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"We want Kimberly-Clark products, not as a tobacco

Kimberly-Clark spokesperson, Wall Street Journal, May 10, 1995, p. A3.

Smoking Control Advocacy Resource Center (SCARC)
ACTION ALERT

June 5, 1995

Issue: Kimberly-Clark, Kellogg's Sever Ties to Tobacco

Summary

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On May 9, a spokesperson for paper products giant Kimberly-Clark announced that the company would separate its tobacco operations from the rest of its business. At the same time, Kellogg's began taking steps to remove tobacco promotions from its cereal boxes. These developments are evidence that businesses are increasingly aware of the legal risks and the ethical issues involved in associating with the tobacco industry.

Kimberly-Clark plans to spin off the company's cigarette-paper and tobacco operations, and company officials have characterized the cigarette-related business as incompatible with the company's strategic direction. The announcement came just one month after the company's annual meeting, in which 7.5 percent of shareholders voted in support of shedding the company's cigarette-paper operations. (For more information, see SCARC Action Alert, "Businesses Distance Themselves from Tobacco Industry," 4/27/95.)

A Kimberly-Clark spokesperson said that the action was taken so that Kimberly-Clark could concentrate on its core products, and that officials were not bowing to shareholder pressure. Analysts, however, credit tobacco liability and shareholder anxiety as major factors in the decision. Kimberly-Clark was listed as a defendant in a suit by the state of West Virginia to recover at least \$1 billion for the Medicaid costs of treating smoking-related disease.

Kimberly-Clark has been selling cigarette paper and sheets of pressed, reconstituted tobacco for cigarettes since the 1950s. In 1994, its cigarette-related business generated \$404 million; overall sales for the company were \$736 billion. Kimberly-Clark also makes Huggies diapers, Kotex feminine products and Kleenex facial tissues, and sells hospital supplies and other health products.

Although legal experts say it is unclear how much the spinoff will shield the company from any future lawsuits, the spinoff will create some distance between the company's tobacco and non-tobacco business.

Kellogg's cereal company has also been under public pressure to distance itself from the tobacco industry. Over the past few months, health activists, including the American Cancer Society and the California Department of Health Services' Tobacco Control Section have expressed concern regarding the promotion of the Winston

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cigarette brand name on Kellogg's Corn Flakes Racing Series cereal packages.

The California Tobacco Control Section was told that the Kellogg Company has taken steps to remove any reference to the Winston Cup Series on upcoming product packages, and that the majority of current Kellogg's Racing packages are expected to be off grocery shelves by the end of May 1995. In addition, the Kellogg Company has stated that it is taking steps to ensure that any Kellogg Racing items, such as t-shirts, used in promotions, do not carry the Winston Cup name or logo.

Representatives of the Kellogg Company noted that it was not their intent to promote cigarettes, but rather to be factually correct in describing the Winston Cup Series Championship. The Kellogg Company informed the California Tobacco Control Section that the company is reviewing its mechanism for the approval of all racing advertising and promotional activities, including packaging, offers and point-of-sale materials.

Objective

To further isolate the tobacco industry from legitimate business.

Suggested Actions

1. Send a letter of thanks or congratulations to Kimberly-Clark for spinning off its tobacco-related business. Companies need to hear from the public that new policies like this one are both the right thing to do and appreciated by consumers. Write to:

Tina S. Berry
Vice President for Public Relations
Post Office Box 619100
Dallas, TX 75261
Telephone: 214-830-1484.

2. Contact Kellogg's to let officials know that they are doing the right thing by taking cigarette promotions off of their cereal boxes. Write to:

Mr. Alan Harris
Executive VP Marketing
Kellogg Company
1 Kellogg's Square
Battle Creek, MI 49016

Or call the Kellogg's consumer hotline at 1-800-962-1413 to express your support for their decision.

3. Encourage other businesses to follow the examples of Kimberly-Clark and Kellogg's and withdraw from or avoid involvement in the tobacco business.
4. Contact local politicians, sports and arts groups and urge them to avoid liaisons with the tobacco industry and to refuse tobacco industry money. Let them know that tobacco companies are dependent on civic groups accepting their money; this buys the tobacco companies a veneer of good citizenship and respectability that they cannot otherwise earn.