

Ex. 7

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Sugar Association Board:

As we finish up 2007 and look forward to 2008, your Sugar Association staff has pulled together some thoughts to 3 specific questions below. Thanks for your support in 2007 and we look forward to a productive year ahead in doing everything we can to positively influence sugar consumption and the ultimate success of the sugar industry.

Andy, Charlie, Melanie, Cheryl, and Eric

Reflections from 2007 and Predictions for the Year Ahead

From your perspective, what do you view as the biggest challenges for our industry this past year relating to sugar consumption?

Andy Briscoe, President & CEO - Our greatest challenge was to maintain a strong, united, visionary Board. One that established and supported three clear objectives - confronting disparagement of sugar (including false advertising by Splenda), expressing our concerns with accuracy in labeling as it relates to sugar and all sweeteners, and continuing to show sugar promotion can create positive pressure on key attributes to highlight the benefits of sugar to consumers.

Charlie Baker, VP and Chief Science Officer - 1) Sucrose Differentiation – Energy Intake: Based on the internal analysis of a November 2007 AJCN article (attached), the molecular bond in sucrose appears to reduce short-term food intake more than when the glucose-fructose bond has been broken. The attached critical analysis showed that relative food intakes were identical whether HFCS-55 or 100% invert sugar (G50:F50) is the source of the molecularly free fructose (and glucose). In other words, 100% invert sugar is essentially equal to starch-based fructose-glucose sweeteners. This observation infers that soft drinks sweetened with sucrose or HFCS-55 will have the same influence on short-term (and long-term) caloric intake. This possibility strengthens the argument that carbonated soft drinks are unique and are more responsible for the increase in overweight/obesity than other beverages or foods. The only way to resolve this dilemma is to conduct a long-term study where energy intakes are determined with soft drinks whose sugars profiles are known unequivocally and are reported for each specific composition (i.e., individual, discrete data and not pooled are reported). 2) Sucrose Differentiation – Metabolic Syndrome: Based on the internal analysis of a November 2007 AJCN article (attached) and on the published uric acid

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work of Dr. Richard Johnson (U of Florida), the 1:1 fructose-glucose ratio of sucrose and its invert sugar products appears to reduce uric acid production more than when the fructose-glucose ratio exceeds 1.00. If this uric acid hypothesis is proven to be factual, the long-term political ramifications are profound. 3) The efficacy of artificial sweeteners is being questioned by the emerging body of science that the sweet (and fat) taste sensation is an innate signal for calories. Organizations like the Calorie Control Council and the American Beverage Association continually attack this body of emerging science. 4) The concept that food is addictive is gaining strength. What makes this issue so distressing for the sugar industry is it is being driven by the scientific community, not the media, and sugar has been made the poster child because sucrose is the most easily manipulated dietary component in animal studies. 5) Popular dieting/eating programs like e-Diets, South Beach and NutriSystem are fueling the simplistic notion that weight control can be achieved by eating only foods with a "low" glycemic index/glycemic load. This mantra of "good carbohydrates/bad carbohydrates" not only confuses consumers, it distracts from the proven importance of total diet. While completely inaccurate, sugar has again been installed as the epitome of a "bad carbohydrate."

Cheryl Digges, VP of Public Policy and Education - Changing consumer perception has been the biggest challenge this past year. The perception of sugar as a negative dietary component has steadily increased over the year for several reasons: 1) The perception of dietary fat as the negative constituent of foods has decreased and the perception of sugars as negative constituents of foods have increased. (the fat-sugar seesaw). 2) Concerns about childhood obesity have made sugar a target mainly due to concerns about the increased consumption of soft drinks and so-called junk food. 3) The push by some major academic institutions to measure diet quality by using the Glycemic Index. This has negatively impacted the perception of sugar because of its label as a refined carbohydrate. To mitigate this current trends we have developed science- based fact sheets to provide to consumers, influential groups and to post on the website, we have increased efforts to debunk myths in the media and we use every opportunity to remind federal policy makers that every major scientific literature review has concluded that sugars intake is not related to any lifestyle disease, including obesity.

Melanie Miller, VP of Public Relations - I think we have had three challenges this past year, which will continue to be challenges this coming year. Our biggest challenge has been and will continue to be distinguishing ourselves from HFCS and the artificial sweeteners. While the media focuses on HFCS, they still switch back and forth between sugar and HFCS. Our next challenge has been the glycemic index and the attention the new diets have placed on it. While it is confusing, there are still those who swear by it and that has hurt sugar consumption. Our third challenge, which goes back to the other two to some degree, is the consumer perception of sugar. While we are making inroads, unless we have a national promotion effort, it will continue to disintegrate.

Eric Wheeler, Manager of Accounting and Administration - Even though I am a novice when discussing the sugar industry, from my perspective the biggest challenges are 1) dispelling the myths about Sugar and its incorrect ties to obesity. 2) Trying to regain a solid standing within the consumer purchasing market – i.e. taking back some of what Splenda has gained with their misleading advertising efforts.

What do you predict will be the top issues for your area of responsibility in 2008 for sugar consumption?

Briscoe - Obviously, working toward a successful outcome of our Splenda legal/PR efforts. I would also hope that we can build on to the success we have been able to show in the

regional markets what a pro-active national advertising campaign could do to help promote the benefits of sugar. I would hope that USDA will finalize or improve on the definition for the term "natural" and FDA would follow their lead to harmonize the definition for "natural" among key regulatory agencies. I would hope FDA would take some action on their efforts to improve labeling for sugar and other sweeteners on products and beverages to reduce the confusion for consumers. And I would hope to maintain or expand sugar deliveries/consumption with aggressive, pro-active strategies.

Baker - 1) Sucrose Differentiation – Energy Intake: Based on the above commentary, the industry has to decide if it has the long-term resolve to pursue/fund the science that may (or may not) differentiate sugar from starch-based sweeteners containing various mixtures of glucose and fructose. This matter has multiple components, which means the results will not completely and fully favor sucrose. 2) Sucrose Differentiation – Metabolic Syndrome: As in number 1, the industry has to decide if it has the long-term resolve to pursue/fund the science that may (or may not) differentiate sugar from starch-based sweeteners containing various ratios of glucose and fructose. This matter also has multiple components, which means the results will not completely and fully favor sucrose. 3) Artificial Sweeteners – The industry has to decide if it has the long-term resolve to pursue/fund the science that continues to prove the ineffectiveness of artificial sweeteners as weight-loss food ingredients. While the majority of this endeavor will involve analyzing the scientific literature, some research funding may be necessary. 4) Food and Brain Function – While the concept that food is addictive is gaining strength, the body of science is still evolving and is far from conclusive. The most effective strategy is attending professional meetings to understand the scientific nuances in conjunction with exploring collaborative opportunities with other food associations. 5) Glycemic Index/Load – The body of scientific literature needs to be summarized by a third-party expert as a precursor for a series of Association education pieces.

Digges - Getting the "sugars" category removed from the Nutrition Fact Panel is our biggest challenges for 2008. Our dialogue with representatives at FDA has lead them to take action regarding misleading sugar nutrient content claims and now FDA has provided us with a significant challenge for 2008 by asking if the "Sugars" category should be removed from the Nutrition Facts Panel. Should FDA remove the "Sugars" category, this would tell the consumer that FDA, an authoritative scientific government agency, does not believe that knowing the "Sugars" content in foods is an important consideration for a healthy diet.

Miller - 1. Continued consumer education about the importance of sugar in the food supply. 2. dispelling sugar myths. 3. media attention on HFCS and continued comparison to sugar. 4. Splenda lawsuit. 5. PR around the labeling issue .

Wheeler - With regard to our members' dues for FY 08/09, whether or not sugar production this year will yield higher or lower membership dues, especially with costs associated with our Splenda/PR initiative and the prospects of us paying for a trial.

Do you have any New Year's resolutions or predictions you'd like to share - as it relates to your specific area?

Briscoe - 1) Because of the new Energy Bill goal of 36 billion gallons of ethanol by 2022, I would hope HFCS price pressures (now at 28-30 cents per lb. dry weight) will help more food and beverage products to reconsider switching back to all natural sugar....maybe even a major soft drink bottler. 2) Natural food and beverage product growth will continue as it has in 2007....setting the stage for either more sugar use or professed natural sugar alternatives to support the trend. 3) Competition to replace sugar will continue - we now have 25 other

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sweeteners in the US marketplace, with 4 or 5 new ones scheduled for FDA review. So the competitive pressures will not go away...if anything, they will increase. 4) Obesity will continue to be the issue of the decade....until consumers understand it is an issue of calories in vs. calories out (requiring exercise) we will continue to fight caloric gains....However, the food and beverage industry will continue to try to take advantage of the situation by reformulating foods to convince consumers that these reformulated foods are the easy and quick answer to their weight loss while charging premium prices.

Baker - Maintain commitment to disciplined, scientific/evidence-based comments, and public relations and education materials.

Digges - 1) Continue to increase consumer education efforts. 2) Maintain our efforts to have a meaningful dialogue with policy makers regarding issues that impact sugar.

Miller - NO!! I don't make resolutions or predictions!!

Wheeler - To bring the sugar association completely into the 21st century with regard to financial and administrative operations, e.g. transitioning to Vista, electronic billing/invoicing of membership dues, human resources technology management tools...

BEST WISHES FOR A PROSPEROUS YEAR TO YOU, YOUR COOPERATIVES AND COMPANIES, AND ALL THE SUGAR INDUSTRY IN 2008!