

FIRST QUARTER PERFORMANCE REPORT

GRID PERFORMANCE

Grid performance for U.S. Premium Beef, LLC (USPB) cattle delivered to Kansas plants during the first quarter of fiscal year 2021 is summarized in **Table I** (page 3). Percent steers is now a summary from the individual animal database of gender codes recorded at National Beef Packing Company, LLC (National Beef) plants.

Live and carcass weights were both the second highest, down from record highs set during the previous quarter. Placement weights of USPB grid cattle going on feed were 28 pounds heavier and were fed 14 more days than

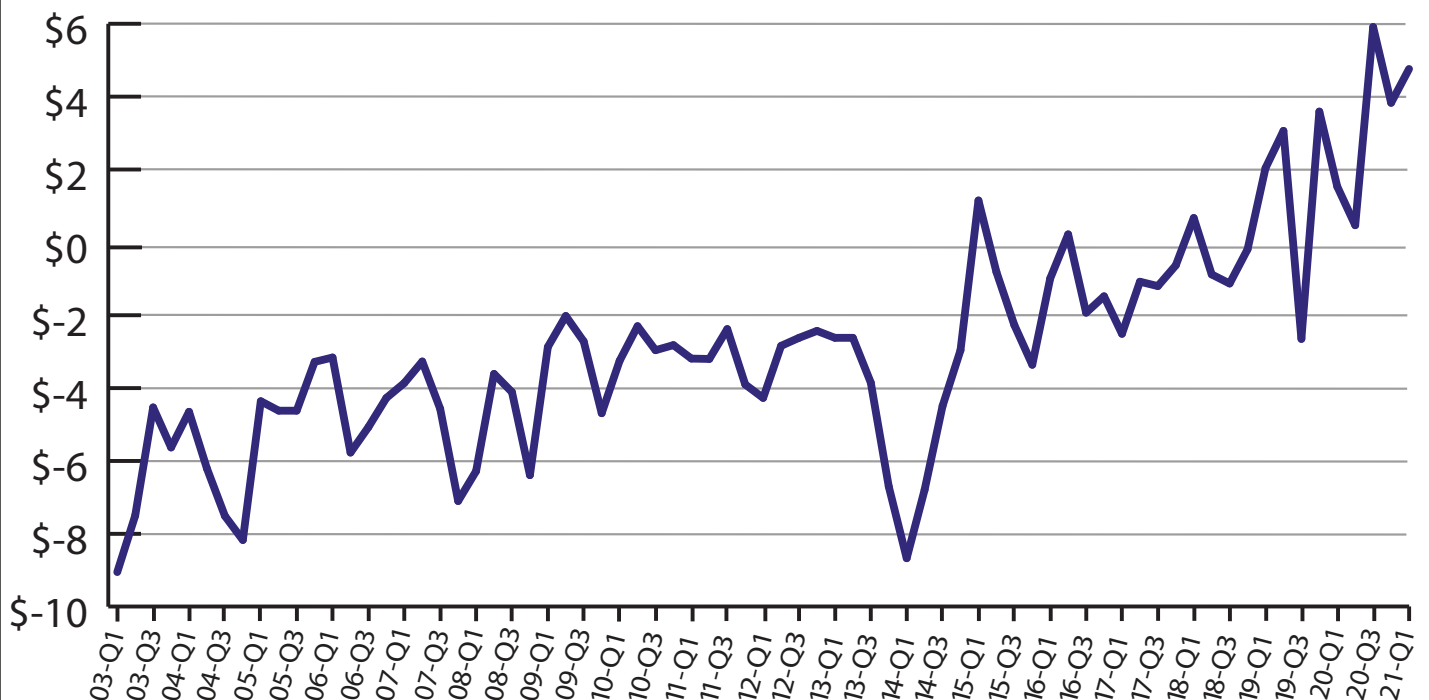
the historical first-quarter averages. Total heavyweight percentage was the second highest, but the overweight discount was the best, or lowest, in the last six quarters thanks to the reduced discounts enacted in October 2020.

The steer premium was also record high during the first quarter. Yield Grade 4s were the fifth highest in company history, but plant averages on the grid were the second highest, resulting in a yield-grade premium that was the second highest. Yield grades are typically a little fatter during the first quarter of the year. The historical USPB yield-grade premium/discount is shown in **Figure 1**.

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Figure 1

Yield-Grade Premium Discount \$/hd



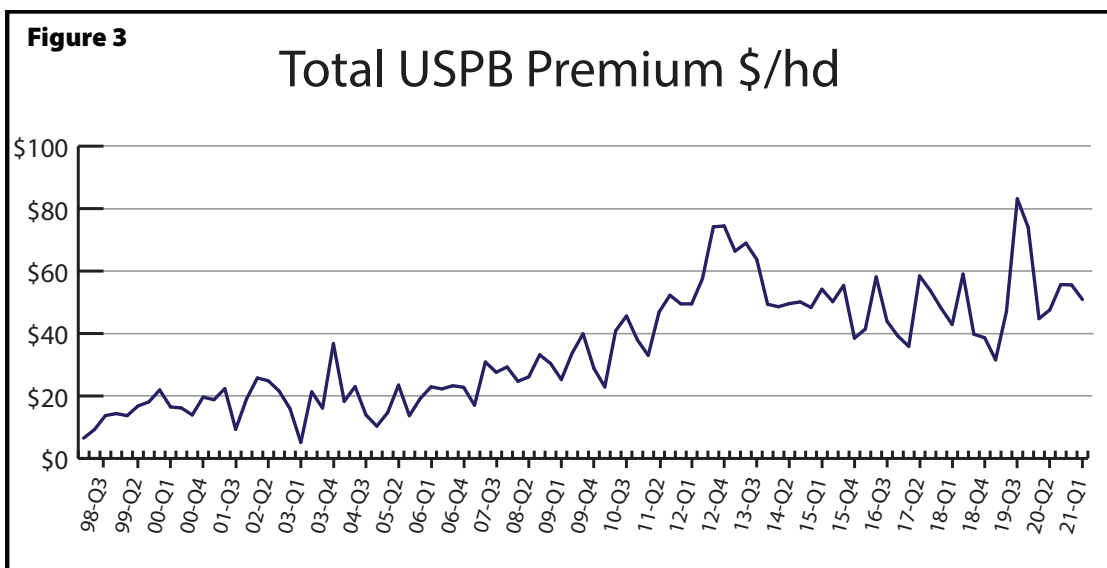
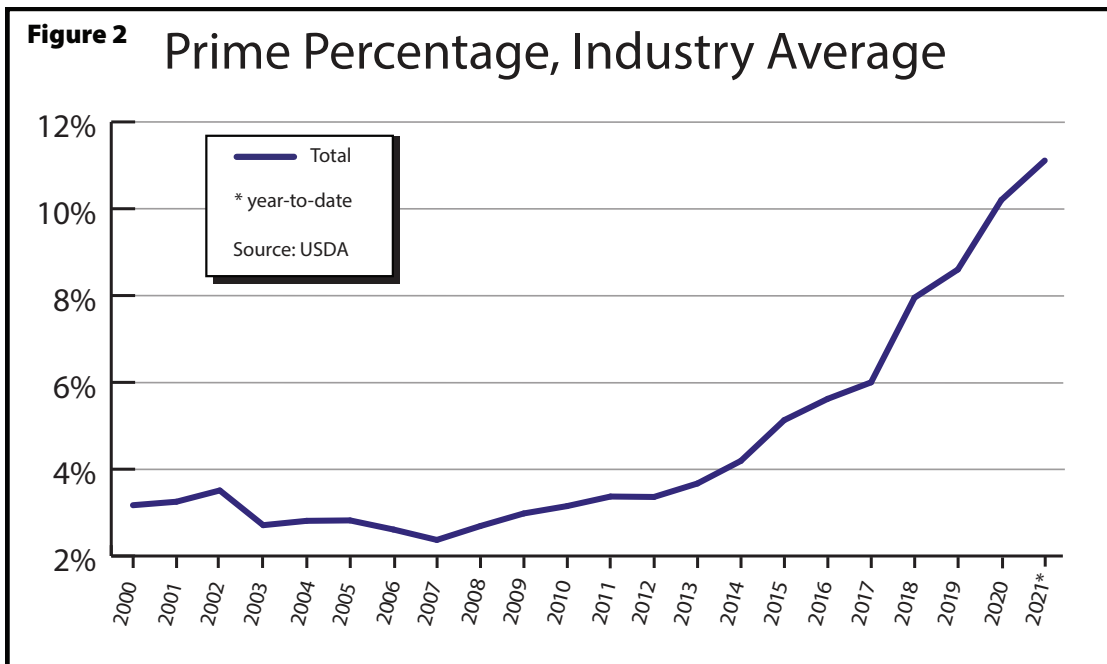
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Choice and Prime percentage was the sixth highest in company history at 88.53%. This was up from the previous quarter, but lower than the record high set a year ago. The threshold used on the USPB Base grid was the second highest.

In the marketplace, the Choice/Select spread was the highest during the first quarter since 2006. Prime premium was also higher. The quality-grade premium was down from the previous quarter, but \$8.11 per head more than a year ago. Across the entire industry, Choice or better percentage was record-high during USPB history, according to U.S. Department of Agriculture (USDA) reports.

So far during 2021, the national average for Prime is record-high at more than 11%, according to USDA (**Figure 2**).

Total premium per head for all USPB cattle harvested in Kansas during the first quarter was \$50.91 per head more than if they were sold on the cash, live market. This was \$4.66 less than the previous quarter and \$6.15 more than a year ago. So far, during the second quarter-to-date through April 24, average premium is down slightly from the first quarter. This is due, in part, to lower premiums available for higher-quality grades in the marketplace. ♦



USPB grid performance for cattle harvested in Kansas

Table 1	FY21, Q1 (this Qtr)	FY20, Q4 (last Qtr)	FY20, Q1 (year ago)	FY21, Q2 to-date
USDA-KS cash \$/cwt.	\$112.67	\$108.00	\$119.19	\$118.48
Choice/Pr.Threshold, %	77.12	72.58	75.99	77.05
CH/SE spread, \$/cwt.	\$11.86	\$15.54	\$5.03	\$8.32
Prime/CH spread, \$/cwt.	\$19.50	\$17.64	\$11.94	\$14.55
CAB spread, \$/cwt.	\$4.50	\$5.27	\$4.32	\$3.50
Plant Average YG 4&5, %	18.98	15.56	14.22	16.56
% steers	45.38	43.90	39.95	46.54
% black-hided	74.75	75.77	74.41	72.88
Apparent Avg Daily Gain	3.60	3.75	3.65	3.30
In weight	769	773	773	734
Days fed	171	164	163	183
Live weight	1,384	1,389 ^a	1,368	1,341
Carcass weight	884	888 ^a	875	858
Yield, %	63.87	63.92	63.98	64.01
Prime, %	6.48	6.28	7.52	7.55
Choice & Prime, %	88.53	86.13	90.97 ^a	86.94
CAB, %	27.53	23.69	29.88	27.77
CHBP, %	0.71	0.55	0.69	0.74
BCPR, %	21.40	21.84 ^a	20.28	17.84
Yield Grade 1&2, %	39.78	44.74	43.20	45.32
Yield Grade 3, %	42.42	40.27	41.48	40.34
Yield Grade 4&5, %	17.80	15.00	15.32	14.34
Average backfat, inches	0.61	0.63	0.59	0.57
Actual-Required REA, sq.in.	0.49	0.80	0.54	0.57
Total Heavyweight, %	5.31	5.83 ^a	4.33	3.56
Total Condemned liver, %	20.33	20.41	18.53	23.62
Open Abscessed liver, %	3.10	3.02	2.02 ^b	3.18
QG premium/head	\$31.08	\$35.93	\$22.97	\$21.21
Yield benefit/head	\$11.97	\$13.84	\$18.22	\$16.08
YG premium/discount/head	+\$4.76	+\$3.83	+\$1.53	+\$6.08
Outweight discount/head	-\$3.57	-\$5.07	-\$4.71	-\$2.41
Steer premium/head	\$6.27 ^a	\$6.06	\$5.36	\$6.26
Subtotal premium/head	\$50.51	\$54.59	\$43.37	\$47.22
Natural premium/head	\$0.40	\$0.98	\$1.39	\$0.27
Total premium/head	\$50.91	\$55.57	\$44.76	\$47.49
Top 25% premium/head	\$88.13	\$98.19	\$88.50	\$82.28