

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;
- The American Beverage Association;
- Cadbury Schweppes Americas Beverages, a subsidiary of Cadbury Schweppes plc;
- The Coca-Cola Company; and
- PepsiCo, Inc.

regarding a new school beverage policy.

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 of the American Beverage Association (ABA) and Cadbury Schweppes Americas Beverages, a subsidiary of Cadbury Schweppes plc; The Coca-Cola Company; and PepsiCo, Inc. (the three signatory companies) to create a new school beverage policy in the United States that will supersede current policy.

Fifty-four million children attend nearly 123,000 schools nationwide. Influencing and helping school districts and schools to provide healthy environments is one of the most efficient and effective ways of shaping the health, education and well-being of America’s children. The purpose of this new policy is to accelerate the shift to lower-calorie and nutritious beverages that children consume during the regular and extended school day. This new policy shifts the focus to calories and the educational environment in which those calories are consumed.

The ABA and the three signatory companies will make diligent efforts to encourage their bottlers to adopt this policy as soon as possible for beverage sales to school children through vending machines, a la carte lines, and school stores, in full compliance with the law and their existing contract obligations. Moreover, the Alliance, the ABA and these companies will also make diligent efforts to encourage other members of the beverage industry to adopt this policy and to sell to schools only the product mix it outlines.

School Beverages

Elementary School

- Water
- ≤ 8 oz servings of milk and juice
- Fat free or low fat milk and nutritionally equivalent (per USDA) milk alternatives
- Fat free or low fat nutritionally equivalent flavored milk with ≤150 cal/8 oz
- 100% juice with no added sweeteners, ≤120 cal/8 oz & ≥10% DV for ≥3 micronutrients

Middle School

- Same as elementary school with the following exceptions: juice and milk that meet the elementary school criteria may be available in 10 oz servings.
- As a practical matter, if middle school and high school students have common access to areas where beverages are sold on a common campus or in common buildings, then the school community has the option to adopt the high school standard.

High School

- Water
- No or low calorie beverages with ≤ 10 cal/8 oz (e.g., diet sodas, unsweetened or diet teas, low calorie sports drinks, fitness waters, flavored waters, seltzers)
- ≤ 12 oz servings of milk, light juice, juice and sports drinks
- Fat free or low fat milk and nutritionally equivalent (per USDA) milk alternatives
- Fat free or low fat nutritionally equivalent flavored milk with ≤ 150 cal/8 oz
- 100% juice with no added sweeteners, ≤ 120 cal/8 oz, and $\geq 10\%$ DV for ≥ 3 micronutrients
- Light juices and sports drinks with ≤ 66 cal/8 oz
- $\geq 50\%$ of beverages are water and no or low calorie options (≤ 10 cal/8oz)

Time of Day

This school beverage policy applies to beverages sold on school grounds 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 can be 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, and childcare / latchkey programs.

This beverage policy does not apply to School-Related Events where parents and other adults are a significant part of an audience or are selling beverages as boosters during intermission, as well as immediately before or after such school-related events. Examples of these events include interscholastic sporting events, school plays, and band concerts.

Implementation Goals

The three signatory companies will make diligent efforts with their bottlers to ensure that only beverages described in this policy will be included in all future school contracts. In order to accelerate migration to lower-calorie and nutritious beverages in schools, the Alliance, as well as the ABA and three signatory companies working with their bottlers will work with schools and school districts in the spirit of mutual financial fairness to amend the terms of existing contracts to change the product mix described therein to include only the beverages outlined in this policy.

We recognize that some sales of beverages to schools are currently made by independent food and beverage distributors and contract operators in response to tenders issued by school districts. We also recognize some beverages are purchased by schools from retail locations for sale through a la carte lines and school stores. The Alliance, the ABA, and the three signatory companies will make diligent efforts to encourage independent food and beverage distributors and contract operators to adopt this policy within three years. Together we will also seek to encourage those organizations whose members comprise the individuals in school food service who develop RFPs to adopt and promote this policy to its members within 1 year.

It is the goal of the parties to achieve implementation of this policy for 75% of schools under contract with bottlers prior to the beginning of the 2008-2009 school year. The parties will strive to achieve implementation of the policy for all schools prior to the beginning of the 2009-2010 school year¹.

¹ Provided schools and school districts are willing to amend school contracts in existence at the time of this MOU

Reporting

Beginning in August 2007, and annually every year thereafter, the signatories to this MOU will support an annual analysis that will disclose the impact and status of this policy. This information will be made public by ABA on its website and/or by press release. The analysis will include the following:

1. Beverage sales to students in schools through all venues, similar to the Wescott study dated November 28, 2005. It shall include beverages children purchase at schools through vending machines, a la carte lines, school stores, or other venues. It would ideally distinguish between beverages supplied directly to schools by bottlers for consumption during the regular and extended school day, versus those supplied for School-Related Events or indirectly through other channels, such as food and beverage distributors and contract operators.
2. For contracts executed after signing this MOU, the percent of then valid contracts that comply with this policy on the following basis:
 1. Percent of school district contracts.
 2. Percent of elementary school contracts.
 3. Percent of middle school contracts. Companies will list middle schools that follow the high school standard with a valid justification for their exception.
 4. Percent of high school contracts that comply with this policy.
3. For contracts executed before signing this MOU, the percent of then valid contracts that have been amended to comply with this policy.
 1. Percent of school district contracts.
 2. Percent of elementary school contracts.
 3. Percent of middle school contracts. Companies will list middle schools that follow the high school standard with a valid justification for their exception.
 4. Percent of high school contracts that comply with this policy.

Healthy Schools Program Standard and Other Standards

This policy will represent the only beverage standard used for school recognition that is part of the Alliance for a Healthier Generation's Healthy Schools Program.

We do, however, recognize that some state legislation, district policy, or other standards may be different than this policy. This policy does not undo those efforts or usurp the authority of parents, educators, and their elected representatives. It is not the intent of this policy to undermine any local initiatives to set standards or change any laws.

Communications

All parties will actively support the new policy and their commitment to the standards of the policy, including the beverages provided in schools, on an ongoing basis.

All 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. This agreement does not permit the usage of the American Heart Association trademarks or service marks without prior written permission.

All use of names and representations with this agreement of Cadbury Schweppes Americas Beverages, The Coca-Cola Company, PepsiCo, as well as their products, and the American



Beverage Association must be approved in writing in advance by the American Beverage Association on behalf of these companies. This agreement does not permit the usage of the Cadbury Schweppes, Coca-Cola or PepsiCo trademarks or service marks without prior written permission.

Organizations who are signatories to this agreement will develop and jointly approve standard language and terms of use for each to use to represent their support of this policy.

Changes to Policy

All parties recognize that compelling new scientific evidence may arise at any time that could cause us to revisit this policy.

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

ACCEPTED

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By: _____

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Title: Executive Director

Date: May 3, 2006

American Heart Association
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By: _____

Printed Name: Robert H. Eckel, MD

Title: President

Date: May 3, 2006

Clinton Foundation
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New York, NY 10027

By: _____

Printed Name: Ira C. Magaziner

Title: Chairman, Clinton Foundation Policy Board

Date: May 3, 2006

American Beverage Association
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By: _____

Printed Name: Susan K. Neely

Title: President & CEO

Date: May 3, 2006



Cadbury Schweppes Americas Beverages
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By: _____

Printed Name: Gilbert Cassagne
Title: President & CEO
Date: May 3, 2006

The Coca-Cola Company
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By: _____
Printed Name: Donald Knauss
Title: President, Coca-Cola North America
Date: May 3, 2006

PepsiCo, Inc.
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By: _____
Printed Name: Dawn Hudson
Title: President & CEO, Pepsi-Cola North America
Date: May 3, 2006