



***Indiana Packers Corporation offers a carcass buying program based upon a system of rewards and discounts.***

***The purpose of the system is to reward producers who do an exceptional job of genetically selecting hogs for leanness & meat quality, sorting hogs by weight, providing a consistent supply of hogs and managing their drug use program. The intent is to provide as much information as possible so that producers can make sound management decisions in their pork production operations.***

***IPC seeks to form a partnership, through a scheduling program, with loyal suppliers who are willing to work with us to improve the pork industry and supply the consumer with a safe wholesome, lean product.***

**Visit our Website at:  
[www.indianakitchen.com](http://www.indianakitchen.com)**

Revised: April 4, 2011

## **Indiana Packers Corporation**

### **Procurement Program Overview**

**HWY 421 S. & CR 100 N.  
P.O. Box 318  
Delphi, Indiana 46923-0318**

**IPC Plant—Delphi, IN**

**800-472-7201**

**765-564-7205**

**765-564-3680**

**Carcass Merit Pricing System Details**

1. All hogs are purchased subject to government (USDA) inspection. All trim loss and USDA condemnations (total and partial) will be considered producer losses.
2. Any hog diagnosed, by the USDA with tuberculosis will be considered condemned and of no value.
3. Hogs are adjusted for lean premiums or discounts and sort discounts as per published schedules.
4. We generally prefer that Carcass Merit lots are sized at quantities of 20 head or greater.
5. Indiana Packers' computer systems have various error checking and error avoidance checks built in to determine that appropriate measurements were obtained from the probe and scale systems. For more information about these systems or other details of Indiana Packers Carcass Merit systems please contact your plant representative.
6. In the event that IPC is unable to recover carcass data from all the hogs in a lot, the following procedures will be used:

**Carcass Weights:**

If carcass weight data recovery is 90%, or greater, any missing data will be substituted

by using the average weight of the lot. If data recovery is less than 90%, all data will be discarded and the carcass price will be converted to a live settlement price, adjusted by the lean %, sort discount and carcass yield based on the simple average of the last five (5) lots delivered by the producer (where data was successfully recovered).

**Probe (Fat-O-Meter):**

If probe data recovery is 60% or better, any missing data will be substituted by using the simple average of the back fat and loin depth of the lot. If data recovery is less than 60%, all actual recovered data will be used and the missing data will be substituted by using the simple average of the back fat and loin depth from the last five (5) lots delivered by the producer (where data was successfully recovered)

**Hog Count:**

At times a carcass may lose identity due to illegible or misread tattoos. In the event that the lot is long, the carcass closest to the average carcass weight will be deleted.

7. Trimmed carcasses will be paid on actual weights and will be discounted according to the published carcass weight discount schedule.
8. Fat-O-Meter readings are taken midline between the 3rd and 4th rib.
9. Standard Yield is 74.50%.
10. Payment from IPC will be made by the close of the next business day following the carcass evaluation of the hogs.

11. The weight discount schedule is provided herein.
12. Transit insurance is available.
13. IPC's carcass merit system is subject to periodic review and change. However, producers will be given notice prior to any changes.

**Lean Payment Schedule**

The lean adjustment to the base carcass price equals the difference between the actual % lean and the standard lean (50%) multiplied by a lean factor, taken from the following schedule, and then multiplied by the base carcass price (less sort if applicable).

**IPC Lean Calculation Formula**

$$54.672154 - (0.412525 \times \text{fat depth in inches} \times 25.4) - (0.002982 \times \text{carcass weight}) + (0.1433242 \times \text{loin depth in inches} \times 25.4)$$


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Sum ÷ 100

**IPC Lean Factor Schedule**

From	0.00 % to 44.99 %	-2.00
From	45.00 % to 48.99 %	-1.50
From	49.00 % to 49.99 %	0.00
From	50.00 % and up	+1.00

Carcasses weighing less than or equal to 165 lbs and more than or equal to 255 lbs will receive no lean premiums or discounts.

**For Example:**

Using a hypothetical price of \$60.00/cwt  
 54% lean—50% lean = 4% lean  
 4% lean x 1.0 = 4.0%  
 4.0% x \$60.00 (less sort if applicable)  
 Equals \$2.40 per carcass cwt. Lean adj.

**Carcass Weight Discount Schedule**

Carcass Weight	Discount
Less than 150 lbs.	\$20.00 / cwt.
151 lbs to 160 lbs.	\$11.00 / cwt.
161 lbs to 165 lbs.	\$ 3.00 / cwt.
166 lbs to 170 lbs.	\$ 3.00 / cwt.
171 lbs to 180 lbs.	\$ 0.00
181 lbs to 200 lbs.	\$ 0.00
201 lbs to 225 lbs	\$ 0.00
226 lbs to 230 lbs	\$ 1.00 / cwt.
231 lbs to 235 lbs.	\$ 3.00 / cwt.
236 lbs. to 240 lbs.	\$ 5.00 / cwt.
241 lbs to 255 lbs.	\$12.00 / cwt.
256 lbs to 275 lbs.	\$17.00 / cwt.
276 lbs and up	\$17.00 / cwt.

**Carcass Payment Example**

Base Price (live)	\$45.00
Base Price Carcass	\$60.40
Live Weight	250 lbs
Carcass Yield	76.0%
Carcass Weight	190.0 lbs
Weight Adjustment	0
Lean Percent	54.30%
Lean Adjustment	+\$2.59
\$/Cwt Carcass	\$62.99
\$/Carcass Total	\$119.68
\$/Cwt/Live	\$47.87