

Testimony of

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May 18, 2004

SENATE JUDICIARY COMMITTEE TESTIMONY
JONATHAN BLUM, SENIOR VICE PRESIDENT, YUM! BRANDS --MAY 18, 2004

GOOD MORNING. MY NAME IS JONATHAN BLUM. I'M SENIOR VICE PRESIDENT OF PUBLIC AFFAIRS AT YUM! BRANDS. WE'RE THE WORLD'S LARGEST RESTAURANT COMPANY, WITH ABOUT 33,000 RESTAURANTS AROUND THE GLOBE - WE OWN TACO BELL, KENTUCKY FRIED CHICKEN, PIZZA HUT, LONG JOHN SILVER'S AND A&W ALL-AMERICAN FOODS. WE OPERATE IN ABOUT 102 COUNTRIES AND HAVE REVENUES OF \$8.4 BILLION, WITH SYSTEM SALES EXCEEDING \$24 BILLION SINCE THE MAJORITY OF OUR SYSTEM IS FRANCHISED.

I'M HERE TODAY TO TALK WITH YOU ABOUT A 'CORPORATE CAMPAIGN' THAT'S BEEN WAGED AGAINST KFC FOR ABOUT THREE YEARS BY AN ORGANIZATION CALLED - PEOPLE FOR ETHICAL TREATMENT OF ANIMALS - OR PETA.

WHAT I'D LIKE TO DO IS OUTLINE FOR YOU HOW PETA'S EFFORTS HAVE CROSSED THE LINE OF FREE SPEECH AND FIRST AMENDMENT PROTECTION, TO WHAT WE CONSIDER TO BE INVASION OF PRIVACY AND HARRASSMENT OF OUR EXECUTIVES AND THEIR FAMILIES, OUR NEIGHBORS AND OTHERS IN OUR COMMUNITY.

IN MY VIEW, PETA'S CAMPAIGN HAS BEEN NOTHING SHORT OF WHAT I'D CALL 'CORPORATE TERRORISM.' I HOPE THAT BY THE TIME I'M DONE TESTIFYING, YOU'LL AGREE, AND PERHAPS WE CAN DO SOMETHING ABOUT THIS SINCE PETA HAS WAGED SIMILAR CORPORATE CAMPAIGNS AGAINST A NUMBER OF OUR COMPETITORS, INCLUDING MCDONALDS, WENDYS, BURGER KING AND APPLEBEES, JUST TO NAME A FEW.

AS BACKGROUND, PETA HAS ATTEMPTED TO PRESSURE OUR COMPANY INTO FORCING OUR SUPPLIERS TO MAKE CHANGES TO THEIR PROCESSING METHODS. THEY WANT OUR SUPPLIERS TO USE A METHOD OF GAS KILLING OF CHICKENS RATHER THAN HUMANE PROCESSING TECHNIQUES THAT HAVE BEEN PERFECTED FOR YEARS.

WHAT PETA ULTIMATELY WANTS IS A VEGETARIAN OR VEGAN WORLD. NO COSUMPTION OF MEAT, NO POULTRY, NO PORK, NO FISH. NO LEATHER GOODS, AND NO DAIRY PRODUCTS.

NOT VERY LIKELY IN OUR SOCIETY.

TO BE CLEAR, KFC DOES NOT OWN ANY FARMS OR PROCESSING FACILITIES. WE BUY OUR CHICKENS FROM THE SAME TRUSTED COMPANIES YOU DO WHEN YOU BUY CHICKEN IN THE SUPERMARKET - COMPANIES LIKE TYSON, PILGRAM'S PRIDE AND GOLDKIST, AMONG OTHERS. KFC BUYS ABOUT 5% OF ALL THE CHICKEN IN THE UNITED STATES.

RATHER THAN CALLING ON THE FARMS OR PROCESSING COMPANIES TO CONSIDER THE CHANGES PETA RECOMMENDS, PETA HAS FOCUSED ITS ATTENTION ON KFC. THEY HAVE ATTEMPTED TO DISRUPT

OUR SUPPLY CHAIN AND PRESSURE KFC TO FORCE OUR SUPPLIERS TO MAKE THE CHANGES PETA SEEKS.

CHANGES THAT ARE IMPRACTICAL, UNNECESSARY, UNPROVEN AND VERY COSTLY. IN FACT, IT IS OUR ESTIMATE THAT THESE CHANGES, IF IMPLEMENTED, WOULD COST OUR COMPANY OVER \$50 MILLION.

OUR SUPPLIERS HAVE TOLD US THEY WILL NOT IMPLEMENT THESE CHANGES - THEY'D RATHER NOT PROVIDE US WITH CHICKEN THAN MAKE THE CHANGES PETA DEMANDS. OF COURSE, THAT WOULD MAKE PETA VERY HAPPY, AS IT WOULD BE A STEP TOWARD A VEGETARIAN WORLD.

FIRST, LET ME ASSURE YOU THAT WE HAVE FULLY STUDIED THIS MATTER, AND WE BELIEVE OUR SUPPLIERS ARE ACTING RESPONSIBLY IN THE AREA OF ANIMAL WELFARE.

IN FACT, WE ESTABLISHED AN ANIMAL WELFARE ADVISORY COUNCIL, COMPRISED OF MANY OF THE WORLD'S LEADING EXPERTS IN THIS AREA, AND THEY CONCUR WITH OUR ANALYSIS.

WE AUDIT OUR SUPPLIERS THROUGHOUT THE YEAR TO BE SURE THEY ARE FOLLOWING OUR GUIDELINES, AND EACH OF THEM HAS SIGNED AN AGREEMENT WITH US THAT THEY WILL HONOR OUR STRICT SUPPLIER CODE OF CONDUCT.

AND WE TOOK AN INDUSTRY LEADERSHIP POSITION BY WORKING WITH OUR ASSOCIATION TO ADOPT ANIMAL WELFARE GUIDELINES FOR POULTRY FARM.

SO WE'RE COMFORTABLE WITH OUR CURRENT ACTIONS.

WHEN WE RESISTED MAKING THE CHANGES PETA DEMANDED, THEY BEGAN TO ESCALATE THEIR CAMPAIGN AND MOVED FROM RHETORIC AND DIALOGUE, TO HARRASSMENT AND THREATS.

THEY'VE ENLISTED THE HELP OF A NUMBER OF CELEBRITIES, FROM PAUL MCCARTNEY AND PAMELA ANDERSON, TO RUSSELL SIMMONS, RICHARD PRYOR, DICK GREGORY AND BEA ARTHUR.

THEY'VE SPREAD MISINFORMATION IN THE PRESS, AND HAVE LIED ABOUT FACTS THAT SIMPLY DON'T EXIST. THEY'VE PLACED BILLBOARDS ON HIGHWAYS ACROSS THE COUNTRY DOING THE SAME, AND DISPARAGING OUR BRAND.

THEY'VE PICKETED AT OUR HEADQUARTERS, IN FRONT OF OUR RESTAURANTS AND THOSE OF OUR FRANCHISEES, LEGALLY HANDING OUT LEAFLETS AND FLYERS, AND HAVE ATTEMPTED TO GAIN ACCESS TO OUR BUSINESS MEETINGS.

THEY'VE PLACED A PROXY STATEMENT BEFORE OUR SHAREHOLDERS, ATTEMPTING TO CAUSE US TO CHANGE OUR COURSE OF BUSINESS.

WE'RE PERFECTLY FINE WITH PETA EXERCISING THEIR FIRST AMENDMENT, AND ACTING WITHIN THEIR LEGAL RIGHTS.

WE'RE STRONG SUPPORTERS OF FREE SPEECH AND SHAREHOLDERS' RIGHTS, AND WE'RE GLAD WE LIVE IN A COUNTRY THAT PROTECTS THESE ACTIVITIES.

WE ARE ALSO FINE WITH COMMUNICATION TO US IN A NORMAL BUSINESS MANNER, CONTACTING US AT WORK OR THROUGH NORMAL BUSINESS CHANNELS.

BUT PETA HAS STEPPED OVER THE LINE OF PROTECTED FREE SPEECH, AND HAS RESORTED TO PRESSURE THROUGH INTIMIDATION, HARRASSMENT AND INVASION OF PRIVACY.

LET ME ALSO SAY THIS IS NO WARM AND FUZZY, GARDEN VARIETY ANIMAL PROTECTION GROUP. THIS IS NOT THE ASPCA. PETA'S BRUCE FRIEDRICH HAS ADMITTED UNDER OATH IN A COURT OF LAW RECENTLY THAT HE HAS TOLD HIS SUPPORTERS AT A RALLY THAT ALL FAST FOOD RESTAURANTS SHOULD BE BOMBED OR EXPLODED, AND HE WOULD SAY 'HALLELUJA' TO ANYONE WHO PERPETRATED THESE CRIMES.

LET ME GIVE YOU A FEW EXAMPLES OF WHAT MR. FRIEDRICH AND OTHERS HAVE DONE TO KFC, AND WHY SEVERAL OF US HAVE 24-HOUR A DAY, 7-DAY A WEEK POLICE PROTECTION AROUND THE CLOCK AT OUR HOMES DURING FREQUENT PERIODS THROUGHOUT THE YEAR.

I'M SURE YOU CAN IMAGINE THAT IS A HORRIBLE WAY TO RAISE OUR CHILDREN, AND PUTS A STRAIN ON OUR RELATIONSHIPS WITH OUR FAMILY AND NEIGHBORS - JUST THE THING PETA IS HOPING FOR THROUGH THEIR PSYCHOLOGICAL INTIMIDATION.

LAST YEAR, A LEADER OF PETA IN GERMANY WAS PROSECUTED FOR THROWING ACTORS BLOOD-PAINT AND FEATHERS ON OUR CHAIRMAN AND CEO AT A PUBLIC EVENT. PETA THEN PUBLICIZED THIS ACTIVITY BY SENDING THE PHOTO TO THE NEWS MEDIA IN A MEANS OF EMBARRASSING OUR CEO. HE WAS ACCOMPANIED ON THIS TRIP BY MEMBERS OF HIS FAMILY, WHO WERE HORRIFIED BY THE BEHAVIOR.

ADDITIONALLY, PETA HAS PUBLISHED ON THEIR WEBSITE THE HOME ADDRESSES OF SEVERAL OF OUR EXECUTIVES, INCLUDING OUR CEO AND ME, AND HAS ENCOURAGED THEIR 700,000 MEMBERS TO WRITE US REGULARLY AND FREQUENTLY AT OUR HOMES. EVERY DAY LETTERS ARE SENT TO OUR HOMES FROM PETA MEMBERS AROUND THE WORLD, IMPLOING US TO STOP KILLING CHICKENS.

PETA HIRED A PHOTOGRAPHER TO USE A LONG-DISTANCE TELEPHOTO LENSE TO SECRETLY TAKE OUR PHOTOS. WHEN CAUGHT, THE PHOTOGRAPHER SAID THESE PHOTOS WERE TO BE USED ON BILLBOARDS AND IN ADS SHOWING THE FACES OF QUOTE-UNQUOTE CHICKEN KILLERS.

PETA HAS GONE DOOR TO DOOR IN OUR NEIGHBORHOODS HANDING OUT PACKETS OF MISINFORMATION TO OUR NEIGHBORS, TELLING THEM WE ARE CHICKEN KILLERS AND INHUMANE. THEY'RE TRYING TO MAKE US UNCOMFORTABLE IN OUR COMMUNITY AND WITH FRIENDS AND NEIGHBORS.

THEY ALSO THREATENED TO BRING A JUMBOTRON TELEVISION SCREEN INTO THE NEIGHBORHOOD OF THE FORMER PRESIDENT OF KFC, TO SHOWCASE A VIDEOTAPE OF CHICKENS BEING SLAUGHTERED, UNLESS THE EXECUTIVE MET WITH PETA TO LISTEN TO THEIR DEMANDS.

ON HALLOWEEN EVE, PETA CAME INTO OUR NEIGHBORHOODS DRESSED IN A CHICKEN OUTFIT, AND HANDED OUT TRICK OR TREATS TO OUR NEIGHBORS' CHILDREN. INSTEAD OF CANDY, PETA GAVE THESE LITTLE KIDS VIDEOTAPES OF CHICKENS BEING SLAUGHTERED AND THE PACKETS OF MISINFORMATION PREVIOUSLY MENTIONED. IMAGINE THE HORROR ON THESE KIDS FACES AS THEY WENT HOME AND PLAYED THESE NEW VIDEOS.

PETA'S FRIEDRICH SENT ME AN E-MAIL THREATENING ME BY TELLING ME "I SHOULDN'T SLEEP EASY AT NIGHT."

PETA HAS MADE NASTY PHONE CALLS AND SENT LETTERS TO THE HOMES OF OUR BOARD OF DIRECTORS.

THEY FOUND OUR CEO'S MOTHER IN KANSAS, AND CALLED HER ON THE PHONE, THEN FOLLOWED UP WITH A LETTER TO HER. THEY SIMILARLY CONTACTED THE PRESIDENT OF KFC'S PARENTS, AND OUR CEO'S SISTER ON HER CELL PHONE.

PETA HAS GONE TO THE CHURCH WHERE SEVERAL OF OUR EXECUTIVES ATTEND, AND HAVE DISRUPTED SERVICES AND MARCHED IN FRONT WITH BANNERS AND SLOGANS THAT ARE LESS THAN FLATTERING.

THEY HAVE PLACED STICKERS ON THE STOP SIGNS THROUGHOUT THE SMALL TOWN WHERE OUR CEO AND I LIVE.

IN A MEETING WITH PETA EXECUTIVES, ONE PETA CELEBRITY SUPPORTER, WHOM I WON'T MENTION BY NAME, THREATENED TO BRING 5,000 PROTESTORS TO MY FRONT DOOR TO INTIMIDATE ME INTO SUPPORTING PETA'S POSITION.

TWO WEEKS LATER, ON CHRISTMAS EVE, PETA'S FRIEDRICH AND HIS WIFE DRESSED AS SANTA AND AN ELF, DROVE ONTO OUR CEO'S PROPERTY, DISRUPTING HIS HOLIDAY AND SCARING HIS 9-YEAR OLD NEPHEW BY LEAVING A BAG OF COAL AND VIDEOTAPE OF CHICKENS BEING SLAUGHTERED. WHEN THEY WERE FORCED OFF THE PROPERTY BY THE POLICE, THEY PROCEEDED TO MY HOME JUST A FEW MINUTES AWAY.

THEY TRESPASSED ON MY PROPERTY, AND FORTUNATELY MY FAMILY AND I WERE OUT OF TOWN. BUT THE POLICE CITED THE FRIEDRICHS FOR CRIMINAL TRESPASS, AND LAST WEEK THEY WERE CONVICTED BY A JURY IN CRIMINAL COURT.

I COULD GO ON AND ON ABOUT PETA'S CAMPAIGN OF CORPORATE TERRORISM. THIS GOES BEYOND FREE SPEECH. IT'S PURE INTIMIDATION, AND FRANKLY, IT HAS ONLY SERVED TO STRENGTHEN OUR RESOLVE. WE WON'T CAPITULATE TO PETA'S DEMANDS, OR DEAL WITH CORPORATE TERRORISTS.

YOU MIGHT SAY THAT ANY INDIVIDUAL ACTION I'VE JUST MENTIONED ISN'T ENOUGH TO EVEN BE CONCERNED ABOUT. AND WE'D AGREE.

BUT WHEN YOU STRING ALL THESE ACTIONS TOGETHER, ALONG WITH DOZENS OF OTHERS OVER A THREE YEAR PERIOD, AND RECOGNIZING THAT THEY ALL HAVE BEEN DESIGNED TO ATTACK US PERSONALLY, NOT CORPORATELY, HOPEFULLY YOU'D AGREE THAT ENOUGH IS ENOUGH.

WE SHOULD TELL PETA AND OTHERS THAT THIS TYPE OF CORPORATE TERRORISM WON'T BE TOLERATED. I'M SURE THE MAJORITY OF PETA'S 700,000 MEMBERS HAVE NO IDEA OF THE TYPES OF PERSONAL INTIMIDATION THEIR LEADERSHIP HAS RESORTED TO. THE MEMBERS ARE PROBABLY GOOD FOLKS WHO LOVE ANIMALS. BUT PETA'S LEADERSHIP ACT LIKE AN ANIMAL-WORSHIPPING CULT, INTIMIDATING ANYONE WHO DOESN'T AGREE WITH THEIR PHILOSOPHY.

YOU CAN DO SOMETHING ABOUT THIS BY MAKING IT A CRIMINAL ACT FOR ANY ANIMAL RIGHTS ACTIVIST TO PERSONALLY HARRASS OR INTIMIDATE AN EXECUTIVE, OR CAUSE A BUSINESS DISRUPTION IN THE WAY PETA HAS DONE TO US. LET'S NOT WAIT UNTIL SOMEONE GETS HURT PHYSICALLY. SURELY THE PERPETRATION OF CONTINUOUS AND REPEATED PSYCHOLOGICAL INFLECTION IS ENOUGH TO CLASSIFY THIS AS A CRIME.

I'D ALSO ASK URGE CONGRESS TO CONSIDER ELIMINATING PETA'S TAX FREE STATUS, AS THEY BENEFIT FROM THE TAX LAWS DESIGNED TO HELP NOT-FOR-PROFIT ORGANIZATIONS. THEIR CORPORATE TERRORIST ACTIVITIES DO NOT WARRANT THIS BENEFIT.

THANK YOU FOR LISTENING, AND I'LL BE HAPPY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.