



Midwest Food Processors Association 2006 Annual Report

Dear MWFPA Member:

2006 began with new leadership as I replaced longtime association employee, President, and Legal Counsel John Exner. We continue to work with John in his new position as General Counsel at member company, Seneca Foods.

Despite the transfer of leadership and the steep learning curve that comes with a new association, we were able to continue our legislative advocacy here and in Washington DC without disruption, while continuing the programs and day to day services of the association. We've summarized some of the issues we've lobbied and other association activities in this annual report.

Staff continues to look for better, more efficient ways to deliver service and value to members. We've created new Legislative Bill Tracking Reports to make it easier to follow legislative issues and now send all committee reports and the monthly *Bulletin* electronically. Our web site continues to be updated regularly, contains more information, and has seen increased traffic which means more visibility for the members.

Your association is in sound financial condition. We ended the year in the black due to steady processor membership, increased associate membership, profitable well-attended events, and a constant eye on the bottom line. Increased membership and efficient use of funds remain goals for the immediate future.

The food industry faces a number of challenges in the Midwest and Washington. Uniform labeling, obesity lawsuits, food security, environmental regulations, increased energy costs, agricultural growing restrictions, and foreign competition make it increasingly difficult to deliver quality products at a fair price. We intend to position the association to meet these challenges.

Please take a moment to review this report to see where we've been in 2006. As always your comments and questions are welcome.

Sincerely,

Nickolas C. George, Jr.
President

MIDWEST FOOD PROCESSOR ASSOCIATION 2006 BOARD OF DIRECTORS

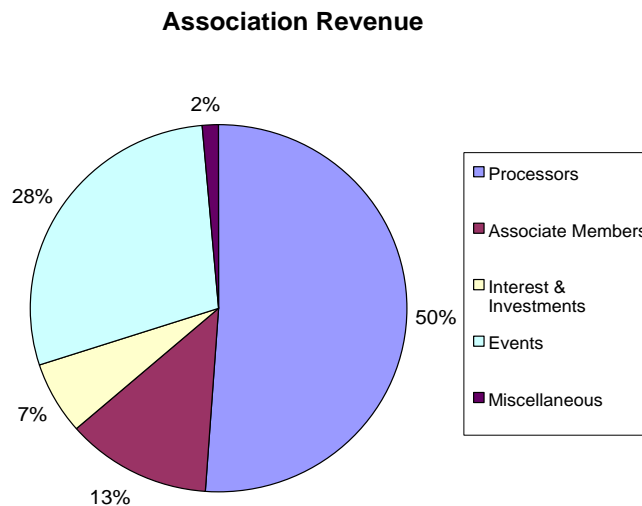
Chairman – Steve LaCount, Jennie-O Turkey Store
Vice Chairman – Bob Goeres, Lodi Canning Company
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Paul Palmby, Seneca Foods Corporation
Mark Roedl, Key Technology Inc.
Ken Sevcik, Faribault Foods, Inc.

MWFPA MISSION STATEMENT

To enhance and promote the business interests of the Midwest food processing industry, to be the foremost recognizable legislative voice in the three-state area espousing the objectives and concerns of the food/vegetable processing industry, involve members in association activities and promote activities which assure the safety, quality, and nutrition of our member's products.

MEMBERSHIP & FINANCES

For the third year in a row the association improved the net assets due to steady membership, profitable programs and lowered expenses. Processor membership held steady while Associate Member numbers grew by almost 25%. The 2005 Expo in St. Paul, MN was a success as were all of the other revenue enhancing programs. While growing the membership remains a goal of the association, we continue to look for non-dues revenue sources. An accountant-reviewed copy of the 2005-06 financials is available through the association offices.



LEGISLATIVE ADVOCACY – States

The association was active in a number of legislative issues in the three-state region. As is often the case, much of the time was spent defeating bills and working on regulations that are bad for the industry. These include onerous and duplicative reporting standards for pesticide applicators; home canning bills; employer penalties for mistakenly hiring immigrant workers; increases in product liability exposure; increases in landfill fees; duplicative land spreading regulations; and increases in producer security fees, to mention a few.

The news isn't all bad. A number of measures beneficial to the food processing industry did become law in some of the states. Many relate directly to the agricultural community such as allowing seasonal weight increases for vehicles transporting crops to facilities and creating tax credits for personal property used in farming. Others have a different impact on the companies including preempting local minimum wages; allowing air permit holders flexibility during air emissions limitation challenges, and creating a civil liability exemption for claims resulting from weight gain. Professional lobbying can never replace direct communication to the legislature from industry officials. We thank all of our members who wrote and called their legislators. It made a difference.

LEGISLATIVE ADVOCACY - Federal

The association continues to advance a pro-food industry agenda in Washington DC in cooperation with other state and national organizations. Two companion bills were introduced on behalf of the Canned-Frozen Food and Growers Coalition to eliminate current fruit and vegetable planting restrictions. Titled Farm Flex, neither bill passed due to opposition from farm organizations and other agricultural special interests. We continue to work with federal legislators and regulators to address this issue in the 2007 Farm Bill.

The association also communicated its support for a number of issues before the 2005-06 Congress that are needed to keep the Midwest food industry strong and competitive.

- Avian Influenza – avian influenza remains a priority as the food industry and the government work together to ensure the safety of our nation's food supply.
- Obesity Lawsuits – legislation indemnifying restaurants and food manufacturers from obesity lawsuits failed to pass the Senate. Excess litigation increases the cost of all food exports.
- Food Labeling – we support initiatives allowing health claims requirements to be flexible and allow important information on the health benefits of various foods to be provided to consumers in clear, non-misleading language.
- National Uniform Labeling – legislation was introduced calling for uniform, national standards and warning requirements for food labels eliminating costly area-specific labeling for food manufacturers.
- Trade Agreements – free and fair trade agreements must be advanced so that the industry can export products at a competitive price.
- Offshore Drilling – legislation allowing exploration and offshore drilling in the Gulf of Mexico is necessary in order to increase the supply of natural gas in the nation.
- Captive Shippers - The railroad's antitrust exemption is having an impact on the nation's industries including the food industry. The railroad's growing monopoly has led to declining rail service standards and significant rate increases that continue to negatively impact the industry in the Midwest.

2006 ASSOCIATION ACTIVITIES

Legislative Meetings – MWFPA members met with state and federal legislators and regulators in Minnesota, Wisconsin and Washington and testified before congressional and state committees. MWFPA members from all three states went to Washington DC to lobby Farm Flex legislation.

Energy Seminar – The association partnered with the Northwest Food Processors Association to bring over 200 members in the Midwest an energy conference via satellite. MWFPA hosted three sites in Wisconsin and promoted several more sites in Illinois and Minnesota.

Environmental Seminar – MWFPA partnered with The Wisconsin Council of Safety to host and promote a statewide environmental seminar focusing on state and national environmental issues impacting manufacturers.

Golf Outing – A record number of golfers participated in the Spring Golf Outing at Trappers Turn in Wisconsin Dells. A sponsored reception for all participants the night before was a popular new addition.

Research/Education – Over 100 processors, seed company representatives, and university researchers met over the 2006 growing season at four different research facilities to discuss pest and disease management issues in the Midwest. The information exchanged at these meetings often results in future research projects undertaken by the universities and funded by the processors and seed companies.

Annual Fall Convention – Over 500 members attended the 102nd MWFPA Convention and 79th Processing Crops Convention in Appleton, WI. A record number of suppliers exhibited at this year's event which also featured three keynote speakers, 13 one hour sessions on food industry topics and 20 presentations by university researchers.

Agriculture Research – MWFPA processor and seed company members funded nine research projects in 2006 that will be carried out by researchers at the universities of Illinois, Minnesota, and Wisconsin. Project proposals are submitted annually to the MWFPA Raw Products Committee which chooses the projects based on a variety of factors. This year's research projects totaled \$60,000.

Educational Scholarships – Five students of agriculture or food science were awarded \$1,500 scholarships from the association's Carleton A. Friday and Kenneth G Weckel Scholarship Funds. The scholarships require that the students attend the University of Wisconsin and major in agriculture or food science. The scholarship recipients were chosen by the MWFPA Human Resource Committee.

MEMBER SERVICES

Information and Publications – The association newsletter, *The Bulletin*, was sent via email for the first time in 2006 with over 1000 members receiving the publication bi-monthly. In addition, electronic Legislative Reports and Bill Tracking Reports were initiated and the Membership Directory continues to be a popular and useful publication.

Safety Program – Twenty-nine food processing plants in the Midwest compete for annual safety awards that are presented at the Annual Convention. The awards are based on OSHA data submitted monthly to the association by participating plants.

Claims & Litigation Management Program – by agreement with the Food Products Association (FPA), MWFPAs members can economically utilize the FPA Claims Program, a unique service handling consumer claims and litigation management.