



To Our Valued Customers,

May 28, 2007

During the Spinach Crisis of 2006, it was determined by the Food & Drug Administration that we, the Growing and Shipping Industry as a whole, were not taking enough precautionary measures in regards to Food Safety. As part of our own Food Safety program, Church Brothers and True Leaf adhered to the Good Agricultural Practices Guidelines established at that time through continuous auditing of Harvesting Crews, Processing Facilities, Cooling Facilities, Ranches and Water Testing. These tests covered the Generic *E coli* strain, but not specifically *E.coli 0157:H7*. Our scores through 3<sup>rd</sup> Party audits had been excellent and our history supported its effectiveness, thus reinforcing the validity of our Food Safety program.

In light of recent incidents, we have realized that covering the basics is not enough. We need to increase the depth and integrity of our practices, and be proactive in preventing any future outbreaks. What was once an acceptable standard is now not enough. We are committed to going above and beyond traditional practices and to make every available effort to ensure Food Safety from the ground up.

We have since accepted and are implementing the GAP metrics, and the procedures approved by the Leafy Greens Board of Directors. These GAP metrics are much more defined in terms of the water, pre-plant and pre-harvest risk assessments, composting, animal intrusion, and the surrounding land requirements, as well as the possible negative ramifications if not all is in compliance. A shrinking land base and the accompanying increase in costs for usable production ground must be expected while growers attempt to comply with all the possible impacts to growing areas from surrounding properties. Increased costs associated with the greater number of microbiological testing required, and not just from the GAP metrics, but from various clients establishing their own metrics. The same may be said of the increase in the amount of documentation and personnel now supporting our food safety efforts.

While we think that our industry will be safer and ultimately greatly benefit from the California Leafy Greens Agreement, these new requirements come with a cost. Starting June 4, 2007 we will increase all True Leaf and Church Brothers products \$.20 per package or \$.005 on bulk products. Is this justifiable? We believe it is and here are our estimates of how much it is going to cost us per package. These costs will change between ranches and products; however this is the closest estimate of our new costs;

Per package costs

Leafy Greens fees	\$.02
3 <sup>rd</sup> Party Audits, Internal Audits, Crop Inspections	\$.015
Increased administration and harvesting labor	\$.03
Food Safety Supplies	\$.005
Farm Costs, fences, rodent traps, loss of acreage, and additional personnel	\$.095
Water sampling, lab tests, product testing	\$.02
Pre plant and pre harvest risk assessment audits	\$.015

Church Brothers and True Leaf must meet the increases in costs associated with Food Safety and you as customers cannot afford to not support food safety financially. Both of our futures are based on delivering a safe and healthy product to the consumer.

We appreciate your business and your continued support.

Tom Church  
President

Steve Church  
Sales Manager