

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) sets forth the agreement among

- The Alliance for a Healthier Generation;
- The American Heart Association;
- The William J. Clinton Foundation;
- Campbell Soup Company;
- The Dannon Company, Inc.;
- Kraft Foods Global, Inc.;
- Masterfoods USA, a division of Mars, Incorporated; and
- PepsiCo, Inc

regarding new Guidelines for Competitive Foods Sold in Schools to Students.

I. Overview

The Alliance for a Healthier Generation (“Alliance”), a joint initiative of the American Heart Association and the William J. Clinton Foundation, under the leadership of President William J. Clinton and Governor Mike Huckabee, has joined with representatives from leading food manufacturers to commit to working together to gain broad acceptance of new Guidelines for competitive foods offered for sale outside of the reimbursable meal program during the regular and extended school day (“Competitive Foods”) to students in public, private, and parochial primary and secondary schools in the United States. These leading manufacturers include Campbell Soup Company; The Dannon Company, Inc.; Kraft Foods Global, Inc.; Masterfoods USA, A division of Mars, Incorporated; and PepsiCo, Inc. (“Signatory Companies”).

Fifty-four million students attend nearly 123,000 elementary, middle, and high schools nationwide, making schools a natural environment for promoting and reinforcing healthy habits in young Americans – habits that they can carry with them throughout their lives.

Outside the school environment, parents and other adult caregivers can and should teach children about and together practice healthy eating, including the role that different foods can play in an overall balanced diet. But while parents can practice healthy eating habits with their children at home, parents cannot be present in school to directly impact the choices their children make during the regular and extended school day. Thus, the Alliance and each Signatory Company believe that schools are unique environments that warrant special treatment with regard to the Competitive Food choices provided to children.

This MOU establishes nutritional Guidelines for Competitive Foods offered for sale in schools to students with a focus on helping students to manage caloric consumption and encouraging students to consume foods that include essential nutrients. Further, it outlines each Signatory Company’s commitment to work with the Alliance to encourage acceptance of these Guidelines by distributors and schools and, where appropriate, to develop or change Competitive Foods offered for sale in schools to meet these Guidelines. The execution of this MOU and the decision to support the Guidelines contained herein have been undertaken independently by each Signatory Company.

We recognize the difficulty in defining Guidelines for individual foods as opposed to the diet as a whole. It is not the intention of the Alliance and the Signatory Companies to suggest children only eat those foods that meet these Guidelines in the course of a day. However,

in the context of the sale of Competitive Foods in schools, we believe the adoption of these Guidelines will be a positive step towards reinforcing the lessons children learn at home and in the classroom.

We understand that schools and school districts may find it challenging to provide nutritious, lower calorie Competitive Foods meeting these Guidelines for sale to students in their schools. Thus, each Signatory Company commits to making foods that meet these Guidelines available for purchase by those providing Competitive Foods in the school environment.

As a practical reality, the ultimate decision of what Competitive Foods are offered for sale in schools is the exclusive province of the schools themselves. The Alliance and each Signatory Company are committed to work together to encourage education leaders, education organizations and school authorities to adopt these Guidelines and to offer their students only Competitive Foods that meet the Guidelines. Moreover, because each Signatory Company generally does not sell Competitive Foods directly to or in schools, the Alliance and each Signatory Company will also encourage other companies in the distribution chain to support these Guidelines as well.

II. Guidelines for Competitive Foods Sold in Schools to Students

These guidelines apply to snacks, side items, treats, and desserts offered for sale as Competitive Foods in schools. All such Competitive Foods shall meet one of the following numbered criteria.

These foods include but are not limited to fruits, vegetables, yogurts (including drinkable yogurt and yogurt smoothies), puddings, soups, cheeses, snack chips (e.g., potato, tortilla, corn, veggie, etc.), pretzels, crackers, popcorn, nuts, seeds, french fries, dried meat snacks, granola bars, energy bars, breakfast bars, health bars, cookies, brownies, snack cakes, coffee cakes, pastries, doughnuts, danishes, candy, confectionery, chocolate, ice cream, frozen yogurt, sherbet, ice pops, frozen fruit bars, and other similar foods.

Items that would be considered to be entrées if sold in the reimbursable meal program, but are sold à la carte as Competitive Foods, are not subject to these Guidelines.

1. Any fruit with no added sweeteners or vegetables that are non-fried. Since fresh fruits and vegetables vary in size and calories naturally, they have no calorie limit. However, calories for packaged fruits and vegetables are easily ascertained according to package nutrition labeling. As such, calorie limits for these fruits and vegetables are specified as follows:

| | Elementary | Middle | High |
|-----------------------|-------------------|---------------|-------------|
| fresh | no limit | no limit | no limit |
| packaged in own juice | 150 | 180 | 200 |
| dried | 150 | 180 | 200 |

2. Any reduced-fat or part-skim cheese ≤1.5 oz.
3. Any one egg with no added fat or equal amount of egg equivalent with no added fat.
4. Any other food that meets all of the following criteria:
 - a. ≤35% of total calories from fat
 - i. Nuts, nut butters, and seeds are exempt from above limitation and are permitted.

- ii. Products described in Addendum 1 are exempt and are permitted until August 31, 2008.
- b. $\leq 10\%$ of calories from saturated fat –OR– $\leq 1\text{g}$ saturated fat
- c. 0 g trans fat
- d. $\leq 35\%$ sugar by weight
- e. ≤ 230 mg sodium
 - i. Lowfat and fat-free dairy products can have $\leq 480\text{mg}$ sodium
 - ii. Vegetables with sauce, and soups can have $\leq 480\text{mg}$ sodium if they contain one or more of the following: $\geq 2\text{g}$ fiber; or $\geq 5\text{g}$ protein; or $\geq 10\%$ DV of Vitamin A, C, E, folate, calcium, magnesium, potassium, or iron; or $\geq \frac{1}{2}$ serving ($\frac{1}{4}$ cup) of fruit or vegetables.
 - iii. Soups described in Addendum 2 are exempt and are permitted until August 31, 2008.
- f. If products are dairy, they must be non-fat or low fat dairy.
- g. Meet 1 of the following calorie requirements:
 - i. ≤ 100 calories
 - ii. Vegetables with sauce and soups meeting 3.e above can have 150 calories if they contain two or more of the following: $\geq 2\text{g}$ fiber; or $\geq 5\text{g}$ protein; or $\geq 10\%$ DV of Vitamin A, C, E, folate, calcium, magnesium, potassium, or iron; or $\geq \frac{1}{2}$ serving ($\frac{1}{4}$ cup) of fruit or vegetables.
 - iii. Other foods can have calorie limits per below if they contain one or more of the following: $\geq 2\text{g}$ fiber; or $\geq 5\text{g}$ protein; or $\geq 10\%$ DV of Vitamin A, C, E, folate, calcium, magnesium, potassium, or iron; or $\geq \frac{1}{2}$ serving ($\frac{1}{4}$ cup) of fruit or vegetables:
 - ≤ 150 calories for elementary schools
 - ≤ 180 calories for middle school
 - ≤ 200 calories for high school.

For individual serving packages, these nutritional Guidelines are defined for a whole package as labeled on the package's Nutrition Facts panel. In the event that the food is bought in bulk but served individually, such as on an à la carte line, then the criteria apply to the label serving.

III. Time of Day

These Guidelines shall apply to items sold on school grounds or at school activities during the regular and extended school day when events are primarily under the control of the school or third parties on behalf of the school. The extended school day is defined as the time before or after the official school day that includes activities such as clubs, yearbook, band and choir practice, student government, drama, sports practices, intramural sports, and childcare / latchkey programs. These Guidelines shall also apply to food supplied by schools during official transportation to and from school and school sponsored activities, including but not limited to field trips and interscholastic sporting events where the school is the visiting team except as specified herein.

These Guidelines do not apply to school sponsored or school related bona fide fundraising activities that take place off of school grounds and not in transit to and from school. Nor do they apply to booster sales at school related events where parents and other adults are a significant part of an audience or are selling food as boosters either during intermission or immediately before or after such events. These school related events frequently occur during evenings and weekends. Examples of these events include but are not limited to interscholastic sporting events, school plays, and band concerts.

IV. Implementation and Execution

Schools will need to adopt these Guidelines in order to ensure the success of this effort. As such, the Alliance and each Signatory Company are committed to working together to encourage education leaders, education organizations and school authorities to adopt these Guidelines and to offer students only Competitive Foods that meet these Guidelines. In addition, the Alliance and each Signatory Company will encourage the food industry at different levels of distribution to support these Guidelines in their sale and distribution of products to schools.

For education organizations whose members author or influence tenders for these foods, or directly purchase these foods, the Alliance and each Signatory Company will work together to encourage these organizations to adopt and promote these Guidelines to their members. The membership of these education organizations may include school administrators, school business officials, school food service directors, educators, and/or community members who are influential in their local school or school district.

We recognize that most Competitive Foods are sold to schools and school districts by independent food distributors and contract operators in response to tenders issued by school districts. We also recognize some Competitive Foods are purchased by school administrators, faculty members, and coaches from retail locations for sale at school stores or for use in connection with school activities. Further, we recognize that Competitive Foods in vending machines are usually sold and stocked by third-party vending companies. Therefore, the Alliance and each Signatory Company agree to work together to encourage independent food distributors, contract operators, vending brokers, vending service companies, and other relevant vendors to support these Guideline and the goals set forth in this MOU.

Although the Alliance and each Signatory Company are committed to working together to achieve the goals set forth in this MOU, each Signatory Company may continue to work independently with their distributors, wholesalers, and retailers that serve school distribution and buying channels.

It is recognized that the Signatory Companies are major manufacturers of products in relevant product categories, and that there are many other companies that manufacture other relevant products. The Alliance will encourage these manufacturers to join the Signatory Companies in supporting these Guidelines and the goals set forth in this MOU.

In order to achieve these goals, the Alliance and each Signatory Company will designate an individual to represent their organization and to work together towards achieving the goals set forth in this MOU.

V. Reporting

The Signatory Companies will work with the Alliance to establish a baseline report, in a mutually-acceptable format, to identify the types and availability of Competitive Foods offered for sale to students in schools during the time of day specified in this MOU, recognizing this data is not available from the Signatory Companies and must be collected from a random sample of schools and/or other third parties in order to do so. This baseline report will be generated by December 31, 2007 specifically for this agreement or will leverage existing data and/or reports from mutually acceptable third parties. Every two years thereafter, through December 2011, the Alliance will conduct a similar analysis to assess the impact and status of these Guidelines in shifting the mix of Competitive Foods towards adherence to these Guidelines when compared to the baseline and previous

reports. Representatives from the Alliance and the Signatory Companies will review the report after each time it is made available, beginning in 2009.

Where statistically significant differences are found by venue or supply chain, the report should distinguish these differences so that the Alliance and the Signatory Companies can work together to encourage the adoption and support of these Guidelines by the venue or supply chain in a manner that will help to ensure progress in achieving the goals set forth in this MOU.

The responsibility and costs for these reports will be borne by the Alliance. Reports will be made public by the Alliance or designated third parties on website(s) and/or by press release.

VI. Healthy Schools Program and Other Standards

The Guidelines represented in this MOU will be the only competitive food Guidelines for snacks, side items, treats, and desserts used for school recognition as part of the Alliance for a Healthier Generation's Healthy Schools Program. The Alliance will include the Signatory Companies in discussions regarding the development and revision of the competitive foods section of the recognition criteria as part of the Healthy Schools Program.

We do, however, recognize that some state legislation, district policy, or other standards may be different than these Guidelines. These Guidelines are not intended to usurp the authority of parents, educators, and their elected representatives or to undermine any local initiatives to set standards or change any laws.

VII. Communications

All Signatories will actively support these Guidelines and their commitment to the types of Competitive Foods that should be offered for sale in schools on an ongoing basis. The Alliance and Signatory Companies will collaborate on communications of jointly approved messages that are consistent with the spirit and objective of this MOU with respect to the sale of Competitive Foods in schools.

While the Signatories recognize that these Guidelines are focused on the types of Competitive Foods that are offered for sale in schools, we also recognize that there are a variety of channels by which such products are distributed, purchased, and ultimately offered for sale in schools; and we recognize further that there is a need to communicate effectively throughout all such channels in order to achieve the goals of this effort. To facilitate such communication, the Alliance will develop several options for standard messages, and terms for their use, that companies may incorporate into materials used to promote and identify qualifying products to the school distribution and buying channels.

These messages may be used, for example, in printed or electronic direct marketing to the school channel, on a school area of a company website, in responses to Requests for Quotes from schools, and on order forms that are used by schools or companies ordering on behalf of schools. Beginning in August 2007 in conjunction with the 2007-2008 school year, each Signatory company may use these standard messages on product displays, shipping boxes, or other similar items, in order to identify qualifying products in retail or wholesale settings that typically serve the school distribution and buying channels. At that time, each Signatory Company may also use these standard messages in communications targeted to parents. In no event shall these standard messages appear on product packages or otherwise be used to imply product or company endorsements. All such uses will require the prior written consent of the Alliance.

These Guidelines pertain to the unique school environment. Products outside of the Guidelines can be enjoyed as part of a healthy, balanced diet, and this MOU does not impact Signatory Companies' promotion and support of their products outside of schools.

All public use of names or representations in association with this agreement of President Clinton, Governor Huckabee, the American Heart Association, and the Alliance for a Healthier Generation must be approved in writing in advance by the Clinton Foundation, Governor Huckabee, the American Heart Association, and the Alliance for a Healthier Generation, respectively. Usage of the American Heart Association, Clinton Foundation, or the Alliance for a Healthier Generation trademarks or service marks requires compliance with the respective policies of each organization and prior written permission.

All public use of names and representations in association with this agreement of the Signatory Companies as well as their products must be approved in writing in advance by the respective Companies. This agreement does not permit the usage of the Signatory Companies' trademarks or service marks without prior written permission.

VIII. Changes

All Signatories recognize that new generally-accepted scientific evidence, federal legislation or regulations, recommendations from authoritative public health organizations, or compelling evidence regarding the feasibility of implementing these guidelines in schools may arise at any time that could cause us to revisit and potentially revise these Guidelines or amend this MOU. Such information may be brought forth by the Alliance or any Signatory Company for consideration. All Signatories will be given the opportunity to participate in such discussions and potential revisions. Where appropriate, the views of other interested parties will also be taken into account. Whenever possible, we will strive for revisions to be mutually acceptable by all Signatories but recognize that may not always be possible. Continued participation in this effort is at the sole discretion of each individual Signatory.

Addendum 1 – Total and Saturated Fats

The American Heart Association Dietary and Lifestyle Recommendations released June 2006 emphasized saturated fat – setting lower goals for the amount of saturated fat in the diet. Given that the Recommendations encourage people to consume $\leq 7\%$ of calories from saturated fat while meeting total fat recommendations of $\leq 35\%$ and with the intent of encouraging food manufacturers to develop products to meet this goal, products with $\leq 7\%$ of calories from saturated fat will be allowed to have $\leq 40\%$ of calories from total fat until August 31, 2008. This transition period will provide manufacturers time to reformulate these products such that they provide $\leq 35\%$ of calories from total fat by August 31, 2008.

Addendum 2 – Sodium

A variety of commercially available soup products available in bulk through food service channels to schools can meet all the requirements specified in the Guidelines except for an upper limit of 480 mg for sodium. In recognition of this market availability, soups that meet the sodium requirement specified in this Addendum will be considered to meet the Guidelines specified in Section II until August 31, 2008, at which time soups shall meet the Guidelines as specified in Section II of this MOU. This transition period will provide manufacturers time for product reformulation, as well as the ability to meet manufacturing and food service distribution requirements.

- Soups with ≤ 750 mg sodium are permitted if they contain one or more of the following: ≥ 2 g fiber; or ≥ 5 g protein; or $\geq 10\%$ DV of Vitamin A, C, E, folate, calcium, magnesium, potassium, or iron; or $\geq \frac{1}{2}$ serving ($\frac{1}{4}$ cup) of fruit or vegetables.

[Signatures of Authorized Representatives of Parties to this MOU appear on next page.]

ACCEPTED

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Date: October 6, 2006

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By: _____
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Date: _____

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By: _____
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By: _____
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By: _____
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By: _____
Printed Name: M. Carl Johnson, III
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