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McDonald's Recalls 'Shrek' Glasses

By Paul Ziobro

McDonald's Corp. is recalling 12 million glasses sold as a promotional tie-in to the latest "Shrek" movie because they contain the toxic metal cadmium.

The voluntary recall is a rare lapse for McDonald's, which is known for tough oversight of suppliers, and could hurt its standing with families that have driven the fast-food chain's growth. Shares were down 51 cents to \$67.34 in early trading, with the broader markets also opening down.

Friday, the U.S. Consumer Product Safety Commission said the designs on the glasses, which were sold for about \$2 since the beginning of May, contain cadmium, which can cause health risks with long-term exposure. The glasses were manufactured by ARC International, of Millville, N.J.

No injuries have been reported, but McDonald's has asked consumers to stop using the glasses and return them for a full refund.

McDonald's says the glasses met federal standards when tested by an independent third-party laboratory, but decided to recall the items "in light of the CPSC's evolving assessment of standards for cadmium in consumer products."

The recall, first reported by the Los Angeles Times, may do some damage to McDonald's image in the eyes of families, Telsey Advisory Group analyst Tom Forte said Friday in an interview. "The risk would be that there would be the perception that McDonald's selling unsafe items," he said.

The glasses do not pose an "acute risk" to children, Scott Wolfson, a spokesman for the CPSC said, as the amount of cadmium in them is slightly above a standard the commission is developing. He said the amount of the metal found is "far below" the level found in three previous recalls of children's metal jewelry.

With concern over the metal growing, Wal-Mart Stores Inc. recently began limiting the use of cadmium in a variety of children's products after voluntarily recalling some pieces of children's jewelry that were found to have high levels of the metal.