



October 8, 1997

To the Stockholders of PepsiCo, Inc. Common Stock:

As owners of PepsiCo, Inc. ("PepsiCo") common stock, you have recently received a special distribution of 1 (one) share of Tricon Global Restaurants, Inc. ("Tricon") common stock for each 10 (ten) shares of PepsiCo common stock owned as of the record date of September 19, 1997. For tax purposes these shares are treated as distributed on October 6, 1997. The distribution and the Federal income tax consequences of the distribution are fully discussed in the Information Statement dated August 28, 1997.

PepsiCo has received a ruling from the Internal Revenue Service that the distribution of Tricon stock will be tax-free for U.S. Federal income tax purposes for PepsiCo stockholders who are United States citizens or residents. The Federal income tax basis of your PepsiCo common stock will, however, have to be apportioned between your PepsiCo common stock and your Tricon common stock based on their relative fair market values on the date of the distribution. The values of the PepsiCo common stock and the Tricon common stock are determined with reference to the average trading prices on October 7, 1997. Based on this methodology, on October 7, 1997, the fair market value of one share of PepsiCo common stock was \$38.5625 and the fair market value of 1/10th of a share of Tricon common stock was \$3.16875. Accordingly, your aggregate income tax basis in PepsiCo common stock will be apportioned 92.4068% to your PepsiCo common stock and 7.5932% to the Tricon common stock you received as a result of the distribution. You should consult your tax advisor regarding the application of this apportionment calculation to your particular circumstances.

All stockholders who received Tricon stock are required to apportion their basis even if some or all of their PepsiCo stock was sold after the record date and before the distribution of Tricon stock.

The apportionment calculation may be illustrated as follows: Suppose you own 25 shares of PepsiCo common stock with a \$20 per share basis for a total of \$500.00. Upon receipt of 2.5 shares of Tricon common stock, your aggregate basis in the shares of PepsiCo common stock would be reduced to approximately \$462.03 (92.4068% of \$500.00), or \$18.48 per share (\$462.03 divided by 25 shares). Your aggregate basis in the shares of Tricon common stock would be approximately \$37.97 (\$500.00 less \$462.03), or \$15.19 per share (\$37.97 divided by 2.5 shares).

You should have received cash in lieu of fractional shares (unless you held your shares through certain PepsiCo employee benefit plans). Therefore, instead of actually receiving 0.5 shares of Tricon common stock, you would have received the cash equivalent thereof. For tax purposes, you would be treated as having sold the 0.5 shares in exchange for the amount of cash received. Gain or loss on the sale would be equal to the difference between your basis in the 0.5 shares (\$15.19 multiplied by 0.5) and the amount of cash received.

The apportionment calculation would be applied separately to each group of shares of PepsiCo common stock that you own with a basis other than \$20 per share.

This information should be retained to support the determination of the income tax basis of your PepsiCo and Tricon stock.