

Feedyard: Example Feedlot
 NBP Lot #: 247 USPB Lot #: 147851
 Method: **USPB NatureSource Grid**
 Harvest: 9/1/15 Plant: Dodge City or Liberal
 FY Lot #: 222 Pen # 201

**Cattle Settlement
 Worksheet**
 <<Example>>



Lot Statistics

Live Wt: 132,000 Hot Yield: 63.10% Avg Wt: 1,320 Net Live Price: \$168.57 Net Prem/Disc: \$245.15 /Hd
 Hot Wt: 83,292 Avg Wt: 833 Net Hot Price: \$267.15 Gross Prem/Disc: **\$248.42 /Hd**

Base Price	
USDA Kansas Weekly Average	150.00
Formula Allowance	0.25
Grid Allowance	0.00
Base Live Price	150.25
Hot Yield Threshold	63.25%
Base Hot Price	237.55

Prem Summary	
Choice	\$7.68
Prime	\$21.90
CAB	
BCPR	

Steers	Head	Live Wt	Hot Wt	Base Price	Amount	\$/cwt hot	\$/Hd
Base Lot Amount	100	132,000	83,292	237.55	197,860.15	237.55	1978.60
Quality Grade Adjustments					2,947.73	3.54	
Yield Grade Adjustments					-141.60	-0.17	
Weight Adjustments					-243.90	-0.29	
Other Adjustments					22,419.20	26.92	
Gross Cattle Proceeds	100	132,000	83,292		222,841.58	267.54	2228.42
Excess Freight					-327.00	-0.39	-3.27
Net Cattle Proceeds					222,514.58	267.15	2225.15

Quality Grade Adjustments	Head	Hot Wt	Actual	TH	Price	Wt Diff	Extension	\$/Hd
Prime	10	8,829	10.60%		21.90	8,829	1,933.55	
Choice or Higher	95	79,377	95.30%	75.00%	7.68	16,908	1,298.53	
Select	3	2,291	2.75%		0	2,291	0.00	
Ungraded	1	811	0.97%		-10.00	811	-81.10	
Hard Bone	1	813	0.98%		-25.00	813	-203.25	

Total Quality Grade Adjustments 2,947.73 29.48

Carcass Adjustments	Head	Hot Wt	Actual	TH	Price	Wt Diff	Extension	\$/Hd
Over 30 Months	1	808	0.97%		-10.00	808	-80.80	

Total Carcass Adjustments -80.80 -0.81

Yield Grade Adjustments	Head	Hot Wt	Actual	TH	Price	Wt Diff	Extension	\$/Hd
YG1	2	1,608	1.93%	5.00%	3.00	-2,557	0.00	
YG2	17	13,768	16.53%	30.00%	1.50	-11,219	0.00	
YG3	59	48,197	57.87%	40.00%	0.00	14,881	0.00	
YG4	20	18,074	21.70%	20.00%	-10.00	1,416	-141.60	
YG5	2	1,644	1.97%	5.00%	-15.00	-2,521	0.00	

Total Yield Grade Adjustments -141.60 -1.42

Weight Adjustments	Head	Hot Wt	Actual	TH	Price	Wt Diff	Extension	\$/Hd
575 and down	1	575	0.69%		-15.00	575	-86.25	
1050 and up	1	1,051	1.26%		-15.00	1,051	-157.65	

Total Weight Adjustments -243.90 -2.44

Lot Adjustments	Head	Hot Wt	Actual	TH	Price	Wt Diff	Extension	\$/Hd
NatureSource \$/HD ^b	100		100.00%		225.00	0	22,500.00	

Total Lot Adjustments 22,500.00 225.00

Total Adjustments to Net							24,981.43	249.81
---------------------------------	--	--	--	--	--	--	-----------	--------

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.

^b Premiums are subject to change based on market conditions when cattle reservations are placed. Premiums for specific groups of cattle will not change after reservations are approved. Reservations are approved by National Beef based on feedyard approval and expected cattle needed for the program.

U.S. Premium Beef, LLC “NatureSource®” Grid

- **Cattle Type:** NatureSource® Natural Angus Beef is limited to Black or Red Angus and Angus cross steers and heifers of US origin. Angus qualification can be based on either phenotype (visual appearance) or genotype (proof of genetics). For Black Angus phenotype, individual animals must be 51% or more black hided. For Red Angus phenotype, an animal must be 70% or more red hided with no predominantly Hereford characteristics or horns that are more than 2 inches past the hairline. No predominant Brahman ears or humps or dairy breed influence is allowed. Cattle must be traceable back to the ranch of origin and the ranch has adequate records to ensure the requirements of the program. Phenotype approval will be checked by National Beef employees during receiving at the plant. For optional genotype confirmation, cattle can be enrolled in the Angus Source® or Red Angus Feeder Calf Certification Program. Enrollment in these programs is not mandatory if using the phenotype option. Cattle may also qualify as Angus if the approved feedlot has completed the Genotype Certification Affidavit to verify eligible cattle are at minimum 50% Angus or Red Angus genetics. USPB reserves the right to refuse delivery of individual cattle or entire pens based on visual appraisal.
- **Natural:** All NatureSource® cattle are never given any **antibiotics, ionophores, beta agonists or hormone implants** for the entire life of the animal. They must be fed a **100% vegetarian diet** which means no animal byproducts from all species (including tallow, fish meal, feather meal) during their entire life and they must be fed a corn-based diet for a minimum of the final 120 days in the feedlot. In addition, NatureSource® cattle must be traceable to the ranch of origin (by affidavit) and humanely raised and handled as defined by National Beef, LLC. Feedlots must become an approved supplier before they participate. Contact U.S. Premium Beef for more details on production requirements.
- **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. An additional premium will be added for groups that meet the requirements for NatureSource®. Please call USPB at 866.877.2525 for current premiums as they are subject to change based on market conditions when cattle reservations are placed. Premiums for specific groups of cattle will not change after reservations are approved. Reservations are approved by NBP based on feedyard approval and expected cattle needed for the program. 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, LLC (NBP) or 63.25% whichever is lower. No USPB cattle are included in the hot yield threshold.
- **Premiums & Discounts:** Actual performance of cattle will be compared to a base of 75% Choice or higher for Choice premiums. 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** premium is calculated using Weekly USDA Prime (LM_XB456) beef cut prices minus \$0.0075/lb. Weekly Prime cutout values are calculated as a premium over USDA Choice for that particular week using adjusted Prime beef cut prices, 2004 USDA primal/carcass standards and NBP average carcass weight. Prime premium will be determined by blending the four-week rolling average spread of USDA-reported boxed beef cutout values for Prime versus Choice together with a floor value of \$8/cwt. Prime premium will not drop below the floor value. **Yield Grade** premium/discount calculations will be based on the fixed thresholds listed below. Yield Grade 1 and 2 will receive a premium for the total carcass weight above the threshold, but will not be discounted if below. Yield Grade 4 and 5 will each be discounted for the total carcass weight above the threshold, but will receive no premium for being below.

<u>Category</u>	<u>Threshold</u>	<u>Premium/Discount (+/-)</u>
Prime	none	+ Blend of Prime/Choice spread ^a and \$8/cwt. floor
Certified Angus Beef®		No additional premium offered
Black Canyon® Prem. Reserve		No additional premium offered
Choice or higher	75% CH or higher	USDA Cutout spread ^a × weight difference above 75% Choice (premium)
Select	75% CH or higher	USDA Cutout spread ^a × weight difference below 75% Choice (discount)
Ungraded	none	- \$10/cwt. (includes all grades below Select, but not Hardbone)
Hardbone	none	- \$25/cwt.
Over 30 months	none	- \$10/cwt. (determined by dentition; do not get Prime premium)
YG 1	5%	+ \$3/cwt. (Premium only for greater than threshold, no discount for below)
YG 2	30%	+ \$1.50/cwt. (Premium only for greater than threshold, no discount for below)
YG 3	40%	none
YG 4	20%	- \$10/cwt. (Discount only for greater than threshold, no premium for below)
YG 5	5%	- \$15/cwt. (Discount only for greater than threshold, no premium for below)
575 lb carcass and under ^b	none	- \$15/cwt.
1,050 lb carcass and over ^b	none	- \$15/cwt.

^a Four-week rolling average

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

It is understood that the 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 866-877-2525 for bids.