

[Draft – 4/10/02]

April [ ], 2002

Regions Bank, as Trustee  
400 West Capitol Avenue, 7<sup>th</sup> Floor  
Little Rock, Arkansas 72201

City of Jonesboro  
314 Washington  
Jonesboro, AR 72401

Ladies and Gentlemen:

Reference is made to (i) the \$104,700,000 aggregate principal amount of City of Jonesboro, Arkansas Taxable Industrial Development bonds (the "1997 Bonds") issued to PepsiCo, Inc. ("PepsiCo") pursuant to a Trust Indenture dated as of December 1, 1997, (the "Indenture") between the City of Jonesboro, Arkansas (the "Municipality") and Regions Bank (the "Trustee") and the related Lease Agreement (the "Lease") between the Municipality and Frito-Lay, Inc. ("Frito"), a wholly owned subsidiary of PepsiCo, and (ii) the \$95,300,000 aggregate principal amount of City of Jonesboro Arkansas Taxable Industrial Development Revenue Bonds (the "1999 Bonds", and together with the 1997 Bonds, the "Bonds") issued to PepsiCo pursuant to a Supplemental Trust Indenture dated as of July 1, 1999 (the "Supplemental Indenture") between the Municipality and the Trustee and the related Supplemental Lease Agreement dated as of July 1, 1999 (the "Supplemental Lease") between the Municipality and Frito.

This letter hereby confirms the understanding of the parties that it was and is their intent to "net settle" (in accordance with Interpretation 39 of the Financial Accounting Standards Board) all payments made by Frito to the Municipality pursuant to the terms of the Lease and the Supplemental Lease against all payments made by the Municipality to PepsiCo, as holder of the Bonds, pursuant to the terms of the Indenture and the Supplemental Indenture. In order to effect this intent and maintain the integrity of the Bonds and notwithstanding any provisions to the contrary in the Indenture, the Supplemental Indenture, the Lease or the Supplemental Lease, (i) Frito hereby agrees to make all required payments under the Lease and the Supplemental Lease directly to PepsiCo, (ii) PepsiCo hereby agrees that such payments shall constitute payment for all amounts owed by the Municipality to PepsiCo, as the holder of the Bonds, pursuant to the Indenture and the Supplemental Indenture to the same extent as if such payments had been made from the Bond Fund (as such term is defined in the Indenture) or the 1999 Bond Fund (as such term is defined in the Supplemental Indenture), as applicable, by the Trustee, (iii) the Municipality hereby agrees that such payments shall constitute payment for all amounts owed by Frito to the Municipality pursuant to the Lease or the Supplemental Lease, as applicable, to the same extent as if such payments had been made

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City of Jonesboro  
March [ ], 2002  
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to the Trustee and (iv) Frito agrees to provide written notification to the Municipality and the Trustee of all payments made to PepsiCo under the net settlement arrangement.

This letter shall be governed by and construed in accordance with the laws of the State of New York and may be modified only with the prior written consent of all parties hereto.

PEPSICO, INC.

By \_\_\_\_\_  
Name:  
Title:

FRITO-LAY, INC.

By \_\_\_\_\_  
Name:  
Title:

ACCEPTED AND AGREED:

CITY OF JONESBORO

By \_\_\_\_\_  
**Hubert Brodell, Mayor**

ACKNOWLEDGED:

REGIONS BANK, as Trustee

By \_\_\_\_\_  
**Debi DeHan, Senior Vice President  
and Trust Officer**