

Feedyard: Example Feedlot  
 NBP Lot #: 235      USPB Lot # 92876  
 Method: **USPB Market Grid**  
 Harvest: 1/2/09      Plant: Dodge City or Liberal  
 FY Lot #: 160      Pen # 26

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



**Lot Statistics**

Live Wt: 124,000    Hot Yield: 64.04%    Avg Wt: 1,240    Net Live Price: \$93.19    Net Prem/Disc: \$7.28 /Hd  
 Hot Wt: 79,410      Avg Wt: 794      Net Hot Price: \$145.51    Net Hot Difference: \$0.59 /cwt  
 Gross Prem/Disc: **\$12.25 /Hd**

Base Price	
USDA KS/TX/Okla Weekly Avg	92.60
Formula Allowance	0.25
Grid Allowance	0.00
Base Live Price	92.85
Hot Yield Threshold	63.65%
Base Hot Price	145.86

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

Heifers	Head	Live Wt	Hot Wt	Base Price	Amount	\$/cwt hot	\$/Hd
Base Lot Amount	100	124,000	79,410	145.86	115,826.84	145.86	1158.27
Quality Grade Adjustments					-326.81	-0.41	
Yield Grade Adjustments					521.52	0.66	
Weight Adjustments					-150.30	-0.19	
Other Adjustments					175.55	0.22	
<b>Gross Cattle Proceeds</b>	100	124,000	79,410		116,046.80	146.14	1160.47
Excess Freight					-497.26	-0.63	-4.97
<b>Net Cattle Proceeds</b>					115,549.54	145.51	1155.50

Quality Grade Adjustments	Head	Hot Wt	Actual	Threshold	Price	Wt Diff	Total \$	\$/Hd
Prime	1	794	1.00%	0.86%	17.89	112	20.03	
Choice or Higher	55	43,675	55.00%	54.32%	7.79	542	42.22	
Select	41	32,558	41.00%		0	32,558	0.00	
Ungraded	3	2,382	3.00%		-8.00	2,382	-190.56	
Hard Bone	1	794	1.00%		-25.00	794	-198.50	
<b>Total Quality Grade Adjustments</b>							-326.81	-3.27

Carcass Adjustments								
CAB	8	6,353	8.00%	8.79%	3.87	-631	-24.45	
Over 30 Months	0	0	0.00%		-10.00	0	0.00	
<b>Total Carcass Adjustments</b>							-24.45	-0.24

Yield Grade Adjustments								
YG1	10	7,941	10.00%	10.20%	4.00	-162	-6.48	
YG2	41	32,558	41.00%	36.99%	2.00	3,188	63.76	
YG3	42	33,352	42.00%	41.45%	0.00	436	0.00	
YG4	7	5,559	7.00%	10.13%	-12.00	-2,486	298.32	
YG5	0	0	0.00%	1.23%	-17.00	-976	165.92	
<b>Total Yield Grade Adjustments</b>							521.52	5.22

Weight Adjustments								
550 and under	0	0	0.00%		-25.00	0	0.00	
1000 and up	1	1,002	1.26%		-15.00	1,002	-150.30	
<b>Total Weight Adjustments</b>							-150.30	-1.50

Lot Adjustments								
Age & Source Verified, \$/head					35.00	0	0.00	
Steer Premium, \$/head					5.00	0	0.00	
Heifer Premium, \$/head					2.00	0	200.00	
<b>Total Lot Adjustments</b>							200.00	2.00

<b>Total Adjustments to Net</b>							219.96	2.20
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<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.

# U.S. Premium Beef, LLC “Market” Grid

**Cattle Type:**

The program is non-breed specific; however, the USPB Market 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 weighted average price from USDA Price Reporting data from cattle sold in KS, TX and OK during the week prior to delivery plus \$0.25 per cwt. The base carcass price is determined by dividing the base live price by the plant average yield. The plant average yield is the average hot carcass yield for all non-formula cattle purchased in KS, TX and OK by National Beef Packing Company, LLC (NBP) and processed during the same delivery week. No USPB cattle are included in the plant average yield.

**Premiums & Discounts:**

Actual performance of cattle will be compared to a four-week rolling average performance of cattle that NBP purchases on the spot market (non-formula). Plant averages do NOT include USPB cattle or any cattle purchased on a grid or formula basis by NBP. Cattle grading above plant average for **Choice or higher**, Prime and Certified Angus Beef® (CAB) will receive a premium for the total carcass weight that is above plant average or a discount for the total carcass weight below plant average. 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. **Yield Grade** premium/discount calculations will be based on the four-week rolling plant average performance of non-formula cattle purchased in KS, TX and OK by NBP during the preceding four weeks. Yield Grade 1 or 2 will receive a premium for the total carcass weight above plant average, but will be discounted if below plant average. Yield Grade 4 and 5 will be discounted for the total carcass weight that is greater than plant average, but will receive a premium for being below plant average.

<u>Category</u>	<u>Threshold</u>	<u>Premium/Discount (+/-)</u>
Prime	4 week plant avg*	+/- Blend of Prime/Choice spread* and \$8/cwt floor × weight above (premium) or below (discount) plant avg*
Certified Angus Beef®	4 week plant avg*	+/- Blend of CAB/Choice spread* and \$3/cwt floor × weight above (premium) or below (discount) plant avg*
Choice or higher	4 week plant avg*	+ Choice/Select spread* × weight difference above plant avg* (premium)
Select	4 week plant avg*	- Choice/Select spread* × weight difference below plant avg* (discount)
Ungraded	none	- \$8/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*	+/- \$4/cwt × weight difference above (premium) or below (discount) plant avg*
YG 2	4 week plant avg*	+/- \$2/cwt × weight difference above (premium) or below (discount) plant avg*
YG 3	4 week plant avg*	none
YG 4	4 week plant avg*	-/+ \$12/cwt × weight difference above (discount) or below (premium) plant avg*
YG 5	4 week plant avg*	-/+ \$17/cwt × weight difference above (discount) or below (premium) plant avg*
550 lbs and under**	none	- \$25/cwt
1,000 lbs and over**	none	- \$15/cwt
Steer premium†	none	+ \$5/head for all cattle in the lot
Heifer premium	none	+ \$2/head for all cattle in the lot

\* 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. All other lots will receive the heifer premium.

*It is understood that the 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.