



PORK AMERICA

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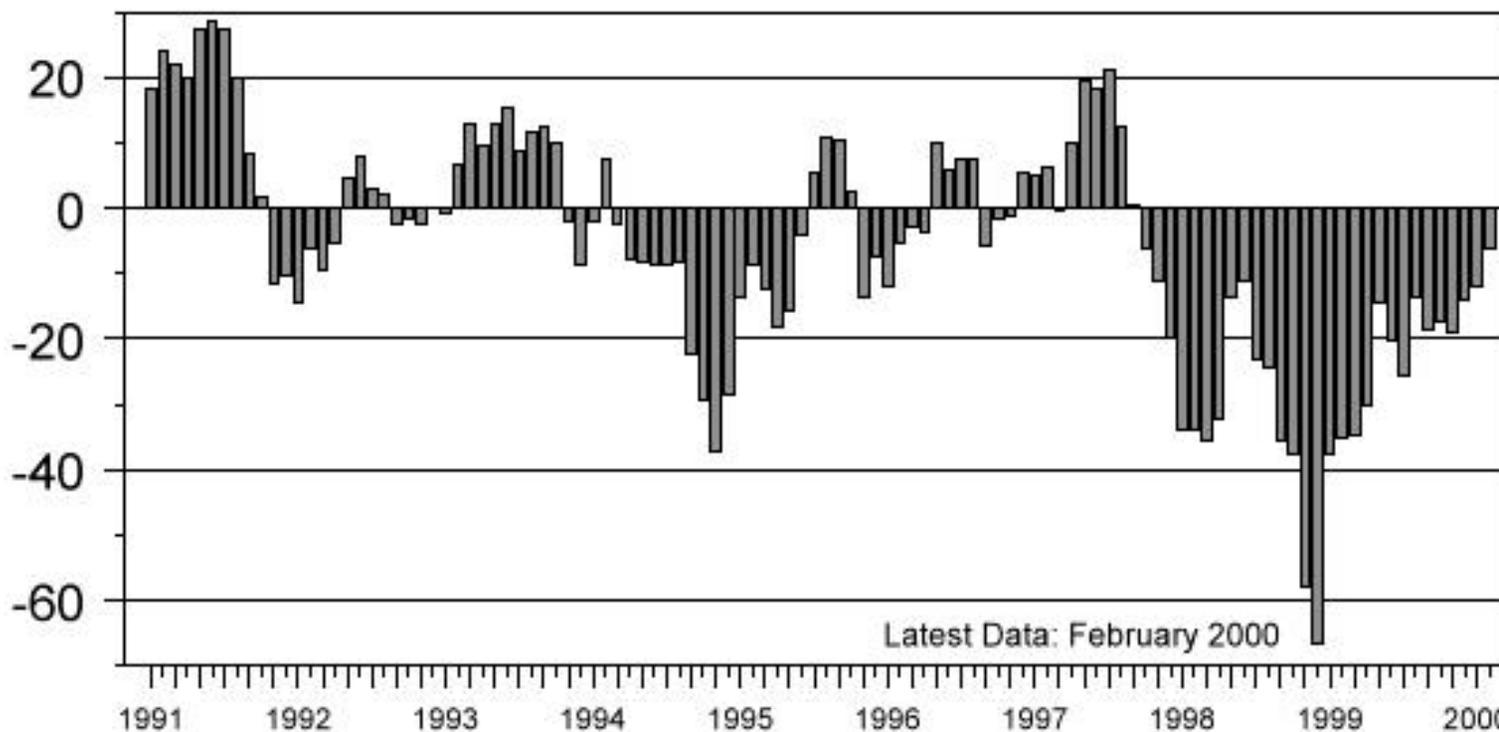
Two years of losses: \$4 - \$5 billion in equity



MONTHLY AVERAGE RETURNS -- HOGS

Farrow/Finish

\$ Per Head



Latest Data: February 2000

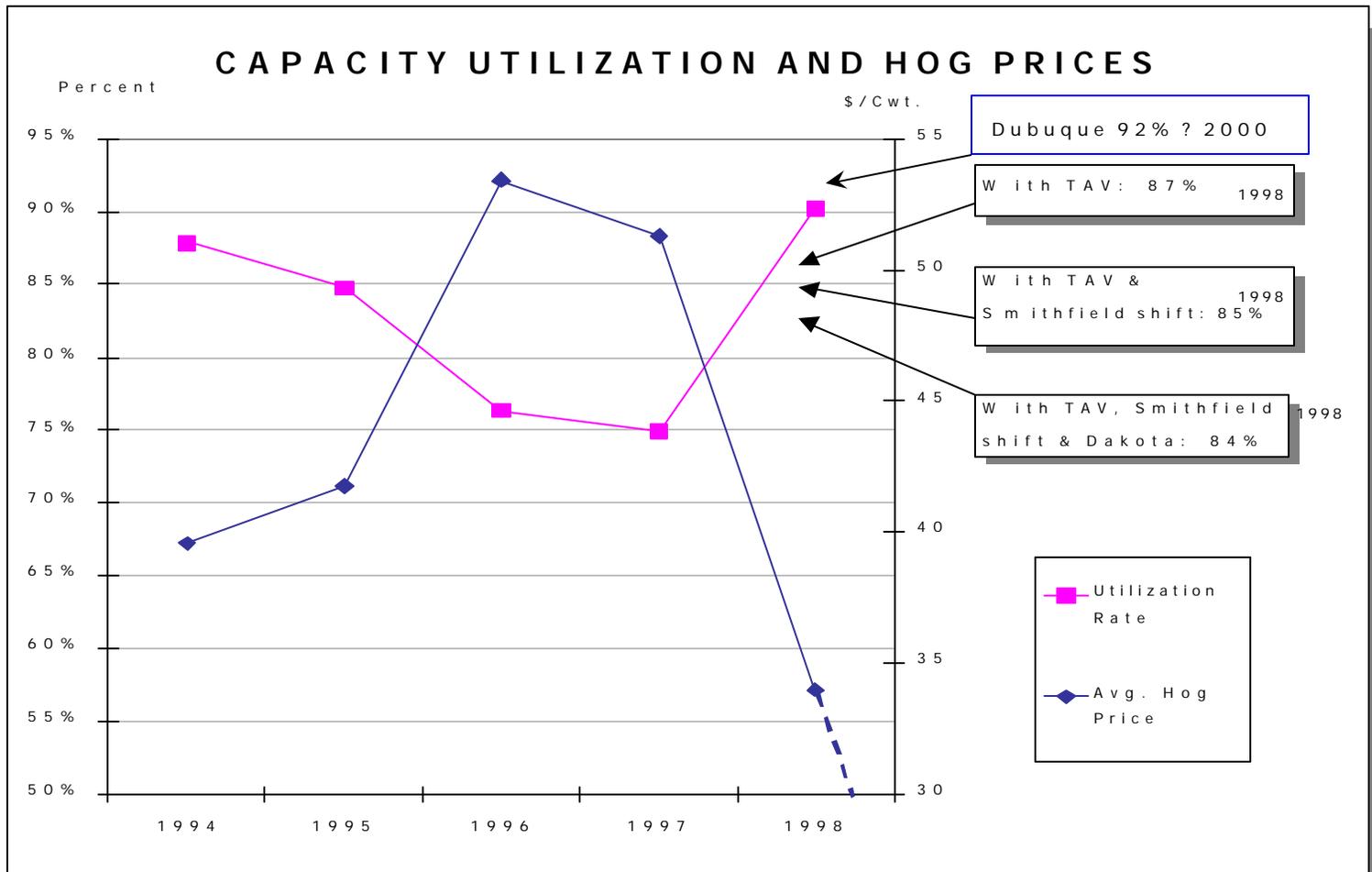
H-P-05

03/13/2000

Livestock Marketing Information Center

USDA

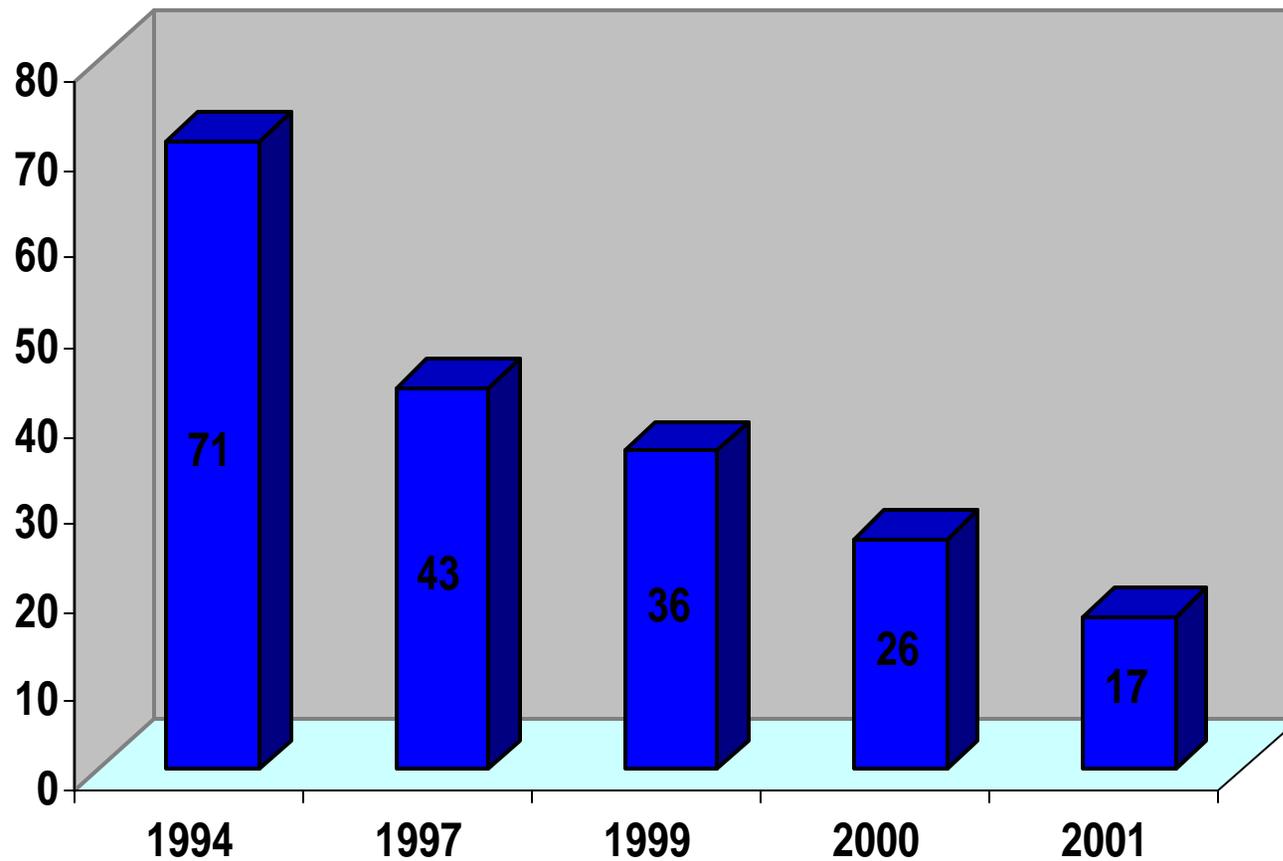
Inverse relationship: Prices & Utilization



Dramatic Increase in Packer Contracts



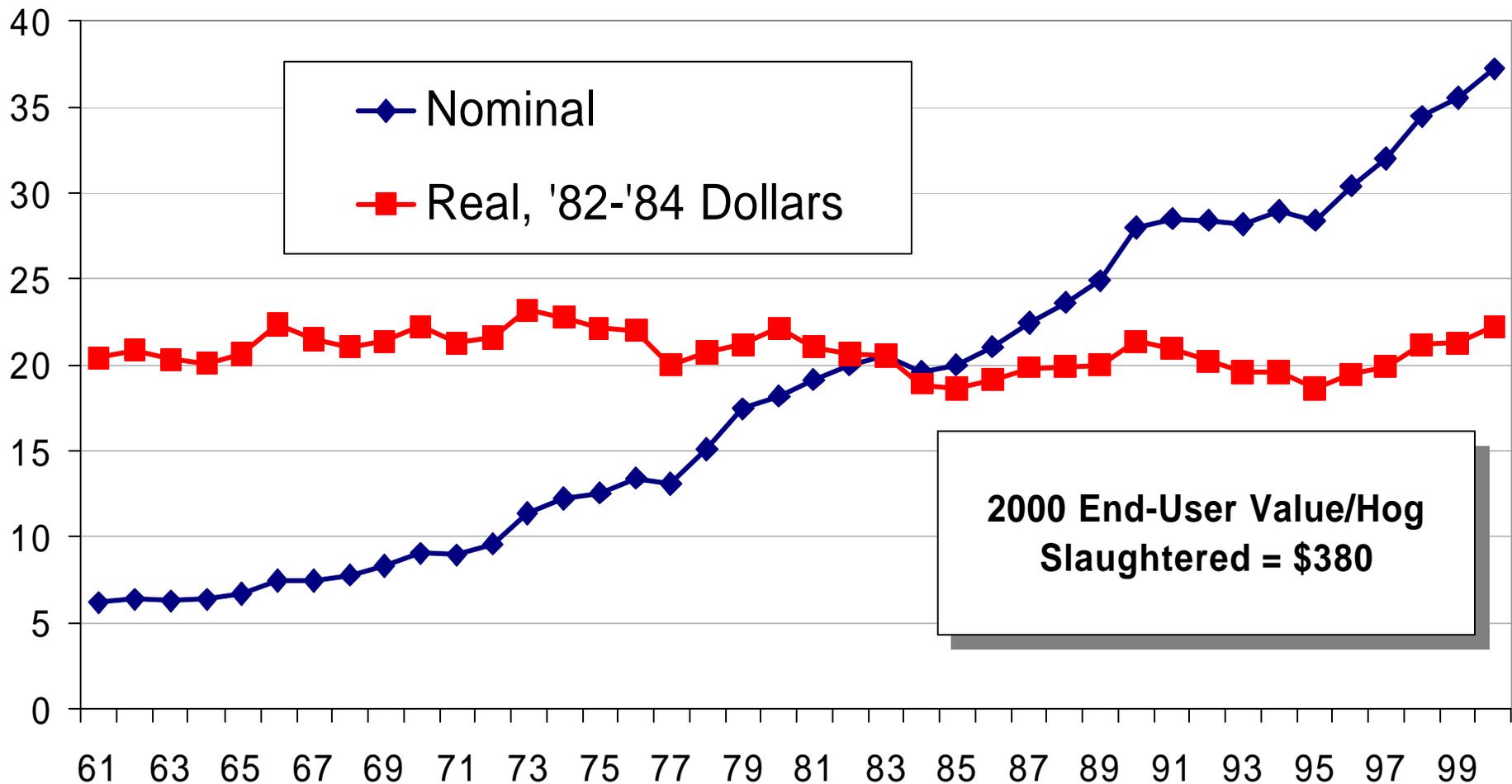
Percent of Hogs Sold On Spot Market



Value of Domestic Pork Consumption 1961-2000



Bil. dollars



Computed from USDA data on domestic pork consumption (converted from carcass to retail weight) times USDA's composite retail pork price. Deflated using CPI for all goods.

The Situation



Key Trends

- Increased pork demand
- More extreme price volatility
- Increase in captive supply
- Expansion of vertically aligned systems
- Decreased slaughter capacity
- Reduced share of consumer pork dollar

Bottom Line



Potential Options

- Enter into production contracts
- Sign marketing agreement with packer
- Liquidate or lease facilities
- Do nothing
- Get involved in further up the pork chain

Opportunities Exist in Pork



- NPPC Task Force
- Steering Committee
- Pork America Incorporated as a Cooperative

Pork America Mission



The Mission of Pork America is to provide leadership in capitalizing on profitable pork merchandising opportunities by innovating a knowledge-driven, consumer-responsive system that seamlessly connects producer decisions with consumer demands and results in increased value for our producer-owners.

Recommendation / SJH



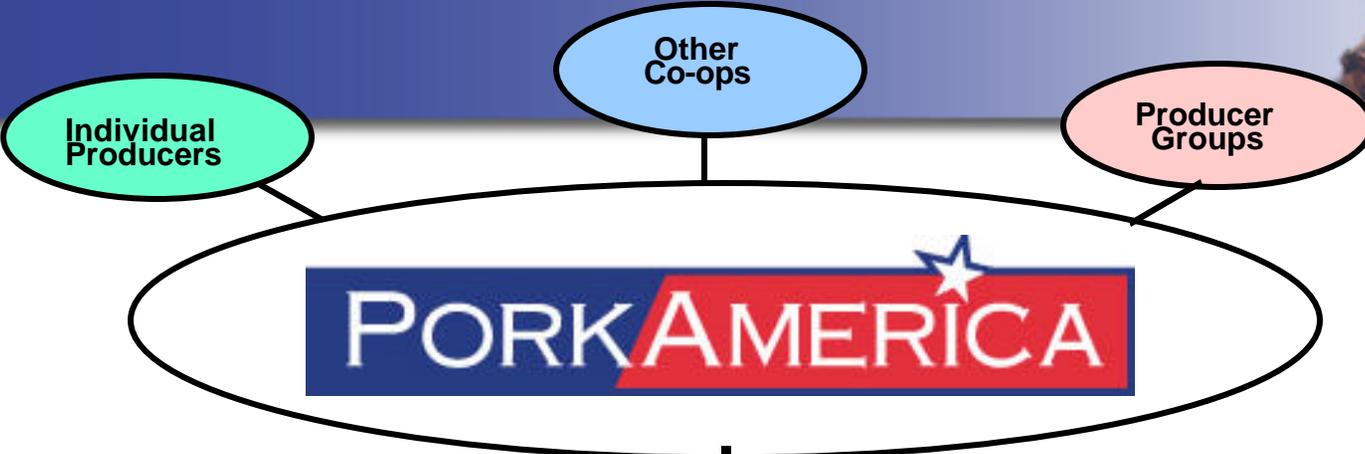
- Be market driven: Move quickly
- Think BIG
- “This plan has more upside potential than any other plan SJH has worked on.”

--Don Senechal, SJH

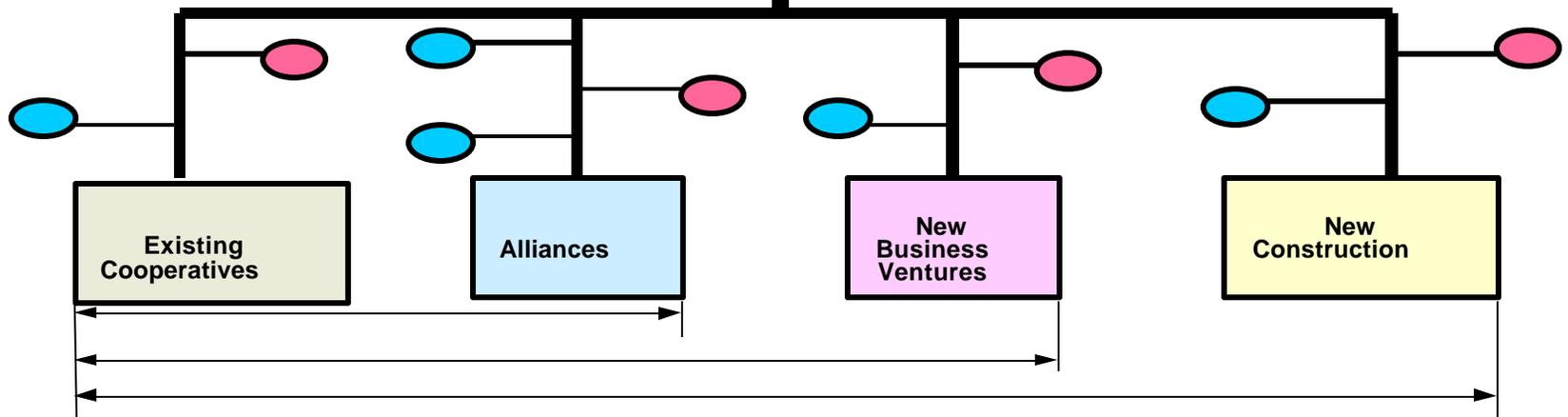
Keys to Success



- Good People- management, consultants, staff
- Understanding the industry
- Control of at least 1 vital aspect of the industry
 - Pigs: regionally, nationally



A New Generation Cooperative



Information Flow

Pork America

Not alone, but unique



- Unique design
 - Local investment opportunity with options to market locally, regionally, globally
- Unique strategies
 - Customer relationship, value-driven business
 - Producer, shareholder designed, directed
 - Profit-focused for producers

Pork America – The Next 12 Months



- Proof of Concept Plant
 - proves we can deliver
 - proves we can meet customer needs
 - attracts larger customers faster
 - proves we can innovate
 - generates a revenue stream
- Partnerships, joint-ventures, co-marketing relationships

Achievable Goals With Support



- National Pork Producers Council
- USDA research and development assistance
- Noted industry consultants
- Public, private sector support
 - Cooperative agreement funds
- Leads to long-term solutions to problems facing agriculture today

Summary



- Producers can't produce their way to profits
- Unify resources, move up food marketing chain
- Create a brighter future for hog farmers
- Can't fix industry, can help shareholders

Pork America



- Thank You For Your Support
 - policy-makers, USDA



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