



School Beverage Guidelines Progress Report 2007-2008

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Speakers:

- Dr. Tim Gardner, president, American Heart Association; co-lead, Alliance for a Healthier Generation
- Susan K. Neely, president and CEO, American Beverage Association
- Former President Bill Clinton, co-lead, Alliance for a Healthier Generation

Remarks

Dr. Gardner:

Hi, everyone. Thank you for joining us today. I'm Dr. Tim Gardner, president of the American Heart Association and in my, my day job is medical director of the Center for Heart and Vascular Health at Christiana Care Health System in Wilmington, Delaware. I am honored to be here with President Clinton and Susan Neely, president and CEO of the American Beverage Association. We have some exciting news to share relevant to the health of our nation's children. In a few moments we will hear from Susan, who will present and explain the highlights of the 2007-2008 School Beverage Guidelines Progress Report. The American Heart Association is proud to be actively involved in the fight against childhood obesity. In 2005, our organization joined forces with President Clinton's Foundation to create the Alliance for a Healthier Generation with the common goal of improving the health of our nation's children. The unique pairing of our scientific expertise with the entrepreneurial spirit of the William J. Clinton Foundation make us uniquely positioned to tackle the childhood obesity epidemic.

Today in the United States, one in every three kids or teens are overweight or obese. If this trend continues to increase, many believe that this current generation of children will become the first in American history to live shorter lives than their parents. Childhood obesity is leading to an increase in conditions that usually don't develop until late adulthood. High blood pressure, elevated cholesterol and type 2 diabetes are some examples. Children who are overweight have a 70 percent likelihood of becoming overweight adults. This increases to 80 percent if one or both parents are overweight or obese. The implications of obesity were just made clear in this week's Journal of the American College of Cardiology. In a report from Duke University it was noted that obese patients suffered first heart attacks seven to 12 years earlier than normal weight patients, depending on the degree of their obesity.

There is neither one cause nor one solution for the childhood obesity epidemic. We all need to do our part in working toward solutions.

In 2006, the Alliance for a Healthier Generation convened the major beverage companies to discuss how to involve them in making our nation's children healthier. Along with the Alliance, the American Beverage Association and the three largest beverage producers – The Coca-Cola Company, the Dr Pepper Snapple Group, formerly Cadbury Schweppes Americas Beverages, and PepsiCo Incorporated – signed a landmark agreement to align all school contracts to the Alliance School Beverage Guidelines. Let's recognize these companies today and thank them for joining us. These beverage guidelines are putting lower-calorie, more nutritious beverages into our nation's schools. This is an important step in ending childhood obesity. The Alliance applauds the role the American Beverage Association and these companies are playing in helping to improve the health of our nation's children. We want to encourage other companies to step up to the plate and join us by adopting the School Beverages, School Beverage Guidelines.

We're pleased to have the American Beverage Association here today and its President and CEO Susan Neely who will now walk you through the results of the report and the progress the guidelines have had in our nation's schools. Susan...

Ms. Neely:

Thank you, Dr. Gardner and thanks to your colleagues at the American Heart Association and, of course, the Alliance for a Healthier Generation, the Clinton Foundation and President Clinton. It's a pleasure and a privilege to be back here with you. Two years ago I was here with the CEOs of Cadbury Schweppes, now the Dr Pepper Snapple Group, The Coca-Cola Company and PepsiCo, Inc. And we announced at that time some very ambitious goals, not just goals, but commitments. We said we recognize that schools are special places. They are a unique environment and we need to do some things in a special way there if we are to teach our kids how to have a healthy lifestyle. And we were proud to step up and say we were going to do our part.

So today I am here to present the second annual progress report on the School Beverage Guidelines. I am joined by Dr. Rob Wescott, who is an economist who really compiled the meat of this report and the highlights say that we have in fact cut calories from beverage shipped to schools by 58 percent, that schools that have contracts with bottlers, 79 percent are now in compliance with the School Beverage Guidelines – that's both in terms of products offered in the schools as well as portion sizes. And if you look closely at the details of the guidelines, we did cap portion sizes on a number of beverages. In addition, other highlights, the shipments of full-calorie soft drinks are down by two-thirds as the beverage mix has shifted to waters, portion-capped sports drinks and diet beverages. This has not been easy. It has taken significant commitment on the part of the industry. There were extensive operational changes that had to be made. We had to create container sizes to fit the new portion sizes, reformulate products, change the machines so they could vend these smaller containers and train our marketing and sales force. It was not easy to change 18,000 contracts in the last two years, but for all the lawyers in

the group you know it's not easy to change a contract. It's also taken leadership. Our, I've got CEOs from our bottlers report to me that if a school is concerned at all about the changes they were proposing, they would go and personally meet with the school administration and talk them through the rationale for the changes. One company even programmed the hand-held device that their sales force uses in schools so that the buttons for beverage that are not allowed in the mix were locked – an extra means to ensure that we were delivering on the commitment.

So we're proud to be back here today after two years with such good results. We were proud especially to participate in this comprehensive approach to teaching our children how to have healthy lifestyles and Mr. President, we couldn't have done it without you. We thank you for your leadership.

President Clinton:

Thank you very much, Susan. I want to thank you and all the representatives from the other beverage groups that are here from Coca-Cola, Dr Pepper Snapple, PepsiCo, Cadbury Schweppes. Dr. Gardner, thank you and the American Heart Association for being such good partners. Rob Wescott, thank you for continuing to do the good work. I suppose we should make full disclosure that he was once part of another government administration in a former life. Tony Liquori, thank you very much for the good work that you have done. I thank the representatives from the schools in New York and New Jersey that are here. I'd like to thank Ginny Ehrlich who runs our Alliance for a Healthier Generation and Trooper Sanders, who is the liaison in our office for their work.

There are 53 million students who are going to be better off because of the work that the beverage association has done. When we made this announcement, there were a lot of people who were skeptical about such private agreements. You know, would they really be honored. And would we keep on time and would there be foot dragging. I guess I should say something that Susan didn't. These results show that the commitment made by the beverage industry has been surpassed and the beneficial consequences to our schools are far greater than what was estimated two years ago. And they deserve a lot of credit for that. They did better than they said they'd do, and the results they delivered surpass where we thought we'd be. And that is profoundly important. There was no legislation here. This was a purely voluntary concerted effort on the part of this industry working with us to reach this agreement and then implement it. And I am profoundly grateful to them and to the schools across the country that embrace the idea. Obviously if they hadn't been willing to do it and there was some give-back on their part, too, as I'm sure a lot of you know given the way that the vending machine operation works in most school districts throughout the country. So I want to thank the schools. For the schools that have not yet made the switch to lower-calorie beverage, I challenge them to do it this year. This is not an easy year to do it because of the other financial pressures on our schools, but the evidence in terms of better student health and the evidence that the revenues recover show that the long-term benefits far outweigh the short-term costs. So I'm very, very grateful. Let me just give you an example of the kind of things that a school can do. In Eau Claire, Wisconsin, the Alliance for a Healthier Generation worked with students on a "Step Up for a Healthier School" initiative. There was a student toolkit that gives kids the resources to make their environments healthier. They put the toolkit to good use, meeting with administrators and staff and developing an action plan. Using the toolkit's snack and food beverage inventory, a checklist of items to comply with our guidelines, the

students collected information needed to organize the foods and beverages offered at the school with go foods and beverages and stop foods and beverages. They presented their plan to the school board and the school is now fully compliant with the guidelines.

Reducing caloric consumption is of course only one piece of this puzzle. There are a lot of other changes that have to be made to make our schools healthier and I'm very grateful that the Robert Wood Johnson Foundation worked with us to create the Healthy Schools program to offer sustained support to help schools create healthy environments, not just for the students and the faculty and also the staff. There was an entire team here and I want to especially thank Christy Manso, our school beverages manager that worked with more than 3,000 schools enrolled in the Healthy Schools program to get them ahead of the curve. More than 80 percent of the schools now, as you heard, only sell beverage compliant with the School Beverage Guidelines. Any school can sign up for the Healthy Schools program at no cost. Let's just say that again – any school that wants our help can sign up at no cost by visiting the Alliance for a Healthier Generation's Web site – www.healthiergeneration.org.

Now that we have a lot of momentum here, the Alliance has started work to address the rising cost of food and the impending food crisis by ensuring that our children still have that same access to nutritious meals at school. To ensure that, and that they're prepared with more local ingredients, the Alliance has formed a School Food Focus initiative with Liquori and Associates and the CS Mott Group at Michigan State University. Thanks to the support of the Kellogg Foundation, this initiative will convene food service directors of the 127 largest districts to identify ways to harness their collective buying power to create a demand for healthier locally-grown food options. By creating more demand for healthier foods as part of commodity and distribution programs, prices for these districts will be reduced. This is a really big deal because we don't want to see all the caloric gains made from the great work that the beverage industry has done destroyed by the financial pressures on our school districts from higher food prices and higher fuel prices. All these schools are being forced to economize. All the members of the press have carried stories about some schools in rural areas having to go back to a four day week because they can't afford to run bus lines five days a week. And, with all this pressure, we are legitimately concerned that the first casualty might be a school district's otherwise well-intentioned effort to offer healthier food, lower calories, more nutritious food to the kids. So that's what we're all gonna try to do. The Liquori Group, Michigan State, Kellogg Foundation, we're gonna try to help make sure that the benefits won by the beverage industry here will be manifest by not having a big fall-off and, in fact, an acceleration in the number of schools offering locally-grown, really healthy food. But in order to do it, we've got to create a market so we can get affordable prices. So we're really working on this and, uh, I'm talking about this at some length because if I were a reporter listening to this story and I didn't mention it, it's the very first thing I would say. How are you going to avoid losing all these gains with the higher food prices and higher fuel prices. We think we can do it and we're on the job.

I think that we ought to say that in spite of the continuing challenges, Dr. of the Heart Association believes that we may have at least leveled off with the childhood obesity problem and we may soon be able to say we're bringing it down. If that happens, any time in the next two or three years, I must say, I will be pleased beyond my wildest dreams because changing a culture. This isn't, in some ways this is more difficult than what we did trying to get affordable AIDS medicine in the developing world. We had

to change the markets and set up networks, but it wasn't like people didn't want their medicine to stay alive. Changing a culture requires tens of millions of people to make different individual decisions even if you create a difference structure or a different environment. And we seem to be making some real headway. And if that happens, and to the extent that it's already happened, I think we will look back on this early agreement we made with the beverage industry and their faithful implementation of it, going above and beyond the letter of the agreement, as the beginning of a truly dramatic, positive development for the children of America in the 21st century. Thank you very much.

Floor opened to questions