July 27, 2007

Dr. Richard Raymond
Under Secretary for Food Safety
United States Department of Agriculture
Room 227E
1400 Independence Avenue, SW
Washington, DC 20250

Re: Petition for Immediate Action to Prevent the Marketing of Misbranded Fresh Poultry Products

Dear Dr. Raymond:

Consistent with prior discussions, including the June 26 meeting with you, Secretary Johanns, and other representatives of the California Poultry Federation, the Truthful Labeling Coalition (TLC) hereby petitions USDA to take immediate action, through its Food Safety and Inspection Service (FSIS), to prevent the ongoing marketing of so-called "enhanced" fresh poultry products in all situations where ingredients added to such products are not being adequately labeled to prevent the consuming public from being misled. In addition, the TLC requests that FSIS take immediate action to prevent the additional consumer deception caused by the highly inappropriate use of "natural" claims on the labeling of many of these same "enhanced" fresh chicken products. As discussed and as fully documented in further detail below, we believe that such immediate action is required in order for FSIS to discharge its statutory responsibilities and put a stop to these transparently deceptive practices.

BACKGROUND

1. The Truthful Labeling Coalition

The Truthful Labeling Coalition is an advocacy group composed of three fresh chicken processors: Sanderson Farms, Inc. of Laurel, MS, Foster Farms, Inc. of Livingston, CA, and

Gold'n Plump Poultry, Inc. of St. Cloud, MN. The TLC's mission is to insure that fresh chicken products in today's marketplace are accurately labeled and do not mislead or otherwise misinform the consumer. In addition, over 13,000 individual consumers from all fifty states and the District of Columbia have joined with TLC and urged USDA to take action to address the concern.

The three processor members of the TLC market traditional single-ingredient fresh poultry products. As such, any fresh chicken product marketed by one of our members that is labeled, for example, as a "chicken breast" is precisely that, a fresh piece of chicken with nothing else added to it.

This type of processing and labeling of fresh poultry reflects industry practices, which were essentially universal within the fresh poultry industry prior to the early 1980's. At that time, some companies began experimenting with the formulation of so-called "enhanced" fresh products. Such processors, in an effort, which they have freely acknowledged, to dramatically increase yield, began incorporating a variety of other ingredients, including water, salt, binding agents, such as seaweed extract (carrageenan) and phosphates, and other ingredients, such as starches and soy proteins, into their fresh chicken products.[1] Such ingredients are incorporated into the chicken either through injection or by other processes such as vacuum tumbling. As the technology has continued to evolve and gain acceptance within various segments of the industry, some processors have employed these procedures to create formulations that contain up to a third, by weight, of such added ingredients in their poultry products.[2] With the adoption of such techniques by several of the largest federally inspected chicken processing companies, the TLC estimates that approximately 30% of the product marketed to consumers in supermarkets and other retail outlets today as fresh chicken is, in fact, such "enhanced" product.

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[1] Such practices are clearly distinguishable from the far more limited pickup of moisture that will occur where fresh poultry is cooled by chlorinated water subsequent to slaughter. This is a food safety technique employed by members of the TLC and most other such fresh chicken processors.

[2] The 2004 Laws and Regulation Committee notes concerns by the Central Weights and Measures Association (CWMA) about "enhancing" chicken products and labeling of such products with statements such as "contains up to 33% of a solution" or "up to 33% of product weight is added ingredients," noting that the labeling "appears to be ineffective at best, and misleading at worst" since there are inadequate tests to 1) detect the levels of solutions claimed on packaging, 2) detect to what extent the artificially added moisture has leached from the products, and 3) determine "reasonable variations" from the stated net weight.

2. General Labeling Requirements

Ensuring the proper labeling of federally inspected product is a core regulatory responsibility for FSIS. Pursuant to the Poultry Products Inspection Act (PPIA), FSIS is required to ensure that all labels and labeling for such product is neither false nor misleading. 21 U.S.C. §§ 453(h)(1), 457(c).

Consistent with this statutory obligation, FSIS has promulgated a number of regulations which codify basic labeling requirements and prohibit misleading practices. 9 C.F.R. Part 381, Subpart N. In addition, the agency maintains a prior label approval program. 9 C.F.R. § 381.382. This review process is further backed up by the ongoing inspection presence in all federally regulated facilities as well as FSIS's ongoing monitoring of the marketing of such products in commerce. 21 U.S.C. §§ 456-457; 9 C.F.R. § 381.7.

Full and accurate ingredient disclosure is one of the basic FSIS labeling requirements. Consistent with agency regulations, all products containing multiple ingredients must contain a statement which specifies all ingredients used in a product formulation in the appropriate order of predominance. 9 C.F.R. § 381.118. This necessitates a different type of labeling for "enhanced" fresh poultry products. While fresh chicken products marketed by members of the TLC are single-ingredient items and thus are labeled as "chicken," "enhanced" products marketed by many of its competitors' labels are required to contain qualifying statements which specify the presence of additional elements of the formulation, such as water, salt, broth, phosphates, and binders.[3]

Examples of chicken products bearing such labels are provided herein as Attachment B. As the materials document, while the ingredient disclosure for "enhanced" products does take place, manufacturers go to great lengths to ensure that such information is as difficult to detect by

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[3] Policy Memo 042 and 044A issued on February 3, 1982 and September 2, 1986, respectively, attempted to address this issue to some degree in the 19890s. See Attachment A. The earlier memo addressed bone-in poultry; the latter addressed boneless poultry. It is unclear to petitioners whether FSIS still considers these documents to be valid. To the extent that they are still valid, they are clearly not being enforced. In any event, these policies were not designed to address the current generation of "enhanced" products. Finally and more fundamentally, these policies reflect no more and no less than an effort by FSIS, several decades ago, to make judgments regarding potentially misleading labeling practices. This is an active and ongoing obligation on the part of FSIS. Where circumstances change and new data are presented, the agency is obligated to adjust its policies to address them. This is precisely what FSIS must do in the present situation.

the consumer as possible. For example, the added ingredients are ambiguously referred to as "broth" and the ingredient statement is buried in other text. When such practices are put in a specific context -- the fact that such "enhanced" products are routinely marketed in supermarkets and other outlets in the fresh meat case next to competing single-ingredient chicken products -- the end result is entirely predictable. As discussed in further detail below and as fully documented by independent research, today's consumers are consistently misled by the practice and think that they are buying nothing but fresh, single-ingredient chicken.

3. FSIS "Natural" Policy

FSIS has also developed specific policies regarding use of the term "natural" as it relates to the labeling of federally inspected meat and poultry products. As originally specified in a policy memorandum issued November 22, 1982 (FSIS Policy Memo 55), FSIS established a policy whereby products bearing such claims must not contain any artificial or synthetic ingredients or chemical preservatives, and can be no more than "minimally processed." With some limited modifications, which have been the source of some controversy but which are not germane to the issues raised in this petition, this policy remains in effect at the present time.

As has long been recognized, the above cited FSIS policy essentially places all single-ingredient meat and poultry items in the category of items eligible for such a claim. Obviously, a single-ingredient poultry product has nothing else, artificial, synthetic or otherwise, added to it. If it has been processed in a routine or traditional fashion, it has been no more than minimally processed and, thus, remains eligible for the "natural" claim.

Multi-ingredient products are in a different category. Under the terms of this policy, both the specific ingredients added, as well as the processing of both those ingredients and the finished product, must be evaluated by the FSIS and found acceptable before a "natural" claim can be sanctioned.

4. Application of "Natural" Policy to "Enhanced" Products

As far as members of the TLC have been able to determine, the basic distinction between traditional and "enhanced" products was maintained in the "natural" labeling realm until quite recently. That is, "enhanced" products being marketed as fresh chicken containing other ingredients did not bear any "natural" claims. Consistent with longstanding policy, however, members of the TLC and others marketing the traditional chicken products have remained free to use the "natural" claim if they chose to do so. However, at some undetermined point within the

past few years, and without public notice, comment/rulemaking, this policy changed.[4] Certain federally inspected processors apparently succeeded in persuading members of the FSIS staff that certain types of ingredients incorporated into "enhanced" products were not artificial or synthetic. As a result, due to this shift in policy, many "enhanced" products in markets today bear "natural" claims. As documented in further detail below, today's consumers are being actively misled by this practice.

5. "Natural" Rulemaking Activity

In November 2006, FSIS published a notice in the Federal Register expressing its intent to promulgate new regulations regarding use of the "natural" claim. 71 Fed. Reg. 70, 503 (December 5, 2006). Through the notice, FSIS solicited public comment. It also conducted a public meeting on this topic on December 12, 2006. Members of the TLC have participated in this process. If and when FSIS issues a proposed rule on this topic, it is our expectation that such participation will continue. While this rulemaking process is still at a preliminary stage, it is our understanding that there is already wide-spread public sentiment which has been placed on the record in opposition to the use of "natural" claims of such products. This has included the submission of several thousand electronic submissions by consumers from all fifty states and the District of Columbia in support of the TLC position that "enhanced" products are not "natural" and should not be so labeled.

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[4] By way of example, we note Pilgrim's Pride Corporation's shift to "natural" marketing in 2006. In 2004, the Dan Emery, the Vice President of Marketing for Pilgrim's Pride Corp. remarked that although "enhanced" chicken is juicier and more tender, "the only real negative is that you can't say it's 'all-natural.'" See Allison Bardic, *Special Report: Injection and Marination*, THE NATIONAL PROVISIONER MAGAZINE (July 2004), *available at* http://www.provisioneronline.com/content.php?s=NP/2004/07&p=11 (hereinafter *Injection and Marination*). See Attachment C. In a presentation to investors at the Agriculture and Protein Conference on May 18, 2006, Pilgrim's Pride Corp. devoted two slides to introduce and explain the marketing basis for its "100% Natural Enhanced" fresh chicken products, the same "enhanced." See Attachment D. Apparently, between 2004 and 2006, the marketing basis for "natural" claims changed for the "enhanced" fresh chicken producer.

DISCUSSION

1. Consumers are Misled by Current "Enhanced" Product Labeling.

Current labeling for "enhanced" fresh chicken product misleads the consumer who, as a direct consequence of evasive practices which have been erroneously sanctioned by FSIS, is led to believe that he is purchasing a traditional, single-ingredient item.

The determination for whether a claim is false or misleading is a question of fact. See *Houston et al. v. St. Louis Independent Packing Company*, 249 U.S. 479 (1919) (where sausages contained cereal and water in excess of regulatory allowance, labeling the produce as "sausage" is misleading to consumers who would "be deceived as to its composition and as to its value as a food product"); *Mead Johnson & Co. v. Abbott Laboratories*, 209 F.3d 1032 (7th Cir. 2000) ("[W]hether a claim is either 'false' or 'misleading' is an issue of fact rather than law...A statement is misleading when, although literally true, it implies something that is false.").

"Misleading" must, therefore, be determined by the overall effect that the material (label and labeling) will have on prospective purchasers to whom the claims are addressed. A labeling statement must be considered in the context of the entire label. See *U.S. v. An Article of Food Consisting of 432 Cartons...Containing 6 Individually Wrapped Candy Lollipops of Various Flavors*, 292 F. Supp 839 (S.D.N.Y. 1968) ("The issue of whether a label is false or misleading may not be resolved by fragmentizing it, or isolating statements claimed to be false from the label in its entirety, since such statements may not be deemed misleading when read in the light of the label as a whole"); U.S. v Articles of Drug, etc., 263 F.Supp. 212 (D.C.Neb. 1967) (despite not deciding that any particular statement or portion of the booklet's text was objectionable, the court determined that a booklet accompanying the vitamin product was misleading because "the brochure as a whole distorts truth, and if accepted at face value, would mislead the reader").

In asserting that consumers are being so misled, petitioners are aware of the fact that "enhanced" fresh chicken products do state the presence of added ingredients on the product label. However, as documented by Attachment B, these ingredient statements often ambiguously refer to the additives as "broth", are printed in extremely small font sizes, are placed in non-prominent positions on the fresh chicken packages, and attempt to further disguise the information through poor color contrast. This is confusing and misleading to the average customer, who does not ordinarily expect additives in fresh chicken products. To the contrary, the overall message of the label conveys the false impression to the average consumer that the "enhanced" chicken product consists of nothing more than chicken. If processors really wanted consumers aware of the additives in "enhanced" fresh chicken products, they would have the additive statement prominently displayed on the packages rather than in a font size that is hard to notice, much less actually read.

It is indisputable that most consumers are misled by the overall label of the "enhanced" fresh chicken product. In November 2004, Sorensen Associates conducted a consumer survey among consumers considered primary shoppers aged 25-70 in Atlanta, Chicago, San Francisco, Kansas City, Dallas, and Seattle.[5] The study found that most users (3 out of 4) of "enhanced" chicken are not aware that it contains additives until specifically directed to look at the label. Even after looking at the label of an "enhanced" chicken product, about 20% of "enhanced" chicken buyers fail to realize that the chicken contains additives. And nearly half of the buyers of "enhanced" chicken said they felt deceived after being informed that their brand of fresh chicken contained additives. (See Sorensen Associates, "Enhanced" Chicken Consumer Research, November 2004, Attachment E).

What bears special emphasis in this context are health concerns to be associated with the addition of salt to a product without prominent disclosure on the label. The sodium that is added may be up to 822%[6] greater than the amount that naturally exists in fresh chicken. Directly out of the package, a serving of "enhanced" chicken can contain over 25% of the recommended daily allowance of sodium for a healthy adult. More than half of all people in a national survey simply did not realize the added sodium in the chicken and it is reasonable to assume that a significant percentage of these consumers seasoned the chicken with additional salt while cooking and prior to consumption. (See Russell Research, Fresh Chicken Study Final Report, June 2006 at 18, Attachment F). In such circumstances, providing quantitative information regarding the product's sodium content through a nutrition label does little or nothing to address the problem. The average consumer obviously has no idea there is added salt increasing the sodium content of regular fresh poultry in the first place and is misled accordingly.

To the best of petitioners' knowledge, these compelling data, which has been shared with FSIS in the past, has never been rebutted. In other words, we have professionally compiled data that establishes the current labeling of "enhanced" fresh poultry products is misleading. With regard to sodium content, such misleading practices have clear public health significance. There are absolutely no data which suggest anything to the contrary. Under such circumstances, FSIS has a clear and compelling obligation to take effective action to put a stop to such ongoing consumer deception.

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[5] Two of the consumer surveys referenced in this memo have previously been submitted to FSIS.

[6] Perdue brand fresh chicken (non-enhanced "natural") contains 45 mg of sodium per 4-oz serving. Butcher's Cut brand fresh chicken (enhanced) contains 370 mg of sodium per 4-oz serving, an increase of 822% in sodium. See Attachment for labels of the Perdue and Butcher's Cut brands.

2. "Natural" Claims on "Enhanced" Products are Misleading.

It greatly compounds the problem of misleading the consumer when processors are allowed to use a "natural" claim on the labels of such "enhanced" chicken products. According to FSIS policy, "natural" may be used on the labeling for meat and poultry products if:

> (1) the product does not contain any artificial flavor or flavoring, coloring ingredient, or chemical preservative (as defined in 21 C.F.R. 101.22), or any other artificial or synthetic ingredient; and
> (2) the product and its ingredients are not more than minimally processed."[7] See FSIS Food Standards and Labeling Policy Book (2005) 116-117, *available at* http://www.fsis.usda.gov/OPPDE/larc/Policies/Labeling_Policy_Book_082005.pdf (Policy Book).

Minimal processing is not defined in the statutes or in FSIS regulations. It has traditionally been defined by FSIS to include those processes that can be performed in an ordinary home-kitchen. The FSIS Policy Book states that "minimal processing may include: (a) those traditional processes used to make food edible or to preserve it or to make it safe for human consumption, e.g., smoking, roasting, freezing, drying, and fermenting, or (b) those physical processes which do not fundamentally alter the raw product and/or which only separate a whole, intact food into component parts, e.g., grinding meat, separating eggs into albumen and yolk, and pressing fruits to produce juices." See FSIS Policy Book 116-117 (2005).[8]

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[7] The FSIS Policy Book further states: "[T]he presence of an ingredient which has been more than minimally processed would not necessarily preclude the product from being promoted as natural. Exceptions of this type may be granted on a case-by-case basis if it can be demonstrated that the use of such an ingredient would not significantly change the character of the product to the point that it could no longer be considered a natural product. In such cases, the natural claim must be qualified to clearly and conspicuously identify the ingredient, e.g., —all natural or all natural ingredients except dextrose, modified food starch, etc."

[8] FSIS Policy Memo 55 is "cancelled" by USDA's Food Standards and Labeling Policy book (2005). The Policy Memo 55 discusses natural labeling for meat and poultry products and states that minimal processing may include smoking, roasting, freezing, drying, fermenting, grinding meat, separating eggs into albumen and yolk, and pressing fruits to produce juices. The memo states that relatively severe processes, such as solvent extraction, acid hydrolysis, and chemical bleaching would be considered more than minimal processing.

In the manufacturing of "enhanced" fresh chicken, additives are added to fresh chicken by injection, vacuum-tumbling and other complex industrial processes. Even if all the starting ingredients themselves might arguably qualify as "natural," it is self evident that such manufacturing methods constitute far more than minimal processing. They are not traditional processes used to make food edible, to preserve it, or to make it safe for human consumption. Needless to say, high-speed needle injection and vacuum tumbling are not processes performed in the ordinary home kitchen. (See attached photos illustrating the high-speed injection and vacuum-tumbling process, Attachment G). In fact, they fundamentally alter the raw chicken product to "enhance" it through such sophisticated, "non-minimal" techniques.

Beyond its clear incompatibility with the FSIS definition itself, "enhanced" fresh chicken that is labeled as "natural" compounds the confusion of the average consumer. Consumers logically expect that a "natural" fresh chicken product does not have anything added to the chicken. As the cases cited above specify, context is critical to such analysis. In the context of an "enhanced" fresh chicken product that purports to be just chicken and actively disguises the additional ingredients, a "natural" claim on such a fresh chicken product causes the label to be even more misleading to the consumer.

The primary purpose of FSIS's natural policy is to define the term for use on labels so that they are not false or misleading, as required by the PPIA under 21 U.S.C. § 457(c) and the corresponding regulation at 9 C.F.R. § 381.129, and as defined by 21 U.S.C. § 453(h)(1), 9 C.F.R. § 381.1. Therefore, the natural policy is valid only insofar as it is compatible with the statutory and regulatory "false" or "misleading" standard. Both consistent with and independent of the nuances of the natural policy that are currently being evaluated by FSIS, "enhanced" chicken labels bearing "natural" claims are misleading to consumers, again as conclusively demonstrated by data.

In June 2006, Russell Research conducted an online consumer survey, interviewing a total of 1,008 randomly sampled individuals aged 25-54, who are primary household purchasers of fresh chicken and purchased fresh chicken two or more times per month. (See Russell Research, Fresh Chicken Study Final Report, June 2006, Attachment F). This study found that nine out of ten respondents (91%) agreed with the statements "fresh chicken that says it is 'natural' should not contain any type of added ingredients to the chicken" and "I expect that a fresh chicken product labeled '100% Natural' or 'All Natural' would not contain any added ingredients, such as broth, phosphates, or carrageenan."

Additionally, a consumer survey conducted by A&G Research, Inc. in May 2007 further documents an overwhelming majority of consumers do not believe that product injected with substances such as carrageenan, phosphate and broth should be labeled as "natural." (See A&G

Research Inc., Awareness & Interest in Natural or 100% Natural Chicken summary, May 2007 Survey, Attachment H). These two studies, as well as the 2004 Sorensen Associates study consistently demonstrate the same conclusion: consumers are being misled by "enhanced" poultry labels bearing "natural" claims. Entirely consistent with these findings, additional anecdotal information regarding consumer dissatisfaction with these practices is conveyed by articles recently published in *The Baltimore Sun* and *The Wall Street Jo*urnal. (See Attachment I).

It is important to note that a true statement will not necessarily cure a false statement. See *U.S. v. An Article of Food Consisting of 432 Cartons...Containing 6 Individually Wrapped Candy Lollipops of Various Flavors*, 292 F. Supp 839 (S.D.N.Y. 1968); see also *The Ellis Microdynameter*, 224 F. Supp 265 (E.D.Pa. 1963) (observing that an ingredient statement indicating that a candy did not contain liquor could still be construed to imply that the candy is flavored with liquor where lollipops were labeled "liquor flavored lollypops" and individually wrapped with statements such as "scotch," "bourbon," and "gin"). Likewise, an injected chicken product claiming to be "all natural chicken" cannot cure its description by listing the ingredients that are injected into the chicken because the natural claim is inaccurate. Furthermore, as stated above, the overall effect of an "all natural" "enhanced" fresh chicken label suggests to the consumer that they are purchasing a fresh chicken product that consists only of chicken.

For the above reasons, a fresh "enhanced" chicken product that bears a "natural" claim is false and misleading. This petition, therefore, also requests immediate FSIS action to withdraw approval for any "enhanced" fresh chicken label that bears such claims.

3. "Enhanced" Products are Economically Adulterated.

In addition to the misbranding issue raised and discussed by the petition, FSIS is also obligated to carry out its statutory responsibility to prevent the economic adulteration of poultry products. In allowing the continued marketing of "enhanced" products under current labeling, it has failed to do so.

Under the PPIA, product is deemed to be "adulterated" if, among other things "any substances has been added thereto or missed or packed therewith so as to increase its bulk or weight,. . .or make it appear better or of greater value than it is." 21 U.S.C. 453 (g)(8). See also *In Houston et al. v. St. Louis Independent Packing Company*, 249 U.S. 479, 486-487 (1919) (noting retail purchasers and consumers did not know of the presence of cereal in what they were buying as sausage, and therefore, "would be deceived as to its composition and as to its value as a food product."); *U.S. v. Seventy-Five Boxes of Alleged Pepper*, 198 F. 934, 935 (D.N.J. 1912) (finding that a pepper blend of black pepper and other lower cost pepper that is labeled as "pure

pepper" would be false and misleading because such a claim implies to the consumer that the pepper product consists of only black pepper, and the pepper blend was of lower value than an undiluted black pepper product).

This is a concept that is related to, but distinct from, misbranding. Obviously there is nothing inherently wrong with adding other wholesome ingredients to a chicken product. Such an additive process can rise to the level of economic adulteration, however, when it serves to disguise or enhance the actual value of the finished product in question.

The solution deliberately added to chicken products (as contrasted by solution absorbed during normal processing of chicken) often leach into soaker pads and other packaging materials and are no longer contained in the product at the time of sale. As a result, consumers end up paying for water solutions at fresh poultry prices, which causes economic harm to consumers and the marketplace.

Consumers are being misled as to the actual character and value of the finished product. The aforementioned consumer perception studies document conclusively that consumers believe they are getting higher value chicken than they are actually purchasing. In this regard, consider the recent comments of Dan Emery, Vice President of Marketing for Pilgrim's Pride Corporation, "Consumers may not like the idea of enhancement, but when you show them enhanced products side by side with non-enhanced product and ask them to taste it, they clearly prefer it [the enhanced product]." See *Injection and Marination*. Mr. Emery's statement captures the essence of economic adulteration. People don't really want "enhanced" fresh poultry products, so the object is to disguise the fact that they are getting it, while promoting a preference for the artificially "enhanced" version of the real thing. FSIS cannot continue to sanction such a flagrant violation of the requirements.

In 2004, an article in the Supermarket News stated, "Many consumers may be completely unaware that the meat they're buying is enhanced with a solution. Indeed, the meat package's label, according to the U.S. Department of Agriculture regulations, need only indicate up to what percent of the meat's weight is solution and that message is in small print...." Roseanne Harper, *Meat the Challenge*, Supermarket News (November 1, 2004) 37, 42-44. The article quotes Alan Warren, director of meat/seafood at Ukrop's Super Markets, "[Enhancement] is fine as long as it's done to make the product better, not to make more money on it." *Id* at 42.

As documented throughout this petition, and particularly in circumstances where the "natural" claim is made, these processors have in fact achieved the intended effect – making the product appear to be of greater value than it is. Such "enhanced" poultry processors are not only misbranding these products, they are economically adulterating them as well.

4. FSIS Must Exercise its Enforcement Responsibilities.

Products that are deemed false or misleading contrary to the overall requirements of the PPIA and also because they do not comply with FSIS's "natural" policy are subject to FSIS enforcement. This should occur (1) within the label review process, (2) within the inspected establishment, and (3) as such products move through commerce.

At present, the "natural" labeling policy effectively carries the force of law. Indeed, the courts have stated, a custom or usage as a practice, although not codified in written law or regulation, can be so permanent and well-settled that it has the force of law. See *Palmer v. Marion County et al.*, 327 F.3d 588 (7th Cir. 2003); *Looper et al. v. City of Indianapolis et al.*, 197 F.3d 908 (7th Cir. 1999); but see *Dole v. Service Employees Union, AFL-CIO*, 950 F.2d 1456 (9th Cir. 1991) (stating that the Department of Labor's "need to know" policy that restricts the dissemination of certain information does not have the force of law because it is not codified in a statute, nor it is promulgated as a regulation in the Federal Register, and, as such, is not subject to judicial enforcement).[9] Further, the courts have held that in most contexts, administrative command backed by criminal sanction qualifies as "law." See *Sea-Land Service, Inc. v. Dept. of Transportation*, 137 F.3d 640 (C.A.D.C. 1998).

A pending rulemaking should have no effect on whether a longstanding policy is enforced. A proposed administrative regulation may be modified or abandoned and does not have the force of law. See *Wuillamey v. Werblin*, 364 F.Supp. 237 (D.C.N.J. 1973). What's more, the pendancy of rulemaking should not affect the Agency's statutory mandate to uphold its existing longstanding policy where the Agency is bound to uphold the statutory requirement that

[9] Note, these cases involved 42 U.S.C.S. § 1983, which provides for three types of policy variants to implicate the statute: 1) an express policy; 2) a widespread practice that, although not authorized by written law or express municipal policy, is so permanent and well settled as to constitute a "custom or usage" with the force of law; and 3) the actions of a person with final policymaking authority. The statute states: "Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress." As such, *Palmer* and *Looper* may not directly impact the present scenario, but the principle on which 42 U.S.C.S. § 1983 rests is still relevant. FSIS must uphold its policy that has been applied directly with the force of law through FSIS's label review program. Practically speaking, a failure to uphold such a policy would be akin to not upholding a codified regulation.

poultry products may not be labeled such that the product is false or misleading to the consumer. Recent adjustments of policy and enforcement activity on this issue, for example with regard to sodium lactate have been somewhat confusing. Such activity demonstrates, however, that FSIS recognizes that the pendancy of such rulemaking does not simply freeze the status quo, nor does it free the agency of its obligation, in the here and now, to prevent misleading uses of the term "natural."

CONCLUSION

Current labels for "enhanced" chicken products are misleading. As has been fully documented, various manufacturers work to disguise the presence of additional ingredients, and FSIS has erroneously sanctioned such practices. The problem has been greatly compounded in recent years as such manufacturers have obtained "natural" labels for such products. FSIS acceptance of this practice is contrary to both its own policies regarding the use of this term as well as the broader "false and misleading" standard. Again, consumer deception in this area has been fully documented. Furthermore, as indicated by consumer data, the additives to the chicken and the misleading label disguises the actual value of the product rendering it economically adulterated. Members of the TLC, other poultry processors, and the consuming public as a whole are being severely damaged by these practices.

Under these circumstances, FSIS can, should, and must take immediate and effective action. For all of the reasons stated herein, petitioners therefore request that FSIS take immediate action to rescind the labels in question, prevent the distribution of such misbranded products in commerce, and take all appropriate measures to insure that such deceptive practices are permanently eliminated.

Thank you for your consideration.

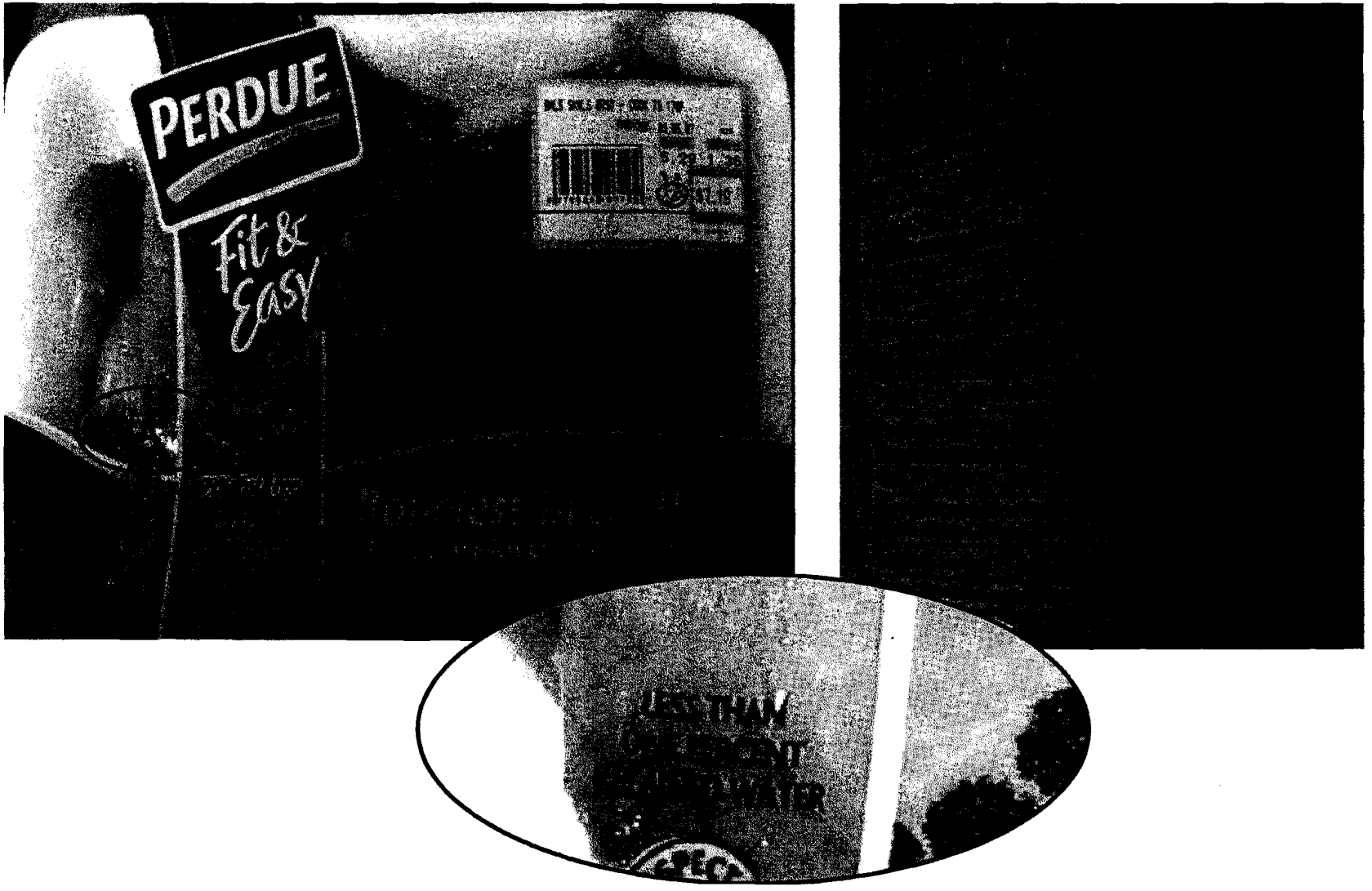
The Truthful Labeling Coalition

Sanderson Farms, Inc.	Foster Farms, Inc.	Gold'n Plump Poultry, Inc.
Laurel, MS	Livingston, CA	St. Cloud, MN

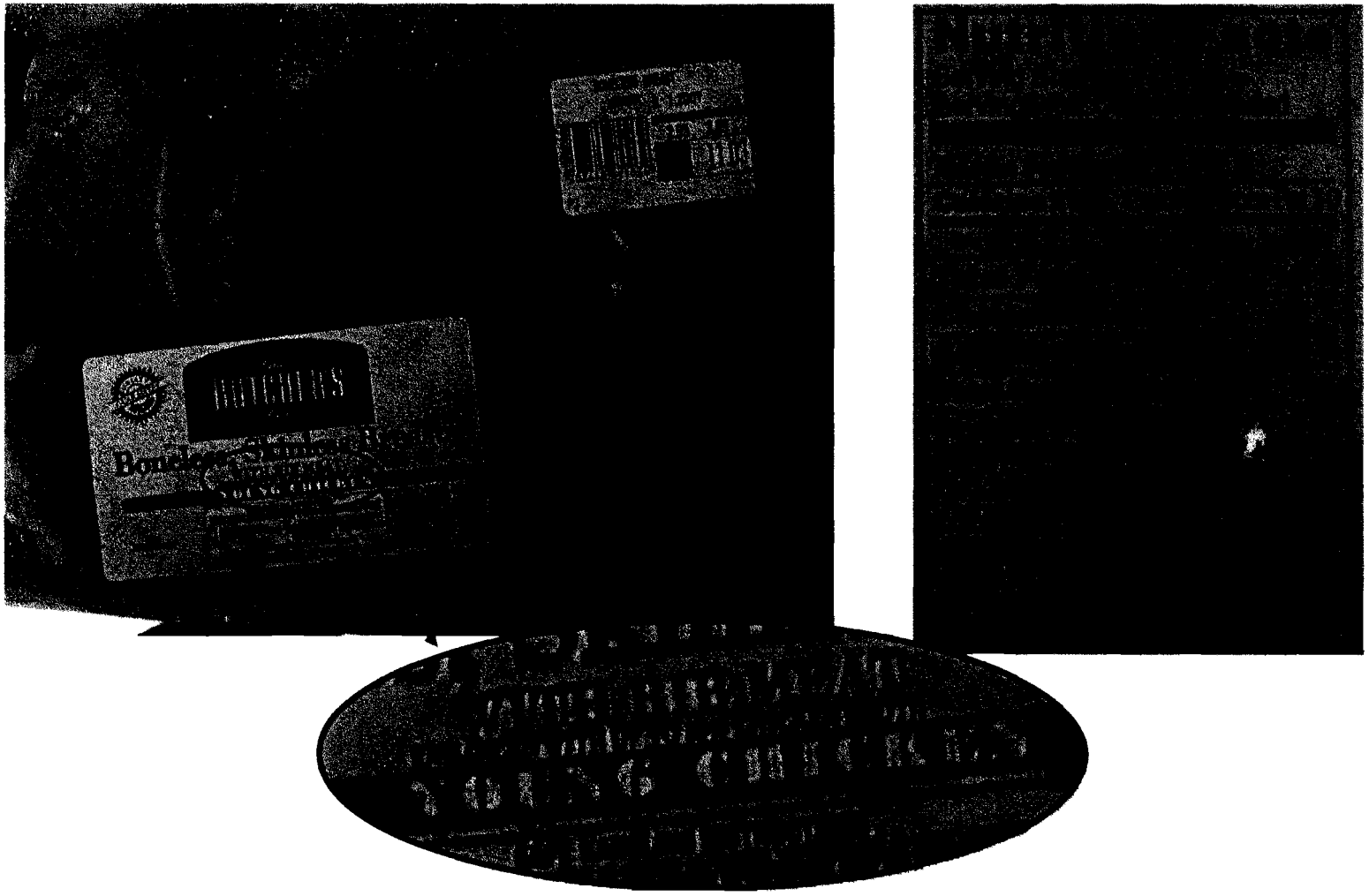
Attachments

Attachment B

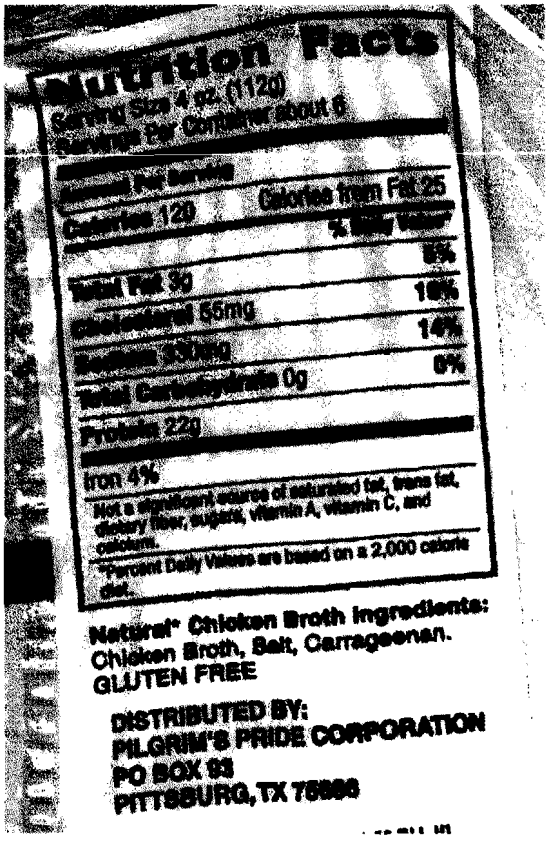
PERDUE (non-"enhanced")



STORE BRAND ("enhanced")



PILGRIM'S PRIDE ("enhanced")



Attachment C

PROVISIONER
SPECIAL REPORT

Injection and Marination

by Allison Bardic, Senior Editor

Whether they're injected, massaged, or vacuum tumbled, marinated products are becoming more prevalent in meat cases everywhere. Consumer benefits range from the tender, moist, characteristics associated with enhanced meats to the convenience of marinated products that are ready to cook, easy to prepare, and packed with flavor.

"We've found there is a significant preference for enhanced products versus non-enhanced products," notes Dan Emery, vice president of marketing for poultry processor Pilgrim's Pride Corporation, Pittsburg, TX. "Consumers may not like the idea of enhancement, but when you show them enhanced product side by side with non-enhanced product and ask them to taste it, they clearly prefer it."

The injection debate

For about a year Pilgrim's Pride has offered a complete line of exact-weight and non-exact-weight enhanced poultry products, generally defined by the industry as fresh, whole-muscle meat that has been injected with a solution of water and other ingredients that may include salt, phosphates, seasonings, and flavorings to enhance its texture, flavor, and consistency.

Among the major forces driving poultry enhancement, Emery points to enhanced products' ability to retain moisture, even when overcooked, resulting in consistent product tenderness. "When you cook enhanced chicken, it doesn't dry out. It's a lot more forgiving than non-enhanced varieties," says Emery. "It's definitely juicier and more tender. The only real negative is that you can't say it's 'all-natural.'"

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Most consumers don't realize they're buying enhanced products when they do, however. Emery observes that his company's Butterball brand of turkey is hugely popular with consumers who have no idea it is enhanced. "No one reads the label, and if you have a superior product, consumers will buy it," he says.

Opponents of enhanced products, however, counter that they are just another way for manufacturers to generate more profits by selling meat that's pumped full of water.

Laurel, MS-based Sanderson Farms this year launched a consumer education initiative designed to shed light on enhanced chicken, for example. "By purchasing this altered chicken, many shoppers are paying for more than they realize - and it's turning out to be extra water, salt, and phosphates," the company contends. "Labeled 'enhanced with chicken broth,' this processed poultry absorbs the liquid, which accounts for up to fifteen percent of the product's weight, and could cost consumers, if all chicken were enhanced in this manner, an extra $2.9 billion each year."

Sanderson Farms, dedicated to producing 100-percent chicken naturally, emphasizes that it does not add water, salt, and phosphates to increase the weight of its Sanderson Farms brand of fresh chicken. "Consumers need to be made aware that some of the chicken on the market contains extra water, salt, and phosphates," stresses Bill Sanderson, director of marketing for Sanderson Farms. "We urge shoppers to take an extra second to check the label on the front of the package, read the fine print on the back, and look for words like 'enhanced,' 'chicken broth,' or 'solution.' "

Sanderson Farms' initiative was followed up with a public awareness campaign led by the Modesto, CA-based California Poultry Federation (CPF) that also strongly urged consumers to read product labels. "Some markets across the Western United States offer only enhanced chicken in their fresh meat case, which at first glance appears to be fresh but isn't... We want to assure consumers that if they are buying fresh California chicken, they are not paying for water and salt," says CPF President Bill Mattson. "We are not saying there is anything wrong with enhanced chicken, but we do believe that consumers need to be made aware of the issue and should be educated that they have a choice when selecting chicken products from the fresh meat case."

Emery stresses that Pilgrim's Pride's enhanced poultry solution includes a binding agent to help maintain chicken's moisture. "A lot of companies use sodium as a binding ingredient, causing their products' sodium levels to go through the roof, but we use something else," he says, adding that for those consumers who prefer non-enhanced products, the company continues to offer that alternative as well. "Our corporate stance is that we are going to offer both products. Both have a benefit."

Rubs and marinades

An endless variety of marinades also are at processors' fingertips, giving them the ability to build multi-levels of flavor. While the main purpose of marinating is to allow food to absorb flavors of the marinade or, as in the case of tough meat, to tenderize it, rubs typically consist of a blend of dry spices and herbs applied directly to the surface of meat or poultry.

For its part, Smithfield, VA-based Smithfield Packing Co.'s marination techniques combine a pump, then an application of hand-coated rubs. "We believe the benefit is uniform application of rub, and our pump levels are as low or lower than most competitors'," says Jim Schloss, vice president of marketing, Smithfield Foods.

Among the chief advantages of Smithfield's marinated products, Schloss points to their response to the consumer's need for taste, convenience, and variety. Today's trade need to feature items that appeal to consumers who can pick up such products as Smithfield marinated pork, beef, or turkey and have a dinner on the table in 45 minutes or less, he assesses. Other factors include the growing number of children and men who cook, and marinated products' optimal format for grilling which, as Schloss notes, has

"become an American pastime."

Smithfield Packing's marinated products encompass pork, beef, and turkey. Marinated pork varieties include tenderloins, loin filets, center cut loin roasts, center cut boneless chops (regular and thick cut), boneless sirloins, St. Louis ribs, and Chef's Prime roasts, of which Teriyaki, Peppercorn, and Italian Garlic and Herb flavors are consumer favorites.

Smithfield's marinated St. Louis rib flavors are Sweet and Sassy and Burgundy Peppercorn, while the marinated beef is a USDA Choice shoulder tender available in Herb Rubbed, Southern Basted, and Oven Roasted flavors. Turkey tenderloins come in Teriyaki, Southern Basted, and Lemon Pepper varieties.

"The latest meat and poultry marination trends are the use of more cuts such as St. Louis ribs; the move to extend the number of proteins a company markets; and different flavors to appeal to trends such as Pan Asian, various Hispanic cultures, and South American flavors," Schloss adds, noting that Smithfield's only significant production challenge related to the marination process deals with product changeovers. "We constantly search for the flavors that will appeal to the masses and thus enable us to have larger production runs."

Among its marinated products, Excel Corporation, a Wichita, KS-based Cargill Meat Solutions company, offers Sterling Silver® premium beef, pork, turkey, or ham, Honeysuckle White turkey, Shady Brook Farms turkey, and Tender Choice beef. The company's newest offerings include Sterling Silver Lemon Pepper Pork Loin filet, Home-style Pork Tenderloin and Pork Filets, Burgundy Peppercorn Pork Tenderloin, Sweet Ginger Teriyaki Pork Loin Filet, and Tenderloins; Tender Choice Onion Garlic Beef Rib eye, Steakhouse Beef Rib eye, and Lightly Seasoned Rib eye (These flavors are also available for strip loins). In addition, Honeysuckle White/Shady Brook Farms has introduced Lemon Garlic, Rotisserie, and Home-style Turkey Tenderloins.

"The focus [regarding marination] has been to create product lines that improve the consumer eating experience," explains Norman Bessac, vice president of marketing for Cargill Meat Solutions. "We believe the work we have done in marinations and flavorings has allowed us to develop a complete line of products that offer consumers a great eating experience. Because consumers like the flavor and cooking performance, we have seen incremental sales for the category."

Bessac notes that Excel's most notable marination challenge has been to provide products with the correct level of seasoning to achieve an intense flavor without overwhelming the meat's flavor. "Using the right flavorings that do not hurt shelf life has also been important," he adds. "In the non-flavored pork items, making sure that we are adding the right level of marination to positively affect the cooking process without adding too much liquid or salt ... We match up process flow and procedures with the finished product requirements/characteristics. In our experience, we have not found one process that fits all of our needs. Making sure the product exceeds consumer expectations is the key focus and includes flavor, purge, and cooking process."

Attachment C

THE NATIONAL PROVISIONER
SERVING MEAT, POULTRY AND PREPARED FOOD PROFESSIONALS
SPECIAL REPORT

Injection and Marination

by Allison Bardic, Senior Editor

Whether they're injected, massaged, or vacuum tumbled, marinated products are becoming more prevalent in meat cases everywhere. Consumer benefits range from the tender, moist, characteristics associated with enhanced meats to the convenience of marinated products that are ready to cook, easy to prepare, and packed with flavor.

"We've found there is a significant preference for enhanced products versus non-enhanced products," notes Dan Emery, vice president of marketing for poultry processor Pilgrim's Pride Corporation, Pittsburg, TX. "Consumers may not like the idea of enhancement, but when you show them enhanced product side by side with non-enhanced product and ask them to taste it, they clearly prefer it."

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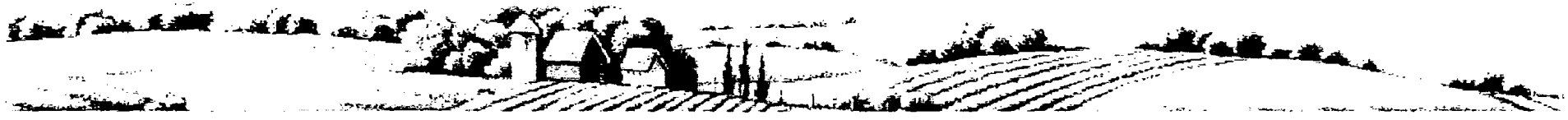
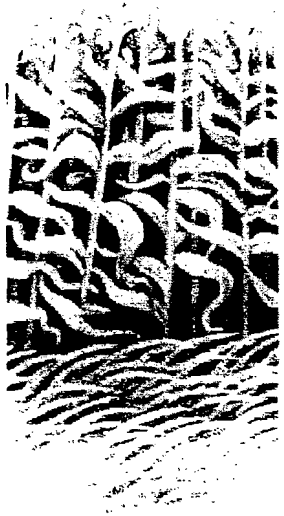
Attachment D

Harris Nesbitt
Agriculture & Protein Conference

May 18, 2006



Safe Harbor Statement

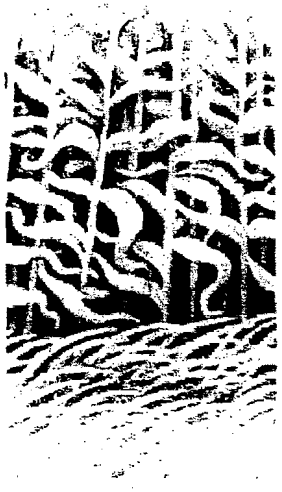


- Statements contained in this presentation that state the intentions, hopes, beliefs, anticipations, expectations or predictions of the future of Pilgrim's Pride Corporation and its management are forward-looking statements. It is important to note that the actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: matters affecting the poultry industry generally, including fluctuations in the commodity prices of feed ingredients, chicken and turkey; additional outbreaks of avian influenza or other diseases, either in our own flocks or elsewhere, affecting our ability to conduct our operations and/or demand for our poultry products; contamination of our products, which has recently and can in the future lead to product liability claims and product recalls; exposure to risks related to product liability, product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate; changes in laws or regulations affecting our operations or the application thereof; competitive factors and pricing pressures or the loss of one or more of our largest customers; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; management of our cash resources, particularly in light of our leverage, and restrictions imposed by and as a result of, our leverage; and the impact of uncertainties of litigation as well as other risks described under "Risk Factors" in our Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission. Pilgrim's Pride Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.
- The information included in this presentation should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended October 1, 2005 and subsequent reports filed with the Securities and Exchange Commission.
- The term "Proforma" as used in this presentation refers to the inclusion of the ConAgra chicken division acquisition on November 23, 2003 as if it had been owned by the Company for the entire period presented.
- We have included certain information regarding our results of operations and components thereof that have been adjusted to exclude the effects of the restructuring of our turkey operations and other related expenses, to exclude the estimated adverse effects of the October 2002 recall of certain deli meats by the company and to exclude recoveries resulting from our vitamin and methionine and other litigation, government avian influenza reimbursements and recall-related insurance. We have included this information as we believe that investors may be interested in our results excluding these items as this is how our management analyzes our results from continuing operations.
- "EBITDA" is defined as net income (loss) before interest, income taxes, depreciation and amortization. EBITDA is presented because it is used by us, and we believe it is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of Generally Accepted Accounting Principles (GAAP) results, to compare the performance of companies. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with GAAP.

Executive Management Presenting

OB Goolsby, Jr. Chief Executive Officer,
President

Rick Cogdill Chief Financial Officer,
Secretary and Treasurer



Company Overview

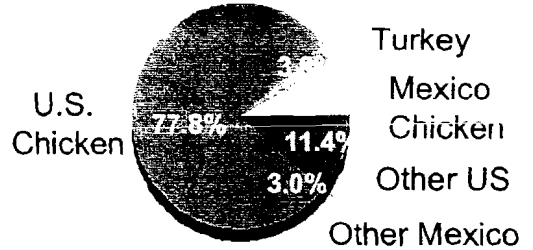
Pilgrim's Pride at a Glance

- **Founded in 1946 by Pilgrim family brothers; IPO in 1986**
- **Second-largest poultry producer in the U.S. and Mexico**
- **Award-winning preferred supplier to foodservice and retail industry leaders**
- **Over 43.5% of LTM 4/1/06 U.S. chicken sales are prepared foods value-added products**

- **NYSE – Traded under PPC**
- **Market Capitalization as of May 12, 2006: ~$1.7 billion**

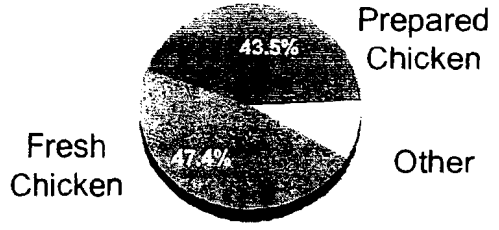
	FY 2005	LTM Ending 4/1/06
Sales	$5.7 billion	$5.5 billion (3)
EBITDA	$563.1 mm (1)	$396.9 mm (1)

Sales by Division (3)



Total Sales LTM Ending 4/1/06: $5,532.2 mm

U.S. Chicken Sales (3)



Total Sales LTM Ending 4/1/06: $4,305.1 mm

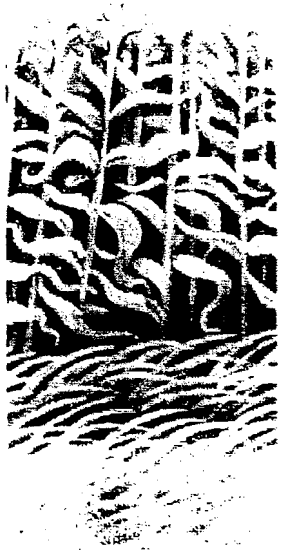
(1) See Appendix H for reconciliation.

(2) EBITDA is adjusted to exclude the effects of the restructuring of our turkey operations and to exclude recoveries resulting from our vitamin and methionine and other litigation See Appendix F for reconciliation.

(3) See Appendix J and Appendix L for reconciliations of sales by division and U.S. chicken sales, respectively

Pilgrim's Pride Business Strategy

- ✓ **Capitalize on significant scale with leading industry position and brand recognition**
- ✓ **Capitalize on attractive U.S. prepared foods market**
- ✓ **Emphasize customer-driven research and technology**
- ✓ **Enhance U.S. fresh chicken profitability through value-added, branded products**
- ✓ **Improve operating efficiencies and increase capacity on a cost-effective basis**
- ✓ **Continue to seek strategic acquisitions**
- ✓ **Continue to penetrate the growing Mexican market**
- ✓ **Capitalize on export opportunities**



Solid Leadership Position

Top 8 Companies – U.S. Chicken Market Share %

	2005 RTC Pounds*	2005 RTC Market Share (%)
Tyson Foods, Inc.	150.00	21.8
Pilgrim's Pride	**113.00**	**16.4**
Gold Kist, Inc.	62.38	9.1
Perdue Farms, Inc.	51.33	7.5
Sanderson Farms, Inc.	30.39	4.4
Wayne Farms, Inc.	30.4	4.4
Mountaire Farms. Inc.	28.34	4.1
Foster Farms	17.51	2.5

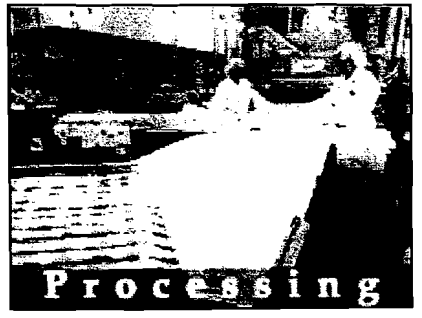
□ Regional ■ National

** RTC Million Pounds Per Week*

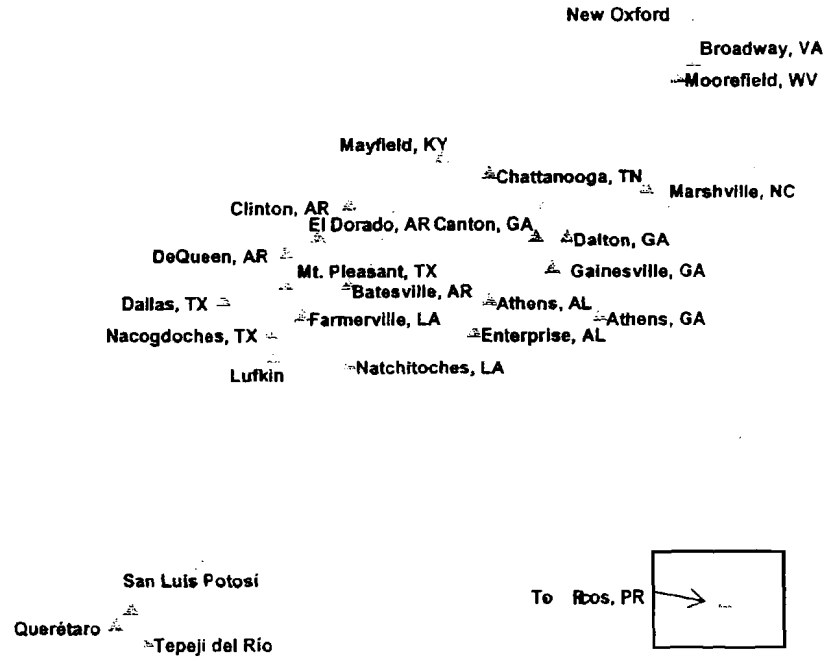
Source: Watt Poultry USA April 2006

Vertically Integrated Operation

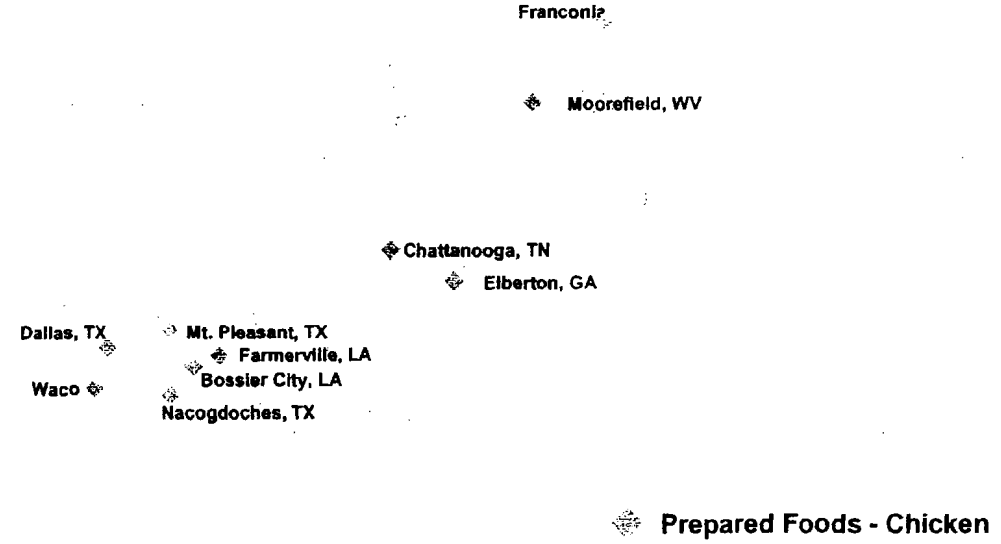
Pilgrim's Pride is a fully integrated chicken company. We control all aspects of production from egg to finished product to keep quality high and costs low.



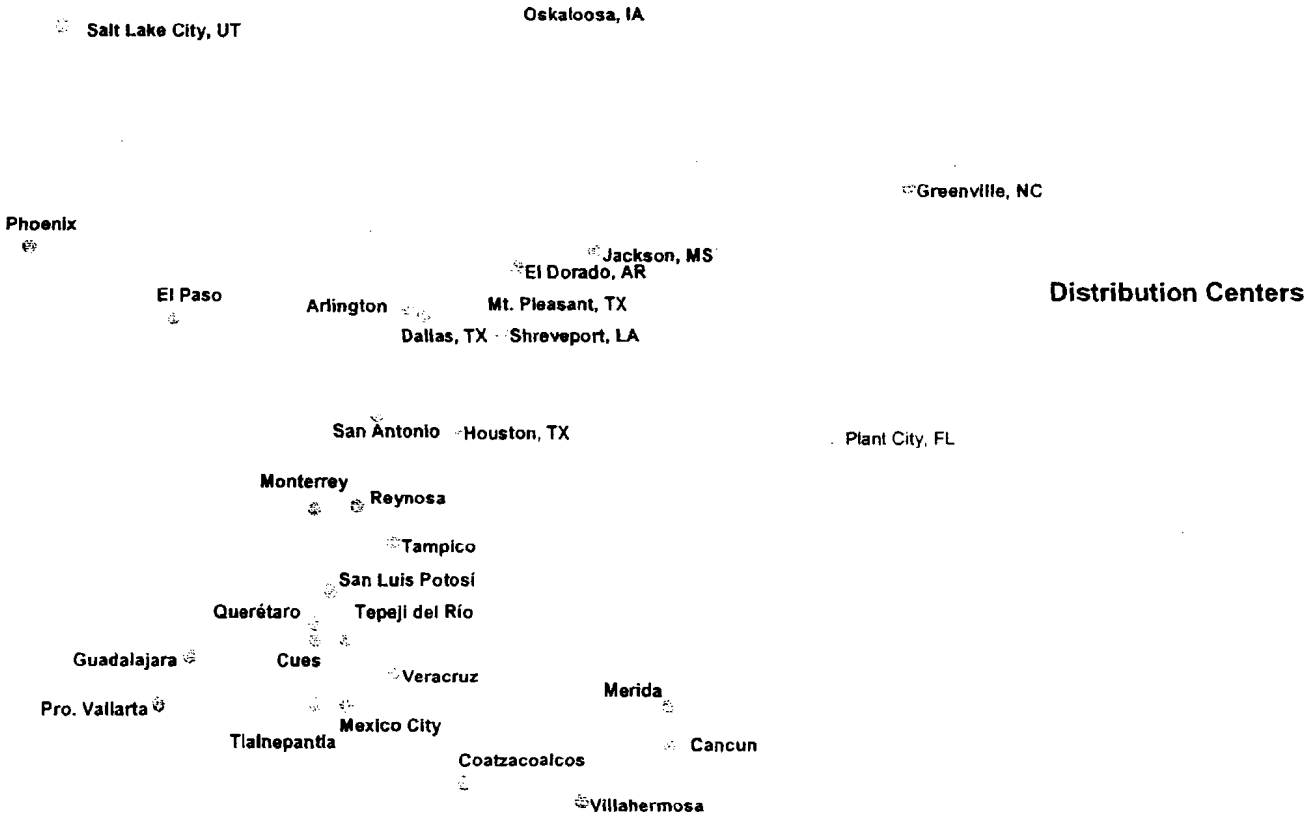
Poultry Processing Facilities



Prepared Foods Plants



North American Distribution Centers



Distribution Centers

U.S. Industry Overview

Challenging Operating Environment

Growing Supply of Meat Proteins

International Effects

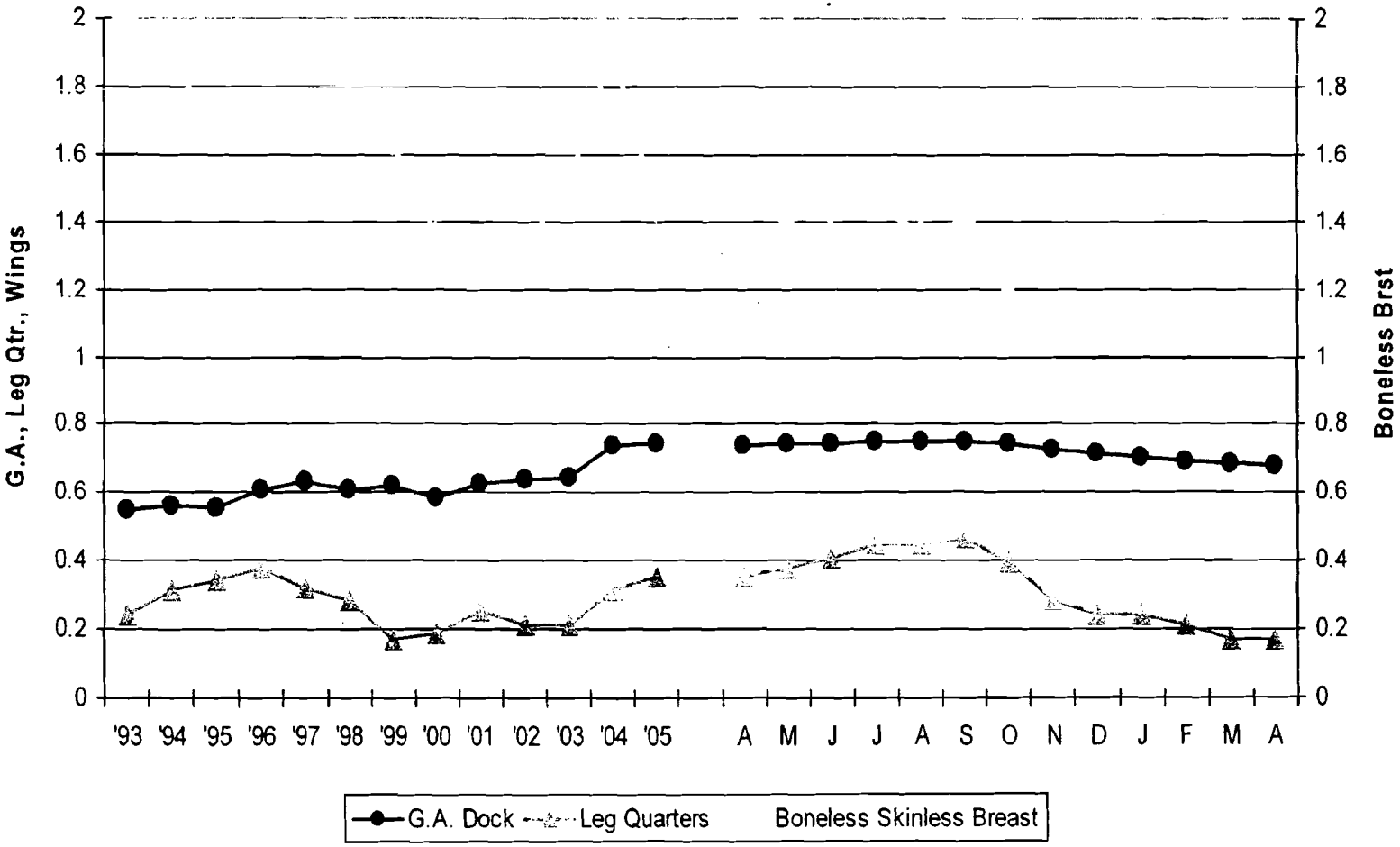
- **H5N1 Avian Influenza – Poultry**
- **BSE (Mad-Cow) & Hoof & Mouth Disease – Beef**

Pressure on Pricing

High Inventories

Export Disruptions

UrnerBarry Market Averages



Source: UrnerBarry Publications, Inc.

U.S. Industry Outlook

Pricing environment during (vs. prior year periods) :

	2nd Qtr FY 06	2nd Qtr Ytd	Change from End of 2nd Qtr FY2006*
Primary:			
▪ GA Dock ➢	-6.2% to $0.69/lb.	-4.4% to $0.71/lb.	-1.5% to $0.68/lb.
▪ Leg Quarters ➢	-30.8% to $0.21/lb.	-9.6% to $0.27/lb.	+19.0% to $0.25/lb.
Other:			
▪ Wings ➢	-16.0% to $0.97/lb.	-16.5% to $0.89/lb.	-16.5% to $0.81/lb.
▪ Breast Meat ➢	-29.2% to $1.09/lb.	-22.4% to $1.12/lb.	+11.0% to $1.21/lb.

(Source: UrnerBarry Publications)

* Thru May 12, 2006

Export Outlook

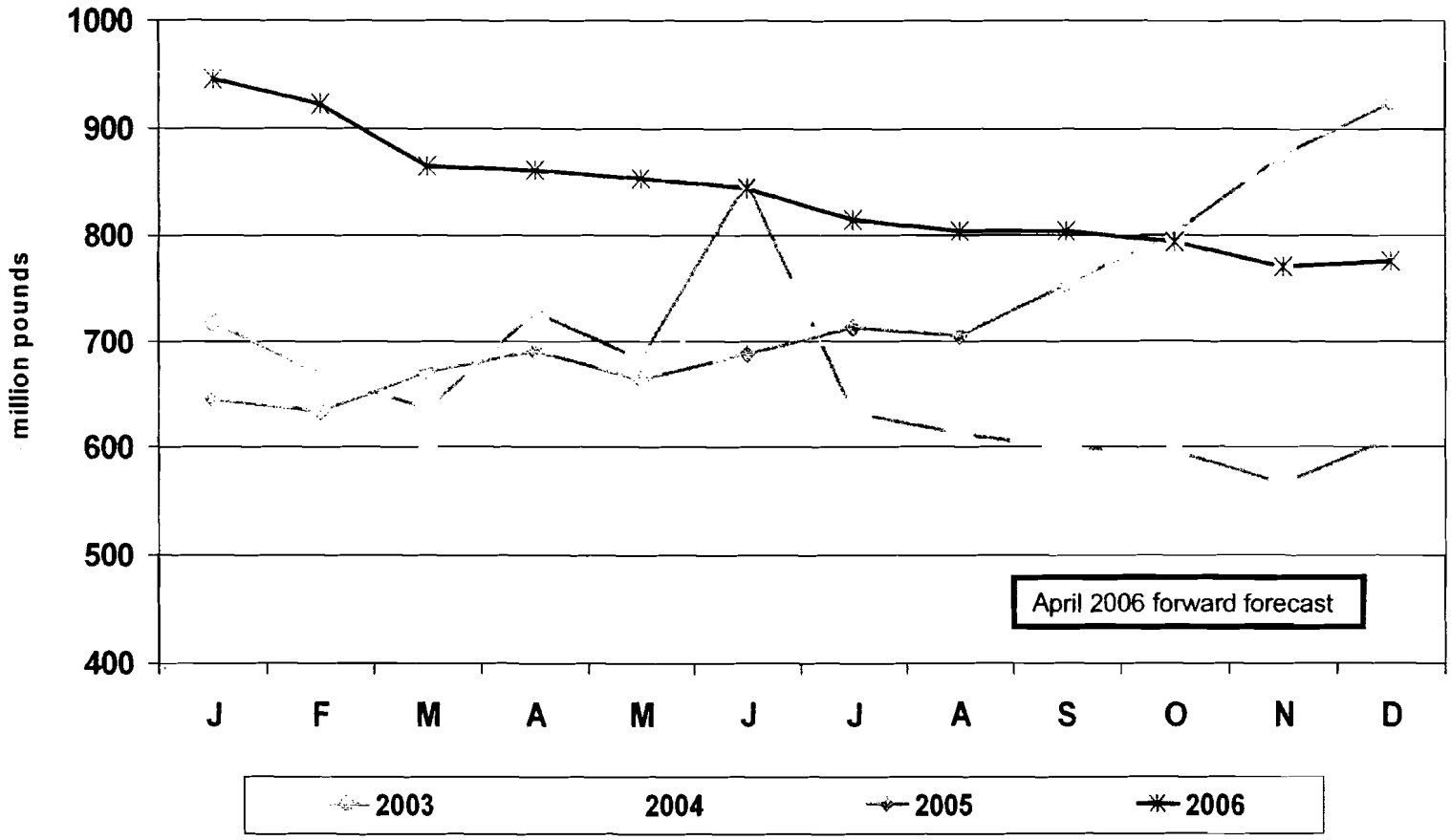
➢ Exports are expected to increase 3.0% year over year in 2006 according to USDA Projections

Cold Storage Thousand Lbs.

	March 2005	January 2006	March 2006	March 2006 vs. Mar. 05	March 2006 vs. Jan. 06
▪ Breast/Breast Meat ➢	151,453	158,437	149,001	-1.6%	-5.9%
▪ Leg Quarters ➢	59,798	171,942	145,375	143.0%	-15.5%
▪ Total Chicken ➢	673,470	920,749	867,479	28.8%	-5.8%

(Source: USDA Cold Storage Report)

Broiler Cold Storage Inventories



Source: USDA and Informa Economics Projections dated April 27, 2006

U.S. Industry Outlook - Continued

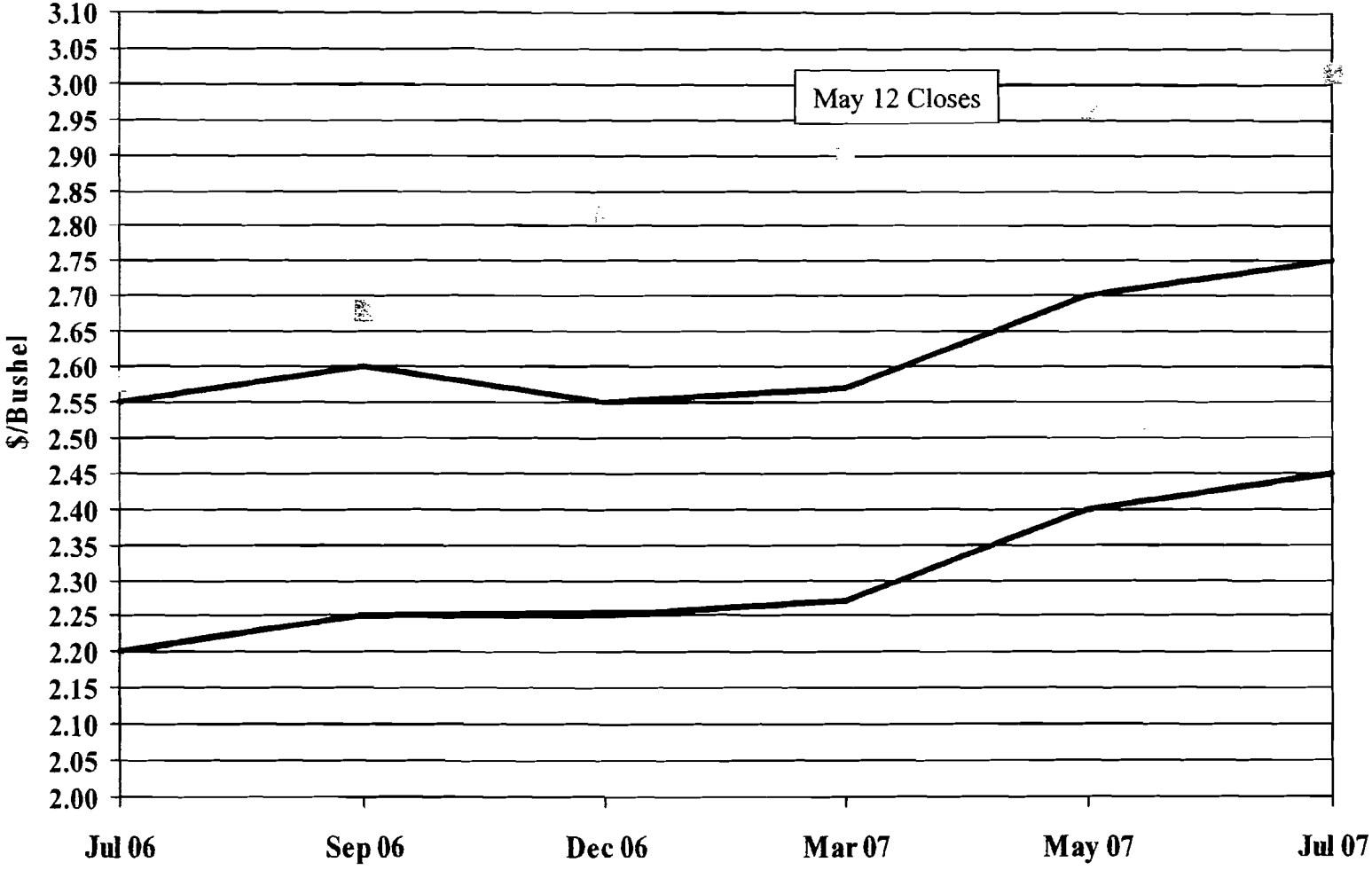
- **Grain Market**

FY2006 Actuals:	2nd Qtr FY06 Near-by Futures vs. Prior Year Qtr	2nd Qtr YTD FY06 Near-by Futures vs. Prior Year YTD
– Corn*	+8.3% to $2.21/bushel	+1.0% to $2.05/bushel
– Soybean Meal*	+10.0% to $181.56/ton	+9.2% to $175.77/ton

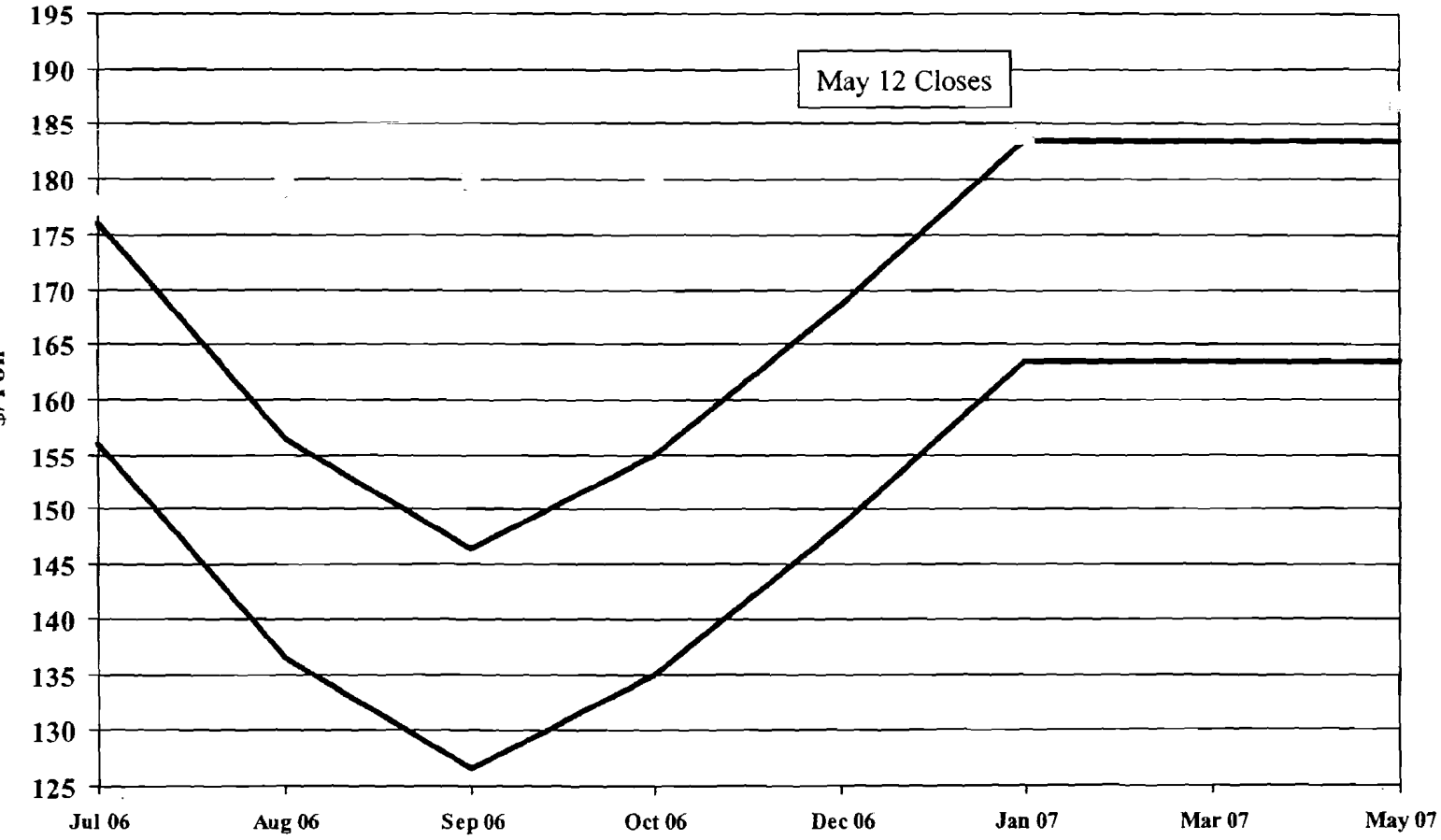
FY2006 Outlook:	2005-2006 Crop Year USDA Projections vs. 2nd Qtr YTD FY06	2005-2006 Crop Year 5/12/06 Futures (CBOT) vs. 2nd Qtr YTD FY06
– Corn*	-4.9% to $1.95/bushel	+17.1% to $2.36/bushel
– Soybean Meal*	-1.9% to $172.50/ton	+3.2% to $182.22/ton

* Excludes Freight and Basis delivery costs
** Source data from Chicago Board of Trade ("CBOT")

Corn Futures Trading Ranges



Soybean Meal Futures Trading Ranges



CBOT Soybean Meal Futures Contract —Upper Level Range & Lower Level Range Projections by Informa Economics, Inc.

Energy Pricing

Energy Information Administration (EIA) - U.S. Energy Prices: Medium Recovery Case

	2005				2006				2007			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Diesel[a] ($/gal)	**2.07**	**2.26**	**2.56**	**2.71**	**2.50**	*2.79*	*2.74*	*2.75*	*2.64*	*2.69*	*2.68*	*2.70*
Natural Gas[b] ($/mcf)	**6.62**	**7.14**	**9.81**	**12.64**	**7.94**	*7.07*	*7.78*	*9.62*	*9.87*	*7.84*	*8.76*	*10.20*

[a] On-highway retail [b] Residential Average

Analysis of Estimated Effects on Pricing

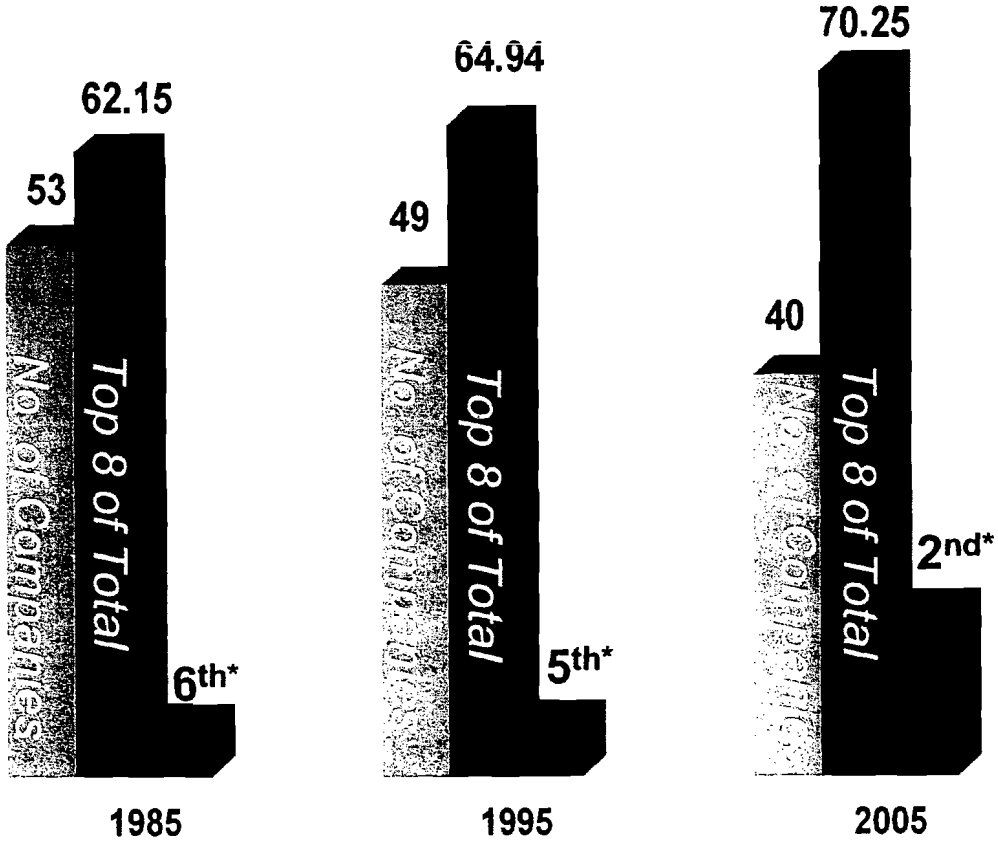
2nd Qtr 2006: **Natural Gas declines, Diesel increases versus prior year 2nd quarter**
Diesel: *23.5%*
Natural Gas: *-1.0%*

3rd Qtr 2006 **Natual gas declines, Diesel increases versus prior year 3rd quarter**
Diesel: *7.0%*
Natural Gas: *-20.7%*

4th Qtr 2006 **Natural Gas declines, Diesel increases versus prior year 4th quarter**
Diesel: *1.5%*
Natural Gas: *-23.9%*

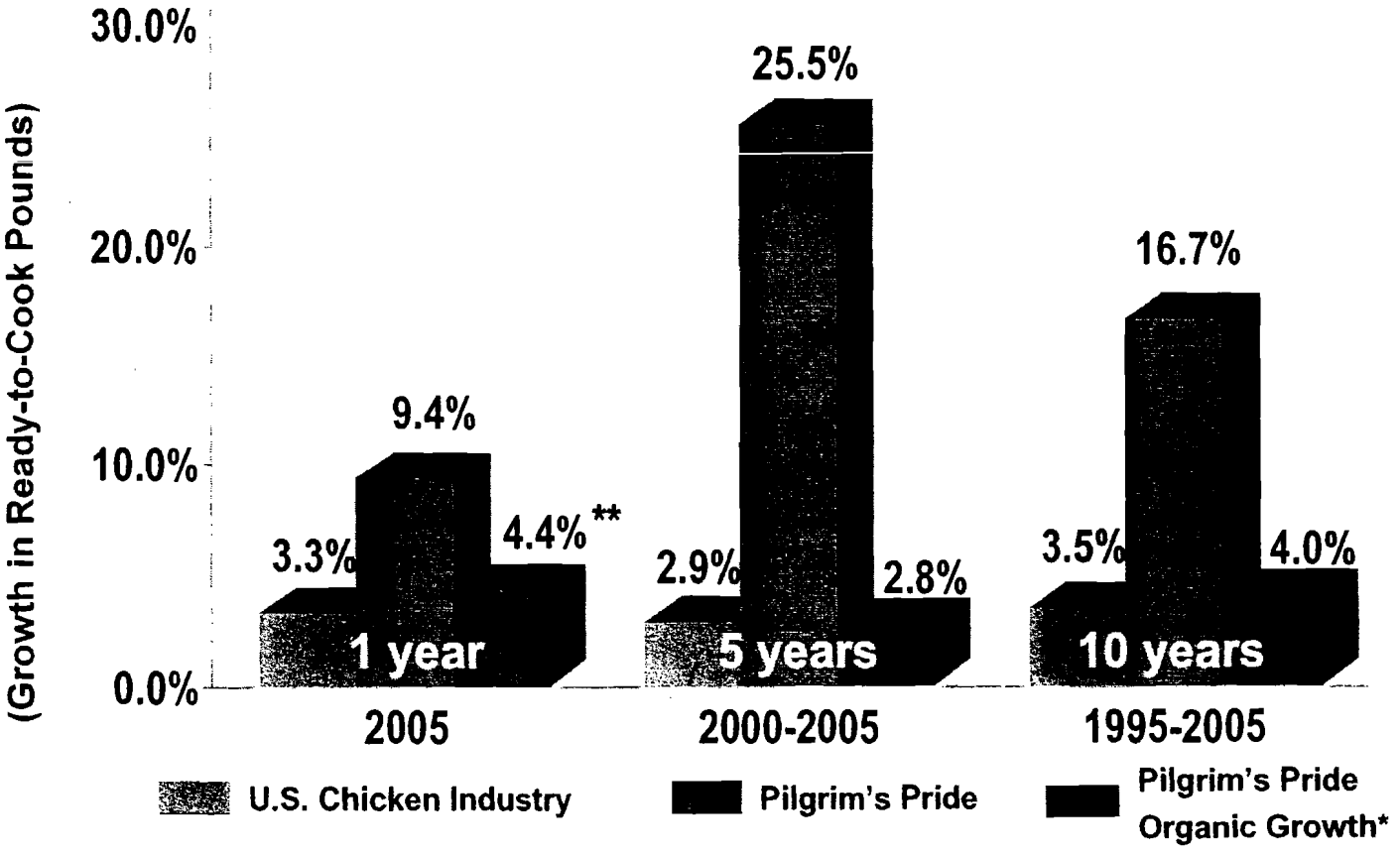
Source: Energy Information Administration Short Term Energy Outlook dated May 9, 2006

Continued Consolidation of U.S. Chicken Industry Has Led to More Rational Behavior



*PPC Rank
Source: Watt Publishing

Pilgrim's Outpaces Industry Growth Organically & thru Acquisitions



Pilgrim's Pride's business strategy has enabled it to dramatically outperform industry growth

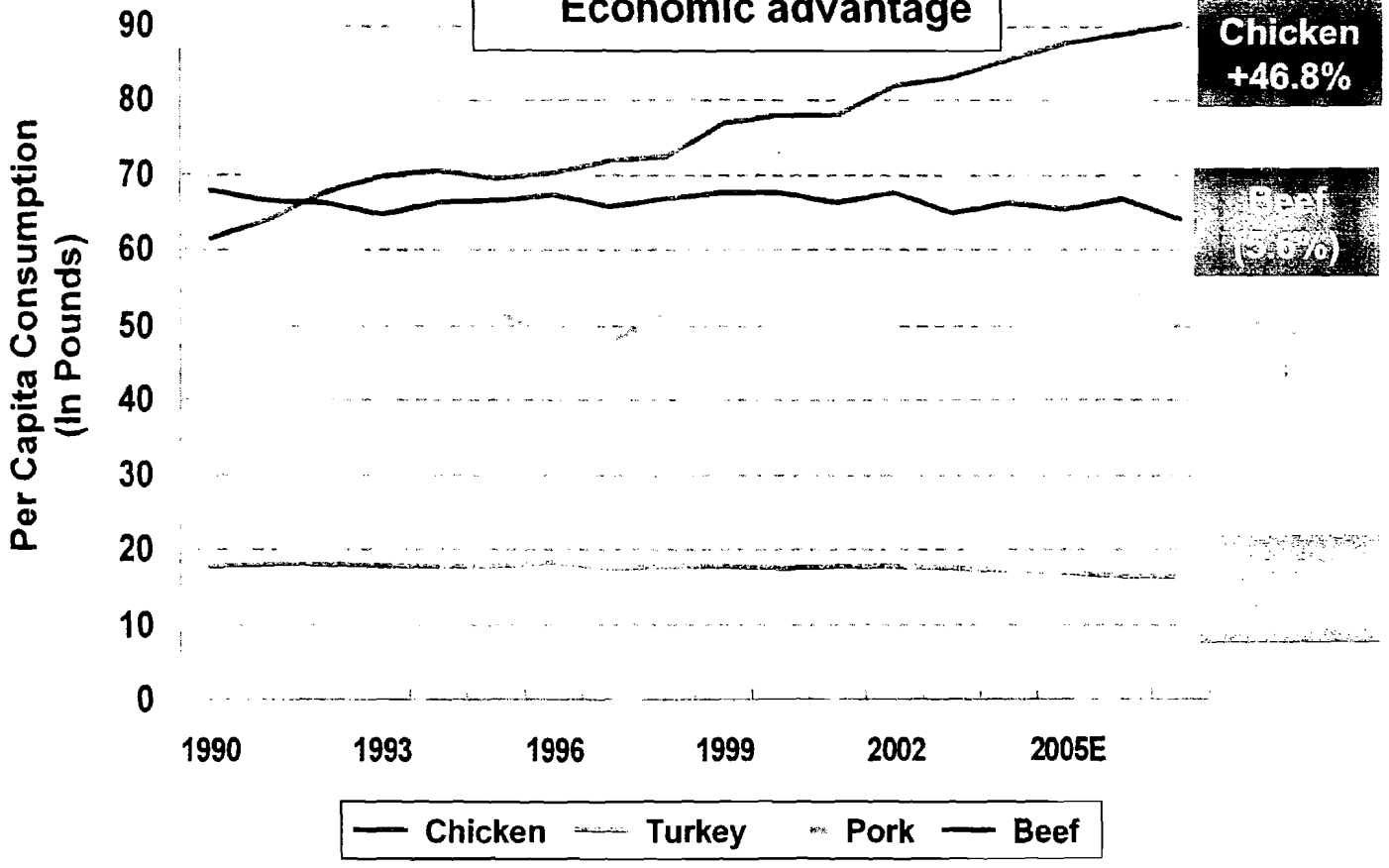
**Pro forma for Acquisitions*

***The first quarter of fiscal year 2004 contained 14 weeks as compared to the more standard 13 weeks included in the first quarter of fiscal year 2005. Accordingly, to facilitate comparability between the periods, the first quarter of fiscal year 2004 has been adjusted by multiplying the actual amounts by the quotient of 13 divided by 14, to which the actual second, third, and fourth fiscal quarter amounts were added.*

Source: USDA

U.S. Chicken Consumption Continues to Outpace Other Proteins

Convenient products
Health benefits
Economic advantage

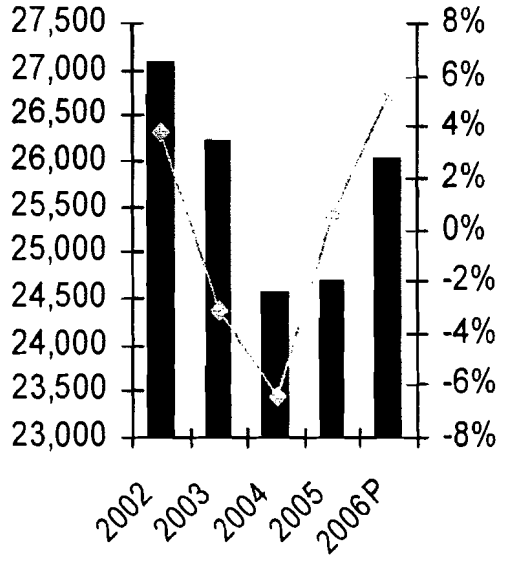


	CAGR
Chicken +46.8%	+2.3%
Beef (-5.0%)	(0.3%)
	+0.0%
	(0.4%)

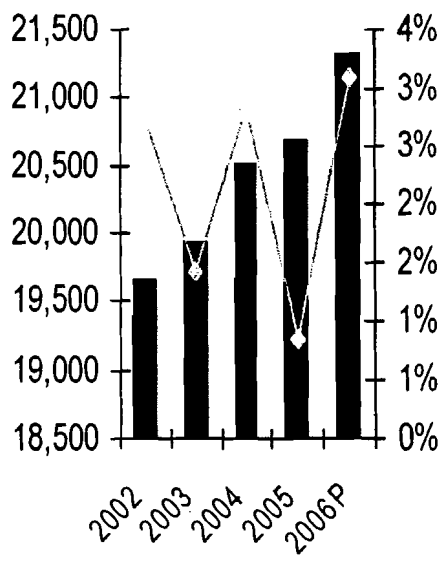
Source: April 17, 2006 National Chicken Council.

U.S. Meat Supply

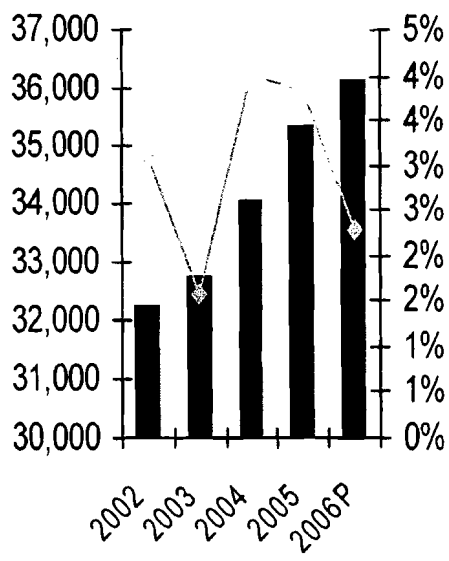
Beef Supply



Pork Supply



Chicken Supply

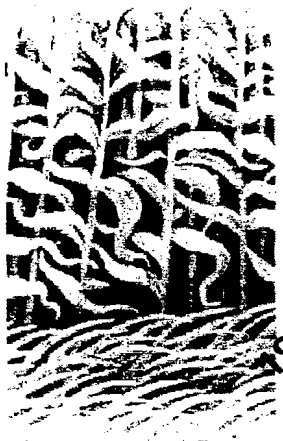


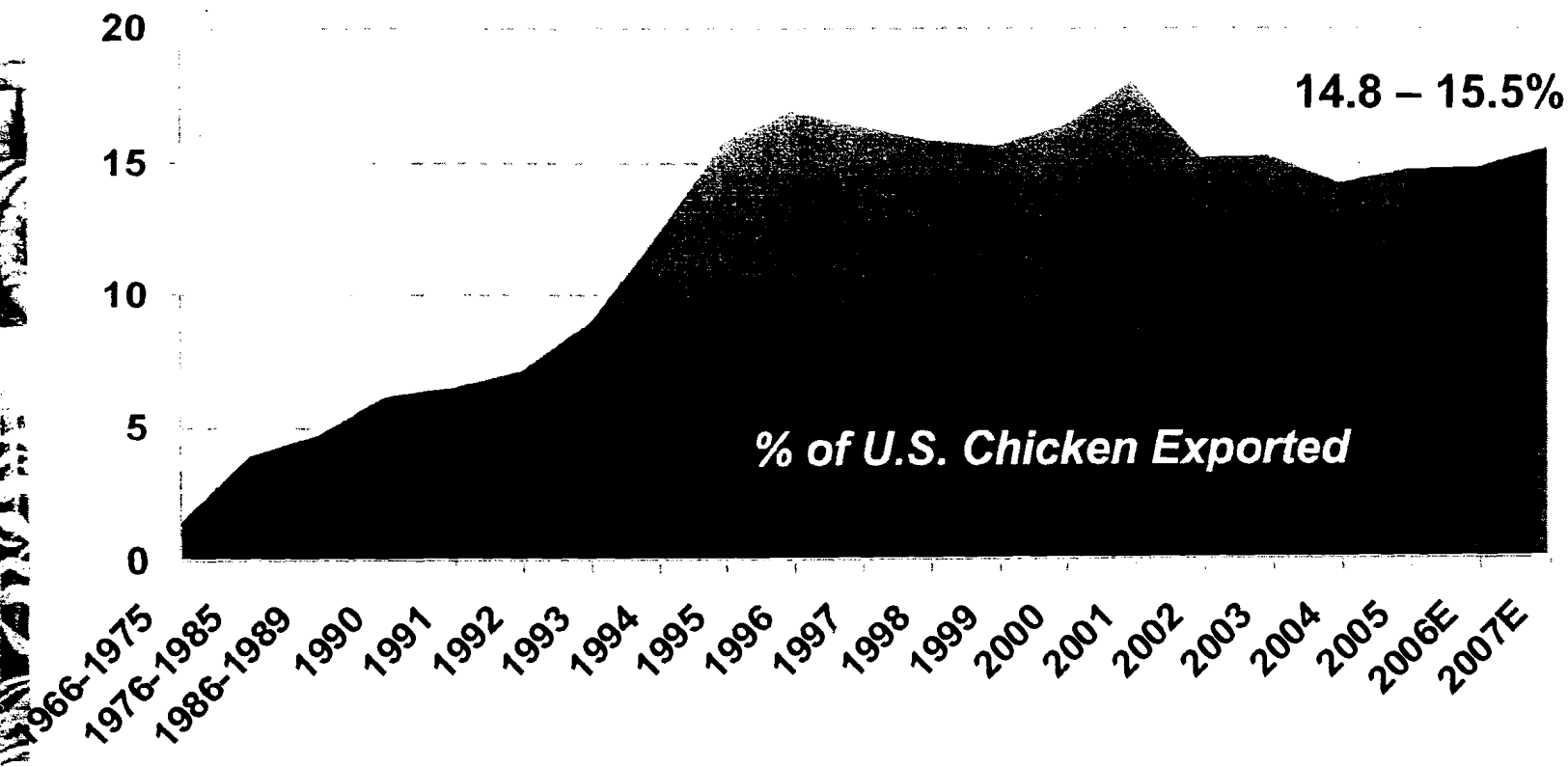
RTC Production — % Change Year over Year

Source: USDA Red meat & poultry forecasts dated April 14, 2006

Industry Exports Slowly Rebounding

- Markets appear to be recovering from H5N1 Avian Influenza disruptions
- Cold storage inventories are being worked down
- Russia import permits still unresolved





Source: April 17, 2006 National Chicken Council.

U.S. Business Overview

Pilgrim's Pride Product Portfolio

PILGRIM'S PRIDE

EGGSPLUS

Wing-ings

Signature

Country Pride FRESH CHICKEN

Super Meaty Monster Wings

PIERCE CHICKEN
We make Chicken easy.

WING

PILGRIM'S PRIDE DELI

EATWELL STAY HEALTHY

Pilgrim's First to Introduce 100% Natural Enhanced Product

- **Both Marinated & Non-Marinated Products**
- **Introduced in January 2006**
- **Full line of case ready products**
- **100% Leak-proof, bead sealed packaging**
- **Marketing Support: TV & Print**
- **New Packaging Graphics**
- **Bilingual Product Description**

What Does 100% Natural Mean?

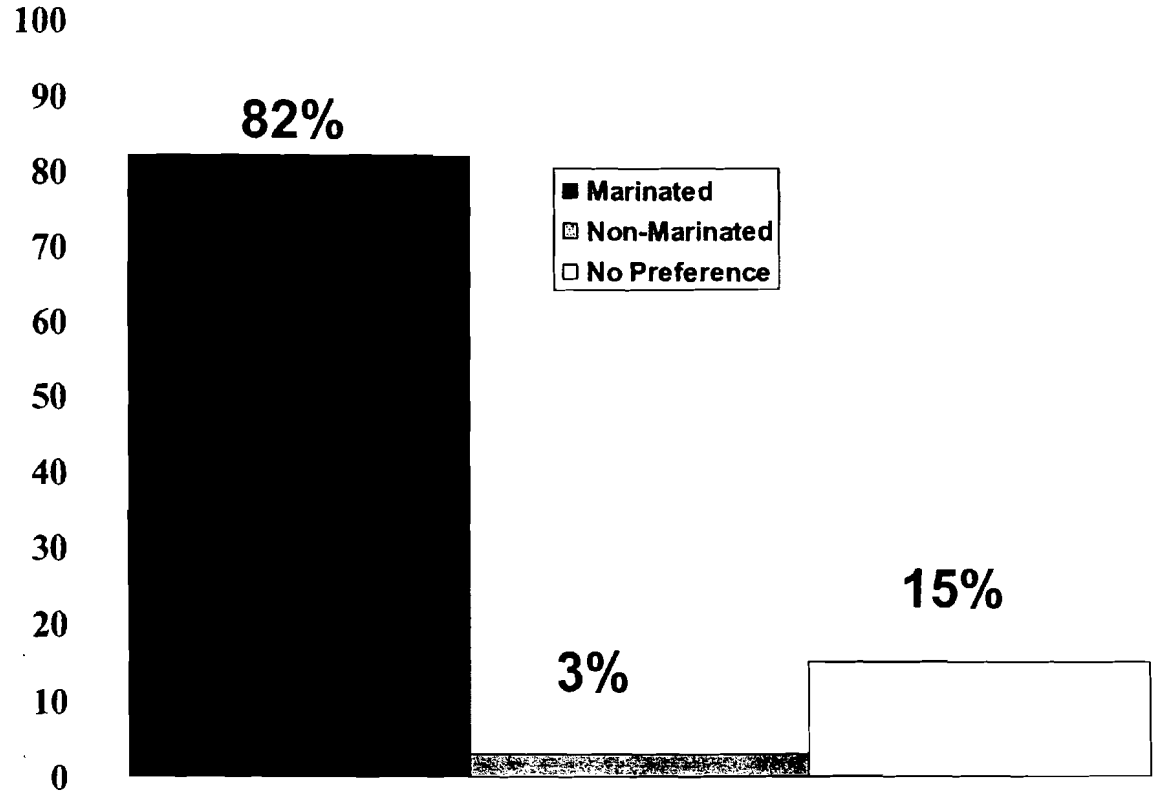
To make the claim, USDA guidelines require that the product must meet the following criteria:

- **Minimal processing with no fundamental alteration of the raw product**
- **Contains no artificial flavor, color, chemical preservative, or any artificial or synthetic ingredient**

- **The cutting and deboning chicken is recognized as a minimal process**
- **Marinated products contain no artificial ingredients or preservatives**

Consumer's Prefer Enhanced Products

Consumer Preference
Blind Taste Test Among Consumers



82% of consumers preferred enhanced marinated products

Source: Murphy & Associates January 2005

Small Town Commercials In Play

Pilgrim's is Well-Positioned for Future Growth & Acquisitions

Market Share

Clear #2 in the Industry

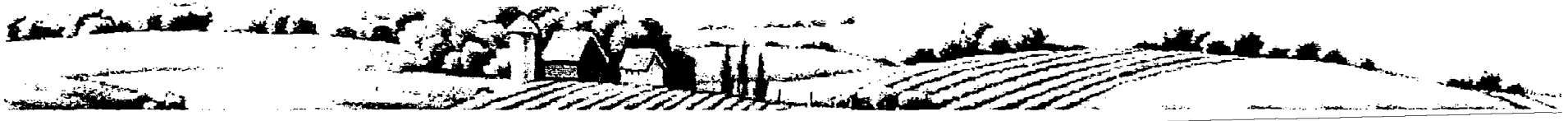
Consistent Growth in Prepared Foods

- **A leading supplier of quick-service restaurants**
- **Growing presence in food-service distribution**
- **Great position to grow in retail**

National Coverage

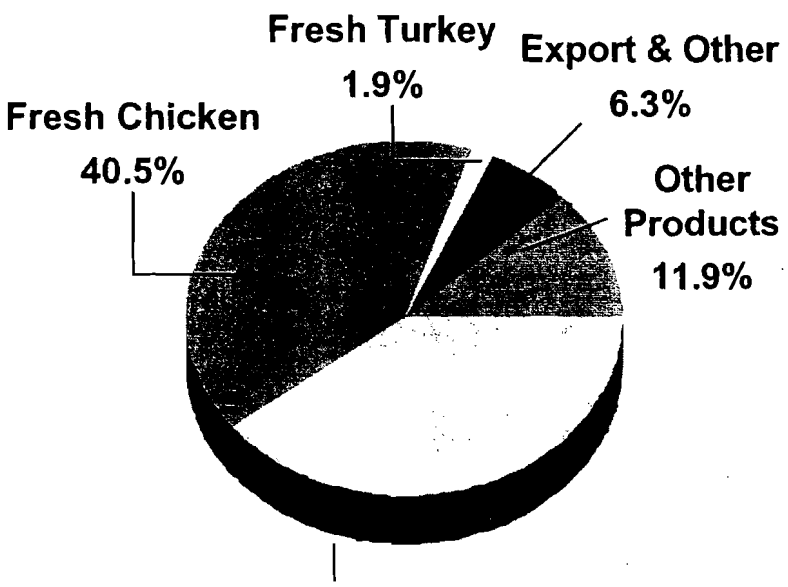
Ability to serve the largest customers

Financial Overview
Rick Cogdill
Chief Financial Officer



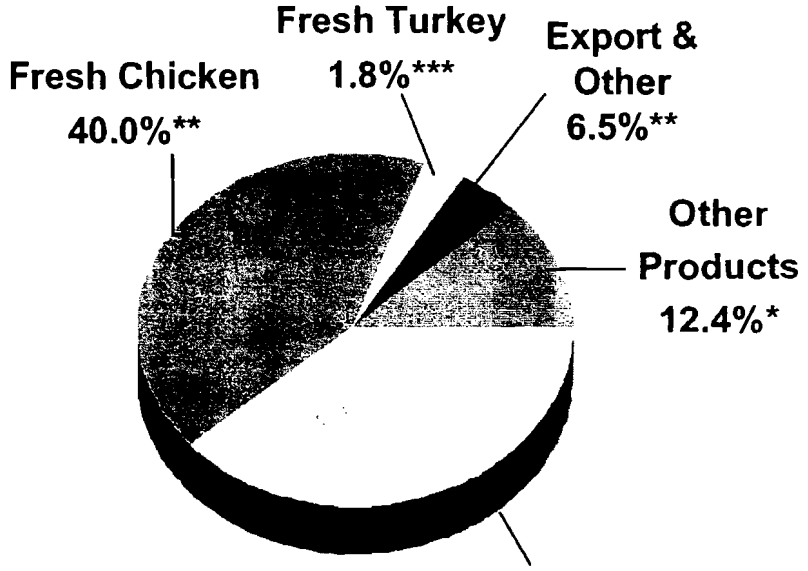
U.S. Sales Breakdown

FY2005



Net Sales: $5.2 Billion

LTM Ending 4/1/06



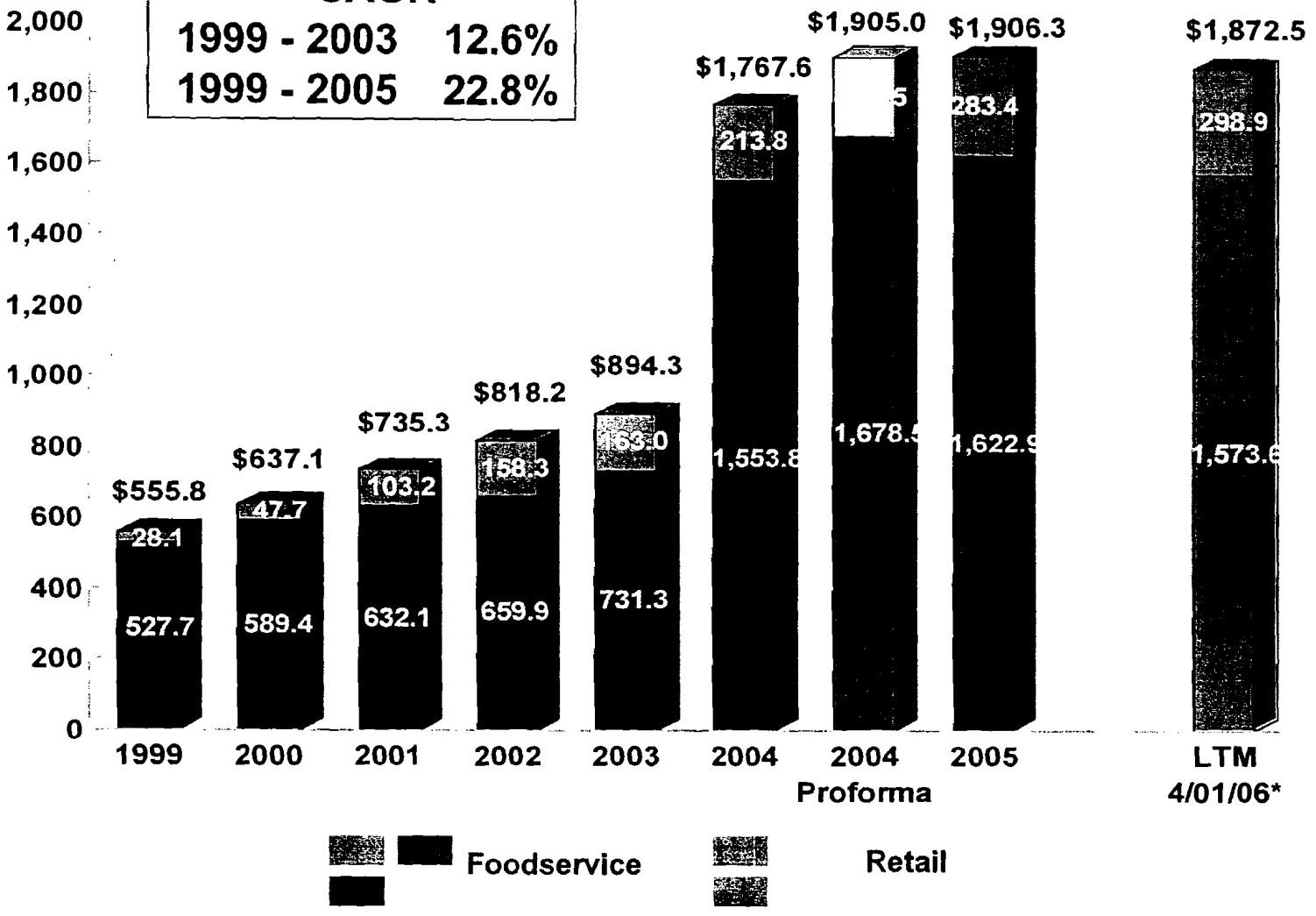
Net Sales: $5.1 Billion

* See Appendix J for reconciliation of LTM 4/1/06 Other Products
** See Appendix L for reconciliation of LTM 4/1/06 U.S. Chicken Sales
*** See Appendix M for reconciliation of LTM 4/1/06 Turkey Sales

Our Prepared Foods Focus Differentiates Pilgrim's

($MM)

CAGR	
1999 - 2003	12.6%
1999 - 2005	22.8%

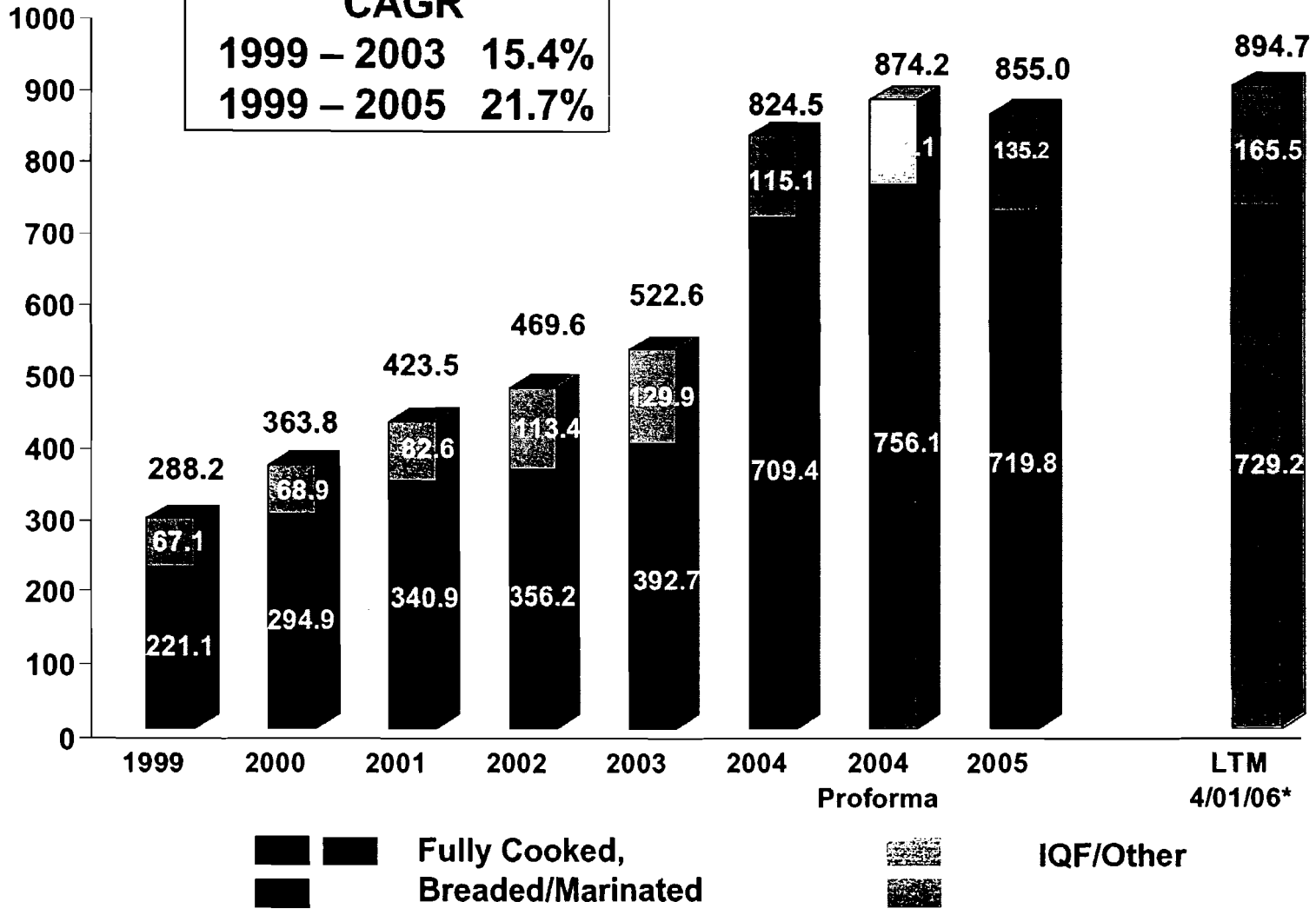


*See Appendix L for reconciliation

Prepared Foods Chicken Product Mix Focused on Highest Value Products

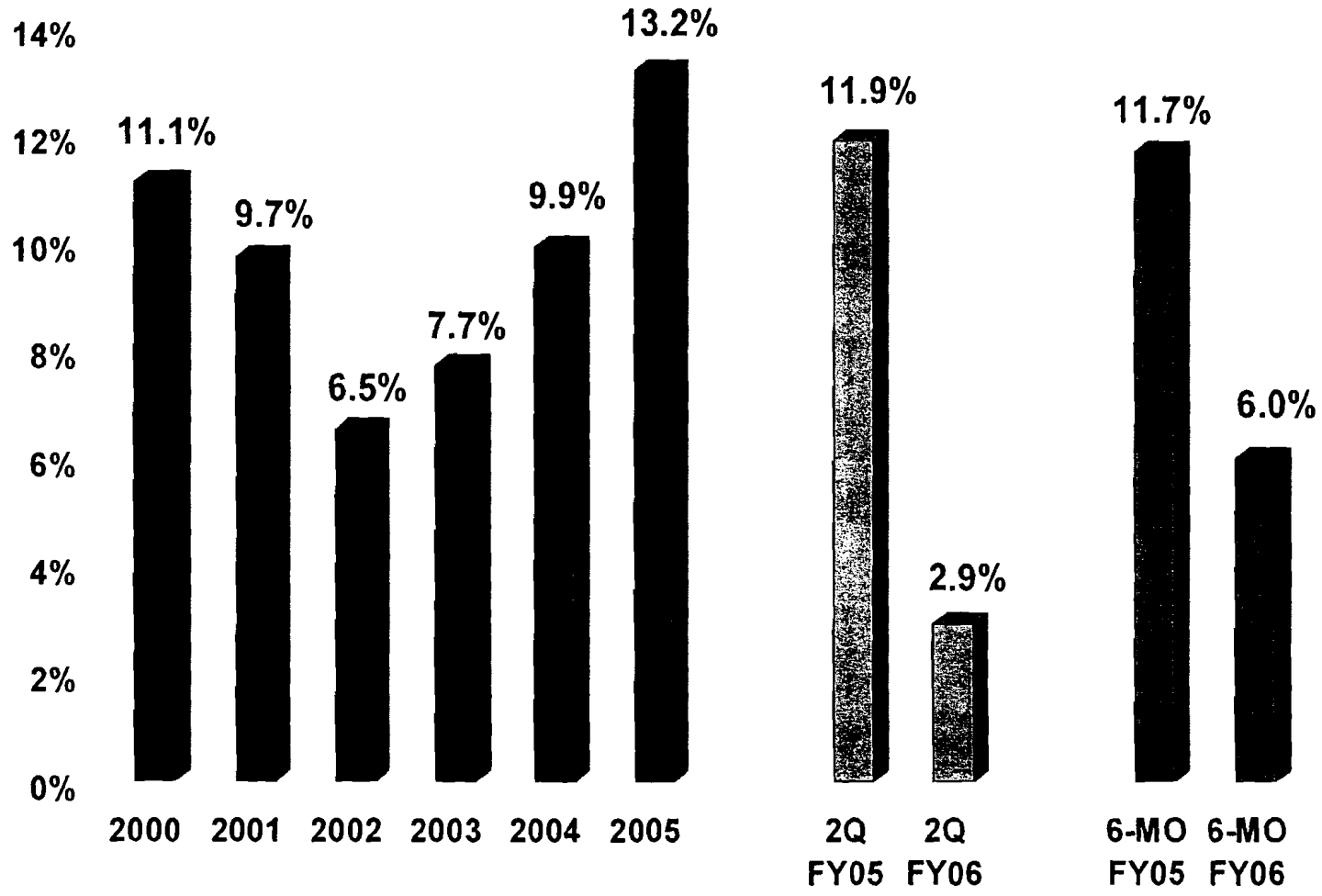
(MM of lbs.)

CAGR	
1999 – 2003	15.4%
1999 – 2005	21.7%



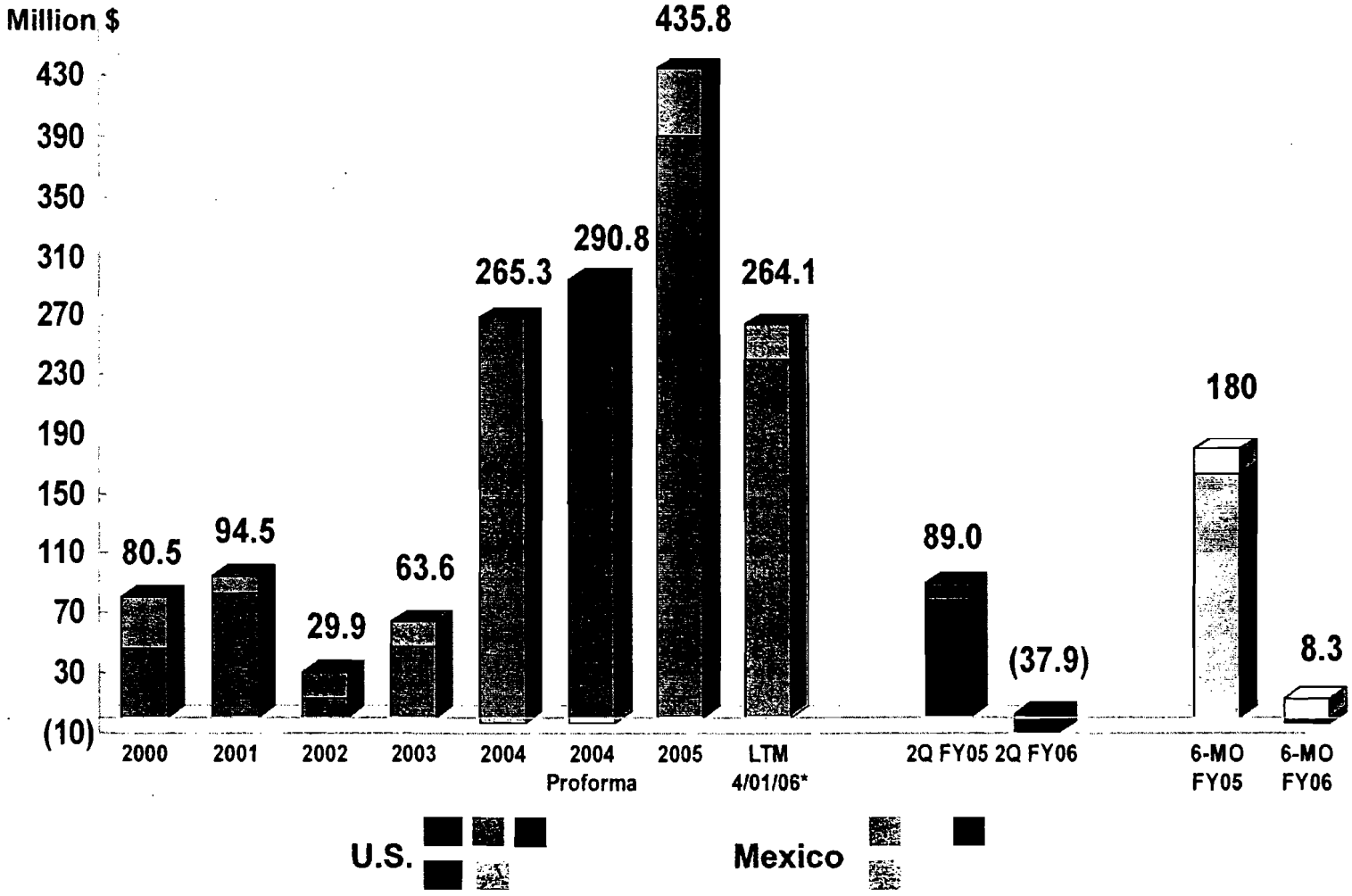
Gross Margin % of Sales

Fiscal Years Ended



Operating Income Summary

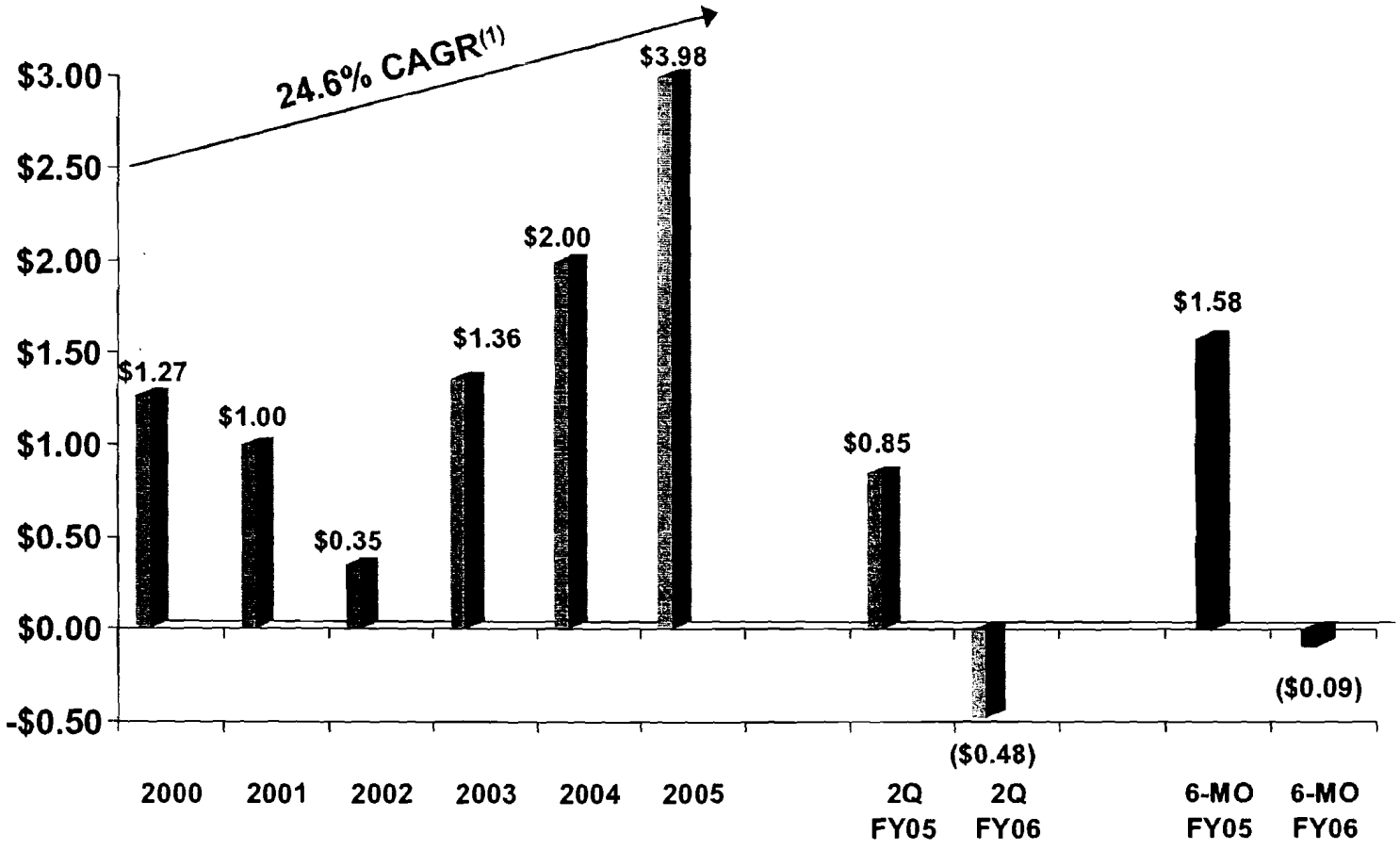
Fiscal Years Ended



*See Appendix K for reconciliation

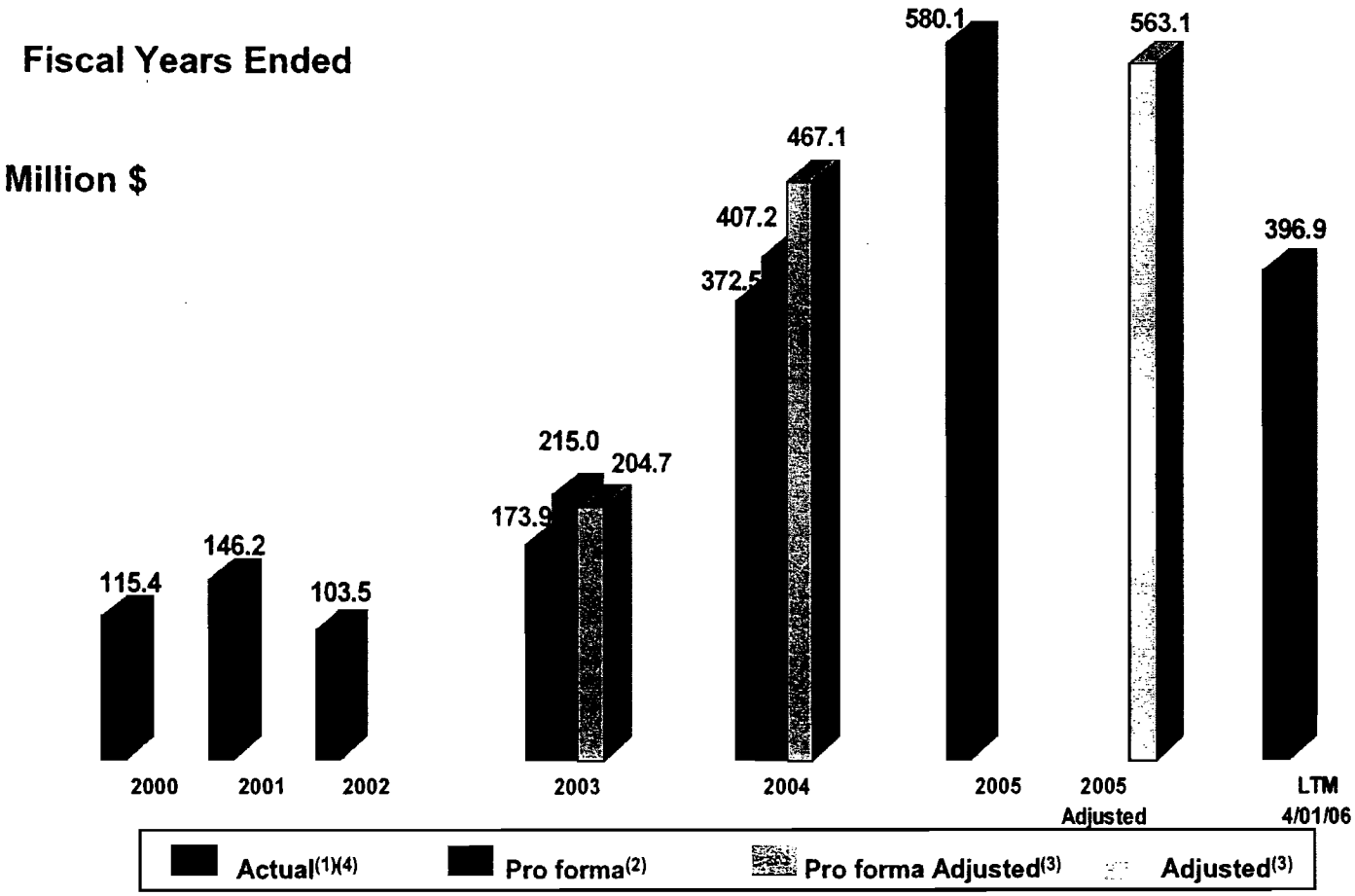
Earnings Per Share

Fiscal Years Ended



(1) 2000 to 2005 CAGR

Strong EBITDA



(1) See Appendix C for reconciliations of FY2000 thru FY2002 & Appendix D for reconciliations of FY2003 thru FY2005

(2) See Appendix E for reconciliations

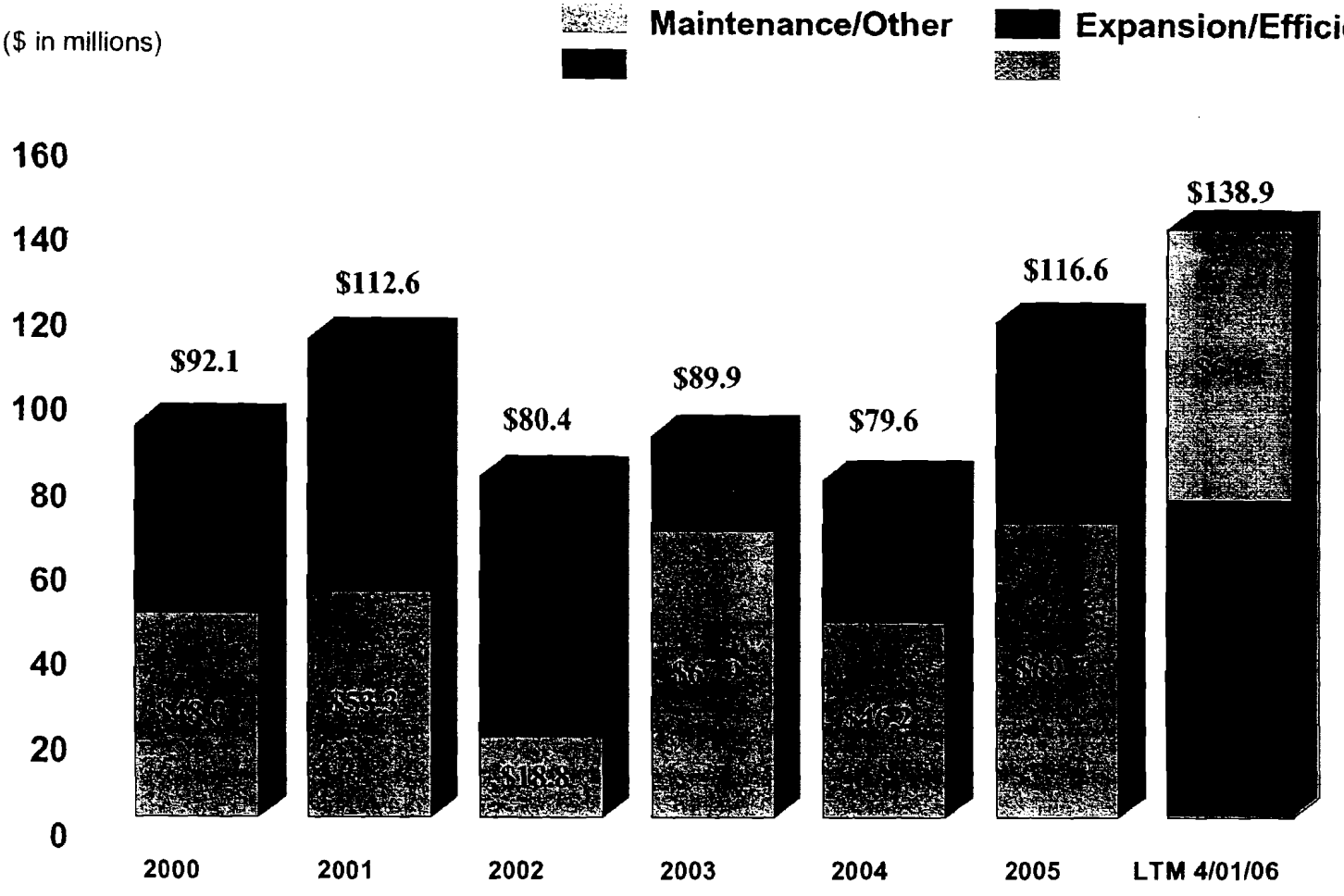
(3) FY2003, FY2004 and FY2005 EBITDA calculations are adjusted to exclude the effects of the restructuring of our turkey operations and other related expenses, to exclude the estimated adverse effects of the October 2002 recall of certain deli meats by the company and to exclude recoveries resulting from our vitamin and methionine and other litigation and to exclude recoveries from government avian influenza reimbursements and recall-related insurance. See Appendix E for reconciliations.

(4) See Appendix H for reconciliation of LTM 4/01/06 EBITDA

Prudent Management of Capital Expenditures

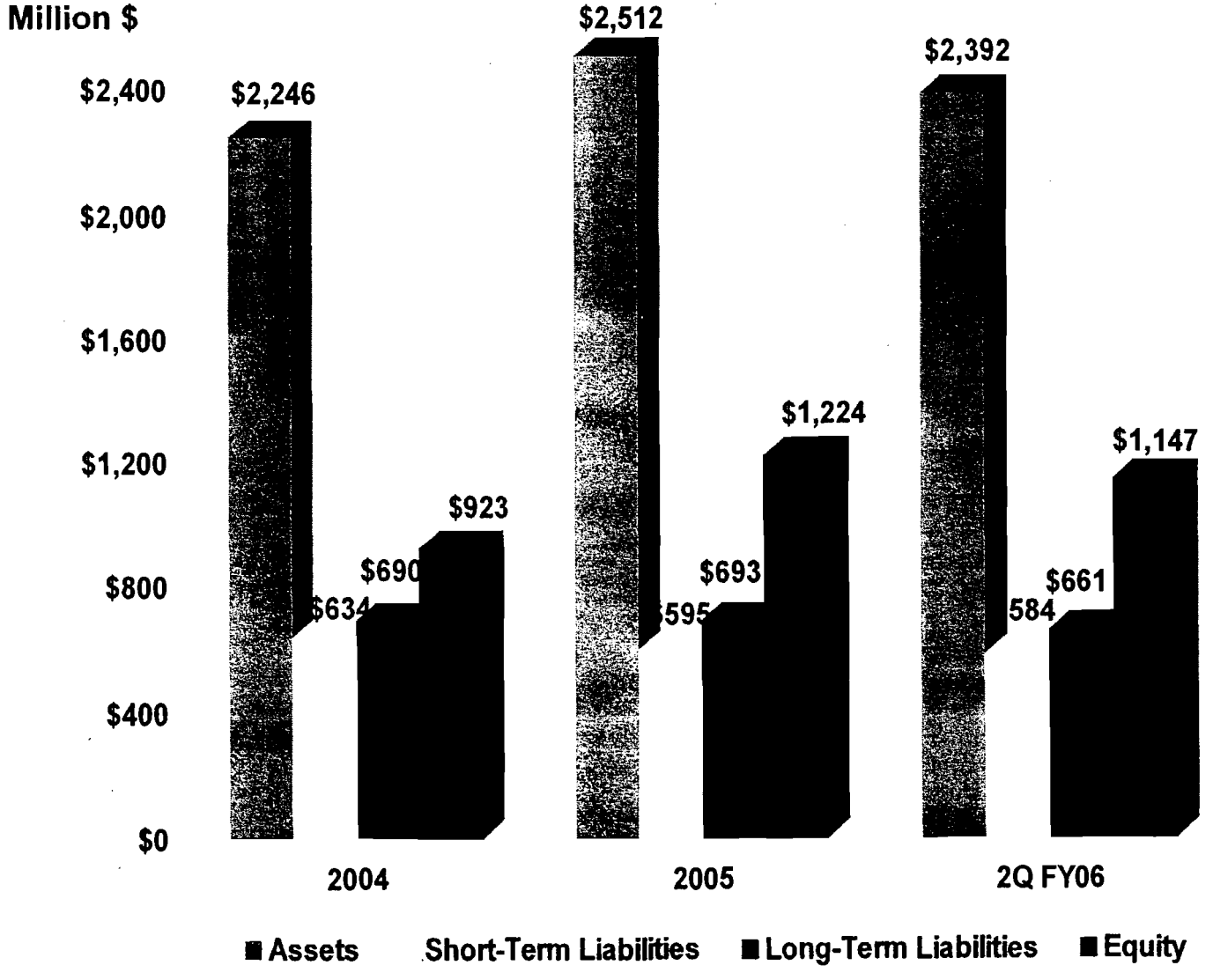
Fiscal Years Ended

($ in millions)



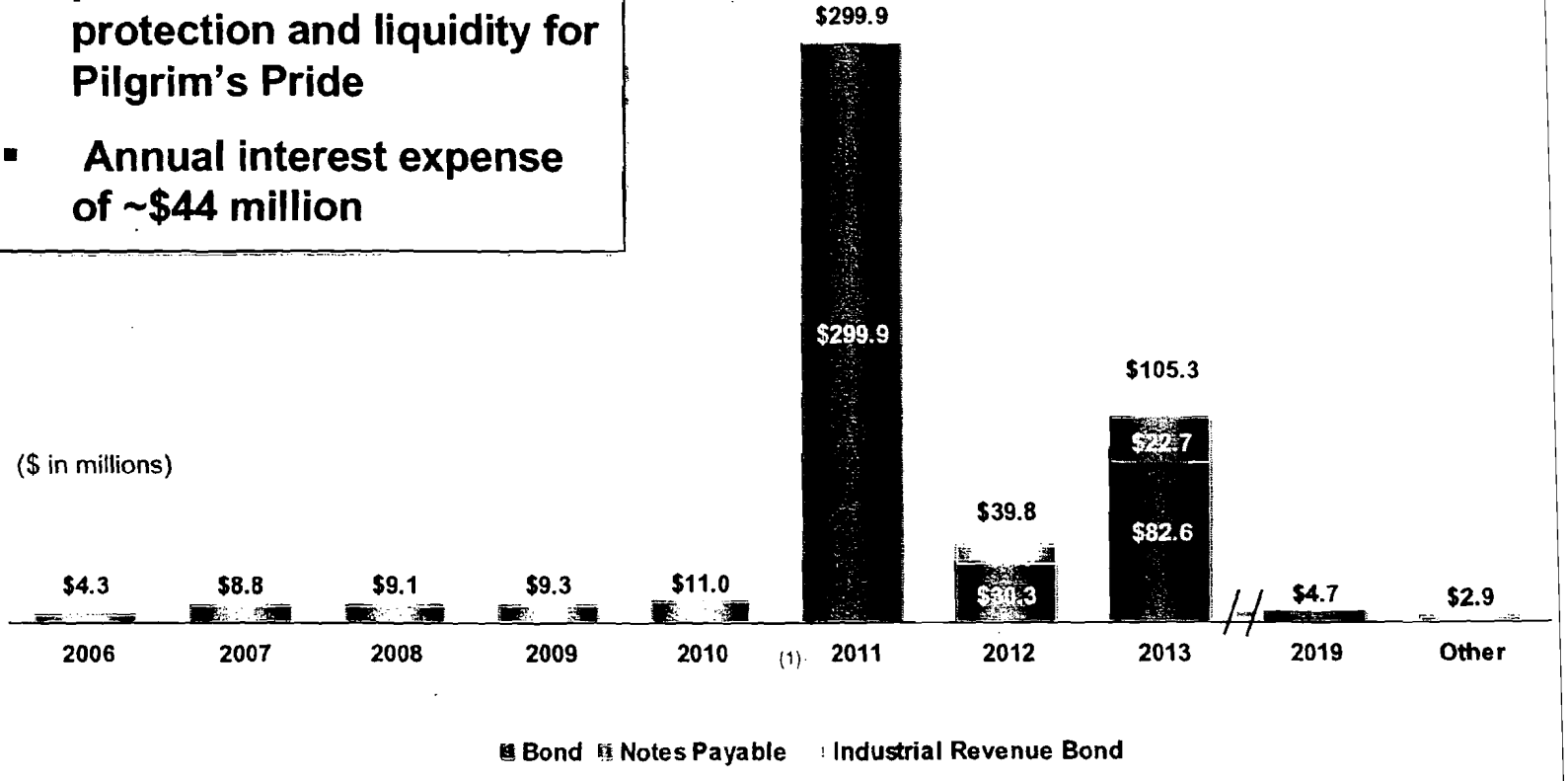
The Company projects FY 2006 capital expenditures of approximately $140 - 175 million

Strong Balance Sheet



Debt Maturity Profile

- **No near-term debt maturity provides further credit protection and liquidity for Pilgrim's Pride**
- **Annual interest expense of ~$44 million**



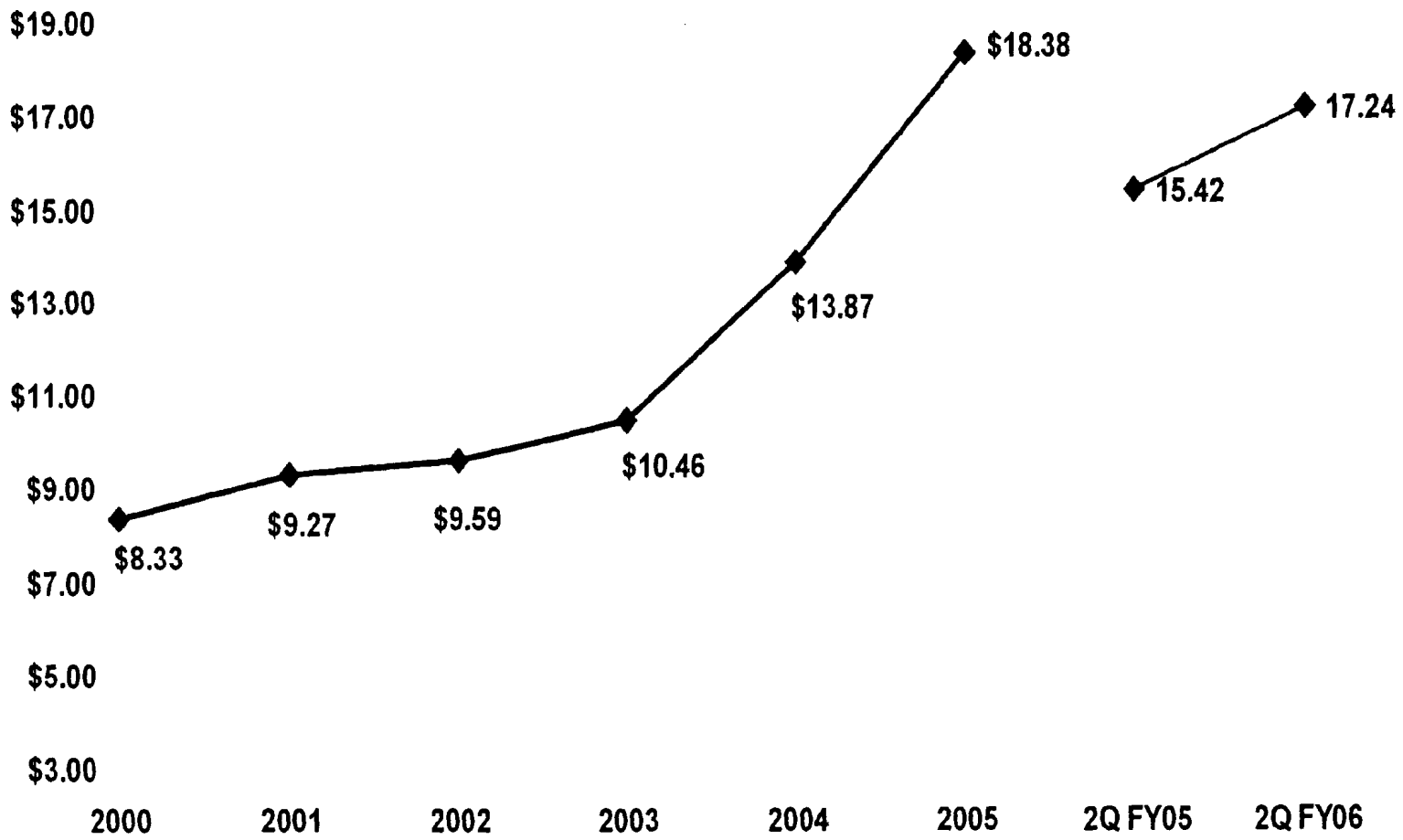
Source: Company filings and estimates
Note: Breakdown of debt maturity for 2006 to 2009 not available.
Other debt consists of variable notes payable.
Maturity Profile is based on calendar.
(1) Notes payable consists of $107.8 million to an insurance company and other notes payable of $2.9 million.

Capitalization

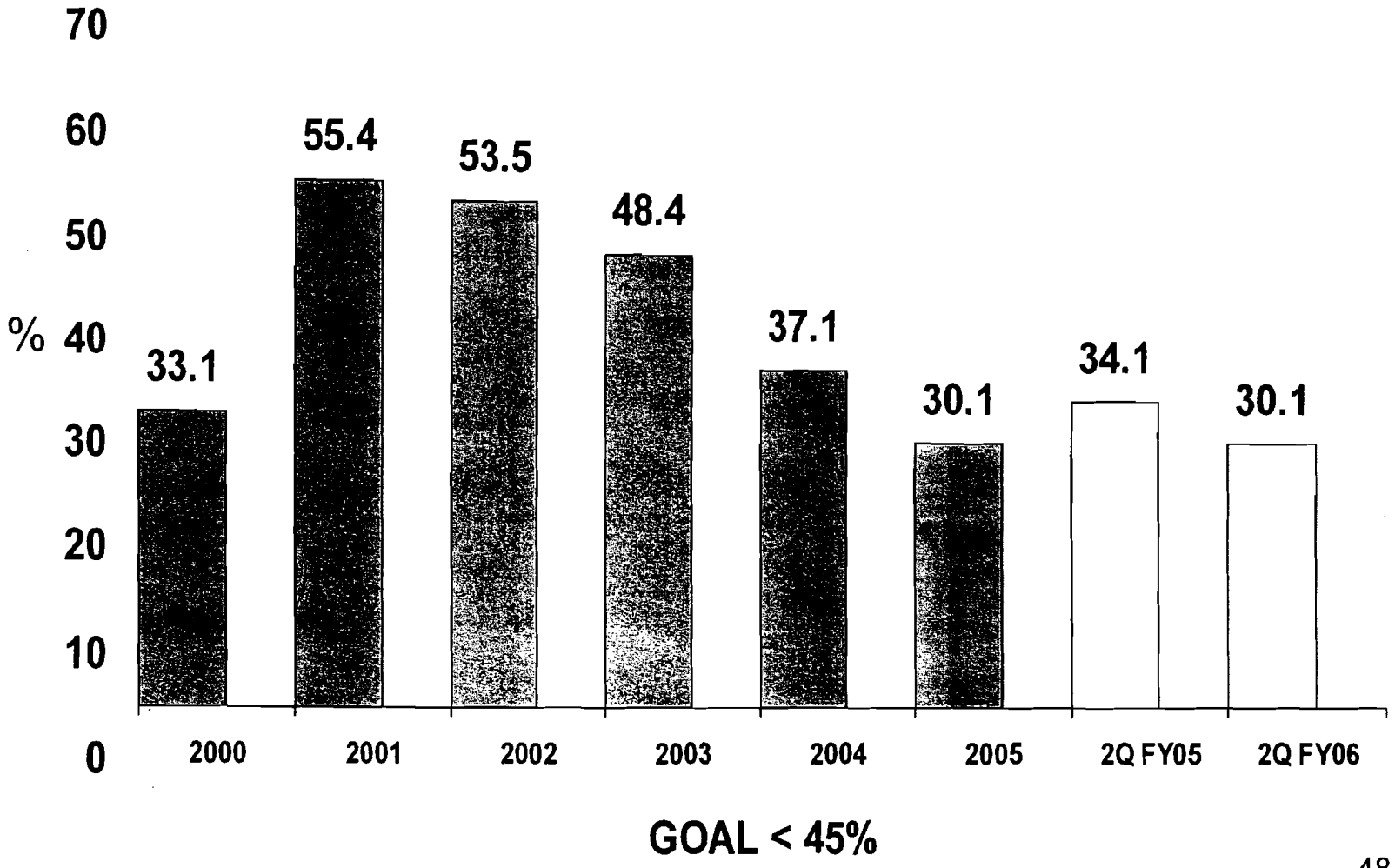
Million $

	10/2/04	% of 10/2/04	10/1/05	% of 10/1/05	2nd Qtr FY2006 4/1/06	2nd Qtr FY2006 % of 4/1/06
Cash and Cash Equivalents	38.2		132.6		67.7	
Senior Secured Credit Facilities	-	- %	-	- %	-	- %
Notes Payable to Insurance Company	123.9	8.4	107.8	6.2	95.6	5.8
9 5/8% Senior Notes due 2011	303.0	20.7	302.6	17.3	299.9	18.3
9 1/4% Senior Subordinated Notes due 2013	100.0	6.8	100.0	5.7	82.6	5.0
Other Debt	17.4	1.2	17.1	1.0	17.0	1.0
Total Debt	544.3	37.1	527.5	30.1	495.1	30.1
Total Stockholders' Equity	923.0	62.9	1,223.6	69.9	1,147.4	69.9
Total Capitalization	1,467.3	100.0 %	1,751.1	100.0 %	1,642.5	100.0 %

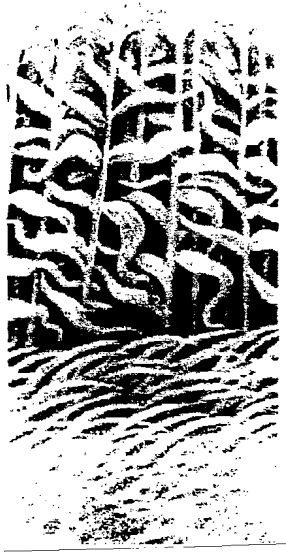
Book Value Per Share



Total Debt to Total Capitalization



Summary Credit Ratios



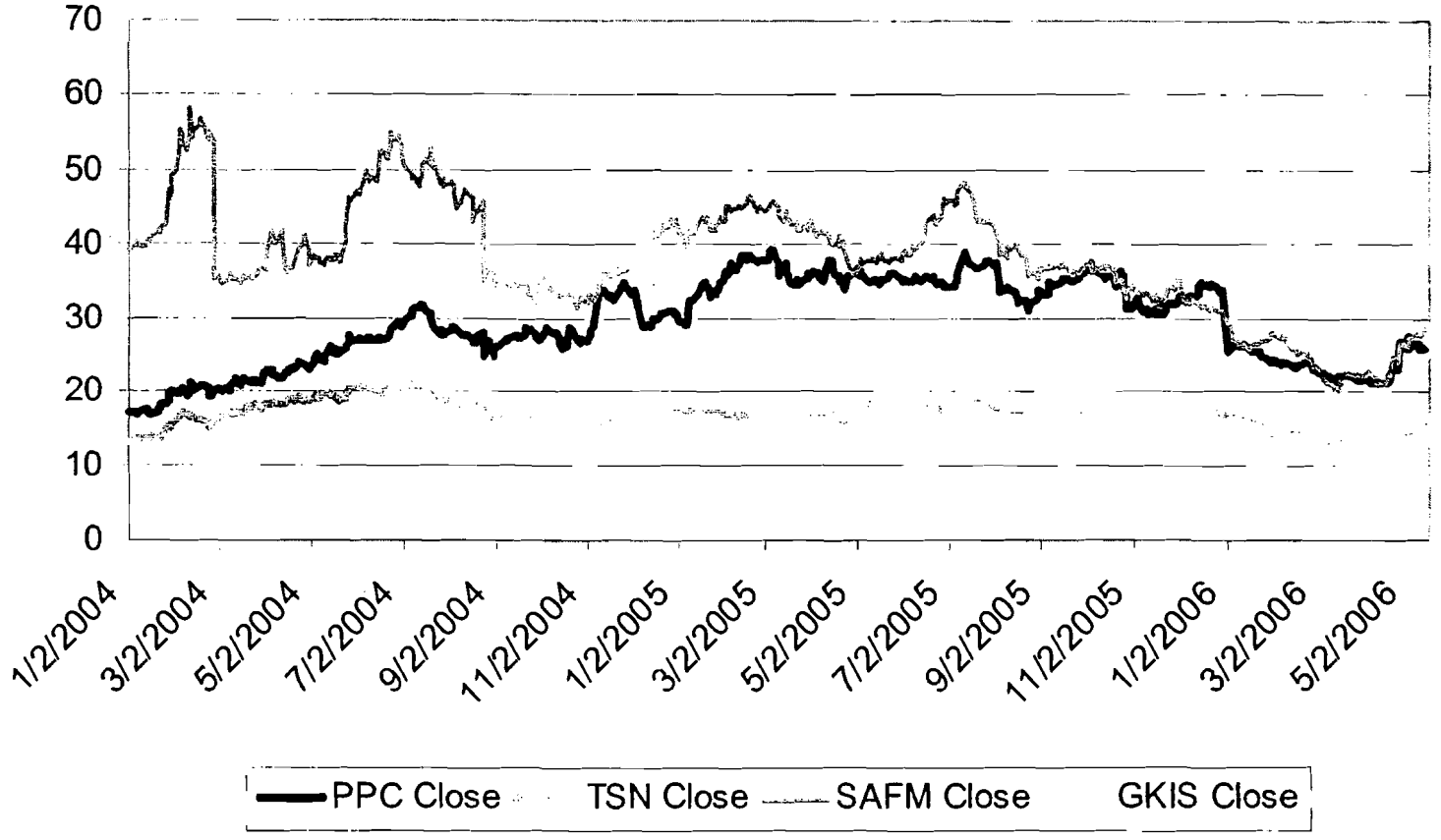
	FYE 2005	6-Mo 2005	6-Mo 2006
EBITDA / Interest Expense (**)	12.82x	11.83x	3.87x
Total Debt / EBITDA (*)(**)	0.94x	1.04x	1.25x
Net Debt / EBITDA (*)(**)	0.70x	0.75x	1.08x
Total Debt / Total Capital	30.1%	34.1%	30.1%
Net Debt / Total Capital	24.4%	27.2%	27.1%
Net Worth (millions)	$1,223.6	$1,026.1	$1,147.4
Book Value/Common Share	$18.38	$15.42	$17.24

(*) For 2Q FY2005 and 2Q FY2006, EBITDA used in this calculation is based on the LTM periods ending April 2, 2005 and April 1, 2006, respectively. See Appendix F for reconiliation.

(**) FY 2005, EBITDA used in this calculation has been adjusted. See Appendix F for reconciliation.

PPC Stock Comparison

PPC Closing Stock Price & Peers



Going Forward...

We believe our growth opportunities are still outstanding.

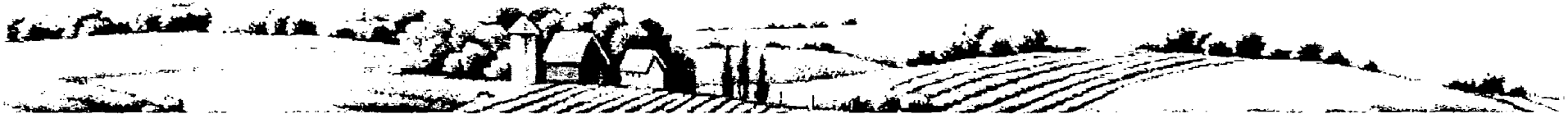
Financial goals remain clear:

Utilize free cash flow to fund internal growth and repay indebtedness

Continue reducing leverage with excess cash-flow

Selectively pursue expansion opportunities that generate high rates of return

Reconciliation of Non-GAAP Measures and Other Computations



Appendix A
Summary Operating Results – Sales Segments

($ in millions)	FY2005 2Q YTD	FY2006 2Q YTD	FY2005 Quarter 2	FY2006 Quarter 2
Chicken Sales:				
United States	$ 2,125.6	$ 2,019.4	$ 1,090.8	$ 985.2
Mexico	187.9	196.4	90.9	104.0
Total Chicken Sales	$ 2,313.5	$ 2,215.8	$ 1,181.7	$ 1,089.2
Total Turkey Sales	117.1	79.0	37.3	17.1
Sale of Other Products				
United States	303.2	307.6	148.1	154.1
Mexico	9.8	7.1	8.2	5.3
Total Sale of Other Products	313.0	314.7	156.3	159.4
Total Net Sales	$ 2,743.6	$ 2,609.5	$ 1,375.3	$ 1,265.7

Appendix B
Summary Operating Results – Operating Income

($ in millions)	FY2005 2Q YTD	FY2006 2Q YTD	FY2005 Quarter 2	FY2006 Quarter 2
Operating Income (Loss):				
Chicken and Other Products:				
United States	$ 170.7	$ 16.1	$ 82.1	$ (37.7)
Mexico	14.0	(5.1)	8.9	1.8
Sub Total	$ 184.7	$ 11.0	$ 91.0	$ (35.9)
Turkey	(10.2)	(12.4)	(5.5)	(6.7)
Other Products:				
United States	3.1	8.9	1.5	4.4
Mexico	2.4	0.8	2.0	0.3
Sub Total	$ 5.5	$ 9.7	$ 3.5	$ 4.7
GAAP Operating Income	**$ 180.0**	**$ 8.3**	**$ 89.0**	**$ (37.9)**
Operating Margin	3.16%	0.15%	6.50%	-2.82%
Turkey Restructuring & Other non-recurring items**	23.9	-	-	-
Adjusted Operating Income	**$ 156.1**	**$ 8.3**	**$ 89.0**	**$ (37.9)**
Operating Margin before Turkey Restructuring & Other non-recurring items	2.74%	0.15%	6.50%	-2.82%

**For FY2005 2Q YTD the turkey restructuring and other non-recurring items are composed of $23.8 mm of Turkey Recall Insurance Proceeds and $0.1mm in recoveries from vitamin and methionine litigation settlements

Appendix C
EBITDA Reconciliation – FY2000 thru FY2002

($ in thousands)

	Fiscal Years		
	FY2000	**FY2001**	**FY2002**
EBITDA Reconciliation			
Net Income	$ 52,344	$ 41,137	$ 14,335
Add:			
Income Tax Expense (benefit)	10,442	20,724	(12,425)
Interest expense, net	17,779	30,775	32,003
Depreciation and amortization	36,027	55,390	70,973
Minus:			
Amortization of capitalized financing costs	$ 1,236	$ 1,860	$ 1,417
EBITDA - as reported	$ 115,356	$ 146,166	$ 103,469

Appendix D
EBITDA Reconciliation – FY2003 thru FY2005

($ in thousands)

	Fiscal Years		
	FY2003	**FY2004**	**FY2005**
EBITDA Reconciliation			
Net Income	$ 56,036	$ 128,341	$ 264,979
Add:			
Income Tax Expense (benefit)	7,199	80,195	138,544
Interest expense, net	37,981	52,129	43,932
Depreciation and amortization	74,187	113,788	134,944
Minus:			
Amortization of capitalized financing costs	$ 1,477	$ 1,951	$ 2,321
EBITDA - as reported	$ 173,926	$ 372,502	$ 580,078

Appendix E

Reconciliation of Adjusted EBITDA FY2003 - FY2005

($ in thousands)

	Proforma FY2003	Adj. Pro forma FY2004*	Adjusted FY2005
Net Income	$ 34,731	$ 142,797	$ 264,979
Add:			
Income Tax Expense	(5,963)	89,054	138,544
Interest expense, net	70,813	56,500	43,932
Depreciation and amortization	116,854	120,833	134,944
Minus:			
Amortization of capitalized financing costs	1,476	1,951	2,321
EBITDA	$ 214,959	$ 407,233	$ 580,078
Adjustments:			
Turkey Restructuring	-	64,160	(5,277)
Other Restructuring	-	7,923	-
Turkey Recall Insurance	-	(23,815)	-
Turkey Recall Effects	65,000	20,000	-
Vitamin, Methionine and other litigation Settl	(55,977)	(1,038)	(11,680)
Adjustment to a 52 week year	(19,300)	(7,410)	
Adjusted EBITDA	$ 204,682	$ 467,053	$ 563,121

Appendix F

Reconciliation - Summary Credit Ratios & Other Information

EBITDA Reconciliation of FY2005 and LTM Periods EBITDA

($ in thousands)	FY2005	LTM* Ending 4/2/05	LTM* Ending 4/1/06
Net Income	$ 264,979	$ 190,002	$ 154,743
Add:			
Income Tax Expense	138,544	123,883	67,816
Interest expense, net	43,932	47,703	40,895
Depreciation and amortization	134,944	118,632	136,194
Minus:			
Amortization of capitalized financing costs	2,321	2,233	2,728
EBITDA	$ 580,078	$ 477,987	$ 396,920
Adjustments:			
Turkey Restructuring	(5,277)	59,720	(837)
Other Restructuring	-	7,923	-
Turkey Recall Insurance	-	(23,815)	-
Turkey Recall Effects	-	-	-
Vitamin, Methionine and other Litigation Settlements	(11,680)	(11,680)	-
Adjusted EBITDA	$ 563,121	$ 510,135	$ 396,083

Debt net of Cash Reconciliation

	FY2005	FY2005q2	FY2006q2
Total Debt	$ 527,466	$ 531,905	$ 495,114
Less Cash	132,567	147,837	67,680
Net Debt	$ 394,899	$ 384,068	$ 427,434

*For LTM Reconciliations see Appendix G and H

Appendix G

Reconciliation – Adjusted LTM EBITDA

	3Q2004 Actual	4Q2004 Actual	1Q2005 Actual	2Q2005 Actual	LTM Ending 4/2/05
Net Income	$ 9,814	$ 75,290	$ 48,509	$ 56,389	$ 190,002
Add:					
Income Tax Expense (benefit)	12,263	46,016	31,400	34,204	123,883
Interest expense, net	14,690	11,471	12,224	9,318	47,703
Depreciation and amortization	29,122	25,668	30,065	33,777	118,632
Minus:					
Amortization of capitalized financing costs	643	440	570	580	2,233
EBITDA	$65,246	$158,005	$121,628	$133,108	$477,987
Adjustments:					
Turkey Restructuring	55,982	8,178	-	(4,440)	59,720
Other Restructuring	7,923	-	-	-	7,923
Turkey Recall Insurance	-	(23,815)	-	-	(23,815)
Vitamin, Methionine and other Litigation Settlements	-	-	-	(11,680)	(11,680)
Adjusted EBITDA	$129,151	$142,368	$121,628	$116,988	$510,135

Appendix H
Reconciliation – Adjusted LTM EBITDA

	3Q2005 Actual	4Q2005 Actual	1Q2006 Actual	2Q2006 Actual	LTM Ending 4/1/06
Net Income	$ 85,352	$ 74,728	$ 26,617	$ (31,954)	$ 154,743
Add:					
Income Tax Expense (benefit)	38,324	34,616	10,023	(15,147)	67,816
Interest expense, net	12,322	10,068	8,448	10,057	40,895
Depreciation and amortization	30,421	40,681	30,348	34,744	136,194
Minus:					
Amortization of capitalized financing costs	590	581	581	976	2,728
EBITDA	$165,829	$159,512	$74,855	($3,276)	$396,920
Adjustments:					
Turkey Restructuring	(837)	-	-	-	(837)
Adjusted EBITDA	$164,992	$159,512	$74,855	($3,276)	$396,083

Appendix I

Non-recurring Effects Affecting Fiscal 2003 - 2005

FY2005 October 1, 2005 *(millions)*	Non-Recurring	Miscellaneous Net	Total Income	Expenses	Net Income (Loss)
Litigation Proceeds	$ -	$ 11.7	$ -	$ -	$ 11.7
Turkey Restructuring asset sales	-	-	-	5.3	5.3
Total	$ -	$ 11.7	$ -	$ 5.3	$ 17.0

FY 2004 *(millions)*	Non-Recurring	Miscellaneous Net	Total Income	Expenses	Net Income (Loss)
Recall Effects (estimate)	$ -	$ -	$ -	$ (20.0)	$ (20.0)
Vitamin	0.1	0.9	1.0	-	1.0
Turkey Restructing	-	-	-	(64.2)	(64.2)
Turkey Recall Insurance	23.8	-	23.8	-	23.8
Other Charges - Turkey	-	-	-	(7.9)	(7.9)
Total	$ 23.9	$ 0.9	$ 24.8	$ (92.1)	$ (67.3)

FY 2003 *(millions)*	Non-Recurring	Miscellaneous Net	Total Income	Expenses	Net Income (Loss)
Avian Influenza	$ 26.6	$ -	$ 26.6	$ (7.3)	$ 19.3
Vitamin	1.6	23.6	25.2	-	25.2
Methionine	18.3	12.5	30.8	-	30.8
Recall Effects (estimate)	-	0.0	0.0	(65.0)	(65.0)
Total	$ 46.5	$ 36.1	$ 82.6	$ (72.3)	$ 10.3

Appendix J
Reconciliation - Sales LTM 4/1/06

($ in millions)

	3Q2005 Actual	4Q2005 Actual	1Q2006 Actual	2Q2006 Actual	LTM Ending 4/1/06
Chicken:					
United States	$ 1,123.1	$ 1,162.6	$ 1,034.2	$ 985.2	$ 4,305.1
Mexico	114.4	101.2	92.4	104.0	412.0
Total Chicken Sales	$ 1,237.5	$ 1,263.8	$ 1,126.6	$ 1,089.2	$ 4,717.1
Total Turkey Sales	$ 37.5	$ 50.2	$ 61.9	$ 17.1	$ 166.7
Sale of Other Products:					
United States	$ 159.3	$ 163.6	$ 153.5	$ 154.1	$ 630.5
Mexico	5.7	5.2	1.8	5.3	18.0
Total Sale of Other Products	$ 165.0	$ 168.8	$ 155.3	$ 159.4	$ 648.5
Total Net Sales	$ 1,440.0	$ 1,482.7	$ 1,343.8	$ 1,265.7	$ 5,532.2

Appendix K
Reconciliation - Operating Income LTM 4/1/06

($ in millions)

	3Q2005 Actual	4Q2005 Actual	1Q2006 Actual	2Q2006 Actual	LTM Ending 4/1/06
Chicken:					
United States	$ 116.8	$ 113.9	$ 53.9	$ (37.7)	$ 246.9
Mexico	17.8	7.9	(7.1)	1.8	20.4
Total Chicken Sales	$ 134.6	$ 121.8	$ 46.8	$ (35.9)	$ 267.3
Total Turkey Sales	$ (1.9)	$ (6.1)	$ (5.6)	$ (6.7)	$ (20.3)
Sale of Other Products:					
United States	$ 2.2	$ 3.0	$ 4.5	$ 4.4	$ 14.1
Mexico	1.1	1.1	0.5	0.3	3.0
Total Sale of Other Products	$ 3.3	$ 4.1	$ 5.0	$ 4.7	$ 17.1
Total Net Sales	$ 136.0	$ 119.8	$ 46.2	$ (37.9)	$ 264.1

Appendix L

Reconciliation – Sales LTM 4/1/06

($ in millions)

	3Q2005 Actual	4Q2005 Actual	1Q2006 Actual	2Q2006 Actual	LTM Ending 4/1/06
U.S Chicken Sales:					
Prepared Foods:					
Foodservice	$ 400.3	$ 405.6	$ 386.2	$ 381.5	$ 1,573.6
Retail	76.1	77.0	73.2	72.6	298.9
Total Prepared Foods	$ 476.4	$ 482.6	$ 459.4	$ 454.1	$ 1,872.5
Fresh Chicken:					
Foodservice	$ 388.3	$ 401.0	$ 352.0	$ 339.3	$ 1,480.6
Retail	154.4	158.4	128.1	118.2	559.1
Total Fresh Chicken	$ 542.7	$ 559.4	$ 480.1	$ 457.5	$ 2,039.7
Export & Other:					
Export:					
Prepared Foods	$ 15.1	$ 14.1	$ 16.7	$ 15.6	$ 61.5
Chicken	81.2	104.1	73.8	53.5	312.6
Total Export	$ 96.3	$ 118.2	$ 90.5	$ 69.1	$ 374.1
Other Chicken By Products	7.7	2.4	4.2	4.5	18.8
Total Export and Other	$ 104.0	$ 120.6	$ 94.7	$ 73.6	$ 392.9
Total U.S. Chicken	$ 1,123.1	$ 1,162.6	$ 1,034.2	$ 985.2	$ 4,305.1

Appendix M

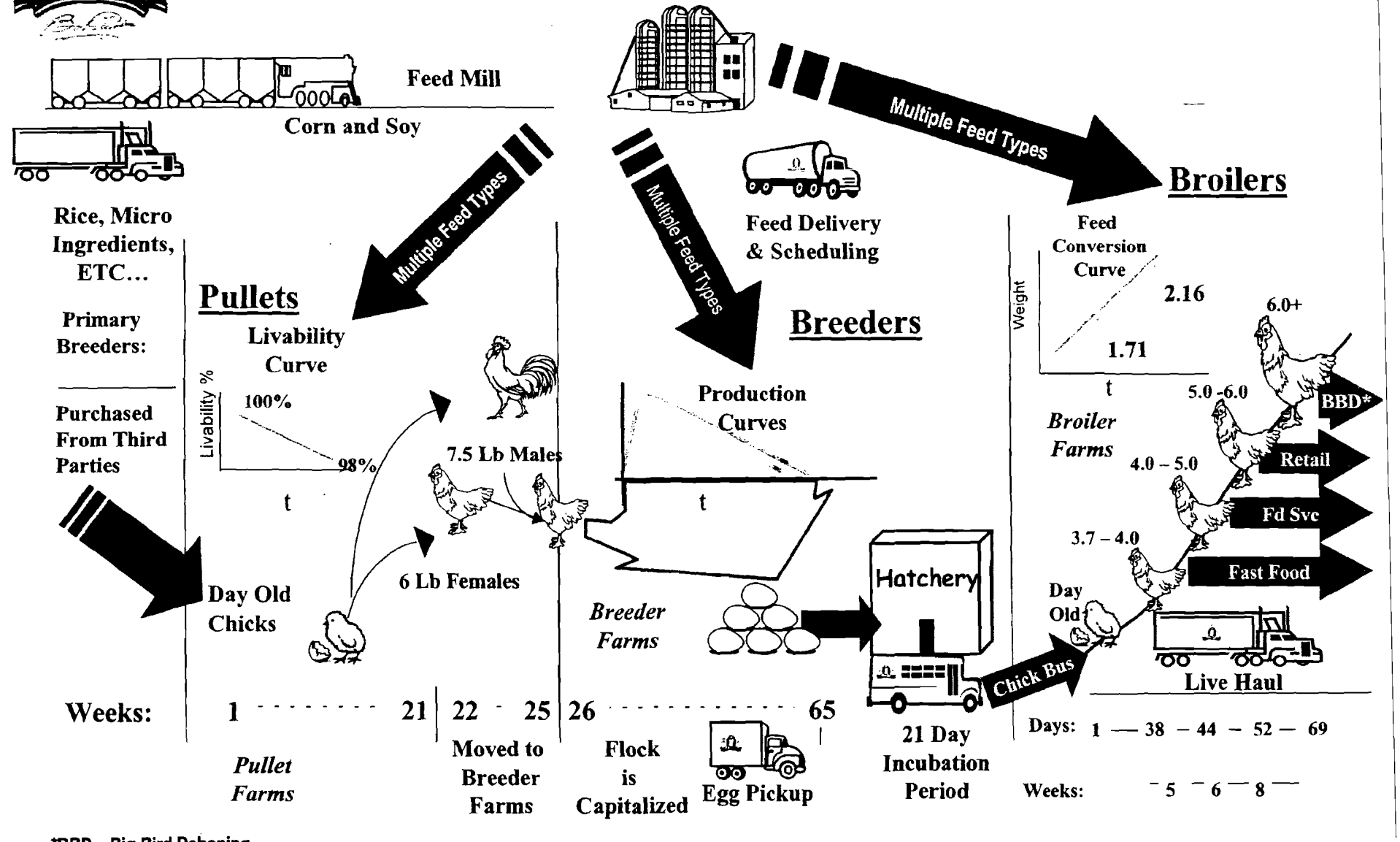
Reconciliation – Turkey Sales LTM 4/1/06

($ in millions)

	3Q2005 Actual	4Q2005 Actual	1Q2006 Actual	2Q2006 Actual	LTM Ending 4/1/06
Turkey Sales:					
Prepared Foods:					
Foodservice	$ 10.6	$ 8.0	$ 13.4	$ 6.3	$ 38.3
Retail	9.7	10.6	7.9	4.5	32.7
Total Prepared Foods	$ 20.3	$ 18.6	$ 21.3	$ 10.8	$ 71.0
Fresh Turkey:					
Foodservice	$ 1.7	$ 3.8	$ 2.5	$ 1.0	$ 9.0
Retail	13.4	26.2	37.6	4.9	82.1
Total Fresh Turkey	$ 15.1	$ 30.0	$ 40.1	$ 5.9	$ 91.1
Export & Other:					
Export:					
Prepared Foods	$ 0.3	$ 0.1	$ 0.1	$ 0.1	$ 0.6
Turkey	1.2	1.3	0.1	0.2	2.8
Total Export	$ 1.5	$ 1.4	$ 0.2	$ 0.3	$ 3.4
Other Turkey By Products	0.6	0.2	0.3	0.1	1.2
Total Export and Other	$ 2.1	$ 1.6	$ 0.5	$ 0.4	$ 4.6
Total Turkey	$ 37.5	$ 50.2	$ 61.9	$ 17.1	$ 166.7

Appendix N

Vertically Integrated Operation



*BBD – Big Bird Deboning

Pilgrim's Pride Corporation

39. Which of the following ways do you prepare the chicken? (READ RESPONSE CATEGORIES 1-6) (RANDOM ORDER)

1 Bake It
2 Bar-B-Que It
3 Broil It
4 Fry It
5 Microwave It
6 Roast It
7 (DO NOT READ) Other (SPECIFY) _____

Thank you, that completes the opinion section of the survey. Now, a few questions for demographic purposes and we'll be finished.

40. What is your age?

1 18-29 Years
2 30-44 Years
3 45-59 Years
4 60 Years And Over

41. What is the occupation of the head of this household? (IF RETIRED OR DISABLED, ASK...) What did he or she do before that?

*

42. Approximately, what is your household's total, annual income? Please stop me when I mention the income category that applies to this household. (READ 1-5 AS FAR AS NECESSARY)

1 Under $20,000
2 $20,000-$39,999
3 $40,000-$59,999
4 $60,000-$79,999
5 $80,000 And Over

43. How would you define the family status of this household: a married couple with children at home, a married couple without children at home, a single parent with children, a single person without children, or two or more single people living together?

1 Married With Children
2 Married Without Children
3 Single With Children
4 Single Without Children
5 Singles Living Together

44. And, your gender is male or female? (CONTINUE WITH...) Are you employed outside the home?

1 Employed Male
2 Not Employed Male
3 Employed Female
4 Not Employed Female

45. In addition to being American, what do you consider to be your main ethnic background?

1 African-American
2 Caucasian (White)
3 Hispanic/Asian
4 Other (SPECIFY)_____

46. What is the postal zip code for your residence address?

*

This concludes our survey. Thank you for your time.

Attachment F

Fresh Chicken Study
Final Report

Prepared by:

Russell RESEARCH

JUNE 2006

Background

- Currently, several competing brands label their chicken as "fresh" and/or "natural", despite having added ingredients.
- In order to determine perceptions of fresh/all-natural chicken, a quantitative research study was conducted by Russell Research, a New York-based custom research firm. This report represents findings from the study.

Research Purpose & Objectives

- The purpose of this study was to evaluate consumer perceptions of fresh chicken.
- Specifically, the study objectives were to:
  - Determine consumer label-reading behavior
  - Measure effect of food label on product purchase
  - Evaluate knowledge of fresh chicken definition
  - Determine the effect of added ingredients on the purchase behavior of fresh chicken
  - Evaluate differences by key demographic segments

Methodology

- The study was conducted using an online methodology. Interviewing was conducted on Russell Research's survey website.
- A total of 1,008 interviews were conducted for the study:
  - Female – 701 interviews
  - Male – 307 interviews
- In order to qualify for study inclusion, respondents were screened to meet the following criteria:
  - Ages 25 – 54
  - Purchase fresh chicken 2 or more times per month
  - Primary household purchaser of fresh chicken
- Interviewing for the study was conducted from June 8 – June 13, 2006.
- The data was weighted to reflect the incidence of fresh chicken purchasers by age segment.

Sample

- The sample for the study was randomly drawn from Survey Sampling's SurveySpot online consumer panel. Survey Sampling is recognized as the premier sample provider in the market research industry.
- The SurveySpot panel currently has over 2.3 million panel households. The panel members are recruited using a wide range of online and offline methods, including website registrations, email invitations and RDD telephone recruiting.
- For this research study, invitations were emailed to potential respondents targeted by gender and age.
- As an incentive to participate in the study, each respondent was entered into a monthly drawing with over $10,000 in prizes once the survey was completed.

Executive Summary

Executive Summary

Based on the study findings, the vast majority of respondents believe that fresh chicken labeled "natural" or "all natural" should not contain any added ingredients. Most agreed that fresh chicken should not include added ingredients, and a large percentage of respondents indicated they would be less likely to purchase their favorite brand if they found it included added ingredients.

- Nine out of ten respondents (91%) agreed with the statement "Fresh chicken that says it is 'natural' should not contain any type of added ingredients to the chicken." and the statement "I expect that a fresh chicken product labeled '100% Natural' or 'All Natural' would not contain any added ingredients, such as broth, phosphates or cargeenan.". Additionally, seven out of ten strongly agreed with each of these statements.
- Nearly one-half of respondents (48%) would be unlikely to purchase their usual fresh chicken brand if they found out it contained a broth solution.
- Only one-quarter of respondents (25%) agreed that "It's okay for the label on a brand of fresh chicken to read '100% Natural' and still contain up to 15% broth solution water, salt, phosphates, and/or cargeenan.".

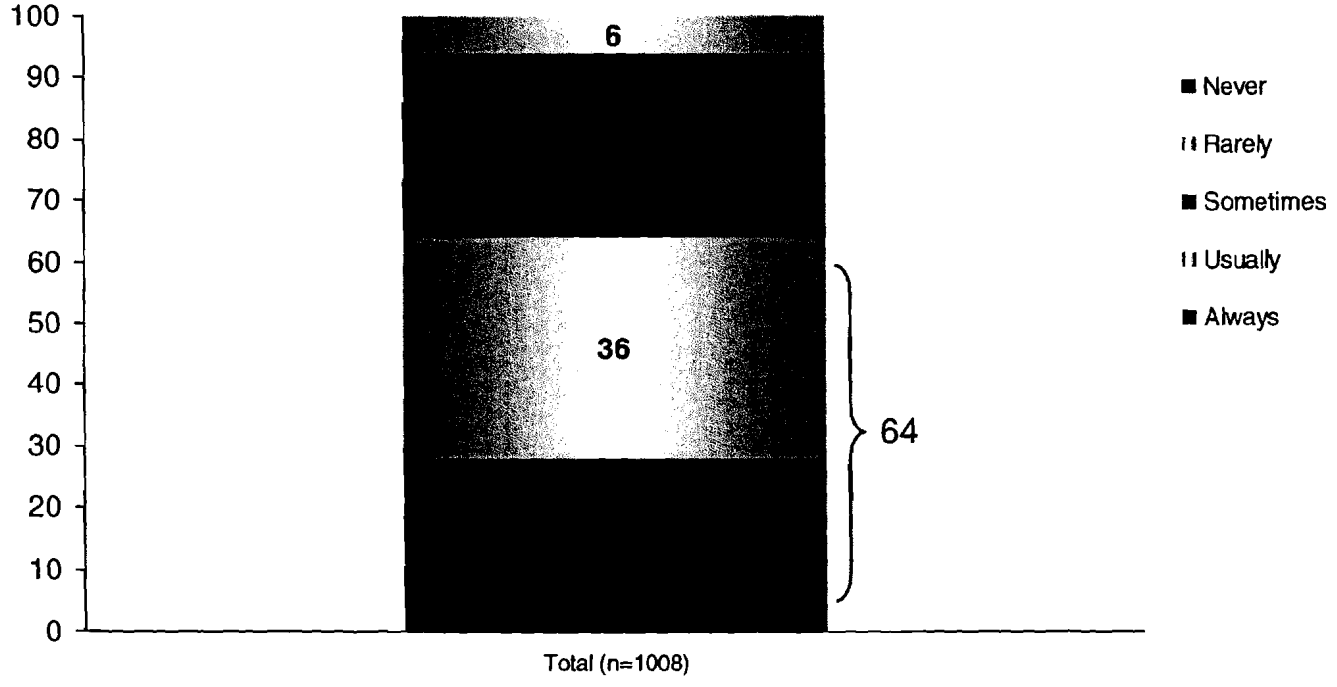
Most respondents read food labels and indicate it influences their purchase decision.

- Two-thirds of respondents (64%) always or usually read labels of food products, and nine out of ten (91%) indicated they at least somewhat influence their decision to purchase the item.
- Three out of four respondents (76%) believe that reading the label on fresh meats is important and always/usually influences their decision to purchase.

Detailed Findings

Frequency of Reading Label When Food Shopping

Two-thirds of respondents indicate they always or usually read the label on food products while shopping at the grocery store. Less than 1% of respondents said they never read the food label.



Base: Total Respondents

Q.1. When shopping for food products at your grocery store, how often do you read the label?

Frequency of Reading Label When Food Shopping (Cont'd.)

Adults between the ages of 35 – 44 are significantly less likely than 25 – 34 and 45 – 54 year olds to always or usually read the label on food while grocery shopping.

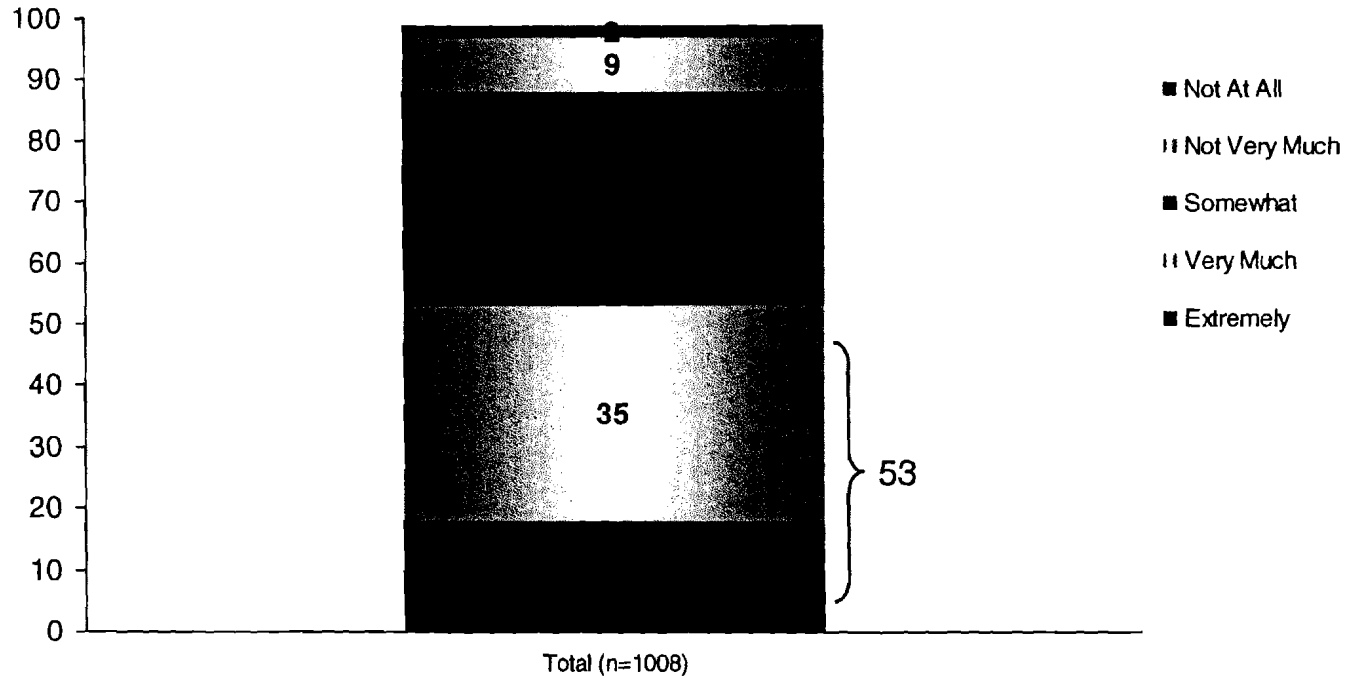
	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Always/Usually (net)	64	63	66 E	58	69 E	61	67
Always	28	28	27	25	32	26	30
Usually	36	36	39	32	36	35	37
Sometimes	29	30	28	34	28	32	28
Rarely/Never (net)	7	6	7	8 F	4	7	5
Rarely	7	5	5	8	4	6	5
Never	0	1	1 F	1	-	1 H	0

☐ = Significantly higher than designated cell at a 95% confidence level

Q.1. When shopping for food products at your grocery store, how often do you read the label?

Purchase Influence Rating for Reading the Label

One-half of respondents indicated that reading a food label influences their purchase decision extremely or very much, while an additional one-third are somewhat influenced by the food label.



Base: Total Respondents

Q.2. How much does reading the label influence your decision to purchase a food item?

Purchase Influence Rating for Reading the Label (Cont'd.)

A significantly higher percentage of 25 – 44 year olds indicated they are not influenced by the label when compared to 45 – 54 year olds. However, the percentage of respondents not influenced by food labels is low across all age groups.

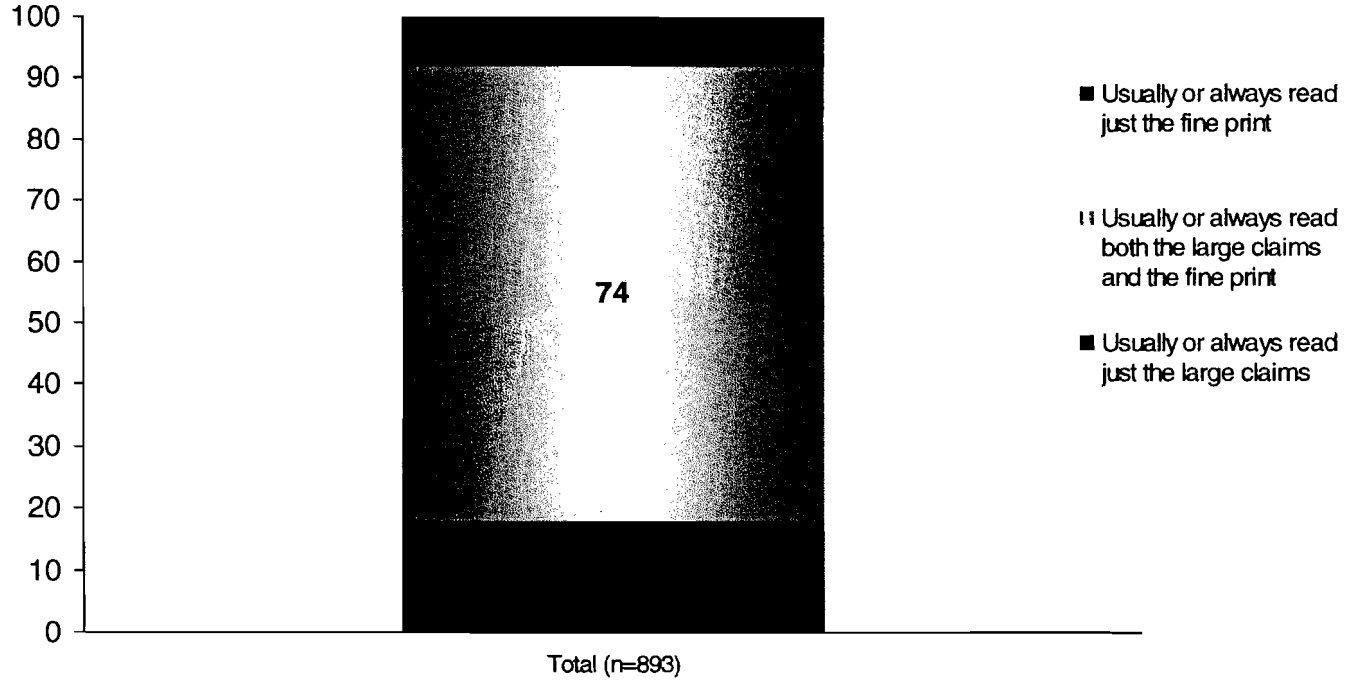
	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Extremely/Very Much (net)	50	55	53	51	58	54	53
Extremely	16	19	20	16	19	17	20
Very Much	34	36	33	35	39	37	33
Somewhat	37	34	35	35	34	35	35
Not Very Much/Not At All (net)	13	11	[12] F	[14] F	8	12	11
Not Very Much	11	9	9	[12]	7	8	10
Not At All	2	3	[4] F	2	1	[3] H	1

[ ] = Significantly higher than designated cell at a 95% confidence level

Q.2. How much does reading the label influence your decision to purchase a food item?

Label Involvement

Among respondents who read the food label and are at least sometimes influenced by it, three-quarters read <u>both</u> the large claims and the fine print. One in five just read the large claims, and one in ten read just the fine print.



Base: Total Always/Usually/Sometimes Read the Label and Extremely/Very Much/Somewhat Influenced By It

Q.3. Do you typically form an impression of a product based on the large claims on the front of a package (i.e. low-fat, new flavor, etc), or do you read the fine print on the back of the package?

Label Involvement (Cont'd.)

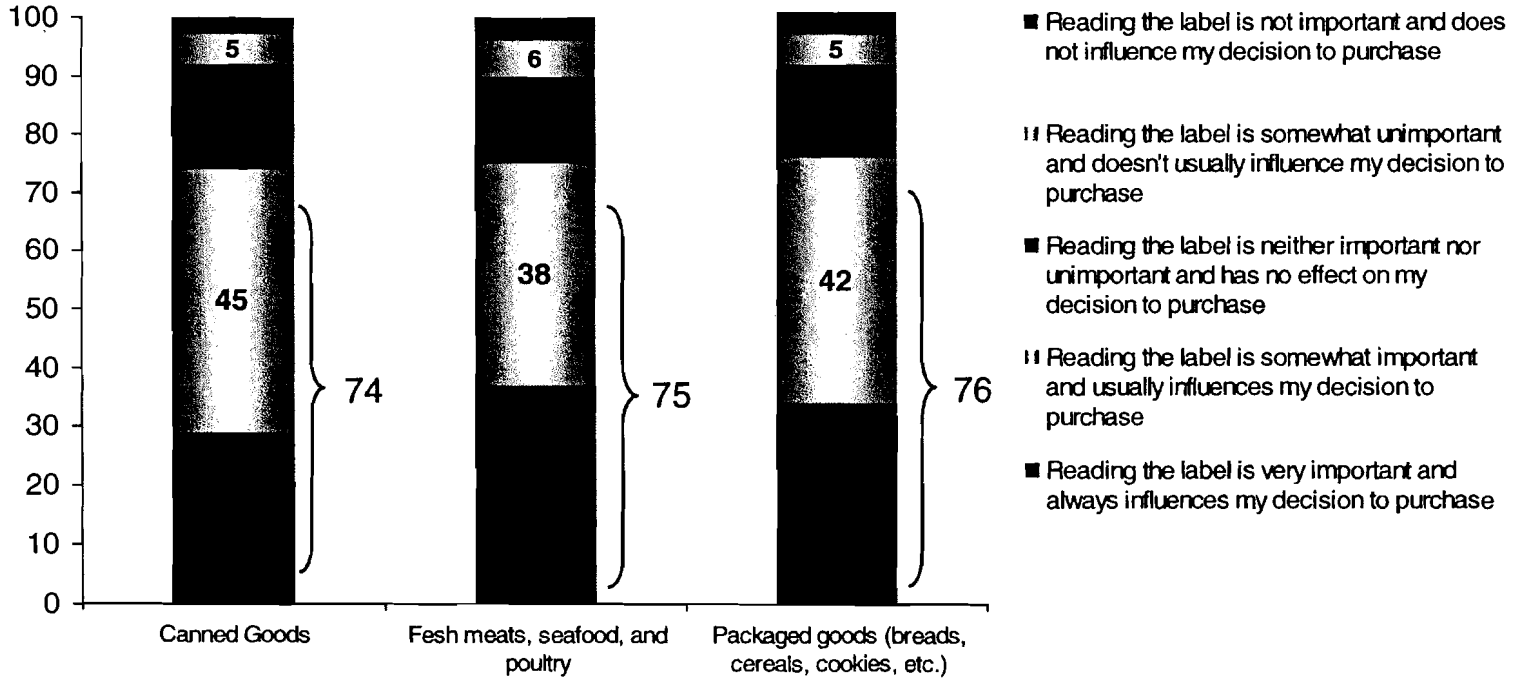
The findings for this metric were consistent across all key demographic segments.

	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Always/Usually/Sometimes Read The Label And Extremely/Very Much/Somewhat Influenced By It	(270)	(623)	(408)	(216)	(269)	(474)	(419)
	%	%	%	%	%	%	%
Usually or always read just the large claims	18	19	18	17	20	18	19
Usually or always read both the large claims and the fine print	74	74	74	76	71	74	74
Usually or always read just the fine print	8	7	7	7	9	8	7

Q.3. Do you typically form an impression of a product based on the large claims on the front of a package (i.e. low-fat, new flavor, etc), or do you read the fine print on the back of the package?

Label Reading Importance Ratings

Three out of four respondents believe it is important to read the food label on canned goods, fresh foods and/or packaged goods, and indicated it usually or always influences their purchase decision.



Base: Total Respondents (n=1008)

Q.4. Which of the following statements best describes your opinion of the product below?

Label Reading Importance Ratings – Canned Goods

Adults between the ages of 45 – 54 are significantly more likely than adults ages 25 – 44 to feel that reading the label on canned goods is very or somewhat important.

	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Very/Somewhat Important (net)	70	75	71	68	[81] DE	73	73
Reading the label is very important and always influences my decision to purchase	25	30	25	27	[35] D	29	28
Reading the label is somewhat important and usually influences my decision to purchase	44	45	47	41	47	44	45
Reading the label is neither important nor unimportant and has no effect on my decision to purchase	22	17	[19] F	[24] F	11	18	19
Somewhat Unimportant/Not Important (net)	9	8	10	8	7	9	9
Reading the label is somewhat unimportant and doesn't usually influence my decision to purchase	5	5	6	6	4	6	4
Reading the label is not important and does not influence my decision to purchase	4	3	5	2	3	3	4

[ ] = Significantly higher than designated cell at a 95% confidence level

Q.4. Which of the following statements best describes your opinion of the product below?

Label Reading Importance Ratings – Fresh Meats, Seafood, and Poultry

Adults between the ages of 45 – 54 are also significantly more likely than adults ages 25 – 44 to feel that reading the label on fresh foods is very or somewhat important. Additionally, females are significantly more likely than males to believe it is very important.

	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Very/Somewhat Important (net)	75	76	73	73	[82] DE	75	77
Reading the label is very important and always influences my decision to purchase	32	[40] B	34	34	[46] DE	37	38
Reading the label is somewhat important and usually influences my decision to purchase	43	36	39	40	36	38	39
Reading the label is neither important nor unimportant and has no effect on my decision to purchase	15	14	[16] F	[17] F	10	14	15
Somewhat Unimportant/Not Important (net)	10	10	11	10	8	11	8
Reading the label is somewhat unimportant and doesn't usually influence my decision to purchase	6	6	6	6	4	7	5
Reading the label is not important and does not influence my decision to purchase	5	4	5	4	4	5	4

[ ] = Significantly higher than designated cell at a 95% confidence level

Q.4. Which of the following statements best describes your opinion of the product below?

Label Reading Importance Ratings – Packaged Goods

Females are significantly more likely than males to think reading the label on packaged goods is very important and indicate it always influences their purchase decision.

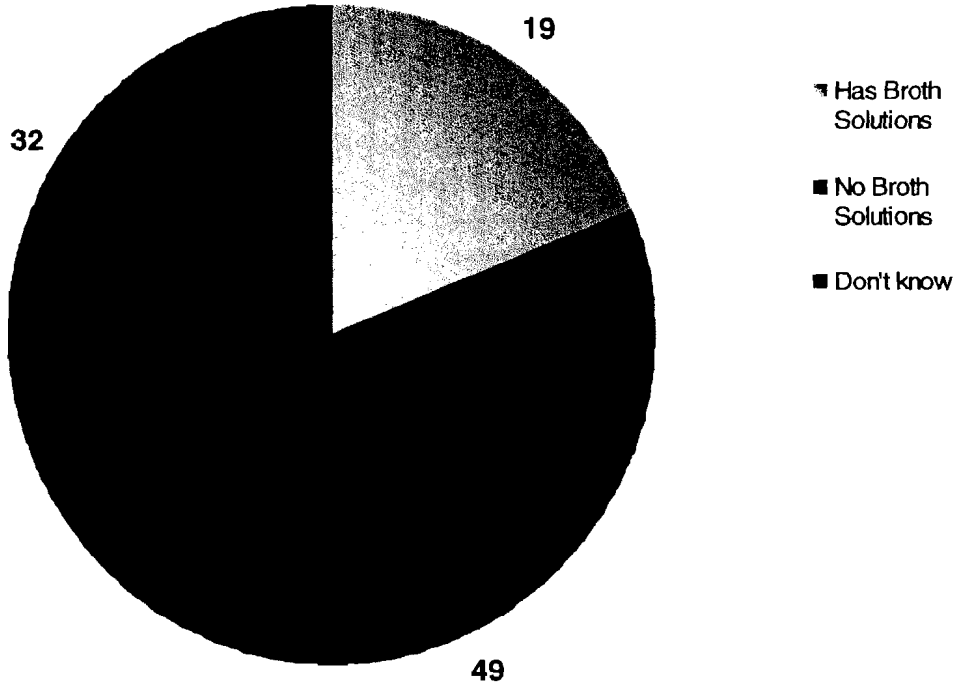
Total Respondents	Male (B) (307) %	Female (C) (701) %	25 to 34 (D) (465) %	35 to 44 (E) (252) %	45 to 54 (F) (291) %	Children (G) (537) %	No Children (H) (471) %
Very/Somewhat Important (net)	71	78	73	76	78	75	76
Reading the label is very important and always influences my decision to purchase	28	[36] B	27	34	[41] D	31	37
Reading the label is somewhat important and usually influences my decision to purchase	44	41	45	42	38	44	40
Reading the label is neither important nor unimportant and has no effect on my decision to purchase	18	15	16	16	15	16	16
Somewhat Unimportant/Not Important (net)	10	8	[11] F	8	6	9	7
Reading the label is somewhat unimportant and doesn't usually influence my decision to purchase	7	4	[6] F	5	3	5	4
Reading the label is not important and does not influence my decision to purchase	4	4	5	3	4	4	3

[ ] = Significantly higher than designated cell at a 95% confidence level

Q.4. Which of the following statements best describes your opinion of the product below?

Whether Fresh Chicken Purchased Has Broth Solutions

One-half of respondents believe fresh chicken <u>does not</u> include broth solutions, while one in five think it does. However, one-third of respondents were not sure.



Base: Total Respondents

Q.5. To the best of your knowledge, does the fresh chicken you typically purchase have added broth solutions containing water, salt, phosphates, and/or cargeenan?

Whether Fresh Chicken Purchased Has Broth Solutions (Cont'd.)

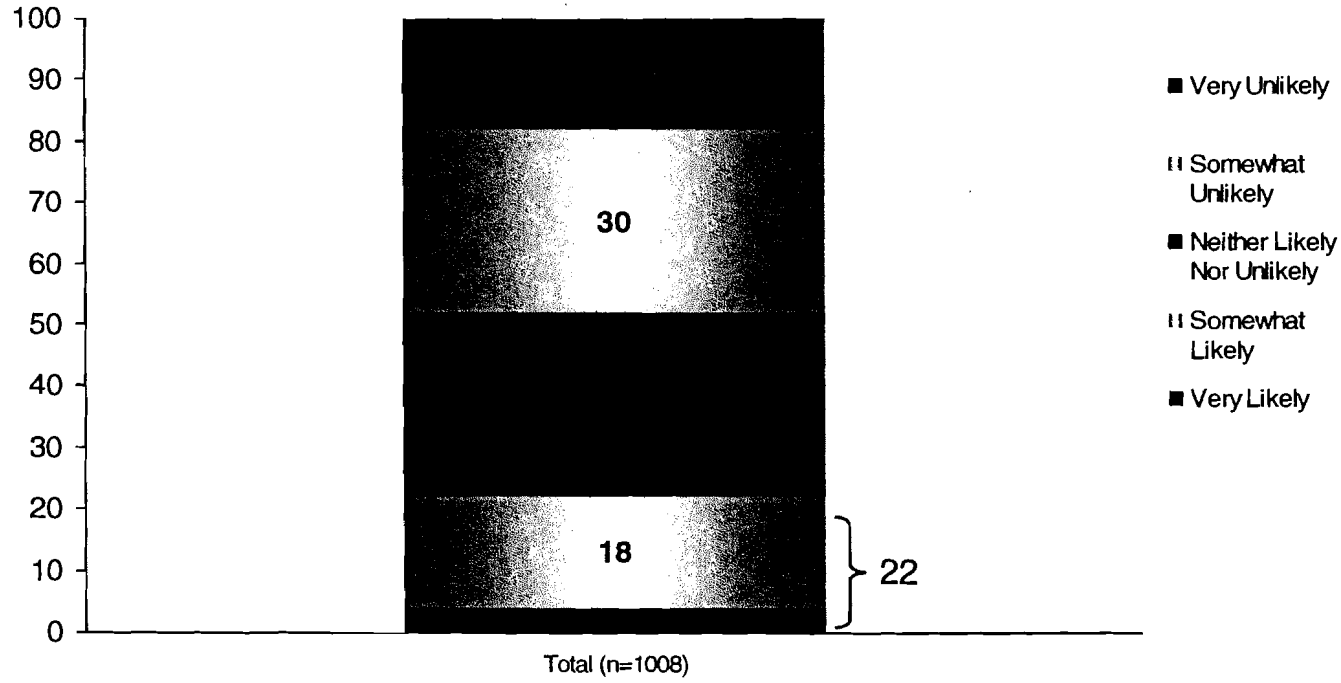
The findings for this question were consistent across demographic segments.

	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Has Broth Solutions	22	18	18	20	18	21	17
No Broth Solutions	47	50	47	47	54	47	52
Don't know	31	32	35	33	28	32	32

Q.5. To the best of your knowledge, does the fresh chicken you typically purchase have added broth solutions containing water, salt, phosphates, and/or cargeenan?

Frequency of Reading Label When Food Shopping

Nearly one-half of respondents indicated they would be unlikely to continue purchasing the brand of chicken used most often if they were to learn it contained a broth solution. Only one in five said they would be likely to continue purchasing the same brand.



Base: Total Respondents

Q.6. If you discovered that the brand of chicken you typically purchase contains a broth solution containing water, salt, phosphates, and/or cargeenan, how likely are you to continue to purchase this same brand?

Frequency of Reading Label When Food Shopping (Cont'd.)

Females, adults ages 45 – 54 and non-parents are significantly more likely to stop using the brand of chicken they typically purchase if it contained a broth solution.

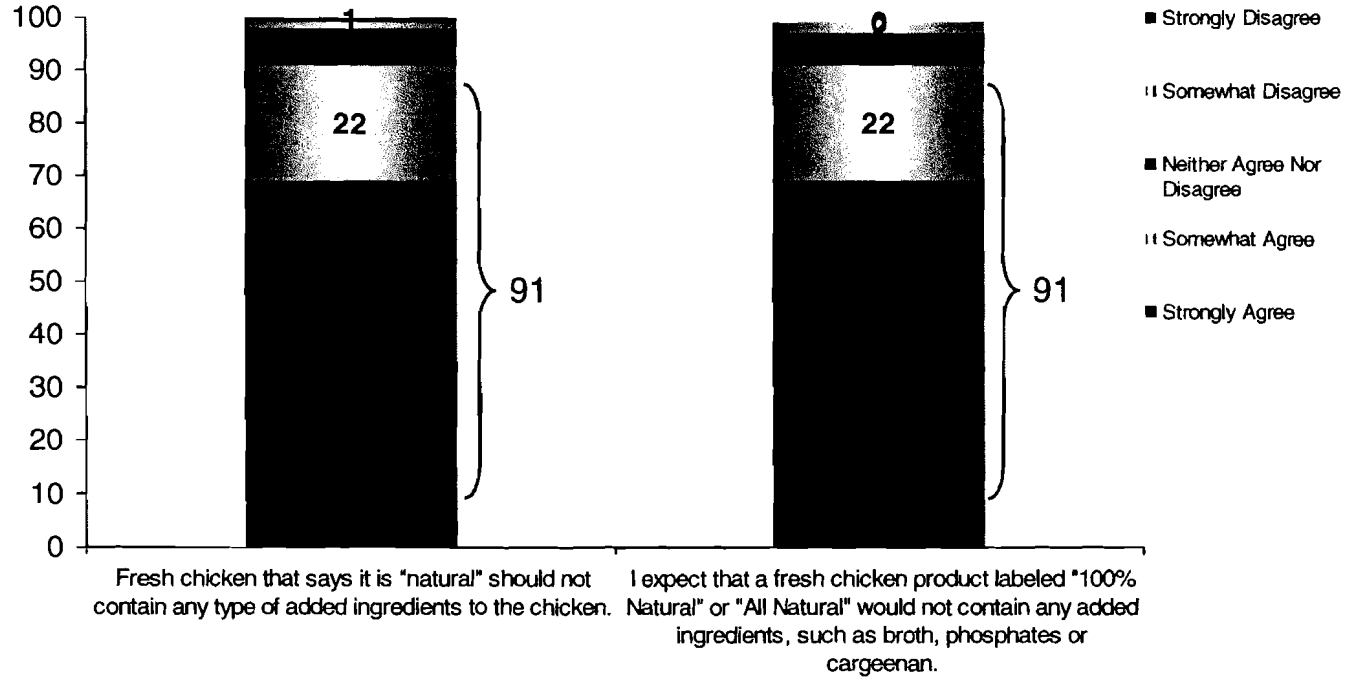
	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Very/Somewhat Likely (net)	26 C	20	25 F	24 F	16	25 H	19
Very Likely	6	3	5	4	3	5	3
Somewhat Likely	20	17	19 F	20 F	13	19	16
Neither Likely Nor Unlikely	34	29	34 F	30	27	31	29
Somewhat/Very Unlikely (net)	39	52 B	41	46	57 DE	44	52 G
Somewhat Unlikely	24	32	29	29	31	28	31
Very Unlikely	15	20	12	17	26 DE	16	21

☐ = Significantly higher than designated cell at a 95% confidence level

Q.6. If you discovered that the brand of chicken you typically purchase contains a broth solution containing water, salt, phosphates, and/or cargeenan, how likely are you to continue to purchase this same brand?

Statement Agreement Ratings

Nine out of ten respondents agree that fresh chicken labeled "natural" should not contain any added ingredients.



Base: Total Respondents (n=10008)

Q.7/8. How much do you agree with the following statement?

Statement Agreement Ratings

Virtually all adults ages 45 – 54 agree that fresh chicken labeled "natural" should not contain any type of added ingredients. This is significantly higher than all other age groups included in the research. Additionally, non-parents are significantly more likely than parents to agree with this statement.

Statement

Fresh chicken that says it is "natural" should not contain any type of added ingredients to the chicken.

	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Strongly/Somewhat Agree (net)	89	92	88	90	[96] DE	88	[94] G
Strongly Agree	61	[72] B	63	66	[78] DE	67	71
Somewhat Agree	[28] C	20	[25] F	24	18	21	23
Neither Agree Nor Disagree	9	7	[11] F	7	4	8	6
Somewhat/Strongly Disagree (net)	2	2	2	[3] F	1	[3] H	0
Somewhat Disagree	2	1	1	2	0	[2] H	0
Strongly Disagree	-	1	0	1	0	[1] H	-

[ ] = Significantly higher than designated cell at a 95% confidence level

Q.7. How much do you agree with the following statement?

Statement Agreement Ratings

Consistent with findings from the previous statement, the vast majority of adults ages 45 – 54 agree that fresh chicken labeled "100% natural" or "all-natural" should not contain any type of added ingredients, including broth, phosphates or cargeenan. This is significantly higher than all other age groups interviewed. Non-parents are significantly more likely than parents to agree with the statement.

Statement

I expect that a fresh chicken product labeled "100% Natural" or "All Natural" would not contain any added ingredients, such as broth, phosphates or cargeenan.

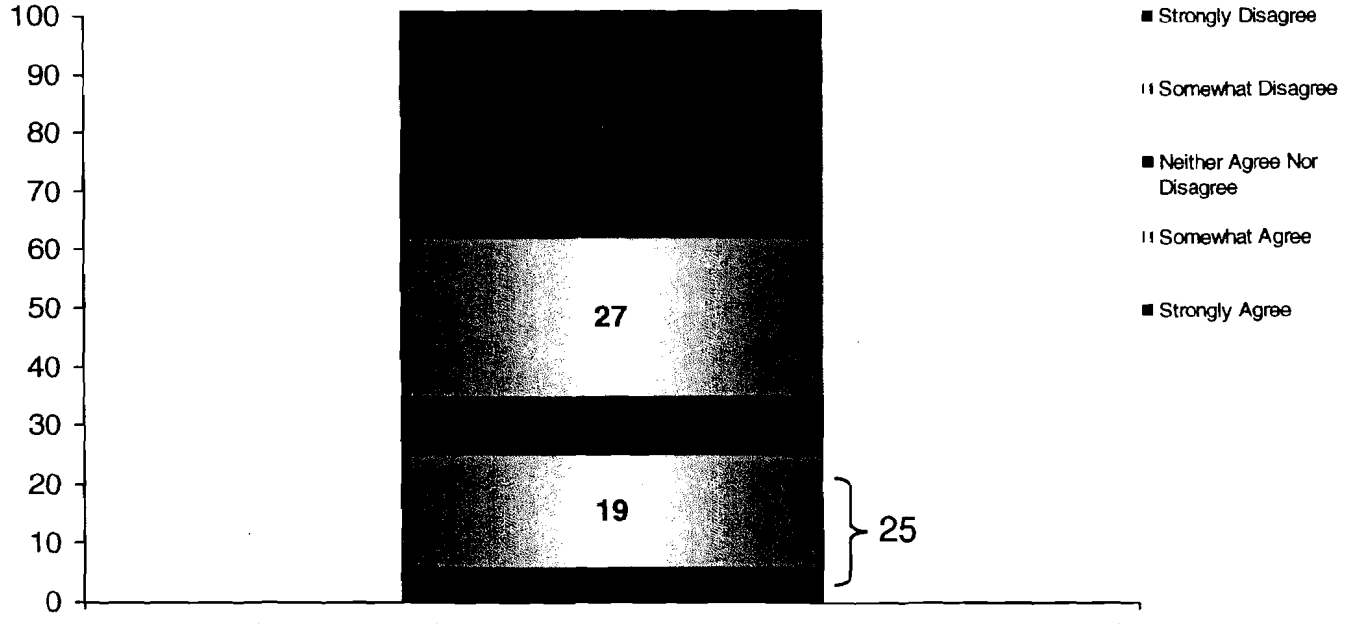
	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Strongly/Somewhat Agree (net)	91	91	89	89	95 DE	88	94 G
Strongly Agree	66	70	65	66	77 DE	66	72
Somewhat Agree	24	21	24	24	18	21	22
Neither Agree Nor Disagree	6	7	8 F	7	4	8	5
Somewhat/Strongly Disagree (net)	3	3	3 F	4 F	1	4 H	1
Somewhat Disagree	3	2	3 F	4 F	0	4 H	1
Strongly Disagree	-	1	0	0	0	1	-

☐ = Significantly higher than designated cell at a 95% confidence level

Q.8. How much do you agree with the following statement?

Statement Agreement Rating (Based on Unbranded Label)

After reviewing the unbranded label, only one-quarter of respondents agree that it is okay for a label to read "100% Natural" and contain up to 15% broth solution water, salt, phosphates and/or cargeenan.



Base: Total Respondents (n=1008)

Q.9. Based on the label above, how much do you agree with the following statement?

Statement Agreement Ratings (Based on Label)

Parents are significantly more likely than non-parents to agree with the statement below. However, three out of five parents disagree with the statement.

Statement

It's okay for the label on a brand of fresh chicken to read "100% Natural" and still contain up to 15% broth solution water, salt, phosphates, and/or cargeenan.

	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%
Strongly/Somewhat Agree (net)	27	24	26	[28] F	20	[28] H	21
Strongly Agree	7	5	6	5	6	6	6
Somewhat Agree	20	18	[20] F	[22] F	14	[22] H	15
Neither Agree Nor Disagree	11	10	13	9	9	11	9
Somewhat/Strongly Disagree (net)	61	67	62	63	[71] DE	61	[70] G
Somewhat Disagree	23	28	28	25	27	26	27
Strongly Disagree	38	39	33	38	[45] D	35	[42] G

[ ] = Significantly higher than designated cell at a 95% confidence level

Q.9. How much do you agree with the following statement?

Appendix

Monthly Fresh Chicken Purchases

	Total	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(1008)	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%	%
2	25	29	23	27 F	27	21	23	27
3	16	18	16	15	15	19	15	18
4	20	22	19	17	21	22	21	19
5	12	10	13	16 E	10	11	11	13
6	8	6	8	7	10	5	9	6
7-9	7	7	7	7	5	9 E	6	8
10-14	8	6	9	7	10	7	10 H	6
15 or more	4	3	4	3	3	5	4	3
Mean	4.9	4.5	5.1	4.8	4.9	5.2	5.2	4.6

☐ = Significantly higher than designated cell at a 95% confidence level

Demographics

Total Respondents	Total (A) (1008) %	Male (B) (307) %	Female (C) (701) %	25 to 34 (D) (465) %	35 to 44 (E) (252) %	45 to 54 (F) (291) %	Children (G) (537) %	No Children (H) (471) %
Gender:								
Male	30	100 C	-	30	30	30	20	42 G
Female	70	-	100 B	70	70	70	80 H	58
Age:								
25 – 29	15	14	15	46 EF	-	-	15	14
30 – 34	18	18	17	54	-	-	22 H	12
35 – 39	18	14	19	-	48 DF	-	24	11
40 – 44	19	23	17	-	52	-	21	17
45 – 49	15	16	15	-	-	49 DE	10	21 G
50 – 54	16	15	16	-	-	51	7	25
Marital Status:								
Married	55	45	59 B	53	57	54	69 H	39
Not Married (net)	45	55 C	41	46	43	45	31	61 G
Mean Household Size:	3.1	2.7	3.3 B	3.3 F	3.3	2.7	4.1 H	1.9
Presence of Children:								
Children Present (net)	53	35	61 B	61 F	65 F	30	100 H	-
No Children Present	47	65 C	39	39	35	70 DE	-	100 G
Education:								
No College (net)	24	19	26 B	21	22	28 D	26	22
College (net)	76	80 C	74	78 F	77	72	74	78

= Significantly higher than designated cell at a 95% confidence level

Demographics

Total Respondents	Total (A) (1008) %	Male (B) (307) %	Female (C) (701) %	25 to 34 (D) (465) %	35 to 44 (E) (252) %	45 to 54 (F) (291) %	Children (G) (537) %	No Children (H) (471) %
Employment Status:								
Employed (net)	69	[77] C	66	68	74	66	67	72
Homemaker	16	2	[23] B	[23] EF	15	11	[24] H	8
Student (net)	2	2	3	3	1	3	2	3
Retired	3	5	3	-	1	[10] DE	1	[6] G
Unemployed	7	13	5	6	8	8	4	[10]
Rather not answer	1	1	1	1	1	2	1	1
Mean Income:	58.0	61.0	56.7	54.1	[60.0] D	59.9	60.3	55.5
Whether of Hispanic Descent:								
Hispanic	18	12	[21] B	[22] F	[20] F	12	[21] H	15
Not Hispanic	81	[87] C	79	77	80	[87] DE	78	[84] G
Rather Not Answer	1	1	1	1	0	2	1	1
Ethnicity:								
Caucasian	68	[76] C	64	68	66	69	66	69
African-American	17	7	[21] B	11	[20] D	[18] D	18	15
Mixed Ethnic Background	3	3	3	3	3	3	3	3
Asian/Pacific Islander	2	[4] C	1	[3] F	2	1	2	2
Native American	2	3	1	0	2	[2] D	1	2
Other	5	3	5	[7] F	4	3	5	4
Rather Not Answer	4	2	5	[7] E	2	4	5	4
Community Development Level:								
Urban	25	26	25	28	23	24	23	28
Suburban	49	51	47	48	[53] F	43	50	47
Rural	26	22	28	23	23	[32] DE	27	25

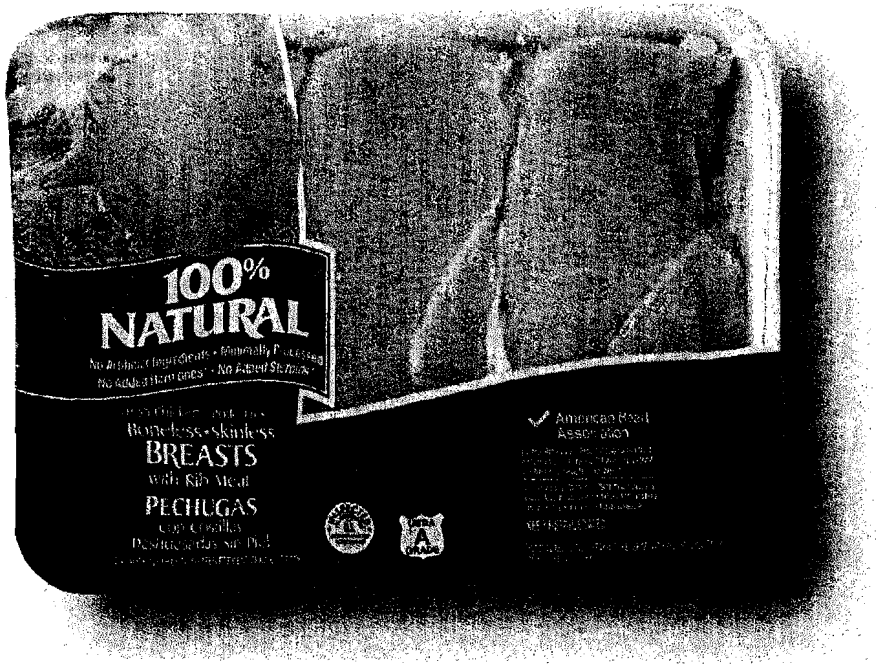
[ ] = Significantly higher than designated cell at a 95% confidence level

Type of Housing Reside In

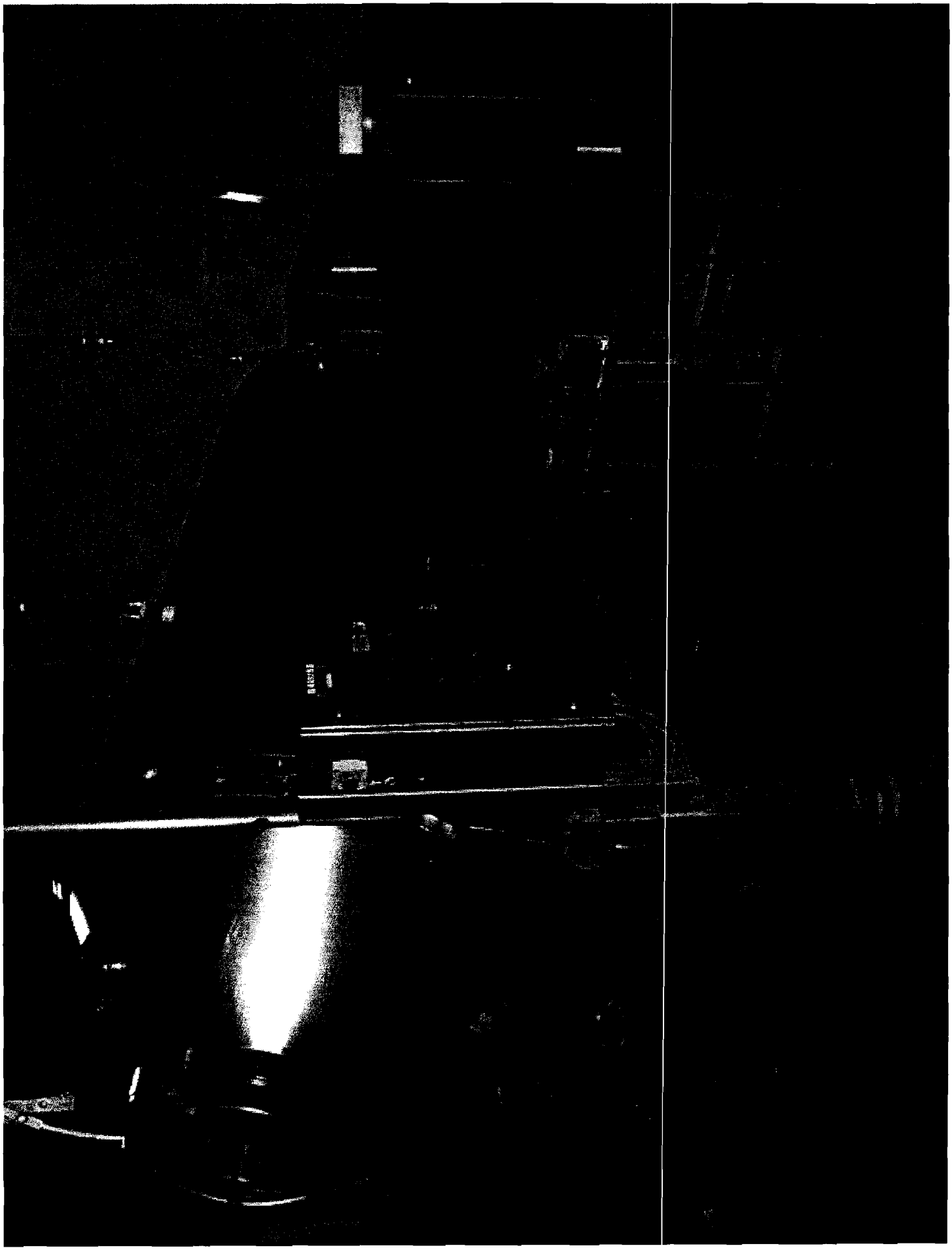
	Total	Male	Female	25 to 34	35 to 44	45 to 54	Children	No Children
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Total Respondents	(1008)	(307)	(701)	(465)	(252)	(291)	(537)	(471)
	%	%	%	%	%	%	%	%
Rent (net)	35	39	34	[46] EF	33	28	33	38
I rent an apartment	21	[27] C	19	[27]	19	19	16	[27] G
I rent a house	14	12	15	[19] F	14	9	[17] H	11
Own (net)	58	52	[60] B	46	[63] D	[65] D	[62] H	52
I own a condo or a coop	4	6	3	5	4	3	1	[7] G
I own a house	54	46	[57] B	41	[59] D	[61] D	[61] H	45
Other	7	9	6	9	5	8	5	[9] G

[ ] = Significantly higher than designated cell at a 95% confidence level

Unbranded Label



Attachment G



Attachment H

A&G RESEARCH INC. 10 PARAGON DRIVE MONTVALE, NJ 07645
(201) 326-0320 FAX: (201) 307-8899 www.agresearchinc.com

AWARENESS & INTEREST IN NATURAL OR 100% NATURAL CHICKEN

~ ACROSS THE REGIONS ~

A&G Research ... committed to achieving shared visions

Table 1

IMPORTANCE THAT FRESH CHICKEN BOUGHT IS NATURAL OR 100% NATURAL

May 2007

	N Cal	S Cal	Seattle	Portland
	(A)	(B)	(C)	(D)
BASE: Total Respondents	(300) %	(300) %	(303) %	(301) %
Extremely/Very Important	60	61	56	57
Extremely important	21	27[A]	24	25
Very important	39	34	32	32
Somewhat important	28	29	33	32
Not Very/Not At All Important	12	10	11	11
Not very important	7	5	6	7
Not at all important	5	5	5	4

Letter = Significantly higher than column indicated at the 90% level of confidence.

Table 2

WHICH TYPES OF FRESH CHICKEN SHOULD NOT BE LABELED AS NATURAL CHICKEN

May 2007

	N Cal	S Cal	Seattle	Portland
	(A)	(B)	(C)	(D)
BASE: Total Respondents	(300) %	(300) %	(303) %	(301) %
Fresh chicken that is injected with carrageenan	89	87	92[B]	90
Fresh chicken that is injected with phosphates	88	88	91	89
Fresh chicken that is injected with sea water and salt	76	78	75	73
Fresh chicken that is injected with sea salt	71	75	71	70
Fresh chicken that is injected with chicken broth	69	68	67	70
Fresh chicken that is injected with salt and water	65	67	64	64
Fresh chicken that is injected with plain water	48[C]	44	49	52
Fresh chicken that has nothing added to it	7	5	4	4

Letter = Significantly higher than column indicated at the 90% level of confidence.

Attachment I

THE BALTIMORE SUN

June 12, 2007

What's in your chicken?

Poultry gets plumped with water, salt and other additives

By Meredith Cohn
Sun reporter

Those chicken breasts and thighs for sale in the grocery meat case might not be all bird, and consumer advocates say few shoppers know it.

Processors have been injecting some fresh poultry with up to 15 percent water, salt and elements of seaweed in recent years because, they say, it makes the meat taste better and government regulators allow it.

But critics say almost a third of the chicken Americans now buy has the additives, so it costs consumers more when it's sold by the pound and pumps more unhealthy sodium into their meals.

A coalition of consumer and health groups, lawmakers and some processors are pressing the U.S. Department of Agriculture, which is rewriting rules for food labeling, to stop companies from calling meat with additives "100 percent natural." And they want to force companies to enlarge the fine print on their packaging so consumers are more likely to notice what they are buying.

"I assumed it was all chicken," said Dave Alter of Baltimore, who picked up a package at a local Safeway recently that was injected with chicken broth and other additives. "I never noticed anything on the label. ... I certainly don't want more sodium."

For the most part, processors acknowledge that the labels are confusing and are not fighting changes. But they are split on whether it's OK to say chicken is natural when it's infused with salt water, or "chicken broth" as it's sometimes called.

The processors call chicken with additives "enhanced" and have been selling such products for about four years. But some companies began labeling it natural in 2005. That's when USDA approved the companies' use of naturally derived elements for boosting flavor and moisture, said Julie Greenstein, deputy director of health promotion policy at the Center for Science in the Public Interest.

In Maryland, fresh poultry has become the biggest segment of the farm economy, worth a half-billion dollars in sales in 2005, or a third of farm sales. Growers dot the Eastern Shore, and Perdue Farms Inc., one of the nation's largest poultry companies, is based in Salisbury.

Chicken is the meat of choice in many U.S. households, and that makes the labeling issue especially pressing, Greenstein and others said. Americans ate an average of 88 pounds of chicken last year, compared with 39 pounds 30 years ago, according to industry data.

But the critics estimate that consumers are paying more than $2 billion a year for such fresh chicken and getting salt water. The chicken also contains up to eight times the amount of salt per serving - about 370 milligrams of sodium versus 45 milligrams, in a four-ounce serving of skinless, boneless chicken breast.

Processors use USDA guidelines from 1982 that were tweaked in 2005. Those guidelines say natural food is minimally processed and contains nothing artificial or synthetic and no coloring or preservatives. Changes in food technology have muddied terms over time, and support for a modern, formal definition has picked up steam, even in the industry.

Hormel Foods Corp. petitioned USDA's Food Safety and Inspection Service in October to rewrite the label rules for sliced deli meats made from poultry and other meat. Though other meats are injected with additives, poultry and pork are enhanced most often and labeled natural. Some Hormel competitors were using sodium lactate, a known preservative, but calling the product natural.

Federal officials expect to propose some rules and solicit comments in the fall, but an agency spokesman said they aren't prepared to say what the new guidelines will include.

A big critic of the natural labels has been one of the chicken industry's own, Laurel, Miss.-based processor Sanderson Farms Inc. Lampkin Butts, president and chief operating officer, said he's hoping the USDA acts fast to clear up the confusion. It's a competition issue. If shoppers know he doesn't enhance his chicken, he'll sell more than those who do.

But he said consumers can't easily tell the difference because injected chicken looks the same. Shoppers have to inspect the packaging for small type or check the back of the package for sodium content.

"We had complained in Washington to no avail," he said. "The Hormel petition opened the book for USDA to consider their policies on what is 'natural.' ... We're hoping they can sit down and write a reasonable policy with the consumer in mind and not drag this out two or three years."

Meanwhile, companies say they plan to continue enhancing meats they sell because consumers prefer it.

Gary Mickelson, a spokesman for Springdale, Ark.-based Tyson Foods, one of the nation's largest processors, said the company agrees that USDA needs to update the definition of natural so consumers understand what they are buying. But he said consumers will accept some naturally derived elements in their chicken for better taste, and the company should still be allowed to label it natural.

The company refers to its chicken with additives such as chicken broth, sea salt and natural flavor as marinated.

"Surveys show that consumers prefer marinated chicken over conventional chicken," he said "An increasing number tell us they want all natural chicken, yet prefer the taste and juiciness of marinated product. Marinated chicken is more forgiving for the home cook because it turns out tender and juicy."

Perdue says it also believes in allowing consumers to decide what to buy, so long as the label does not confuse them. The company has been enhancing some of its chicken since 2003, under the brand Tender & Tasty, but does not call it natural. Officials want the rules to ban others from calling similar products natural.

"We do not believe it is acceptable to label 'enhanced' fresh poultry as '100 percent natural' or 'all natural' under any circumstance," said Julie DeYoung, a Perdue spokeswoman.

Some lawmakers wrote to the USDA in May about changing the policy. Rep. Dennis Cardoza, a California Democrat who chairs the House Agriculture Committee's panel on horticulture and organic agriculture, and Rep. Charles W. "Chip" Pickering Jr., a Mississippi Republican, called on USDA to make swift changes to the natural label rules.

"Given the magnitude of this deception on consumers' food budgets and its health implications with regard to sodium, we expect USDA to use its authority to quickly put an end to these misleading labels," the letter said.

And consumers, including William Rajaram of Baltimore, do say the labels are misleading. He recently picked up a package of chicken injected with "15 percent chicken broth" and didn't notice the added sodium because he only looked at the protein and fat content.

"That sodium makes me not want it," he said. "It's unhealthy for me, but it could be devastating to someone with high blood pressure. The wording should be bigger, definitely."

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THE WALL STREET JOURNAL.

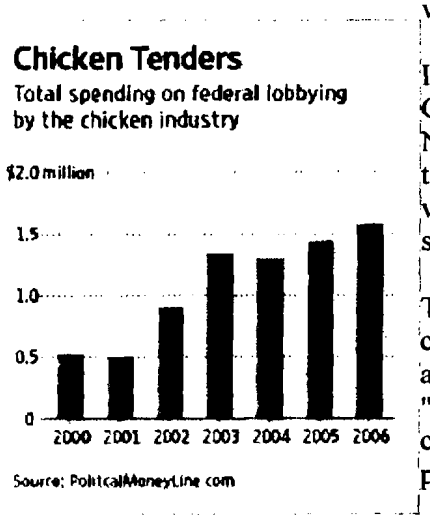
THURSDAY, MAY 17, 2007

Small Poultry Firms Push To Rein in Use of 'Natural'

By LAUREN ETTER

A coalition of poultry producers is mobilizing to push the Agriculture Department to tighten the definition of "natural," a word food companies often use on their labels to appeal to health-conscious consumers.

The coalition is made up of producers who don't typically use additives in their fresh chicken products. It wants the department, which is rewriting its 25-year-old definition of "natural," to craft a new one that excludes chicken products that contain anything other than chicken. The group, which includes **Sanderson Farms** Inc., Foster Farms and Gold'n Plump Poultry, plans to deliver its formal request to the agency in a letter this week.



Industry giants like **Tyson Foods** Inc. and **Pilgrim's Pride** Corp. recently have started labeling their products as "100% Natural," even though they are mechanically injected or tumbled with a marinade solution that consists of sea salt, water and in some cases starchy products like carrageenan, a seaweed extract that helps chicken breasts retain moisture.

The Agriculture Department currently decides on a case-by-case basis which products can use the "natural" label. The agency is guided by a one-page general principle that says "natural" products can't contain any artificial flavor, artificial color, chemical or synthetic ingredient. It also says that the product can only be "minimally processed."

Industry practices have changed significantly since 1982, when the policy was written. For years food companies relied more on chemicals in the manufacturing process. But today, they are increasingly using sophisticated industrial processes, rather than loads of artificial additives, to make products that meet consumer ideals of healthiness and taste.

The result is a blurring of lines as an increasing number of consumers are drawn to packages labeled "natural," "fresh," "free-range" or "organic." Last year, Tyson introduced a new line of products called "100% All Natural Marinated Fresh Chicken." The chicken is either injected or tumbled with a marinade solution containing chicken broth, sea salt and "natural flavor." Pilgrim's Pride, the nation's largest chicken producer, also recently introduced a line of "natural" chicken that contains chicken broth, salt and carrageenan.

Tyson says extensive surveys show that consumers prefer the enhanced chicken over conventional chicken. Pilgrim's Pride spokesman Ray Atkinson says the ingredients used to

enhance chicken are all naturally occurring and that they don't "fundamentally alter the product."

Smaller poultry producers are crying foul. They say they have been using "natural" on their labels for years as a way to distinguish their products, which typically contain nothing but chicken. Now they contend that the big players are diluting the integrity of the "natural" label. "Seaweed occurs naturally in the ocean -- not in chickens," says Lampkin Butts, president of Sanderson Farms.

They also say big producers are misleading consumers by selling them a product that contains higher moisture content, which means more weight, without prominently declaring that on the label. The solution can account for as much as 15% of the weight of a package of Tyson's "All Natural" boneless skinless chicken breasts. The product typically costs the same per pound as its untreated chicken products.

Enhanced chicken also typically contains more sodium. A breast of untreated chicken contains less than 50 milligrams of sodium, compared with 320 milligrams of sodium in a single serving of Pilgrim's Pride's "100% Natural" split breast with ribs.

Stephen Havas, vice president of the American Medical Association, is concerned the added sodium "has potential health implications" because most consumers aren't reading labels on "natural" chicken because they expect it to be free from any additives.

The poultry coalition plans to ask the Agriculture Department to require poultry-product labels to include a more prominent description of what exactly the product contains. Currently the labels, which say something like "enhanced with up to 15% chicken broth" may not pop out to the casual shopper, even though the department requires the lettering to be no smaller than one-quarter the size of the largest letter on the label.

Robert Post, the department's director of labeling and consumer protection, says poultry processors using the injection method can advertise their product as "natural" even though injection requires a giant machine that sticks metal needles into the chicken. He says that is because, in the agency's views, the process is similar to the kind of tenderizing processes that consumers can use at home.

The coalition may face an uphill battle on Capitol Hill. Last year Tyson Foods, through its political action committee, spent $185,000 on federal campaign contributions, while Foster Farms, spent $8,000.

But smaller chicken producers have had success fighting the big boys before. In the late 1990s, a similar coalition succeeded in getting the Agriculture Department to forbid processors from labeling chicken as "fresh" if it had been chilled below 26 degrees Fahrenheit. The group's official slogan was "If you can bowl with it, it's not fresh" and it generated publicity by actually bowling with frozen chickens.

Write to Lauren Etter at lauren.etter@wsj.com[1]