Committee deems advisable. To the extent payment is made in shares of Common Stock, the number of shares shall be determined by dividing the amount of the payment to be made by the Fair Market Value of a share of Common Stock at the date of the Buy Out Notice. In no event shall PepsiCo be required to deliver a fractional share of Common Stock in satisfaction of a buy out hereunder. Payments of any such buy out amounts shall be made net of any applicable foreign, federal (including FICA), state and local withholding taxes.

10. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) “Covered Products” means any product which falls into one or more of the following categories, so long as the Company is producing, marketing, selling or licensing such product anywhere in the world: beverages, including without limitation carbonated soft drinks, tea, water, juice drinks, sports drinks and coffee drinks; juices; snacks, including salty snacks, sweet snacks and cookies; or any product or service which the Optionee had reason to know was under development by the Company during the Optionee’s employment with the Company.

(b) “Fair Market Value” of a share of PepsiCo Common Stock on any date shall mean an amount equal to the mean of the high and low sales prices for a share of PepsiCo Common Stock as reported on the composite tape for securities listed on The New York Stock Exchange, Inc. on the date in question (or if no sales of Common Stock were made on said Exchange on such date, on the next preceding day on which sales were made on such Exchange).

(c) “Participation” shall be construed broadly to include, without limitation: (i) serving as a director, officer, employee, consultant or contractor with respect to such a business entity; (ii) providing input, advice, guidance or suggestions to such a business entity; or (iii) providing a recommendation or testimonial on behalf of such a business entity or one or more products it produces.

(d) “Related Entity” shall mean any entity as to which the Company directly or indirectly owns 20% or more of the entity’s voting securities, general partnership interests, or other voting or management rights.

(e) “Retirement” shall mean retirement under the PepsiCo Salaried Employees Retirement Plan (“Salaried Plan”), as explicitly set out in an individual severance agreement or as determined by the Committee for employees not covered by the Salaried Plan. Except as may be provided by amendment to the Salaried Plan from time to time, retirement under the Salaried Plan refers to termination of salaried employment with an employer sponsoring the Salaried Plan after attaining at least age 55 and completing at least ten years of vesting service (or if earlier, after attaining at least age 65 and completing at least five years of vesting service).

(f) “Retirement Date” shall mean the effective date of Retirement.

(g) “Total Disability” shall mean becoming totally and permanently disabled, as determined for purposes of the Company’s Long Term Disability Plan (or in the absence of such Disability Plan being applicable to the Optionee, as determined by the Committee in its sole discretion).

11. Notices. Any notice to be given to PepsiCo under the terms of this Agreement shall be addressed to PepsiCo at Purchase, New York 10577, Attention: Vice President, Compensation, or such other address as PepsiCo may hereafter designate to the Optionee. Any such notice shall be deemed to have been duly given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal postal service.

12. Binding Effect.

(a) This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to PepsiCo, whether by merger, consolidation or the sale of all or substantially all of PepsiCo's assets. PepsiCo will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PepsiCo expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PepsiCo would be required to perform it if no such succession had taken place.

(b) This Agreement shall be binding upon and inure to the benefit of the Optionee or his or her legal representative and any person to whom the Options may be transferred by will or the applicable laws of descent and distribution.

13. No Contract of Employment; Agreement's Survival. This Agreement is not a contract of employment, nor does it impose on the Company any obligation to retain the Optionee in its employ. This Agreement shall survive the termination of the Optionee's employment for any reason.

14. Amendment; Waiver. No provision of this Agreement may be amended or waived unless agreed to in writing and signed by the chief personnel officer or chief legal officer of PepsiCo; provided, however, that the Optionee may not amend or waive any provision of this Agreement on behalf of the Company. The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

15. Severability or Reform by Court. In the event that any provision of this Agreement is deemed by a court to be broader than permitted by applicable law, then such provision shall be reformed (or otherwise revised or narrowed) so that it is enforceable to the fullest extent permitted by applicable law. If any provision of this Agreement shall be declared by a court to be invalid or unenforceable to any extent, the validity or enforceability of the remaining provisions of this Agreement shall not be affected.

16. Prospectus. The Optionee will be provided a copy of PepsiCo's Prospectus relating to the Plan, the Options and the shares covered thereby. The Optionee agrees that he or she has reviewed the Prospectus, and fully understands his or her rights under the Plan.

17. Plan Controls. The Options and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any Operating Guidelines or other policies or regulations which govern administration of the Plan, which shall be controlling. PepsiCo reserves its rights to amend or terminate the Plan at any time without the consent of the Optionee; provided, however, that Options outstanding under the Plan at the time of such action shall not be adversely affected thereby. All interpretations or determinations of the Committee or its delegate shall be final, binding and conclusive upon the Optionee (and his or her legal representatives and any recipient of a transfer of the Options) on any question arising hereunder or under the Plan, the Operating Guidelines or other policies or regulations which govern administration of the Plan.

18. Rights to Future Grants; Compliance with Law. By entering into this Agreement, the Optionee acknowledges and agrees that the award and acceptance of Options pursuant to this Agreement does not entitle the Optionee to future grants of stock options or other awards in the future under the Plan or any other plan. The Optionee further agrees to seek all necessary approval under, make all required notifications under and comply with all laws, rules and regulations applicable to the ownership of stock options and stock and the exercise of stock options, including, without limitation, currency and exchange laws, rules and regulations.

19. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of North Carolina, without giving effect to conflict of laws principles.

20. Entire Agreement. This Agreement constitutes the entire understanding between the parties to this Agreement.

Please indicate your understanding and acceptance of the foregoing by signing and returning a copy of this Agreement.

PepsiCo, Inc.

[Name / Title]

I confirm my understanding of the foregoing and accept the Options described above subject to the terms and conditions described herein.

[Name]

[Year] Non-Employee Director Restricted Stock Unit Agreement

AGREEMENT, made as of this __ day of _____, 200_ by and between PepsiCo, Inc. ("PepsiCo"), a North Carolina corporation having its principal office at 700 Anderson Hill Road, Purchase, New York, and [Director name] ("Director" or "you").

W I T N E S S E T H:

WHEREAS, the Board of Directors (the "Board") and shareholders of PepsiCo have approved the 2003 Long-Term Incentive Plan (the "Plan"), for the purposes and subject to the provisions set forth in the Plan; and

WHEREAS, pursuant to the Plan, as amended and restated, each non-employee director, including the Director, is granted restricted stock units as described herein on _____, 200_ (the "Grant Date"); and

WHEREAS, awards granted under the Plan are to be evidenced by an Agreement in such form and containing such terms and conditions as the Board shall determine;

NOW, THEREFORE, it is mutually agreed as follows:

1. Grant. In consideration of your remaining a director of PepsiCo, PepsiCo hereby grants to you, on the terms and subject to the conditions set forth herein, _____ restricted stock units (the "Restricted Stock Units").

2. Vesting. Subject to the terms and conditions set forth herein, the Restricted Stock Units shall become fully vested on the _____ anniversary of the Grant Date (the "Vesting Date") and will be payable as soon as practicable after that date. Restricted Stock Units may vest only while you are a director of PepsiCo.

3. Payment. Restricted Stock Units that vest and become payable shall be settled in shares of PepsiCo Common Stock with you receiving one share of PepsiCo Common Stock for each vested Restricted Stock Unit. Any amount that PepsiCo may be required to withhold upon the settlement of Restricted Stock Units and/or the payment of dividend equivalents (see Section 5 below) in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of the issuance of shares or payment of cash. PepsiCo may, in its discretion, establish procedures to ensure proper withholding of applicable taxes.

4. Effect of Termination, Death, Retirement and Total Disability.

(a) Termination. Restricted Stock Units may vest and become payable only while you are a director of PepsiCo. Thus, vesting ceases upon the termination of your directorship with PepsiCo. Subject to subparagraph 4(b), all unvested Restricted Stock Units shall automatically be forfeited and canceled upon the date that your directorship with PepsiCo terminates.

(b) Death, Retirement or Total Disability. If your directorship terminates prior to the Vesting Date, by reason of your death, Retirement (as defined in the Plan) or Total Disability (as defined in the Plan), then the Restricted Stock Units shall vest on your last day of directorship with PepsiCo and will be payable as soon as practicable after that date.

5. Dividend Equivalents. During the vesting period, you shall accumulate dividend equivalents with respect to the Restricted Stock Units, which dividend equivalents shall be

paid in cash (without interest) to you only if and when the applicable Restricted Stock Units vest and become payable. Dividend equivalents shall equal the dividends actually paid with respect to PepsiCo Common Stock during the vesting period.

6. Misconduct. You shall not (i) use for profit or disclose to unauthorized persons, confidential information or trade secrets of PepsiCo; (ii) breach any contract with or violate any fiduciary obligation to PepsiCo including, without limitation, a violation of PepsiCo's Worldwide Code of Conduct; (iii) engage in unlawful trading in the securities of PepsiCo or of another company based on information gained as a result of your position with PepsiCo; or (iv) commit a felony or other serious crime. In the event PepsiCo determines that you have breached any term of this Section 6, in addition to any other remedies PepsiCo may have available to it, PepsiCo may in its sole discretion:

(a) Cancel any unvested Restricted Stock Units, in which event you forfeit all rights to any unvested Restricted Stock Units granted hereunder; and

(b) Require you to pay to PepsiCo the value (determined as of the Vesting Date) of any Restricted Stock Units, which have vested within the twelve-month period immediately preceding the date as of which you have breached a provision of this Section 6, as determined by PepsiCo.

7. Nontransferability. Unless the Board specifically determines otherwise: (a) the Restricted Stock Units are personal to you during your lifetime; and (b) the Restricted Stock Units shall not be transferable or assignable, other than in the case of your death, by will or the laws of descent and distribution.

8. Registration, Listing and Qualification of Shares. The Restricted Stock Units shall be subject to the requirement that if, at any time, the Board shall determine that the registration, listing or qualification of shares covered hereby upon any securities exchange or under any foreign, federal, state or local law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of the Restricted Stock Units or the purchase of shares hereunder, the Restricted Stock Units may not be settled unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board. The Board may require that you make such representations and agreements and furnish such information as the Board deems appropriate to assure compliance with or exemption from the foregoing or any other applicable legal requirement, and may cause the certificate or certificates issued to bear a legend indicating the existence of any restriction resulting from such representations and agreements.

9. Adjustment for Change in Common Stock. In the event of any change in the outstanding shares of PepsiCo Common Stock by reason of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, spin-off or other similar corporate change, the number and type of shares to which the Restricted Stock Units held by you relate may be adjusted appropriately.

10. Effect of Change in Control. At the date of a Change in Control (as defined in the Plan) all outstanding and unvested Restricted Stock Units granted hereunder shall immediately vest and become payable in accordance with their terms, including payout of the dividend equivalents accumulated through the date of the Change in Control.

11. Amendment; Waiver. The terms and conditions of this Agreement may be amended by the Company, provided, however, that (i) no such amendment shall be adverse to you; and (ii) the amendments must be permitted under the Plan. The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

12. No Rights. You shall have no rights as a holder of PepsiCo Common Stock with respect to the Restricted Stock Units granted hereunder unless and until certificates for shares of Common Stock are issued to you.

13. Notices. Any notice to be given to PepsiCo under the terms of this Agreement shall be addressed to PepsiCo at Purchase, New York 10577, Attention: Vice President, Compensation, or such other address as PepsiCo may hereafter designate to you. Any such notice shall be deemed to have been duly given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal postal service.

14. Binding Effect.

(a) This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to PepsiCo, whether by merger, consolidation, restructuring or the sale of all or substantially all of PepsiCo's assets. PepsiCo will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PepsiCo expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PepsiCo would be required to perform if no such succession had taken place.

(b) This Agreement shall be binding upon and inure to the benefit of you or your legal representative or any person to whom the Restricted Stock Units may be transferred by will or the applicable laws of descent and distribution.

15. Plan Controls. The Restricted Stock Units and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any guidelines, policies or regulations which govern administration of the Plan, which shall be controlling. PepsiCo reserves its rights to amend or terminate the Plan at any time without your consent; provided, however, that Restricted Stock Units outstanding under the Plan at the time of such action shall not be adversely affected thereby. All interpretations or determinations of the Board or its delegate shall be final, binding and conclusive upon you (and your legal representatives or any recipient of a transfer of the Restricted Stock Units) on any question arising hereunder or under the Plan or other guidelines, policies or regulations which govern administration of the Plan.

16. Severability or Reform by Court. In the event that any provision of this Agreement is deemed by a court to be broader than permitted by applicable law, then such provision shall be reformed (or otherwise revised or narrowed) so that it is enforceable to the fullest extent permitted by applicable law. If any provision of this Agreement shall be declared by a court to be invalid or unenforceable to any extent, the validity or enforceability of the remaining provisions of this Agreement shall not be affected.

17. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to conflict of laws principles.

18. Entire Agreement. This Agreement constitutes the entire understanding between the parties of this Agreement.

Please indicate your understanding and acceptance of the foregoing by signing and returning a copy of this Agreement.

PEPSICO, INC.

By: _____
[Name / Title]

ATTEST:

[Name / Title] Date

I confirm my understanding of the foregoing and accept the
Restricted Stock Units described above subject to the terms and
conditions described herein.

[Name] Date

[Year] Non-Employee Director Stock Option Agreement

AGREEMENT, made as of this __ day of _____, 200_ by and between PepsiCo, Inc. ("PepsiCo"), a North Carolina corporation having its principal office at 700 Anderson Hill Road, Purchase, New York, and [Director name] ("Director" or "you").

W I T N E S S E T H:

WHEREAS, the Board of Directors (the "Board") and shareholders of PepsiCo have approved the 2003 Long-Term Incentive Plan (the "Plan"), for the purposes and subject to the provisions set forth in the Plan; and

WHEREAS, pursuant to the Plan, as amended and restated, the Director has been granted stock options as described herein on _____, 200_ (the "Grant Date"); and

WHEREAS, awards granted under the Plan are to be evidenced by an Agreement in such form and containing such terms and conditions as the Board shall determine;

NOW, THEREFORE, it is mutually agreed as follows:

1. Grant. In consideration of your remaining a director of PepsiCo, PepsiCo hereby grants to you, on the terms and conditions set forth herein, the right and option to purchase [number] shares of PepsiCo Common Stock, par value \$.0167 per share, at [price] per share (the "Option Exercise Price"), which was the Fair Market Value (as defined in the Plan) of PepsiCo Common Stock on the Grant Date. The right to purchase each such share is referred to herein as an "Option."

2. Exercisability. Subject to the terms and conditions set forth herein, the Options shall become fully vested on the _____ anniversary of the Grant Date (the "Vesting Date") and shall be exercisable from the Vesting Date through the day immediately prior to the _____ anniversary of the Grant Date (the "Expiration Date"). Options may vest only while you are a director of PepsiCo. Once vested and exercisable, and until terminated, all or any portion of the Options may be exercised from time to time and at any time under procedures set out in the Plan or as established by the Board or its delegate from time to time, including, without limitation, procedures regarding the frequency of exercise and the minimum number of Options which may be exercised at any time.

3. Exercise Procedure. Subject to terms and conditions set forth herein, Options may be exercised by giving written notice of exercise to PepsiCo in the manner specified from time to time by PepsiCo. The aggregate Option Exercise Price for the shares being purchased, together with any amount which the Company may be required to withhold upon such exercise in respect of applicable foreign, federal (including FICA), state and local taxes, must be paid in full at the time of issuance of such shares.

4. Effect of Termination, Death, Retirement and Total Disability.

(a) Termination. The Options may vest and become exercisable only while you are a director of PepsiCo. Thus, vesting ceases upon the termination of your directorship with PepsiCo. Subject to subparagraph 4(b), all unvested Options shall automatically be forfeited and canceled upon the date that your directorship with PepsiCo terminates.

(b) Death, Retirement or Total Disability. If your directorship terminates prior to the Vesting Date, by reason of your death, Retirement (as defined in the Plan) or Total Disability (as defined in the Plan), then the Options shall fully vest on your last day of directorship with PepsiCo and shall be exercisable by your legal representative (or any person

to whom the Options may be transferred by will or the applicable laws of descent and distribution), in the event of your death, or by you, in the event of your Retirement or Total Disability, prior to the Expiration Date in accordance with this Agreement.

5. Misconduct. You shall not (i) use for profit or disclose to unauthorized persons, confidential information or trade secrets of PepsiCo; (ii) breach any contract with or violate any fiduciary obligation to PepsiCo including, without limitation, a violation of PepsiCo's Worldwide Code of Conduct; (iii) engage in unlawful trading in the securities of PepsiCo or of another company based on information gained as a result of your position with PepsiCo; or (iv) commit a felony or other serious crime. In the event PepsiCo determines that you have breached any term of this Section 5, in addition to any other remedies PepsiCo may have available to it, PepsiCo may in its sole discretion:

(a) Cancel any unvested or unexercised Options, in which event you forfeit all rights to any such Options granted hereunder; and

(b) Require you to pay to PepsiCo all gains realized from the exercise of any Options granted hereunder, which have been exercised within the twelve-month period immediately preceding the date as of which you breached a provision of this Section 5, as determined by the Company.

6. Nontransferability. Unless the Board specifically determines otherwise: (a) the Options are personal to you during your lifetime; and (b) the Options shall not be transferable or assignable, other than in the case of your death, by will or the laws of descent and distribution.

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

8. Registration, Listing and Qualification of Shares. The Options shall be subject to the requirement that if, at any time, the Board shall determine that the registration, listing or qualification of shares covered hereby upon any securities exchange or under any foreign, federal, state or local law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of the Options or the purchase of shares hereunder, the Options may not be exercised unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board. The Board may require that you make such representations and agreements and furnish such information as the Board deems appropriate

to assure compliance with or exemption from the foregoing or any other applicable legal requirement, and may cause the certificate or certificates issued to bear a legend indicating the existence of any restriction resulting from such representations and agreements.

9. Adjustment for Change in Common Stock. In the event of any change in the outstanding shares of PepsiCo Common Stock by reason of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or exchange of shares, spin-off or other similar corporate change, the number and type of shares to which the Options held by you relate and the Option Exercise Price at which you may purchase such shares may be adjusted appropriately.

10. Effect of Change in Control. At the date of a Change in Control (as defined in the Plan) all outstanding and unvested Options granted hereunder shall immediately vest and become exercisable and shall remain outstanding in accordance with their terms. In the event that any Option granted hereunder becomes unexercisable during its term on or after a Change in Control because: (i) you are removed from the Board (other than for cause) within two years after the Change in Control; (ii) such Option is terminated or adversely modified; or (iii) PepsiCo Common Stock is no longer issued and outstanding, or no longer traded on a national securities exchange, then you shall immediately be entitled to receive a lump sum cash payment equal to the greater of (x) the gain on such Option or (y) the Black-Scholes value of such Option (as determined by a nationally recognized independent investment banker chosen by PepsiCo), in either case calculated on the date such Option becomes unexercisable. For purposes of the preceding sentence, the gain on an Option shall be calculated as the difference between the closing price per share of PepsiCo Common Stock as of the date such Option becomes unexercisable and the Option Exercise Price.

11. Amendment; Waiver. The terms and conditions of this Agreement may be amended by the Company, provided, however, that (i) no such amendment shall be adverse to you; and (ii) the amendment must be permitted under the Plan. The failure to exercise, or any delay in exercising, any right, power or remedy under this Agreement shall not waive any right, power or remedy which the Company has under this Agreement.

12. No Rights. You shall have no rights as a holder of PepsiCo Common Stock with respect to the Options granted hereunder unless and until certificates for shares of Common Stock are issued to you.

13. Notices. Any notice to be given to PepsiCo under the terms of this Agreement shall be addressed to PepsiCo at Purchase, New York 10577, Attention: Vice President, Compensation, or such other address as PepsiCo may hereafter designate to you. Any such notice shall be deemed to have been duly given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal postal service.

14. Binding Effect.

(a) This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to PepsiCo, whether by merger, consolidation, restructuring or the sale of all or substantially all of PepsiCo's assets. PepsiCo will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or

substantially all of the business and/or assets of PepsiCo expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PepsiCo would be required to perform if no such succession had taken place.

(b) This Agreement shall be binding upon and inure to the benefit of you or your legal representative or any person to whom the Options may be transferred by will or the applicable laws of descent and distribution.

15. Plan Controls. The Options and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any guidelines, policies or regulations which govern administration of the Plan, which shall be controlling. PepsiCo reserves its rights to amend or terminate the Plan at any time without your consent; provided, however, that Options outstanding under the Plan at the time of such action shall not be adversely affected thereby. All interpretations or determinations of the Board or its delegate shall be final, binding and conclusive upon you (and your legal representatives or any recipient of a transfer of the Options) on any question arising hereunder or under the Plan or other guidelines, policies or regulations which govern administration of the Plan.

16. Severability or Reform by Court. In the event that any provision of this Agreement is deemed by a court to be broader than permitted by applicable law, then such provision shall be reformed (or otherwise revised or narrowed) so that it is enforceable to the fullest extent permitted by applicable law. If any provision of this Agreement shall be declared by a court to be invalid or unenforceable to any extent, the validity or enforceability of the remaining provisions of this Agreement shall not be affected.

17. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to conflict of laws principles.

18. Entire Agreement. This Agreement constitutes the entire understanding between the parties of this Agreement.

Please indicate your understanding and acceptance of the foregoing by signing and returning a copy of this Agreement.

PEPSICO, INC.

By: _____
[Name / Title]

ATTEST:

[Name / Title] Date

I confirm my understanding of the foregoing and accept the Options described above subject to the terms and conditions described herein.

[Name] Date