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HICKMAN'S family farms

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April 29, 2016

Ms. Janice Chan
Environmental Protection Agency
Enforcement Division

Dear Ms. Chan,

Shari Yeatts has asked me to provide some information calculating the amount of added value our processing provides as compared to the value of our original product. As I understand the definitions used in determining an NAICS business code, to be considered a process that would necessitate separate codes, we must change the nature of the input. In fact, in the diagram provided to assist in calculating the added value, we are to subtract from the finished product's value the value of the input. But in our case, the input and the finished product are the same thing. We never change its nature.

We do basically three things to eggs. We pack them in some sort of packaging that allows for them to be sold. Or we break them and package the liquid egg. And we hard cook them to be sold in yet another package. In all three cases, what is sold is still just an egg. We don't add them to another group of inputs to form a unique distinct item, such as the manufacturing of mayonnaise. We don't separate the eggs into proteins and fat so what is left is a chemical compound that is not an egg but chemically a fat or a protein. And we don't incorporate it with a bunch of non-egg products to make a breakfast burrito. They begin and end their time with us as eggs.

If we go across the street to our fertilizer plant, we have basically the same scenario. We begin and end the process with chicken manure. We may compost it to remove pathogens or pelletize it so that it can be transported more economically, but in the end as in the beginning, it is chicken manure.

Putting the technicalities of the definition aside for a minute; practically speaking, I am not sure what it is I would subtract from our sales to get a value added number. An egg not packaged has no intrinsic value. Both eggs and manure have value determined by their packaging, not because we have added it to something to form a new item or because we have added something to it make it something other than an egg or manure.

If I am under some misconception, I would be happy to discuss this with you.

Sincerely,

Jim Manos
Chief Financial Officer