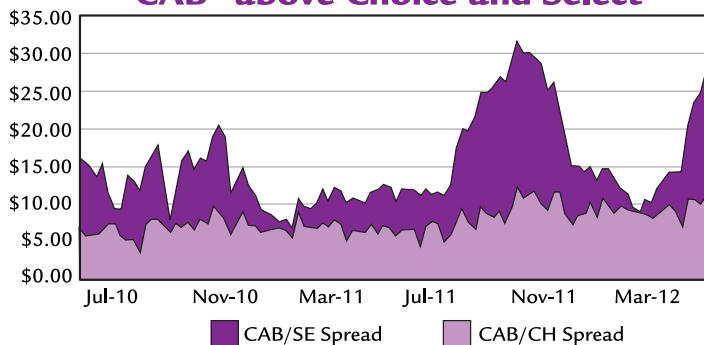


PREMIUM PRICES SEND CLEAR SIGNALS

Profit Tip

Meat buyers pay a premium for *Certified Angus Beef*® (CAB) brand and USDA Choice over Select grade. The extra dollars at the wholesale level build strong demand for high-quality cattle and translate into significant grid premiums. For the CAB component alone, licensed packers have paid producers \$352 million in grid premiums since 1998. Producers of high-quality Angus cattle can capture their share, by retaining ownership through the finishing phase and marketing on a quality-based grid.

Boxed beef premiums CAB® above Choice and Select



At wholesale, an average 1,307-lb. CAB steer would bring \$127.10/head above Select grade. That's compared to \$62.31/head for a Choice vs. Select animal.

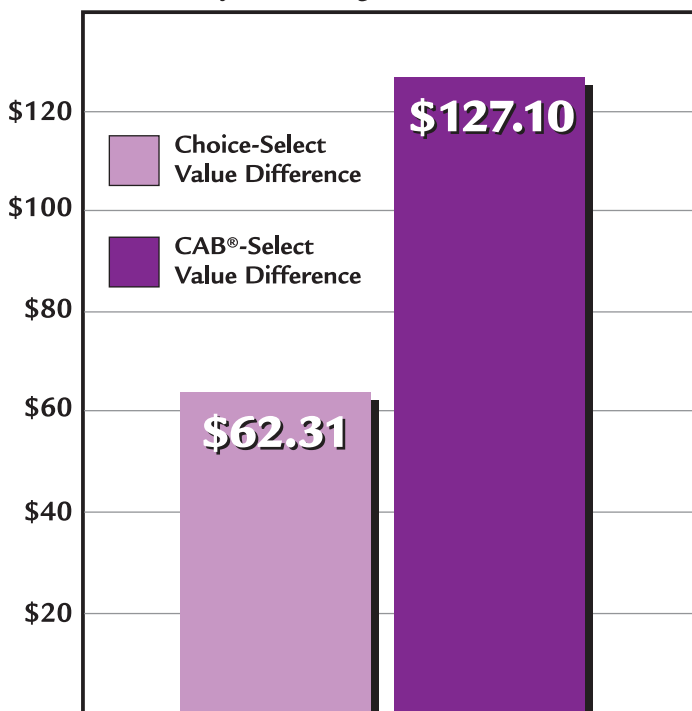


The Facts:

- The Choice-Select spread is a demand indicator for high-quality beef. When you take that one step further and look at the additional premiums paid for higher quality boxed beef, like CAB, there is a clear demand calling for more cattle that can hit premium targets.
- Meat reporting authority Uner Barry quotes a CAB cutout in its weekly Yellow Sheet. It began tracking wholesale CAB prices more than a decade ago, when buyers asked for a dependable gauge more specific than the USDA Branded Programs quote.
- Boxed beef price is the estimated wholesale value of the entire carcass, combining subprimal values into one price.
- Even when the Choice-Select spread narrows, the CAB-Choice spread generally remains strong.
- From July 2010 to July 2012, the average CAB premium over Select was \$15.31/cwt., with a high of more than twice that amount.
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Wholesale carcass value differences

July 2010 through June 2012



The brand that pays®

Visit www.CABpartners.com for more information affecting your bottom line.

Questions?

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ACKNOWLEDGEMENTS

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