One of great challenges for agriculture is marketing our product

• We simply accept selling a commodity
Most would agree the traditional usage of AI has been:

- **Seedstock Industry**
  - Use of proven sires to propagate super genetics

- **Commercial Industry**
  - Predictable calving ease bulls

For commercial producer, the greatest value may be the residual marketing opportunities

- Replacement heifers for the cow herd
- Replacement heifers for sale
- Steers with added grid value

The greatest economic justification for AI usage are these three points
Resulted in a special pride in the cattle being raised

So what are the marketing opportunities today and in the future?
The past 3-5 years have seen:

- Unprecedented cattle prices
- Unprecedented volatility in the market
- The development of grid premiums driven by the demand for quality

New highs in the Choice-Select spread
The development of a CAB®-Low Choice spread

Why?

- Lack of Choice grading cattle
• Lack of Premium Choice (**) grading cattle

Fiscal Year (October 1 - September 30)

• Lack of Prime grading cattle
  – Used to be only a staple of the high quality restaurant
  – Today, many upscale retailers carry Prime
The target?

• Dr. Harlan Ritchie’s guidelines
  – 30% – high quality
  – 60% – high Select/Low Choice
  – 10% – Niche markets, such as Natural

Let us identify the future marketing opportunities

• For heifers
  – The projected growth in cow herd size the next 3-4 years suggests a continued strong AI sired/AI bred female market
Let us identify the future marketing opportunities

- For steers
  - Age and source verified
  - Genetic verified
  - Predictable growth
  - Predictable carcass quality

Does AI help?

The brand that pays.
Let us identify the future marketing opportunities

• For steers
  – Age and source verified Yes
  – Genetic verified Yes
  – Predictable growth Yes
  – Predictable carcass quality

The brand that pays.®
Let us identify the future marketing opportunities

• For steers
  – Age and source verified
  – Genetic verified
  – Predictable growth
  – Predictable carcass quality

Does AI help?
  Yes
  Yes
  Yes
  Yes

We could be moving to a tiered quality marketplace

• Quality target
  – 70+% Choice
  – 20-30% Premium Choice
  – 5-7% Prime

• Commodity market
  – A pumped select grading product
As a producer, you get to pick these three targets

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<th>Type</th>
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12 oz. strip

Angus beef at its best