

November 19, 2008

Mr. Larry D. Thompson  
Secretary  
PepsiCo Inc.  
700 Anderson Hill Road  
Purchase, NY 10577

Dear Mr. Thompson:

During our past conversations with PepsiCo on water usage, we have expressed our concerns about PepsiCo's water usage in communities with diminishing access to clean, safe water for all. With the water crisis ever increasing, we want to ensure that our Company has a comprehensive viewpoint with respect to water.

Therefore as the beneficial owner, as defined under Rule 13(d)-3 of the General Rules and Regulations under the Securities Act of 1934, of 7,537 shares of PepsiCo common stock, we are submitting for inclusion in the next proxy statement, in accordance with Rule 14a-8 of these General Rules, the enclosed shareholder proposal. The proposal requests that the Board of Directors create a comprehensive policy articulating our company's respect for and commitment to the Human Right to Water.

As required by Rule 14a-8, NorthStar has held these shares for more than one year and will continue to hold the requisite number of shares through the date of the next stockholders' annual meeting. Proof of ownership will be provided upon request. One of the filing shareholders or our appointed representative will be present at the annual meeting to introduce the proposal. We expect others to be filing this resolution with us; NorthStar Asset Management, Inc. will be the primary contact and filer.

A commitment from PepsiCo to create a human right to water policy will allow this resolution to be withdrawn. We believe that this proposal is in the best interest of PepsiCo and its shareholders.

Sincerely,

Julie N.W. Goodridge  
President

Encl.: shareholder resolution

## **Policy on the Human Right to Water**

**WHEREAS**, water is the number one ingredient in our company's beverage products, and therefore water quality and quantity is vital for PepsiCo's success;

PepsiCo utilizes natural water resources in the global community to benefit the creation and development of our beverage products;

In 2003, our company's water-use license was revoked in Pudussery, India due to claims that PepsiCo bottling plants were over-consuming and depleting community groundwater;

Over-consuming and depleting community groundwater is a direct violation of the Human Right to Water that the UN Committee on Economic, Social and Cultural Rights defines as all people's right to safe, sufficient, acceptable, physically accessible and affordable water for personal and domestic use;

PepsiCo conducts business in countries that have constitutional provisions protecting the Human Right to Water, and in countries which enforce the Human Right to Water through the right to healthy environment and life;

The UN High Commissioner for Human Rights has issued a report on the scope of the human rights obligations related to equitable access to safe drinking water and sanitation, and her comments place responsibility for ensuring this level of access not only on governments, but on private water providers and bottlers;

We believe that global corporations operating without strong human rights and environmental policies face serious risks to their reputation and share value if they are seen to be responsible for or complicit in human rights violations, specifically the violation or erosion of the Human Right to Water;

We believe that significant commercial advantages may accrue to our company by adopting a comprehensive Human Right to Water policy, including enhanced corporate reputation, improved employee recruitment and retention, improved community and stakeholder relations, and reduced risk of adverse publicity, consumer boycotts, divestment campaigns, and lawsuits;

**BE IT RESOLVED** that the shareholders request the Board of Directors to create a comprehensive policy articulating our company's respect for and commitment to the Human Right to Water.

## **SUPPORTING STATEMENT**

Proponents believe the policy should address potability, volume, physical accessibility and affordability of water. In defining "human rights," proponents suggest that the Board could use the Universal Declaration of Human Rights as nonbinding benchmark or reference document.



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## News Release

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### **PepsiCo Marks World Water Day and Reaffirms Commitment to Responsible Water Stewardship**

PURCHASE, N.Y., March 20, 2009 – In observance of the upcoming 17 th anniversary of World Water Day on March 22, PepsiCo has reaffirmed its commitment to responsible water stewardship through an ambitious agenda of global initiatives. These programs are part of the company's Performance with Purpose vision: delivering shareholder value while leaving a positive imprint on society.

"Water is critical to life, and essential to our business," said PepsiCo Chairman and CEO Indra Nooyi. "We recognize the impact of our business on each community in which we operate, and likewise the impact of our communities on our business. We mark World Water Day, mindful of our collective responsibility to find even more ways to protect and ensure this limited resource."

PepsiCo focuses its efforts in two main areas. First, the company continues to use water more efficiently within its own operations, by adopting innovative new technologies, continually improving its production processes and raising awareness among associates and partners. Second, PepsiCo is committed to increasing access to clean water around the world, working with communities as well as nonprofit, academic, scientific and industry organizations.

Key aspects of this work:

- PepsiCo's sustainability goals include reducing water consumption per unit of production by 20% by 2015 as compared to 2006 consumption. Across the world, PepsiCo has saved nearly 1.5 billion gallons of water in 2007 compared to 2006.
- New [technology](#) , information sharing and employee initiatives are at the core of efforts to drive down water consumption and increase re-use. In the U.S. , air-rinse and dry-lube technology to clean newly manufactured bottles is saving almost 150 million gallons of water per year in Gatorade manufacturing facilities across the country. Comprehensive "water mapping" at manufacturing facilities has helped pinpoint areas for manufacturing process innovation. In the U.K, PepsiCo's Walkers unit has reduced the amount of water used per kilogram of crisps by 42 percent between 2001 and 2007.
- Working with NorthStar Asset Management, Inc., a PepsiCo shareholder and wealth management firm specializing in socially responsible investing, and Boston Common Asset Management,

PepsiCo recently set written guidelines for its global operations in support of the Human Right to Water, as defined by the United Nations. They outline a commitment to supporting individuals' right to access sufficient clean water in the communities where PepsiCo operates, and to advocating this right more broadly through strategic approaches across the enterprise. "This policy is a crucial first step," said Julie Goodridge, CEO of NorthStar Asset Management. "Access to safe, sufficient clean water is a human right and we commend PepsiCo for becoming the first publicly-traded multinational corporation to commit to a policy on the Human Right to Water. Among other things, this policy illustrates PepsiCo's commitment to an individual's right to water and describes the company's intention to preserve water integrity and involve community members in the plans to develop water resources."

- The PepsiCo Foundation has committed to investing nearly \$16 million to bring safe water to those in need in India and other emerging markets. This includes work with nonprofit organizations that are pioneering ways to dramatically increase access to clean water.
- PepsiCo joins with other industry leaders in supporting policy initiatives, such as the United Nations CEO Water Mandate, that advocate stronger action on global water issues. This month, it signed the Declaration on U.S. Policy and the Global Challenge of Water, which calls for stronger efforts to address water as one of the most important strategic challenges of our time.

### **About PepsiCo**

PepsiCo is one of the world's largest food and beverage companies, with 2008 annual revenues of more than \$43 billion. The company employs approximately 198,000 people worldwide, and its products are sold in approximately 200 countries. Its principal businesses include: Frito-Lay snacks, Pepsi-Cola beverages, Gatorade sports drinks, Tropicana juices and Quaker foods. The PepsiCo portfolio includes 18 brands that generate \$1 billion or more each in annual retail sales. PepsiCo's commitment to sustainable growth, defined as Performance with Purpose, is focused on generating healthy financial returns while giving back to communities the company serves. This includes meeting consumer needs for a spectrum of convenient foods and beverages, reducing the company's impact on the environment through water, energy and packaging initiatives, and supporting its employees through a diverse and inclusive culture that recruits and retains world-class talent. PepsiCo is listed on the Dow Jones Sustainability North America Index and the Dow Jones Sustainability World Index. For more information, please visit [www.pepsico.com](http://www.pepsico.com).