

# *Bakery, Confectionery, Tobacco Workers and Grain Millers International Union*

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DAVID B. DURKEE  
INTERNATIONAL PRESIDENT

January 8, 2014

Mr. Gordon Gund  
Lead Director  
Kellogg Company  
One Kellogg Square  
Battle Creek, Michigan 49017-3534

(Sent via email: [gordon.gund@kellogg.com](mailto:gordon.gund@kellogg.com))

Dear Mr. Gund:

I am writing you in your capacity as the lead director of the Board of Directors to urge the Kellogg Company to end the lockout of its unionized employees at its Memphis, Tennessee facility. Since October 22, 2013, Kellogg has locked out 220 workers who are represented by BCTGM Local 252G. I urge the Board of Directors to ask management to end the lockout and negotiate in good faith to reach a fair agreement for the mutual benefit of all parties.

The Memphis lockout resulted from Kellogg management's demands at the bargaining table to replace good full-time jobs with large numbers of casual workers who will not have employment security. These casual workers would receive significantly lower pay and benefits with no guaranteed hours. Such a radical restructuring of Kellogg's employment practices is not consistent with Kellogg's own commitment to corporate responsibility.

Kellogg's most recent Corporate Responsibility Report recognizes the importance of the company's workforce to Kellogg's business success. Observing high labor standards throughout the company's operations helps Kellogg employ a high productivity workforce. Moreover, treating employees fairly enhances the company's reputation in the communities in which it operates and helps protect the integrity of its brand names.

Contrary to these goals, the lockout has severed Kellogg's historic partnership with its experienced manufacturing workforce at the Memphis facility. Going forward, replacing good full-time jobs with casual employment arrangements will undermine the ability of Kellogg to recruit and retain a skilled and motivated workforce. Establishing a two-tiered compensation system will also reduce employee morale and workplace cohesion.

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In our view, Kellogg management's goal of replacing good full-time jobs with a contingent workforce is a misguided attempt to reduce the company's operating expenses in the short run. But over the long run, workforce productivity will decline and Kellogg's reputation as a responsible employer will suffer. The best path to Kellogg's sustainable profitability is one that builds constructive relationships with its employees.

The Memphis lockout has also had a tremendously negative impact on the well-being of Kellogg's locked out employees and their families. The moment Kellogg locked the doors to the Memphis plant in October its employees have been without health insurance. Employees have had to forego planned appointments and procedures, delay necessary surgeries and skip needed doctor's visits because of a lack of health coverage. In the event of sickness or injury, employees and their families risk losing their homes, cars and other assets.

Many employees are now having to pay outrageous out-of-pocket expenses due to the disappearance of their health coverage. For example, one teenage child of an employee suffers from severe asthma and requires shots that cost \$6,000 per month. Another family faces a monthly charge of \$2,500 for their child who suffers from severe Cerebral Palsy. These families have no choice but to pay these expenses themselves or watch their children suffer, or quite possibly die. These are but two examples.

Imposing such hardship on Kellogg's locked out employees and their families is not consistent with the legacy of W.K. Kellogg or the Kellogg Company's own stated values.

For all these reasons, continuing the Memphis lockout is not in the best interests of Kellogg or its shareholders. Accordingly, I urge the Board of Directors to intervene with management to end the Memphis lockout and return to the bargaining table to negotiate a fair contract. I look forward to hearing from you at your earliest opportunity.

Sincerely,



David B. Durkee  
International President

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cc: Kellogg Company Board of Directors  
AFL-CIO President Richard Trumka