

Premium Standard Farms
Princeton, Missouri
Community Advisory Panel
Meeting Minutes: 9/28/06

Members Present: Ed Rhoades, Jack Tucker, Mark Yungeberg, Robert Rathe, Ron Hinds, Paul Thomas

Also Present: William Schnelle, Fred Schnelle, Roger O'Reilly; from PSF – Bill Homann, Jason Helton

The meeting began at approximately 7:00 p.m. Paul Thomas was elected chairman.

Approval of Minutes

After review, Ed Rhoades moved to approve the minutes of the previous meeting, seconded by Jack Tucker and approved.

Hotline Report

Two calls since the last meeting dealt with odor. A neighbor of the Ruckman farm involved in litigation against the company called both times to state his dissatisfaction. Eight calls dealt with transportation related issues. One caller claimed a market truck was driving erratically. By following up with the caller, only limited information could be obtained making it difficult to identify the driver. One caller complained about the speed of our trucks through Edinburg. The transportation manager returned the call and discussed the issue. Another caller claimed a feed truck was “taking the corners too fast and could tip over.” The call was returned but the license number did not match any company trucks. An employee reported dangerous driving by a feeder pig truck but a truck or trailer number was not provided. One caller called three times over four weeks – twice to report that our trucks were driving very poorly (no location or identifying information was provided) and once to offer a compliment on how driving had improved. A caller also made a claim of rocks from a flatbed trailer damaging her vehicle. After investigating the incident internally and a call from the highway patrol after a report had been filed, it was determined that our vehicle was not involved in the claim. In all instances, the calls and related information were discussed in driver safety meetings in order to re-emphasize the importance of safe driving habits and safe speed.

Incident Reports

Two incident reports were discussed with the group. Questions included DNR's view of a recurring incident and what constituted a soft plug. Bill responded and discussed the emphasis on preventive maintenance and how it is implemented.

Operations Update

Bill discussed the merger with Smithfield Foods that was announced on September 18, 2006. A number of questions were asked by the group. Topics included transaction specifics and length of time to close the deal, impact on Missouri operations, impacts on contract growers, strength and benefits of Smithfield as a company, any personnel

changes, whether the CAP group would continue, and how overall operations will be incorporated into Smithfield's company structure.

Jason discussed the recent jury verdict of a nuisance lawsuit filed in Jackson County against PSF and ContiGroup dealing with 6 plaintiffs near the Scott/Colby farm in Daviess County. The jury awarded the plaintiffs \$750,000 each in compensatory damages. In return for the plaintiffs not seeking punitive damages, the company agreed not to appeal the decision. A number of questions were asked and comments offered by the group. These included the precedent now set putting all animal agriculture at risk of such lawsuits, the importance of good neighbor relations and communications, whether this verdict jeopardized the merger, and the encouragement for the company to continue to build upon the amount of goodwill that does exist toward the company in the area.

Bill discussed an upcoming job fair at the Education center and the need for truck drivers. He also responded to a question about a truck accident near the Lucerne mill. Bill stated that the Crystal Peak fertilizer plant shipped its first rail car of organic product to Washington state recently. Jason informed the group about a partnership between the company and the Missouri Prairie Foundation and other public and private agencies to restore about 600 acres of company owned, existing pasture and crop land at the Valley View farm for the benefit of native plants and animals, primarily the prairie chicken.

Questions/Other Issues

William Schnelle expressed his appreciation for fertilizer that was recently applied on his property. He stated that the operators were top-notch and professional and the cost would be about 20% of equivalent commercial fertilizer costs.

The next meeting was set for 7:00 p.m., October 26, 2006.

Meeting adjourned at approximately 9:10 p.m.

Respectfully submitted,
Jason Helton