



June 9, 2005

Federal Trade Commission
Office of the Secretary
Room 159-H (Annex H)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Food Marketing to Kids Workshop – Comment, Project No. P034519

Kellogg Company (“Kellogg” or “the Company”) respectfully submits these comments in response to the *Joint Notice Announcing Public Workshop and Requesting Public Comment and Participation* published by the Federal Trade Commission (“FTC”) and Department of Health and Human Services (“HHS”) on May 12, 2005, 70 *Fed. Reg.* 25060-25062 (May 12, 2005).

Obesity is a serious and complex issue, and there is little question that the causes are multi-factorial. Solutions must be as well. Kellogg is committed to doing its part in offering a variety of food products that meet the diverse tastes and nutrition needs of our consumers. We are also committed to continuing the responsible and creative use of advertising to market our products and to educate and inform consumers of all ages about the importance of both balanced nutrition and physical activity in maintaining a healthy lifestyle. Indeed, one of our core marketing principles in our Worldwide Marketing Guidelines (attached as **Exhibit A**) is that “we recognize that a consumer’s choice of diet and level of physical activity can impact their general health and well being, and we believe that we can have a positive influence by encouraging a varied diet, proper eating habits and physical activity.”

Our comments are arranged as follows:

- Section I Our history and approach to nutrition
- Section II Our products, packaging, marketing and consumer education
- Section III Our internal processes for managing our marketing, as well as our participation in and views on the external self-regulatory process
- Section IV Our recommendations on various issues which we believe should be further explored in connection with the issues of advertising and obesity

I. Introduction: Our History and Approach to Nutrition

Kellogg Company is the world’s leading producer of cereal and a leading producer of convenience foods, including cookies, crackers, toaster pastries, cereal bars, frozen waffles and



meat alternatives. Our brands include *Kellogg's*®, *Keebler*®, *Pop-Tarts*®, *Nutri-Grain*®, *Rice Krispies*®, *Kashi*®, *Special K*®, *Smart Start*®, *Murray*®, *Cheez-It*® and *Morningstar Farms*®. *Kellogg* products are manufactured in 17 countries and marketed in over 180 countries around the world.

Kellogg Company's founder, W.K. Kellogg said: "We are a company of dedicated people making quality products for a healthier world." This belief remains at the heart of our company's Global Nutrition Policy (attached as **Exhibit B** hereto).

As set forth in our Nutrition Policy, we are committed to providing a broad range of quality food products to meet the dietary needs and personal tastes of all consumers, both in the United States and abroad. This range includes nutritious choices for both adults and children that can be part of a balanced diet. Our Nutrition Policy also calls on us to provide our consumers "with nutrition information so they can make informed food choices." These Comments describe the various ways we provide this important information to our consumers.

Our Nutrition Policy also includes our belief that "decades of nutrition science show that all foods have a place in the diet with balance and moderation, and that exercise, together with a balanced diet, is integral to a healthy lifestyle." "Calories in, calories out" remains the most important component of weight management, and we believe that Kellogg can continue to play a meaningful role with respect to both sides of this equation.

Clearly, food product choice plays a pivotal role in the solution to obesity. We believe the challenge for all food companies, including Kellogg, is to continue to be creative in offering good food choices, which appeal to the taste and enjoyment of our consumers, so those products can in fact make positive nutritional contributions to consumer diets.

II. Our Products, Packaging, Marketing, Education and Other Initiatives

Our products, packaging, marketing, educational activities and other initiatives have taken into account the ever-increasing global focus on maintaining a healthy lifestyle through both eating a balanced diet and engaging in physical activity.

A. Our Products.

We are proud of our products and the role they play in a balanced and healthy diet. On average, most *Kellogg's* products are between 120-300 calories per serving, many of which are eaten with milk. Moreover, virtually all of *Kellogg's*® cereals are low in fat and are fortified with essential vitamins and minerals. Several are also high in fiber. Similarly, many *Kellogg's*® cereal and snack products have low sodium. All *Kellogg's*® ready-to-eat cereals and several of our snack products now have zero grams of trans fatty acids per serving and we are continuing our efforts to reformulate many of our snack products to further reduce trans fatty acids.

Given our enormous range of breakfast foods, we have a long-standing commitment to breakfast nutrition. For years, Kellogg has been educating consumers (adults and kids) about the

overall benefits of breakfast as part of a healthy diet and lifestyle, as well as educating on the specific benefits of various product ingredients.

With regard to breakfast, research shows that:

- Children who consume ready to eat cereals on a regular basis have a lower mean body mass index (“BMI”) compared to those children who eat cereal less frequently.¹
- Eating cereal for breakfast is associated with significantly lower BMI compared to skipping breakfast or eating meats/eggs for breakfast.²
- BMI tends to be lower in frequent breakfast cereal eaters, and children who eat breakfast cereal tend to have more desirable nutrient intakes than those who do not.³
- A comparison of the average nutrient intake of American children’s breakfasts revealed that the average breakfast containing cereal had a higher content of sixteen nutrients and a lower content of five nutrients than did the average breakfast including no cereal.⁴

Kellogg has continuously responded to consumer demand and needs by offering many innovations and reformulations to its product lines, including low fat, low salt, reduced sugar, high fiber offerings that provide significant choice in both content and flavor. Kellogg continues to provide an extensive choice of products worldwide that can help consumers meet their daily nutrition and diet-management requirements without sacrificing taste by looking at new products, product reformulations, reduced calorie offerings, and other approaches for children and adults. We remain committed to offering consumers even more options.

During 2004 and 2005, Kellogg has launched, or will launch, over 20 new or reformulated products, including products with lower salt, lower sugar, lower calories, lower fat, higher fiber, and/or which contain other ingredients helpful to a healthy diet. For instance, Kellogg has launched the following cereals in 2005:

- ***Tiger Power™*** and ***Kashi® Mighty Bites™*** --- whole-grain cereals that provide a good source of important nutrients for children, including protein, calcium and iron, as well as fiber.

¹ J Am Diet Assoc. 2003 Dec; 103 (12):1613-9.

² J Am Coll Nutr. 2003 Aug;22(4):296-302.

³ J R Soc Health. 1995 Dec;115(6):366-70.

⁴ Am J Clin Nutr. 1981 Jul;34(7):1418-27. *See also* Public Health Nutr. 2003 Jun;6(4):351-63 (consumption of ready-to-eat cereals is associated with improved compliance with dietary recommendations for fat, carbohydrate and fiber with more micro-nutrient-dense diet and a reduced inadequacy for calcium, iron, riboflavin and folate, without increasing the risk of excessive intakes of micronutrients); Eur J Clin Nutr. 1997 Jul;51(7):455-61 (A simple dietary intervention to increase the consumption of breakfast cereal led to a five percent reduction in the percentage of dietary fat energy, with a beneficial effect on micronutrients).

- **Frosted Mini-Wheats®** Vanilla Crème – a new flavor whole-grain cereal with approximately twenty percent of the Daily Value of fiber in a single bowl, fortified with eleven vitamins and minerals.
- **Smart Start® Healthy Heart** — a cereal with oat bran, potassium, and low sodium that help lower both blood pressure and cholesterol.

We have also reduced sodium in products such as *Cocoa Krispies™* and *Kellogg's Frosted Flakes®*; and reduced sugar in *Kellogg's Frosted Flakes* and *Froot Loops* cereals. In addition, Kellogg recently launched a new *Special K* cereal for a low-carbohydrate lifestyle, a good source of fiber and protein, and introduced low-fat *Special K* and low-fat *Nutri-Grain* waffles.

Kellogg also produces an expansive array of alternatives in the snack food market for both adults and children. Our *Murrays®* Sugar-Free line offers over 15 varieties of sugar-free cookies and is the leading sugar-free cookie brand in the United States. Other alternative snack products launched within the last two years include *Fudge Dipped Graham Crackers* (sugar free), *Fudge Stripes®* Cookie (sugar free), and *Zesta®* with Whole Grain Crackers. We have also removed trans fatty acids from *Rice Krispies Treats®*.

We have expanded our product offerings even further through acquisitions. Kellogg acquired the *Kashi* product line, a group of breakfast cereals and bars, made with natural or organic ingredients. *Kashi* products have added to the Company's ability to offer a wider range of choices to consumers. Similarly, Kellogg acquired the *Worthington* line of frozen products ("veggie products") sold primarily under the *Morningstar Farms®* brand. These products have wide appeal, including to those consumers interested in replacing or supplementing meat consumption with high-protein, low-fat foods. Such offerings include Veggie Breakfast Sausage Patties (*Morningstar Farms®*) (3g fat/0g transfat/0mg cholesterol), Better'n Burgers (*Morningstar Farms®*) (2g fat/0g transfat/10mg cholesterol), and Honey Mustard (*Breaded*) Chik Tenders (*Morningstar Farms®*) (1/2 fat of traditional breaded chicken). Many of these products have since been reformulated to remove trans fat.

It is important to note that our innovation rests on a firm scientific base. Indeed, our Nutrition Policy guides us to keep abreast of ongoing scientific and advancements in nutrition and to develop and enhance products that take into account both these advancements and the needs of our consumers. Our goal, and challenge, with respect to our products remains to continue to develop and market products with health in mind, but which at the same time appeal to the taste and enjoyment of our consumers, so our products can continue to provide an important nutritional contribution.

B. Packaging

Kellogg believes that educating consumers empowers them to make good nutritional choices. We have a longstanding commitment to using our packaging to further educate our consumers, both adults and children. For instance, many of our packages have displayed the USDA food pyramid and the ADA exchange list to help consumers make informed choices. We are updating many of our packages to include "MyPyramid" visuals and website information to

support USDA efforts to make consumers aware of the 2005 Dietary Guidelines. We also devote space on our packaging for nutrition education using our “Breakfast Nook” and *Healthy Beginnings*[™] features, as well as provide educational games, puzzles and trivia to teach about healthy eating habits.

In recent years, Kellogg has begun to do even more to educate the consuming public on specific health benefits of various cereal ingredients to overall diet (*e.g.*, fiber, fortification and protein) and to explain the value of various products and their impact on diet and specific health concerns.

We believe portion control is critical to the “calories in/calories out” equation. We are using our packaging to help our consumers in this regard. For instance, we are launching this month *Keebler Right Bites*, 100-calorie portions of some of our most popular snack brands (*Chips Deluxe, Sandies Shortbread, and Cheez-Its*), and have other similar initiatives underway.

C. Marketing Initiatives

Kellogg’s takes advertising very seriously. Last year, we adopted our Worldwide Marketing Guidelines (**Exhibit A**) to govern our communications to consumers. Our Guidelines update and build upon our previous guidelines and reflect our belief that marketing can “empower consumers of all ages to choose diets and levels of activity that can positively impact their health and well-being.” We also believe that in addition to marketing products, marketing is, and can continue to be, creatively used as part of the solution for obesity. We believe that advertising and marketing are powerful forces for educating consumers and increasing awareness of what it takes to maintain a healthy diet and lifestyle.

Some examples of these educational marketing campaigns are:

1. ***Kellogg’s Frosted Flakes® “Earn Your Stripes[™]” Program:*** This campaign is a multi-focused initiative to encourage kids to get physically fit, eat right and work hard. Superstar athletes team with *Tony the Tiger®* in a “Tips from the Pros” program centering on sports activities (*i.e.*, soccer, basketball and skateboarding). A corresponding part of the campaign features children using pedometers to step up their physical activity.
2. ***Get in Step[™]:*** This is a 12-week family program (for ages 5 and over) advertised on-pack and by Internet combining *Kellogg’s®* cereal with walking an extra 2,000 steps daily using a step counter.
3. ***Zumbando con Kellogg’s[™]:*** Kellogg partnered with Zumba, a form of dance exercise using Latin rhythms, to promote the importance of the combination of physical exercise and a balanced diet in maintaining a healthy lifestyle using DVDs advertised on pack, Internet and television. Local events were advertised via radio and door hangers in over thirty Hispanic communities in over seven cities. We are particularly proud of

this program, which was recently credited by a mother in Texas with helping her child lose 20 pounds (**Exhibit C** attached).

4. **Healthy Beginnings™**: In response to consumer awareness and demand, Kellogg introduced *Healthy Beginnings™*, a multi-dimensional program designed to educate consumers about the health benefits of *Kellogg's®* cereals. This program stresses how our portfolio of cereals addresses key consumer health needs and features consumer initiatives and healthcare professional outreach, such as health tips, recipes, and links to health-focused web sites. We work closely with our store customers to promote this program, including, in some cases, sponsoring health screenings.

In response to concerns about obesity, we look for opportunities to emphasize the role of *Kellogg's®* food products in the context of a healthy lifestyle in our ads. For example, both print ads and online websites often show children in settings that reflect an active lifestyle, such as biking, rollerblading or playing Frisbee. Many of our ads also show our well-loved characters engaged in sports and other physical activities. These ads are often coupled with programs sponsored by Kellogg and a partner, such as a soccer society, to encourage physical fitness in school-aged children. Kellogg has run other campaigns and programs focusing on fitness such as “Fit to Be a Healthy Me,” “The World is Your Gym” and “My Time.”

Kellogg expects to launch other exciting campaigns geared to help families and children increase their fitness level and to continue our messaging on the importance of a balanced diet and physical activity to both parents and children in meaningful terms. We also continue to look for different ways to use our marketing to achieve these goals even more effectively.

D. Consumer Education

We believe that food products represent only one aspect of a healthy lifestyle for the world's youth—moderate, balanced consumption and physical activity also are critical. Consequently, advancing a healthy lifestyle in children as well as adults requires linking diet management with physical activity. One of our core Marketing Guidelines is our belief that we “can have a positive influence by encouraging a varied diet, proper eating habits, and physical activity.” Consumer education is essential to realizing these goals.

We are executing on that belief around the world, using our brands, characters and company name in educational and sponsorship roles to encourage a healthy diet and lifestyle. In addition to the on-pack and advertising campaign opportunities discussed above, Kellogg reaches out to, and partners with, the community to educate its consumers. With respect to children, Kellogg's seeks to educate both children and parents, in terms understandable and meaningful to them.

Parents, of course, make many food choices for their children. Recent research suggests that parental eating habits and nutrition knowledge have a major influence on their children's

dietary habits.⁵ The Institute of Medicine recognizes the “profound influence” of parents on children’s values and attitudes and that “parents can set a good example for their children by modeling healthful eating behaviors and becoming physically active.”⁶ Kellogg believes that the nutritional labeling on its products and websites allows consumers, especially parents, to make informed decisions about the foods they eat and the balance needed between diet and exercise (i.e., “calories in/calories out”). This messaging is strengthened even further when coupled with new resources available to consumers, particularly MyPyramid.gov and its focus on energy balance and activity, which we will be referencing on many products.

Kellogg supplements this information by increasingly emphasizing its messaging on the importance of exercise and a balanced diet. For instance, we are actively participating with other organizations, health agencies and governments to get the word out on the importance of a balanced diet and physical activity. In addition to the fitness campaigns identified above, Kellogg’s is currently sponsoring the “2005 Little League World Series” and a program called “Girls on the Run,” an after-school program for girls ages 8-11, focusing on running games and workouts to promote physical activity, culminating in a 5K race. Kellogg has also offered healthy-diet promotions/programs involving WeightWatchers International, Inc. and Kindercare Learning Centers, Inc. In addition, Kellogg continues to sponsor events that tie its products to good health, such as the National Race for the Cure and “Speaking of Women’s Health” events.

Kellogg’s sponsors similar initiatives around the world. Kellogg Canada has sponsored *Kellogg’s Kidz Count* (Kidz Count Pedometers); *Special K Pilates Promotion* (campaign with Cindy Crawford/ Pilates DVD promotion); *Mission Nutrition* (education initiative with the Dieticians of Canada for learning activities and resources for promoting healthy eating, active living and positive self-esteem); *Canadian Soccer Promotion 2002* (partnership with Canadian Soccer Association to encourage participation in sports and physical activity); and *Children’s Health Active Living Program* (initiative to provide kids with tools for active living and healthy eating, as well as improved media literacy). Over 2,000,000 free step counters were offered in our Canadian cereal boxes to encourage consumers to increase their physical activity levels. At the same time, we sponsored research with the Canadian Institutes of Health Research on the use of pedometers and motivation for physical activity. Kellogg has run similar promotions in the U.S., for instance, offering pedometers and step counters in and on packages.

We have also sponsored numerous races and other physical fitness/educational programs, particularly for kids, in other parts of the world. We would be happy to provide additional information on these programs. Some of these initiatives include, by country:

Belgium: The “eet je fit” program for school-aged children, encouraging sports participation and the need for a balanced diet.

⁵ See, e.g., Todd J. Zywicki, Debra Holt & Maureen K. Olhausen, *Obesity and Advertising Policy* (Oct. 2004), George Mason Law & Economics Research Paper No. 04-45 (see <http://ssrn.com/abstract=604781>).

⁶ See *Preventing Childhood Obesity: Health in the Balance*, Institute of Medicine (2005).

UK: The *Kellogg's Corn Flakes*[™] Great Walk and Britain on the Move programs, partnering with ITV. We also sponsor a program with the Amateur Swimming Association and a school program “Football in the Community.”

Spain: We teamed with the Spanish Heart Foundation for a program on fiber and sports for heart healthy. We sponsor several basketball programs and a “Tony[™] in the Mountain” race.

Ireland: We sponsored *Frosties*[™] Rugby and the “Jump for Joy” programs.

Denmark: We are teaming with the Danish School Sports Federation to focus on the importance of physical activity.

South Africa: We are involved in an activity initiative called the Youth Charter for Activity, a charter designed around physical fitness.

For over twenty-five years, Kellogg has also been an active, long-time sponsor of scientific research all over the world on nutrition and related issues that helps us target product development, marketing and advertising to make available a wide range of consumer choices. For example, we have sponsored symposia in Canada where health professionals and researchers discuss current and new scientific research relevant to dietetic practice and the health and well-being of consumers worldwide. This year the Kellogg Nutrition Symposium in Canada will focus on The Health of School-Aged Children, providing an overview of child health with an emphasis on healthy eating and active living strategies.

In sum, our approach to nutrition and our consumers and its impact on obesity involves many aspects of our business. We believe our products, packaging, marketing and educational initiatives work together to help us achieve our company goal of having a “positive influence” on the health and well-being of our consumers. We renew our commitment to growing in each of these areas to allow us to be an even greater influence going forward.

III. Self-Regulation: The Role of Company and Industry-Wide Initiatives

An important focus of the Workshop is self-regulation of advertising, both individual company efforts and existing industry-wide programs. In Kellogg Company’s view, effective self-regulation of advertising necessarily starts with a company’s own corporate policies and practices.

A. Self-Regulation: The Kellogg Process

For Kellogg, advertising self-regulation begins at home. Our marketing is first and foremost grounded in Kellogg’s own Worldwide Marketing Guidelines (attached as **Exhibit A**). Our Guidelines, which in large part incorporate the guidelines of the Children’s Advertising Review Unit (“CARU”), reflect our overriding global commitment to “act as responsible marketers and respect our heritage of ethical business practices in all that we do.” The Guidelines embody our commitment to “advertising that is truthful and not misleading to

consumers” and which complies with all “the decisions of regulatory authorities in each country where we conduct business.” We are also expressly committed to “adher[ing] to local, self-regulatory guidelines intended to complement the existing framework of government regulations related to advertising to children.”

Our Guidelines govern all of our consumer communications and provide rules for all of our marketing efforts, including marketing to children, marketing to schools, premiums, promotions and other such activities, and website/internet marketing. Many of our guidelines specifically impact the issue of obesity in offering positive messaging about diet and activity, education on nutrition and portion control. We encourage review of the attached Guidelines, but the following are some excerpts:

“Our communications will support sensible portions control. Appropriate portion sizes will be displayed and we will avoid using words like ‘super-size’ or ‘king-size’ so as not to encourage over-consumption.”

“When marketing to schools, we will ensure that our activities and communications will emphasize nutritional education and encourage children to be active and make choices that positively impact their health and well-being.”

“We recognize that a consumer’s choice of diet and level of physical activity can impact their general health and well-being and believe we can have a positive influence by encouraging a varied diet, proper eating habits, and physical activity.”

“To ensure that consumers do not believe that our intent is to drive purchases excessively or encourage unhealthy eating behavior, premium purchase requirements will reflect realistic product consumption for the time-frame of the promotion . . .”

Our Guidelines reflect what we expect from Kellogg employees around the world, however, we do not stop there. We proactively facilitate and monitor compliance with our Guidelines at multiple steps in the marketing process. Before any ad, promotional materials and programs or other consumer communications is seen by the public, Kellogg puts it through a strict, multidisciplinary formal internal review process. An Advertising Promotion Review (“APR”) Committee made up of employees from the legal, consumer affairs, regulatory and promotional areas of the Company review our ads and promotional materials for, among other things, compliance with laws and regulations, our own internal Guidelines and the Guidelines of both CARU and the National Advertising Division (“NAD”).

To comply with our Guidelines, for instance, we assure that the language and content of ads intended for children are understandable to children and portray positive scenarios that promote a healthy lifestyle. Kellogg is also careful not to create an undue sense of urgency or exclusivity in advertising directed to children. With regard to advertising to children in the U.S., our internal review process specifically involves benchmarking our ads against the CARU Guidelines. For example, we comply with provisions of the CARU Guidelines that require that breakfast food manufacturers communicate to children clear and appropriate nutrition information, presenting breakfast foods as just part of a nutritious and complete breakfast.

Similarly, we undertake to depict children participating in safe physical activities wearing appropriate safety gear, another important element of the CARU Guidelines.

Our advertising agencies perform a similar review function, as do broadcast and cable networks who review ads against their own guidelines. As a result, prior to an ad for any Kellogg product being aired on television or printed in a publication or the like, it has been thoroughly evaluated and approved from a number of perspectives.

Our consumers also play a pivotal role in the self-regulation process. As a consumer products company, we respect our consumers and value their input. Our customers do not hesitate to tell us what they like and don't like about our products, our packages, our operations and our ads. We also do not hesitate to address consumer concerns. Kellogg typically receives about 750,000 consumer contacts over a 12-month period. The Company's most recent data showed that only 1,800 (0.2%) of those contacts dealt with advertising issues. Over two-thirds of those contacts were made to commend Kellogg on an ad or to inquire about items or scenarios in the ad (e.g., music, actor's name, where to buy a prop). The remaining one-third of comments dealt primarily with consumer sensitivities to executional details in the ads. We respond to those concerns individually. Our experience suggests that, overall, our advertising and marketing initiatives, and our multi-layered internal practices, operate in tandem with external guidelines to generate a positive response from our consumers.

We believe this multi-layered, multi-disciplinary process allows us to achieve effective self-regulation. As embodied in our Guidelines and the depth of the review processes outlined above, we are demonstrating our commitment to a strong and effective approach to advertising to all our consumers, including children. We have established an internal culture that stresses, facilitates, monitors and enforces, globally, our own core advertising principles, as well as specific CARU and NAD guidelines and decisions. In turn, such regulation becomes part of our corporate culture and serves to benefit our Company, our consumers and the overall self-regulatory process.

B. Self-Regulation: Industry Programs

The Company supports the CARU/NAD process of self-regulation of advertising. Kellogg is one of the historic founders and a long-time supporter of CARU. Kellogg serves on the CARU Advisory Board, actively participates in various CARU taskforces and promotes industry support of CARU. Kellogg also utilizes and supports the NAD.

Both organizations have proven track records of effectiveness, benefiting consumers and industry alike. Indeed, the Director of CARU recently cited a 97% compliance rate with its decisions⁷, which we believe exemplifies the benefits this program has for consumers, industry and the process itself. CARU and NAD perform vigorous monitoring functions. We believe that, in addition to that monitoring activity, the NAD/CARU process allowing competitors to challenge each others' ads provides an opportunity to maximize the "checks-and-balances" in the

⁷ Comments by Elizabeth Lascoux at *Second National Forum on Obesity Policy, Regulation & Litigation* (May 10-11, 2005, Chicago, Illinois)

self-regulatory process. This effectively provides additional resources for NAD/CARU to ensure compliance with guidelines. Where an advertiser refuses to cooperate, the backstop of a referral to the FTC is always available. The process thus allows scarce government enforcement resources to be devoted to areas where they are truly needed.

The Company supports advertising self-regulation by responding fully and fairly when any of its own ads are critiqued through the CARU or NAD, and by initiating challenges of the ads of others that raise concerns. Kellogg is also a long-time member of the CARU Advisory Board and actively participates in making sure that (1) the process remains effective, (2) the rules are clear and responsive to concerns, including those raised by academic advisors and staff, and (3) the Company cooperates with and responds to the monitoring and inquiry functions of both organizations. We find that the ability to meet together with the CARU Advisory Board helps us understand and share views, by industry, public trustees and others, on child development and psychology, on trends in advertising and marketing, as well as practical considerations, in the interest of assuring that child-directed advertising is truthful, appropriate and fair. In discussing issues at CARU, Kellogg repeatedly underscores the basic proposition that each participant's goal, and the goal of the process, is to protect younger children by establishing ground rules on how to responsibly advertise in media directed primarily to them. This view is shared by our fellow CARU Board members.

Kellogg and other companies demonstrate commitment to responsible advertising through participation in CARU. We know that our fellow CARU Board members from industry share Kellogg's deep commitment and concern about responsible advertising to children. We know that the Grocery Manufacturers Association has encouraged all of its members to support CARU and NAD, and support for CARU is indeed expanding. We believe that this broadening awareness of CARU within the industry demonstrates industry's firm commitment for and support of this successful self-regulatory program.

We have a firm, ongoing commitment, expressed in our Marketing Guidelines, to operate within the purview and decisions of NAD and CARU and we support the work of both entities. We also renew our commitment to continued participation as a member of the CARU Advisory Board.

IV. Recommendations

Although we believe that the self-regulatory process is effective, it can always be improved. We suggest that the following topics be explored by interested parties to determine the extent to which they could enhance the self-regulatory process:

- (1) ***Internal Marketing Guidelines:*** Companies should adopt and monitor compliance with their own marketing guidelines, particularly guidelines that address the issues important to the obesity crisis, such as portion control, enhanced messaging about the importance of physical activity and, for food companies, nutritional education to allow consumers, including parents and children, to make informed nutrition choices. Better internal practices serve only to enhance the external self-regulatory

process for the regulators, consumers and participants. We believe that many companies also have stringent internal guidelines and review processes. However, this is an area where additional information sharing could result in improvements for consumers and the self-regulatory process.

- (2) ***Increased Visibility of the Self-Regulatory Process.*** We know CARU and NAD are well known and utilized in the industry, and support for them is growing. We share a desire to make the self-regulatory process better known to consumers. Traditionally, both organizations have received few complaints from consumers. This issue is being addressed by the group that oversees NAD and CARU, and plans are underway to be more proactive in increasing visibility of these organizations and their accessibility to consumers. We believe that the industry participants in NAD/CARU should work together with the organizations to maximize this effort.
- (3) ***Enforcement.*** Both CARU and NAD have high compliance rates. Education within industry remains key to assuring awareness of NAD and CARU positions, decisions and issues. This, coupled with a solid internal compliance system within companies, should provide assurances that violations are infrequent. However, to the extent that any company engages in repeat violations involving the same principles or issues, Kellogg supports referral to the FTC for additional action.
- (4) ***Educational Efforts.*** We renew our commitment to the importance of educating consumers, particularly parents, in making informed, sensible choices for their health and well-being of children, whether that be with respect to diet, activity or otherwise. We believe that a sound approach to tackling obesity and other health problems is to support and foster truthful, non-misleading information, to respect the role of parents and health professionals, to strive for clarity on nutrition labels, and to allow the market to develop robustly to maintain choice, taste, and convenience for consumers, including children. We understand that CARU is currently working on an updated parents' guide and is working on some additional nutrition initiatives. We thus offer our resources and experience to HHS/FTC in studying how to expand the reach and depth of messaging to consumers, particularly parents, and to CARU in the educational projects it has underway.
- (5) ***Multi-Sector Cooperation.*** No doubt, a deep range of "best practices" will be gleaned from industry through the Workshop and comment procedure. Just as the cause of obesity is not simply defined, neither are the solutions. We believe a disservice is done to the issue, and to all interested stakeholders, by limiting the focus of the obesity solution to food advertising alone. We believe there is a role for the public and

private sectors in studying the complex issue of obesity and working through solutions together. We pledge our commitment to a continued, active role in finding solutions to this problem.

V. Conclusion

While the focus of the Workshop is on food and beverage marketing to children, we believe that all stakeholders should recognize the many possible contributors to obesity and focus on positive, workable actions that will make a meaningful difference in the well-being of consumers, including children. Kellogg's is committed to doing its part in offering a variety of food products that meet the diverse tastes and nutrition needs of our consumers. We are also committed to continuing to responsibly, and creatively, using advertising to not only market our products, but to continue to educate and inform consumers of all ages about the importance of both balanced nutrition and physical activity in maintaining a healthy lifestyle. Kellogg will continue to explore the most effective avenues and messages to make consumers increasingly aware of the developing choices and to better focus the information the Company imparts. Kellogg is pleased to have the opportunity to submit these comments for the record and offers its continued support and input into the work HHS/FTC are doing with respect to this issue and the Workshop.

Respectfully Submitted,

Kellogg Company

Alan F. Harris
Executive Vice President
Chief Marketing and Customer Officer



KELLOGG COMPANY
WORLDWIDE MARKETING and COMMUNICATION GUIDELINES

Kellogg's® builds great brands and makes the world a little happier by bringing our best to our consumers. We are as committed today to protecting and promoting consumer confidence in our products as our founder, W. K. Kellogg, was when he had his name placed on every product as his personal assurance of quality. Key to that understanding is our commitment to responsibly market our brands and communicate their intrinsic qualities so that our consumers can make informed choices.

To ensure that we have high uniform standards of marketing and communications across the world, we have created the following guidelines as the basis for all of our consumer communications. We understand that consumer values or customs vary from country to country. However, we believe that the basis of the principles offered here provide sound guidance for Kellogg marketing and consumer communications, no matter where in the world our consumers live. As such, we are committed to using these principles to guide us in all communications with our consumers.

1. We believe in advertising as a way to build our brands, and we are committed to advertising that is truthful and not misleading to consumers. All our communications will reflect the good taste, fair practice, and objectivity that guide our corporate actions.
2. Our marketing practices will comply with the decisions of regulatory authorities in each country where we conduct business.
3. Our marketing and advertising programs will take care to respect the ethics and values particular to consumers in that country.
4. We recognize that a consumer's choice of diet and level of physical activity can impact their general health and wellbeing and believe that we can have a positive influence by encouraging a varied diet, proper eating habits, and physical activity.

5. Our messages to children will accurately portray our products, promotions and premiums in a way that is in keeping with their ability to understand and using language that is appropriate for this audience. We will adhere to local, self-regulatory guidelines intended to complement the existing framework of government regulations related to advertising to children.
6. In marketing to schools, we believe in supporting the efforts of relevant school programs by offering balanced solutions to health and nutrition issues while encouraging students to practice healthy eating habits.
7. We believe that consumers have a right to privacy and our website and email marketing practices will comply with all applicable laws, regulations and self-regulatory guidelines relating to privacy disclosures, permission marketing, and collection and use of personally identifiable information.
8. We will place our advertising in an environment that reflects the positive image of our brands. We will avoid sponsoring or placing advertising on television and radio programs, in magazines or on websites where the strategy for attracting viewers or readers relies on exploiting violence or sex, or encourages offensive behavior to others.

We promote our brands in a global market and our marketing programs created throughout the world are governed by the following specific guidelines. These guidelines are not meant to supersede or displace any existing local guidelines that may be more stringent due to local regulations and/or customs.

Marketing to All Consumers

We will comply with all applicable laws and regulations, including adherence to industry self-regulatory and statutory guidelines. The International Chamber of Commerce (ICC) is headquartered in Paris, France with offices in other parts of the world (see www.iccwbo.org). This organization promotes high standards of ethics in advertising and marketing through self-regulatory guidelines intended to complement the existing framework of national and international law. The intrinsic doctrines held by the ICC guide our company's marketing practices around the world.

- Our advertising and marketing programs will not undermine human dignity by belittling or disparaging any group based on social, racial, ethnic or religious traits, or any person because of age, sex, or handicap.
- Our advertising will not exploit the misfortunes of others, display vulgarity, bad manners or offensive behavior.
- Our communications will support sensible portion control. Appropriate portion sizes will be displayed and we will avoid using words like 'super-size' or 'king-size' so as not to encourage over-consumption.

- Our goal is to empower consumers of all ages to choose diets and levels of physical activity that can positively impact their health and wellbeing. Our advertising will not encourage or promote an inactive lifestyle or unhealthy eating habits.
- The visual presentation of our foods in our advertisements will accurately represent all material characteristics advertised, including taste, size, content, and nutrition and health benefits.
- All product content, comparative and health claims will be accurate and substantiated by science-based studies and consumer trend research and will be stated in accordance with local market laws and regulations.

Marketing to Children

In addition to the above guidelines for all consumers, we will communicate with particular care to children below the age of 13. Our messages to children will accurately portray our products in a way that is in keeping with their ability to understand our intent and using language that is appropriate for this audience. We believe that responsible advertising and marketing communications can play a useful role in a child's education and understand that, ultimately, parental understanding and direction are key to ensuring that proper food choices are made for the entire family

- We will avoid advertising and marketing themes that portray adults or children in anti-social situations, engaged in acts harmful to themselves or to others, or include violence or sexual innuendo. When our advertisements feature live talent, a responsible and trustworthy figure will be present with children when the products or activities portrayed could involve a safety risk. Appropriate safety gear will be depicted for all physical activities according to guidelines published by locally recognized sports or safety associations. In advertisements relying on animation to communicate our message, our trademarked characters may be used as the trustworthy figure.
- Our communications will offer clear and appropriate nutrition information and will not mislead children about potential benefits from consumption of the product, such as popularity, intelligence or athletic ability. We will not undermine the authority, responsibility or judgment of parents or caregivers in providing valuable dietary guidance to their families.
- The visual presentation of our foods will accurately represent all material characteristics advertised, including taste, size, content, and nutritional and health benefits. When advertised within the context of the breakfast meal occasion, our products will be incorporated as part of a nutritious or wholesome breakfast, as defined by local laws and regulations.
- We will be mindful not to create an undue sense of urgency or exclusivity in advertising directed to children. We will not use words with negative connotation, like "pester" or "nag", to encourage children to put inappropriate pressure on their parents to purchase our products.

- We will use language that is appropriate to the circumstance portrayed and will avoid use of offensive, derogatory, disparaging or obscene language that is subject to the same interpretation.

Marketing in Schools

When marketing to schools, we will ensure that our activities and communications will emphasize nutrition education and encourage children to be active and make choices that positively impact their health and wellbeing.

- We will strive to offer a range of products to schools that meet the health and taste preferences of the student population and the approval of the appropriate school officials.
- All marketing efforts will strictly adhere to local regulatory guidelines related to school breakfast programs and marketing to children.
- Any sampling or promotional activities in schools or at school-sponsored events will be conducted only with prior agreement and consent of the appropriate school authorities and the local Kellogg sales organization.
- Information about our products, directed to students, will be delivered in a manner that supports the efforts of school programs and encourages students to practice healthy eating habits.

Premiums, Contests, Promotions and Sweepstakes

We understand that the use of premiums, promotions and sweepstakes in advertising have the potential to enhance the appeal of a product to a child. Therefore, we will give special care to the use of these marketing techniques with children below the age of 13.

- When entering into promotion partnerships with entities outside of Kellogg Company, we will make every effort to select properties that are consistent with the image and reputation of our company.
- Conditions of a premium offer will be stated simply and clearly. "Mandatory" statements and disclosures will be stated in terms that can be understood by the child audience.
- To ensure that consumers do not believe that our intent is to drive purchase excessively or encourage unhealthy eating behavior, premium purchase requirements will reflect realistic product consumption for the timeframe of the promotion. In addition, if we encourage children to "complete or collect a set," we will take care to align the quantity in the set with a reasonable number of purchases during the life of the offer.

- In advertising sweepstakes to children, care will be taken not to produce unrealistic expectations of the chances of winning, or inflated expectations of the prize(s) to be won.
 1. The prize(s) will be clearly depicted, including relative size. A disclaimer will be included in the ad if the prize depiction is larger than its actual size.
 2. The number or level of each tier for every prize being awarded will be clearly disclosed in language understandable to the child audience.
 3. All prizes will be appropriate to the child audience.
 4. Alternate means of entry, if available, will be disclosed.
- If contests are used, we will publish clear, complete and concise rules and provide competent impartial judges to determine the winners.
- If offering videos, films, music or interactive software, we will take care that the products selected are age appropriate for the brands on which they are advertised or offered. If an industry rating system is available, a rating label will be prominently displayed in our advertising or on our packaging.

Website and Internet Marketing

The principles and guidelines described throughout this document also apply to our website and Internet activities. We recognize that specific guidelines or policies regarding the use of Internet marketing may differ from market-to-market on a worldwide basis. It is necessary, therefore, that our website marketing practices will comply with the laws and regulations applicable to each individual market. This includes adherence to industry self-regulatory and statutory guidelines that relate to privacy disclosures, permission marketing, and gathering of personally identifiable information from children. In addition, all website or Internet marketing materials will adhere to the following:

- The homepage of any Kellogg website or micro-site will clearly identify the sponsoring company or brand, include information on how to contact the company, and include a link to the privacy policy.
- The privacy policy will include a disclosure, in language easily understood by the child, including why information is being collected and whether the information is intended to be shared, sold or distributed outside of our company. Any information collected through passive means, navigational tracking, cookies, etc. will also be disclosed.

- Promotional contest and sweepstakes sites will identify the following on the landing page: any limitations on who may participate, number of prizes to be awarded at each prize level, notice of how to participate without a purchase and a link to the complete rules.
- A promotional tie-in partner site with a link on a Kellogg site or with a URL included on a Kellogg package or advertisement will not conflict with Kellogg's wholesome image, nutritional image, or with the image of our brand equities and will comply with all applicable laws and regulations.
- Data collection will not be a requirement for children to enter a Kellogg site, engage in an activity, or play an interactive game. When we collect data, we will only collect the information required to participate in the activity. Children will be encouraged to use an alias, initials, or first name only for any activities that involve public posting.
- Parental permission will be required to be obtained prior to requesting personally identifiable information from a child (usually under the age of 13) with the exception of collecting an email address for one-time use. Personally identifiable information includes email address, full name, mailing address or telephone number. In the case of a one-time use activity, all record of these email addresses will be destroyed 30 days after the end of the program.
- Any website that collects personally identifiable information (e.g. e-mail address, mailing address, phone number, or full name) will give the parent the opportunity to decline consent for any future contact, in an opt-in format.
- Programming will be used to prevent consumers from entering common profanities in any fields that may be posted on the site and/or sent to another consumer (example: e-cards or chat boards).
- Commerce sites will be restricted to consumers 18 years of age and up. Cancellation and merchandise return/exchange instructions will be prominently posted. Credit cards applications will be encrypted through a secure site.

KELLOGG COMPANY NUTRITION POLICY

1. We are committed to providing our consumers with a wide choice of quality food products that can be part of a balanced diet and meet their varying taste requirements.
2. Decades of nutrition science show that all foods have a place in the diet with balance and moderation, and that exercise, together with a balanced diet, is integral to a healthy lifestyle.
3. Fortification plays a positive role in the diet of consumers. Our products are fortified in keeping with the following considerations:
 - How they are used by the consumer
 - National laws and regulations
 - The nutrient intake and needs of the population
 - Technical feasibility
4. We believe that the enjoyment and appeal of our products are essential if they are to make a nutritional contribution to the diets of consumers.
5. We will keep abreast of the ongoing scientific advancements in nutrition and food research by:
 - Working collaboratively with health professional organizations and governments to develop public policies that will enhance the health of consumers.
 - Developing new products and enhancing existing products that take into account both current scientific advancements and the needs of consumers.
6. We will provide our consumers with nutrition information so that they can make informed food choices.

“We are a company of dedicated people making quality products for a healthier world.”

W. K. Kellogg



Feb. 2004

Exhibit B

Kellogg video helps Texas girl dance her way to better health

The mother of a spirited 7-year-old recently honored by the Texas Legislature as a role model in the fight against obesity credits Kellogg for helping her daughter lose weight.

Marina Herrera, whose daughter, Victoria, lost 20 pounds in six months after being diagnosed as obese and having a pre-diabetic condition, says the youngster exercised daily to “Kellogg’s Zumba,” a fun aerobics video specially produced by Kellogg for Latino families in United States.

The video – which features Tony the Tiger and friends dancing to energetic music that fuses salsa and aerobics with a Latin beat – is offered free as part of an ongoing Kellogg promotional campaign designed to encourage regular exercise among both children and adults within the Latino community.

“I cannot tell you how much this video has affected our daughter’s life,” Marina says. “She looks great, and I know that she would not have enjoyed any other exercise routine as much as she enjoys this one.”

Victoria, whose family hails from San Benito, a community in southeastern Texas near Brownsville, has become something of a local celebrity. In addition to being honored by the state legislature, she has made a number of television appearances and helped Gov. Rick Perry kick off this year’s Texas Round-Up Fitness Initiative.

“My daughter is a living testimony that children can beat obesity and diabetes, and she’s trying to tell the world,” Marina says, “and it’s your video that’s helped her get this far.”



Victoria Herrera, pictured center front, recently appeared before the Texas Legislature, which honored her determination and resolve in overcoming obesity and a pre-diabetic condition. Also pictured, left to right, are Texas state Sen.

Eddie Lucio Jr., Victoria's brothers Jordan and Chris, her mother, Marina, and father, Patrick Herrera.