

LAW OFFICES
PEARSON, SIMON & WARSHAW, LLP
15165 VENTURA BOULEVARD, SUITE 400
SHERMAN OAKS, CALIFORNIA 91403
(818) 788-8300
FAX (818) 788-8104
WWW.PSWLAW.COM

SAN FRANCISCO OFFICE
44 MONTGOMERY STREET, SUITE 2450
SAN FRANCISCO, CALIFORNIA 94104
(415) 433-9000
FAX (415) 433-9008

WRITER'S DIRECT CONTACT
(818) 205-2805
DWARSHAW@PSWLAW.COM

March 3, 2014

VIA CERTIFIED MAIL

Indra K. Nooyi
Chairman & Chief Executive Officer
PepsiCo, Inc.
700 Anderson Hill Road
Purchase, New York 10577

California Attorney General
Proposition 65 Coordinator
1515 Clay Street, Suite 2000
Post Office Box 70550
Oakland, CA 94612-055

(Additional Recipients Listed in Certificate of Service)

Re: Notice of Violation of the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code §§ 25249.5 *et seq.*)

Dear Ms. Nooyi:

Noticing party Mary Hall ("Noticing Party") serves this Notice of Violation ("Notice") upon PepsiCo, Inc. ("Noticed Party") pursuant to and in compliance with California Health and Safety Code ("H&S Code") § 25249.7(d) and 27 California Code of Regulations ("CCR") § 25903.

This Notice satisfies a prerequisite for the Noticing Party to commence an action against the Noticed Party to enforce the Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"). On information and belief, the violations addressed by this Notice occur in every county and city in California. This Notice is being served upon each violator, the California Attorney General, the district attorney of every California County and the city attorney of every California City with a population (according to the most recent decennial census) of over 750,000. If the Noticed Party has a current registration with the California Secretary of State that identifies a Chief Executive Officer, President, or General Counsel, this Notice is being addressed to, and served upon, one of those persons.

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Attached as Exhibit "A" to this Notice is a copy of the "The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65): A Summary." The attached Summary was prepared by the California Environmental Protection Agency and provides general information about the Safe Drinking Water and Toxic Enforcement Act of 1986.

The Noticing Party is acting in the public interest pursuant to H&S Code § 25249.7(d), and is dedicated to protecting the environment, improving human health, and supporting environmentally sound practices. The Noticing Party is a resident of the State of California acting in the public interest on behalf of herself and other California consumers.

This Notice of Violation concerns the "warning provision" of Proposition 65, which is found at H&S Code § 25249.6. The names of each chemical that is listed pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986 involved in the violations addressed by this Notice is 4-Methylimidazole ("Listed Chemical"). The Listed Chemical has been listed for more than twelve months by the Governor of the State of California as being a chemical known to the State of California to cause cancer or reproductive toxicity, or both cancer and reproductive toxicity. The violations addressed by this Notice began on or after January 7, 2011, have occurred on numerous occasions each and every day since, and are ongoing and continuing.

The consumer products causing the exposures addressed by this Notice are the Pepsi, Diet Pepsi and Pepsi One brand soft drinks manufactured, distributed and sold by the Noticed Party ("Products"). No clear and reasonable warning is or has been provided by the Noticed Party to individuals regarding exposure to the Listed Chemical or regarding the fact that the Listed Chemical is known to be a carcinogen, reproductive toxicant, or both a carcinogen and reproductive toxicant by the State of California.

The principal route of exposure to the Listed Chemical is through a "consumer products exposure" via ingestion. There are numerous sources of the exposures addressed in this Notice. These exposures occur in homes, the workplace, and everywhere else in California where these products are consumed. These exposures occur principally off the property of the Noticed Party. The sale of these Products constitutes a transfer of the known dangerous chemicals into the populous and the normal consumption of the product by the purchaser or others will cause the exposure without a clear and reasonable warning.

In the course of doing business, the Noticed Party has knowingly and intentionally exposed, and continues to expose, individuals to the Listed Chemicals. The Noticing Party

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believes and so alleges that the Noticed Party has tolled any applicable statute of limitations by failing at any time in the past to disclose the presence of the Listed Chemical in the Products.

Please direct any inquiries regarding this Notice or any communication for the Noticing Party to the undersigned at the address listed above.

Very truly yours,

PEARSON, SIMON & WARSHAW, LLP


DANIEL L. WARSHAW

cc: Parties Listed in Certificate of Service

Enclosures: Exhibit A - The Safe Drinking Water and Toxic Enforcement Act of 1986
(Proposition 65): A Summary
Exhibit B - Certificate of Merit (attachment only sent to California
Attorney General's Office)
Exhibit C - Certificate of Service

EXHIBIT A

OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

THE SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986 (PROPOSITION 65): A SUMMARY

The following summary has been prepared by the California Office of Environmental Health Hazard Assessment (OEHHA), the lead agency for the implementation of the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65"). A copy of this summary must be included as an attachment to any notice of violation served upon an alleged violator of the Act. The summary provides basic information about the provisions of the law, and is intended to serve only as a convenient source of general information. It is not intended to provide authoritative guidance on the meaning or application of the law. The reader is directed to the statute and OEHHA's implementing regulations (see citations below) for further information.

FOR INFORMATION CONCERNING THE BASIS FOR THE ALLEGATIONS IN THE NOTICE RELATED TO YOUR BUSINESS, CONTACT THE PERSON IDENTIFIED ON THE NOTICE.

Proposition 65 appears in California law as Health and Safety Code Sections 25249.5 through 25249.13. The statute is available online at: <http://oehha.ca.gov/prop65/law/P65law72003.html>. Regulations that provide more specific guidance on compliance, and that specify procedures to be followed by the State in carrying out certain aspects of the law, are found in Title 27 of the California Code of Regulations, sections 25102 through 27001.¹ These implementing regulations are available online at: <http://oehha.ca.gov/prop65/law/P65Regs.html>.

WHAT DOES PROPOSITION 65 REQUIRE?

The "Governor's List." Proposition 65 requires the Governor to publish a list of chemicals that are known to the State of California to cause cancer and/or reproductive toxicity. This means that chemicals are placed on the Proposition 65 list if they are known to cause cancer and/or birth defects or other reproductive harm, such as damage to female or male reproductive systems or to the developing fetus. This list must be updated at least once a year. The current Proposition 65 list of chemicals is available on the OEHHA website at: http://www.oehha.ca.gov/prop65/prop65_list/Newlist.html.

Only those chemicals that are on the list are regulated under this law. Businesses that produce, use, release or otherwise engage in activities involving listed chemicals must comply with the following:

Clear and reasonable warnings. A business is required to warn a person before "knowingly and intentionally" exposing that person to a listed chemical unless an exemption applies; for example,

¹ All further regulatory references are to sections of Title 27 of the California Code of Regulations unless otherwise indicated. The statute, regulations and relevant case law are available on the OEHHA website at: <http://www.oehha.ca.gov/prop65/law/index.html>.

when exposures are sufficiently low (see below). The warning given must be “clear and reasonable.” This means that the warning must: (1) clearly make known that the chemical involved is known to cause cancer, or birth defects or other reproductive harm and (2) be given in such a way that it will effectively reach the person before he or she is exposed. Some exposures are exempt from the warning requirement under certain circumstances discussed below.

Prohibition from discharges into drinking water. A business must not knowingly discharge or release a listed chemical into water or onto land where it passes or probably will pass into a source of drinking water. Some discharges are exempt from this requirement under certain circumstances discussed below.

DOES PROPOSITION 65 PROVIDE ANY EXEMPTIONS?

Yes. You should consult the current version of the statute and regulations (<http://www.oehha.ca.gov/prop65/law/index.html>) to determine all applicable exemptions, the most common of which are the following:

Grace Period. Proposition 65 warning requirements do not apply until 12 months after the chemical has been listed. The Proposition 65 discharge prohibition does not apply to a discharge or release of a chemical that takes place less than 20 months after the listing of the chemical.

Governmental agencies and public water utilities. All agencies of the federal, state or local government, as well as entities operating public water systems, are exempt.

Businesses with nine or fewer employees. Neither the warning requirement nor the discharge prohibition applies to a business that employs a total of nine or fewer employees. This includes all employees, not just those present in California.

Exposures that pose no significant risk of cancer. For chemicals that are listed as known to the State to cause cancer (“carcinogens”), a warning is not required if the business can demonstrate that the exposure occurs at a level that poses “no significant risk.” This means that the exposure is calculated to result in not more than one excess case of cancer in 100,000 individuals exposed over a 70-year lifetime. The Proposition 65 regulations identify specific “No Significant Risk Levels” (NSRLs) for many listed carcinogens. Exposures below these levels are exempt from the warning requirement. See OEHHA’s website at: <http://www.oehha.ca.gov/prop65/getNSRLs.html> for a list of NSRLs, and Section 25701 *et seq.* of the regulations for information concerning how these levels are calculated.

Exposures that will produce no observable reproductive effect at 1,000 times the level in question. For chemicals known to the State to cause reproductive toxicity, a warning is not required if the business can demonstrate that the exposure will produce no observable effect, even at 1,000 times the level in question. In other words, the level of exposure must be below the “no observable effect level” divided by a 1,000. This number is known as the Maximum Allowable Dose Level (MADL). See OEHHA’s website at: <http://www.oehha.ca.gov/prop65/getNSRLs.html> for a list of MADLs, and Section 25801 *et seq.* of the regulations for information concerning how these levels are calculated.

Exposures to Naturally Occurring Chemicals in a Food. Certain exposures to chemicals that occur in foods naturally (i.e., that do not result from any known human activity, including activity by someone other than the person causing the exposure) are exempt from the warning requirements of

the law. If the chemical is a contaminant² it must be reduced to the lowest level feasible. Regulations explaining this exemption can be found in Section 25501.

Discharges that do not result in a “significant amount” of the listed chemical entering into any source of drinking water. The prohibition from discharges into drinking water does not apply if the discharger is able to demonstrate that a “significant amount” of the listed chemical has not, does not, or will not pass into or probably pass into a source of drinking water, and that the discharge complies with all other applicable laws, regulations, permits, requirements, or orders. A “significant amount” means any detectable amount, except an amount that would meet the “no significant risk” level for chemicals that cause cancer or that is 1,000 times below the “no observable effect” level for chemicals that cause reproductive toxicity, if an individual were exposed to that amount in drinking water.

HOW IS PROPOSITION 65 ENFORCED?

Enforcement is carried out through civil lawsuits. These lawsuits may be brought by the Attorney General, any district attorney, or certain city attorneys. Lawsuits may also be brought by private parties acting in the public interest, but only after providing notice of the alleged violation to the Attorney General, the appropriate district attorney and city attorney, and the business accused of the violation. The notice must provide adequate information to allow the recipient to assess the nature of the alleged violation. The notice must comply with the information and procedural requirements specified in Section 25903 of the regulations and in Title 11, sections 3100-3103. A private party may not pursue an independent enforcement action under Proposition 65 if one of the governmental officials noted above initiates an action within sixty days of the notice.

A business found to be in violation of Proposition 65 is subject to civil penalties of up to \$2,500 per day for each violation. In addition, the business may be ordered by a court to stop committing the violation.

FOR FURTHER INFORMATION ABOUT THE LAW OR REGULATIONS...

Contact the Office of Environmental Health Hazard Assessment’s Proposition 65 Implementation Office at (916) 445-6900 or via e-mail at P65Public.Comments@oehha.ca.gov.

² See Section 25501(a)(4)

EXHIBIT B

Certificate of Merit **Health and Safety Code § 25249.7(d)**

I, Daniel L. Warshaw, on behalf of Mary Hall hereby declare:

1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged that the parties identified in the notices have violated California Health and Safety Code section 25249.6 by failing to provide clear and reasonable warnings.

2. I am the attorney for the noticing party.

3. I have consulted with one or more persons with relevant and appropriate experience or expertise who has reviewed facts, studies, or other data regarding the exposure to the listed chemicals that is the subject of this action.

4. Based upon the information obtained through those consultations, and all other information in my possession, I believe there is a reasonable and meritorious case for the private action. I understand that "reasonable and meritorious case for private action" means that the information provides a credible basis that all the elements of the plaintiff's case can be established and the information did not prove that the alleged violator will be able to establish any of the affirmative defenses set forth in the statute.

5. The copy of this Certificate of Merit served on the Attorney General attaches to it factual information sufficient to establish the basis for this certificate, including the information identified in Health and Safety Code § 24249.7(h)(2), *i.e.*, (1) the identity of the person consulted with and relied on by the certifier, and (2) the facts, studies, or other data reviewed by those persons.

Date: March 3, 2014

Signed by:

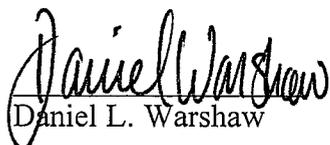

Daniel L. Warshaw

EXHIBIT C

CERTIFICATE OF SERVICE

I am over the age of 18 and not a party to this case. I am a resident of or employed in the county where the mailing occurred. My business address is 15165 Ventura Boulevard, Suite 400, Sherman Oaks, California 91403.

On March 3, 2014, 2014, I served copies of the documents listed immediately hereafter by first class mail by placing same in sealed envelopes, fully preparing postage thereon, and depositing said envelopes in the U.S. Mail at Sherman Oaks, California. Said envelopes were addressed as follows:

SEE ATTACHED DISTRIBUTION LIST
(sent via certified mail with applicable postage)

Documents mailed:

1. **NOTICE OF VIOLATION OF THE SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986 (California Health and Safety Code § 25249.5 et seq.)**
2. **EXHIBIT A – THE SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986 (PROPOSITION 65): A SUMMARY**
3. **EXHIBIT B - CERTIFICATE OF MERIT
(attachment only sent to California Attorney General's Office)**

I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct, and that this declaration was executed on March 3, 2014 at Sherman Oaks, California.


Ellovene J. Grant

Distribution List

By Certified Mail

<p>Indra K. Nooyi Chairman & Chief Executive Officer PepsiCo, Inc. 700 Anderson Hill Road Purchase, New York 10577</p>	
<p>CALIFORNIA ATTORNEY GENERAL CA Department of Justice PROP. 65 ENFORCEMENT REPORTING Attn: Prop 65 Coordinator 1515 Clay Street, Suite 2000 Post Office Box 70550 Oakland, CA 94612-0550</p>	<p>San Francisco City Attorney's Office City Hall, Room 234 San Francisco, CA 94102</p>
<p>Office of the District Attorney of Alameda County 1225 Fallon Street, Room 900 Oakland, CA 94612</p>	<p>Los Angeles City Attorney's Office 1800 City Hall East 200 North Main Street Los Angeles, CA 90012</p>
<p>Office of the District Attorney of Amador County 708 Court Street, Room 202 Jackson, CA 95642</p>	<p>San Diego City Attorney's Office Civic Center Plaza 1200 3rd Avenue, Suite 1200 San Diego, CA 92101</p>
<p>Office of the District Attorney of Butte County Administration Building 25 County Center Drive Oroville, CA 95965</p>	<p>San Jose City Attorney's Office 200 East Santa Clara Street San Jose, CA 95113</p>
<p>Office of the District Attorney of Alpine County P.O. Box 248 Markleeville, CA 96120</p>	<p>Office of the District Attorney of Colusa County 547 Market Street Colusa, CA 95932</p>
<p>Office of the District Attorney of Calaveras County Government Center 891 Mountain Ranch Road San Andreas, CA 95249</p>	<p>Office of the District Attorney of Contra Costa County P.O. Box 670 Martinez, CA 94553</p>
<p>Office of the District Attorney of El Dorado County 515 Main Street Placerville, CA 95667</p>	<p>Office of the District Attorney of Fresno County 2220 Tulare Street, Suite 1000 Fresno, CA 93721</p>

Office of the District Attorney of Del Norte County Courthouse 450 H Street, Suite 171 Crescent City, CA 95531	Office of the District Attorney of Humboldt County 825 Fifth Street Eureka, CA 95501
Office of the District Attorney of Imperial County County Courthouse, Rm. 202 939 West Main Street El Centro, CA 92243	Office of the District Attorney of Glenn County 540 West Sycamore Street P.O. Box 430 Willows, CA 95988
Office of the District Attorney of Kern County 1215 Truxtun Avenue, 4th Floor Bakersfield, CA 93301	Office of the District Attorney of Kings County Government Center 1400 West Lacey Boulevard Hanford, CA 93230
Office of the District Attorney of Inyo County 168 North Edwards Street P.O. Drawer D Independence, CA 93526	Office of the District Attorney of Lassen County County Courthouse 220 South Lassen Street, Suite 8 Susanville, CA 96130
Office of the District Attorney of Los Angeles County 18000 Criminal Courts Building 210 West Temple Street Los Angeles, CA 90012	Office of the District Attorney of Lake County 255 North Forbes Street, Suite 424 Lakeport, CA 95453
Office of the District Attorney of Marin County Hall of Justice, Room 183 3501 Civic Center Drive San Rafael, CA 94903	Office of the District Attorney of Mariposa County P.O. Box 748 Mariposa, CA 95338
Office of the District Attorney of Madera County 209 West Yosemite Avenue Madera, CA 93637	Office of the District Attorney of Merced County 2222 "M" Street Merced, CA 95340
Office of the District Attorney of Modoc County County Courthouse P.O. Box 1171 Alturas, CA 96101	Office of the District Attorney of Mendocino County County Courthouse P.O. Box 1000 Ukiah, CA 95482
Office of the District Attorney of Monterey County 240 Church Street Salinas, CA 93901	Office of the District Attorney of Mono County County Courthouse P.O. Box 617 Bridgeport, CA 93517
Office of the District Attorney of Napa County 931 Parkway Mall Napa, CA 94559	Office of the District Attorney of Orange County 700 Civic Center Drive West, 2nd Floor P.O. Box 808 Santa Ana, CA 92702

Office of the District Attorney of Placer County 10810 Justice Center Drive, Suite 240 Roseville, CA 95678	Office of the District Attorney of Nevada County Courthouse Annex 201 Church Street, Suite 8 Nevada City, CA 95959-2504
Office of the District Attorney of Riverside County 4075 Main Street, 1st Floor Riverside, CA 92501	Office of the District Attorney of Sacramento County 901 "G" Street P.O. Box 749 Sacramento, CA 95814
Office of the District Attorney of Plumas County 520 Main Street, Room 404 P.O. Box 10716 Quincy, CA 95971	Office of the District Attorney of San Bernardino County 316 North Mountain View Avenue San Bernardino, CA 92415
Office of the District Attorney of San Diego County 330 West Broadway, Suite 1320 San Diego, CA 92112	Office of the District Attorney of San Benito County 419 4th Street Hollister, CA 95023
Office of the District Attorney of San Joaquin County 222 East Weber, Room 202 P.O. Box 990 Stockton, CA 95201	Office of the District Attorney of San Francisco County Hall of Justice 880 Bryant Street San Francisco, CA 94103
Office of the District Attorney of San Luis Obispo County 1050 Monterey Street, Room 450 San Luis Obispo, CA 93408	Office of the District Attorney of Santa Barbara County 1105 Santa Barbara Street Santa Barbara, CA 93101
Office of the District Attorney of San Mateo County 400 County Center, 3rd Floor Redwood City, CA 94063	Office of the District Attorney of Santa Clara County 70 West Hedding Street, West Wing San Jose, CA 95110
Office of the District Attorney of Sierra County County Courthouse P.O. Box 457 Downieville, CA 95936	Office of the District Attorney of Shasta County 1525 Court Street, Third Floor P.O. Box 1320 Redding, CA 96001
Office of the District Attorney of Solano County 600 Union Avenue Fairfield, CA 94533	Office of the District Attorney of Santa Cruz County 701 Ocean Street, Suite 200 Santa Cruz, CA 95061

Office of the District Attorney of Siskiyou County P.O. Box 986 Yreka, CA 96097	Office of the District Attorney of Sonoma County Hall of Justice 600 Administration Drive, Room 212-J Santa Rosa, CA 95403
Office of the District Attorney of Tehama County County Courthouse P.O. Box 519 Red Bluff, CA 96080	Office of the District Attorney of Sutler County Courthouse Annex Box 1555 446 Second Street Yuba City, CA 95991
Office of the District Attorney of Tulare County County Civic Center 2350 Burrel Avenue, Room 224 Visalia, CA 93291	Office of the District Attorney of Stanislaus County 11001 Street, Room 200 P.O. Box 442 Modesto, CA 95353
Office of the District Attorney of Yolo County 301 Second Street Woodland, CA 95695	Office of the District Attorney of Tuolumne County 2 South Green Street Sonora, CA 95370
Office of the District Attorney of Yuba County County Courthouse 215 5th Street Marysville, CA 95901	Office of the District Attorney of Trinity County P.O. Box 310 Weaverville, CA 96093
Office of the District Attorney of Ventura County 800 South Victoria Avenue, Room 314 Ventura, CA 93009	