

THIRD QUARTER REPORTS

GRID PERFORMANCE

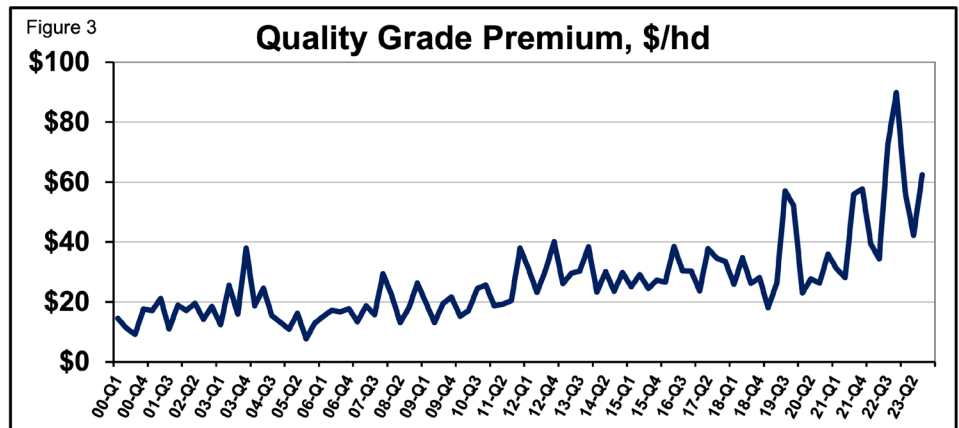
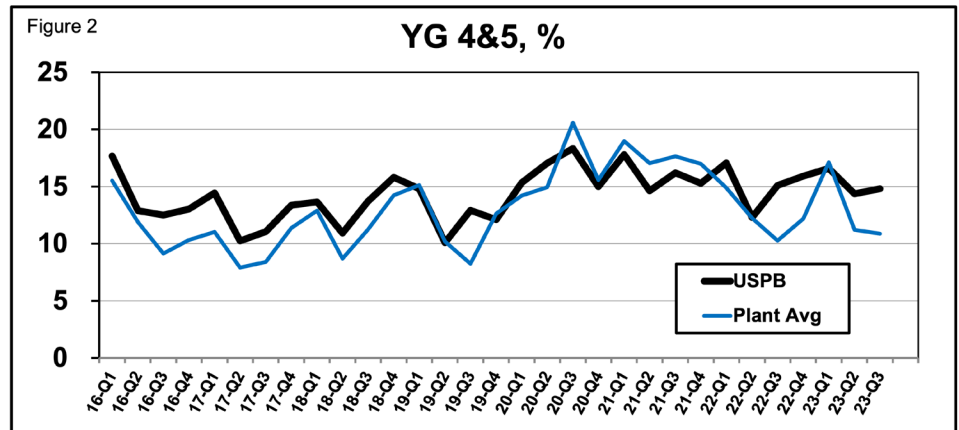
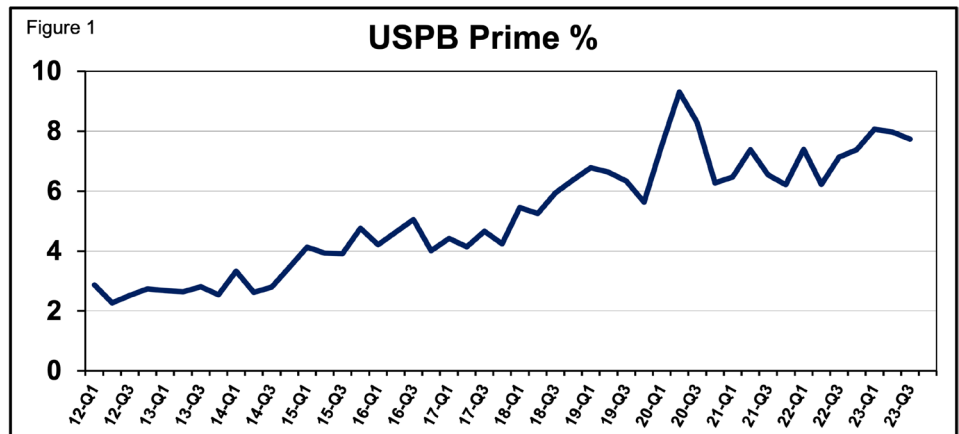
Kansas Grid Performance

During the third quarter (Q3), the upward trajectory of cash prices persisted, building upon the record-breaking cash prices seen in June. Though August typically witnesses lower cash market prices, this year took an atypical turn. Such deviations tend to occur during years of low numbers within the cattle cycle.

Q3 saw a new record for days on feed, eclipsing the previous record set in the preceding quarter. This trend aligns with the recent pattern of lighter in-weights and extended days on feed, attributed to placing lighter cattle in feedlots due to the scarcity of feeder cattle in the supply chain. Cattle harvested in Q3 were 10 pounds lighter going on feed than the same period a year ago.

Comparatively, both live and carcass weights were notably lighter than a year ago, with live weights showing a 24 pound decrease and carcass weights coming in at 17 pounds lighter. The second quarter usually has the lightest weights each year due to a greater concentration of calf-feds harvested. Typically, there is a significant increase in weights from Q2 to Q3. However, this year, Q3 weights were very similar to Q2.

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Furthermore, heavyweight percentages — carcasses weighing 1,101 pounds and higher — have been the lowest within the past four years during Q2 and Q3. This decline is a direct reflection of the lighter in-weights.

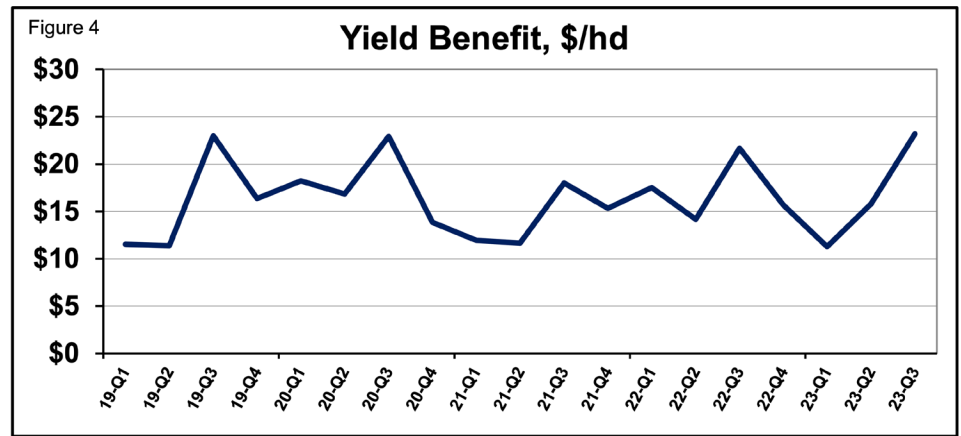
While Q3 had record dark cutters — a typical occurrence for this stage in the year — it’s important to put this into perspective. Dark cutters accounted for just 1.42% of USPB cattle, a marginal increase from the previous high of 1.38% set also in Q3 of 2007.

Quality grade premium came in at third highest in company history, at \$62.44 per head. While this represents an increase from the previous quarter, it falls short of a year ago.

Prime percentage continued to be high, marking the fifth consecutive quarter to be over 7%.

The Choice-Select spread was record high in Q3. The previous record was set during Q4 of last year. Quality rewards have been especially strong during Q4 in recent years. However, concerns remain regarding the potential impact inflation might have on higher quality beef.

In terms of yield grade (YG), the plant average for YG 4s and 5s has been lower the past two quarters, likely due to strong cattle prices pulling cash cattle earlier. However, USPB cattle have maintained a consistent YG 4 and 5 percentage with minimal variability over the last few years.



The yield benefit reached its highest point in five years, at \$23.19 per head, ranking among the top 13% of the company’s 103 quarter history.

Q3 rounded out as the third highest in company history for both total premiums and top 25% premiums. Total premium per head for Kansas cattle reached \$87.12, while the top 25% premium soared to \$158.76 per head.

Iowa Grid

Iowa’s Q3 witnessed live and carcass weights that were the lightest in the grid’s 15-quarter history. In-weights were lower and days on feed were higher than a year ago.

With lower live and carcass weights, lightweight (under 700 pounds) percentages reached a record high, while heavyweights marked the second lowest.

Unlike cattle harvested in Kansas, the dark cutter percentages of USPB cattle in Iowa during Q3 were below average.

The Prime percentage was the third highest, down from the previous record set during the previous quarter. Though the Choice and

Prime percentages dipped slightly from Q2, they still maintained a significant advantage compared to industry averages. In fact, USPB cattle held the second largest advantage in quality grade compared to industry average as reported by USDA.

Quality grade premium per head experienced a similar dip due to the Prime and Certified Angus Beef® (CAB) premiums in the market compared to a year ago. On the other hand, YG discount per head was the second largest. Overall premiums remained similar to the previous quarter but fell short of the figures from a year ago.

Regardless of fluctuations in the cash market weights and prices, marketing on the USPB grid prevails in achieving higher premiums. ♦

Click below for additional grid performance data for cattle harvested in:
 • [Kansas](#) • [Iowa](#)