



December 23, 2008

Roy Cooper, North Carolina Attorney General
North Carolina Department of Justice
Attn: Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001

Re: Recent Unauthorized Disclosure of Personal Information

Dear Attorney General Cooper:

Pursuant to N.C. Gen. Stat. § 75-65, we are writing to notify you of a breach of security involving the personal information of certain of our employees, including 1,077 North Carolina residents.

During the week of December 8, the payroll department of The Pepsi Bottling Group (PBG) reported that it could not account for a portable data storage device, which contained unencrypted personal information, including the names and social security numbers of PBG employees in the US. Upon receiving the report of the missing device, the PBG security department conducted a thorough search for the device, but concluded it was lost. We currently have no indication that the personal information has been misused.

We are notifying our employees whose information may have been or may be compromised of this incident as expeditiously as possible by writing to them at their current addresses. By such communication, a sample of which is attached hereto as Exhibit A, we are informing our employees of: (i) the details of this security incident; (ii) the actions we are taking to provide them with credit monitoring services for a one-year period; (iii) a toll-free number they can call with inquiries about the lost information; and (iv) steps they can take to protect against identity theft.

We thank you for your time and consideration of this matter. If you have any questions, please contact David Yawman at 914-767-7620 or by e-mail at David.Yawman@pepsi.com.

Sincerely,

David Yawman
Vice President, Associate General
Counsel & Assistant Secretary



December 30, 2008

[Name]
[Address]

RE: Notice of Loss of Personal Information / Protection Against Potential Identity Theft

Dear [Name]:

We are writing to inform you about an incident involving your social security number and to inform you of the steps that The Pepsi Bottling Group (PBG) is taking in response to this situation.

What happened?

During the week of December 8, PBG's payroll department reported that it could not account for a portable data storage device which contained personal information, including your name and social security number. No information related to direct deposit instructions or bank accounts was on the device. Upon receiving the report of the missing device, the PBG security department conducted a thorough search for the device, but concluded it was lost. We deeply regret this incident.

We do not have any evidence that your information has been stolen or misused, and we believe that the likelihood of such misuse is low. However, it is possible that your personal information may have been exposed to others. Therefore, out of an abundance of caution, we are informing you about this incident so that you may properly consider what actions to take.

What steps is PBG taking to protect me against the misuse of my personal information?

To help you detect possible misuse of your personal information, PBG is providing you with a complimentary one-year membership in Experian's Triple AlertSM credit monitoring product at no cost to you. Triple AlertSM helps you to identify potential misuse of your information, and your membership will not hurt your credit score.

After you enroll in the complimentary 12-month Triple AlertSM membership, this product:

- Monitors your credit reports every day at the three national credit reporting companies (Experian[®], Equifax[®] and TransUnion[®])
- Sends you a notification alert when a key change (e.g., new credit card account) is detected so you can act quickly
- Provides a Fraud Resolution Team to assist you with the process of reclaiming your identity, if you become a victim of fraud or identity theft
- Includes \$25,000 in identity theft insurance* provided by Virginia Surety Company, Inc. with no deductible (*Due to New York state law restrictions, identity theft insurance coverage cannot be offered to residents of New York. All other benefits of Triple AlertSM are available to residents of New York).

The website to enroll in Triple Alert and your individual Activation Code are listed below.

- **Triple Alert Website:** <http://partner.consumerinfo.com/pbg>
- **Your Activation Code:** [Activation Code]

You have until **March 31, 2009** to activate this membership, which will then continue for 12 months. We encourage you to activate your credit monitoring membership as soon as possible. If you need assistance

with enrollment on the website, or if you wish to enroll over the phone, please call Experian's Triple Alert call center at 866-578-5410.

What additional steps can I take to help protect my personal information?

In addition to enrolling in the credit monitoring product, we recommend that you remain vigilant in reviewing your financial statements and also take the following precautions immediately to guard against potential identity theft:

- Contact one or more of the three nationwide credit reporting companies listed below and request a free copy of your credit report. When you receive your credit report, look it over carefully. Look for accounts you did not open. Look for inquiries from creditors that you did not initiate. And look for personal information, such as home address and social security number, which is not accurate. If you see anything unusual, call the credit reporting company at the number on the report.

Experian
www.experian.com
888-397-3742

Equifax
www.equifax.com
888-766-0008

TransUnion
www.transunion.com
800-680-7289

- Visit the Federal Trade Commission's (FTC) website (www.ftc.gov/idtheft), which contains useful information concerning identity theft and steps you can take to avoid identity theft. You can also contact the FTC at their toll-free number, 1-877-IDTHEFT (1-877-438-4338), or by writing to the FTC at 600 Pennsylvania Ave., Washington, DC 20580.

What is PBG doing to protect against similar situations in the future?

PBG is committed to protecting your personal information and to regularly reviewing its procedures for ensuring the safekeeping of your information. With this commitment in mind, a few years ago, PBG began transitioning its method of identifying employees in its human resources systems from social security numbers to employee identification numbers. Our payroll department, however, is not able to entirely transition away from social security numbers due to the reporting requirements of the Internal Revenue Service.

Since this incident, we have implemented several additional steps within our payroll department to protect against the possibility of similar situations in the future. Specifically, our payroll department has instructed its employees that they are prohibited from downloading social security numbers onto portable devices (such as laptops and flash drives) and is removing all but the last four digits of social security numbers from all PBG payroll and benefit systems except for the core human resources database.

We sincerely apologize for any inconvenience or concern this incident may cause you. To further address questions you may have, we have attached a list of Frequently Asked Questions. If you have any additional questions, please call 866-578-5410. The call center is available Monday through Friday, 9:00 am to 9:00 pm Eastern Time, and Saturday and Sunday, 11:00 am to 8:00 pm Eastern Time.

Sincerely,

John L. Berisford
Senior Vice President, Human Resources

Frequently Asked Questions

If I am receiving this letter, does that mean that my identity has been stolen?

No. Your receipt of this letter indicates that your name and social security number were included on a portable data storage device that was lost by PBG's payroll department. PBG has no reason to believe that the portable device was stolen. You can monitor your personal information by enrolling in the credit monitoring product (see below) and by reviewing your personal credit report regularly.

How did this happen?

A member of PBG's payroll department downloaded certain unencrypted personal information onto a portable data storage device in connection with an audit of payroll information. The device was unfortunately lost during the week of December 8. Upon receiving the report of the missing device, the PBG security department conducted a thorough search for the device, but concluded it was lost.

What specific information was on the lost device?

The information on the device included your name, social security number, employee identification number and state of residence. The information on the device was only that of PBG employees; no information related to employees' spouses or children was on the device.

What is being done to try to recover the lost device?

Upon receiving the report of the missing device, the PBG security department conducted a thorough search for the device, but concluded it was lost.

Why was this information stored on a portable device?

A member of the payroll department had downloaded the information onto the device in connection with an audit of payroll information.

Was the information encrypted or password protected?

The information was not encrypted. And, while some of the files on the device were password protected, we believe that information for all employees was in one or more files that were not password protected.

Do you suspect that my information has been stolen?

No. We have no evidence suggesting that the portable device was stolen or that your personal information has been misused. We deeply regret that this has happened, and we take our obligation to help you protect your information very seriously.

Has any PBG employee been adversely affected as a result of the lost device?

We are not aware that any PBG employee's personal information has been misused or that any PBG employee has been adversely affected.

I am worried about someone stealing my identity. What can I do?

PBG is providing you with a complimentary one-year membership in Experian's Triple AlertSM credit monitoring product. Triple AlertSM helps you to identify potential misuse of your personal information, and your membership will not hurt your credit score. Enrolling in this product will help protect against identity theft.

You can also visit the Federal Trade Commission's (FTC) website (www.ftc.gov/idtheft) to obtain useful information concerning identity theft and steps you can take to avoid identity theft. You can also contact the FTC at their toll-free number, 1-877-IDTHEFT (1-877-438-4338).

How do I enroll in Experian's Triple Alert credit monitoring product?

You can enroll in Triple Alert by logging on to <http://partner.consumerinfo.com/pbg> and utilizing your individual Activation Code from the letter sent to you. You can also call the Triple Alert call center at 866-578-5410. To be eligible for the free one-year membership, you must enroll before March 31, 2009.

How much will it cost to enroll in the Triple Alert credit monitoring service?

All charges for the one-year membership in the Triple Alert credit monitoring product will be covered by PBG, provided you enroll before March 31, 2009.

What are some of the indicators of identity theft?

If an identity thief opens credit card accounts or applies for other types of credit in your name, these accounts or loans should show up on your credit report. Other signs of identity theft include receiving credit cards that you didn't apply for or being denied credit, or being offered less favorable credit terms, like a high interest rate, for no apparent reason.

How do I obtain my credit report?

You may obtain your credit report by calling any of the nationwide credit reporting companies listed below. You are entitled to one free credit report annually from each of these companies.

Experian

www.experian.com

888-397-3742

Equifax

www.equifax.com

888-766-0008

TransUnion

www.transunion.com

800-680-7289

What do I do if I discover that someone has used my information to take out a loan in my name or open a credit card?

In that case, you need to *immediately* notify the credit reporting company and notify the credit card or loan company. You should also contact local law enforcement, the State Attorney General and/or the FTC. If you are enrolled in Experian's Triple Alert credit monitoring product, you should also consult with the Fraud Resolution Team, which is available for victims of identity theft. You can reach the Fraud Resolution Team by calling the Triple Alert call center at 866-578-5410.

What about my existing credit cards or other accounts?

The lost device included your name and social security number, but did not include any credit card or account number information (e.g., 401(k) plan account).

What steps is PBG taking so this won't happen again?

PBG has taken steps to ensure this type of incident will not happen again. These steps include instructing the members of the payroll department that downloading social security numbers onto portable devices (such as laptops and flash drives) is prohibited. The payroll department is also removing all but the last four digits of social security numbers from PBG payroll and benefit files except for the core human resources database.

Why was there a delay between the incident and notifying me that this happened?

The loss of the portable device that contained the personal information occurred during the week of December 8 and a thorough follow-up investigation was undertaken. PBG notified impacted employees as soon as possible.

Who can I talk to about my questions or concerns?

Your first step should be to enroll in the Triple Alert credit monitoring product. Log onto the Triple Alert website (<http://partner.consumerinfo.com/pbg>) and enroll by utilizing your individual Activation Code from the letter sent to you. You can also call 866-578-5410 if you have any questions or concerns. The call center is available Monday through Friday, 9:00 am to 9:00 pm Eastern Time, and Saturday and Sunday, 11:00 am to 8:00 pm Eastern Time.