

Feedyard: Example Feedyard
 NBP Lot #: 410 USPB Lot # 177123
 Method: **USPB Base Grid**
 Harvest: 5/18/17 Plant: Dodge City or Liberal
 FY Lot #: 127 Pen # 234

Cattle Settlement Worksheet Example



Lot Statistics

Live Wt: 134,000	Hot Yield: 64.26%	Avg Wt: 1,340	Net Live Price: \$128.30	Net Prem/Disc: \$41.11 /Hd
Hot Wt: 86,108		Avg Wt: 861	Net Hot Price: \$199.65	Net Live Difference: \$3.07 /cwt
			Gross Prem/Disc:	\$42.38 /Hd

Base Price	
USDA Kansas Weekly Average	125.23
Formula Allowance	0.25
Grid Allowance	0.00
Base Live Price	125.48
Hot Yield Threshold	63.45%
Base Hot Price	197.75

Premium Summary	
Choice	\$7.09
Prime	\$13.84
CAB	\$4.11
BCPR	\$0.50

Steers	Head	Live Wt	Hot Wt	Base Price	Amount	\$/cwt hot	\$/Hd
Base Lot Amount	100	134,000	86,108	197.75	170,279.36	197.75	1702.79
Quality Grade Adjustments					1,405.29	1.63	14.05
Yield Grade Adjustments					-301.50	-0.35	-3.02
Weight Adjustments					-296.25	-0.34	-2.96
Other Adjustments					956.76	1.11	9.57
Gross Cattle Proceeds	100	134,000	86,108		172,043.66	199.80	1720.44
Excess Freight					-126.37	-0.15	-1.26
Net Cattle Proceeds					171,917.29	199.65	1719.17

Quality Grade Adjustments	Head	Hot Wt	Actual	Threshold	Price	Weight Diff	Extension	\$/Hd
Prime	4	3,703	4.30%		13.84	3,703	512.48	
Choice or Higher *	86	75,173	87.30%	68.10%	7.09	16,533	1,172.56	
					0	58,640	0.00	
Select	12	9,340	10.85%		0	9,340	0.00	
Ungraded	1	795	0.92%		-10.00	795	-79.50	
Hard Bone	1	801	0.93%		-25.00	801	-200.25	
Total Quality Grade Adjustments							1,405.29	14.05

Carcass Adjustments								
CAB	25	23,904	27.76%		4.11	23,904	983.57	
BCPR	20	14,509	16.85%		0.50	14,509	72.55	
Over 30 Months	1	828	0.96%		-12.00	828	-99.36	
Total Carcass Adjustments							956.76	9.57

Yield Grade Adjustments								
YG1	9	7,664	8.90%	14.43%	4.00	-4,760	0.00	
YG2	34	30,052	34.90%	40.34%	2.00	-4,688	0.00	
YG3	42	36,494	42.38%	34.97%	0.00	6,386	0.00	
YG4	14	11,030	12.81%	9.20%	-10.00	3,111	-311.10	
YG5	1	868	1.01%	1.06%	-20.00	-48	9.60	
Total Yield Grade Adjustments							-301.50	-3.02

Weight Adjustments								
575 and down	1	575	0.67%		-15.00	575	-86.25	
1050 and up	1	1,050	1.22%		-20.00	1,050	-210.00	
Total Weight Adjustments							-296.25	-2.96

Total Adjustments to Net							1,764.30	17.64
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USDA Grading Service applies USDA Prime, Choice, and Select Grades and USDA certified programs. All other grades are determined in-house. National Beef Packing Co. LLC maintains detailed descriptions and procedures for all Quality and Yield Grade calculations at each processing facility that are available to producers marketing cattle to NBP via Grid, Formula or Grade & Yield. This hypothetical example is for promotional and educational purposes and may differ slightly from actual worksheets used for payment. Actual grid inputs change weekly. Please call 866-877-2525 for current information.

* The threshold for Choice or better will be 10% less than a four week rolling average of the actual Choice or better percentage for the non-grid cattle purchased by National Beef Packing Co. LLC. Therefore, this value will be changing with each delivery week. Please call 866-877-2525 for current information.

U.S. Premium Beef “Base” Grid

Cattle Type

The program is non-breed specific; however, the USPB Base grid does not allow heiferettes, Holsteins and other dairy breeds, intact bulls, late-cut bulls, Corrientes, or high percentage Brahman influence cattle (over 50% Brahman as measured by visual appraisal). USPB reserves the right to refuse delivery of individual cattle or entire pens based on visual appraisal.

Base Price

The base live price will be the Kansas weighted average price from USDA Price Reporting data (report LM_CT164) for the week (Monday-Friday) prior to delivery plus \$0.25 per cwt. Report LM_CT164 may include cattle scheduled for delivery in 0-30 days. The base carcass price is determined by dividing the base live price by the hot yield threshold. The hot yield threshold will be the weekly plant average hot carcass yield for non-grid live weight purchased cattle in Kansas by National Beef Packing Company (NBP) or 64% whichever is lower. No USPB cattle are included in the hot yield threshold.

Premiums & Discounts

Actual performance of cattle will be compared to a Choice or higher threshold of 10% below the actual Choice or higher average of non-grid (plant average) cattle purchased from KS feedlots by NBP and harvested during the previous four weeks (four week rolling average) for Choice premiums. Premiums will be paid for lots that perform above the threshold and discounts for lots below the threshold. The Choice premium/discount will be calculated using a four week prior to slaughter rolling average of the USDA-reported Choice/Select cutout spread (LM_XB403). **Prime and Certified Angus Beef® (CAB)** premiums are calculated using Weekly USDA Prime (LM_XB456) and CAB (LM_XB452) beef cut prices minus \$0.0075/lb. Respective weekly Prime and CAB cutout values are calculated as a premium over USDA Choice for that particular week using adjusted Prime and CAB beef cut prices, 2004 USDA primal/carcass standards and NBP average carcass weight. Prime and CAB premiums will be determined by blending the four-week rolling average spread of USDA-reported boxed beef cutout values for Prime and CAB versus Choice together with a floor value of \$8/cwt. for Prime or \$3/cwt. for CAB. Prime and CAB premiums will not drop below the floor values. **Black Canyon® Premium Reserve (BCPR)** premium is fixed at \$0.50/cwt. **Yield Grade** premium/discount calculations will be based on the four-week rolling plant average performance of non-grid live weight purchased cattle within Kansas by NBP during the preceding four weeks. Yield Grade 1 and 2 will receive a premium for the total carcass weight above plant average, but will not be discounted if below plant average. Yield Grade 4 and 5 will be discounted for the total carcass weight above plant average, or eligible to receive a premium for being below plant average.

<u>Category</u>	<u>Threshold</u>	<u>Premium/Discount (+/-)</u>
Prime	none	+ Blend of Prime/Choice spread** and \$8/cwt. floor
Certified Angus Beef®	none	+ Blend of CAB/Choice spread** and \$3/cwt. floor
Black Canyon® Prem. Reserve*	none	+ Fixed at \$0.50/cwt.
Choice or higher	plant avg – 10%**	USDA Cutout spread** × weight difference above threshold (premium)
Select	plant avg – 10%**	USDA Cutout spread** × weight difference below threshold (discount)
Ungraded	none	- \$10/cwt. (includes all grades below Select, but not Hardbone)
Hardbone	none	- \$25/cwt.
Over 30 months	none	- \$12/cwt. (determined by dentition; do not get Prime or CAB premiums)
YG 1	4 week plant avg**	+ \$4/cwt. (Premium only for greater than plant average**, no discount)
YG 2	4 week plant avg**	+ \$2/cwt. (Premium only for greater than plant average**, no discount)
YG 3	4 week plant avg**	none
YG 4	4 week plant avg**	-/+ \$10/cwt. × weight difference above (discount) or below (premium) plant avg**
YG 5	4 week plant avg**	-/+ \$20/cwt. × weight difference above (discount) or below (premium) plant avg**
575 lb. carcass and under***	none	- \$15/cwt.
1,050 lb. carcass and over***	none	- \$20/cwt.

* Black Canyon® Premium Reserve requires the animal be at least 51% solid black hair coat, Small 50 marbling or higher, and “A” maturity.

** Four-week rolling average

*** Out weight carcasses are included in determining the averages for Quality and Yield grades.

It is understood that the overall premium/discount structure will be modified as warranted. Condemned cattle have \$0 value.

Settlement: All cattle will be issued a cash advance on the day of delivery equal to 85% of the USDA weighted average live price for the week prior to delivery. A final check will be issued when the final grade, plant averages and settlement grid values are determined, typically Monday, Tuesday or Wednesday of the week after delivery.

Freight: USPB offers a transportation credit of up to \$0.60 per cwt. of live weight.

Carcass Data: Individual carcass data will be provided at **no charge** but must be requested when scheduling cattle with USPB.

Forward Contracting: USPB offers an option to forward contract grid cattle with a basis bid contract. Call USPB at **866-877-2525** for current bids.