

2007 STATE OF THE INDUSTRY REPORT



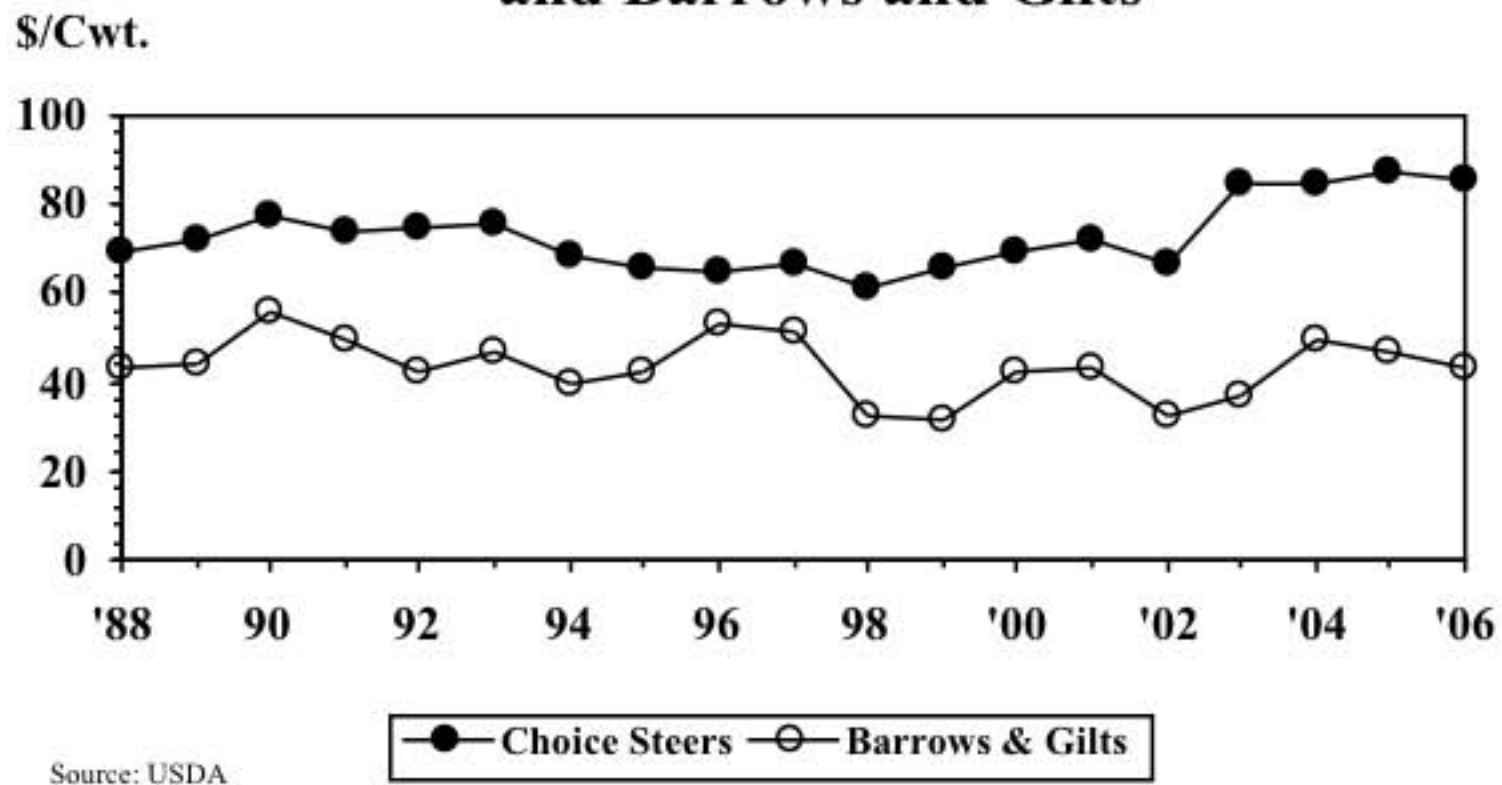
**National
Hog Farmer**[®]
The Pork Business Authority

December 1 U.S. Inventories (Million) 1997-2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Breeding Herd	6.979	6.672	6.244	6.275	6.209	6.012	5.965	5.969	6.011	6.088
Market Hogs	52.941	55.483	53.164	53.373	52.564	52.93	54.423	55.005	55.316	56.061
Total Inventory	59.92	62.156	59.407	59.848	58.774	58.943	60.389	60.975	61.327	62.149

Source: USDA

Nebraska Prices for Choice Steers and Barrows and Gilts

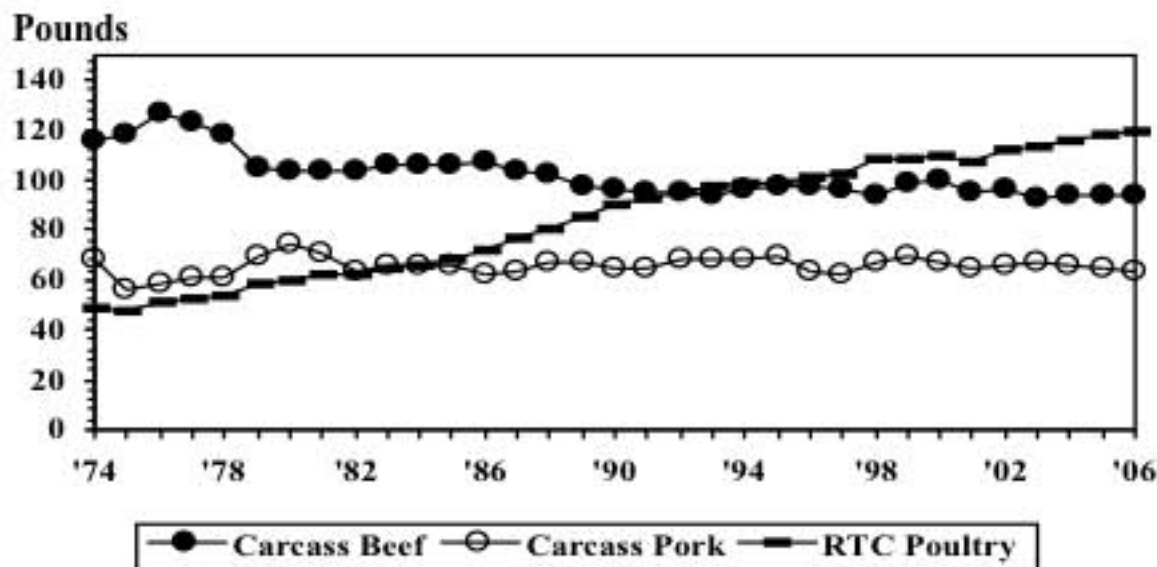


October 1 Canadian Hog Inventories (Million) 1997-2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Breeding Herd	1.242	1.323	1.328	1.381	1.479	1.551	1.598	1.627	1.642	1.6199
Market Hogs	10.594	11.223	11.493	12.136	12.85	13.377	13.015	13.038	13.268	12.5175
Total Inventory	11.836	12.545	12.821	13.517	14.329	14.928	14.613	14.665	14.91	14.1374

Source: USDA

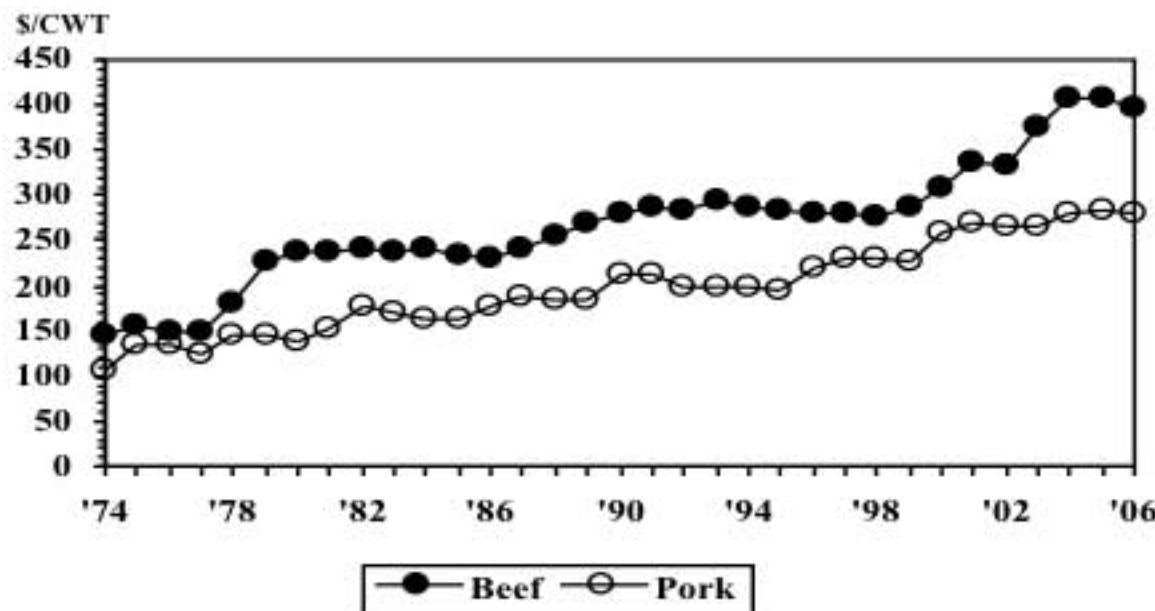
U.S. Per Capita Consumption of Carcass Beef and Pork, and Ready-to-Cook Poultry



Source: USDA

Beef consumption per capita was up slightly in 2006. Beef increased to 94 lbs. Pork consumption decreased to 63.7 lbs, and poultry rose to 119.4 lbs.

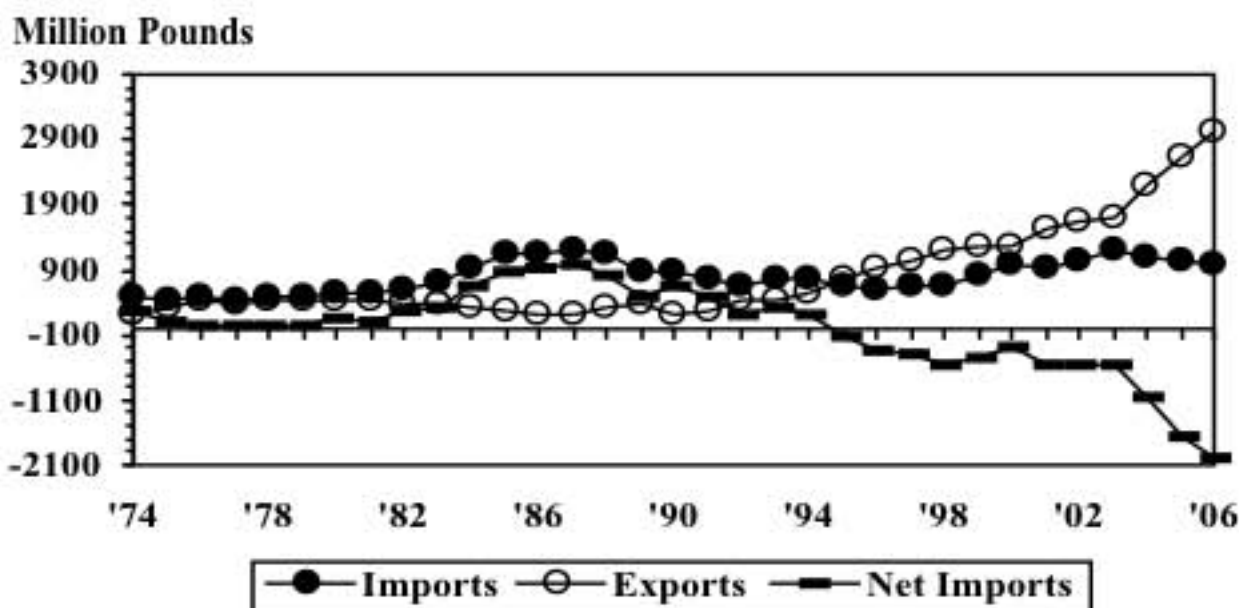
Retail Prices for Beef and Pork



Source: USDA

Beef retail prices decreased in 2006. Pork prices rose slightly.

Annual Pork Trade Carcass Equivalent

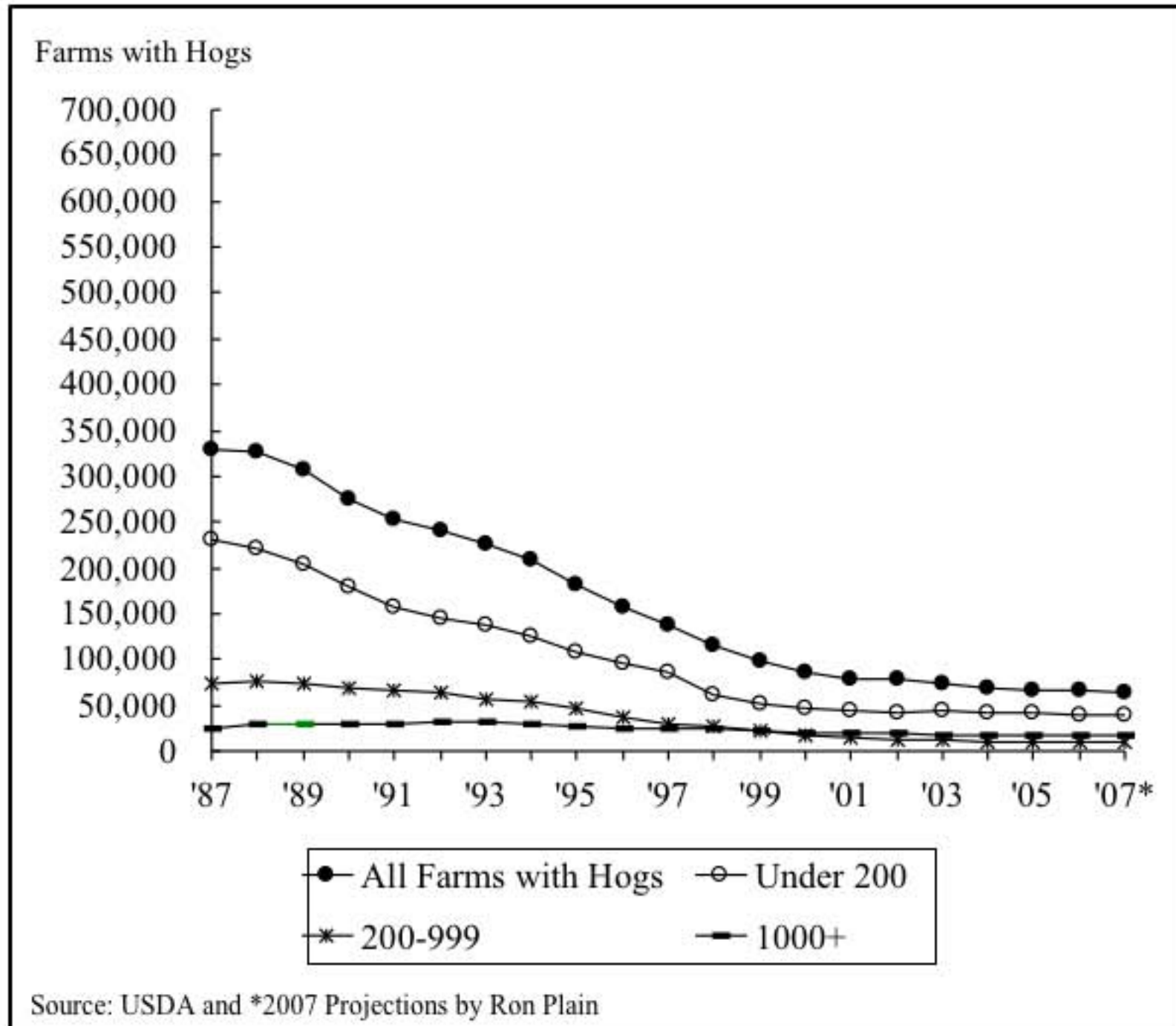


Source: USDA

Imports decreased in 2006, and exports increased significantly.

Number of U.S. Farms with Hogs

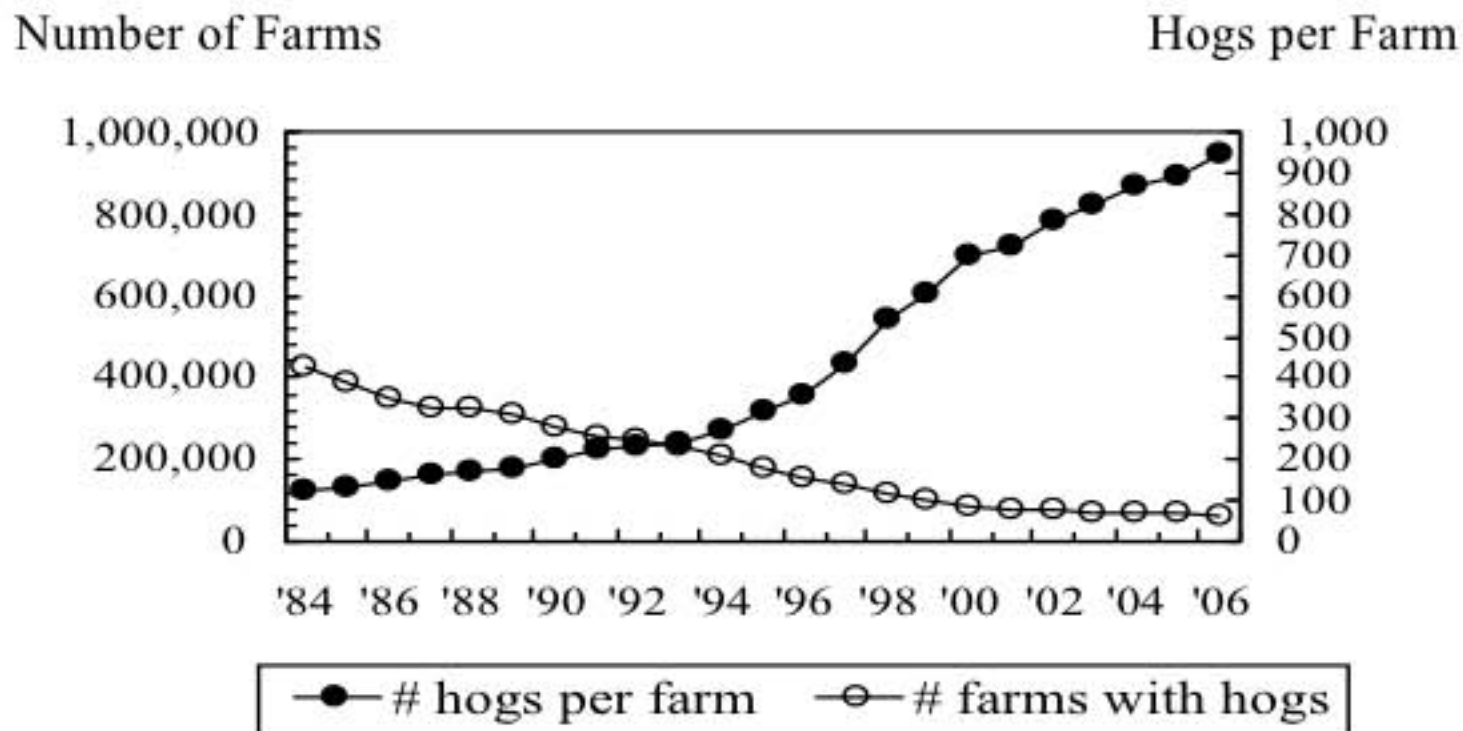
Annual Marketings



Farms With Annual Marketings	2005	2006	Percent Change
<200	40,564	39,482	-2.7
200-999	10,116	9,603	-5.1
1,000-1,999	4,743	4,491	- 5.3
2,000-3,999	4,259	4,216	- 1.0
4,000+	7,598	7,748	+2.0

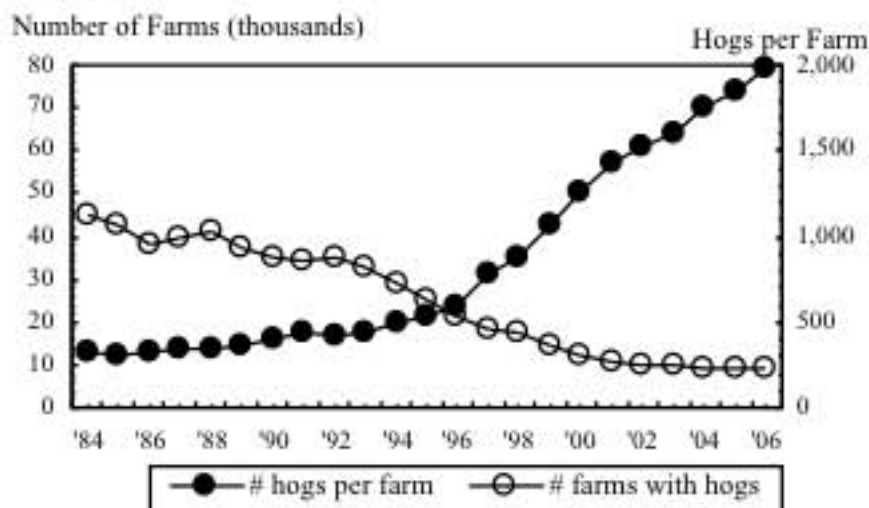
Fewer Hog Farms, Larger Herds

Hogs per Farm and Farms with Hogs United States

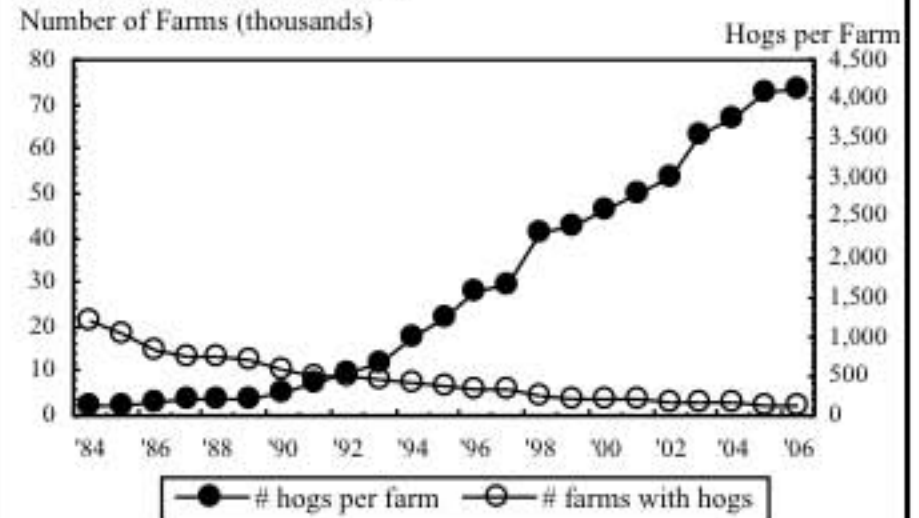


Source: USDA

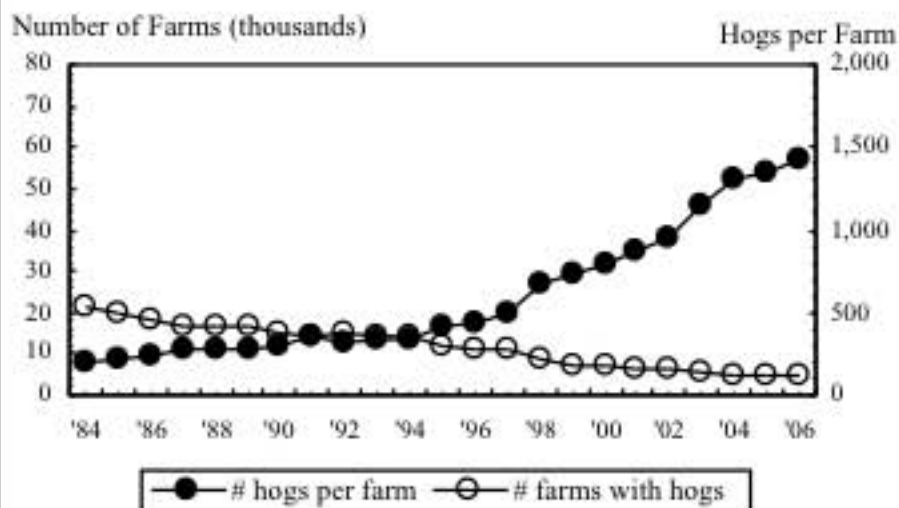
Iowa



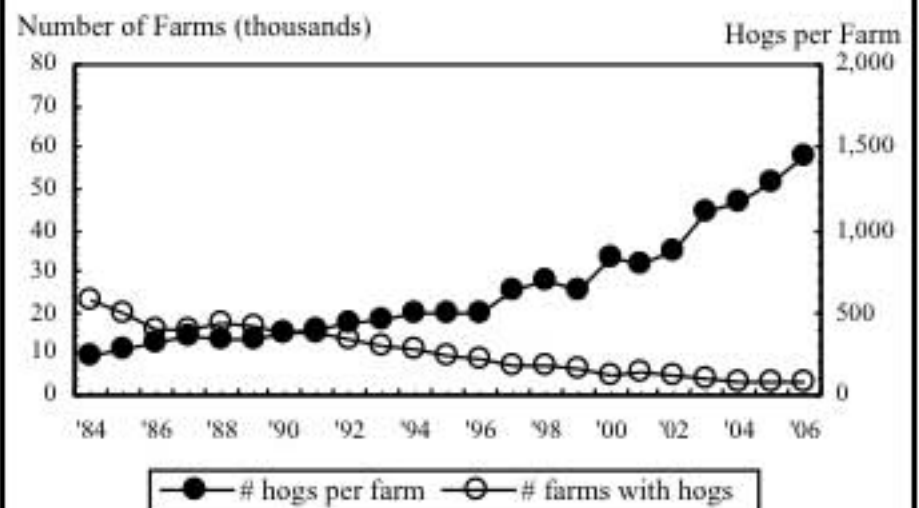
North Carolina



Minnesota



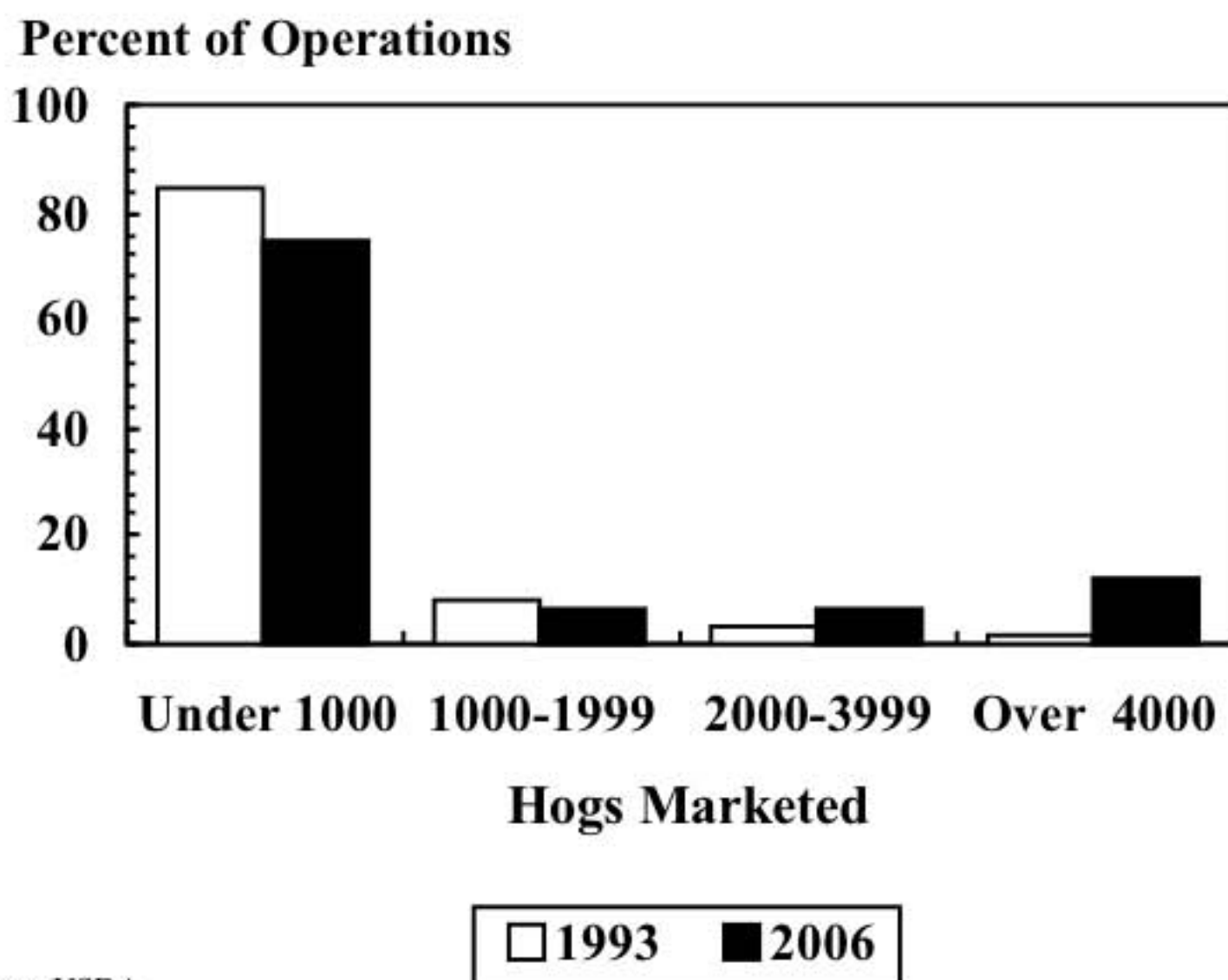
Illinois



Growing Share of Larger Operations

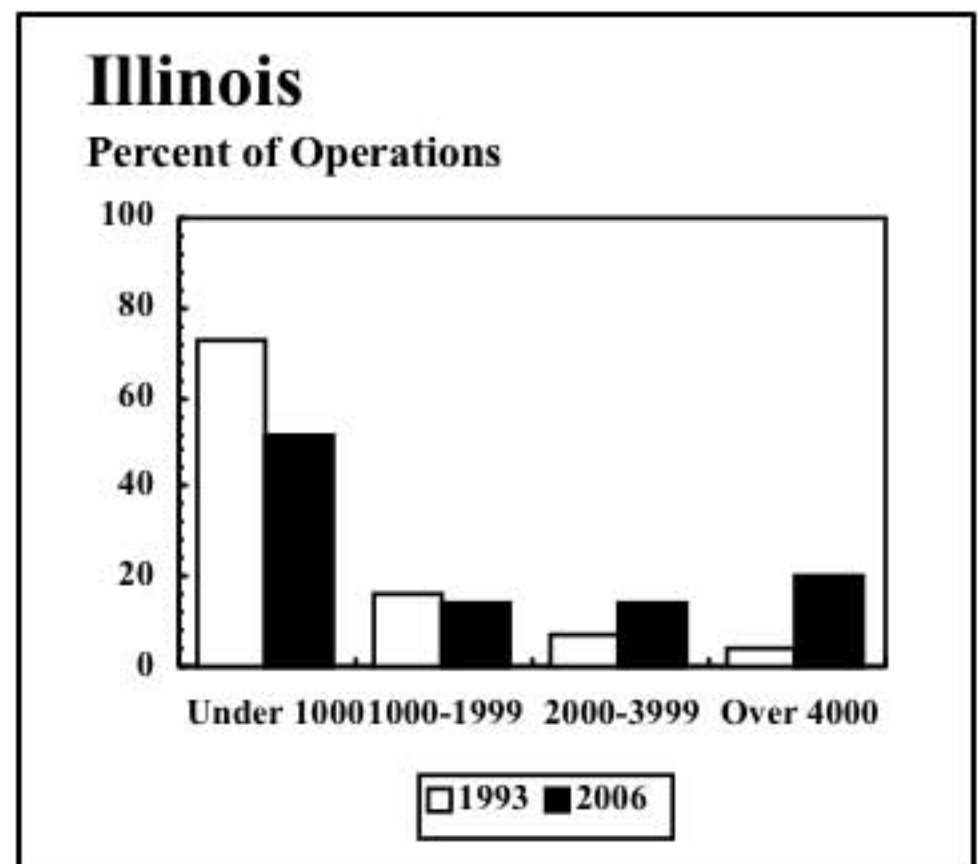
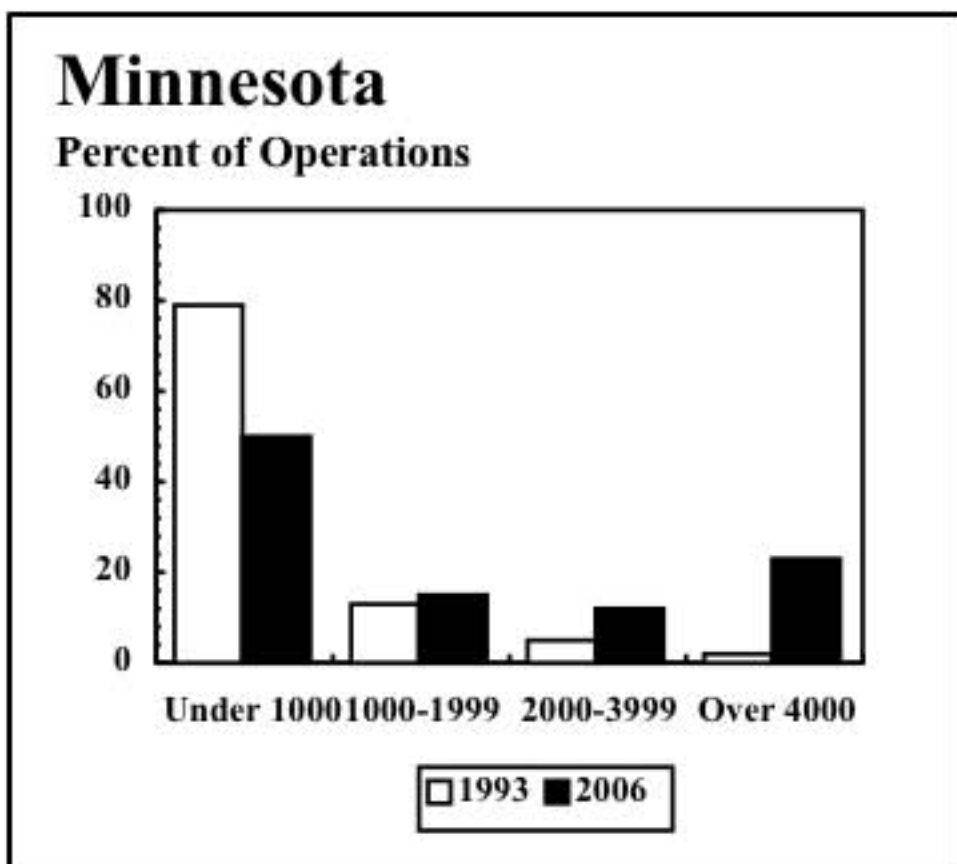
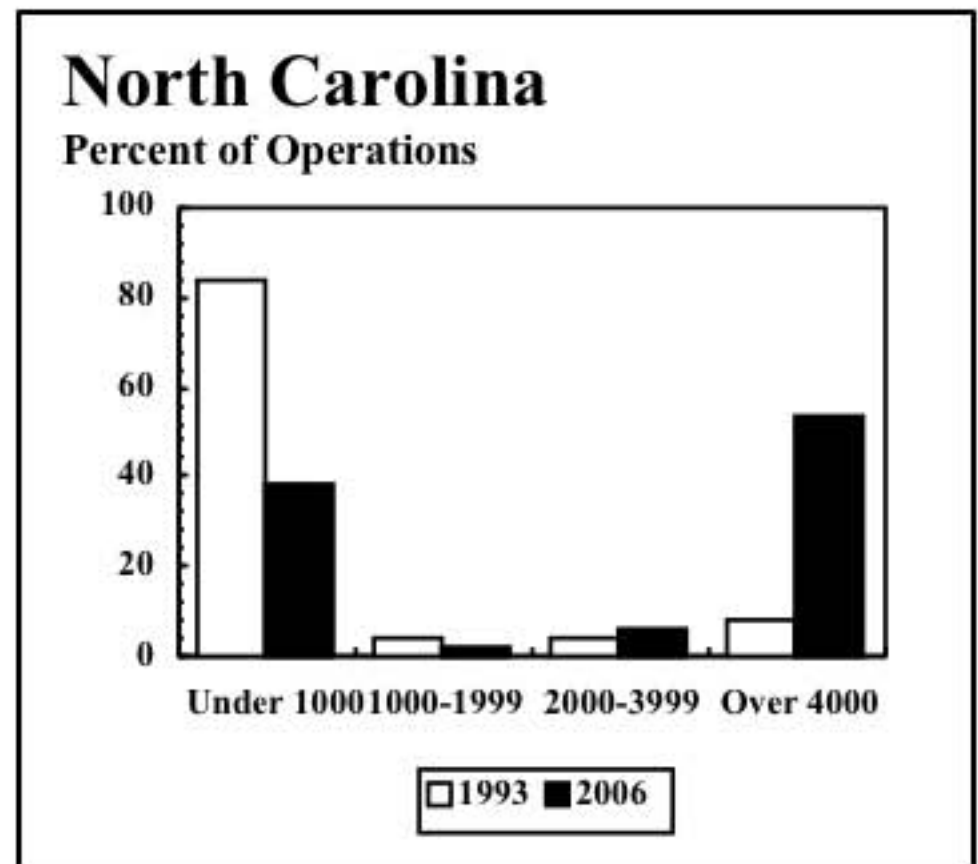
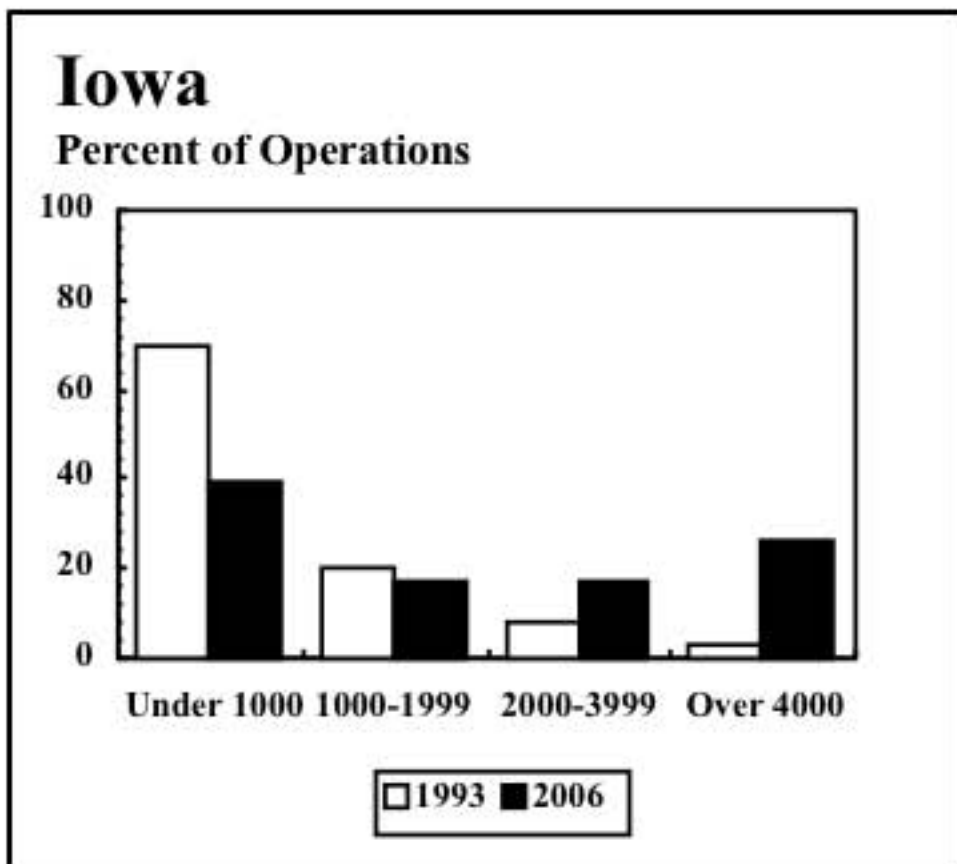
- The number of operations marketing more than 1,000 hogs per year has, for the most part, increased since 1993, with those marketing over 4,000 per year showing the largest increase.
- Smaller operations marketing less than 1,000 head are decreasing in numbers.
- The percent of operations marketing 1,000 to 4,000 head per year ranges between 27 and 34% of the total operations for Midwestern states, compared to only 8.5% for North Carolina.

Hogs and Pigs: Percent of Operations by Size Groups in United States



Source: USDA

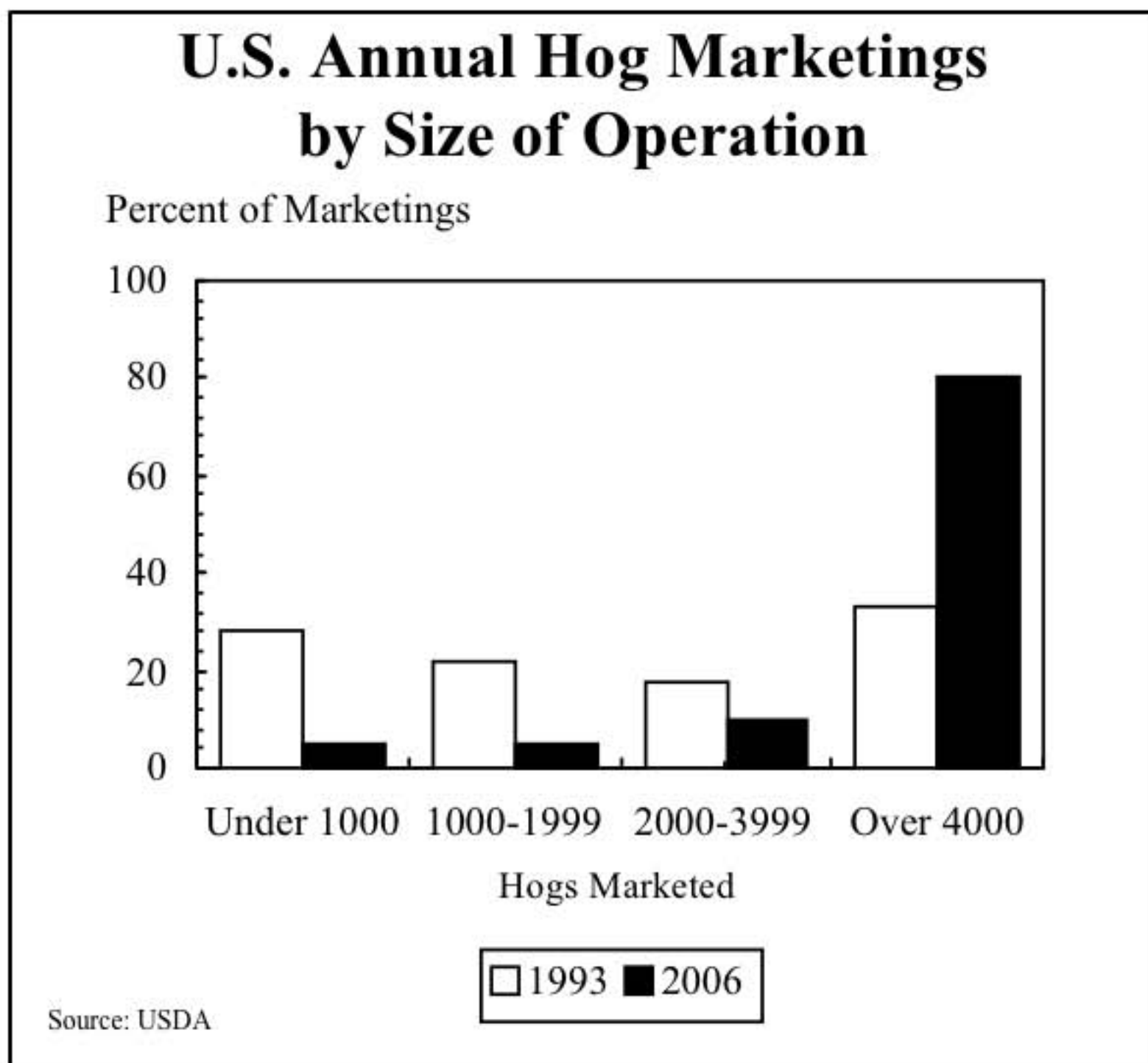
Hogs and Pigs: Percent of Operations by Size Groups in Top Pork Producing States



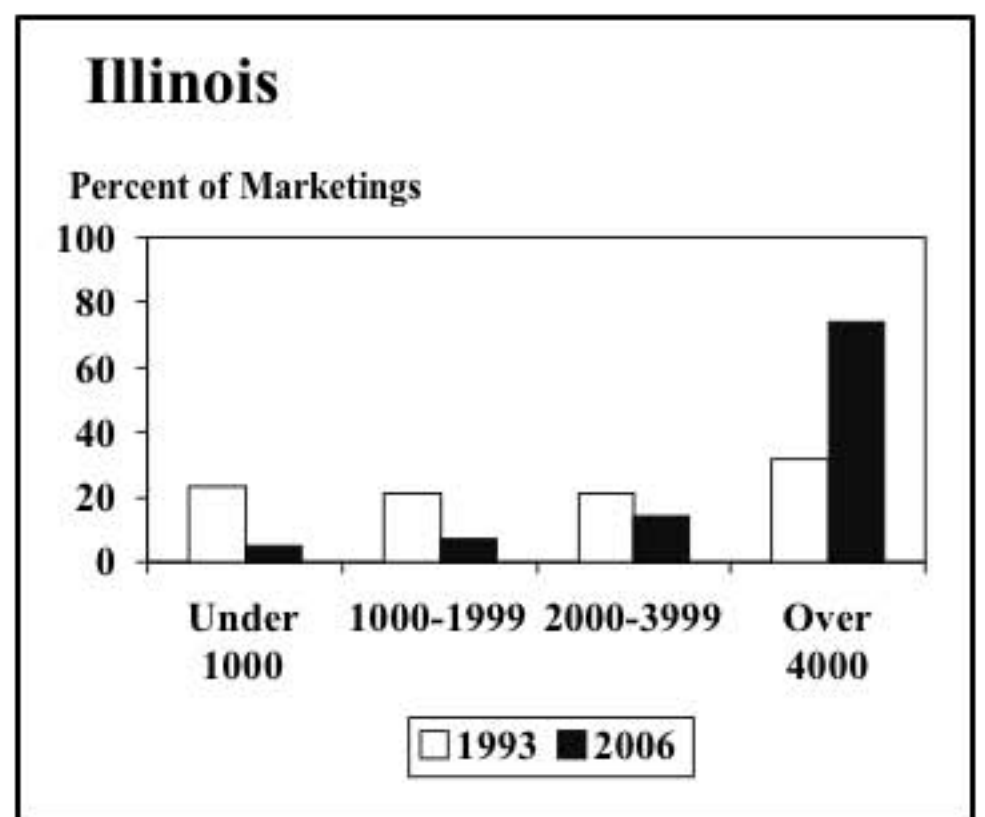
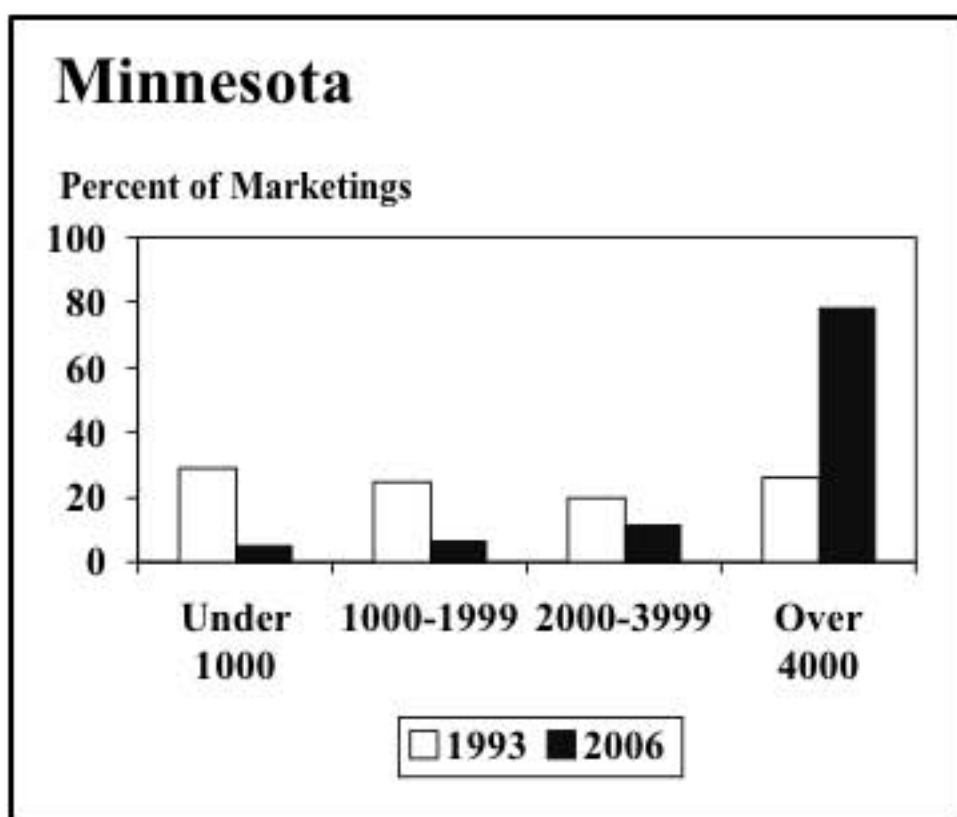
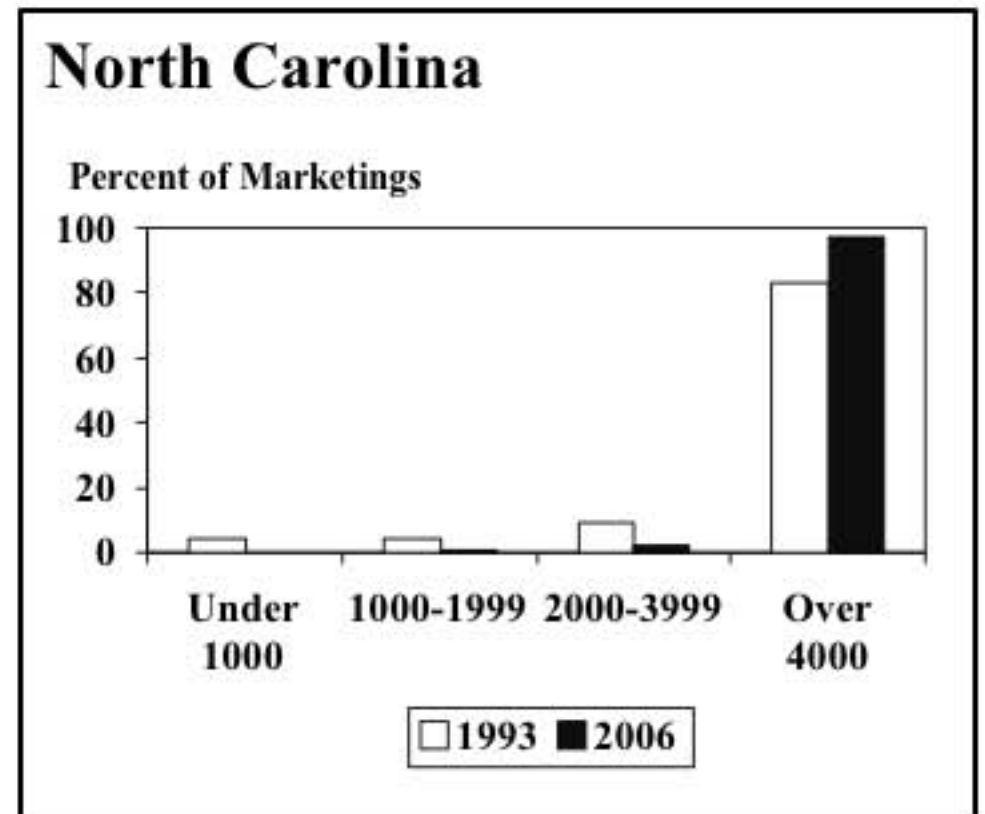
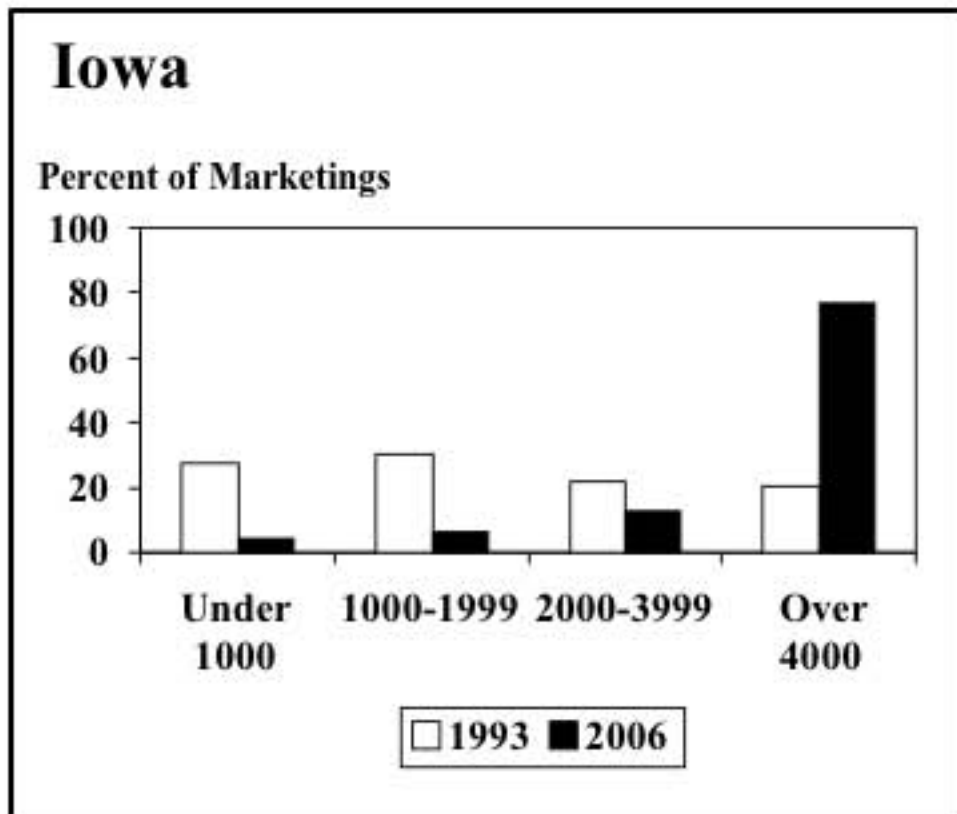
Source: USDA

Large Units Produce Growing Percent of Inventory

- Since 1993, the production from operations marketing more than 4,000 hogs per year has increased from 33% to 80% of the U.S. total.
- In the Midwestern states, approximately 76% of hogs sold come from farms selling over 4,000 head per year, compared to 97% in North Carolina.



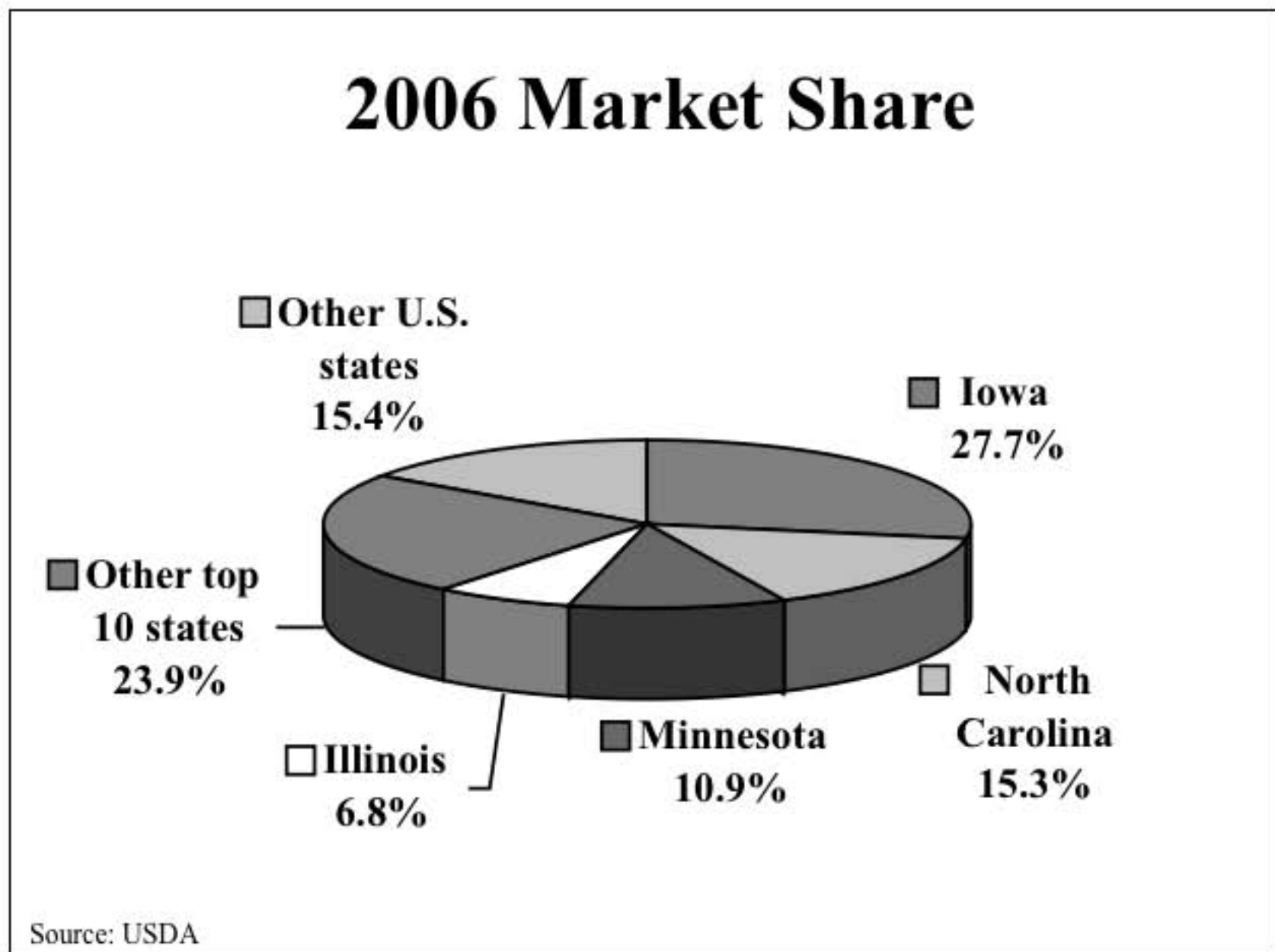
Percent of Annual Hog Marketings by Size of Operations in Top Pork Producing States



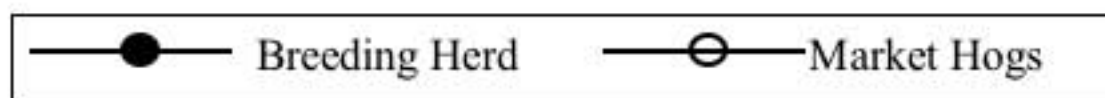
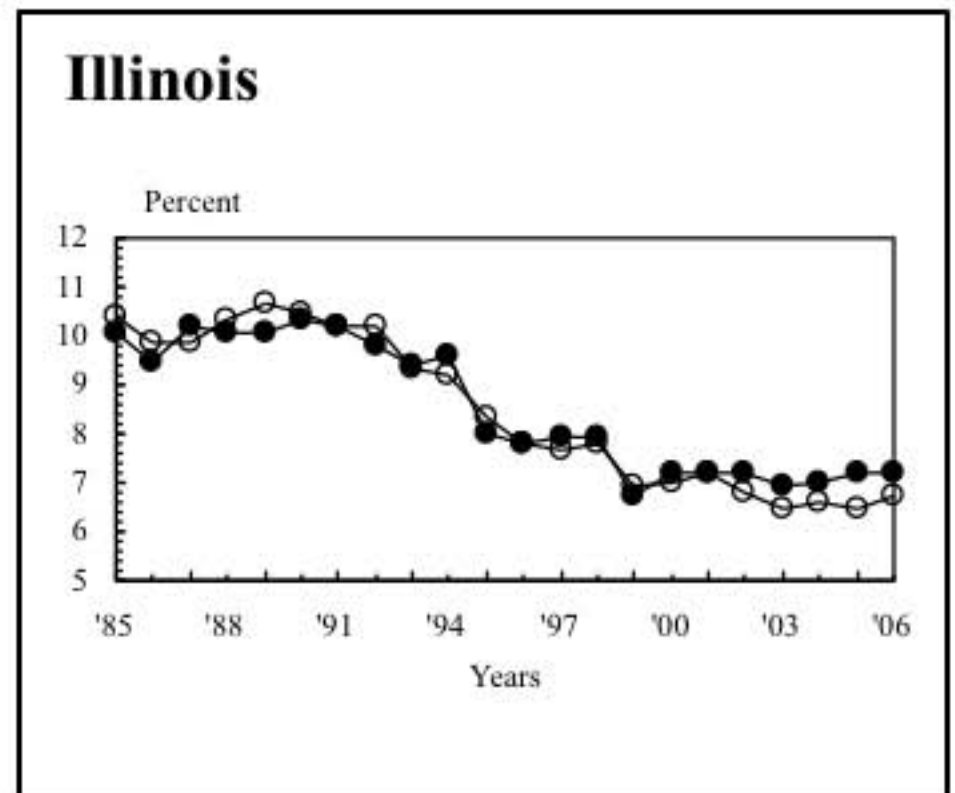
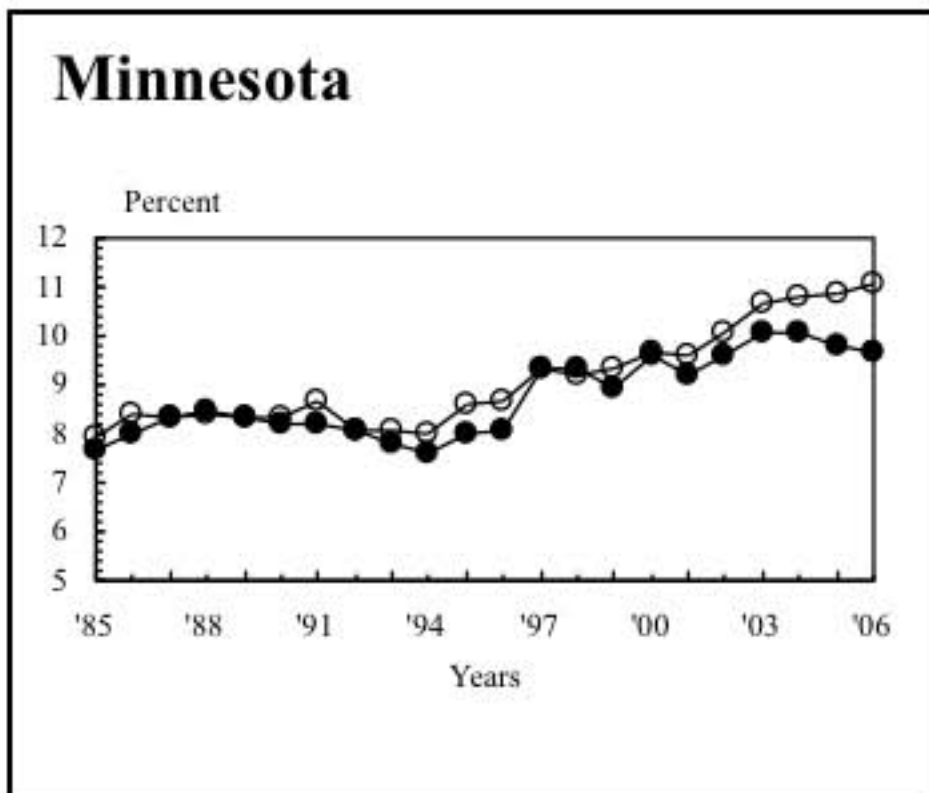
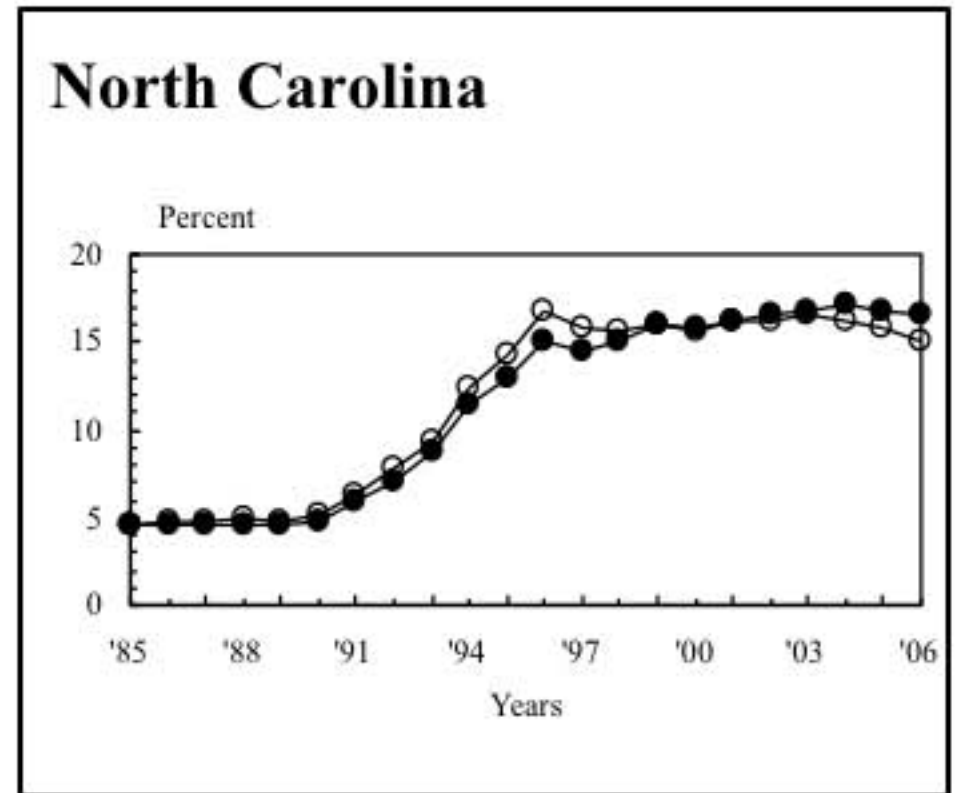
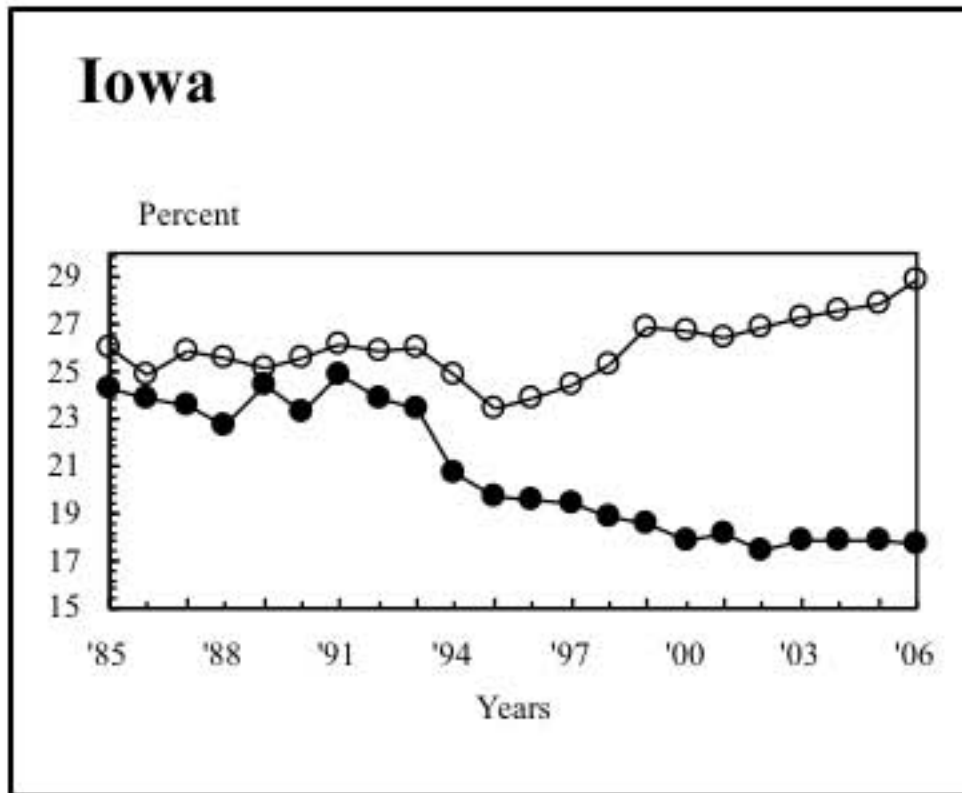
Source: USDA

Top Pork Producing States Contain Large Market Share

- Iowa and North Carolina contain 43% of the United States hog inventory.
- The top four pork producing states account for over 60% of the total United States inventory.
- Minnesota's market share was 10.9% in 2006.
- Iowa's market share increased slightly to 27.7% in 2006.



Hogs and Pigs: Percent of U.S. Hog Inventory in Top Pork Producing States



Source: USDA

Growing Interest in Arid Regions of the United States

Since 1992, states in the arid regions of the United States have become growth centers for the pork industry. However, it is important to keep the growth in perspective.

- Oklahoma and Utah have both had inventory increases of 871% and 1,445%, respectively, since 1992.
- Hog numbers in both Oklahoma and Minnesota have increased 2.1 million head over the past fourteen years.

State	1992 Inventory (1,000)	2006 Inventory (1,000)	Change (1,000)	% Change
Oklahoma	240	2,330	2,090	871
Colorado	410	830	420	102
Utah	44	680	636	1,445
Minnesota	4,700	6,800	2,100	45
Texas	510	930	420	82
Arizona	106	148	42	40
Wyoming	35	100	65	186

Source: USDA

Hogs and Pigs: Breeding, Market and Total Inventory by State and United States December 1, 2006

	Breeding Herd (1,000)	As % of 2005	Market Hogs (1,000)	As % of 2005	Total Hogs (1,000)	As % of 2005	As % of 1992	Farms with Hogs
AL	19	112	146	102	165	103	53	450
AZ	16	107	132	104	148	104	140	150
AR	85	100	175	95	260	96	32	750
CA	20	100	130	104	150	103	57	800
CO	155	107	675	96	830	98	202	750
GA	38	88	207	91	245	91	22	700
IL	440	102	3,760	105	4,200	105	71	2,900
IN	330	106	2,970	101	3,300	102	73	2,800
IA	1,080	101	16,120	104	17,200	104	115	8,700
KS	170	106	1,670	102	1,840	103	128	1,400
KY	35	88	275	83	310	84	36	900
MI	110	110	890	103	1,000	104	78	2,100
MN	590	100	6,210	103	6,800	103	145	4,800
MS	35	90	300	89	335	89	184	1,000
MO	360	104	2,390	101	2,750	102	96	2,000
MT	18	100	162	103	180	103	84	500
NE	365	104	2,635	105	3,000	105	65	2,500
NC	1,010	100	8,490	97	9,500	97	211	2,300
ND	33	106	136	108	169	108	58	430
NY	12	120	86	118	98	118	93	1,200
OH	170	103	1,510	108	1,680	108	96	4,000
OK	350	97	1,980	99	2,330	98	971	2,600
PA	105	105	965	97	1,070	97	102	3,100
SC	30	100	265	93	295	94	80	1,000
SD	140	85	1,190	90	1,330	89	73	1,100
TN	22	110	198	116	220	116	37	1,100
TX	95	95	835	101	930	100	182	3,700
UT	103	112	577	96	680	99	1,545	450
VA	30	86	330	73	360	73	86	850
WA	4	80	32	128	36	120	78	900
WI	55	100	385	103	440	102	36	2,200
WY	25	132	75	87	100	95	286	150
Other*	40	108	161	98	200	99	28	7,610
US	6,088	101	56,061	101	62,149	101	107	65,540

Source: USDA *Indicates states with least total hogs

