

\$25,000,000

PepsiCo, Inc.

7.50% Callable Fixed Rate Debt Securities Due September 19, 2011
Interest Payable Monthly

Underwriter: Merrill Lynch, Pierce, Fenner & Smith Incorporated

Initial Offering Price: The 7.50% Callable Fixed Rate Debt Securities Due September 19, 2011 ("Notes") are being purchased by the Underwriter at 97.78% of their principal amount and will be sold at varying prices to be determined based on prevailing market prices at the time of sale.

Underwriter's Discount: 2.22%

Currency: U. S. Dollars

Date of Issue: September 19, 1996

Issuance form: Book entry

Scheduled Maturity Date: September 19, 2011

Interest Rate: 7.50% per annum

Day count basis: 30/360

Interest Accrual Date: September 19, 1996 or the most recent date for which interest has been paid or provided for, as the case may be. Interest will accrue from each Interest Accrual Date to but excluding the next succeeding Interest Payment Date.

Interest Payment Dates: Monthly on the 19th of each month, commencing October 19, 1996, and ending on the Scheduled Maturity Date or an earlier Optional Redemption Date.

Principal Payment Date: Scheduled Maturity Date, or an earlier Optional Redemption Date.

Business Days: New York

Calculation Agent: PepsiCo, Inc.

Optional Redemption Dates: The Notes may be redeemed, in whole but not in part, at the option of PepsiCo, at 100% of the principal amount thereof, plus accrued interest to the date of such redemption, on September 19, 2000, and semiannually thereafter on each September 19th and March 19th, upon 30 days written notice by PepsiCo to the Trustee under the Indenture dated as of December 14, 1994 for the benefit of the holders of such Notes.

Option to elect prepayment: None
Sinking fund: Not applicable
Settlement Date: September 19, 1996

The Notes will be purchased by the Underwriter at 97.78% of their principal amount, and will be offered to the public at varying prices to be determined by the Underwriter based on prevailing market prices at the time of sale.

For U.S. federal income tax purposes, the Notes will be treated as Fixed Rate Debt Securities, issued without OID. This treatment is consistent with the applicable provisions of the Internal Revenue Code of 1986, as amended, and the final OID regulations, which are generally effective for debt instruments issued on or after April 4, 1994.

Merrill Lynch & Co.

September 10, 1996