

Carleton College
Carleton Responsible Investment Committee (CRIC)
Laird Hall 116
One North College Street
Northfield, Minnesota 55057-4015
January 20, 2013

Manager Shareholder Relations
PepsiCo, Inc.
700 Anderson Hill Road
Purchase, NY 10577

To whom it may concern,

Earlier this year the Carleton College Board of Trustees resolved to pursue a full disclosure policy on PepsiCo's contributions to politically-active trade associations, as set forth by a shareholder resolution on the topic. The influence of money on the legislative process is a topic of great concern among the American public, especially in recent years as news has emerged regarding the exploitation of inadequate campaign finance laws to avoid transparency. We believe the company will benefit by clearly distancing itself from this expensive and controversial trend. PepsiCo can distinguish itself in this regard by establishing a policy to voluntarily cover these loopholes as they relate to trade associations.

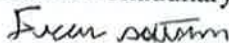
As you know, resolution sponsors withdrew their proposal after reaching an agreement on the issue, charting a way forward for further engagement and sensible policy changes. We commend management on its willingness to work with investors in the best interest of the company, and we look forward to witnessing the process of improvement at PepsiCo. Please feel free to contact us with any further questions or points of discussion.

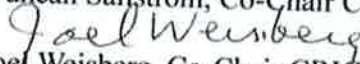
Please note that this letter is sent by us as stockholders for your information, and is *not* to be construed as a request for a proxy vote in 2013.

Thank you.

Sincerely,


Bakhtawar Chaudhary, Co-Chair CRIC (email: chaudhab@carleton.edu)


Duncan Sallstrom, Co-Chair CRIC (email: sallstrd@carleton.edu)


Joel Weisberg, Co-Chair CRIC (email: jweisber@carleton.edu)

On behalf of the Committee and the Carleton College Trustees

Political Contributions - Trade Associations

2012 – PepsiCo, Inc.

WHEREAS: Political spending by companies is increasingly controversial, heightened by the Citizens United Supreme Court decision, allowing companies to make independent expenditures supporting or opposing a candidate's election campaign.

Corporate political spending has also become a major investor concern. Investors asked hundreds of companies to disclose their policies, establish board oversight and disclose all direct and indirect expenditures for political purposes. 52 S&P 100 companies now disclose their political expenditures and policies on their websites. Shareowner proposals urging disclosure averaged more than 33 percent in 2011, indicating strong investor support.

Omitted from many company reports, however, is disclosure of payments for political purposes to trade associations and through other tax-exempt groups.

Meanwhile many companies updated their political spending policies. For example, Pfizer, Procter & Gamble, Goldman Sachs and Merck stated they will not make direct or indirect independent political expenditures.

And for example, PepsiCo works to insure dues payments to trade associations do not get diverted into political expenditures.

But PepsiCo is on the US Chamber of Commerce Board, which announced it would raise \$75 million for political campaigns in 2010. The Chamber, allegedly on behalf of the business community, lobbies, speaks publicly and puts political dollars to work in ways that, ironically, challenges PepsiCo's environmental positions. And approximately 50% of every dollar of dues to the Chamber is spent on lobbying.

PepsiCo has strong environmental policies and urges companies in its supply chain to follow suit.

Yet as a Chamber board member, PepsiCo does not seem to challenge the Chamber's environmental positions or its partisan political activities. Controversial inconsistencies could be harmful to PepsiCo's reputation.

The Chamber's website states: "Directors determine the U.S. Chamber's policy positions on business issues and advise the U.S. Chamber on appropriate strategies to pursue. Through their participation in meetings and activities held across the nation, Directors help implement and promote U.S. Chamber policies and objectives." As a Chamber board member PepsiCo certainly may be perceived as supporting its policies.

RESOLVED: Shareholders request that independent Board members institute a comprehensive review of PepsiCo's policies and oversight processes related to political spending and public policy, both direct and indirect including through trade associations, and present a summary report by September 2012. The report may omit confidential information and limit costs. Items for review include:

- Review and disclosure of any direct and indirect expenditures supporting or opposing candidates, or for issue ads designed to affect political races, including dues and special payments made to trade association, or other organizations that can hide any contributions.
- Risks and responsibilities associated with serving on boards of and paying dues to trade organizations where their positions contradict PepsiCo's own positions.
- How PepsiCo's Board representatives on trade associations can more effectively advocate PepsiCo's sustainability agenda and influence policy.
- Management and Board trade association oversight processes. The case for PepsiCo publicly explaining why they differ from a trade association on a priority issues.