

Approved Feb. 26, 1991  
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE

The meeting was called to order by Representative Lee Hamm at  
Chairperson

9:00 a.m./~~p.m.~~ on Thursday, February 21, 1991 in room 423-S of the Capitol.

All members were present except: Representative David Heinemann

Committee staff present: Raney Gilliland, Legislative Research  
Lynne Holt, Legislative Research  
Jill Wolters, Revisor of Statutes Office  
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Bruce Larkin, State Representative,  
District 63, Baileyville  
Ivan Wyatt, Kansas Farmers Union,  
McPherson  
Mike Jensen, Kansas Pork Producers Council,  
Manhattan  
Rich McKee, Kansas Livestock Association,  
Topeka

Representative Larkin appeared before the committee to explain HB 2356. He stated that the bill is rather simple in its content in that it requires all companies currently doing business in Kansas that file a Packers and Stockyard Report, file a copy of that report with the State Board of Agriculture. He further stated he would hope that with this information that the Agriculture Committee would require the State Board to analyze the information and report their findings. (Attachment 1).

Questions and answers followed Representative Larkin's presentation.

Ivan Wyatt, President, Kansas Farmers Union, testified before the committee in support of HB 2356. He stated his organization supports this bill because the filing of this information with the State Board of Agriculture makes this information more readily accessible. He further stated he would suggest language be added that the State Board of Agriculture compile this information in a manner that makes it readily available to the general public upon request. (Attachment 2).

Mike Jensen, Executive Vice-President, Kansas Pork Producers Council, testified in opposition of HB 2356. He stated the reports filed with Packers and Stockyards are held in the strictest confidence and any weakening of this by state statute could jeopardize proprietary information of our packers. (Attachment 3).

Rich McKee, Executive Secretary, Feedlot Division, Kansas Livestock Association, testified in opposition of HB 2356. He stated some members have expressed opposition to lines 26 through 29 which would require copies of private contracts between members and the various packing entities be filed with the State Board of Agriculture. They consider this information, which would include the number of livestock fed and prices received, confidential. (Attachment 4).

After a lengthy question and answer period, Chairman Hamm closed hearings on HB 2356.

Representative Rezac requested a bill be introduced which deals with licensing laws on dogs. He stated this bill would be similar to HB 2747 which he introduced three years ago.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE,  
room 423-S Statehouse, at 9:00 a.m./~~p.m.~~ on Thursday, February 21, 1991

Representative Neufeld made a motion to introduce such a bill. It was seconded by Representative Reinhardt. Motion carried.

Representative Freeman made a motion to approve minutes of February 20, 1991. Representative Weiland seconded the motion. Motion passed.

The meeting adjourned at 9:50 a.m. The next meeting of the House Agriculture Committee will be on Monday, February 25, 1991, in room 423-S of the State Capitol.



This bill is rather simple in its content in that it requires all companies currently doing business in Kansas that file a Packers and Stockyard Report, file a copy of that report with the State Board of Agriculture. I would hope that with this information that the Agriculture Committee would require the State Board to analyze the information and report their findings.

As many of you are aware in past years, I have been extremely concerned about the increasing concentration in virtually every aspect of business and industry and the lack of anti-trust enforcement that has accompanied this trend. Of particular interest to me has been the concentration in the food processing industry, especially in the livestock and meat packing industries because these could have the greatest potential effect on the farmers and ranchers, whom I represent.

While I say potential effect, that does not mean that there is not some adverse effect under the current structure. Dr. John Helmuth, economist from Iowa State University, points out that currently three firms slaughter over 60% of all steers and heifers and control nearly 80% of the boxed beef markets.

In 1986 Dr. Bruce Marion and others at the University of Wisconsin found that concentration of economic power among large beef packing firms in Iowa, Nebraska, Kansas, Missouri, Colorado, and the Panhandles of Oklahoma and Texas resulted in lower prices paid to cattle producers ranging from 24¢ per hundredweight to 47¢ per hundredweight and amounting to from \$42 million to \$80 million over the years 1976 - 1980. Even though cattle producers have received higher than usual prices over the past few years, that doesn't mean that they weren't cheated out of an even better price because of the monopoly control by the packing industry.

The purpose of introducing this reporting bill is not to hinder the industry unless they are doing something illegal. The purpose of this bill is to gather the information necessary to analyze the industry as a whole with the intent being to guarantee that both the producer and consumers are not negatively affected by illegal pricing or marketing action.

HS. AG.  
2-21-91  
ATTACHMENT 1

Although studies of the packing industry show a strong competitive industry at this time, the degree of concentration should be of concern to livestock producers in particular. I think Dr. Helmuth analyzed the situation correctly when he stated, "I see the essence of the problem facing producers as follows. When a few large firms buy, slaughter and sell the meat products from most of the livestock produced by farmers, those few firms are in a position to control the price they pay for livestock, control the quality of meat produced, and control the price of the meat products they sell. Such firms are motivated to pay the lowest possible price for farmers' livestock, produce the minimum quality meat that consumers will accept, and charge the highest possible price. All such activities harm livestock producers. In such an environment livestock producers receive a less than competitive quality product, and pay a more than competitive price. In such an environment consumers eat less meat, further harming producers because of shrinking demand. In my opinion, this is the situation we have today." Dr. Helmuth goes on to say, "Dr. John Conner, Purdue University, and others familiar with industry structure studies, they have indicated to me that they have seen no other industry in America at any other time period, where the concentration in economic power has increased so rapidly in such a short time period."

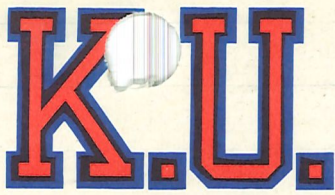
For the past several years it has been the policy of the federal government to ignore the enforcement of antitrust legislation which is designed to prevent monopoly conditions. In the 1920's the Justice Department broke up the beef trust when five firms captured 60% of the market. From my prospective, we have one of two choices at this time. 1) To enforce antitrust laws and break up this concentration or 2) to regulate and control these industries similar to the way West Germany deals with monopoly.

In West Germany if a firm has a market share of 33% it is presumed to dominate the market and is regulated as a monopoly. The same is true if up to three firms have a 50% market share or if up to five firms have 67% of the market.

This bill is designed to gather the information necessary to monitor the industry in order to guarantee to the producer and consumer a fair competitive structure. A recent Supreme Court decision gives the states the authority to enforce federal antitrust laws, and as we can see by the inaction of the Federal Justice Department that the states are going to have to play a bigger role in the enforcement area. On the philosophy of antitrust legislation, Supreme Court Justice William O. Douglas said, "They are founded on a theory hostile to private individuals amassing a power so great that even a government of the people can be trusted with it only in exceptional circumstances." He further states that. "Power that controls the economy should not be in the hands of an industrial oligarchy. Since all power tends to develop into a government in itself, industrial power should be decentralized."

The competitive structure in the food processing industry today and the beef-packing industry in particular should be of concern to every producer and consumer alike, and although there appears to be a strong competitive structure between the big three at this time. There is no guarantee of this for the future. In a supreme court decision regarding a similar antitrust case Justice Douglas sums up the argument when he stated, "The reasonableness of prices has no constancy due to the dynamic quality of the business facts underlying price structures. Those who fixed reasonable prices today would perpetuate unreasonable prices tomorrow, since those prices would not be subject to continuous administrative supervision and readjustment in light of changed conditions. Those who controlled the prices would control or effectively dominate the market. And those who were in that strategic position would have it in their power to destroy or drastically impair the competitive system."





Statement



of  
Ivan W. Wyatt, President

of  
Kansas Farmers Union, McPherson, Kc

on

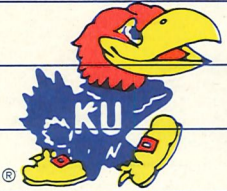
HB - 2356



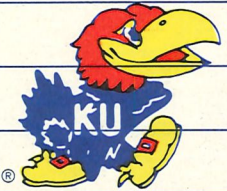
filing annual Report of annual report  
of federal packers and Stockyards Report



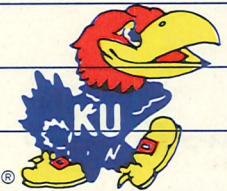
Ms Chairman, Members of the Committee: I am Ivan Wyatt, President of the Kansas Farmers Union. We rise in support of HB-2356.



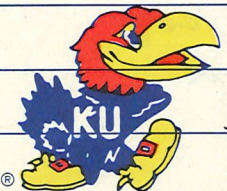
We have for several years had in this state's statutes a provision calling for the reporting of agricultural land holdings in the state.



In recent years we have saw major changes in the feeding and marketing of livestock in this country, a change from many individuals and families feeding and marketing of livestock to a greater concentration in fewer and fewer corporations.



It is as equally important to know of changes in the holding, marketing, feeding and processing of livestock, as it is in who owns and operates the land.



We support this bill because the filing of this information with the State Board of Agriculture makes this information more readily accessible. HsBo  
2-21-91  
ATTACHMENT 2



I would suggest language be added that the State Board of Agriculture compile this information in a manner that makes it readily available to the general public upon request.

Thank you Mr. Chairman, members of the  
Committee





# **KANSAS PORK PRODUCERS COUNCIL**

2601 Farm Bureau Road • Manhattan, Kansas 66502 • 913/776-0442

Testimony on

House Bill 2356

Presented by Mike Jensen, Executive Vice-President

Mr. Chairman and members of the committee, I am before you today in opposition to House Bill 2356. The Kansas Pork Producers Council represents those in Kansas whose business is pork production. The KPPC has a specific policy regarding the support of a producer's right to enter into production contracts as well as a policy opposing restrictions at the state level which would put Kansas at a competitive disadvantage to other states in regards to their production and packing industries.

The reports filed with Packers and Stockyards (P and S) are held in the strictest confidence and any weakening of this by state statute could jeopardize proprietary information of our packers. In addition the filing of contract agreements between producers and their markets would be a direct infringement on the rights of our producers to retain the confidentiality of their business transactions.

HS. AG.  
2-21-91  
ATTACHMENT 3



6031 S.W. 37th Street • Topeka, Kansas 66614-5128 • Telephone: (913) 273-5115  
FAX: (913) 273-3399

Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

*February 21, 1991*

*STATEMENT OF THE  
KANSAS LIVESTOCK ASSOCIATION  
TO THE COMMITTEE OF  
AGRICULTURE  
REPRESENTATIVE LEE HAM, CHAIRMAN  
REPRESENTATIVE DON REZAC, VICE-CHAIRMAN*

*WITH RESPECT TO HB 2356*

*Presented by*

*Rich McKee*

*Executive Secretary, Feedlot Division*

*Mr. Chairman and members of the committee, I am Rich McKee, representing the Kansas Livestock Association. KLA speaks for a broad range of over 10,500 members involved in the production of livestock. Their operations can be found in virtually every geographic corner of the state.*

*In the short time we have had to analyze the bill, some of our members have expressed opposition to lines 26 through 29. This section would require copies of private contracts between our members and the various packing entities be filed with the state board of agriculture.*

*Hs. Ag.  
2-21-91  
ATTACHMENT 4*

*Our members consider this information, which would include the number of livestock fed and prices received, confidential.*

*There are several other questions we have concerning the bill, including who would have access to the information and the purpose for collecting the information.*

*The KLA membership and the KLA Board of Directors will review this bill next week during an annual legislative meeting.*

**ANNUAL REPORT OF MARKET AGENCY**

Response is required so that financial solvency may be monitored and to determine amount of bond required (9 CFR 201.97 and 15 U.S.C. 46(b)). Information held confidential (9 CFR 201.96).

Public reporting burden for this collection of information is estimated to average .4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the form. Send comments regarding this burden estimate or any other aspects of this collection of information, including suggestions for reducing the burden, to USDA, OIRM, Clearance Officer, Room 404-W, Washington, DC 20250. When replying refer to the OMB Number and Form Number in your letter.

**INSTRUCTIONS:** This report should be filled out by any individual, partnership, corporation, or association engaged in the business of a market agency buying or selling livestock on a commission basis under the provisions of the Packers and Stockyards Act, 1921. If such market agency is also a dealer engaged in the business of buying and selling livestock for its own account, this report may also be used to report its dealer operations in lieu of Form P&SA-124. Return this report not later than April 15 following calendar year end or 90 days after close of fiscal period, if business is on other than calendar year basis. If space provided for any item is not sufficient, attach additional sheets containing the information and make reference to section and item number. SEE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS REPORT.

RETURN COMPLETED REPORT TO

U.S. DEPARTMENT OF AGRICULTURE  
Packers and Stockyards Administration  
Corporation Building  
Washington, D.C. 20250

**CERTIFICATION**

I certify that the following report has been prepared by me or under my direction, and that to the best of my knowledge and belief, said report correctly reflects the operations of the reporting firm.

DATE (Mo., Day, Yr.)

TITLE

SIGNATURE (Owner, Partner, or responsible Officer, if a Corporation)

REPORT FOR THE YEAR ENDED

DECEMBER 31, 19

IF NOT FOR CALENDAR YEAR, INDICATE PERIOD COVERED

**SECTION 1 - GENERAL INFORMATION**

1. NAME AND ADDRESS OF MARKET AGENCY

2. NAME OF DEALER ORGANIZATION (If different from market agency)

TELEPHONE NO. (Include area code)

3. TYPE OF ORGANIZATION ("x one")

- a.  INDIVIDUAL      b.  PARTNERSHIP      c.  CORPORATION      d.  ASSOCIATION

4. DID ANY CHANGE IN ORGANIZATION TAKE PLACE DURING THE YEAR?

- a.  YES (If "yes", give details)  
b.  NO

5. IS STOCKYARD LEASED?

- a.  YES (If "yes", give name and address of lessor)  
b.  NO

6. OWNERS, PARTNERS, OR OFFICERS AND DIRECTORS

NAME	TITLE	DUTIES	% OF OWNERSHIP

7. DID ANY PERSON(S) REGULARLY PURCHASING LIVESTOCK FROM YOUR FIRM DURING THE PERIOD COVERED BY THIS REPORT OWN AN INTEREST IN YOUR BUSINESS?

- a.  YES (If "yes", give name and extent of such ownership)  
b.  NO

8. DOES ANY OWNER, OFFICER, DIRECTOR, STOCKHOLDER, OR EMPLOYEE OF YOUR FIRM OWN AN INTEREST IN ANY OTHER MARKET AGENCY, DEALER ORGANIZATION, STOCKYARDS COMPANY OR PACKING COMPANY?

- a.  YES (If "yes", give name of person, firm, and extent of ownership)  
b.  NO

**SECTION 2 - BOND INFORMATION**

1. Number of public sale days covered by this report .....
2. Gross value of livestock sold on commission ..... \$ \_\_\_\_\_
3. Total cost of livestock purchased on commission ..... \$ \_\_\_\_\_
4. Total cost of livestock purchased on a dealer basis ..... \$ \_\_\_\_\_



**SECTION ANALYSIS OF CUSTODIAL B ACCOUNT FOR SHIPPERS' PROCEEDS**

1. Bal	per bank statement	.....	\$	_____
2. Deposits in transit	(In mail or bank, but not on statement)	.....		_____
3. Certificates of deposit designated as custodial funds and purchased from bank carrying custodial account	.....			_____
4. Saving account balance designated as custodial funds deposited in bank carrying custodial account	.....			_____
5. Proceeds on hand	.....			_____
6. Proceeds receivable	.....			_____
7. <b>Total Debits</b>	.....		\$	_____
8. Outstanding checks and drafts which have not cleared bank	.....		\$	_____
9. Proceeds due consignors of livestock for which no checks were issued	.....			_____
10. Expense items incident to sales remaining in account	.....			_____
11. <b>Total Credits</b>	.....		\$	_____
12. Overage (Explain (Carry to Section 4, item A1c)	.....		\$	_____
13. Shortage (Explain) (Carry to Section 4, item F2)	.....		\$	_____

NOTE: A copy of financial statements or audit report, if available for period covered by this report, may be furnished in lieu of the Balance Sheet and Profit and Loss information; PROVIDED, information requested herein but not shown in such statements or reports is furnished.

**SECTION 4 - BALANCE SHEET AS OF CLOSE OF REPORTING PERIOD**

<b>A. CURRENT ASSETS</b>				
1. Cash				
a. On hand	.....	\$		_____
b. General bank account	.....			_____
c. Overage in analysis of custodial bank account (From Sec. 3, item 12)	.....			_____
2. Inventories				
a. Livestock	.....			_____
b. Feed	.....			_____
c. Other (specify)	.....			_____
3. Marketable Securities: (U.S. Government Bonds and others	.....			_____
4. Accounts Receivable				
a. One year old or less				
(1) Due from trade	.....			_____
(2) Due from affiliates and subsidiaries	.....			_____
(3) Due from officers	.....			_____
(4) Due from employees	.....			_____
(5) Due from others	.....			_____
b. Subtotal (1 thru 5)	.....			_____
c. More than one year old	.....			_____
d. Subtotal (b and c)	.....			_____
e. Less allowance for doubtful accounts	.....		(	_____)
5. Notes receivable due within one year (Including current portion, due within one year, of long-term notes)	.....			_____
6. Other current assets				
a. Prepaid expenses	.....			_____
b. Interest receivable	.....			_____
c. Other (specify)	.....			_____
7. <b>Total current assets</b>	.....		\$	_____
<b>B. INVESTMENTS</b>				
1. Farms and real estate	.....		\$	_____
2. Stocks and bonds (Cost or market value, whichever is lower)	.....			_____
3. Other	.....			_____
4. <b>Total investments</b>	.....			_____
<b>C. FIXED ASSETS</b>				
1. Land	.....		\$	_____
2. Buildings, structures, and equipment	.....		\$	_____
3. Less allowance for depreciation	.....		(	_____)
4. <b>Total fixed assets</b>	.....			_____
<b>D. OTHER ASSETS</b>				
1. Long-term notes receivable (Not due within one year)(Excluding portion included in A5 above)	.....		\$	_____
2. Other	.....			_____
3. <b>Total other assets</b>	.....			_____
<b>E. TOTAL ASSETS</b>				
	.....		\$	_____

44

LIABILITIES AND NET WORTH

F. CURRENT LIABILITIES

1. Bank overdraft ( <i>Per books</i> ) .....		\$ _____
2. Shortage in analysis of custodial bank account ( <i>From Section 3, item 13</i> ) .....		_____
3. Payables, accruals, and other current liabilities		
a. Due to trade .....	\$ _____	
b. Due to suppliers .....	_____	
c. Due to affiliates and subsidiaries .....	_____	
e. Due to officers .....	_____	
e. Due to employees .....	_____	
f. Advances and deposits on livestock .....	_____	
g. Taxes .....	_____	
h. Demand notes payable .....	_____	
i. Notes, mortgages, and bonds due within one year ( <i>Including payments on long-term debts due within one year</i> ) .....	_____	
j. Other .....	_____	
4. Total current Liabilities .....		\$ _____

G. LONG-TERM LIABILITIES

1. Notes, mortgages, and bonds payable ( <i>Excluding payments due within one year, included in item 3i above</i> ) .....	\$ _____	
2. Less sinking fun .....	_____	\$ _____
3. Other .....	_____	
4. Total long-term liabilities .....		_____

H. TOTAL LIABILITIES

.....		\$ _____
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I. NET WORTH

1. If incorporated		
a. Capital Stock - Preferred .....	\$ _____	
b. Capital stock - Common .....	_____	
c. Paid in capital .....	_____	
d. Retained earnings .....	_____	
2. If unincorporated		
a. Owners' capital .....	_____	
b. Undivided profits (+) or loss (-) .....	_____	
3. Total net worth .....		_____

J. TOTAL LIABILITIES AND NET WORTH .....		\$ _____
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SECTION 5 - VOLUME OF LIVESTOCK HANDLED DURING YEAR

	NUMBER OF HEAD				
	CATTLE	CALVES	HOGS	SHEEP - GOATS	HORSES - MULES
1. Livestock consigned by others to your firm for sale during year					
2. Livestock consigned by you to your firm					
3. Total of Items 1 and 2					
4. Livestock brought by you on an agency basis out of consignments to your firm					
5. Livestock bought on an agency basis at other than your own firm					

4-5

**SECTION 6 - INCOME STATEMENT FOR ALL OPERATIONS**

**A. INCOME**

- 1. Selling Commissions ..... \$ \_\_\_\_\_
- 2. Yardage ..... \_\_\_\_\_
- 3. Buying Commissions ..... \_\_\_\_\_
- 4. Gross profit (+) or loss (-) from market support account (From Section 7) ..... \_\_\_\_\_
- 5. Gross profit (+) or loss (-) from dealer operations (From Section 8) ..... \_\_\_\_\_
- 6. Gross profit (+) or loss (-) from feed account ..... \_\_\_\_\_
- 7. Other income (specify) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- 8. **Total income** ..... \_\_\_\_\_

**B. EXPENSES**

- 1. Wages and bonuses ..... \_\_\_\_\_
- 2. Insurance ..... \_\_\_\_\_
- 3. Utilities ..... \_\_\_\_\_
- 4. Taxes ..... \_\_\_\_\_
- 5. Rent ..... \_\_\_\_\_
- 6. Depreciation ..... \_\_\_\_\_
- 7. Travel and entertainment (including auto expenses) ..... \_\_\_\_\_
- 8. Repairs and maintenance ..... \_\_\_\_\_
- 9. Interest ..... \_\_\_\_\_
- 10. Advertising ..... \_\_\_\_\_
- 11. Bad debts ..... \_\_\_\_\_
- 12. Trucking and hauling ..... \_\_\_\_\_
- 13. Other operating expenses \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- 14. **Total expenses** ..... \$ \_\_\_\_\_

C. **NET INCOME (+) OR LOSS (-)** ..... \$ \_\_\_\_\_

**SECTION 7 - MARKET SUPPORT ACCOUNT (Livestock purchased from consignments to support the market)**

A. LIVESTOCK PURCHASED FROM CONSIGNMENTS	NUMBER OF HEAD				
	CATTLE	CALVES	HOGS	SHEEP - GOATS	HORSES - MULES
1. Gross Profit (+) or Loss (All species) (Carry to Section 6, item A4) .....					

**SECTION 8 - DEALER OPERATIONS**

A. DETAIL OF DEALER OPERATIONS	NUMBER OF HEAD				
	CATTLE	CALVES	HOGS	SHEEP - GOATS	HORSES - MULES
1. Gross Profit (+) or Loss (All species) (Carry to Section 6, item A5) .....					

U. S. DEPARTMENT OF AGRICULTURE  
PACKERS AND STOCKYARDS ADMINISTRATION

FORM APPROVED: OMB NO. 0590-0001

ANNUAL REPORT OF PACKERS

Response is required so that financial solvency may be monitored and to determine amount of bond required (9 CFR 201.97 and 15 U.S.C. 46(b)). Information held confidential.

REPORT FOR YEAR ENDED: December 31, 19

**INSTRUCTIONS:** This report must be filed by any individual, partnership, corporation, or association, as determined by the Secretary, that is engaged in the business of a PACKER as that term is defined in the Packers and Stockyards Act, 1921, and should be returned not later than April 15 following calendar year end or 90 days after close of fiscal period if business in on other than a calendar-year basis. If space provided in any item is not sufficient, attach additional sheets containing the information and make reference to the relevant Section and Item number.

IF NOT FOR CALENDAR YEAR, INDICATE PERIOD COVERED

**RETURN COMPLETED REPORT TO:**  
U.S. DEPARTMENT OF AGRICULTURE  
Packers and Stockyards Administration  
Corporate Center  
1234 West 10th  
Oklahoma City, Oklahoma 73106

See enclosed Instructions before completing this report.

**CERTIFICATION:** I certify that the following report has been prepared by me or under my direction, and that to the best of my knowledge and belief, said report correctly reflects the operations of the reporting packer.

Date: \_\_\_\_\_ Title: \_\_\_\_\_ Signature: \_\_\_\_\_  
(OWNER, PARTNER, OR RESPONSIBLE OFFICER, IF A CORPORATION)

**SECTION 1 - GENERAL INFORMATION**

1. NAME AND ADDRESS OF PACKER (Include Zip Code)	2a. TYPE OF ORGANIZATION (Check one)	
	<input type="checkbox"/> INDIVIDUAL	<input type="checkbox"/> CORPORATION
	<input type="checkbox"/> PARTNERSHIP	<input type="checkbox"/> OTHER (Specify) _____
	2b. IF A CORPORATION, SHOW STATE IN WHICH INCORPORATED	2c. DATE INCORPORATED

3a. DID ANY CHANGE IN ORGANIZATION TAKE PLACE DURING THE YEAR? <input type="checkbox"/> YES <input type="checkbox"/> NO	3b. IF "YES," GIVE DETAILS
---	----------------------------

3c. DID YOU ACQUIRE ANY PLANTS THROUGH PURCHASE, MERGER, LEASE, ETC., DURING REPORTING PERIOD? <input type="checkbox"/> YES <input type="checkbox"/> NO	3d. DID YOU SELL OR LEASE ANY PLANTS TO OTHERS DURING REPORTING PERIOD? <input type="checkbox"/> YES <input type="checkbox"/> NO
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4a. ACTIVITIES ENGAGED IN:	4b. DO YOU OWN, OPERATE, OR HAVE ANY INTEREST IN ANY RETAIL FOOD STORES? <input type="checkbox"/> YES <input type="checkbox"/> NO
<input type="checkbox"/> SLAUGHTERING <input type="checkbox"/> FABRICATING <input type="checkbox"/> SAUSAGE MAKING <input type="checkbox"/> BONING	IF "YES" GIVE NUMBER _____
<input type="checkbox"/> GRINDING <input type="checkbox"/> CANNING <input type="checkbox"/> CURING <input type="checkbox"/> TRIMMING	

5. OWNERS, PARTNERS, OFFICERS, AND DIRECTORS

NAME	TITLE	HOME ADDRESS (Street and No., City, State and zip code)

6. IF REPORTING COMPANY IS OWNED OR CONTROLLED BY ANY CORPORATION OR INDIVIDUAL OTHER THAN THOSE LISTED UNDER ITEM 5 ABOVE GIVE NAME AND ADDRESS OF SUCH CORPORATION OR INDIVIDUAL:

7. SUBSIDIARIES AND AFFILIATED COMPANIES WHOSE OPERATIONS ARE INCLUDED IN THIS REPORT (Include in all appropriate portions of report TOTAL operations of ALL subsidiaries and affiliated companies listed in this item.)

NAME OF COMPANY	LOCATION (City and State)	NATURE OF BUSINESS	PERCENTAGE OF CONTROL BY REPORTING CO.

8. SUBSIDIARIES AND AFFILIATED COMPANIES WHOSE OPERATIONS ARE NOT INCLUDED IN THIS REPORT (except for their feeding activities reported in Section 6)

NAME OF COMPANY	LOCATION (City and State)	NATURE OF BUSINESS	PERCENTAGE OF CONTROL BY REPORTING CO.

4-7







**SECTION 5 - PROCUREMENT OF LIVESTOCK FOR SLAUGHTER.** *Include your slaughter livestock procurement activities and those of the subsidiaries and affiliated companies reported in Section 1. Item 7 - If you reported two or more plants under Section 4, Item 1, also submit a separate Supplemental Report (Form P&SA-125-1) for each plant. Item 1 through 10, report numbers of livestock by species.*

ITEM LIVESTOCK PURCHASED BOTH LIVE WEIGHT AND CARCASS WEIGHT PURCHASES:	CATTLE		NUMBER OF HEAD			
	Steers and Helpers	Cows and Bulls	CALVES	HOGS	SHEEP	OTHER
1. DIRECT AT PACKING PLANT, BUYING STATIONS, COUNTRY POINTS, FEEDLOTS, ETC. <i>(Include totals in Item 7 below)</i>						
2. AT TERMINAL STOCKYARDS <i>(Reported in Item 11 below)</i>						
3. AT AUCTION MARKETS <i>(Reported in Item 12 below)</i>						
4. FROM OTHER PACKERS						
5. TOTAL LIVESTOCK PURCHASED FOR SLAUGHTER <i>(Items 1, 2, 3, &amp; 4 above)</i>						
6. OF THE TOTAL LIVESTOCK PURCHASED <i>(Item 5, above)</i> HOW MANY WERE PURCHASED AND PAID FOR ON A DRESSED CARCASS BASIS <i>(Grade, weight, yield, guaranteed yield, etc.)?</i>						
7. LIVESTOCK TRANSFERRED FOR SLAUGHTER FROM FEEDING ACTIVITIES <i>(From page 5, Section 6, item 1 &amp; 2, totals)</i>						
8. LIVESTOCK ON HAND FOR SLAUGHTER OR FEEDING AT BEGINNING OF REPORTING PERIOD						
9. LIVESTOCK SOLD						
10. LIVESTOCK ON HAND FOR SLAUGHTER OR FEEDING AT END OF REPORTING PERIOD						

11. LOCATION OF TERMINAL STOCKYARDS AT WHICH PURCHASES WERE MADE:

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12. LOCATION OF AUCTION MARKETS AT WHICH PURCHASES WERE MADE:

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13. DO YOU OWN OR OPERATE A SCALE ON WHICH YOU WEIGH LIVESTOCK PURCHASED FOR SLAUGHTER?  YES  NO

01-7

**SECTION 6 - LIVESTOCK FEEDING ACTIVITIES** (Include your domestic livestock feeding activities and those of the subsidiaries and affiliated companies reported in Section 1, Item 7.)

**1. LIVESTOCK FED BY YOU, BY FEEDLOT.**

a. NAME AND LOCATION OF FEEDLOT (Where 500 or more cattle or calves or 1000 or more hogs or sheep were fed in any feedlot)	NUMBER OF HEAD (Removed from feed for slaughter during reporting period)			
	CATTLE	CALVES	HOGS	SHEEP
b. OTHER LOCATIONS (Where less than 500 cattle or calves or 1000 hogs or sheep were fed in any feedlot)				
<b>TOTAL <sup>1/</sup></b>				

**2. LIVESTOCK OWNED BY YOU BUT FED BY OTHERS FOR YOU UNDER CONTRACT, AGREEMENT, OR OTHER ARRANGEMENT, BY FEEDLOT.**

a. NAME AND LOCATION OF FEEDLOT (Where 500 or more cattle or calves or 1000 or more hogs or sheep were fed in any feedlot)	NUMBER OF HEAD (Removed from feed for slaughter during reporting period)			
	CATTLE	CALVES	HOGS	SHEEP
b. OTHER LOCATIONS (Where less than 500 cattle or calves or 1000 hogs or sheep were fed in any feedlot)				
<b>TOTAL <sup>1/</sup></b>				
3. LIVESTOCK OWNED BY OTHERS, THE FEEDING OF WHICH WAS FINANCED IN WHOLE OR PART BY YOU THROUGH LOANS ADVANCES, GUARANTEES, OR OTHER MEANS, FOR 30 DAYS OR MORE				

<sup>1/</sup> ENTER ON PAGE 4, SECTION 5, ITEM 7, THE SUM OF BOTH TOTALS BY SPECIES.

11-7



**SECTION 1 - FINANCIAL INFORMATION** (Complete this Section as of the end of the reporting period including financial information for all subsidiaries and affiliated companies listed in Section 1, Item 7. IN ADDITION, complete this Section for each of these subsidiaries and affiliated companies engaged in livestock slaughtering and/or meat processing.)

**NOTE:** A copy of financial statements or audit report, if available for the period covered by this report, may be furnished in lieu of the Balance Sheet and Statement of Income information below, PROVIDED information requested herein but not shown in such statements or reports is furnished under this section.

SUBSIDIARY NAME (if applicable):	Fiscal Year Ending:
<b>1. STATEMENT OF INCOME</b>	
<b>A. SALES:</b>	
Gross Sales Less Sales Returns and Allowances:	
Meat and Meat Food Products (Include all edible products and byproducts)	101
Other (Include all other sales)	102
<b>NET SALES</b>	<b>103</b>
<b>B. COST OF SALES:</b>	
Opening Inventory	104
Livestock Purchases	105
Meat and Meat Food Products Purchased	106
Other Purchases	107
<b>TOTAL COST OF SALES</b>	<b>110</b>
Less: Closing Inventory	109
<b>GROSS INCOME</b>	<b>111</b>
<b>C. OPERATING EXPENSES:</b>	
Manufacturing	112
Advertising	113
Sales Promotion	114
Sales Brokerage	115
Selling (other than above)	116
Delivery	117
General and Administrative	118
Depreciation and Amortization	119
Interest	120
Other	121
<b>TOTAL OPERATING EXPENSES</b>	<b>122</b>
<b>OPERATING INCOME (LOSS)</b>	<b>123</b>
<b>D. OTHER INCOME:</b>	
Interest	124
Other (Specify)	125
<b>TOTAL OTHER INCOME</b>	<b>127</b>
<b>TOTAL INCOME</b>	<b>128</b>
<b>E. DEDUCTIONS:</b>	
(Specify)	129
<b>TOTAL DEDUCTIONS</b>	<b>131</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>132</b>
<b>F. PROVISION FOR INCOME TAXES:</b>	
Current	133
Deferred	134
<b>TOTAL INCOME TAX</b>	<b>135</b>
<b>NET INCOME (LOSS)</b>	<b>136</b>
<b>G. Retained Earnings/Owners' Capital at Beginning of Period</b>	
Additions to Owners' Capital - if unincorporated (+)	138
Dividends Declared/Owners' Withdrawals (-)	139
Other Deductions (Specify) (-)	140
<b>NET ADJUSTMENT</b>	<b>141</b>
Retained Earnings/Owners' Capital at End of Period	142

**SECTION 7 – FINANCIAL INFORMATION (Continued)**

SUBSIDIARY NAME (if applicable)

Fiscal Year Ending:

**2. BALANCE SHEET – ASSETS**

**A. CURRENT ASSETS:**

Cash on Hand and in Banks		\$	_____	201
(Enter overdraft on next page under Current Liabilities)				
Temporary Cash Investments (Marketable securities, certificates of deposit, commercial paper, etc.)			_____	202
Accounts Receivable:				
From Trade	203	\$	_____	
From Others (Owners, officers, employees, subsidiaries and affiliated companies)	204		_____	
	205		_____	
Less Allowance for Doubtful Accounts	206		_____	207
Notes and Loans Receivable (Due within 1 year):				
Due from Subsidiaries and Affiliated Companies	208	\$	_____	
Due from Owners, Directors, Officers, Stockholders	209		_____	
Due from Others	210		_____	211
Inventories:				
Livestock	212	\$	_____	
Meat and Meat Food Products	213		_____	
Other Inventories	214		_____	215
Advances Made on Livestock and Meat			_____	216
Prepaid Expenses (Rent, Insurance, etc.)			_____	217
Other Current Assets			_____	218
		<b>TOTAL CURRENT ASSETS \$</b>	_____	219

**B. INVESTMENTS:**

Subsidiaries and Affiliated Companies (Section 1, Item 8 only)		\$	_____	220
Other			_____	221
		<b>TOTAL INVESTMENTS \$</b>	_____	222

**C. FIXED ASSETS:**

Land		\$	_____	223
Buildings, Equipment, and Other Fixed Assets	224	\$	_____	
Less Accumulated Depreciation and Amortization	225		_____	226
		<b>NET FIXED ASSETS \$</b>	_____	227

**D. OTHER ASSETS:**

Notes Receivable (Due after 1 year)		\$	_____	228
Goodwill, Patents, Trade-marks			_____	229
Other Assets (Specify)			_____	230
			_____	231
		<b>TOTAL OTHER ASSETS \$</b>	_____	232

**TOTAL ASSETS \$** \_\_\_\_\_ 233

3. BALANCE SHEET - LIABILITIES AND OWNERS' EQUITY

A. CURRENT LIABILITIES:

Bank Overdraft (Per books)		\$		301
Accounts Payable - Livestock Purchases (Do Not Include Meat)				302
Accounts Payable - Meat and Other				303
Notes and Loans Payable (Due within 1 year):				
Due to Banks, Financing and Lending Companies	304	\$		
Due to Subsidiaries and Affiliated Companies	305			
Due to Owners, Directors, Officers, Stockholders	306			
Due to Others	307			308
Accrued Liabilities				309
Accrued Federal and Other Income Taxes				310
Accrued Other Taxes				311
Other Current Liabilities				312

TOTAL CURRENT LIABILITIES \$ 313

B. LONG-TERM LIABILITIES (Due after 1 year):

Due to Subsidiaries and Affiliated Companies		\$		314
Due to Owners, Directors, Officers, Stockholders				315
Due to Others				316

TOTAL LONG-TERM LIABILITIES 317

TOTAL LIABILITIES \$ 318

C. DEFERRED INCOME TAXES

319

D. OWNERS' EQUITY:

If Incorporated:

Capital Stock - Preferred and Common		\$		320
Additional Paid-In Capital				321
Retained Earnings	322	\$		
Less Cost of Treasury Stock	323			
Total Retained Earnings				324

If Unincorporated:

Owners' Capital - Net of Withdrawals		\$		325
--------------------------------------	--	----	--	-----

TOTAL OWNERS' EQUITY 326

TOTAL LIABILITIES AND OWNER'S EQUITY \$ 327

E. CONTINGENT LIABILITIES (Attach explanation)

4. ITEMS A AND B BELOW ARE TO BE COMPLETED BY PACKERS BUYING LIVESTOCK FOR SLAUGHTER.

A. BOND INFORMATION

NOTE: Include Total Purchase Price of ALL Livestock Purchased

1. Total livestock purchased for feeding				401
2. Total livestock purchased for slaughter				402
TOTAL LIVESTOCK PURCHASED \$				403

B. ACCOUNTS RECEIVABLE AND/OR INVENTORY FINANCING ARRANGEMENT(S)

1. As of the end of the reporting period, were Accounts Receivable and/or Inventories, or any part thereof, pledged, assigned, or hypothecated as collateral under a financing or loan agreement? 404 <input type="checkbox"/> YES 405 <input type="checkbox"/> NO <i>(If answer is YES, complete questions 2 thru 9)</i>	2. Names and addresses of financial lending institutions having security interests: 406 _____ 407 _____ 408 _____ 409 _____
3. Are Inventories collateralized under the agreement? 410 <input type="checkbox"/> YES 411 <input type="checkbox"/> NO	4. Are Accounts Receivable collateralized under the agreement? 412 <input type="checkbox"/> YES 413 <input type="checkbox"/> NO
5. Enter borrowing limit under the agreement: 414 \$ _____	6. Enter borrowing payable as of the end of the reporting period: 415 \$ _____
7. Are any Company owners, directors, officers, or stockholders named as a guarantor under the agreement? 416 <input type="checkbox"/> YES 417 <input type="checkbox"/> NO 418 <input type="checkbox"/> NOT APPLICABLE	8. If Company is a subsidiary of another, is the Parent Company named as a guarantor under the agreement? 419 <input type="checkbox"/> YES 420 <input type="checkbox"/> NO 421 <input type="checkbox"/> NOT APPLICABLE
9. Restrictions and covenants under financing or loan agreement:	
(a) Minimum Cash balance to be maintained on deposit \$ _____ 422	
(b) Minimum working capital ratio to be maintained (Give ratio) _____ 423	
(c) Others (Describe) _____ 424	

10. Names and location of banks used for livestock payment. (Attach list if additional space is needed.)

4-14

**ANNUAL REPORT OF DEALER OR MARKET AGENCY BUYING ON COMMISSION**  
*(Financial Statement)*

Response is required so that the... of solvency may be monitored and to determine amount of bond required (9 CFR... 97 and 15 U.S.C. 46(b)) Information held confidential (9 CFR 201.96)

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the form. Send comments regarding this burden estimate or any other aspects of this collection of information, including suggestions for reducing the burden, to USDA, OIRM, Clearance Officer, Room 404-W, Washington, DC 20250. When replying refer to the OMB Number and Form Number in your letter.

**INSTRUCTIONS:** This report should be filled out by any individual, partnership, corporation, or association engaged in the business of buying and selling livestock on their own account as a dealer or a market agency buying livestock on a commission basis (order buyer) under the provisions of the Packers and Stockyards Act, 1921. Return this report not later than April 15 following calendar year end or 90 days after close of fiscal period, if business is on other than calendar year basis. If space provided for any item is not sufficient, attach additional sheets containing the information and make reference to section and item number. **SEE ENCLOSED INSTRUCTIONS BEFORE COMPLETING THIS REPORT.**

RETURN COMPLETED REPORT TO

U.S. DEPARTMENT OF AGRICULTURE  
PACKERS AND STOCKYARDS ADMINISTRATION  
WASHINGTON, D.C. 20250

**CERTIFICATION**

I certify that the following report has been prepared by me or under my direction, and that to the best of my knowledge and belief, said report correctly reflects the operations of the reporting firm.

DATE (Mo., Day, Yr.)

TITLE

SIGNATURE (Owner, Partner, or responsible Officer, if a Corporation)

REPORT FOR THE YEAR ENDED

DECEMBER 31, 19

IF NOT FOR CALENDAR YEAR, INDICATE PERIOD COVERED

**SECTION 1 - GENERAL INFORMATION**

1. NAME AND ADDRESS OF FIRM

2. TYPE OF ORGANIZATION ("x" one)

a.  INDIVIDUAL

b.  PARTNERSHIP

c.  CORPORATION

d.  ASSOCIATION

TELEPHONE NO. (Include area code)

3. DID ANY CHANGE IN ORGANIZATION TAKE PLACE DURING THE YEAR?

a.  YES (If "yes", give details)

b.  NO

4. OWNERS, PARTNERS, OR OFFICERS AND DIRECTORS

NAME	TITLE	% OF OWNERSHIP

5. DOES ANY OWNER, OFFICER, DIRECTOR, STOCKHOLDER, OR EMPLOYEE OF YOUR FIRM OWN AN INTEREST IN ANY OTHER MARKET AGENCY DEALER ORGANIZATION, STOCKYARDS COMPANY OR PACKING COMPANY?

a.  YES (If "yes", give name of person, firm, and extent of ownership)

b.  NO

**SECTION 2 - BOND INFORMATION**

1. a. TOTAL COST OF LIVESTOCK PURCHASED ON A DEALER BASIS FOR YOUR ACCOUNT

Jan., Feb., and Mar. or 1st quarter of fiscal year	April, May, and June or 2nd quarter	July, Aug., and Sept or 3rd quarter	Oct., Nov., and Dec. or 4th quarter
\$	\$	\$	\$

b. TOTAL COST OF LIVESTOCK PURCHASED FOR THE ACCOUNT OF OTHERS (Include livestock you purchased but which was billed direct to customer by seller and paid for by customer direct to seller)

Jan., Feb., and Mar. or 1st quarter of fiscal year	April, May, and June or 2nd quarter	July, Aug., and Sept or 3rd quarter	Oct., Nov., and Dec. or 4th quarter
\$	\$	\$	\$

TOTAL COST OF LIVESTOCK PURCHASED (a & b above) \$

NOTE: Copy of financial statements or audit report, if available for period covered by this report, may be furnished in lieu of the Balance Sheet and Profit and Loss Statement. If information requested here is not shown in such statements or reports is furnished under Sections 3 and 4.

**SECTION 5 - BALANCE SHEET AS OF CLOSE OF REPORTING PERIOD**

**ASSETS**

**A. CURRENT ASSETS**

- 1. Cash
  - a. On hand ..... \$ \_\_\_\_\_
  - b. In bank (*per books*) ..... \_\_\_\_\_
- 2. Inventories
  - a. Livestock ..... \_\_\_\_\_
  - b. Feed ..... \_\_\_\_\_
- 3. Marketable Securities: U.S. Government Bonds and others ..... \_\_\_\_\_
- 4. Accounts Receivable
  - a. One year old or less ..... \_\_\_\_\_
  - b. More than one year old ..... \_\_\_\_\_
  - c. **Subtotal (a and b)** ..... \_\_\_\_\_
  - d. Less allowance for doubtful accounts ..... ( \_\_\_\_\_ )
- 5. Notes receivable due within one year (*Including current portion, due within one year, of long-term notes*) ..... \_\_\_\_\_
- 6. Other current assets
  - a. Prepaid expenses ..... \$ \_\_\_\_\_
  - b. Interest receivable ..... \_\_\_\_\_
  - c. Other (*specify*) ..... \_\_\_\_\_
- 7. **Total current assets** ..... \$ \_\_\_\_\_

**B. OTHER ASSETS**

- 1. Investments ..... \$ \_\_\_\_\_
- 2. Fixed assets
  - a. Land ..... \$ \_\_\_\_\_
  - b. Buildings, structures, and equipment ..... \$ \_\_\_\_\_
  - c. Less allowance for depreciation ..... \_\_\_\_\_
- 3. Long-term notes receivable not due within one year (*Excluding portion included in item A5 above*) ..... \_\_\_\_\_
- 4. Other ..... \_\_\_\_\_
- 5. **Total other assets** ..... \_\_\_\_\_

**C. TOTAL ASSETS** ..... \$ \_\_\_\_\_

**LIABILITIES AND NET WORTH**

**D. CURRENT LIABILITIES**

- 1. Bank overdraft (*per books*) ..... \$ \_\_\_\_\_
- 2. Payables, accruals, and other current liabilities
  - a. Due to trade ..... \$ \_\_\_\_\_
  - b. Due to affiliates and subsidiaries ..... \_\_\_\_\_
  - c. Due to officers ..... \_\_\_\_\_
  - d. Due to employees ..... \_\_\_\_\_
  - e. Advances and deposits on livestock ..... \_\_\_\_\_
  - f. Taxes ..... \_\_\_\_\_
  - g. Demand notes payable ..... \_\_\_\_\_
  - h. Notes, mortgages, and bonds due within one year (*Including payments on long-term debts due within one year*) ..... \_\_\_\_\_
  - i. Other ..... \_\_\_\_\_
- 3. **Total current liabilities** ..... \$ \_\_\_\_\_

4-16

E. OTHER LIABILITIES

1. Long-term notes, mortgages, and bonds payable (Excluding payments due within one year, included in item D2h) ..... \$ \_\_\_\_\_
2. Other (specify) \_\_\_\_\_
4. Total other liabilities .....

F. TOTAL LIABILITIES .....

G. NET WORTH

1. If incorporated
  - a. Capital Stock ..... \$ \_\_\_\_\_
  - b. Retained earnings .....
2. If unincorporated
  - a. Owners' capital .....
  - b. Undivided profits (+) or loss (-) .....
3. Total net worth .....

H. TOTAL LIABILITIES AND NET WORTH ..... \$ \_\_\_\_\_

SECTION 4 - DETAIL OF DEALER AND BUYING COMMISSION (ORDER BUYING) INCOME

A. DEALER LIVESTOCK

CATTLE		CALVES		HOGS		SHEEP - C HORSES -
No. of Head	Gross Profit	No. of Head	Gross Profit	No. of Head	Gross Profit	No. of Head
	\$		\$		\$	

B. BUYING COMMISSION (ORDER BUYING) INCOME

CATTLE		CALVES		HOGS		SHEEP - HORSES -
No. of Head	Gross Profit	No. of Head	Gross Profit	No. of Head	Gross Profit	No. of Head
	\$		\$		\$	

SECTION 5 - STATEMENT OF OPERATIONS

A. INCOME

1. Gross dealer profit (+) or loss (-) (From Section 4A) ..... \$ \_\_\_\_\_
2. Buying commission (From Section 4B) .....
3. Bonuses, profits, or salary received from others .....
4. Other income .....
5. Total income ..... \$ \_\_\_\_\_

B. EXPENSES

1. Wages and bonuses ..... \$ \_\_\_\_\_
2. Selling commissions .....
3. Yardage .....
4. Feed .....
5. Trucking .....
6. Split of profits, bonuses, etc., paid to others (specify) \_\_\_\_\_
7. Other expenses .....
8. Total expenses .....

C. NET PROFIT (+) OR LOSS (-) ..... \$ \_\_\_\_\_

CONTRACT  
**№ 011540**

Seller JOHN DOE  
300 SUNSET DR.  
DODGE CITY, KS (67800)



Buyer confirms purchase from Seller today as follows:

Feedlot <u>INGALLS FD. YD.</u>	Delivery Month <u>NOVEMBER</u>
Quantity <u>100</u> head or: <u>NA.</u> 40,000 lb. units	Delivered FOB Seller's Feedlot [ ] Buyer's Plant [ ]
[ <input checked="" type="checkbox"/> ] steers [ ] helpers	[ ] Friona [ ] Plainview [ ] Rock Port [ <input checked="" type="checkbox"/> ] Dodge City
Flat Price \$ <u>62.32</u> cwt. live wt. \$ <u>98.61</u> cwt. dressed \$ <u>63</u> % hot carcass yield	Basis Price \$ <u>20</u> cwt. under the live cattle futures contract price for <u>DECEMBER 1985</u>
	Carcass Weight Specs. Steers 600-900 lbs. <input checked="" type="checkbox"/> Heifers 550-900 lbs.
	Yield Grade 90% Yield Grade 3 or better balance Yield Grade 4.
	Quality Grade USDA 75% choice—balance top good

**DISCOUNT SCALES TO APPLY:**

- 1. Weight.** All carcasses over 900 lbs. shall be discounted at \$ USDA (DAY OF KILL) per dressed cwt.  
 Steer carcasses between 500 lbs.—599 lbs. shall be discounted at \$ ABOVE per dressed cwt.  
 Helper carcasses between 500 lbs.—549 lbs. shall be discounted at \$ ✓ per dressed cwt.  
 Helper carcasses between 400 lbs.—499 lbs. shall be discounted at \$ ✓ per dressed cwt.
- 2. Quality Grade.** Cattle grading below top good shall be discounted according to prevailing market prices on slaughter date. Allowances shall be paid on all cattle quality grading in excess of the requirements specified herein.
- 3. Carcass Damage** Carcasses damaged above a 10% allowance due to yellow fat, bruises, grubs, and any other parasites, shall be discounted at \$1.50 cwt.
- 4. Yield Grade.** All cattle shall be 90% Yield Grade 3 or better—balance Yield Grade 4. Cattle in excess of 10% Yield Grade 4 shall be discounted at prevailing market prices on slaughter date. All Yield Grade 5 cattle shall be discounted at \$5.00 cwt. below Yield Grade 4 cattle on slaughter date.
- 5. Carcass Yield.** All cattle with hot carcass yield less than 63% shall reduce the applicable price specified herein accordingly. Likewise, cattle exceeding this hot carcass yield shall increase the applicable price accordingly.

**PAYMENT TERMS:**

Buyer shall pay \$ 10.00 per (hd/unit) as partial payment. This payment will be made within twenty (20) days after the cattle have been placed on feed identified and accepted by Buyer with the balance paid before the close of business on the day following the determination of the amount of the purchase price by depositing a check in the mail addressed to Seller or his agent.

**LIENS:**

Seller warrants that he has good and merchantable title in the cattle sold hereunder and that said cattle are free and clear of all liens and encumbrances of every nature except: (if none, write "none")

CITIZEN'S STATE BANK - CIMMARON, KS.  
NAME AND ADDRESS

If any liens exist at the time of delivery, Seller authorizes Buyer to make settlement jointly with the Seller and such party or parties in whose favor the liens and encumbrances have attached.

The undersigned Seller represents and warrants to Buyer that Seller is a Merchant as such term is defined in the Uniform Commercial Code (UCC), with respect to the cattle which are the subject of this contract. **Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the above described cattle in accordance with the preceding terms and conditions and the terms and conditions on the reverse side hereof, which terms and conditions are legally binding on Seller and Buyer.**

Please sign and Return  
 Seller John Doe  
(AT ADDRESS SHOWN ABOVE)

Accepted Buyer: **EXCEL CORPORATION**  
 By \_\_\_\_\_  
 4-18



## ADDITIONAL TERMS AND CONDITIONS

1. All cattle shall be delivered in good and merchantable condition and suitable for immediate slaughter to produce meat for human consumption. All death loss and railers shall be the responsibility of Seller. Title shall pass to Buyer after final grading.
2. Cattle priced on a basis of 40,000 lb. units shall not have a weight variation of more than 1,000 lbs. Any variation exceeding 1,000 lbs. shall be corrected by (1) increasing or decreasing the number of head necessary to conform, or (2) a price adjustment shall be made according to prevailing market prices at the time of delivery.
3. If Seller fails to deliver the cattle as required, Seller shall promptly refund all payments made and shall be liable in the amount by which the prevailing market price on the date the cattle should have been delivered exceed the contract price for such undelivered cattle plus expenses including attorney's fees incurred by Buyer.
4. All basis price cattle shall be priced by Seller prior to the first day of the month of the live cattle futures price applicable to the transaction or the first day of the month the cattle are projected to finish, whichever is earlier. The cattle shall be delivered on a day designated by the Buyer during the delivery month, or by mutual agreement at an earlier or later date.
5. This contract contains the entire agreement between the parties and cannot be varied orally and shall be binding on the heirs, successors and assigns of the parties.
6. Definitions — As used herein, the following terms shall have the meaning ascribed:
  - a. live weight — the weight of the live cattle purchased at point of delivery.
  - b. hot carcass yield percent — a guaranteed carcass yield percentage as designated herein.
  - c. dressed price — the price computed by dividing the live price per cwt. by the par dressing percentage of hot carcass weight.
  - d. hot carcass weight — the weight of the hot carcasses after slaughter.
  - e. choice grade/top good grade — USDA classifications and grades based on a composite evaluation of the conformation and quality of carcasses.
  - f. yield grade — identify of carcasses for differences in cutability or yield of boneless, closely trimmed retail cuts from the round, loin, rib, and chuck. The yield grades are numbered 1 through 5.
  - g. carcass yield — the yield computed by dividing the hot carcass weight by the live weight.
  - h. unit — a quantity of cattle containing 40,000 lbs. live weight.
  - i. live cattle futures contract price — the price of a live cattle futures contract for a given month on the Chicago Mercantile Exchange.