

Feedyard: Example Feedlot  
 NBP Lot #: 234      USPB Lot # 92875  
 Method: **USPB Base Grid**  
 Harvest: 1/2/09      Plant: Dodge City or Liberal  
 FY Lot #: 159      Pen # 25

**Cattle Settlement  
 Worksheet <sup>1</sup>**  
*«Example»*



**Lot Statistics**

Live Wt:	124,500	Hot Yield:	63.77%	Avg Wt:	1,245	Net Live Price:	\$94.15	Net Prem/Disc:	\$22.17 /Hd
Hot Wt:	79,394			Avg Wt:	794	Net Hot Price:	\$147.64	Net Live Difference:	\$1.78 /cwt
								Gross Prem/Disc:	<b>\$27.14 /Hd</b>

Base Price	
USDA Kansas Weekly Average	92.37
Formula Allowance	0.25
Grid Allowance	0.00
Base Live Price	92.62
Hot Yield Threshold	63.44%
Base Hot Price	145.98

Prem Summary	
Choice	\$7.79
Prime	\$17.89
CAB	\$3.87
BCPR	\$2.37

Steers	Head	Live Wt	Hot Wt	Base Price	Amount	\$/cwt hot	\$/Hd
Base Lot Amount	100	124,500	79,394	145.98	115,898.85	145.98	1158.99
Quality Grade Adjustments					1,281.51	1.61	
Yield Grade Adjustments					-158.30	-0.20	
Weight Adjustments					-236.55	-0.30	
Other Adjustments					926.84	1.17	
<b>Gross Cattle Proceeds</b>	100	124,500	79,394		117,712.35	148.26	1177.12
Excess Freight					-497.26	-0.63	-4.97
<b>Net Cattle Proceeds</b>					117,215.09	147.64	1172.15

Quality Grade Adjustments	Head	Hot Wt	Actual	Threshold	Price	Wt Diff	Total \$	\$/Hd
Prime	3	2,779	3.50%		17.89	2,779	497.03	
Choice or Higher <sup>2</sup>	66	54,385	68.50%	50.00%	7.79	14,688	1,144.28	
					0	39,697	0.00	
Select	31	22,611	28.48%		0	22,611	0.00	
Ungraded	2	1,598	2.01%		-10.00	1,598	-159.80	
Hard Bone	1	800	1.01%		-25.00	800	-200.00	
<b>Total Quality Grade Adjustments</b>							1,281.51	12.82

Carcass Adjustments								
CAB	16	13,021	16.40%		3.87	13,021	504.51	
BCPR	11	8,495	10.70%		2.37	8,495	201.73	
Over 30 Months	1	794	1.00%		-10.00	794	-79.40	
<b>Total Carcass Adjustments</b>							626.84	6.27

Yield Grade Adjustments								
YG1	2	4,764	6.00%	10.29%	3.00	-3,407	0.00	
YG2	32	25,406	32.00%	37.92%	1.50	-4,696	0.00	
YG3	57	38,903	49.00%	40.57%	0.00	6,690	0.00	
YG4	7	9,527	12.00%	10.01%	-10.00	1,583	-158.30	
YG5	2	794	1.00%	1.21%	-15.00	-170	0.00	
<b>Total Yield Grade Adjustments</b>							-158.30	-1.58

Weight Adjustments								
575 and down	0	575	0.72%		-15.00	575	-86.25	
1000 and up	1	1,002	1.26%		-15.00	1,002	-150.30	
<b>Total Weight Adjustments</b>							-236.55	-2.37

Lot Adjustments								
Age & Source Verified, \$/head					35.00	0	0.00	
Steer Premium, \$/head					3.00	0	300.00	
<b>Total Lot Adjustments</b>							300.00	3.00
<b>Total Adjustments to Net</b>							1,813.50	18.14

<sup>1</sup> 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.

<sup>2</sup> Cattle grading between 40% and 50% "Choice or higher" receive no premium or discount. Above 50% will get a premium. Below 40% will get a discount.

# U.S. Premium Beef, LLC “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 for the week prior to delivery plus \$0.25 per cwt. 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-formula cattle purchased in Kansas by National Beef Packing Company, LLC (NBP) or 63.75% 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 50% Choice or higher for Choice premiums and a base of 40% **Choice or higher** for Select discounts. Cattle grading between 40% and 50% Choice will not receive premiums or discounts. The Choice premium/discount will be calculated using a four week rolling average of the USDA-reported Choice/Select cutout spread. **Prime and Certified Angus Beef®** (CAB) premiums are calculated using Weekly USDA Prime (LM\_XB456) and CAB (LM\_XB452) beef cut prices minus 7.5 cents/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 will be \$1.50/cwt lower than the CAB premium. **Yield Grade** premium/discount calculations will be based on the four-week rolling plant average performance of non-formula cattle purchased 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, but will receive no premium for being below plant average.

Category	Threshold	Premium/Discount (+/-)
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	+ CAB premium minus \$1.50/cwt
Choice or higher	50% CH or better	USDA Cutout spread** × weight difference above 50% Choice (premium)
Select	40% CH or better	USDA Cutout spread** × weight difference below 40% 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 or CAB premiums)
YG 1	4 week plant avg**	+ \$3/cwt (Premium only for greater than plant average**, no discount)
YG 2	4 week plant avg**	+ \$1.50/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 (Discount only for greater than plant average**, no premium)
YG 5	4 week plant avg**	- \$15/cwt (Discount only for greater than plant average**, no premium)
575 lb carcass and under***	none	- \$15/cwt
1,000 lb carcass and over***	none	- \$15/cwt
Steer premium†	none	+ \$3/head for all cattle in the lot

\* 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.

† To qualify for steer premium the lot must be 95% steers or greater.

*It is understood that the overall premium/discount structure will be modified as warranted.*

## 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.