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GENERAL BOARD OF PENSION AND HEALTH BENEFITS
OF THE UNITED METHODIST CHURCH

Caring For Those Who Serve

March 15, 2005

RE: Shareholder Proposal on Whole Foods Market Proxy Statement (Item #5)

Dear Whole Foods Shareholder:

We, the undersigned investors, are the sponsors of a shareholder proposal (#5 on the ballot) at Whole Foods Markets (WFMI) in this year's proxy ballot that calls upon our company to:

[A]dopt a policy to identify and label all Whole Foods private label products with respect to the presence or absence of genetically engineered (GE) ingredients within them, and to report to shareholders by October 2005 on progress toward this implementation.

We are writing today to solicit your support for this proposal, which we believe is in shareholders' best interest. Our shareholder dialogue group has engaged with Whole Foods on this issue since 2001. Regrettably our discussions have been unproductive, and we concluded that we needed to file this resolution to bring broader attention to this issue. We believe this issue has potential to influence shareholder value.

Whole Foods is one of the very few companies in the food manufacturing and retailing sectors that is superbly positioned to meet consumer demand for labels that explicitly address genetically engineered (GE) ingredients. In October 2001, after years of preparation, Whole Foods announced that *all manufacturers making private label products for Whole Foods are using ingredients derived from non-genetically engineered crops*. This should be a tremendous marketing advantage to Whole Foods. Many Americans are wary of GE foods, and an overwhelming majority would like to see labeling.

As our resolution notes, a survey conducted by the Food Policy Institute found that less than half of those polled (45%) believed it safe to consume GE foods. Survey and focus group data from a 2004 study conducted by the Pew Initiative on Food and Biotechnology found that 27% believe GE foods are "basically unsafe."

These same consumers – and even those who are more comfortable with GE technology – want labeling. The Pew Initiative study states:

On labeling issues, the survey and focus groups confirmed prior findings that consumers by large majorities support the labeling of [GE] food (92%) and [GE] ingredients in processed foods (91%).

And yet incredibly, Whole Foods refuses to inform its customers of its GE-avoidant policies in places where consumers are likely to see them – that is, directly on product packaging or labels.

As shareholders, this makes no sense to us. Our company has taken great pains to ensure that all of the numerous manufacturers of its private label products will not source from GE seeds, or ingredients grown from GE seed. The fact that Whole Foods' private label brands do not contain products grown from GE foods should give our private label brands a distinct advantage over competitors' – if only the customer knew!

What about Whole Foods arguments against our resolution?

The Board of Directors has recommended a vote against our proposal for the following reasons, each of which we will examine in turn.

1. “The Food and Drug Administration (FDA) has not issued mandatory labeling requirements for GE-ingredient or non-GE ingredient foods nor have they determined a standardized testing protocol for the presence of ingredients that have been genetically engineered. Accordingly, it would be extremely difficult, as well as costly for us, or any other retailer or manufacturer, to provide customers with accurate and meaningful information about the GE status of products on the basis of speculation of future changes in legislation.”

Our response:

Although labeling of genetically engineered foods is not required, it is *allowed*, and competitors are doing so. (For example, HEB, which competes with Whole Foods in Texas and Louisiana, now labels its Central Market All Natural private brand products with the following: “THIS PRODUCT WAS MADE FROM INGREDIENTS THAT WERE NOT GROWN FROM GENETICALLY MODIFIED SEED.”) Whole Foods has already established a random testing system by independent laboratories using state of the art polymerase chain reaction (PCR) technology that can both detect and quantify the amount of GE ingredients, if present. Additionally, the company has already worked with suppliers to ensure that no ingredients in private label products contain products from crops grown from GE seeds. Therefore this would not add any additional costs to the company beyond design costs associated with adding text to a package label.

Many other food manufacturers such as Simply Organic, Walnut Acres, Hains, Amy's Kitchen and Natures' Path already list the absence of genetically engineered ingredients on all of their products. Amy's Kitchen has accepted the additional costs to labeling despite the fact Amy's Kitchen's revenues are significantly smaller.

By not labeling private brand products our company is missing out on an excellent opportunity to demonstrate its leadership in the food industry.

2. “We believe labeling our products “non-GE” would be misleading our customers. Even crops grown from non-GE seed can be exposed to some small levels of genetically engineered plant material. This can happen in the field through windborne pollen or during the shipping, storing and processing stages. Due to this adventitious contamination, there are very few foods that are truly ‘GE free’.”

We do not dispute the ever-present risk of adventitious contamination.

However, Whole Foods’ rebuttal **ignores the company’s option to label its products ‘GE-avoidant’ rather than ‘GE-free,’** accompanied by a brief definition and disclaimer noting the possibility of adventitious contamination. Many consumers wish to purchase GE-avoidant foods knowing full well that they are not guaranteed to be entirely free of a small amount of contamination. While organic foods do offer a non-GE option for consumers, not all consumers can afford the price premium of organics. This means it is even more important that Whole Foods provide GE-avoidant labels directly on their non-organic private brand products as well, so these consumers can be empowered with GE-avoidant choices.

3. “As we have no current plans to implement labeling of our products with regards to their GE status, we do not intend to report to shareholders by October 2005 in this regard. Requiring the Company to provide a report on this issue would involve unnecessary expenditures of time and resources. As a publicly held company, we take very seriously our responsibility to communicate material information to our shareholders. We do not believe it is appropriate for any individual constituency or interest group to dictate how we should communicate with our shareholder community.”

We believe that in the area of GE foods, Whole Foods can do a better job living up to its “Core Values” statement, which reads: “We can generate greater appreciation and loyalty from all of our stakeholders by educating them about natural and organic foods, health, nutrition and the environment.” We believe that the costs of implementing our proposal would prove to be negligible when weighed against the benefits of clarity in GE labeling (including increased market share and goodwill). **Labeling is the logical follow-up to the considerable resources Whole Foods has already invested in ensuring that suppliers source ingredients from non-GE seed stock.**

This proposal has not been generated by an “individual constituency or interest group” aiming to “dictate” how the company should communicate with its shareholders. Our combined holdings in Whole Foods are over 200,000 shares currently worth approximately \$21 million. We are shareholders seeking enhanced returns through the exploitation of a natural market advantage, soliciting your support through the democratic means of the proxy ballot.

Help us send a message to Whole Foods management by voting **YES** in support of **Proposal No. 5**.

Sincerely,

Shelley Alpern, *Trillium Asset Management Corporation*
Laurie Michalowski, *General Board of Pension and Health Benefits of The United Methodist Church*
Indigo Teiwes, *Progressive Investment Management*
Gerard Ras, *The Granary Foundation*
Beth Williamson, *Green Century Capital Management, Inc.*
Jennifer Clark, *Austin, Texas*