

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

In the Matter of)

INTERSTATE BAKERIES CORPORATION,)
a corporation.)

DOCKET NO. C-4042

**COMPLIANCE REPORT OF
INTERSTATE BAKERIES CORPORATION**

Pursuant to Part VIII of the Federal Trade Commission's ("FTC" or "Commission") final Decision and Order (hereinafter "Order") served on Interstate Bakeries Corporation ("IBC" or "Respondent") in the above-captioned matter on or about April 25, 2002, and in accordance with the further instructions contained in the letter dated May 8, 2002 from Angela Floyd, Esq. of the Division of Enforcement in the FTC's Bureau of Consumer Protection, IBC submits this Report of Compliance with the Commission's Order.

1. Pursuant to Part I of the Order, since April 25, 2002, IBC has not made any representation, directly or through any corporation, subsidiary, division or otherwise, in connection with the labeling, advertising, promotion, offering for sale, sale or distribution of Wonder Bread, expressly or by implication, that either: (a) as a good source of calcium, Wonder Bread helps children's minds work better, or (b) as a good source of calcium, Wonder Bread helps children remember things. The commercials that were challenged in the complaint were voluntarily discontinued by IBC in December 2000, and IBC does not intend to make such claims in the future. In the event that IBC does make the challenged claims in the future, it will

do so only if, at the time such representation is made, it possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

All IBC advertising and promotional materials for Wonder Bread following the effective date of the order may be found in the enclosed exhibits. Specifically, IBC has only disseminated two (2) television commercials for Wonder Bread during the relevant period, "Hair" and "Newspaper," which appear as the first two commercials on the enclosed videotape marked as Exhibit 1. Story boards for the Wonder commercials are included as Exhibits 2 and 3. Wonder Bread billboard advertisements are included as Exhibits 81-84, and coupons for Wonder Bread are included as Exhibits 85-88. Shelf talkers and other point-of sale promotional materials for Wonder Bread are included as Exhibits 11, 50-54.

2. Pursuant to Part II of the Order, since April 25, 2002, IBC has not made any representation, directly or through any corporation, subsidiary, division or otherwise, in connection with the labeling, advertising, promotion, offering for sale, sale or distribution of any bread, bread product, rolls, or muffins, in or affecting commerce, expressly or by implication, that such product or any of its ingredients, helps brain function or memory, or that any such product or any of its ingredients can treat, cure or prevent any disease or related health condition without respondent possessing and relying upon competent and reliable scientific evidence that substantiates such representations, subject to the exclusion in Paragraph III of the Order for claims permitted by the Food and Drug Administration under the Nutrition Labeling and Education Act of 1990.

In addition to the Wonder Bread exhibits identified above as relevant to Part I of the Order, IBC further submits herein all other IBC advertising and promotional materials for all other bread, bread products, rolls, or muffins since April 25, 2002. These materials include television commercials for seven (7) regional bread brands -- Merita, Braun, Butternut, Holsum King, Cotton's Holsum, Eddy's and Sweetheart. These commercials are included as the third through ninth commercials found on the videotape marked as Exhibit 1. The storyboards for these regional brands are included as Exhibits 4 - 10. Billboard advertisements and coupons for these regional brands are replicated in exhibits 74-80 and 85. Shelf talkers and other point-of-sale promotional materials for the regional brands disseminated since the April 25, 2002 are included as Exhibits 12-49 and 55-73. These promotional materials relate to the following IBC brands:

- Braun's[®] Town Talk Breads
- Butternut[®] Breads
- Cotton's Holsum[®] Breads
- Eddy's[®] Breads
- Holsum[®] Breads
- HomePride[®] Breads, Buns & Stuffing
- J.J. Nissen[®] Breads
- Merita[®] Breads
- Millbrook[®] Breads
- Nature's Recipe[®] Cape Cod Breads & Rolls
- Sunbeam[®] Breads
- SweetHeart[®] Breads

3. Part III of the Order merely excludes from the scope of its coverage claims specifically permitted in labeling under the NLEA of 1990. Accordingly, no further response is required to demonstrate compliance with that provision of the Order.

4. Part IV of the Order merely provides that it shall not apply to labels or labeling printed prior to the date of service of the Order and shipped by respondent's bakeries to distributors or retailers prior to January 16, 2003. Pursuant to a discussion with Angela Floyd on July 1, 2002, IBC is submitting herewith copies of packaging for all IBC brands of breads, buns, rolls or muffins. See Exh. 91.0001-91.1226. An index of the brands is included herewith as Exh. 91.1227. No further response is required to demonstrate compliance with this provision of the Order.

5. Pursuant to Part V of the Order, for a period of five (5) years after the last date of dissemination of any representation covered by this Order, IBC shall maintain, and upon request make available to the Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation, including videotape recordings of all such broadcast advertisements;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with customers or with governmental or consumer protection organizations.

These files shall be maintained under the auspices of the office of the General Counsel.

6. Pursuant to Part VI of the Order, IBC delivered a copy of the Order to each of its executive officers, managing employees, agents, and representatives having responsibilities with respect to the subject matter of this Order within thirty (30) days after service of the Order and, for a period of three (3) years, will provide a copy of the Order to such future personnel

within thirty (30) days after the person assumes such position or responsibilities. An index of individuals to whom IBC has distributed copies of this Order and from whom IBC has obtained signed acknowledgments of receipt of the Order is submitted herewith as Exhibit 92, and copies of signed and dated statements from each such person acknowledging receipt of the Order are submitted herewith as exhibits 93-103.

7. Pursuant to Part VII of the Order, IBC shall notify the Commission at least thirty (30) days prior to any proposed change in the corporation that may affect compliance obligations arising under the Order. Provided, however, that with respect to any proposed change about which IBC learns less than thirty (30) days prior to the date such action is to take place, IBC shall notify the Commission as soon as is practicable after obtaining such knowledge. IBC is not aware of any changes that have occurred to date affecting its compliance obligations. The IBC General Counsel's office is in the best position to timely recognize whether any given proposed change would potentially affect compliance obligations and will establish a practice of making such determinations with respect to proposed changes in corporate structure and, if necessary, causing the required notice to be provided to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission.

8. Pursuant to Part VIII of the Order, IBC herein timely submits this Compliance Report.

9. Part IX of the Order is the sunset provision that explains when and under what circumstances the Order will expire. Accordingly, no further response is required to that provision of the Order.

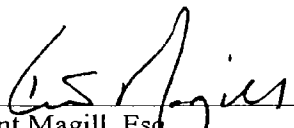
UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

_____)
In the Matter of:)
)
INTERSTATE BAKERIES CORPORATION,) Docket No. C-4042
a corporation.)
)
_____)

AFFIRMATION

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the information contained in the foregoing Compliance Report of Interstate Bakeries Corporation is true and correct to the best of my knowledge, information and belief.

INTERSTATE BAKERIES CORPORATION

By: 
Kent Magill, Esq.
Vice President, General Counsel
and Corporate Secretary

Dated: July 2, 2002

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

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**INDEX OF EXHIBITS TO COMPLIANCE REPORT OF
INTERSTATE BAKERIES CORPORATION**

Television Commercials

1. Videotape containing two :30 television commercials for Wonder® Bread entitled "Newspaper" and "Hair" and seven versions of the :30 television commercial "Bread Pickup" for the following brands: Merita®, Braun's® Town Talk, Butternut®, Holsum® King, Cotton's®, Eddy's®, and SweetHeart®.
2. Wonder® "Newspaper" :30 Television Commercial (storyboard) (April 8-14 & 22-28, 2002)
3. Wonder® "Hair" :30 Television Commercial (storyboard) (May 6-12 & 20-26, 2002) [91]
4. Braun's® Town Talk "Bread Pickup" :30 Television Commercial (storyboard) (April 8-14 & 22-28, 2002)
5. Butternut® "Bread Pickup" :30 Television Commercial (storyboard) (April 8-14 & 22-28, 2002)
6. Butternut® "Bread Pickup" :30 Television Commercial (storyboard) (April 29-May 5 & May 13-19, 2002)
7. Cotton's Holsum™ "Bread Pickup" :30 Television Commercial (storyboard) (April 8-14 & 22-28, 2002)
8. Eddy's® "Bread Pickup" :30 Television Commercial (storyboard) (April 29-May 5 & May 13-19, 2002)
9. Merita® Old Fashioned "Bread Pickup" :30 Television Commercial (storyboard) (April 8-14 & 22-28, 2002)
10. SweetHeart® "Bread Pickup" :30 Television Commercial (storyboard) (April 8-14 & 22-28, 2002)

Point of Sale

11. "America's Favorite White Bread Celebrates 80 Wonderful Years" (depot poster)
12. "Braun's® Town Talk Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
13. "Butternut® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
14. "Cotton's® Holsum® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
15. "Eddy's® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
16. "Holsum® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
17. "Merita® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
18. "Millbrook® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
19. "J.J. Nissen® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
20. "SweetHeart® Surprisingly Nutritious" (combo card/shelf liner: 24" x 11.25")
21. "SweetHeart® Great New Look... Same Great Taste" (combo card/shelf liner: 24" x 11.25")
22. "Try HomePride® Select Varieties" (combo card/shelf liner: 24" x 11.25")
23. "New HomePride® Taste what's NEW!" (combo card/shelf liner: 24" x 11.25")
24. Braun's® Town Talk 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
25. Butternut® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
26. Butternut® 9 High/12 High Wrap-Around Graphics Kit (point-of-sale display)
27. Cotton's® Holsum® 9 High/12 High Wrap-Around Graphics Kit (point-of-sale display)
28. Eddy's® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
29. Holsum® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
30. Merita® Adjustable Permanent Display Rack (point-of-sale display)
31. Merita® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
32. Merita® 9 High/12 High Wrap-Around Graphics Kit (point-of-sale display)
33. Merita® Country 9 High/12 High Clip-On and Wrap-Around Graphics Kits (point-of-sale display)
34. Millbrook® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
35. J.J. Nissen® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)

36. SweetHeart® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
37. Butternut® White Bread Point-of-Sale Promotional Material
38. Braun's® Town Talk White Bread Point-of-Sale Promotional Material
39. Cotton's® Holsum® White Bread Point-of-Sale Promotional Material
40. Eddy's® White Bread Point-of-Sale Promotional Material
41. Holsum® White Bread Point-of-Sale Promotional Material
42. Merita® White Bread Point-of-Sale Promotional Material
43. Millbrook® White Bread Point-of-Sale Promotional Material
44. J.J. Nissen® White Bread Point-of-Sale Promotional Material
45. SweetHeart® White Bread Point-of-Sale Promotional Material
46. "Merita® 100 Years!", Merita® Bread's 100th Birthday Point-of-Sale Promotional Material
47. Holsum® Old Country Variety Breads Point-of-Sale Promotional Material
48. "Merita® 100 Years!" (depot poster)
49. HomePride® Butter Top 9 High/12 High Clip-On and Wrap-Around Graphics Kits (point-of-sale display)
50. Wonder® Adjustable Permanent Display Rack (point-of-sale display)
51. Wonder® 9 High/12 High Clip-On Graphics Kit (point-of-sale display)
52. Wonder® 9 High/12 High Wrap-Around Graphics Kit (point-of-sale display)
53. "80 Wonder®-ful Years", Wonder Bread's 80th Birthday Point-of-Sale Promotional Material
54. Wonder® (tube rack point-of-sale: 30.5" x 7.5")
55. "Braun's® Town Talk Surprisingly Nutritious" (shelf dangler: 4" x 8")
56. "Butternut® Surprisingly Nutritious" (shelf dangler: 4" x 8")
57. "Cotton's® Holsum® Surprisingly Nutritious" (shelf dangler: 4" x 8")
58. "Eddy's® Surprisingly Nutritious" (shelf dangler: 4" x 8")
59. "Holsum® Surprisingly Nutritious" (shelf dangler: 4" x 8")
60. "Merita® Surprisingly Nutritious" (shelf dangler: 4" x 8")

61. "Millbrook® Surprising Nutritious" (shelf dangler: 4" x 8")
62. "J.J. Nissen® Surprisingly Nutritious" (shelf dangler: 4" x 8")
63. "SweetHeart® Surprisingly Nutritious" (shelf dangler: 4" x 8")
64. "Merita® Autumn Grain is Now - Merita® Country Autumn Grain Bread" (shelf dangler: 4" x 8")
65. "New HomePride® Premium Buns" (shelf dangler: 4" x 8")
66. "New HomePride® Select Varieties" (shelf dangler: 4" x 8")
67. "Try HomePride® Butter Top" (shelf dangler: 4" x 8")
68. "Proudly Baked in Utah - HomePride® Butter Top" (shelf dangler: 4" x 8")
69. "Proudly Baked in Utah - Wonder®" (shelf dangler: 4" x 8")
70. Merita® New Country Variety Breads Point-of-Sale Promotional Material
71. "Try HomePride® Butter Top" (shelf liner: 3.25" x 11")
72. "New HomePride® Select Varieties" (shelf liner: 3.25" x 11")
73. SweetHeart® "Always Baked & Delivered Fresh" (shelf liner: 1" x 23")

Billboards

74. "Butternut® Enriched Bread Surprisingly Nutritious" (billboard)
75. "SweetHeart® Enriched Bread Surprisingly Nutritious" (billboard)
76. "Surprisingly Nutritious Braun's® Enriched Bread Town Talk" (billboard)
77. "Surprisingly Nutritious Merita® Enriched Bread Old Fashioned" (billboard)
78. "Eddy's® Enriched Bread Surprisingly Nutritious" (billboard)
79. "Holsum® Enriched Bread Surprisingly Nutritious" (billboard)
80. "Cotton's® Holsum® Enriched Bread Surprisingly Nutritious" (billboard)
81. "Wonder® Enriched Bread The Wonder Years" (mother & daughter) (billboard)
82. "Wonder® Enriched Bread The Wonder Years" (two boys) (billboard)
83. "Wonder® Enriched Bread The Wonder Years" (piggy back) (billboard)
84. "Wonder® Enriched Bread The Wonder Years" (father & son) (billboard)

Coupons

85. "America's Favorite White Bread Celebrates 80 Wonder®-ful Years", Save 35¢ on one 24 oz. loaf of Wonder® White Sandwich Bread (coupon)
86. "America's Favorite White Bread Celebrates 80 Wonder®-ful Years", Save 35¢ on one loaf of Wonder® White Bread (coupon)
87. "Helping Build Strong Bodies for Generations", Save 35¢ on one loaf of Wonder® White Bread" (coupon)
88. "Helping Build Strong Bodies for Generations", Save 25¢ on one loaf of Wonder® White Bread (coupon)
89. Save 45¢ on any one loaf of HomePride® Butter Top or Select Varieties Bread (coupon)

Website

90. Wonder Bread website, www.wonderbread.com [IBC 90.01-90.77]

Packaging

91. Packaging (bread bags) for IBC Brands [IBC 91.0001-91.1226] and Index of Brands [IBC 91.1227]

Acknowledgments

92. Index of individuals who have executed acknowledgements of receipt of FTC's Decision and Order.
93. Acknowledgment of Receipt of FTC's Decision and Order, signed by Charles A. Sullivan, Chairman & Chief Executive Officer [May 9, 2002]
94. Acknowledgment of Receipt of FTC's Decision and Order, signed by Michael D. Kafoure, President & Chief Operating Officer [May 9, 2002]
95. Acknowledgment of Receipt of FTC's Decision and Order, signed by Kent Magill, Vice President, General Counsel and Corporate Secretary [Position assumed June, 2002] [executed May 8, 2002]
96. Acknowledgment of Receipt of FTC's Decision and Order, signed by Ray Sandy Sutton, Vice President, Corporate Secretary & General Counsel [Retired May, 2002] [executed May 8, 2002]
97. Acknowledgment of Receipt of FTC's Decision and Order, signed by Mark D. Dirkes, Senior Vice President & Director of Corporate Marketing [May 9, 2002]
98. Acknowledgment of Receipt of FTC's Decision and Order, signed by Stan W. Osman, Vice President - Marketing [May 13, 2002]

99. Acknowledgment of Receipt of FTC's Decision and Order, signed by Michael S. Redd, Vice President - Marketing [May 9, 2002]
100. Acknowledgment of Receipt of FTC's Decision and Order, signed by David L. Gruner, Marketing Manager [May 9, 2002]
101. Acknowledgment of Receipt of FTC's Decision and Order, signed by Peter Carvara, Associate Marketing Manager [May 9, 2002]
102. Acknowledgment of Receipt of FTC's Decision and Order, signed by Danial H. Duff, Marketing Manager [May 9, 2002]
103. Acknowledgment of Receipt of FTC's Decision and Order, signed by Teresa Eaton, Associate Marketing Manager [May 9, 2002]