

January 3, 2008

Indra K. Nooyi Chairman of the Board and Chief Executive Officer PepsiCo Inc. 700 Anderson Hill Road Purchase, NY 10577

Dear Ms. Nooyi:

Rates of overweight and obesity, including childhood obesity, are rapidly rising throughout the world, leading to increased risk of heart disease, diabetes, and other diet-related illnesses. Consumption of sugary beverages produced by PepsiCo Inc. has been clearly implicated in this disturbing trend. And increased marketing efforts for such products in Asia, Africa, and Latin America will only accelerate this problem.

PepsiCo Inc. proudly boasts of a commitment to health and to "promoting healthy kids lifestyles . . . by offering healthy product choices in schools, by developing healthy products that appeal to kids and by promoting programs that encourage kids to lead active lives." We recognize that your company has supported legislation to remove non-diet soft drinks from all American schools, is complying with new restrictions in the United Kingdom banning broadcast advertising of soft drinks to children under 16, and supported front label disclosure of calorie content in Australia. However, these steps should be taken on a consistent basis around the world in order to honor PepsiCo's pledge to support healthy diets and good nutrition on a global basis.

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¹ See Ludwig, DS, Peterson, KE, and Gortmaker, SL. Relation Between Consumption of Sugar-Sweetened Drinks and Childhood Obesity: a Prospective, Observational Analysis. *Lancet*. 2001; 357: 505-508; James, J, Thomas, P, Cavan, D, and Kerr, D. Preventing Childhood Obesity by Reducing Consumption of Carbonated Drinks: Cluster Randomised Controlled Trial. *British Medical Journal*. April 2004; Vol. 328; Malik, V, Schulze, MB, and Hu, FB. Intake of Sugar-Sweetened Beverages and Weight Gain: A Systematic Review. *American Journal of Clinical Nutrition*. 2006; 84: 274-288; Ebbeling, CB, Feldman, HA, Osganian, SK, Chomitz, VR, Ellenbogen, SJ, Ludwig, DS. Effects of Decreasing Sugar-Sweetened Beverage Consumption on Body Weight in Adolescents: A Randomized, Controlled Pilot Study. *Pediatrics*. 2006; 117: 673-680, Popkin, B. and S.J. Nielson. The Sweetening of the World's Diet. *Obesity Research*. 2003: Vol. 11, No. 11.

² PepsiCo Inc. Company. http://www.PepsiCo Inc..com/PEP_Citizenship/HealthWellness/philosophy/index.cfm (Accessed September 14, 2007).

The undersigned organizations representing consumers in all corners of the globe urge PepsiCo to live up to its commitments in a meaningful way by taking the following actions and requiring its subsidiaries and bottlers around the world to do the same:

- 1. Cease all marketing of sugar-laden and/or caffeinated beverages to children under 16, including print and broadcast advertising, product placement, Internet advertising, mobile phone messages, athletic event sponsorship, signage, packaging promotions, merchandising, and other means;
- 2. Stop selling sweetened beverages, including sports drinks, and non-carbonated fruit-flavored beverages, and teas, in all public and private elementary, middle, and high schools. Acceptable beverages in schools include water from drinking fountains and cafeteria taps, seltzer (carbonated) water, and fruit juice in container sizes of 250 ml (8 ounces) or less;
- 3. Prominently display the calorie content, per serving, on the front labels of containers along with the number of servings per bottle or can as part of a comprehensive labeling system utilizing simple and uniform symbols to convey nutritional value;
- 4. Include rotating consumer alerts on sugary beverages, such as "High sugar drink only occasionally" or "For occasional consumption. Drink water to quench thirst;"
- 5. Limit sponsorships promoting physical activity and health to contributions to "blind" trusts overseen by government agencies that use such funds for programs that do not feature corporate logos, brands, or other proprietary information;
- 6. Do not interfere with government consideration of fiscal measures, such as a small sales or other tax on soft drinks that would be returned to consumers through the provision of physical activity and nutrition education programs, and through subsidies that reduce the costs of fruits and vegetables. As you know, soft drinks are already taxed in some jurisdictions in the United States and Canada.

In addition, PepsiCo should focus its adult-oriented marketing primarily on lower-sugar products and should only promote the sale of traditional high–sugar products in reduced size containers. These steps are consistent with recommendations in the World Health Organization's Global Strategy on Diet, Physical Activity, and Health and are necessary to facilitate healthy diets. By taking these steps, PepsiCo would demonstrate that it is serious about its commitment to the public and help reverse dietary trends that are taking a tragic human and economic toll on consumers world-wide.

Sincerely,

ADELCO, Liga de Acción del Consumidor, Argentina Associazione Consumatori Utenti (ACU), Italy Center for Science in the Public Interest (CSPI), United States and Canada Center for Social Responsibility, Singapore

Consumer Education and Research Center (CERC), India

Consumer Education Trust (CONSENT), Uganda

Consumers Association of Penang, Malaysia

Consumers Protection Center – KE.P.KA., Greece

Corporate Accountability International

El Poder del Consumidor, Mexico

International Baby Food Action Network (IBFAN)

Australian and New Zealand Obesity Society

Japan Offspring Fund

Lingue Pour la Defénse du Consommateur au Benin

National Action Against Obesity (NAAO), United States

New York Children's Health Project (NYCHP), United States

Pro Teste, Brazil

Sustain, United Kingdom

Sveriges Konsumenter i Samverkan (Swedish Consumer Coalition), Sweden

The Food Commission, United Kingdom

Union for the Protection of Consumers' Rights, Armenia

Voluntary Organization in Interest of Consumer Education (VOICE), India

Zambian Consumers Association