

Approved: 1-27-98
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Steve Morris at 10:00 a.m. on January 22, 1998 in Room 313-S of the Capitol.

All members were present except: Senator Robert Tyson (Excused)

Committee staff present: Raney Gilliland, Legislative Research Department
Jill Wolters, Revisor of Statutes
Nancy Kippes, Committee Secretary

Conferees appearing before the committee:
Tom Stinson, Development Manager for the Midwest, Murphy Family Farms
Jim Shantz, Development Specialist for the High Plains, Murphy Family Farms

Others attending: See attached list

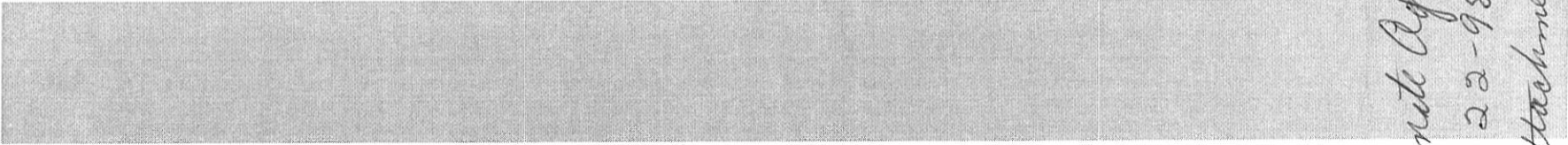
Jim Shantz and Tom Stinson from Murphy Family Farms gave an overhead presentation on the history of Murphy Farms and Murphy Farms' commitments to environmental responsibility, social responsibility and economic responsibility (Attachment 1). Murphy Farms was started by Wendell Murphy and his father, beginning with a feed mill, and expanded by contracting with local farmers in North Carolina. In 1986, the company came to the Midwest and is now has operations or a presence in the states of North Carolina, Iowa, Missouri, Illinois, South Dakota, Oklahoma and Texas. The conferees stated that the firm still remains completely family owned.

The conferees stated that Murphy Farms is concerned and explained what they do to protect groundwater, water quality and water quantity. They also discussed the ways Murphy Farms engages in odor reduction research and the methods they currently use for odor control.

Mr. Shantz and Mr. Stinson presented the plans Murphy Farms would like to implement in Kansas. A question and answer session followed the presentation.

The next meeting is scheduled for January 27, 1998.

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Senate Agreement
1-22-98
Attachment 1

Thank You



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Introductions

- Tom Stinson
 - Development Manager for the Midwest
- Kay Stinson
 - High Plains Operations Manager
- Jim Shantz
 - Development Specialist for the High Plains



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Murphy Farms History

- Started by Wendell Murphy and his father.
- Began with a feed mill
- Expanded the business by contracting with local farmers
- Came to the Midwest in 1986
- Now in NC, IA, MO, IL, SD, OK, and TX
- Still completely family owned



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Murphy Family Farms is

Committed to being:

A. Environmentally Responsible

B. Socially Responsible

C. Economically Responsible



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Environmentally Responsible

- **Water Quality**

- MFF meets or exceeds all state and federal requirements
- Voluntary monitoring of on site wells
- Detailed nutrient management program
- Company owned lagoons lined with clay and synthetic liner.

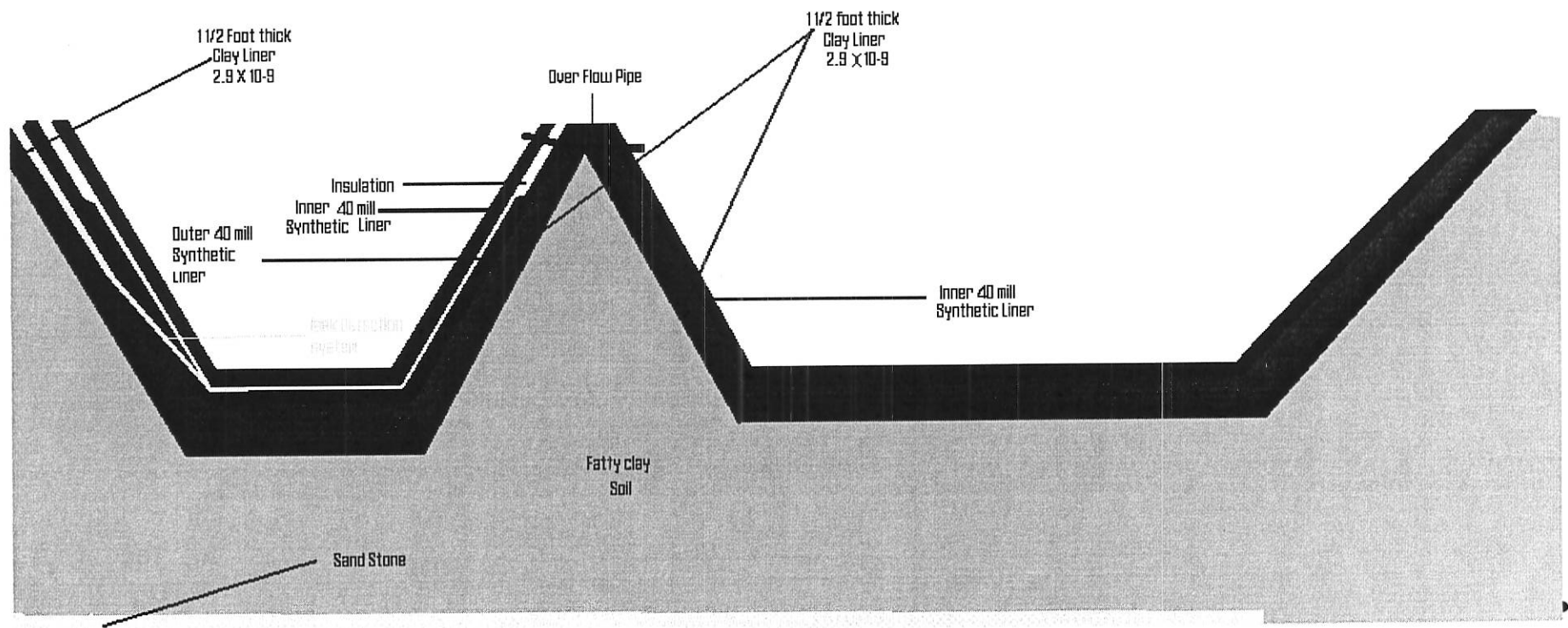


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Ground Water Protection

WILDCAT SOW SITE



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Environmentally Responsible

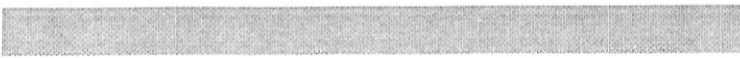
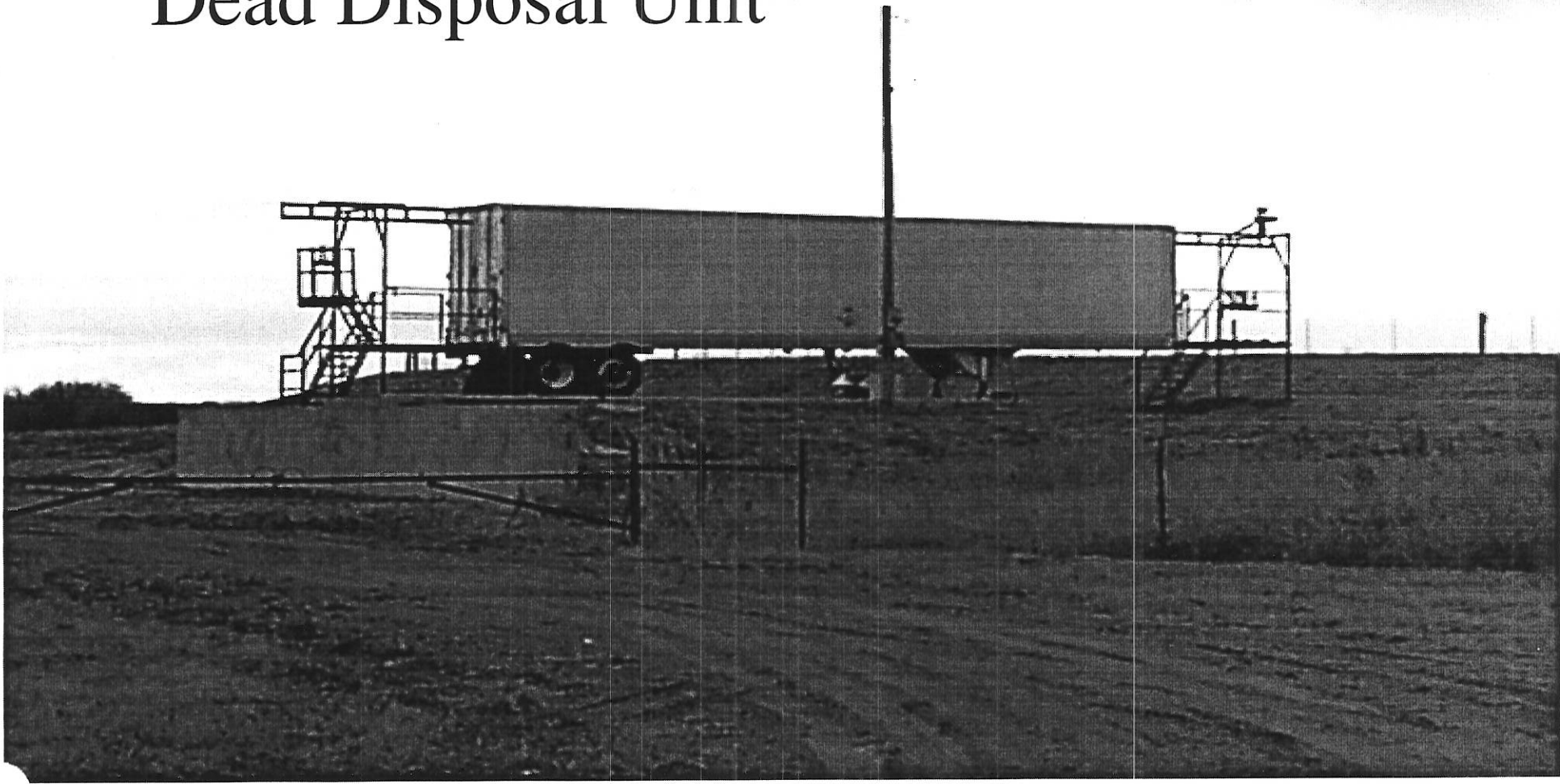
- Water Quantity
 - Each sow unit uses only 80 acre feet of water.
 - This would be equivalent to 40 acres of corn.



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Environmentally Responsible

Dead Disposal Unit



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Socially Responsible

- Odor

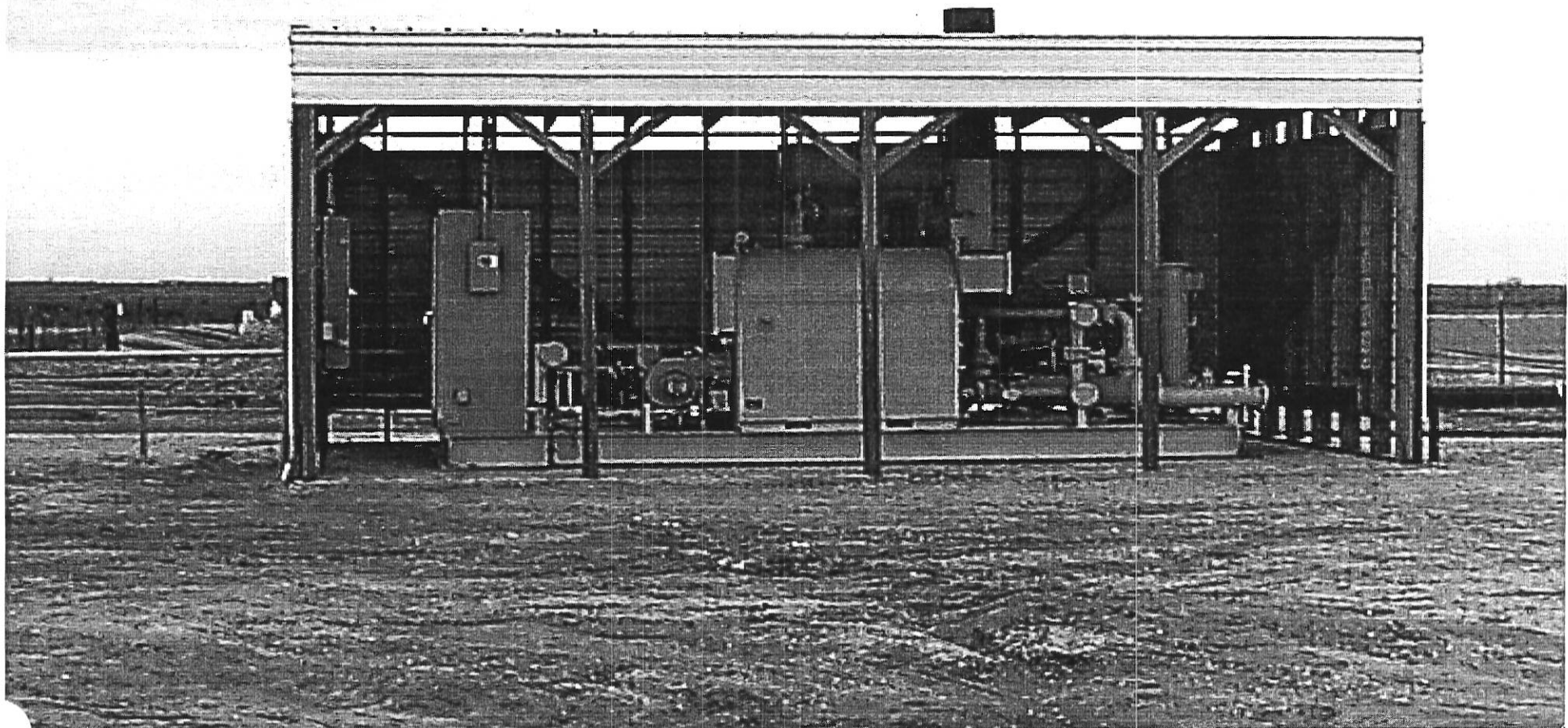
- Major issue to our industry
- MFF engaged in continual odor reduction research
- Odor abatement techniques implemented on every company site
- Currently using digesters, lagoon additives, covered lagoons and barrel filters



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Socially Responsible

Methane Digester

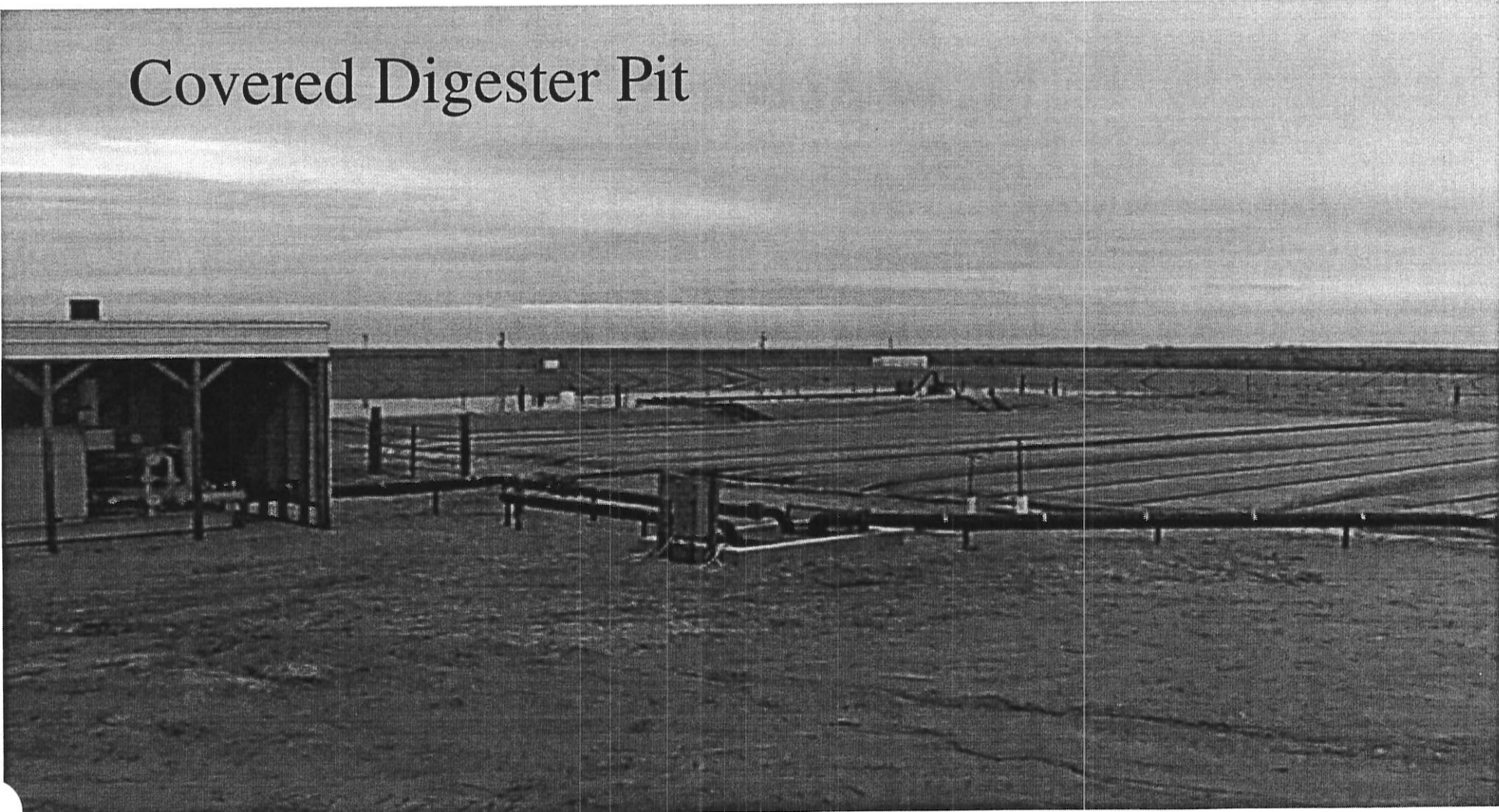


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Socially Responsible

Covered Digester Pit



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Plans for Kansas

- Company owned sow units
 - 11,000 head of sows
 - \$6.7 Million in capital investment per sow unit
 - 50 full time jobs (most from local area)
 - 13,520 tons of feed purchased per sow unit per year
 - No tax incentives or abatements that neighbor farmers don't receive

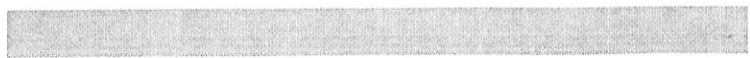


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Kansas Plans Cont.

- **Contract Finishing**

- Possible development in North Central Kansas
- Close to available feed and markets (processing)
- 10 year payoff with 10 year contract
- Lowered risk



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Kansas Plans Cont.

- Contract nursery units
 - 10 for each sow unit
 - Contracted to independent producer
 - 10 year contract, 10 year payoff
 - \$2.5 Million in capital investment per sow unit
 - Proven track record (35 year history)



MURPHY FAMILY FARMS High Plains Nursery Partnership Program

Murphy Family Farms' Missouri nursery program began in Vernon County in 1992. More than 38 farm families are in partnership with MFF with 50+ nursery buildings. Ten families have constructed a second nursery building. Demand for nurseries has continued with 10 farm families on the list for future nurseries. Local lenders have played a key role in acceptance of the program.

Murphy Family Farms operates a three-site pork production plan that includes:

- sow farms
- off-site nurseries
- off-site finishers

Contract off-site nursery partnerships are based on the independent farmer managing 3,400 pigs; raising them from 10 pounds to a feeder pig size of 40-50 pounds over a 6-7 week period. Farmers will generally have 7.5 "turns" of pigs each year.

Cash flow and management requirements fit the typical family farm. Nursery partners spend approximately 3 hours per day in their nursery. The partnership contract provides \$25,000 to \$27,000 positive cash flow beyond 100% debt service and operating expenses. The Nursery Partnership Program can be an effective "on farm" income generating part of your operation.

We are told that our nursery contract, written in plain language, is unique. The payment structure is on a per day -- first in, last out -- basis for ten years. The nursery program is an integral part of our production plan and we expect the relationship with our partners to last long beyond the term. Under effective maintenance, we expect nursery facilities to have a 20 year life.

Regarding environmental concerns, MFF requires all nursery partners to:

- * With assistance from MFF and a contracting engineer, submit a site development application to the Oklahoma Department of Agriculture, including:
 - * Project Description
 - * Soils Report
 - * Construction Specifications
 - * Detailed Engineering Drawings
- * Maintain Nutrient Application and Soil Test Monitoring Records
 - * Record keeping of waste spreading locations and amounts
 - * Annual soils evaluation to monitor levels of 6 different nutrients

Note. Maintaining nutrient management and application records is required by Oklahoma Department of Agriculture if an initial application is voluntarily submitted.

The application and records are submitted to the Oklahoma Department of Agriculture. Due to the size of the nursery operation, ODA does not require this level of documentation, however MFF contends that a proactive approach in dealing with the Department is an effective way to manage your nursery.

The nursery building is 170' x 60' and the building, lagoon, and drive will generally occupy about 3 acres. Additional land will be needed to irrigate effluent twice each year from the lagoon.

Historically in Missouri, we have found that current building costs should be budgeted at about \$165,000. During the past four years, we have seen these costs range between \$145,000 and \$170,000. In the High Plains, the costs are estimated to be \$211,209 due to the larger size. These cost estimates include the nursery construction project itself and would exclude the cost of land, powerwashers, and irrigation equipment. Many farmers rent the irrigation equipment when needed. Our staff will provide assistance in obtaining financing, detailed building plans, assist in site selection, assist with construction supervision, and available contractor information.



MURPHY FAMILY FARMS OF MISSOURI

POST OFFICE BOX 3
NEVADA, MISSOURI
417-398-2212

MURPHY
FAMILY FARMS

Contract Grower Application

(TYPE OR PRINT)

GENERAL INFORMATION:

NAME		SSN#	
(LAST)	(FIRST)	(MIDDLE INITIAL)	
ADDRESS/ ROUTE/BOX #	CITY	STATE	ZIP
TELEPHONE#	LOCATION		
BIRTH DATE	SPOUSE NAME:	COUNTY	TOWNSHIP SECTION
		BIRTH-DATE:	
FINANCIAL INFORMATION:		SPOUSE SSN#	

BANK NAME	THIS SECTION FOR OFFICE USE ONLY.
ADDRESS	
TELEPHONE#	
BANK OFFICER TO CONTACT:	

BUSINESS INSURANCE CARRIER:

NAME
ADDRESS
TELEPHONE#
PERSON TO CONTACT

GENERAL BUSINESS REFERENCES: (PLEASE LIST 3)

NAME
ADDRESS
TELEPHONE#
PERSON TO CONTACT
NAME
ADDRESS
TELEPHONE#
PERSON TO CONTACT
NAME
ADDRESS
TELEPHONE#
PERSON TO CONTACT

It is understood when submitting a signed application that Murphy Family Farms may make inquiries regarding credit, business relationships and history of the applicant to the banks, reference accounts, governmental agencies, vendors and suppliers mentioned above.

SIGNATURE _____ DATE _____

Contract Nursery Partner Application Process

If you are interested in becoming a MFF contract nursery partner, you'll follow this sequence of events:

- Acquire this packet of information
- Schedule a visit with Jim Shantz
- If you wish, schedule a farm tour and nursery site visit
- Complete, sign, and return the following . . . (forms enclosed)
 - _____ Contract Grower Application
 - _____ Agricultural Financial Statement
 - _____ Cash Flow Statement
 - _____ Authorization Form
 - _____ Grower Environmental Commitment
 - _____ Past three years of income tax returns (MFF can make the copies if necessary)
 - _____ Sign (husband and wife) the form from the Oklahoma Department of Agriculture (this form is the construction permit application and will be completed by the engineer)
 - _____ Provide a copy of the SCS photograph map of your property; Soils Map; and Interpretation Sheet
- The MFF office will conduct an in-house review of your application; if approved, with your permission, MFF will submit your application to area lenders
- A visit will be scheduled with a MFF nursery service staff member to discuss questions, outline MFF/nursery partner expectations, and visit the proposed nursery site
- Schedule contract engineers to dig "test holes" and collect a dirt sample for the "permeability" test
- Receipt of bank commitment letter
- Following receipt of the bank commitment letter, schedule the engineer to prepare topographical work
- Topography engineering completed
- Total application package is approved
- Title Insurance is ordered; construction loan papers are prepared and signed
- Nursery engineering work is completed and construction is scheduled

Contact: Jim Shantz
 PO Box 1066
 Laverne OK 73848



Murphy
Family Farms

Nursery Setback Minimums

- ❖ Three miles (as the crow flies) from a city or town
- ❖ No buildings or lagoons within $\frac{1}{4}$ mile of dwellings or inhabitable dwellings
- ❖ Written permission from the resident if less than $\frac{1}{4}$ mile from building or lagoon
- ❖ Verbal notice to neighbors within one mile regarding plans to construct and operate a nursery
- ❖ Murphy Family Farms will provide some training and require written verification
- ❖ Buildings and lagoons must be 150 feet or more from property lines
- ❖ Buildings and lagoons must be 300 feet or more from roads
- ❖ Buildings and lagoons must be 50 feet or more from ponds, creeks, and ditches
- ❖ Nurseries must be 1,100 feet apart

Other Issues:

- ❖ Water Source
- ❖ Electricity
- ❖ Clay
- ❖ Rock Outcroppings
- ❖ Sinkholes

To: Murphy Family Farms

From: _____

GROWER ENVIRONMENTAL COMMITMENT

We have reviewed the requirements of Murphy Family Farms and the Oklahoma Department of Agriculture regarding the application method of nutrients produced by a contract nursery and the soils to which nutrients may be applied.

We agree to implement an environmental plan to effectively manage the lagoon, related nutrients, and application land that will meet or exceed state and federal guidelines; and are aware of the costs related to this responsibility.

We agree to contract with Ag Advisory, Ltd. for help in developing our environmental file. Please inform them to contact us at the appropriate time.

Grower's Name (print)	Date
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Grower's Signature

Address: _____

Neighbor Notice Verification

Name: _____

Address: _____

Distance from site: _____

Comments: _____

Date of Visit: _____

Name: _____

Address: _____

Distance from site: _____

Comments: _____

Date of Visit: _____

Nursery Applicant Signature



BACON BITS

Murphy Family Visits Missouri

The Murphy family traveled to Missouri the last weekend in August to visit the operations and hold their August board meeting in Nevada. Individuals from North Carolina included our owners, Wendell Murphy, Pete Murphy, Joyce Murphy, and Dell Murphy; Vice Chairman of the Board, Jim Stocker; Murphy Family Farms President, Jerry Godwin; and Chief Financial Officer, Howard Rush.

Members of the Midwest Farrowing Operations Resources Team made presentations on the benefits of an 11,000 sow farm, the updates of Midwest Public Relations, interdepartmental communication, meat quality demonstration, production overview, and the five year study of nutrient management in Missouri. Additionally, Doug Tannel, Tim Chase and Jason Butterfield included presentations about people development through CQI, training, and the role of a manager.

Circle Four Visit

After the great visit to Utah, four of their team leaders will be visiting our Missouri operations from September 29 to October 1. The individuals visiting are Dwight Potter, Accounting Team Leader; Kenny Seidel, Support Services Team Leader; Eric Bleaks, Training Team Leader; and Kerry Sherwood, Sow Operations Team Leader.

The focus of the group is to better understand how the Missouri Resource team and farm managers work together. They will also have overviews from various departments such as training, human resources, purchasing and production.

Visitors from Lane County Impressed By Our People

Since the first of the year, Murphy Family Farms has been looking at possible expansion into Lane County, Kansas. Our development efforts there have paid off and we are now planning to expand there sometime in 1998. As always, we have hosted tours of our facilities both in Nevada and in Laverne; all have gone extremely well. We have hosted county commissioners, economic development people, concerned citizens, local farmers, local teachers, and an eighth grade English class.

Every one that has visited has been very impressed with our commitment to the environment and to local businesses. In particular, they have commented on the measures that we have taken to protect the ground water and the efforts that we are making to reduce odor, such as digester and covered first stage lagoons.

Many of those who have visited were initially undecided about our company and the pork industry prior to their visit. Many of these people have actually showered in to our first 11,000 head sow farm. After the tour, we always ask them if it was what they expected. Ninety-nine percent of them say "no". When asked what surprised them, they talk about how clean it was, the lack of flies, how nice the environment was, and the various technologies we use. However, the number one thing that impresses them the most about our company is the people who work there. We get more positive comments about the people who work within the farms than any other area.

We always hear that it is the employees of an organization that make it great. We believe this is true of Murphy Family Farms, and the people who have toured our farms from Lane County would definitely agree.

Give a man a fish and you feed him for a day; teach him how to fish and you feed him for a lifetime.

-Stephen Covey



MURPHY

FAMILY FARMS

WHO IS MURPHY FAMILY FARMS?

We at Murphy Family Farms are dedicated to long term profitability through the efficient production of high quality pork for consumers worldwide. We are committed to the continuous improvement of our organization through the growth, development, and prosperity of our employees and producers. We will accomplish these goals by applying our values of integrity, animal care, environmental protection, safety, business relationships, and community well-being.

A BRIEF HISTORY

Wendell Murphy began his working career as a Vocational Agriculture instructor. Driving through the area one day, he and a friend saw a feed mill and decided that a similar operation could benefit their community.

In the mid-1960's, with some cash of his own and some assistance from his father, Wendell acquired the property and equipment needed to open the feed mill . . . keeping his job as a teacher for additional security.

As business progressed, Wendell began to establish contract arrangements with local farmers to manage the feeder pigs he purchased. Since then, the business has evolved, as has agriculture in general. In 1979, the company began producing their own pigs, and today, Murphy Family Farms operates a three-site production system: sow farms; off site

nursery partnerships, and off-site finishing partnerships.

Today, Murphy Family Farms has operations in North Carolina, Iowa, Missouri, South Dakota, Oklahoma, Texas and Illinois. At this time, about 400 staff members operate sow farms in our Midwest operations.

Director of Midwest Farrowing operations, Stephen Summerlin states, "Everyone is invited to tour our facilities near Nevada, MO, or Laverne, OK between 8 a.m. and 5 p.m., Monday through Friday. To schedule an appointment, please contact our Missouri office at 800-566-7675 or our Laverne office at 1-800-586-2019."

Myth vs. Fact

Murphy Family Farms' expansion plans generally create a number of questions and occasionally some misinformation. The following is an effort to clarify any misunderstandings.

MYTH: Murphy Family Farms (MFF) does not hire any local people. **FACT:** As of January 1, 1998, over 70% of our labor comes from within a 40 mile radius of the farms.

MFF employees will include college graduates and high school graduates; men and women; first-job employees and those with a good deal of work experience; employees with "pig knowledge" and those that are new to livestock production. The cross-section of applicants will be reflective of the community. Our employment base is generally directly related to the demographics of the community as a whole.

MYTH: Murphy does not spend money locally. **FACT:** MFF spends 50% of construction dollars locally in MO, and 90% of our Oklahoma construction dollars are spent within an 80 mile radius of Laverne OK, plus significant dollars for regular operations. The remaining % is spent on specialty items generally not available in the area.

Area vendors have the opportunity to bid on MFF Projects.

MYTH: Murphy's operations will negatively impact the environment. **FACT:** MFF has a proven track of being environmentally responsible, and is setting the pork industry standard in natural resources protection programs at our farms and in surrounding communities. MFF was the 1996 Environmental Stewardship Award winner for the Mid West Region.



Modern Pork Production

Gone are the days when Wendell Murphy began contracting with local farmers to raise feeder pigs; providing the farmer with pigs, feed, feeders and hog wire fencing. In 1979, Murphy began its first sow operations with a goal of disease control and an increase in the overall quality of feeder pigs.

Additional refinements brought about MFF's current three-site production process:

- Sow farms
- Off-site nurseries
- Off-site finishers

In the Midwest, Murphy has built sow farms that house from 2,400 to

11,000 sows and contracted off-site nurseries with local farmers. At the current time, all Midwest off-site finishers are located in Iowa and South Dakota, where local farmers grow the hogs to market weight.

Here's how the production process works:

- The farm is stocked with gilts produced at our multiplication unit.
- On the Commercial Sow Farms, gilts and sows are bred through artificial insemination, monitored and farrowed. Pigs are weaned at three weeks and sent to the off-site nursery.
- Off-site nursery partners provide the day-to-day care for the pigs for six to seven weeks.
- In Iowa and South Dakota, the feeder pigs are fed to market weight and sent to packing plants.

The required employees for an 11,000 head sow farm generally include a farm manager, two team leaders, an on site trainer, 23 technical people and 22 team members. Organization is critical to an effective sow farm. Processes are monitored and data is collected daily throughout the operation.

EMPLOYMENT STATISTICS

The following reflects the employee base of MFF's Oklahoma operations, as of 1/1/98:

- 75% from 40 mile radius of Laverne operations
- 7% from surrounding area
- 18% from Missouri and North Carolina Operations

MFF and the Environment

The environment is an issue that is in the forefront of the minds of many people these days. We at Murphy Family Farms understand the importance of protecting natural resources. The following information will help provide a view of Murphy Family Farms and our role in being responsible stewards of the environment.

Water Quality Protection

State and federal regulations direct the design and construction of effluent lagoons that must be followed by all large-scale animal producers. At MFF, we go one step further. Not only do our design and construction standards meet or exceed state and federal requirements, we also perform semi-annual voluntary monitoring of on-site wells. Testing is done to collect data and confirm that no lagoon water has leached to the ground water table. We work closely with agronomists and soil scientists to determine the best time and location to spread nutrient water on our land, assuring no off-site runoff.

Odor Research

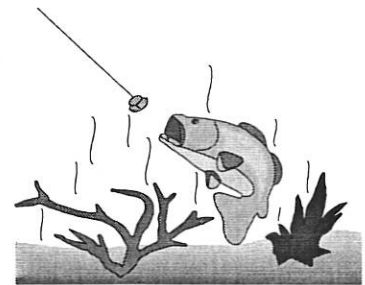
On an independent basis, and as a member of the National Pork Producers Council, Murphy Family Farms is actively engaged in odor research. MFF invests thousands of dollars annually in the development of new technologies and funds for extensive odor management research at Duke University. In addi-

tion, Murphy uses the latest odor management steps, including:

- Changes in lagoon management to lessen exposure of wastes into the atmosphere. As most lagoons mature, odor begins to abate as the natural breakdown of wastes takes place.
- Increase landscaping around lagoons to contain odor and improve screening.
- Use of setbacks that exceed federal guidelines.
- Changes in feed to produce less odor in waste.
- Improvements in management within the barns to reduce the waste volume.
- Chemical treatment of lagoons.
- New experimental fences designed to trap odor before it leaves the lagoon areas.

Wildlife Protection

Murphy Family Farms, with the help of resource professionals throughout the country, has implemented an Environmental Stewardship Program. This policy of wildlife protection and enhancement has been implemented on all MFF farms. The



program concentrates heavily on the improvement of wildlife habitat---through the establishment of certain types of vegetation that is beneficial to wildlife. Where appropriate, the program also includes provisions for opening Murphy's lakes and ponds to fishermen, and other steps for making Murphy's facilities a showcase for those interested in learning about wildlife protection and habitat enhancement.

Flexibility for Mom to Stay Home

Joanne Scotten enjoyed her job working as a manager for a travel agency in Nevada, but

there was one major drawback she shared with many mothers who work outside the home--not enough time to spend with her three young sons. In 1994, Joanne and her husband, C.D., saw an opportunity for Joanne to make money while staying at home with her sons.

Joanne and C.D., who own 300 acres east of Nevada, were interested in Murphy Family Farms' nursery partner program and contacted the Vernon County office.

Joanne is responsible for the nursery but she finds her sons want to help. After 2 1/2 years as a nursery partner, Joanne said, "It has been easier than I imagined and I have learned a lot. The best part is the flexibility of earning a good income while spending time with my family." Joanne joins 17 other women who have the primary responsibility to manage their family's nursery.

Change . . .

"Times are changing. Can you change in time? Changing with the times doesn't just mean adapting new technologies. It means adapting those technologies effectively Innovations in nutrition, management, genetics, and environment . . . make the most of your time . . .

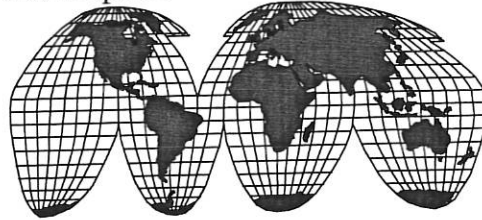
(Copied from a Nutrena Feeds ad in the January/February, 1996, issue of Pork Report)

. . . the pork industry

Pork Report, January/February, 1996, taken from an article entitled "Passport . . ."

For the first time since 1952, the U. S. became a net exporter of pork this past year What factors have spurred this growth explosion?

- A New Global Ball Game. In 1994, barriers began falling off with the passage of the North American Free Trade Agreement and the General Agreement on Tariff and Trade to level the playing field in the world marketplace



- U.S. Develops Market Niche. Pork checkoff dollars have focused on the development of foreign markets as well as domestic markets
- Competing on Price. The U.S. pork product has differentiated itself on safety, color, quality, consistency, availability and on price issues.

. . . food production

According to Bruce Bullock, a professor in the University of Missouri College of Agriculture, Food and Natural Resources, Clinton Daily Democrat, December 28, 1995, ". . . the food industry is rapidly being converted from a producer-driven to a consumer-driven system. . . . To be successful in these markets in the future, the U. S. food system will have to be geared to what the consumers want to buy, rather than to what American farmers want to produce."

Bullock listed five characteristics of new technology and its impact on society:

1. New agricultural technology is productivity-enhancing

2. New technology is management-intensive
3. New agricultural technology is capital-intensive
4. New technology is not scale-neutral
5. New technology is more beneficial to high-quality inputs

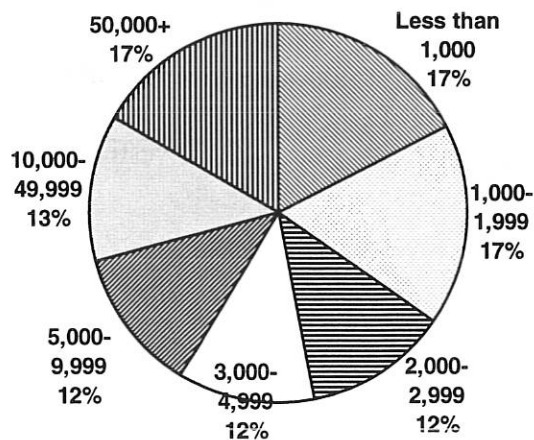
Bullock says industrialization of agriculture has been occurring for the past 75 years in America . . . “We have now entered the post-industrialized stage . . .”

. . . pork producers

“Independents Have A Place In The Future” Pork '95, October, 1995 by Marlys Miller provides the following information:

“The key is still management,” contends Ron Plain, University of Missouri

Pork Production Market Share, based on animals marketed per year



agriculture economist. “. . . size is not as important as a lot of people think it is. These numbers tell us small producers can compete, but you can’t do things the way you did last year. You’re going to have to change.”

“That doesn’t mean you have to have 5,000 sows or get out. It means you need to

look at the way you’ve raised hogs and adopt technologies . . . things that work and are effective.”

According to the article, finding someone to eventually take over the operation remained as a limitation for 17 percent of the Pork’95 respondents. “Independent producers who are willing to change the way they do things and continue to improve will have a place,” says Plain.

. . . summary

The crises in American agriculture may be recognized in the aging American farmer. For a variety of reasons, young people are not seeking ownership of the family farm as they did 20-30 years (and longer) ago.

Are there opportunities for young families in agriculture? Yes there are -- but what are the limitations?

Capital is one of the biggest drawbacks that keeps young couples from farming as their primary income. Over the past 20-30 years, land values have increased (a blessing to the retiring farmer; a curse to the young farmer); equipment costs have risen sharply; and interest rates have been volatile.

Risk is a large concern for any young couple starting out. Financing may be available, but the risks of weather, markets, etc. remain a heavy burden.

Other opportunities challenge one’s choice as well. College graduates with degrees in animal or plant science could effectively manage the family farm -- but at what risk, and with whose capital? Career opportunities in agri-business can be

rewarding with no capital requirements, limited risk, and employee benefits.

Murphy Family Farms is a family owned operation that started with a small investment in the early 1960's. The family has been successful based on hard work, by reinvesting capital into the operation, and developing programs and systems based on scientific and business management principles.

We at Murphy Family Farms are proud to be recognized as a leader in environmental, land nutrient, and pork production technological standards.

Murphy Family Farms Employee Benefit Summary

Following is a summary of benefits offered to full-time employees of Murphy Family Farms (MFF). Detailed explanations of these benefits and other company policies are available by referring to the Company Handbook or contacting the Human Resources Department.

Health Insurance

- Employees are covered, at MFF's expense, insurance may be purchased for family members
- Major medical coverage, health, and

hospitalization are included

- Coverage includes conventional deductible and co-insurance standards
- Blue Cross/Blue Shield coverage

Life Insurance

- Employees and their immediate family members are eligible for life insurance coverage provided by Murphy Family Farms

- Employee coverage is for 1.5 times their annual salary
- Spouse coverage is set at \$2,500; children under 6 months are covered for \$200, over 6 months for \$2,500

Dental Insurance

- Dental insurance coverage, with a variety of options, is available for the employee and family members at the employee's expense to cover cleanings, x-ray's, etc

401(k) Retirement Program

- Following one year of employment, staff members are eligible to contribute to a self-directed 401(k) retirement program
- Before-tax contributions can range from 1% to 15% at the employee's option
- MFF matches 100% up to a maximum match of 4% (the match is 100% vested)

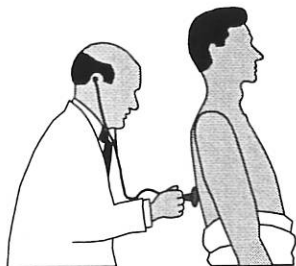
Profit Sharing - Retirement

- Regular employees are eligible to participate in the profit sharing plan following their first employment anniversary (must have worked at least 1,000 hours in the plan year). The Board of Directors determines company contributions each year. 100% vesting after 5 years.

Paid Leave

- Paid leave may be taken after it is earned
- ANY absences from a scheduled work day is considered a paid leave day
- Leave days may be accumulated
- Accumulation schedule:

1st year	.66 days/month
2nd - 4th years	1.16 days/month
5th - 11th years	1.58 days/month
12+ years	2 days/month



Holidays

- Paid holidays are as follows:

New Year's Day	Labor Day
Thanksgiving Day	Easter
Memorial Day	Christmas Day
Independence Day	

Long Term Disability Insurance

- MFF provides managerial/supervisory payroll employees with long term disability insurance coverage

Probationary Period

- All new employees are subject to a 60 day probationary period and become eligible for all benefits following the completion of their probationary period.

Our doors are open.

Murphy Family Farms continues to develop plans to expand operations. Occasionally the press has focused on negative events associated with hog farms. In any business, be it manufacturing, row crops, or cattle farms, there are good and bad producers. Murphy Family Farms understands all aspects of our business, we operate responsibly, and we can prove it. We ask only that your opinion of Murphy Family Farms be based on facts.

We make the following invitations to any interested citizen:

1. **Visit our farms in Missouri or Oklahoma.** We welcome individuals or groups, schools, churches, civic organizations, etc. All areas of our farms are open and visitors who meet our bio-security measures will be allowed to enter the hog buildings.

2. **Send technical specialists** (individuals or teams) to our farms in Missouri and/or Oklahoma to evaluate our overall management procedures.

3. **Call the Missouri Department of Natural Resources.** The DNR approves farm designs and monitors and regulates day-to-day operations. Ask DNR about pork producers in general and specifically about Murphy Family Farms.

4. **Call lenders and contract partners who have worked with MFF.** Contract partners and lenders who have been involved in our programs can provide a wealth of knowledge and insight.

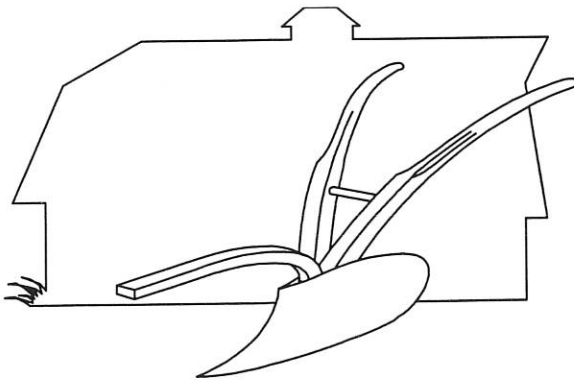
5. **Encourage your friends and neighbors to follow-up on their issues and concerns.**

We offer you the opportunity to judge us not as an industry but as a company, to form opinions based on facts, and to get to know us as individuals.



EMPLOYEE PROFILE

Adam Weigand was born and raised on a diversified crop and livestock operation in East Central Kansas. His parents still live there, where his father farms and serves as a county commissioner and his mother is a legal secretary. Adam saw an opportunity to remain in agriculture and have an impact on food production at its core level. (production agriculture) Adam joined Murphy Family Farms in June of 1994 after graduating from Kansas State University. Adam worked for three years in our Missouri operations, near Nevada, Missouri. Two of these years were spent managing a 3600-head commercial sow farm, which was one of the farms in the pyramid recognized nationally for environmental stewardship. Adam chose an opportunity to help start up our High Plains expansion and is scheduled to manage our Wildcat sow farm near Jetmore, Kansas. Currently, Adam is filling a role in our High Plains Development team while we wait to receive our Wildcat permit.



AGRICULTURE

Tours for individuals, groups, specialists:

Murphy Family Farms

Missouri 1-800-566-7675

Oklahoma 1-800-586-2019

Employment Information:

Darra Johnson

800-566-7675

Missouri Department of Natural Resources:

Mr. David Shorr, Director 314-526-6627

George Parsons, Inspector 417-895-6950

Financial Institutions:

Ray Tubauch, Mercantile Bank

417-682-5502

Dennis Markham, First National Bank

417-667-3057

George Cooley, Farm Credit Services

417-451-6084

Nursery Contract Growers:

Ronnie Means 417-682-5874

Wayne Jeans 417-927-3480

Jeannie Petit 417-667-6876

SHARED PRIDE

As part of Murphy Family Farms, employees and contract growers are members of a team who share a common goal: producing a high-quality food in an environmentally responsible way. It's a kindred group that participates in providing good jobs and economic security--and shares the company's pride in doing so.

- ⇒ The truck driver hauling the grain that feeds the pigs.
- ⇒ The accountant who translates all the activity into meaningful numbers.
- ⇒ The purchasing agent who ensures that we have needed farm supplies and equipment.
- ⇒ The office professional storing important data into the computer.

All staff members and contract growers are as much a part of the farming operation as the worker who nurses a piglet in its first few minutes of life. It's hands-on involvement that makes the difference -- whether those hands scoop out grain, shift gears, or tap a keyboard.

As part of this effort, MFF team members provide a vital link in the pork production chain and are an integral part of agri-business. Our team members are proud of their dedication through their support and participation in programs to increase their knowledge and skills. We have a kinship born in professional co-operation --and collective pride.

