

NLPA Gearing Up for Summer Board Meeting in Park City, Utah, July 19-21

Colorado Springs, CO (NLPA) – National Livestock Producers Association will hold its annual summer board meeting at The Lodges at Deer Valley in Park City, Utah, July 19-21, 2001.

The NLPA Sheep & Goat Fund Committee will meet on Thursday, July 19th to review applications. Also, on Thursday afternoon, the NLPA Internet Marketing Task Force will hold a training session. That evening the Sheep & Goat Committee will join the Internet group and the rest of the NLPA Board of Directors for an "Olympic" themed reception.

The Board will have general meetings and committee breakout sessions on Friday and again on Saturday morning. The featured speaker for Friday morning is David B. Schmidt, Senior Vice President of Food Safety for the International Food Information Council (IFIC) in Washington D.C. IFIC is a nonprofit organization that communicates sound science-based information on food safety and nutrition topics to health professionals, journalists, government officials and consumers.

The luncheon on Friday, which will be sponsored by Merial, will feature Jay R. Brown, DVM, Sales Director of Merial's Integrated Beef Systems, who will make a presentation on Merial's SureHealth Program.

Dr. Joe P. Jeffrey is the featured speaker at the reception and dinner on Friday evening. Dr. Jeffrey is a rancher/farmer from Nebraska who received his DVM degree from Colorado State University in 1960. Jeffrey's program, "How to Get the Most Out of a Post," is humorous and insightful - you will never look at a fence post the same way again.

Participants are also invited to enjoy golfing or tours of the Utah Olympic Park on Saturday afternoon. An open-air concert featuring the "Riders in the Sky," a cowboy singing group, with the Utah Symphony is a special offering for those staying over on Saturday night.

For more information about the summer board meeting, please contact Scharee Atchison at 1-800-237-7193.

NPSC Annual Commodity Conference in Chicago, June 21-23



Colorado Springs, CO (NLPA)—National Producers Service Company hosted its annual Commodity Conference in Chicago, June 21-23, 2001.

Participants in the conference (as shown above) included: Millard Hansen, Producers Livestock Credit Corp. in Omaha, Neb.; Travis Holt, Equity Cooperative Livestock Sales Assn., Baraboo, Wis.; Ed Gallagher, Dairylea, Syracuse, N.Y.; John Nelson and Nate Nelson, Producers Livestock Sales Assn. in Omaha, Neb.; Scott Ramey, Producers Livestock Marketing Assn., N. Salt Lake, Utah; Maggie Liautaud, Man Financial, Chicago; John Herrmann, Equity; and Walt Ernesti, Producers Livestock Marketing Assn.

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NLPA & AFBF Plan Livestock Marketing & Credit Conference in Eau Claire, Wisconsin, Aug. 16-18

Colorado Springs, CO (NLPA) — The American Farm Bureau Federation and the National Livestock Producers Association will hold their annual Livestock Marketing & Credit Conference at the Holiday Inn in Eau Claire, Wis., Aug. 16-18.

Equity Cooperative Livestock Sales Association is co-hosting the conference, which will begin with a tour of Equity's Altoona market. Featured speakers at the conference include Travis Holt, Director of Commodities for Equity and Joe Miller, AFBF, who will give an outlook for livestock and grains. Pauline of Heartland Livestock will also speak at the conference.

On Friday, following breakfast, participants will travel to Equity's

Stratford Market for a tour of their auction facilities. The group will stop along the way to tour one of Equity's patron's dairy operations.

A Livestock and Dairy Grading Workshop will be held in Stratford. The workshop will consist of interactive exercises to enhance participants' skills in grading and evaluating different classes of livestock. A dinner and "fun auction" will be held at the hotel on Friday evening.

On Saturday, the group will have time to discuss current livestock issues. They will also review the events of the meeting and discuss goals for future conferences.

Equity Announces Herrmann Promotion and Interns

Baraboo, WI (Equity) - In May, Scott Herrmann was promoted to Assistant Market Manager of the Sparta and Ettrick markets. Prior to his promotion, Herrmann held the position of field man and hog buyer for both markets. Herrman has been with Equity Cooperative Livestock Sales Association since May 1999.

In his new position, Herrmann will be responsible for looking at cattle on the farms before they come to the market and hog buying. He will also be responsible for overseeing the operations at both markets in the absence of the market manager.

Herrmann, of Sparta, Wis., has two sons: Alex, 8 and Zach, 6. He enjoys basketball, softball, fishing, and hunting.

Also, this summer Equity Cooperative Livestock Sales Association is excited to have two interns.

Brenda Patton is a market intern and she will be working in the markets at both the Johnson Creek and Arlington locations.

Nicole Jordan is working at the Baraboo location as the Communications Intern. Primarily, she will be responsible for web page design, press releases, informational brochure design and writing for the bi-monthly newsletter.

Patton is pursuing a Bachelor of Science Degree in Animal Science and Agriculture Journalism at the University of Wisconsin - Madison. She expects to graduate in the spring of 2003 and then hopes to pursue a career in agricultural marketing.

Jordan is pursuing a Bachelor of Science degree at the University of Wisconsin-Platteville in Agribusiness with an emphasis on communications. She expects to graduate in May 2002.

Robert F. Stuart Memorial

The NLPA staff would like to extend a hearty "thank-you" to everyone who honored the memory of Robert F. Stuart by making donations on behalf of Scott Stuart to the Colorado State University Foundation.

Those of you who are still interested in contributing to the memorial can send donations, made out to CSU Foundation, to National Livestock Producers Association, 660 Southpointe Court, Suite 314, Colorado Springs, CO 80906.



The National Producer

Monthly newsletter of the National Livestock Producers Association

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Member Spotlight

NLPA Board Member and Dairylea President Clyde Rutherford

By NLPA Intern/Staff Writer
Leslie Smith

Driving, flying, and communicating with producers are a large part of what Clyde Rutherford does each day. He is no doubt one busy man, but he hasn't lost his perspective on life.

"Family is still most important," Rutherford said. "Like any successful business, tending to a dairy and working away from the farm takes the support of your family."

Rutherford has been Chairman and President of Dairylea Cooperative Inc., headquartered in Syracuse, N.Y., since 1978 and has been on the National Livestock Producers Association (NLPA) Board of Directors since 1997. He has also been a member of Dairylea since 1963.

Rutherford's involvement with livestock marketing comes through Dairylea's subsidiary, Empire Livestock. Dairylea assumed management responsibilities for Empire in 1991 when the market was going through some hard times. In 1995, Dairylea purchased the assets of Empire Livestock and today operates the largest livestock marketing business in New York State with nine markets and one buying station.

"Last year's sales were more than \$88 million and we expect to approach \$100 million this year with the new market we just opened," Rutherford said. "Having a strong, profitable market for buying and selling their cattle is critical to the bottom line of the dairy farmer."

Rutherford said he enjoys serving on the NLPA Board of Directors.

"It's given us a great opportunity to talk to other producers and to other organizations that are members and learn about their trials, tribulations, and successes. I've learned a lot from their guidance and experience."

Growing up in Central New York around farms and animals, and working for producers in high school, is how Rutherford got started in business. When the opportunity to become a



Clyde Rutherford

dairy farmer was presented he purchased cows, a barn and began milking.

Within three years he was able to purchase the farm and has since purchased three other farms.

Rutherford's 500-acre farm in Otsego County, N.Y., produces more than 1.8 million pounds of milk annually and received New York State's "Dairy of Distinction" award. Rutherford said he enjoys working on the farm, working with animals and being his own boss.

According to Rutherford, he spends a lot of time on the road because many aspects of his job can't be accomplished from a desk. He works closely with producers, organizations and associations that are affiliated with, or are prospective clients of, Dairylea. Additionally, he spends a significant

amount of time on legislative and regulatory issues.

Rutherford noted the following goals for NLPA.

"I'd like to see NLPA bring more financing opportunities to its members," he said. "The Sheep & Goat Fund is a great step. It provides opportunities on a national level to increase the availability of financial credit to our customers."

Rutherford said the main challenges he sees locally and nationally are to maintain optimum animal health in order to assure the public of a safe food supply and to tailor-make products for the end consumer.

"We need to take steps now to plan for the future," Rutherford said. "What consumers want today, may not be what they want a year or two down the road. Are we producing the type of animal the consumer will want five years from now?"

In addition to Rutherford's leadership roles with Dairylea and NLPA, he serves on numerous committees at the national, regional, and state levels. Most notably he serves on the National Milk Producers Federation and the National Milk Producers Federation Dairy Stabilization Committee Task Force in Long-Term Dairy Policy.

Rutherford resides in Otsego, N.Y., with his wife of 41 years, Jeanette.

"Jeanette has been a major supporter in everything I do," Rutherford said. "She makes it all possible."

Rutherford said he doesn't have much time for hobbies, but he makes it a priority to spend time with his two children, four grandchildren and family.

Southern States Announces Restructuring Plans

Richmond, VA (Southern States) —Southern States Cooperative announced today that it has implemented a restructuring and reorganization plan designed to improve overall company performance. The plan includes closing of some locations and consolidating others with nearby stores, as well as transferring operations to independent dealers or local cooperatives.

“It’s essential that we seize opportunities to consolidate for improved efficiency and to eliminate operations that generate more cost than value for our member-owners,” Wayne Boutwell, Southern States president and CEO, said. “The reality of today’s farm economy and ongoing consolidation of farming operations is that the market won’t support as many local farm supply and other agribusiness facilities as in the past. Most industries, including every aspect of agriculture, are undergoing consolidation. Our actions are driven by our goal as a producer-owned cooperative to provide goods and services to our member-customers as efficiently as possible,” he continued.

The Richmond, Va.-based agricultural cooperative said it will end operations at some 47 of its 233 company-owned stores, along with five other facilities involved in the manufacturing, marketing and distribution of its farm supplies and services.

The actions include elimination of some 300 jobs, or about 6 percent of the company’s workforce. Approximately 20 additional facilities and a reduction of 190 jobs were involved in Southern States’ earlier agreement to transfer its livestock marketing division to United Producers, Inc., a Columbus, Ohio-based cooperative. That transaction took place in March.

An exact job reduction number should be determined by the end of June, and the total may be lessened if an employee is able to fill a vacant position elsewhere in the organization. Boutwell said the cooperative plans to complete the restructuring by June 30.

“These are painful decisions,” Boutwell added. “But if we are to continue serving our members and other customers in the longer term, it’s essential that we make some difficult choices now to trim excess capacity and increase efficiency and cost effectiveness throughout our business.”

Southern States’ actions are the result of a company-wide review of operations launched late last year in the wake of continued low commodity prices and farm policy changes

that have shifted commodity production patterns and weakened the farm economy. Weather problems ranging from severe drought to record floods have added to industry woes in much of the 25-state area Southern States serves. Consequently, there has been less demand for the farm inputs and services Southern States provides to its more than 300,000 members and other customers.

Earlier this year, Southern States announced it was taking a number of preliminary steps to cut costs and boost efficiency, including:

- Cutbacks in operations, staffing and capital spending.
- Cost control initiatives, including a hiring freeze.

One-time costs associated with the restructuring, coupled with lagging demand, mean the cooperative will show a loss for the current fiscal year, Boutwell predicted. Last year, Southern States reported net earnings of \$4.96 million on revenues of \$1.55 billion.

With the restructuring completed, Southern States still will rank among the top 10 agricultural cooperatives in the nation. Its ongoing operations include some 300 company-owned retail and wholesale facilities, which include feed mills, fertilizer plants and terminals, crop protection warehouses, grain elevators and grain marketing facilities, cotton gins, peanut procurement points, distribution centers, petroleum terminals, seed processing plants, farm system centers, turf warehouses and numerous other operations for servicing farm supplies and for marketing farm products.

Southern States also will continue to manage 85 local cooperative facilities and will work with a distribution network that includes some 1,000 independent cooperatives and dealers.



NLPA Sheep & Goat Fund Applications
are available online!

Visit the NLPA Web site at
www.nlpa.org or
call 1-800-237-7193

NCBA Successful in Helping Repeal Death Tax

Washington, D.C. (NCBA) – Members of the National Cattlemen's Beef Association (NCBA) were key to repeal of the death tax, which will occur when President Bush signs HR 1836, the Economic Growth and Tax Relief Reconciliation Act of 2001, NCBA said on June 1st.

Congress passed the measure last week and the President is expected to sign it into law next week.

"NCBA and its affiliate members have worked hard for 20 years through intensive education efforts to the media and congress to pass legislation to revoke this immoral tax and provide financial benefits to ranchers while making it easier to convey the family ranch to the next generation," NCBA President and Montana rancher Lynn Cornwell said. "Repeal of the death tax, phased out over 10 years, reduction of income tax rates and other tax relief measures will result in \$272 billion in tax relief, much of it to American agriculture."

Cornwell said that NCBA applauds Congress for passing and President Bush for signing the bill. "Repeal of the death tax, and reform of other egregious tax measures, has been a top priority for NCBA since the 1980s, and we are elated that our efforts have finally paid off," he said.

"In addition to the efforts of hundreds of thousands of cattle farmers and ranchers, NCBA was a founding member of the Family Business Estate Tax Coalition, formed in 1994 that includes hundreds of family business organizations, for the sole purpose of abolishing the death tax. This tax measure provides new hope for America's cattle producers – ranches can remain in the family, open spaces will remain open and more money will

be available to invest in the family business," Cornwell stated.

In addition to the death tax repeal, the \$1.35 trillion tax relief package benefits farmers and ranchers in a number of ways – through a lowered income tax bracket, reduction in the marriage penalty tax, education savings incentives and available funds for business re-investment.

SPECIFIC PROVISIONS OF HR 1836

Death Tax Repeal

A ranch with 270 to 280 mother cows, worth approximately \$1 million, after annual business expenses are paid, nets an estimated \$11,000 from the annual sales of calves. This same ranch would be liable for an estate tax of an estimated \$125,000 – more than 10-fold the annual net ranch income. With repeal of the death tax, money currently spent to pay the tax or life insurance premiums can be re-invested in the business and ranch land and open spaces can be maintained. According to the U.S. Treasury, individuals with farm assets or liabilities account for 16.3 percent of all "Death Tax" liability. Repeal brings total savings for American agriculture to \$45 billion over 10 years. The cattle industry, comprising more than 1 million individual farms and ranches, represents the largest part of American agriculture. Since most ranches are family owned businesses, a major portion of these savings will be to America's cattle producers.

Rate Cuts

Farm families receive \$33.5 billion in tax relief from the President's rate cuts over 10 years. The law creates a new 10 percent tax rate retroactive to January 1 for the first \$6,000 taxable income for single taxpayers, \$10,000 for single

heads of households and \$12,000 for married couples filing jointly. Beginning in 2008, the 10 percent rate applies to the first \$7,000 for single filers, \$10,000 for heads of households and \$14,000 for joint filers. The amounts are to be indexed for inflation beginning in 2009. The law also reduces other tax rates beginning July 1, when the current rates of 15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent drop to 15, 27, 30, 35 and 38.6 percent. Income tax withholding will be adjusted for the lower rates. In 2006, the rates go to 15, 25, 28, 33 and 35 percent.

Child Tax Credit

The law doubles the \$500 per child tax credit over 10 years, starting with a hike to \$600 this year.

Earned Income Tax Credit

The law increases the beginning and end points of the refundable earned income tax credit phase-out for married taxpayers filing jointly by \$1,000 annually in 2002-04, by \$2,000 in 2005-07 and by \$3,000 in 2008.

Order your Cattleman's Calculator today!

If you are interested in purchasing one of these handy tools or would like more information, call the National Livestock Producers Association at (800) 237-7193 or email Melissa Schneider at maschneider@nlpa.org.



Market Commentary

June 26, 2001 Report

by John Nelson, Director of Commodity Marketing
Producers Livestock Marketing Association, Omaha, Neb.



PRODUCERS LIVESTOCK MARKETING ASSOCIATION

LIVESTOCK FUNDAMENTAL COMMENTS

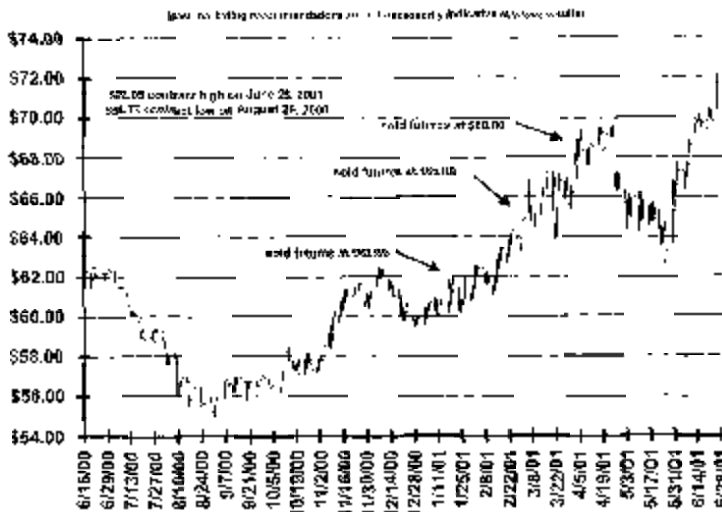
CATTLE

Last week was a tough week for feedlots, as packers played the seasonal tendency to their advantage, forcing feedlots to accept lower money. Southern yards finally sold on Friday, from \$72-72.50, fully \$2 lower from the week before, and northern yards sold from \$115-116, \$2-3 lower from last week. Boxed beef prices have slipped as well, again another seasonal tendency, even though July 4th is just around the corner. The light choice box lost over \$3.00/cwt. at \$123.21, as choice product typically isn't the grilling choice over the 4th, more dominated by hamburgers and hot dogs. Feedlots didn't move as many numbers as they would have liked, so showlists will be larger this week. Weights continue to increase, so it will be increasingly important for feedlots to remain current, as weights seasonally rise into the fourth quarter.

HOGS

The hog market continues to surprise most people, as numbers just haven't materialized as many analysts thought they would. Cash markets held steady last week with 51-53 percent lean hogs selling from \$57-58 (live), \$4.00/cwt. higher than this time last year. It's not that producers are holding back on marketings, as weights actually fell last week,

JULY 2001 LEAN HOG FUTURES



which should indicate that producers are fairly current. Packer margins suffered last week, as the pork cutout lost almost \$2.00/cwt. They responded by slowing down the kill slightly last week, and starting this week with only 320,000 head. on Monday. Friday of this week is report day, with a quarterly hog report that is expected to be somewhat friendly. Current numbers may have to be revised downward, and breeding numbers and farrowings shouldn't show much in the way of expansion.

LIVESTOCK MARKETING RECOMMENDATIONS

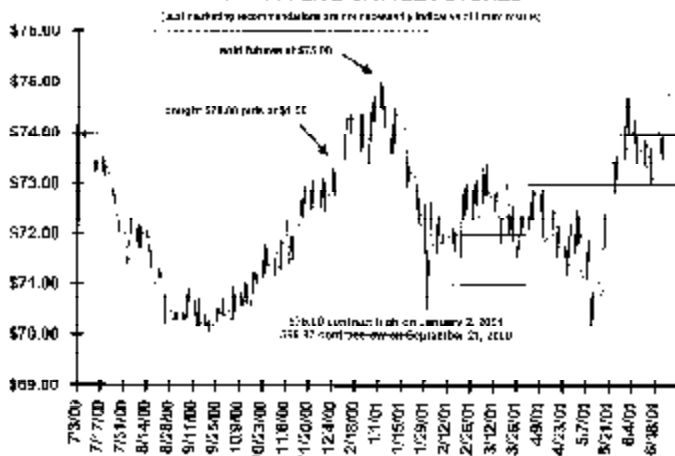
CATTLE

We feel fairly comfortable with existing hedge protection, covered primarily with put options as insurance through the end of the year. We remain fairly optimistic once we get past this summer time frame.

HOGS

We added to hedge protection in the October contract at \$58.00, taking us to 75 percent hedged in that time frame. The deferred months are at too much of a discount to recommend hedge protection at this time. We would prefer to wait until after the hog report on Friday. We may have to revise our thinking after we see those numbers.

AUGUST 2001 LIVE CATTLE FUTURES



Information contained herein is based on what is believed to be the most reliable resources available at the time of publication. Trading commodity futures or options involves risk, and past performance does not indicate future results.

National Pork Producers Council Responds to Amendment on Agricultural Checkoffs

Des Moines, IA (NPPC) — The National Pork Producers Council says the amendment offered by Representative Marcy Kaptur, D-Ohio, on June 13, in a House Agricultural Appropriations Committee meeting represents politics intruding on the pork checkoff program — again.

The Kaptur amendment states: “None of the funds appropriated or otherwise made available by this Act may be used to maintain, modify, or implement any assessment against agricultural producers as part of a commodity promotion, research, and consumer information order, known as a checkoff program, that has not been approved by the affected producers in accordance with the statutory requirements applicable to the order.”

For the record, NPPC would note that the checkoff program was approved by producers and is being operated in accordance with all statutory requirements. Nonetheless, the Kaptur amendment, now part of the proposed 2002 House agricultural appropriations bill, is yet another assault on the pork checkoff program, which was forged into law 15 years ago and continues to benefit pork producers.

Barb Determan, NPPC President and a pork producer from Early, Iowa, said:

“For Congress to intervene in litigation pending before a federal court would be unfortunate. The settlement agreement between USDA and NPPC is currently before the courts and there should be a final decision later this year.”

The pork checkoff currently is operating under the settlement agreement reached Feb. 28, 2001, between USDA and

pork producers. In that settlement agreement, the U.S. Secretary of Agriculture set aside the Jan. 11, 2001, announcement that the pork checkoff would end.

As a result of the settlement agreement, the National Pork Producers Council currently is in the process of ending its general contractor relationship with the National Pork Board for managing checkoff-funded programs. The pork checkoff funds programs that promote pork, educate consumers and producers and address critical research priorities for pork producers of all sizes and geographic locations.

Determan says: “It is highly unfortunate given the facts that surround the petition process, referendum and settlement agreement. As Representative Kaptur is aware, an insufficient number of valid signatures on the petition were collected to trigger a pork checkoff referendum. USDA reported that fact in January 2000. Also, the vote itself was flawed and filled with irregularities. For these reasons, a federal judge issued a temporary restraining order (TRO) to keep the pork checkoff in place.”

On the question of the authority to call a referendum absent sufficient signatures, Federal District Court Judge Robert Enslin wrote as part of the temporary restraining order: “Allowing the Secretary to violate the Pork Act by usurping more authority than he was given by Congress does not serve the public. Likewise, allowing the Secretary to terminate a program relied on by many, when the process used to arrive at termination is allegedly flawed, is not in the public interest. The entire process leading to the termination of the Pork Checkoff Program was arguably flawed.”

NLPA Offers Resources for Financial Planning and a New Resource Kit on Swine Handling

NLPA has the following resource materials available upon request. The first three resources are sponsored by the Ceridian Performance Partners and the fourth resource is sponsored by the National Institute for Animal Agriculture.

- 1. Put it in Writing: Making Your Way Through the Legal Maze.** This booklet emphasizes the importance of planning now, distributing what you own with wills, trusts, and gifts, and planning for incapacity.
- 2. Medicare Map: Simplifying the Complexities of Medicare.** This booklet reviews the cost of Medicare, coverage tips, and Medicare options.
- 3. “... But They’re My Parents.” A Guide to Caring for Aging Parents.** This booklet includes information about caring for your parents, involving the entire family, housing options, financial matters, and utilizing community resources.
- 4. Swine Handling and Transportation.** This video training kit includes a 20-minute video and handbook. The information is presented in both English and Spanish languages.

Please contact NLPA at 1-800-293-7193 if you would like to receive any of these resources.

News Highlights for June 2001

American Sheep Industry Association— The American Sheep Industry Association (ASI) this week sent a letter to Secretary of agriculture Ann Veneman requesting specific changes in the mandatory price reporting system that would vastly improve reporting of lamb prices. Since the system was implemented in early April, many lamb prices have been either non-existent or meaningless, in terms of interpretation. The letter states that one of the system's major obstacles in obtaining lamb prices is the 3/60 guideline, which does not allow data to be reported unless at least three processors provide the data and no more than 60 percent of the data is reported by one entity. The letter states that applying the 3/60 rule to an industry where one processor controls more than 60 percent share of the meat trade ensures that little or no market information will be reported. The changes requested by ASI include: adopting a 3/80 rule on a national and regional basis to allow market reporting in the extremely concentrated lamb industry; requiring companies that have imported 5,000 metric tons or more of lamb in the past year to report, rather than just those companies that have imported an average of 5,000 metrics tons over the past five years; and allowing for the dissemination of information provided on a voluntary basis.

Livestock Marketing Association -- The proposed merger between IBP Inc. and Tyson Foods, Inc., has prompted Sen. Charles Grassley (R-IA) to reintroduce his concentration proposal that died in the last Congress. He calls it the "Agriculture Competition Enhancement Act," and it would change the review process of agribusiness mergers by the Justice Department. It would also enhance USDA's ability to address anti-competitive activity in agriculture.

Grassley is critical of the IBP-Tyson merger. "This deal will leave the independent producer with even fewer choices of who to buy from and who to sell to. It could hurt the ability of farmers to get a fair price for their products." The merger could also "leave consumers with fewer choices and higher prices in the grocery store," he said. The "needs of family farmers" need to be given more consideration by government before mergers are approved, Grassley said.

Even though his proposal died in the last Congress, Grassley said he hoped lawmakers "can work constructively and achieve a bipartisan consensus on legislation this year."

