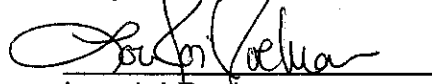



4. The attached letter also states that the State Fund bases its premiums on higher medical costs, legislative changes, court decisions, and declining investment returns. The letter also states that dividends by the State Fund have no relationship to forces driving future prices.
5. The Affiant acknowledges that the statements contained in this affidavit are true and correct to the best of his knowledge and belief.

DATED this 17th day of May 2004.


Thomas J. Murphy
Attorney for Stavenjord

Subscribed and sworn to this 17th day of May 2004.


Lou Joi Poelman
Notary Public for the State of Montana
Residing at Great Falls, MT
My Commission expires 7/9/2007

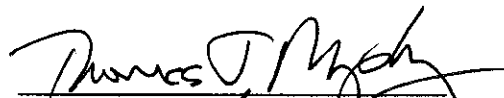


CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 17th day of May 2004, a true and correct copy of the foregoing Affidavit of Thomas J. Murphy Re: State Fund Dividend Information was served upon the attorneys for the Respondent via first class mail to the addresses listed below:

Dave Hawkins
P.O. Box 4759
Helena, MT 59604-4759

Bradley J. Luck
PO Box 7909
Missoula, MT 59807


THOMAS J. MURPHY
Attorney for Stavenjord

cc. Larry Jones
Laurie Wallace

Affidavit of
Thomas J. Murphy
Re: Dividend Information

APR 23 2004

MONTANA STATE FUND DIVIDEND

GOOD NEWS ABOUT YOUR DIVIDEND

April 22, 2004

THOMAS J MURPHY PC
PO BOX 3226
GREAT FALLS MT 59403

Re: Policy # 031419641
Team 2

Congratulations! Montana State Fund (MSF) is pleased to announce that as part of the \$2 million dividend declared by our Board of Directors on March 26, 2004, you will be receiving a dividend credit on your account. The amount you are entitled to has been calculated based on your paid premium and incurred losses during the policy year ending June 30, 2002. Over the past six years, we have returned \$33 million through general dividends and return premium programs to deserving customers.

Your 2002 premium:	\$726.54
Your losses of record:	\$0.00
Your dividend amount:	\$10.90
Your net 2002 premium:	\$715.64

This current dividend underscores the value of employers who provide a safe workplace and are committed to the safety and well being of their employees.

Like a number of states, Montana is seeing a growth in workers' compensation costs. As your workers' compensation insurance carrier, we have been doing everything within our power to minimize the impacts on your business. Nevertheless, prices will be rising. The primary factors driving this are higher medical costs, legislative changes to benefits, court decisions, and declining income from investments. While the current trends are disturbing, the fact remains that our rates are 26.7% lower than they were in 1995. We have considered whether withholding dividends could reduce the impact of pricing increases to all our customers. We believe this sends the wrong message. In essence, it penalizes people like you that have made an effort to improve workplace safety by grouping them together with policyholders that have poor results.

Dividends are based on previous performance and have no relationship to the forces driving future pricing. Montana State Fund estimates the price of coverage for each of our policyholders for that year. When that policyholder produces favorable results, and our financial situation allows, it is the philosophy of the MSF Board that they are deserving of a dividend for that year.

Montana State Fund has led the way in providing workers' compensation insurance coverage to Montana businesses since 1915. We thank you for your past business, and look forward to serving you in the years ahead.

Sincerely,



Laurence Hubbard
President/CEO

