As filed with the Securities and Exchange Commission on November 14, 1995

Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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

North Carolina	5812	13-1584302
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

Purchase, New York 10577-1444
(914) 253-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

DOUGLAS M. CRAM, Esq.
Vice President and Assistant General Counsel
PepsiCo, Inc.
Purchase, New York 10577-1444
(914) 253-2000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
WILLIAM M. HARTNETT, Esq.
Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
(212) 701-3000

Approximate date of commencement of proposed sale of the securities to the public:

From time to time after the effective date of this Registration Statement as determined in light of market conditions.

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

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

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum aggregate offering price per unit (1)	Proposed maximum offering price (1)	Amount of registration fee
Debt Securities, Debt Warrants and Shelf Warrants	$2,500,000,000 (2)(3)	100%	$2,500,000,000 (2)	$500,000.00

(1) Estimated solely for the purpose of determining the amount of the registration fee.

(2) In U.S. dollars or the equivalent thereof in the case of foreign currencies or currency equivalents.

(3) The principal amount at maturity will be greater if any Debt Securities, Debt Warrants or Shelf Warrants are sold with original issue discount.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Act or until this registration statement shall become

effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Pursuant to Rule 429 of the Rules and Regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended, the prospectus included in this registration statement also relates to $2,087,000,000 of Debt Securities, Debt Warrants and Shelf Warrants previously registered under the registrant's registration statement on Form S-3 (File No. 33-57181).

PROSPECTUS

U.S. $4,587,000,000

L O G O

DEBT SECURITIES AND WARRANTS
Due Not Less Than Nine Months from Date of Issue

PepsiCo, Inc., a North Carolina corporation (the "Company"), may from time to time offer one or more of the following securities under the Registration Statement (hereinafter defined) of which this Prospectus forms a part: debt securities, consisting of notes, debentures, and other evidences of unsecured indebtedness (the "Debt Securities"), warrants to purchase Debt Securities (the "Debt Warrants"), and other warrants, options, and unsecured contractual obligations of the Company (the "Shelf Warrants") (Debt Warrants and Shelf Warrants sometimes referred to collectively as the "Warrants"), up to an aggregate initial offering price of $4,587,000,000 or the equivalent thereof in one or more foreign or composite currencies (any such foreign or composite currency a "Specified Currency"). See "Important Currency Exchange Information". Debt Securities and Warrants (collectively, the "Securities" and each, individually, a "Security") may be offered separately or together, in amounts, at prices, and on terms to be determined at the time of sale.

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

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

In the event of a variance in the terms set forth in this Prospectus and in the Pricing Supplement or Prospectus Supplement applicable to a particular series of Securities (each such supplement an "applicable Supplement"), the terms of the applicable Supplement will govern.

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

The Securities may from time to time be offered and sold by the Company directly to investors, through one or more agents, or to underwriters for resale to investors. There is no agreement at this time between the Company and any agent or underwriter with respect to the Securities. However, it is anticipated that any agreement between the Company and any agent or underwriter will be in substantially the form of Distribution Agreement filed as Exhibit 1 to the Registration Statement (hereinafter defined). The name of any agent or underwriter involved in the offering of any particular series of Securities (other than an agent acting as purchaser for its own account) will be set forth in the applicable Supplement (any such named agent or underwriter, respectively, an "Agent" or "Underwriter"). It is not currently anticipated that any series of Securities will be listed on any securities exchange and there can be no assurance either that the Securities will be sold or, if sold, that there will be a secondary market for them. The Company or any Agent or Underwriter may reject any offer to purchase Securities, in whole or in part, whether or not solicited. The Company will have the sole right to accept any offer to purchase Securities and reserves the right to withdraw, cancel, or modify, without notice, the offer to sell Securities contained in this Prospectus and in any applicable Supplement. See "Plan of Distribution".

	Price to Public (1)	Maximum Aggregate Commissions & Discounts (2)(3)	Minimum Proceeds to the Company (2)(3)(4)
Per Debt Security	100%(5)	0.75%	99.25%
Per Warrant	(6)	0.75%	99.25%
Total	$4,587,000,000 (7)(8)	$34,402,500(7)(8)	$4,552,597,500(7)(8)

(1) The aggregate initial public offering price of all Debt Securities and Warrants sold hereunder will not exceed $4,587,000,000, or the equivalent thereof in one or more Specified Currencies, as the case may be.
(2) The Company may pay commissions to Agents and offer discounts to Underwriters, which commissions and discounts will not, in the aggregate, exceed 0.75% of the aggregate initial offering price of all Debt Securities and Warrants sold through Agents and Underwriters. Any such commission or discount will be identified in the applicable Supplement.
(3) An Agent or Underwriter may realize additional consideration from its participation as broker or counterparty in one or more swap transactions related to the issuance of Debt Securities or Warrants. Each Agent and Underwriter will be indemnified by the Company against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended.
(4) Before deduction of expenses payable by the Company estimated at $1,550,000.00.
(5) Unless otherwise specified in the applicable Pricing Supplement, Debt Securities will be issued at 100% of their

principal amount.

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

(7) Includes up to $2,087,000,000 in initial public offering price, $15,652,500.00 of discounts and commissions, and $2,071,347,500 -- of minimum proceeds to the Company, of Debt Securities and Warrants which, as of the date hereof, were eligible for sale under the Company's prospectus dated January 11, 1995, relating to up to $3,322,000,000 in aggregate principal amount of debt securities and warrants.

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

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

The date of this Prospectus is November , 1995.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and, in accordance therewith, files reports, proxy statements, and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements, and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, Room 1024, N.W., Washington, D.C. 20549, at the Commission's New York Regional Office, 7 World Trade Center, Room 1400, New York, New York 10048, and at its Chicago Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, Room 1024, N.W., Washington, D.C. 20549, at prescribed rates. Such reports, proxy statements, and other information may also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, and at the offices of the Chicago Stock Exchange, Inc., 440 South LaSalle Street, Chicago, Illinois 60605.

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

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

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

(a) the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994;

(b) the Company's Quarterly Report on Form 10-Q for the twelve weeks ended March 25, 1995;

(c) the Company's Quarterly Report on Form 10-Q for the twelve and twenty-four weeks ended June 17, 1995; and

(d) the Company's Quarterly Report on Form 10-Q for the twelve and thirty-six weeks ended September 9, 1995.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the

date of this Prospectus and prior to the termination of the offering of the Securities will be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained herein or in any document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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

IMPORTANT CURRENCY EXCHANGE INFORMATION

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

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

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

THE COMPANY

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

PepsiCo's beverage business consists of Pepsi-Cola North America ("PCNA") and Pepsi-Cola International ("PCI"). PCNA manufactures and sells beverages, primarily soft drinks and soft drink concentrates, in the United States and Canada. PCNA sells its concentrates to licensed independent and company-owned bottlers ("Pepsi-Cola bottlers") and to joint ventures in which PepsiCo participates. Under appointments from PepsiCo, bottlers manufacture, sell and distribute, within defined territories, carbonated soft drinks and syrups bearing trademarks owned by PepsiCo, including PEPSI-COLA, DIET PEPSI, MOUNTAIN DEW, SLICE, MUG and, within Canada, 7UP and DIET 7UP (the foregoing are

sometimes referred to as "Pepsi-Cola beverages"). The Pepsi/Lipton Tea Partnership, a joint venture of PCNA and Thomas J. Lipton Co., develops and sells tea concentrate to Pepsi-Cola bottlers and develops and markets ready-to-drink tea products under the LIPTON trademark. Such products are distributed by Pepsi-Cola bottlers throughout the United States. A joint venture between PCNA and Ocean Spray Cranberries, Inc. develops new juice products under the OCEAN SPRAY trademark. Pursuant to a separate distribution agreement, Pepsi-Cola bottlers distribute single-serve sizes of OCEAN SPRAY juice products throughout the United States.

PCI manufactures and sells soft drinks and soft drink concentrates outside the United States and Canada. PCI sells its concentrates to Pepsi-Cola bottlers and to joint ventures in which PepsiCo participates. Under appointments from PepsiCo, bottlers manufacture, sell and distribute, within defined territories, Pepsi-Cola beverages bearing PEPSI-COLA, DIET PEPSI, MIRINDA, PEPSI MAX, 7UP, DIET 7UP and other trademarks. Principal international markets include Mexico, Saudi Arabia, Argentina, Spain, the United Kingdom, Thailand, Venezuela, Brazil and China.

PepsiCo's snack food business consists of Frito-Lay North America ("Frito-Lay") and PepsiCo Foods International ("PFI"). Frito-Lay manufactures and sells a varied line of snack foods throughout the United States and Canada, including FRITOS brand corn chips, LAY'S (in the United States) and RUFFLES brands potato chips, DORITOS and TOSTITOS brands tortilla chips, CHEETOS brand cheese flavored snacks, ROLD GOLD brand pretzels, SMARTFOOD brand cheese flavored popcorn and SUNCHIPS brand multigrain snacks.

PFI manufactures and markets snack foods outside the United States and Canada through company-owned facilities and joint ventures. On most of the European continent, PepsiCo's snack food business consists of Snack Ventures Europe, a joint venture between PepsiCo and General Mills, Inc., in which PepsiCo owns a 60% interest. Many of PFI's snack food products, such as SABRITAS brand potato chips in Mexico, are similar in taste to Frito-Lay snacks sold in the United States and Canada. PFI also sells a variety of snack food products which appeal to local tastes including, for example WALKERS CRISPS, which are sold in the United Kingdom, and GAMESA cookies and SONRIC'S candies, which are sold in Mexico. In addition, RUFFLES, CHEETOS, DORITOS, FRITOS and SUNCHIPS brand snack foods have been introduced to international markets. Principal international markets include Mexico, the United Kingdom, Spain, Brazil, Poland, the Netherlands, France, and Australia.

PepsiCo's worldwide restaurant business principally consists of Pizza Hut, Inc. ("Pizza Hut"), Taco Bell Corp. ("Taco Bell"), KFC Corporation ("KFC") and PepsiCo Restaurants International ("PRI").

Pizza Hut is engaged principally in the operation, development and franchising of a system of casual full service family restaurants, delivery/carryout units and kiosks operating under the name PIZZA HUT throughout the United States and Canada. The full service restaurants serve several varieties of pizza as well as pasta, salads and sandwiches.

Taco Bell is engaged principally in the operation, development and franchising of a system of fast-service restaurants serving carryout and dine-in moderately priced Mexican-style food, including tacos, burritos, taco salads and nachos and operating under the name TACO BELL throughout the United States and Canada.

KFC is engaged principally in the operation, development and franchising of a system of carryout and dine-in restaurants featuring chicken and operating under the names KENTUCKY FRIED CHICKEN and/or KFC throughout the United States and Canada.

PRI is engaged principally in the operation and development of casual dining and fast-service restaurants, delivery units and kiosks which sell PIZZA HUT, KFC and, to a lesser extent, TACO BELL products outside the United States and Canada.

PFS, a division of PepsiCo, is engaged in the distribution of food, supplies and equipment to company-owned, franchised and licensed PIZZA HUT, TACO BELL and KFC restaurants in the United States, Australia, Canada, Mexico, Puerto Rico and Poland.

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

USE OF PROCEEDS

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

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

RATIO OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges of the Company and its consolidated subsidiaries for the fiscal years 1990 through 1994, inclusive, and for the 36 weeks ended September 9, 1995, are set forth below. "Fixed charges" consist of interest expense, capitalized interest, amortization of debt discount, and a portion of net rental expense deemed to be representative of the interest factor. The ratio of earnings to fixed charges is calculated as income from continuing operations, before provision for income taxes and cumulative effect of accounting changes, where applicable, plus fixed charges (excluding capitalized interest), plus amortization of capitalized interest and adjusted for joint ventures and minority interests, net, with the sum divided by fixed charges.

FISCAL YEARS					
1990	1991	1992	1993	1994	36 Weeks Ended September 9, 1995
3.09	3.27	3.65	4.38	4.31	4.54

DESCRIPTION OF DEBT SECURITIES

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

capitalized terms used in an applicable Pricing Supplement and not otherwise defined therein have the meanings ascribed to such terms in this Prospectus.

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

General

The Debt Securities may be issued from time to time in an aggregate principal amount that, together with the aggregate initial offering price of Warrants that may be issued from time to time hereunder, will not exceed $4,587,000,000 or the equivalent thereof in one or more Specified Currencies. The aggregate principal amount may be increased from time to time as authorized by the Board of Directors of the Company. For the purpose of this paragraph: (i) the principal amount of any Discount Debt Security or of any Debt Security issued at a premium over its face amount means the Issue Price (hereinafter defined) of such Debt Security, and (ii) the principal amount of any Debt Security denominated in a Specified Currency means the U.S. dollar equivalent of the Issue Price of such Debt Security as of its issue date. The Indenture does not limit the aggregate principal amount of debt securities that the Company may issue and does not limit the amount of additional indebtedness the Company may incur. The Debt Securities will be unsecured and unsubordinated obligations of the Company and will rank in parity with all other unsecured and unsubordinated indebtedness of the Company.

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

Each Debt Security will be issued in fully registered form, as a Global Debt Security, or, if provided in the applicable Pricing Supplement, as a Debt Security in definitive form. Debt Securities may be registered for transfer or exchange at the Corporate Trust Office of the Trustee, at 4 Chase MetroTech Center, Brooklyn, New York 11245. No service charge will be made for any transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except as set forth below, beneficial interests in Global Debt Securities will not be exchangeable for Debt Securities in definitive form. See "Description of Debt Securities--Global Debt Securities".

Each Debt Security will mature on a date not less than nine months from its issue date, as set forth in the applicable Pricing Supplement. Debt Securities will not be redeemable at the option of the Company or repayable at the option of the Holder prior to maturity and will not be subject to any sinking fund. The foregoing notwithstanding, the Company may purchase Debt Securities at any time, at any price, in the open market or otherwise, and may thereafter hold or resell such Debt Securities, or surrender such Debt Securities to the Trustee for cancellation, at the sole discretion of the Company.

The applicable Pricing Supplement will describe the particular terms of each Debt Security to be sold pursuant

thereto, including (1) the principal amount and, if the principal amount will be amortized over the life of the Debt Security, the method of determining when and to what extent payments of principal will be made prior to maturity or, if the principal amount is variable, the face amount and any index, formula, or other factor to which payment of principal is linked; (2) the initial offering price (the "Issue Price"), if other than 100% of the principal amount; (3) the date on which the Issue Price must be paid (the "Settlement Date") and the manner in which such payment must be made, if other than by wire transfer of immediately available funds; (4) the interest rate or, if the interest rate is variable, any index, formula, or other factor to which payment of interest is linked; (5) the date from which interest, if any, will accrue (the "Interest Accrual Date"), if other than the date of issue; (6) the scheduled date or dates on which interest, if any, will be payable (each an "Interest Payment Date"); (7) the scheduled date or dates on which principal and premium, if any, will be payable (each a "Principal Payment Date"); (8) the date on which the Debt Security is scheduled to mature (the "Scheduled Maturity Date"); (9) whether principal, premium, if any, or interest,

if any, may, at the option of the Company or the Holder, be payable in a currency other than the denominated currency of the Debt Security, and the terms and conditions upon which such option may be exercised; (10) whether and under what circumstances the Company will pay additional amounts on the Debt Security in respect of any taxes, assessments, or other governmental charges withheld or deducted and, if so, whether the Company will instead have the option to redeem the Debt Security; (11) any other terms or conditions upon which the Debt Security may be redeemed or repaid by the Company prior to its Scheduled Maturity Date; (12) any mandatory or optional sinking fund provisions; (13) any Event of Default (as defined in the Indenture) with respect to the Debt Security, if not set forth in the Indenture; and (14) any additional terms or provisions of the Debt Security, which will not in any event be inconsistent with the terms and conditions of the Indenture.

Exchange Rate and Other Calculations

Any currency exchange rates and currency exchange calculations to be made with respect to a given Debt Security will be made by the exchange rate agent, which may be either the Company or its appointed agent, as identified in the applicable Pricing Supplement (the Company or any agent so identified in the applicable Pricing Supplement the "Exchange Rate Agent"). Any other calculations to be made with respect to a given Debt Security will be made by the calculation agent, which may be either the Company or its appointed agent, as identified in the applicable Supplement (the Company or any agent so identified in the applicable Pricing Supplement the "Calculation Agent"). All determinations and calculations made by the Exchange Rate Agent or the Calculation Agent, as the case may be, will be at the sole discretion of the Exchange Rate Agent or the Calculation Agent, as the case may be, and in the absence of manifest error will be conclusive for all purposes and binding on the Holders of the subject Debt Securities.

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

Payment Currency

If the applicable Pricing Supplement provides for

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

If payments of principal, premium, if any, or interest, if any, with respect to a Debt Security are required to be made in a Specified Currency and such Specified Currency is not available to the Company for any such payment due to the imposition of exchange controls or other circumstances beyond the control of the Company, or if such Specified Currency is no longer used by the government of the country issuing such currency or is no longer used or is no longer generally available for use for the settlement of transactions by public institutions within the international banking community, then the Company will be entitled to satisfy its payment obligations with respect to such Debt Security by making such payments in

U.S. dollars. The amount of each such payment in U.S. dollars will be computed on the basis of the Market Exchange Rate in effect with respect to such Specified Currency on the second New York Business Day prior to the applicable payment date or, if the Market Exchange Rate in effect on such date cannot be readily determined, then on the basis of the highest bid quotation (assuming European-style quotation -- i.e., Specified Currency per U.S. dollar) received by the Exchange Rate Agent on the second New York Business Day prior to the applicable payment date from three recognized foreign exchange dealers in the City of New York (one of which may be the Exchange Rate Agent) for the purchase of the aggregate amount of the Specified Currency payable on such payment date, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. No payment in U.S. dollars made under such circumstances will constitute an Event of Default.

If payments of principal, premium, if any, or interest, if any, with respect to a Debt Security are required to be made in a composite currency and the composition of such composite currency is at any time altered (whether by the addition, elimination, combination, or subdivision of one or more components, by adjustment of the ratio of any component to the composite unit, or by any combination of such events), then the Company will be entitled to satisfy its payment obligations with respect to such Debt Security by making such payments in such composite currency as altered. See "Currency and Index-Related Risk Factors".

Interest and Principal Payments

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

Record as of the applicable Record Date. Any payment of principal, premium, and/or interest payable on a Maturity Date will be payable to the Holder in whose name the Debt Security is registered as of such date.

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

Certain Debt Securities, including Discount Debt Securities, may be considered to be issued with original issue discount. The beneficial owners of such Debt Securities must include such discount in income for United States federal income tax purposes at a constant rate. See "United States Tax Considerations--OID Debt Securities". If the principal of any Discount Debt Security is declared to be immediately due and payable as described below under "Description of Certain Indenture Provisions--Events of Default", the amount of principal due and payable with respect to such Discount Debt Security will be limited to the aggregate principal amount of such Discount Debt Security multiplied by the sum of its Issue Price (expressed as a percentage of the aggregate principal amount) plus the original issue discount amortized from the date of issue to the date of declaration (also expressed as a percentage of the aggregate principal amount), which amortization will be calculated using the "interest method" (computed in accordance with generally accepted accounting principles in effect on the date of declaration). Special considerations applicable to any such Debt Securities will be set forth in the applicable Pricing Supplement.

Fixed Rate Debt Securities

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

Interest payments on each Fixed Rate Debt Security will include interest accrued from (and including) the Interest Accrual Date or the last date in respect of which interest has been paid, as the case may be, to (but excluding) the next succeeding Interest Payment Date or the Maturity Date,

as the case may be. The interest rates that the Company will agree to pay on newly-issued Fixed Rate Debt Securities are subject to change without notice from time to time, but no such change will affect any Fixed Rate Debt Security previously issued.

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

Floating Rate Debt Securities

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

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

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

Interest payments on a Floating Rate Debt Security will

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

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

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

Indexed Debt Securities

The Company may, from time to time, issue Indexed Debt Securities with respect to which the principal amount payable on any Principal Payment Date and/or the amount of interest payable on any Interest Payment Date will be determined by reference to the relative value of one or more Specified Currencies or commodities, the level of one or more financial or non-financial indices, and/or any other factor or factors identified in the applicable Pricing Supplement (such identified currencies, commodities, indices, and/or other factors applicable to the determination of principal or interest payable with respect to a given Debt Security the "applicable Index"). A Fixed Rate Debt Security that is also an Indexed Debt Security may pay an aggregate principal amount that is greater or less than the face amount thereof, depending on the relative value or level of the applicable Index. A Floating Rate Debt Security that is also

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

Global Debt Securities

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

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

The Company expects that, immediately upon receipt of any payment of principal, premium, or interest with respect to the Debt Securities represented by a Global Debt Security, the Depositary will credit each Participant's account with the amount of such payment that is proportionate to its respective ownership interest in the principal amount of such Global Debt Security (as shown on the records of the Depositary). Payments by Participants to persons who hold beneficial interests in such Global Debt Security through such Participants will be the responsibility of such Participants; the Company expects that such payments will be governed by standing instructions and customary practices, as is now the case with respect to securities registered in "street name" and held by financial institutions for the accounts of customers.

Owners of beneficial interests in a Global Debt Security will not receive or be entitled to receive physical delivery of the underlying Debt Securities in definitive

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

a beneficial interest in a Global Debt Security receive Debt Securities of such series in definitive form and in a principal amount equal to such beneficial interest in the Global Debt Security.

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

Certain Indenture Provisions

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

There are no other restrictive covenants contained in the Indenture. The Indenture does not contain any provision that will restrict the Company from entering into one or more additional indentures providing for the issuance of debt securities or warrants, or from incurring, assuming, or

becoming liable with respect to any indebtedness or other obligation, whether secured or unsecured, or from paying dividends or making other distributions on its capital stock, or from purchasing or redeeming its capital stock. The Indenture does not contain any financial ratios or specified levels of net worth or liquidity to which the Company must adhere. In addition, the Indenture does not contain any provision that would require that the Company repurchase, redeem, or otherwise modify the terms of any of the Debt Securities upon a change in control or other event involving the Company that may adversely affect the creditworthiness of the Company or the value of the Debt Securities.

Consolidation, Merger, and Sale of Assets: The Indenture provides that the Company may, without the consent of the Holders of any of the Debt Securities then outstanding, consolidate or merge with or into, or transfer or lease all or substantially all of its assets to, any corporation that is organized and validly existing under the laws of any domestic jurisdiction, and may permit any such corporation to consolidate with or merge into the Company or convey, transfer, or lease all or substantially all of its assets to the Company, provided, (i) that either the Company will be the surviving corporation or, if not, that the successor corporation will expressly assume by a supplemental indenture the due and punctual payment of the principal, premium, if any, and interest, if any, on the Debt Securities and the performance of every covenant of the Indenture to be performed or observed by the Company, and (ii) the Company or such

successor corporation will not, immediately after such merger, consolidation, sale, or conveyance, be in default in the performance of any such obligations. In the event of any such consolidation, merger, conveyance, or transfer, any such successor corporation will succeed to and be substituted for the Company as obligor on the Debt Securities with the same effect as if it had been named in the Indenture as the "Company".

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

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

outstanding Debt Securities of any series.

Events of Default, Notice, and Waiver: The Indenture provides that each of the following events constitutes an Event of Default with respect to a given series of Debt Securities (other than any such series that has been issued under or modified by a supplemental indenture or Board Resolution (as defined in the Indenture) in which such event is specifically deleted): (i) failure to make any payment of principal or premium, if any, when due (whether at maturity, upon redemption, at declaration, or otherwise) on the Debt Securities of such series, (ii) failure to make any payment of interest when due on the Debt Securities of such series, which failure is not cured within 30 days, provided, however, that the Holders of not less than 75% of the then outstanding Debt Securities of such series shall not have consented to a postponement of such payment, (iii) failure to make payment when due of any sinking fund or purchase fund installment or analogous obligation, if any, on the Debt Securities of such series, which failure is not cured within 30 days, (iv) failure of the Company to observe or perform any of its other covenants or warranties under the Indenture for the benefit of the Holders of such series, which failure is not cured within 90 days after notice is given as specified in the Indenture, and (v) certain events of bankruptcy, insolvency, or reorganization of the Company. A default under other indebtedness of the Company will not constitute a default under the Indenture, and a default under one series of Debt Securities will not constitute a default under any other series of Debt Securities.

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

may declare the principal (or, in the case of Discount Debt Securities, the portion thereof specified by the terms thereof) of all outstanding Debt Securities of such series and the interest, if any, accrued thereon, to be immediately due and payable. However, declarations of default may be rescinded and past defaults (other than any Event of Default described in clause (ii) of the immediately preceding paragraph) may be waived by the Holders of a majority in principal amount of the outstanding Debt Securities of the applicable series.

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

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

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

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

Principal Amount of Debt Securities Denominated in a Specified Currency: For the purposes of determining whether the Holders of the requisite principal amount of Debt Securities denominated in a Specified Currency have taken any action as provided under the Indenture, the principal amount of such Debt Securities will be deemed to be that amount of U.S. dollars that could be obtained for such principal amount on the basis of the spot rate of exchange into U.S. dollars for the Specified Currency in which such

Debt Securities are denominated (as evidenced to the Trustee by a certificate provided by a financial institution, selected by the Company, that maintains an active trade in such Specified Currency, acting as conversion agent) as of the date of the taking of such action.

Defeasance and Discharge of Covenants: The Indenture provides that the Company, at its option, (i) will be discharged from any and all obligations with respect to the Debt Securities of any series (except for certain obligations to register the transfer or exchange of such Debt Securities, to replace any such Debt

Securities that have been stolen, lost, or mutilated, and to maintain paying agencies and hold moneys for payment in trust in respect of such Debt Securities), or (ii) need not comply with certain covenants of the Indenture with respect to the Debt Securities of any series (including those described in the preceding paragraphs captioned "Restrictive Covenant" and "Consolidation, Merger, and Sale of Assets"), in each case: (a) if the Company irrevocably deposits with the Trustee, in trust, money, U.S. Government Obligations, and/or Equivalent Government Securities (each as defined in the Indenture) which, through the payment of interest thereon and principal thereof in accordance with their respective terms, will provide money in an amount sufficient to pay all the principal of (including any mandatory sinking fund payments) and interest, if any, on, such Debt Securities, (b) such Debt Securities will not thereby be delisted from any stock exchange on which they may be listed, (c) no Event of Default shall have occurred and be continuing with respect to such Debt Securities, and (d) the Company delivers to the Trustee an opinion of counsel to the effect that such deposit and defeasance will not cause the Holders of such Debt Securities to recognize income, gain, or loss for Federal income tax purposes.

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

CURRENCY AND INDEX-RELATED RISK FACTORS

Currency Exchange Rates

Investments in Debt Securities denominated or payable in a Specified Currency, and in Debt Securities the principal of and/or interest on which will be determined by the relative value of a Specified Currency, entail significant risks (over which the Company has no control) that are not associated with similar investments in Debt Securities denominated and payable in U.S. dollars and bearing a fixed rate of interest. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the U.S. dollar and any such Specified Currency and the possibility of the imposition or modification of exchange controls by either the United States or any foreign government with respect to such Specified Currency (or component thereof, as the case may be), which risks generally depend on domestic and international economic and political events. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and such volatility may occur in the future. The exchange rate between the U.S. dollar and any Specified Currency (or component thereof, as the case may be) is at any moment a result of the supply and demand for such currencies and changes in such exchange rate result over time from the interaction of many factors, including rates of inflation, interest rate levels, balances of payments, and the extent of governmental surpluses or deficits in the countries that have issued such currencies. These factors are in turn

sensitive to the monetary, fiscal, and trade policies pursued by such countries' governments and those of other countries important to international trade and finance. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Debt Security. Depreciation against the U.S. dollar of the currency in which a Debt Security is payable would result in a decrease in the effective yield of such Debt Security below its coupon rate and, in certain circumstances, could result in the loss to the investor on a U.S. dollar basis. In addition, depending on the specific terms of a currency-linked Debt Security, changes in exchange rates relating to any of the currencies involved may result in a decrease in the effective yield of such Debt Security and, in some circumstances, could result in a loss to the investor of all or a substantial portion of the principal thereof. See also "Indexed Payments" below.

Currency Exchange Controls

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

Indexed Payments

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

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

Governing Law and Foreign Currency Judgments

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

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

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

UNITED STATES TAX CONSIDERATIONS

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

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

Section 1258(c) of the Code, or persons whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar. It does not deal with holders other than the original purchaser and does not discuss the "market discount rules" or the "acquisition premium rules". This discussion does not include any description of the tax laws of any state or local government or of any foreign government that may be applicable to Debt Securities. The United States federal income tax consequences of the ownership and disposition of a particular Debt Security will depend, in part, on the particular terms of the Debt Security as set forth in the applicable Pricing Supplement.

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

THE FEDERAL INCOME TAX DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PERSONS CONSIDERING THE PURCHASE OF DEBT SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO

THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF DEBT SECURITIES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN, AND OTHER TAX LAWS, AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

United States Holders

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

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

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

A Debt Security will be treated as having been issued with OID if its "stated redemption price at maturity" exceeds its "issue price" by more than a de minimis amount. In general, the excess of stated redemption price at maturity over issue price is treated as de minimis if the amount of OID on the instrument is less than 1/4 of 1 percent of the Debt Security's stated redemption price at maturity multiplied by the number of complete years from issuance to maturity. Under the OID Regulations, special de

minimis OID rules apply to certain types of debt instruments, including installment obligations (defined by the OID Regulations as debt instruments that provide for the payment of any amount other than "qualified stated interest" prior to maturity) and Variable Rate Debt Securities (defined below).

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

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

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

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

determining OID allocable to an accrual period, if an interval between payments of qualified stated interest contains more than one accrual period the amount of qualified stated interest payable at the end of the interval, (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval), is allocated on a pro rata basis to each accrual period in the interval and the adjusted issue price at the beginning of each accrual period in the interval must be increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but is not payable until the end of the interval. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. If all accrual periods are of equal length, except for either an initial shorter accrual period or an initial and a final shorter accrual period, the amount of OID allocable to the initial accrual period may be computed under any reasonable method.

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

For purposes of determining the OID accruals and the amount of qualified stated interest, a Variable Rate Debt Security is "converted" to an equivalent fixed rate debt instrument by substituting an appropriate fixed rate (as specified by the OID Regulations) for the variable rate or rates. The rules applicable to fixed rate debt instruments, described above, are then applied to determine OID accruals

and the qualified stated interest payments. In certain circumstances, if the interest actually accrued or paid during an accrual period is greater or less than the interest assumed to be accrued or paid under the equivalent fixed rate debt instrument, appropriate adjustments must be made to the qualified stated interest or OID allocable to the accrual period. Notice will be given in the applicable Pricing Supplement when the Company determines that a particular Debt Security will be a Variable Rate Debt Security.

Alternative Payment Schedules. The OID Regulations provide special rules for purposes of determining the yield and maturity of a Debt Security that provides for one or more alternative payment schedules applicable upon the occurrence of certain contingencies, where the timing and amounts of the payments under each alternative payment schedule are fixed as of the original issue date. Except as provided in the next paragraph, the yield and maturity of such a Debt Security are generally determined by assuming that the payments will be made according to the stated payment schedule. However, if based on all the facts and circumstance as of the issue date, it is more likely than not that the stated payment schedule will not occur, then yield and maturity are computed based on the payment schedule most likely to occur. Notice will be given in the applicable Pricing Supplement when the Company determines that a particular Debt Security will be deemed to have a payment schedule for federal income tax purposes that is different than its stated payment schedule. The payment schedule determined by the Company will be binding on all holders of the Debt Security unless the holder explicitly discloses, on a statement attached to the holder's timely filed federal income tax return for the taxable year that includes the acquisition date of the Debt Security, that such holder's determination of yield and maturity is different from the Company's determination.

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

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

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

Contingent Debt Securities. The OID Regulations do not address the federal income tax treatment of Debt Securities which provide for contingent principal or of Floating Rate Debt Securities and Index Debt Securities that do not qualify as Variable Rate Debt Securities ("Contingent Debt Securities"). The

federal income tax consequences of the ownership and disposition of a particular Debt Security, and whether it constitutes a Contingent Debt Security, may depend, in part, on the particular terms of the Debt Security as set forth in the applicable Pricing Supplement. UNITED STATES HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE TAX TREATMENT OF CONTINGENT DEBT SECURITIES.

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

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

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

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

Sale, Exchange, or Retirement of Debt Securities. A United States Holder's adjusted tax basis in a Debt Security (other than an OID Debt Security) generally will equal the cost of the Debt Security to such holder, reduced by any amortized premium and by payments on the Debt Security received by the holder, other than qualified stated interest. A holder's tax basis in an OID Debt Security will generally be the cost of the Debt Security to such holder, increased by any OID previously included in the holder's income and decreased by the amount of any payment to the holder under the OID Debt Security, other than a payment of qualified stated interest, and by any amortized premium. Upon the sale, exchange, or retirement of a Debt Security, a United States Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts attributable to accrued OID or interest not previously included in the income of the holder) and such holder's adjusted tax basis in the Debt Security. Any gain attributable to de minimis OID that is recognized on the sale or exchange of a Debt Security is treated as capital gain if the Debt Security is a capital asset in the hands of the holder. Except as described above with respect to certain short-term OID Debt Securities or as described below with respect to certain Foreign Currency Debt Securities, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if, at the time of sale or retirement, the Debt Security has been held for more than one year. Net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income. The deductibility of capital losses, however, may be limited.

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

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

Unless the election described below is made, the amount recognized by an accrual basis United States Holder is the U.S. dollar value of the interest that has accrued for the interest accrual period (determined on the basis of the average exchange rate for the interest accrual period). The average exchange rate for the accrual period (or partial periods) is the simple average of the exchange rates for each business day in such period (or other method if such method is reasonably derived and consistently applied). An accrual basis United States Holder may elect to translate accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a United States Holder may translate such interest using the rate of exchange on the date of receipt. The above election will apply to all debt obligations held by the United States Holder and may not be changed without the consent of the IRS. Upon receipt of an interest payment in the Specified

Currency, an accrual basis United States Holder will recognize foreign currency gain or loss to the extent of the difference, if any, between the U.S. dollar value of such payment (determined by translating the Specified Currency received at the spot rate on the date of receipt) and the U.S. dollar value of the interest income that such holder has previously included in income with respect to such payment, which gain or loss will be treated as ordinary income or loss.

In the case of a Foreign Currency Debt Security, the U.S. dollar amount, if any, includible in income as OID for each accrual period by a United States Holder is determined by (i) calculating the amount of OID allocable to each accrual period in the applicable Specified Currency using the constant yield method described above, and (ii) translating the amount so derived in the same manner as interest

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

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

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

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

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

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

Dual Currency Debt Securities. If so specified in an applicable Pricing Supplement relating to a Foreign Currency Debt Security, the Company may have the option to make all payments of principal and interest scheduled after the exercise of such option in a currency (the "Optional Payment Currency") other than the Specified Currency. In general, payments under such Foreign Currency Debt Securities (referred to herein as "Dual Currency Debt Securities") will be taxed pursuant to the rules regarding interest, OID, premium and foreign currency transactions discussed above. However, a United States Holder of a Dual Currency Debt Security with respect to which the Company's option has been exercised may be considered to have exchanged a Debt Security denominated in the Specified Currency for a Debt Security denominated in the Optional Payment Currency. Whether such a deemed exchange will require a United States Holder to recognize gain or loss will depend on whether the exchange is part of a recapitalization of the Company. If the Company exercises its option to make future payments in the Optional Payment Currency as part of a recapitalization that qualifies for nonrecognition treatment, a United States Holder of a Dual Currency Debt Security will not recognize gain or loss upon the deemed exchange and the Holder's basis in the Debt Security will be unchanged. If, however, the Company's exercise of this option is not part of a recapitalization, a United States Holder may recognize gain or loss, if any, equal to the difference between the holder's basis in the Debt Security denominated in the Specified Currency and the value of the Debt Security denominated in the Optional Payment Currency.

Non-United States Holders

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

certain contingent interest may be subject to United States federal withholding tax. For purposes of this provision of the 1993 Act, contingent interest includes interest that is determined by reference to receipts, sales or other cash flow, income or profits, or a change in value of any property of the issuer or a related person. It also includes interest determined by reference to any dividend, partnership distribution or similar payment made by the issuer or a related person.

A non-United States Holder generally will not be subject to United Stated federal income tax (and no tax generally will be withheld) with respect to gain recognized on a sale, exchange or redemption of a Debt Security, unless (i) the gain is effectively connected with a trade or business of the non-United States Holder in the United States, or (ii) in the case of a non-United States Holder who is a nonresident alien individual and holds the Debt Security as a capital asset, such Holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met.

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

Backup Withholding

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

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

Backup withholding will generally not apply to United States Holders other than certain non-corporate Holders who fail to supply an accurate taxpayer identification number or who fail to report all interest income required to be shown

on their federal income tax return. Any amounts withheld from a payment to a United States Holder under the backup withholding rules will be allowed as a refund or a credit against such holder's United States federal income tax provided that the required information is furnished to the Service.

DESCRIPTION OF WARRANTS

Each series of Debt Warrants will be issued under a Debt Warrant Agreement to be entered into between the Company and The Chase Manhattan Bank (National Association), in its capacity as warrant agent (the "Debt Warrant Agent"), in substantially the form that has been filed as an exhibit to the Registration Statement of which this Prospectus is a part (such agreement the "Debt Warrant Agreement"), together with the applicable form of warrant certificate (any such certificate a "Debt Warrant Certificate"). Each series of Shelf Warrants will be issued under a separate warrant agreement (each such agreement a "Shelf Warrant Agreement") to be entered into between the Company and The Chase Manhattan Bank (National Association), in its capacity as warrant agent, or such other bank or trust company as may be identified in the applicable Prospectus Supplement (in either case, the "Shelf Warrant Agent"), and to be filed as an amendment to the Registration Statement together with an appropriate form of shelf warrant certificate (any such certificate a "Shelf Warrant Certificate" and any Debt Warrant Certificate or Shelf Warrant Certificate sometimes referred to as a "Warrant Certificate"). The statements herein concerning the Debt Warrant Agreement or any Shelf Warrant Agreement (the Debt Warrant Agreement and any Shelf Warrant Agreement sometimes referred to as a "Warrant Agreement") do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the applicable Warrant Agreement and the applicable Warrant Certificates, including the definitions of certain terms.

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

General

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

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

Debt Warrants

Each Debt Warrant will entitle the holder to purchase such principal amount of Debt Securities at such exercise price as will in each case be set forth in, or calculable from, the applicable Prospectus Supplement. In addition, the applicable Prospectus Supplement will set forth (i) the

designation, aggregate principal amount, and terms of the underlying Debt Securities, (ii) if applicable, the designation and terms of any Debt Securities with which such Debt Warrants are issued and the number of such Debt Warrants issued with each such Debt Security, (iii) the date, if any, on and after which such Debt Warrant and the related Debt Securities will be separately transferable, (iv) the date on which the right to exercise such Debt Warrant will commence and the procedures and conditions relating to exercise, (v) the date on which the right to exercise such Debt Warrant will expire, (vi) a discussion of any material United States tax considerations, (vii) a discussion of any material risk factors, (viii) whether such Debt Warrant will be issued in registered or bearer form and, if registered, where it may be transferred and registered, and (ix) any other terms of such Debt Warrant, which terms will in no event conflict with the terms or provisions of the Debt Warrant Agreement.

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

Shelf Warrants

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

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

If fewer than all the Shelf Warrants represented by any Shelf Warrant Certificate are exercised, a new Shelf Warrant Certificate will be issued for the remaining amount of Shelf Warrants.

PLAN OF DISTRIBUTION

The Company may appoint Agents to solicit offers to purchase the Securities, each of whom will agree to use best efforts to solicit such offers. The name of any such Agent, and the terms of its agreement with the Company (including the amount of any commission payable by the Company in connection with the sale of Securities through an Agent) will be set forth in the applicable Supplement. Each Agent will have the right, in its reasonable discretion, to reject (in whole or in part) any offer to purchase Securities solicited by such Agent. The Company may also, on its own behalf, directly solicit offers to purchase Securities, at any time, in any manner, upon any terms, and to any person. The Company will have the sole right to accept offers to purchase Securities and may reject (in whole or in part) any offer to purchase Securities, whether solicited by the Company or an Agent. Unless the Company otherwise agrees, payment of the purchase price of Securities sold by the Company, whether directly or through an Agent, will be required to be made in immediately available funds.

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

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

liabilities, including liabilities under the Securities Act, or to contribution for payments it may be required to make in respect thereof.

If so indicated in the applicable Supplement, the Company will authorize Underwriters or other persons acting as the Company's agents to solicit offers by certain institutions to purchase Securities from the Company at the public offering price set forth in such Supplement pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in such Supplement. Institutions with which such contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but

will in all cases be subject to the approval of the Company. The obligations of any purchaser under any such delayed delivery contract will not be subject to any conditions except that (i) the purchase of the Securities will not at the time of delivery be prohibited under the laws of any jurisdiction to which such purchaser is subject, and (ii) if the Securities are also being sold to Underwriters, the Company will have sold to such Underwriters the Securities not sold for delayed delivery. The Underwriters and such other persons will not have any responsibility in respect of the validity or performance of such contracts.

None of the Securities will have an established trading market when issued. It is not currently anticipated that the Securities will be listed on any securities exchange. Agents, Underwriters, and other dealers may make a market in the Securities but will not be obligated to do so and may discontinue any market-making at any time without notice. There can be no assurance that the Securities offered hereby will be sold or, if sold, that there will be a secondary market for them.

LEGAL OPINIONS

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

EXPERTS

The consolidated financial statements and schedule of the Company as of December 31, 1994 and for each of the fiscal years in the three-year period ended December 31, 1994, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, have been audited by KPMG Peat Marwick LLP, independent auditors, as set forth in their report thereon included in such Annual Report and incorporated herein by reference. The report of KPMG Peat Marwick LLP covering the December 31, 1994 financial statements refers to the Company's adoption of the Financial Accounting Standards Board's Statement of Financial Accounting Standard No. 112, "Employers' Accounting for Postemployment Benefits," in 1994 and change in its method for calculating the market-related value of pension plan assets used in the determination of pension expense in 1994 and adoption of the Financial Accounting Standards Board's Statements of Financial Accounting Standards No. 106, "Employers' Accounting For Postretirement Benefits Other Than Pensions" and No. 109, "Accounting For Income Taxes" in 1992. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of the Company for the twelve weeks ended March 25, 1995, the twelve and twenty-four weeks ended June 17, 1995 and the twelve and thirty-six weeks ended September 9, 1995, incorporated by reference herein, KPMG Peat Marwick LLP have reported that they have applied limited procedures in accordance

with professional standards for a review of such information. However, their separate reports included in the Company's quarterly reports on Form 10-Q for the twelve weeks ended March 25, 1995, the twelve and twenty-four weeks ended June 17, 1995 and the twelve and thirty-six weeks ended September 9, 1995, incorporated by

reference herein, state that they did not audit and they do not express an opinion on that condensed consolidated interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. KPMG Peat Marwick LLP are not subject to the liability provisions of Section 11 of the Securities Act for their reports on the unaudited condensed consolidated interim financial information because those reports are not "reports" or a "part" of the Registration Statement prepared or certified by accountants within the meaning of Sections 7 and 11 of the Securities Act.

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

GLOSSARY

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

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

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

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

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

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

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

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

"Business Day" when used in conjunction with a designated city means any day other than a Saturday or

Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to be closed in (i) London, England (with respect to a Debt Security the principal of or interest on which will be determined by reference to LIBOR), (ii) Brussels, Belgium (with respect to a Debt Security denominated in ECUs or whose principal or interest will be determined by reference to the relative value of the ECU), or (iii) the financial center of the country issuing the Specified Currency (with respect to a Debt Security denominated in a Specified Currency other than the ECU or whose principal or interest will be determined by reference to the relative value of any Specified Currency other than the ECU). See also "New York Business Day".

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

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

(ii) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and

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

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

"Calculation Agent"--see page 7 of the Prospectus.

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

"Commercial Paper Rate" with respect to any Interest Determination Date means the Money Market Yield (see below) of the rate set forth in H.15(519) for that day opposite the Index Maturity under the caption "Commercial Paper". If such rate does not appear in H.15(519) by 9:00 a.m.,

New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the rate set forth in Composite 3:30 P.M. Quotations for U.S. Government Securities for such Interest Determination Date in respect of the Index Maturity under the caption "Commercial Paper" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively). If such rate does not appear in either H.15(519) or Composite 3:30 P.M. Quotations for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the arithmetic mean of the offered rates of three leading dealers of U.S. commercial paper in New York City as of 11:00 a.m., New York City time, for such Interest Determination Date for U.S. dollar commercial paper of the Index Maturity placed for industrial issuers whose bond rating is "AA" or the equivalent from a nationally recognized rating agency.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Event of Default" is defined in the Indenture. See page 13 of the Prospectus for a discussion of Events of Default.

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

"Exchange Rate Agent"--see page 7 of the Prospectus.

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

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

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

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

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

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

"Holder of Record"--see page 8 of the Prospectus.

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

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

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

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

"Initial Interest Rate"--see page 10 of the Prospectus.

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

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

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

"Interest Period"--see page 10 of the Prospectus.

"Interest Reset Date"--see page 10 of the Prospectus.

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

"LIBOR" with respect to any Interest Determination Date will be the rate for deposits in U.S. dollars or the Specified Currency (as the case may be) for a period of the Index Maturity that appears on the Telerate Page: (a) 3740

(for Australian Dollars); (b) 3740 (for Canadian Dollars); (c) 3750 (for Swiss Francs); (d) 3750 (for Deutsche Marks); (e) 3740 (for French Francs); (f) 3750 (for Pound Sterling); (g) 3740 (for Italian Lire); (h) 3750 (for Japanese Yen); (i) 3740 (for Spanish Pesetas); (j) 3750 (for U.S. dollars), and (k) 3750 (for European Currency Units) as of 11:00 a.m., London Time, on such Interest Determination Date. If such rate does not appear on the specified Telerate Page by 9:00 a.m., New York City time, on such Interest Determination Date, the rate for such Interest Determination Date will be determined on the basis of the rates at which deposits in U.S. dollars or in the Specified Currency (as the case may be) are offered by four major banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date to prime banks in the London interbank market for a period of the Index Maturity commencing on the applicable Interest Reset Date and in an amount that is representative for a single transaction in the relevant market at the relevant time. The Calculation Agent will request the principal London office of each such bank to provide a quotation of its rate. If at least two quotations are provided, the rate for such Interest Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such

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

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

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

"Maximum Interest Rate"--see page 6 of the Prospectus.

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

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

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

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

"New York Business Day" means any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation, or executive order, to be closed in the City of New York and: (i) with respect to any Debt Security denominated or payable in ECUs, that is also a Brussels Business Day, (ii) with respect to any Debt Security denominated or payable in any other Specified Currency, that is also a Business Day in the financial center of the country issuing such Specified Currency, and (iii) with respect to any Debt Security the principal of or interest on which will be determined by reference to LIBOR, that is also a London Business Day. See also "Business Day".

"Participant"--see page 11 of the Prospectus.

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

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

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

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

major banks in New York City as its U.S. dollar prime rate or base lending rate as in effect for such Interest Determination Date. Each change in the prime rate or base lending rate of any bank so announced by such bank will be effective as of the effective date of the announcement or, if no effective date is specified, as of the date of the announcement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Supplement" means any Pricing Supplement or Prospectus Supplement.

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

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

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

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

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

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

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

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

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

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

"Warrant Agent" -- see page 26 of the Prospectus.

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

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

No person has been authorized to give any information or to make any representations other than those contained in or incorporated by reference in this Prospectus or any applicable Supplement in connection with the offer contained herein or therein and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or by any agent. Neither the delivery of this Prospectus or any applicable Supplement nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or thereof, or that the information contained or incorporated by reference herein or therein is correct as of any time subsequent to its date. Neither this Prospectus nor any applicable Supplement constitutes an offer to sell or a solicitation of an offer to buy Debt Securities or Warrants in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified to do so.

U.S. $4,587,000,000

[PEPSICO LOGO]

Debt Securities and Warrants
Due Not Less Than Nine Months from Date of Issue

PROSPECTUS

November , 1995

TABLE OF CONTENTS

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The expenses in connection with the issuance and

distribution of the securities being registered, other than underwriting compensation, are:

Securities and Exchange Commission Registration Fee	$ 500,000.00
Accounting Fees and Expenses*	$ 165,000.00
Trustee's Fees and Expenses (including counsel fees)*	$ 30,000.00
Blue Sky Fees and Expenses (including counsel fees)*	$ 30,000.00
Printing and Engraving Fees*	$ 10,000.00
Rating Agency Fees*	$ 810,000.00
Miscellaneous*	$ 5,000.00
Total	$1,550,000.00

*Estimated

Item 15. Indemnification of Directors and Officers.

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

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

(a) It is the public policy of this State to enable corporations organized under this Chapter to attract and maintain responsible, qualified directors, officers, employees and agents, and, to that end, to permit corporations organized under this Chapter to allocate the risk of personal liability of directors, officers, employees and agents through indemnification and insurance as authorized in this Part.

(b) Definition in this Part:

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

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

participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a director.

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

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

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

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

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

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

Section 55-8-51. Authority to indemnify.

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

(1) He conducted himself in good faith; and

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

(3) In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

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

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

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

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

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

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

(f) The authorization, approval or favorable

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

Section 55-8-52. Mandatory indemnification.

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

Section 55-8-53. Advance for expenses.

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

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

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

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

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

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

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

(b) The determination shall be made:

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

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

(3) By special legal counsel

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

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

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

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

Unless a corporation's articles of incorporation provide otherwise:

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

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

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

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

(a) In addition to and separate and apart from the indemnification provided for in G.S. 55-8-51, 55-8-52, 55-8-54, 55-8-55 and 55-8-56, a corporation may in its articles of incorporation or bylaws or by contract or resolution indemnify or agree to indemnify any one or more of its directors, officers, employees, or agents against liability and expenses in any proceeding (including without limitation a proceeding brought by or on behalf of the corporation itself) arising out of their status as such or their activities in any of the foregoing capacities; provided, however, that a corporation may not indemnify or agree to indemnify a person against liability or expenses he may incur on account of his activities which were at the time taken known or believed by him to be clearly in conflict with the best interests of the corporation. A corporation may likewise and to the same extent indemnify or agree to indemnify any person who, at the request of the corporation, is or was serving as a director, officer, partner, trustee, employee, or agent of another foreign

or domestic corporation, partnership, joint venture, trust or other enterprise or as a trustee or administrator under an employee benefit plan. Any provision in any articles of incorporation, bylaw, contract, or resolution permitted under this section may include provisions for recovery from the corporation of reasonable costs, expenses, and attorney's fees in connection with the enforcement of rights to indemnification granted therein and may further include provisions establishing reasonable procedures for determining and enforcing the rights granted therein.

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

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

Section 55-8-58. Application of Part.

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

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

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

(ii) Section 3.07 of Article III of the By-Laws of the Company provides as follows:

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

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

Item 16. Exhibits.

1 Form of Distribution Agreement.

3 Restated Articles of Incorporation.

4 (a) Indenture, dated as of December 14, 1994, between PepsiCo, Inc. and The Chase Manhattan Bank (National Association) as Trustee.

(b) Forms of Debt Securities (included as Exhibits A and B to the Indenture filed herewith as Exhibit 4(a)).

(c) Form of Fixed Rate Note.

(d) Form of Floating Rate Note.

(e) Form of Debt Warrant Agreement.

(f) Form of Debt Warrant Certificate (included as Annex A to the form of Debt Warrant Agreement filed herewith as Exhibit 4(e)).

5 Opinion and consent of Douglas Cram, Esq., Vice President and Assistant General Counsel of the Company.

8 Opinion and consent of Matthew M. McKenna, Esq., Vice President, Taxes of the Company.

12 PepsiCo, Inc. and Subsidiaries Statement of Computation of Ratio of Earnings to Fixed Charges (Unaudited).

15 Letter from KPMG Peat Marwick LLP regarding unaudited interim financial information ("Accountants' Acknowledgment"), incorporated herein by reference to Exhibit 15 to the Company's Quarterly Reports on Form 10-Q for the twelve weeks ended March 25, 1995, the twelve and twenty-four weeks ended June, 17, 1995 and the twelve and thirty-six weeks ended September 9, 1995.

23(a) Consent and Acknowledgment of KPMG Peat Marwick LLP.

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

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

24 Power of Attorney of PepsiCo, Inc. and certain of its officers and directors, incorporated herein by reference to Exhibit 24 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.

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

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

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

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

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

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

provided, however, that the undertakings set forth in paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement;

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

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

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

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

such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, PepsiCo, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Purchase, New York on the 14th day of November, 1995.

PEPSICO, INC.

By: /s/ LAWRENCE F. DICKIE

Lawrence F. Dickie
(Attorney-in-Fact)
Vice President, Associate General Counsel and Assistant Secretary

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

Signature	Title	Date
D. WAYNE CALLOWAY* (D. Wayne Calloway	Chairman of the Board, Chief Executive Officer and Director	November 14, 1995
ROBERT G. DETTMER* (Robert G. Dettmer)	Executive Vice President and Chief Financial Officer	November 14, 1995
ROBERT L. CARLETON* (Robert L. Carleton)	Senior Vice President and Controller (Chief Accounting Officer)	November 14, 1995
JOHN F. AKERS* (John F. Akers)	Director	November 14, 1995
ROBERT E. ALLEN* (Robert E. Allen)	Director	November 14, 1995
ROGER A. ENRICO (Roger Enrico)*	Vice Chairman of the Board and Chairman and Chief Executive Officer, PepsiCo Worldwide Restaurants	November 14, 1995
JOHN J. MURPHY* (John J. Murphy.)	Director	November 14, 1995
ANDRALL E. PEARSON* (Andrall E. Pearson)	Director	November 14, 1995
SHARON PERCY ROCKEFELLER* (Sharon Percy Rockefeller)	Director	November 14, 1995
ROGER B. SMITH* (Roger B. Smith)	Director	November 14, 1995

ROBERT H. STEWART, III* (Robert H. Stewart, III)	Director	November 14, 1995
FRANKLIN A. THOMAS (Franklin A. Thomas)	Director	November 14, 1995
P. ROY VAGELOS* (P. Roy Vagelos)	Director	November 14, 1995
ARNOLD R. WEBER* (Arnold R. Weber)	Director	November 14, 1995

By: /s/ LAWRENCE F. DICKIE

(Lawrence F. Dickie)
Attorney-in-Fact

INDEX TO EXHIBITS

DESCRIPTION	EXHIBIT NO.
Form of Distribution Agreement	1
*Restated Articles of Incorporation of PepsiCo, Inc., which is incorporated herein by reference from Exhibit 4(a) to PepsiCo's Registration Statement on Form S-3 (Registration No. 57181).	3
*Indenture, dated as of December 14, 1994, between PepsiCo, Inc. and The Chase Manhattan Bank (National Association) as Trustee, which is incorporated herein by reference from Exhibit 4(a) to PepsiCo's Registration Statement on Form S-3 (Registration No.	4(a)

57181).

*Forms of Debt Securities (included as Exhibits A and B to the Indenture which is incorporated herein by reference from Exhibit 4(a) to PepsiCo's Registration Statement on Form S-3 (Registration No. 57181)).	(b)
Form of Fixed Rate Note	(c)
Form of Floating Rate Note	(d)
Form of Debt Warrant Agreement	(e)
*Form of Debt Warrant Certificate (included as Exhibit A to the form of Debt Warrant Agreement which is incorporated herein by reference from Exhibit 4(e) to this Registration Statement).	(f)
Opinion and Consent of Douglas Cram, Esq., Vice President and Assistant General Counsel of the Company	5
Opinion and Consent of Matthew M. McKenna, Esq., Vice President, Taxes of the Company (to be filed by amendment)	8
PepsiCo, Inc. and Subsidiaries Statement of Computation of Ratio of Earnings to Fixed Charges (Unaudited)	12
Letter from KPMG Peat Marwick LLP regarding unaudited interim financial ("Accountants' Acknowledgment") information, incorporated herein by reference to Exhibit 15 to the Company's Quarterly Reports on Form 10-Q for the twelve weeks ended March 25, 1995, the twelve and twenty-four weeks ended June 17, 1995 and the twelve and thirty-six weeks ended September 9, 1995.	15
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Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of The Chase Manhattan Bank (National Association) (to be filed as an amendment)	25

_____

*Incorporated by reference

PEPSICO, INC.

$4,587,000,000
Debt Securities and Warrants

U.S. DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT, dated as of _____, 1995, between PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"), and _____, a corporation organized under the laws of the State of _____ (the "Bank").

W I T N E S S E T H:

WHEREAS, the Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3, File No. 33-_____ (the "Registration Statement"), including a prospectus (the "Prospectus"), relating to $4,587,000,000 in aggregate offering price of the Company's Debt Securities and Warrants (as such terms are defined in the Prospectus); and

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

NOW, THEREFORE, the parties hereto agree as follows:

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

SECTION 2. Appointment of Bank as Agent. From the date hereof and until the expiration or earlier termination of this Agreement, the Bank will be the agent of the Company with respect to the distribution and sale of the Securities, and will use reasonable efforts, consistent with standard industry practice, to solicit offers for the purchase of the Securities upon the terms and conditions set forth in the Prospectus and, with respect to Securities of a given series, in the applicable Pricing Supplement or Prospectus Supplement (each such supplement a "Supplement" or an "applicable Supplement"), provided, however, that the Bank will not be required to solicit offers to purchase Securities issued pursuant to a Supplement that does not name the Bank as an agent. All sales of Securities resulting from a solicitation made or an offer to purchase received by the Bank in its capacity as agent during the term of this Agreement will be subject to the provisions of this Section 2 and to all other provisions of this Agreement not specifically limited to sales of Securities made to the Bank as underwriter and/or as purchaser for its own account.

(a) Non-Exclusive Agency. The Bank acknowledges and agrees that its agency hereunder is non-exclusive and that its obligations as agent hereunder will continue notwithstanding the offer or sale of Securities by the Company directly to investors (including the Bank as purchaser for its own account), to underwriters (including the Bank as underwriter, as contemplated by Section 3 below), and/or through other agents, as the Company may, in its sole discretion, elect. The obligations of the Bank

in its capacity as agent hereunder, and the obligations of each other person that has been authorized by the Company to act as its agent in soliciting offers to purchase Securities, shall be several and not joint.

(b) Solicitation of Offers by Bank as Agent; Rights of Acceptance and Rejection of Offers. The Bank may reject, and will not be required to communicate to the Company, any offer to purchase Securities that it reasonably deems unacceptable. The Company will have the sole right to accept any offer to purchase Securities and may reject any such offer in whole or in part. The Company will in no event approve any solicitation of offers or accept any offers to purchase Securities the aggregate public offering price of which, together with the aggregate public offering price of all Securities previously sold by the Company (whether through or to any agents or underwriters or otherwise), would exceed the sum of $4,062,000,000, or, with respect to Securities of a given series, would exceed the maximum aggregate public offering price stated in the applicable Supplement.

(c) Commissions. As consideration for the sale of Securities of a given series that occurs as a result of a solicitation made or an offer to purchase received by the Bank in its capacity as agent, the Company will pay the Bank the commission identified in the applicable Supplement, which commission will be expressed as a percentage of the aggregate public offering price of such Securities. Payment of the commission will be made on the Settlement Date (as defined in Section 11(c) hereof), in U.S. dollars or such other currency as the Company and the Bank may agree in writing, by discount from the proceeds of the sale of such Securities or by such other means as may be agreed to in writing by the Company and the Bank and set forth in the applicable Terms Agreement (hereinafter defined). Any provision of this Agreement to the contrary notwithstanding, the Bank will not be entitled to payment of any commission with respect to the sale of a given Security unless (i) the sale of such Security shall have occurred as a result of a solicitation made or an offer to purchase received by the Bank in its capacity as agent hereunder, on the terms and conditions set forth herein and in the applicable Terms Agreement, (ii) the Bank shall have been named as an agent in the applicable Supplement, and (iii) such Security shall have been sold by the Company directly to a third-party investor without the Bank acquiring legal title thereto.

(d) Termination or Suspension of Solicitations by Bank as Agent. The Company may at any time require the Bank to terminate or temporarily suspend the solicitation of offers to purchase Securities. Upon receipt of written notice from the Company to the Bank directing the Bank to terminate or suspend solicitations of offers to purchase Securities, until (in the case of a temporary suspension) such time as may be indicated in such notice or in any subsequent notice from the Company to the Bank, the Bank will forthwith terminate or suspend such solicitations (as the case may be). The provisions of this paragraph notwithstanding, the termination or suspension by the Company of the Bank's solicitation of offers to purchase Securities will not (except under the circumstances contemplated in Section 6 or Section 9(b) hereof) relieve or otherwise affect the Bank's obligation to purchase any Securities the Bank shall have agreed to purchase in its capacity as underwriter, or the Company's obligation to sell any Securities it shall have agreed to sell to a third-party investor through the Bank in its capacity as agent, in either case as set forth in an applicable Terms Agreement that shall have been executed and delivered by both the Company and the Bank.

(e) Scope of Agency. In soliciting offers to purchase Securities, the Bank will be acting solely as an agent for the Company. The Bank will use its best efforts consistent with standard industry practice to assist the Company in obtaining performance by each purchaser whose offer to purchase Securities has been solicited by the Bank and accepted by the Company, but the Bank will not have any liability to the Company in the event that any such purchase is not consummated for any reason. If the Company shall default in its obligations to deliver Securities to a purchaser whose offer it has accepted, the Company will hold the Bank harmless against any loss, claim, damage, or liability arising from or as a result of such default and will pay to the Bank the commission the Bank would have received had such sale been consummated.

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

(a) Bank's Obligation to Purchase Securities; Multiple Underwriters. In the event that the Bank is the sole underwriter with respect to a particular series of Securities, the Bank will be obligated to purchase all of the Securities of such series. In the event that the Bank is one of two or more underwriters with respect to a particular series of Securities, the applicable Terms Agreement will specify the aggregate public offering price of the Securities that each of the Bank and such other underwriter or underwriters will be obligated to purchase, such obligations to be several and not joint.

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

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

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

SECTION 5. Delivery of Certain Documents, Certificates, and Opinions. Prior to or contemporaneously with the execution and delivery of this Agreement by the Bank (or, in respect of paragraph (g) below, at such later date or dates as indicated in such paragraph), the Bank has received or will receive the following documents:

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

Annex A hereto,

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

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

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

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

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

(g) At such time as any form of Shelf Warrant Agreement is filed by the Company as an amendment and/or exhibit to the Registration Statement, and at such time as any Prospectus Supplement relating to one or more series of Shelf Warrants is filed by the Company as a supplement to the Prospectus, the Bank will receive an opinion of the Company's Counsel, an opinion of the Bank's Counsel, and an opinion of the Tax Counsel, each dated as of the date such exhibit is filed or the effective date of such amendment or supplement, as the case may be, substantially in the forms attached hereto as Annex A, Annex B, and Annex C, respectively, modified as appropriate to address such series of Shelf Warrants and the related Warrant Agreement and Prospectus Supplement, provided, however, that such opinion of the Company's Counsel will be limited to the opinions described in paragraphs (5) and (8) of Annex A hereto, modified as appropriate to address such Warrant Agreement, and to the opinions described in paragraphs (6), (7), and (11) of Annex A hereto, modified as appropriate to address such series of Shelf Warrants and the applicable Prospectus Supplement. The Bank will also receive a certificate of the Secretary or an Assistant Secretary of the Company, dated as of the date such exhibit is filed or the effective date of such amendment or supplement, as the case may be, certifying that such series of Shelf Warrants, and the related Warrant Agreement, Prospectus Supplement, and form of Warrant Certificate, have been approved by the Board of Directors of the Company. The receipt by the Bank of such opinions and certificate will be a condition precedent to the Bank's obligation to solicit offers for the purchase of such series of Shelf Warrants, but will not be a condition precedent to the Bank's continued obligation to solicit offers for the purchase of any other Securities in its capacity as agent hereunder.

SECTION 6. Certain Conditions Precedent to Bank's Obligations. The Bank's obligation to solicit offers to purchase Securities in its capacity as agent, and its obligation to purchase any Securities in its capacity as underwriter, will in all cases be subject to the accuracy of the representations and warranties of the Company set forth in Section 7 hereof or in the applicable Terms Agreement (as the case may be), to receipt of the opinions and certificates to be delivered to the Bank pursuant to the terms of Sections 5 and 9 hereof or the provisions of the applicable Terms Agreement (as the case may be), to the accuracy of the statements of the Company's officers made in each certificate to be furnished as provided herein or in the applicable Terms Agreement (as the case may be), to the performance and observance by the Company of all covenants and agreements contained herein or in the applicable Terms Agreement (as the case may be) on its part to be performed and observed, in

each case at the time of solicitation by the Bank of offers to purchase Securities, at the time the Company accepts any offer to purchase Securities through the Bank in its capacity as agent or by the Bank in its capacity as underwriter, as the case may be, and at the time of purchase, and (in each case) to the following additional conditions precedent, when and as specified:

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

(i) there shall not have occurred (A) any material adverse change specified in the most recent Auditors' Letter delivered to the Bank in accordance with the provisions of paragraph (b) below, or any material adverse change (or development involving a prospective material adverse change) in the business, properties, earnings, or financial condition of the Company and its subsidiaries on a consolidated basis, (B) any suspension or material limitation of trading in the Company's capital stock by the Commission or the New York Stock Exchange, Inc. (the "NYSE"), or (C) any decrease by Moody's Investors Services, Inc. or Standard & Poor's Corporation with respect to the ratings of any of the debt securities issued or guaranteed by the Company (the events described in the foregoing clauses A through C the "Company-Specific Events"), the effect of any of which Company-Specific Events shall have made it impracticable, in the reasonable judgment of the Bank, to market such Securities, such judgment to be based on relevant market conditions;

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

(iii) there shall not have been issued any stop order suspending the effectiveness of the Registration Statement nor shall any proceedings for that purpose have been instituted or threatened.

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

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

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

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

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

2. during the period from the first day following the date of the last financial statements (which may be unaudited) of the Company included or incorporated by reference in the Registration Statement and/or the Prospectus, to a specified date not more than five New York Business Days from the date of the applicable Auditors' Letter, there has been any (i) decrease in the outstanding capital stock of the Company or in the consolidated shareholders' equity of the Company other than a decrease resulting from a normal dividend distribution or change in the foreign currency translation adjustment account or (ii) increase in the consolidated long-term debt of the Company resulting from the issuance of long-term debt, in any case greater than 3% as compared with amounts shown in the unaudited condensed consolidated balance sheet at the end of the Company's immediately preceding fiscal quarter, except in each case for decreases or increases, as the case may be, that the Registration Statement and/or the Prospectus disclose have occurred or may occur or that are described in such letter; or during such period there were any decreases in consolidated net sales or in consolidated total or per share amounts of income from continuing operations or of net income, as compared with the corresponding period in the preceding year, except, in each case, for decreases that the Registration Statement and/or the Prospectus disclose have occurred or may occur or that are described in such letter; or

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

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

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

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

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

(a) (i) The Registration Statement has become effective and no stop order suspending the effectiveness of the Registration Statement is in effect nor, to the Company's knowledge, are any proceedings for such purpose pending before or threatened by the Commission, (ii) as of the Effective Date, the Company met the applicable requirements for use of Form S-3 under the Securities Act with respect to the registration under the Securities Act of $4,587,000,000 in aggregate public offering price of Debt Securities and Warrants, and (iii) as of the Effective Date, the Registration Statement met the requirements set forth in Rule 415(a)(1)(x) under the Securities Act and complied in all material respects with said Rule.

(b) (i) Each document, if any, filed or to be filed pursuant

to the Exchange Act and incorporated or to be incorporated by reference in the Prospectus complies or will comply, in all material respects, with the applicable provisions of the Exchange Act and the rules and regulations of the Commission thereunder, (ii) the Registration Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply, in all material respects, with the Securities Act and the rules and regulations of the Commission thereunder, and (iv) the Prospectus does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations and warranties (1) as to information contained in or omitted from the Registration Statement or the Prospectus in reliance upon and in conformity with information furnished in writing to the Company by the Bank expressly for use in the Registration Statement or the Prospectus or any amendment or supplement thereto, or (2) as to that part of the Registration Statement that constitutes the Statement of Eligibility and Qualification of the Trustee (the "Form T-1") under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

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

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

(e) This Agreement has been duly authorized, executed, and delivered by the Company and (assuming due authorization, valid execution, and delivery by the Bank) is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforceability of any term or provision hereof (including, without limitation, the Company's indemnity obligations under Section 12 hereof) may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by rights of acceleration, by any other federal or state law. by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(f) The respective forms of Terms Agreement and Debt Warrant Agreement filed by the Company as exhibits to the Registration Statement, and the form of any Shelf Warrant Agreement to be filed by the Company as an exhibit to the Registration Statement, have been or will be duly authorized by the Company and, assuming valid execution and delivery by the Company and due authorization, valid execution, and delivery by each of the other parties thereto, each such agreement will be a valid and binding agreement of the Company, enforceable against the Company in accordance with its respective terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(g) The Securities have been duly authorized and, when issued, executed, and authenticated in accordance with the provisions of the Indenture, or when countersigned by the Warrant Agent in accordance with the provisions of the applicable Warrant Agreement, as the case may be, and delivered to and duly paid for in accordance with the applicable provisions of the Prospectus, any applicable Supplement, and Section 11(c) hereof, will be entitled to the benefits of the Indenture or the applicable Warrant Agreement, as the case may be, and will be valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by rights of acceleration, if applicable, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

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

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

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

SECTION 8. Authority, Compliance with Laws. As of the date hereof, as of each date on which the Company and the Bank execute and deliver a Terms Agreement, as of each date the Company issues and sells Securities through the Bank in its capacity as agent or to the Bank in its capacity as underwriter, and as of each date the Registration Statement or the Prospectus is amended or supplemented, the following statements are and shall be true:

(a) Each of this Agreement and any Terms Agreement has been duly authorized, executed, and delivered by the Bank and (assuming due authorization, valid execution, and delivery thereof by the Company) is a valid and binding agreement of the Bank, enforceable against the Bank in accordance with its respective terms, except as the enforceability of any such terms or provisions (including, without limitation, the Bank's agency obligations under Section 2 hereof and the Bank's indemnification obligations under Section 12 hereof) may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws relating to creditors' rights generally, by any other federal or state laws, by general principles of equity, or by the discretion of any court before which any proceeding therefor may be brought.

(b) Neither the execution and delivery of this Agreement or any Terms Agreement by the Bank nor the performance by the Bank

of its obligations hereunder or thereunder is precluded by any provision of any applicable federal or state law (including, without limitation, the Blue Sky laws of any jurisdiction, to the extent that such laws apply to the Bank), or of any term or provision of the Charter or By-Laws of the Bank, any agreement or other instrument binding upon the Bank, or any judgment, order, or decree of any governmental body, agency, or court having jurisdiction over the Bank, and all consents, approvals, authorizations, and orders of and qualifications with all governmental bodies and agencies that are, to the Bank's knowledge, required for the performance by the Bank of its obligations under this Agreement or any Terms Agreement have been obtained, except such as may be required by Blue Sky laws or other securities laws of the various states in which the Securities are offered and sold.

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

SECTION 9. Agreements. The Company and the Bank agree as follows:

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

(b) If, at any time when a prospectus relating to any series of Securities is required to be delivered under the Securities Act, any event occurs or condition exists as a result of which the Prospectus would include an untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Prospectus in order to comply with the Securities Act, the Exchange Act, the respective rules and regulations of the Commission thereunder, or any other applicable law, the Company will promptly notify the Bank, by telephone or by facsimile (in either case with written confirmation from the Company by mail), to cease use and distribution of the Prospectus (and all then existing supplements thereto) and to suspend all efforts to solicit offers to purchase Securities in its capacity as agent or to suspend all efforts to resell the Securities in its capacity as underwriter or dealer, as the case may be, and the Bank will promptly comply with the terms of such notice. If

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

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

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

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

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

(g) Each time the Registration Statement or Prospectus is amended or supplemented by the Company's periodic filings

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

(h) Each time the Registration Statement or the Prospectus is amended or supplemented to set forth amended or supplemental financial information, or amended or supplemental financial information is incorporated by reference in the Registration Statement or the Prospectus, the Company will cause the Company's Auditors to forthwith furnish the Bank with a letter substantially in the form of an Auditors' Letter, dated the effective date of such amendment or supplement, as the case may be, as to such amended or supplemental financial information; provided, however, that the foregoing requirement will not apply to any of the Company's filings with the Commission required to be filed pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act, and provided, further, that the delivery of such letter by the Company's Auditors to the Bank will be in addition to, and not in lieu of, any Auditors' Letter to be delivered to the Bank pursuant to paragraph 6(b) of this Agreement.

(i) As of the date hereof, as of each date on which the Company and the Bank execute and deliver a Terms Agreement, as of each date the Company issues and sells Securities through the Bank in its capacity as agent or to the Bank in its capacity as underwriter, and as of each date the Registration Statement or the Prospectus is amended or supplemented, the Bank has disclosed and will disclose to the Company the purchase of any Security made by the Bank as principal, for its own account, and not with a view to the immediate sale or resale of such Security to a bona fide third-party investor.

SECTION 10. Fees and Expenses. The Company will pay all costs, fees, and expenses arising in connection with the sale of any Securities through the Bank in its capacity as agent or to the Bank in its capacity as underwriter and in connection with the performance by the Bank of its related obligations hereunder and under any Terms Agreement, including the following: (i) expenses incident to the preparation and filing of the Registration Statement and the Prospectus and all amendments and supplements thereto, (ii) expenses incident to the issuance and delivery of such Securities, (iii) the fees and disbursements of the Company's Counsel, the Tax Counsel, the Company's Auditors, the Trustee, and the Trustee's counsel, (iv) expenses incident to the qualification of such Securities under Blue Sky laws and other applicable state securities laws in accordance with the provisions of Section 9(d) hereof, including related filing fees and the reasonable fees and disbursements of the Bank's Counsel in connection therewith and in connection with the preparation of any survey of Blue Sky laws (a "Blue Sky Survey"), (v) expenses incident to the printing and delivery to the Bank, in the quantities hereinabove stated, of copies of the Registration Statement and all amendments thereto and of the Prospectus and all amendments and supplements thereto, (vi) expenses incident to the printing and delivery to the Bank, in such quantities as the Bank shall reasonably request, of copies of the Indenture, any Warrant Agreement, and any Blue Sky Survey, (vii) any fees charged by rating agencies for the rating of such Securities, (viii) the fees and expenses, if any, incurred with respect to any applicable filing with the National Association of Securities Dealers, and (ix) the reasonable fees and disbursements of the Bank's Counsel incurred in connection with the offering and sale of such Securities, including reasonable fees for the issuance of any opinion to be delivered by the Bank's Counsel hereunder;

provided, however, that the Bank will pay all costs, fees, and expenses incurred by the Bank in connection with the purchase of Securities by the Bank for its own account or with respect to the resale of Securities purchased by the Bank in its capacity as underwriter hereunder, including all transfer taxes, advertising expenses, and fees and expenses of the Bank's Counsel incident to the resale of any such Securities. The immediately preceding proviso notwithstanding, the Company will, upon demand, reimburse the Bank for all reasonable out-of-pocket expenses incurred by the Bank in connection with a purchase by the Bank as underwriter that is not consummated as a result of a material failure by the Company to perform its obligations hereunder, including, without limitation, a default by the Company with respect to any of the representations or warranties set forth in Section 7 hereof.

SECTION 11. Inspection; Place of Delivery; Payment.

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

(b) Place of Delivery of Documents, Certificates and Opinions. The documents, certificates and opinions required to be delivered to the Bank pursuant to Sections 5 and 6 of this Agreement will be delivered at the offices of the Bank's Counsel, or at such other location as may be agreed upon by the Company and the Bank, not later than 12:00 p.m., New York time, in each case on the date or dates indicated in the applicable Section, or at such other time as the Bank and the Company may agree upon in writing.

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

SECTION 12. Indemnification and Contribution.

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

claims, damages, and liabilities sustained or incurred by the Company arising out of or in connection with a violation by the Bank of the provisions of paragraph (c) of Section 8 hereof (except to the extent that such violation occurs as a direct result of a violation by the Company of its obligations under paragraphs (b) or (c) of Section 9 hereof), as such amounts are finally determined by a court of competent jurisdiction.

(b) The Bank agrees to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to the Bank, but only with respect to such losses, claims, damages, and liabilities (and actions in respect thereof) that arise out of, are based upon, or are caused by any untrue statement or omission or allegedly untrue statement or omission included in or omitted from the Registration Statement or the Prospectus in reliance upon and in conformity with information furnished to the Company by the Bank in writing expressly for use in the Registration Statement or the Prospectus or any amendment or supplement thereto.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) of this Section 12, such person (the "indemnified party") will promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, will retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and will pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party will have the right to retain its own counsel, but the fees and expenses of such counsel will be borne by the indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party will not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such reasonable fees and expenses will be reimbursed as they are incurred. Such firm will be designated in writing by the Bank (in the case of parties indemnified pursuant to the second preceding paragraph) or by the Company (in the case of parties indemnified pursuant to the first preceding paragraph), as the case may be. The indemnifying party will not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, or if there shall be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. The immediately preceding sentence notwithstanding, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for reasonable fees and expenses of counsel as contemplated by the third sentence of this paragraph, the indemnifying party agrees that it will be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party will, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding. Any provision of this paragraph (c) to the contrary notwithstanding, no failure by an indemnified party to notify the indemnifying party as required hereunder will relieve the indemnifying party from any liability it may have had to an indemnified party otherwise than under this

Section 12.

(d) If the indemnification provided for in paragraph (a) or (b) of this Section 12 is unavailable to an indemnified party or is insufficient in respect of any losses, claims, damages, or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying the indemnified party thereunder, will contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Bank, on the other, from the offering of Securities as to which the Bank was a named agent or underwriter, or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Bank, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages, or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Bank, on the other, in connection with the offering of Securities as to which the Bank was a named agent or underwriter will be deemed to be in the same proportion as the total net proceeds received by the Company from the offering of such Securities bears to the total discounts and commissions received by the Bank from the Company in respect thereof. The relative fault of the Company, on the one hand, and of the Bank, on the other, will be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied or to be supplied by the Company or by the Bank and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The Company and the Bank agree that it would not be just or equitable if contribution pursuant to paragraph (d) above were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to therein. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, and liabilities referred to in paragraph (d) above will be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Any other provisions of this Section 12 to the contrary notwithstanding, (i) the Bank will not be required to contribute to the Company any amount in excess of the amount by which the aggregate public offering price of all Securities as to which the Bank was a named agent or underwriter exceeds the amount of losses, claims, damages, and liabilities sustained or incurred by the Bank arising out of, based upon, or caused by any untrue statement or omission or allegedly untrue statement or omission included in or omitted from the Registration Statement or the Prospectus (other than in reliance upon and in conformity with information furnished to the Company by the Bank in writing expressly for use in the Registration Statement or the Prospectus or any amendment or supplement thereto), (ii) any amount payable by the Company or the Bank, as the case may be (the "Contributing Party"), pursuant to the provisions of this paragraph or paragraph (d) of this Section 12 shall be offset by the amount of any losses, claims, damages, and liabilities sustained or incurred by the other party arising out of or in connection with a violation (x) by the Bank of the provisions of paragraph (c) of Section 8 hereof (if the Company is the Contributing Party) or (y) by the Company of its obligations under paragraphs (b) or (c) of Section 9 hereof (if the Bank is the Contributing Party), in each case as such amounts are finally determined by a court of competent jurisdiction, and (iii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

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

SECTION 13. Termination. This Agreement will automatically terminate upon the expiration of the offering to

which the Prospectus relates and may be earlier terminated by the Company or the Bank upon the giving of written notice of such termination to the other party hereto in accordance with the provisions of Section 15 hereof, provided, however, that if the Company and the Bank shall have executed a Terms Agreement for the purchase of Securities by the Bank in its capacity as underwriter, this Agreement may not be terminated by the Bank prior to delivery of and payment for such Securities except upon the failure of any of the conditions precedent described in Section 6(a) hereof, and provided, further, that if the Company and the Bank shall have executed a Terms Agreement for the purchase of Securities through the Bank as agent, this Agreement may not be terminated by the Bank prior to delivery of and payment for such Securities unless and until the Bank shall have exercised best efforts consistent with standard industry practice to assist the Company in obtaining performance by each purchaser whose offer to purchase such Securities is reflected in such Terms Agreement.

SECTION 14. Representations and Indemnities to Survive. The respective agreements of the Company and the Bank set forth in Sections 2(e),4, 9(b), 9(f), 10, 12, and 18 hereof, the representations and warranties of the Company set forth in Section 7 hereof, the representations and warranties of the Bank set forth in Section 8 hereof, and the statements and opinions of the Company and its officers set forth in the documents to be delivered by the Company to the Bank as provided in paragraphs 5(a), 5(c), 5(d), 5(e), and 6(c) hereof, will survive delivery of and payment for any Securities as contemplated hereunder and will survive termination of this Agreement in accordance with the provisions of Section 13 above.

SECTION 15. Notices. Except as otherwise specifically provided herein, all communications hereunder will be in writing and will be effective one business day after having been delivered by hand, mailed via Express Mail, deposited with Federal Express or any nationally recognized commercial courier service for "next day" delivery, or telecopied and confirmed in writing (by telecopied facsimile or otherwise) to the respective addresses or telecopier numbers set forth on the signature page hereto, or to such other address or telecopier number as either party may hereafter designate to the other in writing. The foregoing notwithstanding, copies of any Terms Agreement and of any certificate or opinion to be delivered by the Company to the Bank under paragraphs 5(a), 5(c), 5(d), 5(e), 5(f), or 9(g) hereof will be deemed delivered if executed by all required signatories and telecopied to the Company and/or the Bank, as the case may be, with receipt confirmed in writing (by telecopied facsimile or otherwise). In the event that any Terms Agreement or any such certificate or opinion is delivered via telecopier as contemplated in the preceding sentence, the parties will use best efforts to ensure that "original" copies of such documents will be distributed promptly thereafter.

SECTION 16. Successors; Non-Transferability. This Agreement will inure to the benefit of and be binding upon the parties hereto, their respective successors, and the officers, directors, and controlling persons referred to in Section 12 hereof. No other person will have any right or obligation hereunder. Neither party to this Agreement may assign its rights hereunder without the written consent of the other party.

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

SECTION 18. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

SECTION 19. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and will not affect the construction of any of the terms or provisions hereof.

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

PEPSICO, INC.

By:
Name: _____
Title: _____

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

[NAME OF BANK]

By:
Name: _____
Title: _____

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

ANNEX A

[PEPSICO LETTERHEAD]

_____, 199

[Name and Address of Bank]

Dear Sirs:

I am Vice President and Assistant General Counsel of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"). I have acted as counsel for the Company in connection with the registration of $4,587,000,000 in aggregate offering price of the Company's Debt Securities and Warrants (collectively, the "Securities") that may, from time to time, be issued by the Company (i) with respect to Debt Securities, under the Indenture, dated as of December 14, 1994, between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Indenture"), (ii) with respect to Debt Warrants, under the Debt Warrant Agreement (hereinafter defined) to be entered into by the Company and The Chase Manhattan Bank (National Association), as Warrant Agent, and (iii) with respect to Shelf Warrants, under one or more warrant agreements to be entered into by the Company and one or more warrant agents.

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

Capitalized terms used herein and not otherwise defined have the meanings ascribed to those terms by the Prospectus filed

as part of the Registration Statement (the "Prospectus").

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

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

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

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

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

5. The form of Debt Warrant Agreement included as Exhibit 4(e) to the Registration Statement (the "Debt Warrant Agreement") has been duly authorized and, assuming valid execution and delivery by the Company and due authorization, valid execution, and delivery by the Warrant Agent, will be a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by (i) the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or similar laws affecting creditors' rights generally, (ii) any other applicable federal or state law, (iii) equitable [Name of Bank]
_____, 199
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principles of general applicability, and (iv) the discretion of any court in which a proceeding for enforceability may be brought.

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

7. The Debt Securities and Debt Warrants have been duly authorized and, when issued by the Company and (i)

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

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

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

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

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

(iii) statements in the Company's annual report on Form 10-K for the fiscal year ended December 31, 1994 under the caption "Item 3--Legal Proceedings"; and

(iv) statements in Part II of the Company's quarterly reports on Form 10-Q for the twelve weeks ended March 25, 1995, the twelve and twenty-four weeks ended June 17, 1995 and the twelve and thirty-six weeks ended September 9, 1995, respectively, under the caption "Item 1--Legal Proceedings".

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

11. Based solely upon my participation in the preparation of the Registration Statement and the documents included or incorporated by reference therein, and without

independent check or verification I am (i) of the opinion that each document incorporated by reference in the Prospectus (except for financial statements and schedules, as to which I express no opinion), at the time it was filed with the Commission, complied as to form and in all material respects with the Securities Exchange Act of 1934, as amended, and with the rules and regulations of the Commission thereunder, (ii) of the opinion that the Registration Statement (except for the financial statements and schedules included or incorporated by reference therein and except for that part of the Registration Statement that constitutes the Statement of Eligibility and Qualification of the Trustee (the "Form T-1"), as to which I express no opinion), at the time it became effective, complied as to form and in all material respects with the Securities Act of 1933, as amended, and with the rules and regulations of the Commission thereunder, and (ii) of

[Name of Bank]

_____, 199

the belief that each part of the Registration Statement (except for financial statements and schedules included or incorporated by reference therein and except for that part of the Registration Statement that constitutes the Form T-1, as to which I express no belief), did not, at the time the Registration Statement became effective, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The opinions and belief expressed in paragraph 7 above (except as to due authorization of the Debt Securities and Debt Warrants), in paragraph 9 above as to the statements in the Prospectus under the captions "Description of Debt Securities", "Description of Warrants--Debt Warrants", and "Plan of Distribution", and in paragraph 11 above do not, in any case, address any provision of the Commodity Exchange Act, as amended, or the rules, regulations, or interpretations of the Commodity Futures Trading Commission, as may be applicable to any Debt Securities whose principal and/or interest payments will be determined by reference to one or more currency exchange rates, commodity prices, equity indices, or other variable factors, or as may be applicable to any Debt Warrants relating to any such Debt Securities. None of the opinions and beliefs expressed herein address, or should in any way be deemed to apply to, Shelf Warrants or any warrant agreement relating to any one or more series of Shelf Warrants.

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

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

Very truly yours,

ANNEX B

[FORM OF OPINION OF CAHILL GORDON & REINDEL]

, 199

(212) 701-3000

To the Bank Named in the
Attached Distribution Agreement

Gentlemen:

This opinion is being furnished to you (the "Bank") pursuant to Section 5(b) of the Distribution Agreement dated as of _____, 199_ (the "Distribution Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Distribution Agreement) between the Bank and PepsiCo, Inc. (the "Company") relating to the proposed issuance and sale from time to time by the Company of up to $4,062,000,000 aggregate principal amount of the Company's debt securities (the "Debt Securities") and warrants to purchase debt securities (the "Debt Warrants" and, together with the Debt Securities, the "Securities"), to be issued under the Indenture dated as of December 14, 1994 (the "Indenture"), between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee") or the Debt Warrant Agreement to be entered into by the Company and one or more agents (each a "Warrant Agent") in substantially the form filed as an exhibit to the Registration Statement (the "Debt Warrant Agreement"). A registration statement on Form S-3 (File No. 33-_____) (such registration statement, including all documents filed as part thereof or incorporated by reference therein, is herein called the "Registration Statement"), including a prospectus (such prospectus, including the documents incorporated therein by reference, is herein called the "Prospectus"), relating to the Securities was filed by the Company with the Securities and Exchange Commission (the "Commission") on _____, 1995. The Registration Statement was declared effective by the Commission on _____, 1995.

We advise you that in our opinion:

1. each of the Distribution Agreement and the Debt Warrant Agreement, when duly authorized, executed and delivered by the Company (assuming the due authorization, valid execution and delivery thereof by the other parties thereto) will be a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as the enforceability thereof may be limited by the laws of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, by any other federal or state laws or by general principles of equity or the discretion of the court before which any proceeding therefor may be brought;

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

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

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

information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

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

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

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

The opinion in paragraph (3) above (except as to due authorization of the Securities), the opinions in paragraph (4) above as to the statements in the Prospectus under the captions "Description of Debt Securities" and "Description of Debt Warrants" and the opinion and belief in paragraph (6) and clause (B) above do not address any application of the Commodity Exchange Act, as amended (or amending legislation now pending before Congress), or the rules, regulations orders or interpretations of the Commodity Futures Trading Commission to Securities the payments of principal or interest on which will be determined by reference to one or more currency exchange rates, commodity prices, equity indices or other factors. In addition, for the purpose of the opinions in paragraphs (3) and (4) above, we have assumed that (a) the Securities will conform both in form and with the requirements set forth in the Indenture or the Debt Warrant Agreement, as the case may be, and (b) none of the terms of the Securities not contained in the forms examined by us will violate any applicable law or be unenforceable. The opinions in paragraph (4) above are based solely on our participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto (but not including documents incorporated therein by reference) and are without independent check or verification except as specified. In connection with our opinion in paragraph (3) above, we note that, as of the date of this opinion, a judgment for money in any action based upon an obligation denominated in a currency other than currency of the United States, a federal or state court in New York shall render or enter a judgment or decree in the foreign currency of the underlying obligation. Such judgment or decree shall be converted into currency of the United States at the rate of exchange prevailing on the date of entry of the judgment or decree.

Very truly yours,

_____, 199

[To the Bank Named on the Attached Schedule A]

Dear Sirs:

I am Vice President, Taxes of PepsiCo, Inc., a corporation organized under the laws of the State of North Carolina (the "Company"). I have acted as tax counsel for the Company in connection with the registration of $4,587,000,000 in aggregate offering price of the Company's Debt Securities and Warrants (collectively, the "Securities") that may, from time to time, be issued by the Company.

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

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

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

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

Very truly yours,

SECRETARY'S CERTIFICATE

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

1. Attached hereto as Exhibit A is a true and complete copy of the Restated Articles of Incorporation of the Company, certified as of _____ by the Secretary of State of the State of North Carolina. No further amendments or supplements to the Restated Articles of Incorporation have been proposed to or approved by the Board of Directors or shareholders of the Company.

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

3. Attached hereto as Exhibits C-1 and C-2 are copies

of resolutions adopted by the Board of Directors of the Company on _____-_ relating to the issuance of short-term and long-term debt securities, which resolutions are in effect as of the date hereof.

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

(a) the Registration Statement on Form S-3, File No. 33-_____, filed by the Company on _____, 1995 (the "Registration Statement"), relating to $_____ in aggregate offering price of the Company's Debt Securities and Warrants (as such terms are defined in the Registration Statement), a copy of which is attached hereto as Exhibit D;

(b) the Indenture, dated as of December 14, 1994, between the Company and The Chase Manhattan Bank (National Association), as trustee, which is incorporated by reference from Exhibit 4(a) to PepsiCo's Registration Statement on Form S-3 (Registration No. 57181);

(c) the form of Debt Warrant Agreement that may be entered into by the Company and The Chase Manhattan Bank (National Association), as warrant agent, a copy of which is incorporated by reference from Exhibit 4(e) to PepsiCo's Registration Statement on Form S-3 (Registration No. 33-57181); and

(d) the form of Distribution Agreement that may be entered into by the Company and one or more agents and underwriters in connection with the offer and sale of the Debt Securities and Warrants, a copy of which is attached as Exhibit 1 to the Registration Statement.

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

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

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

Randall C. Barnes	Senior Vice President and Treasurer	_____

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company as of the day of _____, 1995.

_____
Edward V. Lahey, Jr.
Secretary

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

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

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ day of _____, 1995.

_____
Douglas Cram
Vice President

ANNEX E

OFFICERS' CERTIFICATE

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

1. I have examined the Company's Registration Statement on Form S-3, File No. 33-_____ (the "Registration Statement"), as filed by the Company with the Securities and Exchange Commission (the "Commission") on _____, including all of the documents filed as exhibits thereto. Capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms by the prospectus filed as part of the Registration Statement (such prospectus hereinafter the "Prospectus").

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

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

4. To my knowledge, after due inquiry, I am of the belief that the Registration Statement (i) contains no untrue statement of a material fact regarding the Company or any of its consolidated subsidiaries and (ii) does not omit to state any material fact necessary to make any such statement, in light of the circumstances under which it was made, not misleading.

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ of _____, 1995.

_____
Name:
Title:

_____
Name:
Title:

ANNEX F

[Letterhead of Bank]

Gentlemen:

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

Very truly yours,

[Name of financial intermediary]

ANNEX G

[Letterhead of Cahill Gordon & Reindel]

Gentlemen:

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

Very truly yours,

Cahill Gordon & Reindel

Exhibit 4(c)

Fixed Rate Note

REGISTERED
No.

REGISTERED
$
CUSIP:

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer or exchange or for payment, then this certificate shall be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of The Depository Trust Company), and ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL.

Unless and until this certificate is exchanged in whole or in part for Notes in certificated form, this certificate may not be transferred except as a whole by The Depository Trust Company to a nominee thereof or by a nominee thereof to The Depository Trust Company or another nominee of The Depository Trust Company or by The Depository Trust Company or any nominee to a successor depository or nominee of such successor depository.

PEPSICO, INC.
FIXED RATE NOTE

ISSUE PRICE:

INTEREST RATE:

MATURITY DATE:

INTEREST ACCRUES FROM:

INTEREST PAYMENT DATES:

REDEEMABLE:
Yes ( ) No ()

SPECIFIED CURRENCY:

INITIAL REDEMPTION DATE:

APPLICABILITY OF MODIFIED PAYMENT UPON ACCELERATION:

INITIAL REDEMPTION PERCENTAGE:

If yes, state Issue Price:

ANNUAL REDEMPTION PERCENTAGE REDUCTION:

SINKING FUND:

OPTION TO ELECT REPAYMENT:
Yes ( ) No ( )

APPLICABILITY OF ANNUAL INTEREST PAYMENTS:

OPTIONAL REPAYMENT DATE(S):

OPTIONAL REPAYMENT

PRICE(S):

PepsiCo, Inc., a North Carolina corporation (together with its successors and assigns, the "Issuer"), for value received, hereby promises to pay to Cede & Co., or the registered assignees thereof, the principal sum of _____ dollars on the Scheduled Maturity Date specified above (except to the extent redeemed or repaid prior to such Scheduled Maturity Date) and to pay interest thereon at the Interest Rate per annum specified above from the Interest Accrual Date specified above until the principal hereof is paid or duly made available for payment (except as provided below) on the Scheduled Maturity Date, such interest payments to commence on the Interest Payment Date next succeeding the Interest Accrual Date specified above, and on the Scheduled Maturity Date (or any redemption or repayment date); provided, however, that if the Interest Accrual Date occurs between a Record Date, as defined below, and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date succeeding the Interest Accrual Date to the registered holder of this Note on the Record Date with respect to such second Interest Payment Date; and provided, further, that if this Note is subject to "Annual Interest Payments", interest payments shall be made annually in arrears.

Interest on this Note will accrue from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from the Interest Accrual Date, until the principal hereof has been paid or duly made available for payment (except as provided below). The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the date 15 calendar days prior to an Interest Payment Date (whether or not a New York Business Day) (each such date a "Record Date"); provided, however, that interest payable on the Maturity Date (or any redemption or repayment date) will be payable to the person in whose name this Note is registered on such date.

Payment of the principal and any premium and interest due on this Note at the Scheduled Maturity Date (or any redemption or repayment date) will be made in immediately available funds upon surrender of this Note at the office or agency of the Trustee, as defined on the reverse hereof, maintained for that purpose in The City of New York, or at such other paying agency as the Issuer may determine. Payment of the principal of and premium, if any, and interest on this Note will be made in the currency indicated above; provided, however, that U.S. dollar payments of interest, other than interest due at maturity or any date of redemption or repayment, will be made by U.S. dollar check mailed to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date. A Holder of U.S. $10,000,000 or more in aggregate principal amount of Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at maturity or any date of redemption or repayment, by wire transfer of immediately available funds if appropriate wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If this Note is denominated in a Specified currency, payments of interest hereon will be made by wire transfer of immediately available funds to an account maintained by the Holder hereof with a bank located outside the United States, if appropriate wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If such wire transfer instructions are not so received, such interest payments will be made by check payable in such Specified Currency mailed to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date.

Reference is hereby made to the further provisions of this Note set forth after the caption reading "Further Provisions of Note", which further provisions shall for all purposes have the same effect as if set forth at this place. In the event of an inconsistency between any provision set forth above and any provision set forth in "Further Provisions of Note", the description above shall govern.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture, as defined in Further Provisions of Note, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed
under its corporate seal.

DATED: PEPSICO, INC.

By: _
Authorized Officer

By: _
Authorized Officer

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

This is one of the Notes referred
to in the within-mentioned
Indenture.

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION),
as Trustee

By: _
Authorized Officer

[FURTHER PROVISIONS OF NOTE]

This Note is one of a duly authorized issue of Notes having maturities not less than nine months from the date of issue (the "Notes"). The Notes are issuable under an Indenture, dated as of December 14, 1994 (herein called the "Indenture"), between the Issuer and The Chase Manhattan Bank (National Association), as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, and immunities of the Issuer, the Trustee, and Holders of the Notes, the terms upon which the Notes are, and are to be, authenticated and delivered, and the definitions of capitalized terms used herein and not otherwise defined herein. The terms of individual Notes may vary with respect to interest rates, interest rate formulas, issue dates, maturity dates, or otherwise, all as provided in the Indenture. To the extent not inconsistent herewith, the terms of the Indenture are hereby incorporated by reference herein.

The Notes will not be subject to any sinking fund and, unless otherwise provided on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or subject to repayment at the option of the holder prior to maturity.

Unless otherwise indicated on the face of this Note, this Note may not be redeemed prior to the Scheduled Maturity Date. If so indicated on the face of this Note, this Note may be redeemed in whole or in part at the option of the Issuer on or after the Initial Redemption Date specified on the face hereof on the terms set forth on the face hereof, together with interest accrued and unpaid hereon to the date of redemption (except as provided below). If this Note is subject to "Annual Redemption Percentage Reduction," the Initial Redemption Percentage indicated on the face hereof will be reduced on each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction specified on the face hereof until the redemption price of this Note is 100% of the principal amount hereof, together with interest accrued and unpaid hereon to the date of redemption (except as provided below). Notice of redemption shall be mailed to the registered Holders of the Notes

designated for redemption at their addresses as the same shall appear on the Security Register not less than 30 nor more than 60 days prior to the date fixed for redemption, subject to all the conditions and provisions of the Indenture. In the event of redemption of this Note in part only, a new Note or Notes for the amount of the unredeemed portion hereof shall be issued in the name of the holder hereof upon the cancellation hereof.

Unless otherwise indicated on the face of this Note, this Note shall not be subject to repayment at the option of the holder prior to the Maturity Date. If so indicated on the face of this Note, this Note will be subject to repayment at the option of the holder on the Optional Repayment Date or Dates specified on the face hereof on the terms set forth herein. On any Optional Repayment Date, this Note will be repayable in whole or in part in increments of _____ or, if this Note is denominated in _____, in increments of ___ units of such Specified Currency (provided that any remaining principal amount hereof shall not be less than the minimum authorized denomination hereof) at the option of the holder hereof at a price equal to 100% of the principal amount to be repaid, together with interest accrued and unpaid hereon to the date of repayment (except as provided below). For this Note to be repaid at the option of the holder hereof, the Trustee must receive at its Corporate Trust Office in the Borough of Manhattan, The City of New York, at least 15 but not more than 30 days prior to the date of repayment, (i) this Note with the form entitled "Option to Elect Repayment" below duly completed or (ii) a telegram, telex, facsimile transmission, or a letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States setting forth the name of the Holder of this Note, the principal amount hereof, the certificate number of this Note or a description of this Note's tenor and terms, the principal amount hereof to be repaid, a statement that the option to elect repayment is being exercised thereby, and a guarantee that this Note, together with the form entitled "Option to Elect Repayment" duly completed, will be received by the Trustee not later than the fifth New York Business Day after the date of such telegram, telex, facsimile transmission, or letter; provided, that such telegram, telex, facsimile transmission, or letter shall only be effective if this Note and form duly completed are received by the Trustee by such fifth New York Business Day. Exercise of such repayment option by the holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note or Notes for the amount of the unpaid portion hereof shall be issued in the name of the holder hereof upon the cancellation hereof.

Interest payments on this Note will include interest accrued to but excluding the Interest Payment Dates or the Maturity Date (or any earlier redemption or repayment date), as the case may be. Interest payments for this Note will be computed and paid on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date or Principal Payment Date (including the Maturity Date) on this Note would fall on a day that is not a New York Business Day, the payment of interest and/or principal (and premium, if any) that would otherwise be payable on such date will be postponed to the next succeeding New York Business Day, and no additional interest on such payment will accrue as a result of such postponement.

In the case where the Interest Payment Date or the Scheduled Maturity Date (or any redemption or repayment date) does not fall on a New York Business Day, payment of interest, premium, if any, or principal otherwise payable on such date need not be made on such date, but may be made on the next succeeding New York Business Day with the same force and effect as if made on such Interest Payment Date or on the Scheduled Maturity Date (or any redemption or repayment date), and no interest shall accrue for the period from and after such Interest Payment Date or the Scheduled Maturity Date (or any redemption or repayment date) to such next succeeding New York Business Day.

This Note and all the obligations of the Issuer hereunder are direct, unsecured obligations of the Issuer and rank without preference or priority among themselves and pari passu with all other existing and future unsecured and unsubordinated indebtedness of the Issuer, subject to certain statutory exceptions in the event of liquidation upon insolvency.

This Note, and any Note or Notes issued upon transfer or

exchange hereof, is issuable only in fully registered form, without coupons, and, if denominated in U.S. dollars, is issuable only in denominations of U.S. $ _____ and any integral multiple of U.S. $1,000 in excess thereof. If this Note is denominated in a Specified Currency, then, unless a higher minimum denomination is required by applicable law, it is issuable only in denominations of the equivalent of U.S. $ _____ (rounded down to an integral multiple of 1,000 units of such Specified Currency), or any amount in excess thereof which is an integral multiple of 1,000 units of such Specified Currency, as determined by reference to the noon dollar buying rate in New York City for cable transfers of such Specified Currency published by the Federal Reserve Bank of New York (the "Market Exchange Rate") on the New York Business Day immediately preceding the date of issuance.

Except as set forth below, if the principal of, premium, if any, or interest on, this Note is payable in a Specified Currency and such Specified Currency is not available to the Issuer for making payments hereon due to the imposition of exchange controls or other circumstances beyond the control of the Issuer or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions within the international banking community, then the Issuer will be entitled to satisfy its obligations to the Holder of this Note by making such payments in U.S. dollars on the basis of the noon buying rate in the City of New York for cable transfers of such Specified Currency published by the Federal Reserve Bank of New York (the "Market Exchange Rate") on the second New York Business Day prior to the applicable payment date or, if the Market Exchange Rate in effect on such date cannot by readily determined, then on the basis of the highest bid quotation (assuming European-style quotation -- i.e., Specified Currency per U.S. dollar) on the second New York Business Day prior to the applicable payment date from three recognized foreign exchange dealers in the City of New York (one of which may be the Company) for the purchase of the aggregate amount of the Specified Currency payable on such payment date, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. Any payment made under such circumstances in U.S. dollars where the required payment is in a Specified Currency other than U.S. dollars will not constitute an Event of Default.

If payments of principal, premium, if any, or interest, if any, with respect to this Note are required to be made in a composite currency and the composition of such composite currency is at any time altered (whether by the addition, elimination, combination, or subdivision of one or more components, by adjustment of the ratio of any component to the composite unit, or by any combination of such events), then the company will be entitled to satisfy its payment obligations hereunder by making such payments in such composite currency as altered.

All determinations referred to above made by the Issuer or its agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and binding on the Holder of this Note.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes of each series under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding of each series to be affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes of each series at the time Outstanding, on behalf of the Holders of all Notes of such series, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Notes

with respect to the Indenture or for any remedy under the Indenture.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal amount hereof may be declared due and payable in the manner and with the effect provided in the Indenture.

If the face hereof indicates that this Note is subject to "Modified Payment upon Acceleration," then (i) if the principal hereof is declared to be due and payable as referred to in the preceding paragraph, the amount of principal due and payable with respect to this Note shall be limited to the aggregate principal amount hereof multiplied by the sum of the Issue Price specified on the face hereof (expressed as a percentage of the aggregate principal amount) plus the original issue discount amortized from the Original Issue Date to the date of declaration, which amortization shall be calculated using the "interest method" (computed in accordance with generally accepted accounting principles in effect on the date of declaration), (ii) for the purpose of any vote of Securityholders taken pursuant to the Indenture prior to the acceleration of payment of this Note, the principal amount hereof shall equal the amount that would be due and payable hereon, calculated as set forth in clause (i) above, if this Note were declared to be due and payable on the date of any such vote and (iii) for the purpose of any vote of Securityholders taken pursuant to the Indenture following the acceleration of payment of this Note, the principal amount hereof shall equal the amount of principal due and payable with respect to this Note, calculated as set forth in clause (i) above.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times, place, and rate, and in the coin or currency, herein prescribed.

So long as this Note shall be outstanding, the Issuer will cause to be maintained an office or agency for the payment of the principal of and premium, if any, and interest on this Note as herein provided in the City of New York, and an office or agency in said City of New York for the registration of transfer or exchange of the Notes. The Issuer may designate other agencies for the payment of said principal, premium, if any, and interest at such place or places (subject to applicable laws and regulations) as the Issuer may decide. So long as there shall be such an agency, the Issuer shall keep the Trustee advised of the names and locations of such agencies, if any are so designated.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the Corporate Trust Office or any other applicable Place of Payment, duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed, by the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration or transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer, the Trustee, and any agent of the Issuer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payments as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Issuer, the Trustee, nor any such agent shall be affected by notice to the contrary.

This Note shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-as tenants in common
TEN ENT-as tenants by the entireties
JT TEN-as joint tenants with right of survivorship
and not as tenants in common

UNIF GIFT MIN ACT
.....Custodian.....
(Cust) (Minor)

Under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

[PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

:
:

- ---

[PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE]

the within Note and all rights thereunder, hereby irrevocably constituting and appointing such person attorney to transfer such note on the books of the Issuer, with full power of substitution in the premises.

Dated:

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably requests and instructs the Issuer to repay the within Note (or portion thereof specified below) pursuant to its terms at a price equal to the principal amount thereof, together with interest to the Optional Repayment Date, to the undersigned at

_____

_____

_____

(Please print or typewrite name and address of the undersigned)

If less than the entire principal amount of the within Note is to be repaid, specify the portion thereof which the holder elects to have repaid: _____; and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Notes to be issued to the holder for the portion of the within Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):
_____.

Dated: _____

_____
The signature on this Option to
Elect Repayment must correspond with the name as written upon the

face of the within instrument in every particular without alteration or enlargement.

Exhibit 4(d)

Floating Rate Note

REGISTERED No.	REGISTERED $ CUSIP:

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer or exchange or for payment, then this certificate shall be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of The Depository Trust Company), and ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

Unless and until this certificate is exchanged in whole or in part for Notes in certificated form, this certificate may not be transferred except as a whole by The Depository Trust Company to a nominee thereof or by a nominee thereof to The Depository Trust Company or another nominee of The Depository Trust Company or by The Depository Trust Company or any nominee to a successor depository or nominee of such successor depository.

PEPSICO, INC.
FLOATING RATE NOTE

ISSUE PRICE:	ORIGINAL ISSUE DATE:	MATURITY DATE:
BASE RATE:	SPREAD (PLUS OR MINUS):	SPREAD MULTIPLIER:
INTEREST ACCRUES FROM:	INTEREST PAYMENT PERIOD:	INTEREST RESET PERIOD:
INDEX MATURITY:	INITIAL INTEREST RESET DATE:	INITIAL INTEREST RATE:
INTEREST PAYMENT DATES:	INTEREST DETERMINATION DATES:	INTEREST RESET DATES:
MINIMUM INTEREST RATE:	MAXIMUM INTEREST RATE:	SPECIFIED CURRENCY:
REDEEMABLE: YES _____ NO_____	OPTION TO ELECT REPAYMENT: YES_____ NO_____	CALCULATION AGENT:
INITIAL REDEMPTION DATE:	OPTIONAL REPAYMENT DATE(S):	ALTERNATIVE RATE EVENT SPREAD:
INITIAL REDEMPTION PERCENTAGE:	OPTIONAL REPAYMENT PRICE(S):	
ANNUAL REDEMPTION PERCENTAGE REDUCTION:	SINKING FUND:	ORIGINAL YIELD TO MATURITY:

PepsiCo, Inc., a North Carolina corporation (together with its successors and assigns, the "Issuer"), for value received, hereby promises to pay to Cede & Co., or the registered assignees thereof, the principal sum of _____dollars on the Scheduled Maturity Date specified above (except to the extent redeemed or repaid prior to such Scheduled Maturity Date) and to pay interest thereon, from the Interest Accrual Date specified above, at a rate per annum equal to the Initial Interest Rate specified above until the Initial Interest Reset Date specified above, and thereafter at a rate per annum determined in accordance with the Formula Rate set forth above, or to the extent not specified above, as determined in accordance with the provisions set forth under the Further Provisions of Note hereof until the principal hereof is paid or duly made available for

payment. The Issuer will pay interest in arrears monthly, quarterly, semiannually, or annually as specified above on each Interest Payment Date (as specified above), such interest payments to commence on the first Interest Payment Date next succeeding the Interest Accrual Date specified above, and on the Scheduled Maturity Date (or any redemption or repayment date); provided, however, that if the Interest Accrual Date occurs between a Record Date, as defined below, and the next succeeding Interest Payment Date, interest payments will commence on the second Interest Payment Date succeeding the Interest Accrual Date to the registered Holder of this Note on the Record Date with respect to such second Interest Payment Date; and provided, further, that if an Interest Payment Date or the Maturity Date or redemption or repayment date would fall on a day that is not a Business Day, as defined under the Further Provisions of Note hereof, such Interest Payment Date, Scheduled Maturity Date or redemption or repayment date shall be the following day that is a New York Business Day.

Interest on this Note will accrue from the most recent date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from the Interest Accrual Date, until the principal hereof has been paid or duly made available for payment. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the date 15 calendar days prior to an Interest Payment Date (whether or not a New York Business Day) (each such date a "Record Date"); provided, however, that interest payable on the Scheduled Maturity Date (or any redemption or repayment date) will be payable to the person in whose name this Note is registered on such date.

Payment of the principal and any premium and interest due on this Note at the Scheduled Maturity Date (or any redemption or repayment date) will be made in immediately available funds upon surrender of this Note at the Corporate Trust Office of the Trustee, as defined on the reverse hereof, maintained for that purpose in The City of New York, or at such other paying agency as the Issuer may determine. Payment of the principal of and premium, if any, and interest on this Note will be made in the currency indicated above; provided, however, that U.S. dollar payments of interest, other than interest due at maturity or any date of redemption or repayment, will be made by U.S. dollar check mailed to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date. A Holder of U.S. $10,000,000 or more in aggregate principal amount of Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at maturity or any date of redemption or repayment, by wire transfer of immediately available funds if wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If this Note is denominated in a currency other than U.S. dollars, payments of Interest hereon will be made by wire transfer of immediately available funds to an account maintained by the Holder hereof with a bank located outside the United States, if appropriate wire transfer instructions have been received by the Trustee in writing not less than 15 calendar days prior to the applicable Interest Payment Date. If such wire transfer instructions are not so received, such interest payments will be made by check payable in such Specified Currency marked to the address of the person entitled thereto as such address shall appear in the Security Register on the applicable Record Date.

Reference is hereby made to the further provisions of this Note set forth after the caption reading "Further Provisions of Note", which further provisions shall for all purposes have the same effect as if set forth at this place. In the event of an inconsistency between any provision set forth above and any provision set forth in "Further Provisions of Note", the description above shall govern.

Unless the certificate of authentication hereon has been executed by the Trustee referred to under the Further Provisions of Note hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture, as defined under the Further Provisions of Note hereof, or be valid or obligatory for

any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed under its corporate seal.

DATED: PEPSICO, INC.

By: Authorized Officer

By:

Authorized Officer

TRUSTEE'S CERTIFICATE
OF AUTHENTICATION

This is one of the Notes
referred to in the within-
mentioned Indenture.

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as Trustee

By:

_____
Authorized Officer

[FURTHER PROVISIONS OF NOTE]

This Note is one of a duly authorized issue of Notes having maturities not less than nine months from the date of issue (the "Notes"). The Notes are issuable under an Indenture, dated as of December 14, 1994 (herein called the "Indenture"), between the Issuer and The Chase Manhattan Bank (National Association), as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities of the Issuer, the Trustee and the Holders of the Notes, the terms upon which the Notes are, and are to be, authenticated and delivered, and the definitions of capitalized terms used herein and not otherwise defined herein. The terms of individual Notes may vary with respect to interest rates, interest rate formulas, issue dates, maturity dates, or otherwise, all as provided in the Indenture. To the extent not inconsistent herewith, the terms of the Indenture are hereby incorporated by reference herein.

The Notes will not be subject to any sinking fund and, unless otherwise provided on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or subject to repayment at the option of the holder prior to maturity.

Unless otherwise indicated on the face of this Note, this Note may not be redeemed prior to the Scheduled Maturity Date. If so indicated on the face of this Note, this Note may be redeemed in whole or in part at the option of the Issuer on or after the Initial Redemption Date specified on the face hereof on the terms set forth on the face hereof, together with interest accrued and unpaid hereon to the date of redemption. If this Note is subject to "Annual Redemption Percentage Reduction," the Initial Redemption Percentage indicated on the face hereof will be reduced on each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction specified on the face

hereof until the redemption price of this Note is 100% of the principal amount hereof, together with interest accrued and unpaid hereon to the date of redemption. Notice of redemption shall be mailed to the registered Holders of the Notes designated for redemption at their addresses as the same shall appear on the Security Register not less than 30 nor more than 60 days prior to the date fixed for redemption, subject to all the conditions and provisions of the Indenture. In the event of redemption of this Note in part only, a new Note or Notes for the amount of the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

Unless otherwise indicated on the face of this Note, this Note shall not be subject to repayment at the option of the Holder prior to the scheduled Maturity Date. If so indicated on the face of this Note, this Note will be subject to repayment at the option of the Holder on the Optional Repayment Date or Dates specified on the face hereof on the terms set forth herein. On any Optional Repayment Date, this Note will be repayable in whole or in part in increments of $_____ or, if this Note is denominated in _____ in increments of _____ units of such Specified Currency (provided that any remaining principal amount hereof shall not be less than the minimum authorized denomination hereof) at the option of the holder hereof at a price equal to 100% of the principal amount to be repaid, together with interest accrued and unpaid hereon to the date of repayment. For this Note to be repaid at the option of the Holder hereof, the Trustee must receive at its Corporate Trust Office in the Borough of Manhattan, the City of New York, at least 15 but not more than 30 days prior to the date of repayment, (i) this Note with the form entitled "Option to Elect Repayment" below duly completed or (ii) a telegram, telex, facsimile transmission, or a letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States setting forth the name of the Holder of this Note, the principal amount hereof, the certificate number of this Note or a description of this Note's tenor and terms, the principal amount hereof to be repaid, a statement that the option to elect repayment is being exercised thereby and a guarantee that this Note, together with the form entitled "Option to Elect Repayment" duly completed, will be received by the Trustee not later than the fifth New York Business Day after the date of such telegram, telex, facsimile transmission, or letter; provided, that such telegram, telex, facsimile transmission, or letter shall only be effective if this Note and form duly completed are received by the Trustee by such fifth New York Business Day. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note or Notes for the amount of the unpaid portion hereof shall be issued in the name of the holder hereof upon the cancellation hereof.

This Note will bear interest at the rate determined in accordance with the applicable provisions below by reference to the Base Rate shown on the face hereof based on the Index Maturity, if any, shown on the face hereof (i) plus or minus the Spread, if any, or (ii) multiplied by the Spread Multiplier, if any, specified on the face hereof. Commencing with the Initial Interest Reset Date specified on the face hereof, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date (as used herein, the term "Interest Reset Date" shall include the Initial Interest Reset Date). The Interest Reset Dates will be the Interest Reset Dates specified on the face hereof; provided, however, that (i) the interest rate in effect for the period from the Interest Accrual Date to the Initial Interest Reset Date will be the Initial Interest Rate and (ii) the interest rate in effect hereon for the 15 days immediately prior to the Schedule Maturity Date hereof (or, with respect to any principal amount to be redeemed or repaid, any redemption or repayment date) shall be that in effect on the fifteenth calendar day preceding the Schedule Maturity Date hereof or such date of redemption or repayment, as the case may be. If any Interest Reset Date would otherwise be a day that is not a New York Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a New York Business Day, except that if the Base Rate specified on the face hereof is LIBOR and such New York Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the next preceding New York Business Day.

"Business Day" when used in conjunction with a designated

city means any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to be closed in (i) London, England (with respect to a Debt Security the principal of or interest on which will be determined by reference to LIBOR), (ii) Brussels, Belgium (with respect to a Debt Security dominated in ECUs or whose principal or interest will be determined by reference to the relative value of the ECU), or (iii) the financial center of the country issuing the Specified Currency (with respect to a Debt Security denominated in a Specified Currency other than the ECU or whose principal or interest will be determined by reference to the relative value of any Specified Currency other than the ECU). See also "New York Business Day".

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

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

(ii) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and

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

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

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

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

for U.S. Government Securities by 3:00 p.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the Money Market Yield of the arithmetic mean of the offered rates of three leading dealers of U.S. commercial paper in New York City as of 11:00 a.m., New York City time, for such Interest Determination Date for U.S. dollar commercial paper of the Index Maturity placed for industrial issuers whose bond rating is "AA" or the equivalent from a nationally recognized rating agency.

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

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

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

"Index Maturity" means the period of maturity of the applicable instrument or obligation.

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

"Libor" with respect to any Interest Determination Date will be the rate for deposits in U.S. dollars or the Specified Currency (as the case may be) for a period of the Index Maturity that which appears on the Telerate Page: (a) 3740 (for Australian Dollars); (b) 3740 (for Canadian Dollars); (c) 3750 (for Swiss Francs); (d) 3750 (for Deutsche Marks); (e) 3740 (for French Francs); (f) 3750 (for Pound Sterling); (g) 3740 (for Italian Lire); (h) 3750 (for Japanese Yen); (i) 3740 (for Spanish Pesetas); (j) 3750 (for U.S. dollars), and (k) 3750 (for European Currency Units) as of 11:00 a.m., London Time, on such Interest Determination Date. If such rate does not appear on the specified Telerate Page by 9:00 a.m., New York City time, on such Interest Determination Date, the rate for such Interest Determination Date will be determined on the basis of the rates at which deposits in U.S. dollars or the Specified Currency (as the case may be) are offered by four major banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date to prime banks in the London interbank market for a period of the Index Maturity commencing on the applicable Interest Reset Date and in an amount that is representative for a single transaction in the relevant market at the relevant time. The Calculation Agent will request the principal London office of each such bank to provide a quotation of its rate. If at least two quotations are provided, the rate for such Interest Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such Interest Reset Date will be the arithmetic mean of the rates quoted by major banks in New York City or in the relevant financial center of the country issuing the Specified Currency (as the case may be) as of 11:00 a.m., local time in New York City or in such financial center (as the case may be), on such Interest Determination Date for loans in U.S. dollars or in the Specified Currency (as the case may be) to leading European banks for a period of the Index Maturity commencing on such Interest Reset Date and in an amount that is representative for a single transaction in the relevant market at the relevant time.

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

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

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

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

"New York Business Day" means any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation, or executive order, to be closed in the City of New York and: (i) with respect to any Debt Security denominated or payable in ECUs, that is also a Brussels Business Day, (ii) with respect to any Debt Security denominated or payable in any other Specified Currency, that is also a Business Day in the financial center of the country issuing such Specified Currency, and (iii) with respect to any Debt Security the principal of or interest on which will be determined by reference to LIBOR, that is also a London Business Day. See also "Business Day".

"Prime Rate" with respect to any Interest Determination Date means the rate set forth in H.15(519) for that day opposite the caption "Bank Prime Loan". If such rate does not appear in H.15(519) by 9:00 a.m., New York City time, on the Calculation Date relating to such Interest Determination Date, the rate for such Interest Determination Date will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen NYMF Page as such bank's prime rate or base lending rate as in effect for that Interest Determination Date as quoted on the Reuters Screen NYMF Page for such Interest Determination Date or, if fewer than four rates appear on the Reuters Screen NYMF Page for such Interest Determination Date, the rate will be the arithmetic mean of the rates of interest publicly announced by three major banks in New York City as its U.S. dollar prime rate or base lending rate as in effect for such Interest Determination Date. Each change in the prime rate or base lending rate of any bank so announced by such bank will be effective as of the effective date of the announcement or, if no effective date is specified, as of the date of the announcement.

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

secondary market bid rates of three primary United States Government dealers in New York City as of approximately 3:30 p.m., New York City time, for such Interest Determination Date for the issue of United States Treasury bills with a remaining maturity closest to the Index Maturity.

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

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

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

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Calculation Date. The Trustee shall have no responsibility for determinations made by the Calculation Agent of the interest rates hereon. The interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States Federal law of general application.

At the request of the Holder hereof, the Calculation Agent will provide to the Holder hereof the interest rate hereon then in effect and, if determined, the interest rate that will become effective as of the next Interest Reset Date.

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

Accrued interest on this Note will be calculated by multiplying the principal amount hereof by an accrued interest factor. The accrued interest factor will be computed as the sum of the interest factors calculated for each day in the period for which interest is being paid. The interest factor for any day in such period will be computed by dividing the interest rate in effect on such day by _____.

This Note and all the obligations of the Issuer hereunder are direct, unsecured obligations of the Issuer and rank without preference or priority among themselves and pari passu with all other existing and future unsecured and unsubordinated indebtedness of the Issuer, subject to certain statutory exceptions in the event of liquidation upon insolvency.

This Note, and Note or Notes issued upon transfer or exchange hereof, is issuable only in fully registered form, without coupons, and, if denominated in U.S. dollars, is issuable only in denominations of U.S. $_____ and any integral multiple of U.S. $1,000 in excess thereof. If this Note is denominated in a Specified Currency, then, unless a higher minimum denomination is required by applicable law, it is issuable only in denominations of the equivalent of U.S. $_____ (rounded down to

an integral multiple of 1,000 units of such Specified Currency), or any amount in excess thereof which is an integral multiple of 1,000 units of such Specified Currency, as determined by reference to the noon dollar buying rate in New York City for cable transfers of such Specified Currency published by the Federal Reserve Bank of New York (the "Market Exchange Rate") on the New York Business Day immediately preceding the date of issuance.

Except as set forth below, if the principal of, premium, if any, or interest on, this Note is payable in a Specified Currency and such Specified Currency is not available to the Issuer for making payments hereon due to the imposition of exchange controls or other circumstances beyond the control of the Issuer or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions within the international banking community, then the Issuer will be entitled to satisfy its obligations to the Holder of this Note by making such payments in U.S. dollars on the basis of the highest bid quotation (assuming European-style quotation - -- i.e., Specified Currency per U.S. dollar) on the second New York Business Day prior to the applicable payment date from the recognized foreign exchange dealers in the City of New York (one of which may be the Company) for the purchase of the aggregate amount of the Specified Currency payable on such payment date, for settlement on such payment date, and at which the applicable dealer timely commits to execute a contract. If no such bid quotations are available, payments will be made in the Specified Currency. Any payment made under such circumstances in U.S. dollars where the required payment is in a Specified Currency other than U.S. dollars will not constitute an Event of Default.

If payments of principal, premium, if any, or interest, if any, with respect to this Note are required to be made in a composite currency and the composition of such composite currency is at any time altered (whether by the addition, elimination, combination, or subdivision of one or more components, by adjustment of the ratio of any component to the composite unit, or by any combination of such events), then the Company will be entitled to satisfy its payment obligations hereunder by making such payments in such composite currency as altered.

All determinations referred to above made by the Issuer or its agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive to the extent permitted by law for all purposes and binding on the Holder of this Note.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Notes of each series under the Indenture at any time by the Issuer and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding of each series to be affected by such amendment or modification. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes of each series at the time Outstanding, on behalf of the Holders of all Notes of such series, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

The Indenture contains provisions setting forth certain conditions to the institution of proceedings by Holders of Notes with respect to the Indenture or for any remedy under the Indenture.

If an Event of Default with respect to the Notes shall occur and be continuing, the principal amount hereof may be declared due and payable in the manner and with the effect provided in the Indenture.

No reference herein to the Indenture and no provisions of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Note at the times,

place, and rate, and in the coin or currency, herein prescribed.

So long as this Note shall be outstanding, the Issuer will cause to be maintained an office or agency for the payment of the principal of and premium, if any, and interest on this Note as herein provided in the City of New York, and an office or agency in said City of New York for the registration, transfer, or exchange of the Notes. The Issuer may designate other agencies for the payment of said principal, premium, if any, and interest at such place or places (subject to applicable laws and regulations) as the Issuer may decide. So long as there shall be such an agency, the Issuer shall keep the Trustee advised of the names and locations of such agencies, if any are so designated.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registerable in the Security Register, upon surrender of this Note for registration of transfer at the Corporate Trust Office of the Trustee or any other applicable Place of Payment, duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar duly executed, by the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

No service charge shall be made for any such registration or transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Issuer, the Trustee, and any agent of the Issuer or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Issuer, the Trustee, nor any such agent shall be affected by notice to the contrary.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -
.....Custodian.....
(Cust) (Minor)

Under Uniform Gifts to Minors Act.....
(State)

Additional abbreviations may also be used though not in the above list.

_____

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

[PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

:

- ----------

[PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE]

the within Note and all rights thereunder, hereby irrevocably constituting and appointing such person attorney to transfer such note on the books of the Issuer, with full power of substitution in the premises.

Dated:

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

Exhibit 4(e)

PEPSICO, INC.

and

THE CHASE MANHATTAN BANK
(National Association),
Debt Warrant Agent

_____

DEBT WARRANT AGREEMENT

Dated as of _____

DEBT WARRANT AGREEMENT, dated as of _____, between PEPSICO, INC., a North Carolina corporation (hereinafter the "Company"), and THE CHASE MANHATTAN BANK (National Association), as Debt Warrant Agent (hereinafter the "Debt Warrant Agent").

WHEREAS, the Company has filed with the Securities and Exchange Commission a Registration Statement on Form S-3 (the "Registration Statement") providing for the issuance of up to $2,500,000,000 in aggregate public offering price of its debt securities, consisting of note, bonds, and other evidences of unsecured indebtedness (the "Debt Securities"), warrants to purchase Debt Securities (the "Debt Warrants"), and other warrants, options, and unsecured contractual obligations of the Company (the "Shelf Warrants");

WHEREAS, any Debt Warrants will be represented by one or more warrant certificates in global or definitive form (each such certificate a "Debt Warrant Certificate"); and

WHEREAS, the Company desires the Debt Warrant Agent to act on behalf of the Company in connection with the issuance, exchange, exercise, and replacement of the Debt Warrant Certificates, and in this Agreement wishes to set forth, among other things, the form and provisions of the Debt Warrant Certificates and the terms and conditions on which they may be issued, exchanged, exercised, and replaced;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows (all capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the Prospectus filed as part of the Registration Statement):

ARTICLE I

ISSUANCE OF DEBT WARRANTS AND EXECUTION AND DELIVERY OF DEBT WARRANT CERTIFICATES

SECTION 1.01. Issuance of Debt Warrants. The designation and particular terms of any Debt Warrant shall be as set forth in the applicable Prospectus Supplement and in the Debt Warrant Certificate relating thereto. Debt Warrants may be issued separately or together with one or more Debt Securities of any series and, if issued together with any such Debt Securities, may be separately transferable after the date indicated in the applicable Prospectus Supplement and in the Debt Warrant Certificate relating thereto (such date the "Detachability Date"). A Debt Warrant Certificate may evidence one or more Debt Warrants. Each Debt Warrant evidenced by a a Debt Warrant Certificate shall represent the right, subject to the provisions contained herein and therein, to purchase one or more Debt Securities of a designated series in such principal amount as shall be designated therein.

SECTION 1.02. Execution and Delivery of Debt Warrant Certificates. Debt Warrant Certificates may be issued in global or definitive form, payable to the order of the bearer or the registered holder thereof, in substantially the form set forth in Annex A hereto. Each Debt Warrant Certificate will be dated the date of its authentication by the Debt Warrant Agent and may have such letters, numbers, or other marks of identification or designation and such legends or endorsements printed, lithographed, or engraved thereon as may be approved by the officers of the Company executing the same (such execution to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, or regulation applicable thereto, including any rule or regulation of any stock exchange on which the Debt Warrants may be listed. The Debt Warrant Certificates shall be signed on behalf of the Company by any two of its Chairman of the Board and Chief Executive Officer (the "Chairman"), its Executive Vice President and Chief Financial Officer (the "Executive Vice President"), or any of its Vice Presidents, under its corporate seal, and attested by its Secretary or Assistant Secretary. Such signatures may be manual or facsimile signatures of such authorized officers and may be imprinted or otherwise reproduced on the Debt Warrant Certificates. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted, or otherwise reproduced on the Debt Warrant Certificates.

No Debt Warrant Certificate shall be valid for any purpose, and no Debt Warrant evidenced thereby shall be exercisable, until such Debt Warrant Certificate has been countersigned by the manual signature of the Debt Warrant Agent. Such signature by the Debt Warrant Agent upon any Debt Warrant Certificate executed by the Company shall be conclusive evidence that the Debt Warrant Certificate so countersigned has been duly issued hereunder.

In case any officer of the Company who shall have signed any of the Debt Warrant Certificates shall cease to be such officer before the Debt Warrant Certificates so signed shall have been countersigned and delivered by the Debt Warrant Agent, such Debt Warrant Certificates may be countersigned and delivered notwithstanding that the person who signed such Debt Warrant Certificates ceased to be such officer of the Company; and any Debt Warrant Certificate may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Debt Warrant Certificate, shall be the proper officers of the Company, although at the date of the execution of this Agreement any such person was not such officer.

The terms "holder" or "holder of a Debt Warrant Certificate" as used herein shall mean:

1. with respect to any Debt Warrant Certificate in bearer form: (a) if the Debt Warrants represented thereby were issued together with Debt Securities that are not immediately detachable, the registered owner of the Debt Securities to which such Debt Warrant Certificate was initially attached, and (b) after the Detachability Date, the bearer of such Debt Warrant Certificate;

2. with respect to any Debt Warrant Certificate in registered form: (a) if the Debt Warrants represented thereby were issued together with Debt Securities that are not

immediately detachable, the registered owner of the Debt Securities to which such Debt Warrant Certificate was initially attached, and (b) after the Detachability Date, the person in whose name the Debt Warrant Certificate shall be registered upon the books to be maintained by the Debt Warrant Agent for that purpose.

The Company will or will cause the registrar of the Debt Securities to at all times make available to the Debt Warrant Agent such information regarding the holders of the any Debt Securities to which any Debt Warrants are attached as may be necessary to keep the records of the Debt Warrant Agent up to date.

SECTION 1.03. Issuance of Debt Warrant Certificates. Debt Warrant Certificates evidencing the right to purchase up to [$2,500,000,000] in aggregate public offering price of Debt Securities (except as provided in Section 2.03(c), 3.02, or 3.04 hereof) may be executed by the Company and delivered to the Debt Warrant Agent upon the execution of this Agreement or from time to time thereafter. The Debt Warrant Agent shall, upon receipt of Debt Warrant Certificates duly executed on behalf of the Company in accordance with the terms hereof, countersign such Debt Warrant Certificates and deliver the same to the holders thereof upon and in accordance with the order of the Company. Subsequent to such original issuance of the Debt Warrant Certificates, the Debt Warrant Agent shall countersign a Debt Warrant Certificate only if such Debt Warrant Certificate is issued in exchange or substitution for one or more previously countersigned Debt Warrant Certificates or, with respect to Debt Warrant Certificates in registered form, in connection with the transfer thereof, as provided in Section 2.03(c) below.

ARTICLE II

EXERCISE PRICE, DURATION, AND EXERCISE OF DEBT WARRANTS

SECTION 2.01. Exercise Price. During the period from and including , 19 , to and including , 19 , the exercise price of each Debt Warrant will be [% of the principal amount of the Debt Securities] [$] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding]. [During the period from , 19 , to and including , 19 , the exercise price of each Debt Warrant will be [% of the principal amount of the Debt Securities] [$] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding].] [In each case the original issue discount will be amortized at a % annual rate, computed on [an annual] [a semi-annual] basis using a 360-day year consisting of twelve 30-day months.] Such purchase price of Debt Securities is referred to in this Agreement as the "Exercise Price". [The original issue discount for each $ in aggregate principal amount of Debt Securities is $.]

SECTION 2.02. Duration of Debt Warrants. Each Debt Warrant may be exercised in whole [at any time, as specified herein, on or after [the date hereof] [19 ,] and at or before 5:00 PM New York time on , 19 (each day during such period may hereinafter be referred to as an "Exercise Date")] [on the following specific dates: [list of dates] (each an "Exercise Date")], or such later date as may be selected by the Company, in a written statement to the Debt Warrant Agent and with notice to the holders of the Debt Warrants (such date of expiration is herein referred to as the "Expiration Date"). Each Debt Warrant not exercised at or before 5:00 PM New York time on the Expiration Date shall become void, and all rights of the holder of the Debt Warrant Certificate evidencing such Debt Warrant under this Agreement shall cease.

SECTION 2.03. Exercise of Debt Warrants.

(a) On any Exercise Date specified in Section 2.02, any whole number of Debt Warrants may be exercised by delivery to

the Debt Warrant Agent of the applicable Debt Warrant Certificate, together with the form of election to purchase Debt Securities set forth on the reverse side of the Debt Warrant Certificate properly completed and duly executed, and by paying in full, in U.S. dollars or in the Specified Currency, as the case may be, [by certified check or official bank check or by bank wire transfer] [by bank wire transfer] [in immediately available funds] to the Debt Warrant Agent the Exercise Price for each Debt Warrant, such delivery and payment to be made at [the corporate trust office of the Debt Warrant Agent] or such other place as the Company and the Debt Warrant Agent shall hereafter agree in writing. The date on which the duly completed and executed Debt Warrant Certificate and payment in full of the Exercise Price are received by the Debt Warrant Agent shall be deemed to be the date on which the applicable Debt Warrant is exercised. The Debt Warrant Agent shall deposit all funds received by it in payment of the Exercise Price in an account of the Company maintained with it and shall advise the Company by telephone or by facsimile transmission or other form of electronic communication available to both parties at the end of each day on which a [payment] [wire transfer] for the exercise of such Debt Warrants is received of the amount so deposited to its account. The Debt Warrant Agent shall promptly confirm such telephone advice to the Company in writing.

(b) The Debt Warrant Agent shall, from time to time, as promptly as practicable, advise the Company and the Trustee of (i) the number of Debt Warrants exercised, (ii) the instructions of the holders of the Debt Warrant Certificates evidencing such Debt Warrants with respect to delivery of the Debt Securities, (iii) delivery of Debt Warrant Certificates evidencing the balance, if any, of the Debt Warrants remaining after such exercise, and (iv) such other information as the Company or the Trustee shall reasonably require.

(c) As soon as practicable after the exercise of any Debt Warrant, the Company shall issue, pursuant to the Indenture, in authorized denominations, to or upon the order of the holder of the Debt Warrant Certificate evidencing such Debt Warrant, the Debt Securities to which such holder is entitled, registered in [such name or names as may be directed by such holder] [the name of the registered holder of such Debt Securities]. If fewer than all of the Debt Warrants evidenced by such Debt Warrant Certificate are exercised, the Company shall execute, and an authorized officer shall manually countersign and deliver, a new Debt Warrant Certificate evidencing the number of such Debt Warrants remaining unexercised.

(d) The Company shall not be required to pay any stamp or other tax or other governmental charge required to be paid in connection with any transfer involved in the issuance of Debt Securities and the Company shall not be required to issue or deliver any Debt Security unless or until the person requesting the issuance thereof shall have paid to the Company the amount of such tax or governmental charge or shall have established to the satisfaction of the Company that such tax or other governmental charge has been paid or that no such tax or other governmental charge is payable.

ARTICLE III

OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF DEBT WARRANT CERTIFICATES

SECTION 3.01. No Rights as a Holder of Debt Securities Conferred by Debt Warrants or Debt Warrant Certificates. No Debt Warrant Certificate or Debt Warrant evidenced thereby shall entitle the holder thereof to any of the rights of a holder of Debt Securities, including, without limitation, the right to receive payments of principal, premium, if any, or interest, if any, on the Debt Securities to which such Debt Warrant or Debt Warrant Certificate relates, or to enforce any of the covenants in the Indenture with respect to such Debt Securities.

SECTION 3.02. Lost, Stolen, Mutilated, or Destroyed Debt Warrant Certificates. Upon receipt by the Debt Warrant Agent of evidence reasonably satisfactory to it of the ownership and loss, theft, destruction, or mutilation of any Debt Warrant

Certificate and of indemnity reasonably satisfactory to the Debt Warrant Agent and, in the case of mutilation, upon surrender of such Debt Warrant Certificate to the Debt Warrant Agent for cancellation, in the absence of notice to the Company and the Debt Warrant Agent that such Debt Warrant Certificate has been transferred or acquired, and subject to the provisions of Section 3.03 below, such Debt Warrant Certificate shall be replaced by a new Debt Warrant Certificate reflecting the identical terms of such lost, stolen, destroyed, or mutilated Debt Warrant Certificate.

SECTION 3.03. Transfer, Exchange or Replacement of Debt Warrants and Debt Warrant Certificates. Any Debt Warrant Certificate attached to one or more Debt Securities will be transferred, exchanged, or replaced only together with the Debt Security or Debt Securities to which such Debt Warrant Certificate is attached, and only for the purpose of affecting, or in conjunction with, a transfer, exchange, or replacement of such Debt Security or Debt Securities. Prior to the Detachability Date, each transfer, exchange, or replacement of an attached Debt Security by the Trustee shall operate also to transfer the related Debt Warrants. After the Detachability Date, each transfer of an attached Debt Security shall be made only upon surrender, at the corporate trust office of the Debt Warrant Agent, of the Debt Warrant Certificates evidencing the related Debt Warrants and of such appropriate instruments of registration or transfer and of such written transfer instructions as shall be in form and substance satisfactory to the Company and the Debt Warrant Agent. Debt Warrant Certificates may be transferred or exchanged, after the Detachability Date, for Debt Warrant Certificates in other denominations evidencing the related Debt Warrants, provided that such other Debt Warrant Certificates evidence the same number of Debt Warrants as the Debt Warrant Certificates so surrendered. The Debt Warrant Agent shall keep, at its corporate trust office, books in which it shall register Debt Warrant Certificates and all exchanges and transfers of outstanding Debt Warrant Certificates. No service charge shall be made for any exchange [or registration of transfer] of Debt Warrant Certificates, but the Company may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in connection with any such exchange [or registration of transfer]. Whenever any Debt Warrant Certificates are so surrendered for exchange [or registration of transfer], an authorized officer of the Debt Warrant Agent shall manually countersign and deliver to the person or persons entitled thereto a Debt Warrant Certificate or Debt Warrant Certificates duly authorized and executed by the Company, as so requested. The Debt Warrant Agent shall not be required to effect any exchange [or registration of transfer] which will result in the issuance of a Debt Warrant Certificate evidencing a fraction of a Debt Warrant. All Debt Warrant Certificates issued upon any exchange [or registration of transfer] of Debt Warrant Certificates shall be valid obligations of the Company, evidencing the same obligations and entitled to the same benefits under this Agreement as the Debt Warrant Certificates surrendered for such exchange [or registration of transfer].

SECTION 3.04. Treatment of Holders of Debt Warrant Certificates. Debt Warrants issued in bearer form shall be transferable by delivery and shall be deemed negotiable by the bearer of the related Debt Warrant Certificate, which bearer may be treated by the Company, the Debt Warrant Agent, and all other persons dealing with such bearer as the absolute owner thereof for all purposes and as the person entitled to exercise the rights represented by the Debt Warrants evidenced thereby, any notice to the contrary notwithstanding. Debt Warrants issued in registered form shall be transferable only on the books of the Debt Warrant Agent and in accordance with the applicable terms and conditions hereof, and every holder of such a Debt Warrant Certificate, by accepting the same, consents and agrees with the Company, the Debt Warrant Agent, and with every subsequent holder of such Debt Warrant Certificate that until the transfer of the Debt Warrant Certificate is registered on the books of the Debt Warrant Agent (or, prior to the Detachability Date, on the register maintained by the registrar of the related Debt Securities), the Company and the Debt Warrant Agent (or the registrar of the related Debt Securities, as the case may be), may treat such

registered holder as the absolute owner thereof for all purposes and as the person entitled to exercise the rights represented by the Debt Warrants evidenced thereby, any notice to the contrary notwithstanding.

SECTION 3.05. Cancellation of Debt Warrant Certificates. Any Debt Warrant Certificate surrendered for exchange or registration of transfer, or for exercise of the Debt Warrants evidenced thereby, shall be delivered to the Debt Warrant Agent, and all Debt Warrant Certificates so surrendered or delivered to the Debt Warrant Agent shall be promptly canceled by the Debt Warrant Agent and shall not be reissued and, except as expressly provided otherwise by this Agreement, no Debt Warrant Certificate shall be issued in exchange or in lieu thereof. The Debt Warrant Agent shall destroy all canceled Debt Warrant Certificates and deliver a certificate of such destruction to the Company.

ARTICLE IV

CONCERNING THE DEBT WARRANT AGENT

SECTION 4.01. Debt Warrant Agent. The Company hereby appoints The Chase Manhattan Bank (National Association) as Debt Warrant Agent of the Company in respect of the Debt Warrants and the related Debt Warrant Certificates upon the terms and subject to the conditions herein set forth, and The Chase Manhattan Bank (National Association) hereby accepts such appointment. The Debt Warrant Agent shall have the powers and authority granted to and conferred upon it in the Debt Warrant Certificates and hereby and such further powers and authority to act on behalf of the Company as the Company may hereafter grant to or confer upon it by a signed, written instrument. All of the terms and provisions with respect to such powers and authority contained in the Debt Warrant Certificates are subject to and governed by the terms and provisions hereof.

SECTION 4.02. Conditions of Debt Warrant Agent's Obligations. The Debt Warrant Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following, to all of which the Company agrees and to all of which the rights of the holders the Debt Warrant Certificates shall at all times be subject.

(a) Compensation and Indemnification. The Company agrees promptly to pay the Debt Warrant Agent the compensation to be agreed upon with the Company for all services rendered by the Debt Warrant Agent and to reimburse the Debt Warrant Agent for reasonable out-of-pocket expenses (including counsel fees) incurred by the Debt Warrant Agent in connection with the services rendered by it hereunder. The Company also agrees to indemnify the Debt Warrant Agent for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the part of the Debt Warrant Agent, arising out of or in connection with its acting as Debt Warrant Agent hereunder, as well as the costs and expenses of defending against any claim of such liability.

(b) Agent for the Company. In acting under this Agreement and in connection with the Debt Warrants and Debt Warrant Certificates, the Debt Warrant Agent is acting solely as agent of the Company and does not assume any fiduciary obligation or relationship of agency or trust for or with any of the holders of Debt Warrants or Debt Warrant Certificates or the beneficial owners thereof.

(c) Counsel. The Debt Warrant Agent may consult with counsel satisfactory to it, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by it hereunder in good faith and in accordance with the advice of such counsel.

(d) Documents. The Debt Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any provision of any Debt Warrant or Debt Warrant Certificate or any notice, direction, consent, certificate, affidavit, statement, or other paper or document delivered to it in accordance with the provisions hereof reasonably believed by it to be genuine and

to have been presented or signed by the proper parties.

(e) Certain Transactions. The Debt Warrant Agent and its officers, directors, and employees may own or acquire any interest in Debt Warrants with the same rights that it or they would have if it were not the Debt Warrant Agent hereunder, and, to the extent permitted by applicable law, it or they may engage or be interested in any financial or other transaction with the Company and may act on, or as depository, trustee, or agent for, any committee or body of holders of Debt Securities or any other obligations of the Company as freely as if it were not the Debt Warrant Agent hereunder. Nothing in this Debt Warrant Agreement shall be deemed to prevent the Debt Warrant Agent from acting as Trustee under the Indenture.

(f) No Liability for Invalidity. The Debt Warrant Agent shall have no liability with respect to any invalidity of this Agreement or any of the Debt Warrants or Debt Warrant Certificates.

(g) No Liability for Interest. The Debt Warrant Agent shall have no liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Debt Warrants or Debt Warrant Certificates.

(h) No Responsibility for Representations. The Debt Warrant Agent shall not be responsible for any of the Company's recitals or representations herein or in the Debt Warrant Certificates.

(i) No Implied Obligations. The Debt Warrant Agent shall be obligated to perform only such duties as are specifically set forth herein and in the Debt Warrant Certificates and no implied duties or obligations shall be read into this Agreement or the Debt Warrant Certificates against the Debt Warrant Agent. The Debt Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Debt Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Company of any of the Debt Warrant Certificates authenticated by the Debt Warrant Agent and delivered by it to the Company pursuant to this Agreement, or for the application by the Company of the proceeds of the Debt Warrants. The Debt Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained herein or in the Debt Warrant Certificates or in the case of the receipt of any written demand from a holder of any Debt Warrant with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or, except as provided in Section 5.02 hereof, to make any demand upon the Company.

SECTION 4.03. Resignation and Appointment of Successor.

(a) The Company agrees, for the benefit of the holders of the Debt Warrants, that there shall at all times be a Debt Warrant Agent hereunder until all the Debt Warrants issued hereunder have expired or are otherwise no longer exercisable.

(b) The Debt Warrant Agent may at any time resign as such agent by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; provided that such date shall not be less than three months after the date on which such notice is given unless the Company otherwise agrees in writing. The Debt Warrant Agent hereunder may be removed at any time by the filing with it an instrument in writing signed by or on behalf of the Company and specifying such removal and the date upon which such removal shall become effective. Such resignation or removal shall take effect upon the appointment by the Company, as hereinafter provided, of a successor Debt Warrant Agent (which shall be a bank or trust company authorized under the laws of the jurisdiction of its organization to exercise corporate trust powers) and the acceptance of such appointment by such successor Debt Warrant Agent. The obligation of the Company under Section 4.02(a) shall continue to the extent set forth therein notwithstanding the resignation or removal of the Debt Warrant Agent.

(c) In case at any time the Debt Warrant Agent shall resign, be removed, or shall for any reason be incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or shall file a petition seeking relief under the Federal Bankruptcy Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy law or similar law, or make an assignment for the benefit of its creditors or consent to the appointment of a receiver or custodian of all or any substantial part of its property, or shall admit in writing its inability to pay or meet its debts as they mature, or if a receiver or custodian of it or of all or any substantial part of its property shall be appointed, or if an order of any court shall be entered for relief against it under the provisions of the Federal Bankruptcy Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy or similar law, or if any public officer shall have taken charge or control of the Debt Warrant Agent or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation, a successor Debt Warrant Agent, qualified as aforesaid, shall be appointed by the Company by an instrument in writing, filed with such successor Debt Warrant Agent. Upon the appointment as aforesaid of a successor Debt Warrant Agent and acceptance by such successor Debt Warrant Agent of such appointment, the Debt Warrant Agent shall cease to be Debt Warrant Agent hereunder.

(d) Any successor Debt Warrant Agent appointed hereunder shall execute, acknowledge, and deliver to its predecessor and to the Company a signed instrument accepting such appointment hereunder, and thereupon such successor Debt Warrant Agent, without any further act, deed, or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties, and obligations of such predecessor with like effect as if originally named as Debt Warrant Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obligated to transfer, deliver, and pay over, and such successor Debt Warrant Agent shall be entitled to receive, all monies, securities, and other property on deposit with or held by such predecessor in its capacity as Debt Warrant Agent hereunder.

(e) Any corporation into which the Debt Warrant Agent may be merged or converted or any corporation with which the Debt Warrant Agent may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Debt Warrant Agent shall be a party, or any corporation to which the Debt Warrant Agent shall sell or otherwise transfer all or substantially all of its assets and business, shall be the successor Debt Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation is qualified as aforesaid.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Amendment. This Agreement may be amended by the parties hereto, without the consent of the holders of any Debt Warrants issued hereunder, for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision contained herein, or for the purpose of making any other provisions with respect to matters or questions arising under this Agreement as the Company and the Debt Warrant Agent may deem necessary or desirable; provided that such action shall not adversely affect the interests of such holders.

SECTION 5.02. Notices and Demands to the Company and Debt Warrant Agent. If the Debt Warrant Agent shall receive any notice or demand addressed to the Company by the holder of a Debt Warrant pursuant to the provisions hereof or of the related form of Debt Warrant Certificate, the Debt Warrant Agent shall promptly forward such notice or demand to the Company.

SECTION 5.03. Addresses. Any communication from the Debt Warrant Agent to the Company with respect to this agreement shall be addressed to PepsiCo, Inc., 700 Anderson Hill Road, Purchase, New York 10577, Attention: _____, and any

communication from the Company to the Debt Warrant Agent with respect to this Agreement shall be addressed to the principal corporate trust office of the Debt Warrant Agent, Attention: Corporate Trust Department (or such other address as shall be hereafter specified in writing by the Debt Warrant Agent or the Company, as the case may be).

SECTION 5.04. Notices to Holders of Debt Warrants. Any notice to holders of Debt Warrants that are required or permitted by the provisions of this Agreement to be given shall be given (a) with respect to Debt Warrants issued in registered form, by first class mail postage prepaid to such holder's address as appears on the books of the Debt Warrant Agent (or, prior to the Detachability Date, on the books of the registrar of the Debt Securities), or (b) with respect to Debt Warrants issued in bearer form, by publication at least once in a daily morning newspapers in New York City and in London.

SECTION 5.05. Applicable Law. The validity, interpretation, and performance of the terms and provisions of this Agreement and of each Debt Warrant and Debt Warrant Certificate issued hereunder shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5.06. Delivery of Prospectus. The Company will furnish to the Debt Warrant Agent sufficient copies of the Prospectus and of each applicable Prospectus Supplement and Pricing Supplement relating to the Debt Warrants and the related Debt Securities, and the Debt Warrant Agent agrees that upon the exercise of any Debt Warrant the Debt Warrant Agent will deliver to the holder of such Debt Warrant, prior to or concurrently with the delivery of the Debt Securities issued upon such exercise, copies of the Prospectus (as amended or supplemented as of such date), together with all such applicable Supplements.

SECTION 5.07. Obtaining of Governmental Approvals. The Company will obtain, file, and keep effective any and all permits, consents, and approvals of governmental agencies and authorities and all securities acts filings under United States Federal and state laws as shall be necessary for the valid issuance, sale, and transfer of the Debt Warrants and the related Debt Securities.

SECTION 5.08. Persons Having Rights under this Agreement. Nothing in this Agreement shall give to any person other than the Company, the Debt Warrant Agent, and the holders of the Debt Warrants any right, remedy, or claim under or by reason of this Agreement.

SECTION 5.09. Headings. The captions and headings used herein are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 5.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which as so executed shall be deemed to be an original, but shall together constitute but one and the same instrument.

SECTION 5.11. Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times at the principal corporate trust office of the Debt Warrant Agent for inspection by the holder of any Debt Warrant.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by one of their respective authorized officers as of the day and year first above written.

PEPSICO, INC.

By_____
Title:

THE CHASE MANHATTAN BANK
(National Association)

By_____
Title:

ANNEX A

FORM OF DEBT WARRANT CERTIFICATE

[Face of Debt Warrant Certificate]

[Form of Legend if Debt Warrants are not immediately detachable from Debt Securities: This Debt Warrant cannot be transferred or exchanged prior to_____, 19__, unless attached to the [designate Debt Securities] to which this Debt Warrant relates.]

THIS DEBT WARRANT SHALL BE EXERCISABLE ONLY IF COUNTERSIGNED BY THE DEBT WARRANT AGENT AS PROVIDED BELOW

PEPSICO, INC.

WARRANT TO PURCHASE
$_____ in aggregate principal amount of _____Debt Securities due _____, 19__

VOID AFTER 5:00 P.M., NEW YORK TIME, ON_____, 19__

No. [CUSIP No.]

This certifies that [the bearer] [_____or its registered assigns] is the [owner] [registered owner] of the Warrant[s] identified above (the "Debt Warrant[s]"), [each] such Debt Warrant entitling such [bearer] [registered owner] to purchase, at any time after 5:00 p.m., New York time, on_____, 19__, and on or before 5:00 p.m., New York time, on_____, 19__, (or such later date as may be designated by the Company by written notice to the holder as provided in the Debt Warrant Agreement, dated as of _____, 19__ (the "Debt Warrant Agreement") between PepsiCo, Inc. (the "Company") and The Chase Manhattan Bank (National Association) as debt warrant agent (the "Debt Warrant Agent")), $_____ in aggregate principal amount of the Debt Securities, [designate series] (the "Debt Securities") to be issued by the Company under the Indenture, dated as of December 2, 1993 (the "Indenture"), between the Company and The Chase Manhattan Bank (National Association) as trustee (the "Trustee").

The Debt Warrant[s] represented hereby shall be exercisable only in accordance with the terms and provisions set forth herein, in the Debt Warrant Agreement, and in the Indenture. Copies of the Debt Warrant Agreement and the Indenture may be obtained at the corporate trust office of the Debt Warrant Agent located at _____. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms by the Debt Warrant Agreement.

[Reverse of Debt Warrant Certificate]

The exercise price of [each] [such] Debt Warrant shall be calculated as follows: (a) during the period from and including _____ 19__, to and including _____, 19__, the exercise price of [each] [such] Debt Warrant will be [___% of the principal amount of the underlying Debt Securities] [$_____] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding _____], (b) during the period from _____, 19__, to and including _____, 19__, the exercise of [each] [such] Debt Warrant will be [___% of the principal amount of the related Debt Securities] [$_____] [plus [accrued amortization of the original issue discount] [accrued interest] from the most recently preceding _____], and (c) in each case (as applicable), [the original issue discount will be amortized at an annual rate of ___%, computed on [an annual] [a semi-annual] basis, using a [360-day year consisting of twelve 30-day months] [the original issue discount for each $_____ in aggregate principal amount of Debt Securities will be _____] (such exercise price the "Exercise Price").

The [holder] [registered holder] may exercise the Debt Warrant[s] evidenced hereby by delivery to the Debt Warrant

Agent of this Debt Warrant Certificate, together with the form of election to purchase set forth below properly completed and duly executed, and by paying in full, in lawful money of [the United States] [_____], [$]_____, by [certified check or official bank check or by] bank wire transfer, in each case, in immediately available funds, the Exercise Price for [such Debt Warrant] [each Debt Warrant to be exercised], payable to the [order of] [an account designated in writing by] the Company, such delivery and payment to be made at the corporate trust office of Debt Warrant Agent at the address specified below, or to such successor debt warrant agent at such other address as the Company may hereafter notify the [holder] [registered holder] in writing.

Any whole number of Debt Warrants evidenced by this Debt Warrant Certificate may be exercised to purchase Debt Securities in registered form upon such terms and conditions as are set forth in the Prospectus and [the] [any] applicable Supplement[s]. [Upon exercise of fewer than all of the Debt Warrants evidenced hereby, there shall be issued to the [holder] [registered holder] a new Debt Warrant Certificate evidencing the number of Debt Warrants remaining unexercised.]

[If the Debt Warrant[s] represented hereby is not immediately detachable from the underlying Debt Securities, [each] such Debt Warrant may be exchanged or transferred prior to _____, 19__,only together with the underlying Debt Securities and only for the purpose of effecting, or in conjunction with, an exchange or transfer of such Debt Securities. After such date, [each] such Debt Warrant and all rights hereunder, may be transferred by delivery as hereinabove provided and the Company and the Debt Warrant Agent may treat the bearer hereof as the owner for all purposes.]

[If the Debt Warrant[s] represented hereby are immediately detachable from the underlying Debt Securities, [each] such Debt Warrant may be registered for transfer or exchange upon delivery of this Debt Warrant Certificate as hereinabove provided.]

This Debt Warrant Certificate shall not entitle the [holder] [registered holder] hereof to any of the rights of a holder of the underlying Debt Securities, including, without limitation, the right to receive payments of principal, premium, if any, or interest, if any, on such Debt Securities or to enforce any of the covenants of the Indenture.

Neither this Debt Warrant Certificate nor the Debt Warrant[s] represented hereby shall be valid or obligatory for any purpose until countersigned by the Debt Warrant Agent.

Dated as of _____, 19__

PEPSICO, INC.

By_____
Title:

[ ], as Debt Warrant Agent,

By_____
Authorized Officer

Further Instructions for Exercise of Debt Warrant[s]

To exercise the Debt Warrants evidenced hereby, the holder must complete the information required below and present this Debt Warrant Certificate in person or by [registered] mail to the Debt Warrant Agent at the address set forth below. This Debt Warrant Certificate, completed and duly executed, must be received by the Debt Warrant Agent together with payment in full of the Exercise Price in accordance with the terms hereof.

The undersigned hereby irrevocably elects to exercise [the] [___ of the] Debt Warrant[s] evidenced hereby and to purchase [$]_____ in aggregate principal amount of the underlying Debt Securities to which such Debt Warrant[s] relate[s]. By executing this instrument as indicated below,

the undersigned represents that [he/she/it] has tendered payment for such Debt Securities in accordance with the provisions set forth herein. The undersigned requests that said principal amount of Debt Securities be in the authorized denominations, registered in such names, and delivered as specified below.

Dated:

_____

Name _____

[ ]

_____

Address

_____

(Insert Social Security or Other Identifying Number of Holder)

_____

Signature _____

The Debt Warrants evidenced hereby may be exercised at the following address:

Attention:

[Instructions as to form and delivery of Debt Securities and Debt Warrant Certificates evidencing unexercised Debt Warrants to be provided as appropriate.]

[If Registered Debt Warrant]

Assignment

(Form of Assignment To Be Executed Upon Transfer of Debt Warrants Evidenced Hereby)

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto

Please insert social security or other identifying number

_____

_____

_____

(Please print name and address including zip code)

_____

[_____ of] the Debt Warrant[s] represented by the within Debt Warrant Certificate and does hereby irrevocably constitute and appoint _____ as Attorney to transfer said Debt Warrant[s] on the books of the Debt Warrant Agent with full power of substitution in the premises.

Dated:

_____

Signature

(Signature must conform in all respects to name of holder as specified on the face of this Debt Warrant Certificate and must bear a signature guaranteed by a bank, trust company, or member broker of the New York, Midwest, or Pacific Stock Exchange.)

Signature Guaranteed:

____

November 14, 1995

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

Dear Sir or Madam:

I am Vice President and Assistant General Counsel of PepsiCo, Inc. (the "Company"), and have acted as its counsel in connection with the registration under the Securities Act of 1933, as amended (the "Act") of $4,587,000,000 of (i) the Company's debt securities, consisting of notes, debentures, and other evidences of unsecured indebtedness (the "Debt Securities"), proposed to be issued under an Indenture, dated as of December 14, 1994, between the Company and the Chase Manhattan Bank (National Association), as Trustee (the "Indenture"), included as an exhibit to the Registration Statement (as defined below), (ii) warrants to purchase Debt Securities (the "Debt Warrants"), proposed to be issued under a debt warrant agreement to be entered into between the Company and The Chase Manhattan Bank, (National Association), as Debt Warrant Agent (the "Debt Warrant Agreement"), in substantially the form included as an exhibit to the Registration Statement, and (iii) other warrants, options, and unsecured contractual obligations of the Company (the "Shelf Warrants"), proposed to be issued under one or more shelf warrant agreements to be entered into between the Company and The Chase Manhattan Bank (National Association), or such other bank or trust company as may be identified in any supplement to the Prospectus filed as part of the Registration Statement (any such agreement a "Shelf Warrant Agreement"), in substantially the form to be filed as an exhibit to the Registration Statement at or prior to the issuance of any Shelf Warrants subject thereto.

You have requested my opinion in connection with the Registration Statement on Form S-3 relating to the Debt Securities, Debt Warrants and Shelf Warrants (collectively, the "Securities"), which Registration Statement is being filed by the Company with the Securities and Exchange on this date (the "Registration Statement").

It is my opinion that the Securities have been duly authorized and will be duly, validly and legally issued and will be binding obligations of the Company when (i) with respect to the Debt Warrants, the Debt Warrant Agreement shall have been duly authorized, executed, and delivered, (ii) with respect to any Shelf Warrant, the applicable Shelf Warrant Agreement shall have been duly authorized, executed, and delivered, (iii) the applicable provisions of the Act, of any other federal securities laws, and of the laws of such other jurisdictions as may be applicable to the Securities, shall have been complied with, and (iv) the Securities shall have been duly executed, authenticated, and delivered against payment therefore in the manner described in the aforementioned Registration Statement after it has become effective under the Act.

The opinion expressed above should not be deemed to encompass compliance with any laws other than those of the State of New York, the corporation laws of the State of North Carolina, and the federal laws of the United States of America.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of my name in the Registration Statement under the caption "Legal Matters". In giving this consent, I do not admit that I am in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ DOUGLAS CRAM
Douglas Cram

Vice President and Assistant General
Counsel

Exhibit 23 (a)

Consent of Independent Auditors

The Board of Directors
PepsiCo, Inc.

We consent to the use of our audit report dated February 7, 1995 on the consolidated financial statements and schedule of PepsiCo, Inc. and subsidiaries as of December 31, 1994 and December 25, 1993 and for each of the years in the three year period ended December 31, 1994 incorporated herein by reference in the Registration Statement on Form S-3 and in the related prospectus of PepsiCo, Inc. pertaining to the registration of $2,500,000,000 principal amount of debt securities and warrants for PepsiCo, Inc. and to the reference to our Firm under the heading "Experts" in the Registration Statement.

Our report refers to PepsiCo Inc.'s adoption of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," and the change in the method of calculating the market-related value of pension plan assets used in the determination of pension expense in 1994, and PepsiCo's adoption of the Financial Accounting Standards Board's Statements of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and No. 109, "Accounting for Income Taxes" in 1992.

/s/ KPMG PEAT MARWICK LLP

New York, New York
November 14, 1995

EXHIBIT 12

PEPSICO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges (page 1 of 2)
(in millions except ratio amounts, unaudited)

	36 Weeks Ended	
	9/9/95	9/3/94
Earnings:		
Income before income taxes and cumulative effect of accounting changes	$2,132.8	$1,940.9
Joint ventures and minority interests, net (a)	(11.7)	(17.2)
Amortization of capitalized interest	3.5	3.4
Interest expense	481.5	433.9
Amortization of debt discount	0.3	0.2
Interest portion of rent expense (b)	111.0	99.6
Earnings available for fixed charges	$2,717.4	$2,460.8
Fixed Charges:		
Interest expense	$ 481.5	$ 433.9
Capitalized interest	5.8	4.0
Amortization of debt discount	0.3	0.2
Interest portion of rent expense (b)	111.0	99.6
Total fixed charges	$ 598.6	$ 537.7
Ratio of Earnings to Fixed Charges	4.54	4.58

(a) Prior year amounts have been restated to adjust for the effects of joint ventures and minority interests. The inclusion of these items did not have a material impact on the previously reported ratio of earnings to fixed charges.
(b) One-third of net rent expense is the portion deemed representative of the interest factor.

PEPSICO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges (page 2 of 2)
(in millions except ratio amounts, unaudited)

	53 Weeks Ended	52 Weeks Ended			
	12/31/94	12/25/93	12/26/92	12/28/91 (c)	12/29/90 (c)
Earnings:					
Income from continuing operations before income taxes and cumulative effect of accounting changes	$2,664.4	$2,422.5	$1,898.8	$1,659.7	$1,653.8

Joint ventures and minority interests, net (a)	(19.6)	(5.8)	(0.6)	(6.1)	(17.9)
Amortization of capitalized interest	5.2	5.0	5.0	4.5	5.3
Interest expense	645.0	572.7	586.1	613.7	686.0
Amortization of debt discount	0.3	0.2	0.3	0.3	0.3
Interest portion of net rent expense (b)	150.0	134.4	121.4	103.4	87.4
Earnings available for fixed charges	$3,445.3	$3,129.0	$2,611.0	$2,375.5	$2,414.9
Fixed Charges:					
Interest expense	$ 645.0	$ 572.7	$ 586.1	$ 613.7	$686.0
Capitalized interest	4.7	6.5	6.6	10.0	8.6
Amortization of debt discount	0.3	0.2	0.3	0.3	0.3
Interest portion of net rent expense (b)	150.0	134.4	121.4	103.4	87.4
Total fixed charges	$ 800.0	$ 713.8	$ 714.4	$ 727.4	$782.3
Ratio of Earnings to Fixed Charges	4.31	4.38	3.65	3.27	3.09

(a) Prior year amounts have been restated to adjust for the effects of joint ventures and minority interests. The inclusion of these items did not have a material impact on the previously reported ratio of earnings to fixed charges.

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

(c) To improve comparability, the 1991 and 1990 amounts have been restated to report, under the equity method of accounting, the results of previously consolidated snack food businesses in Spain, Portugal and Greece, which were contributed to the Snack Ventures Europe joint venture with General Mills, Inc. in late 1992.