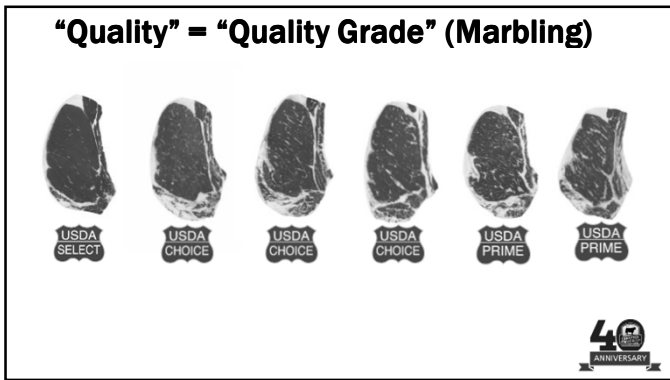


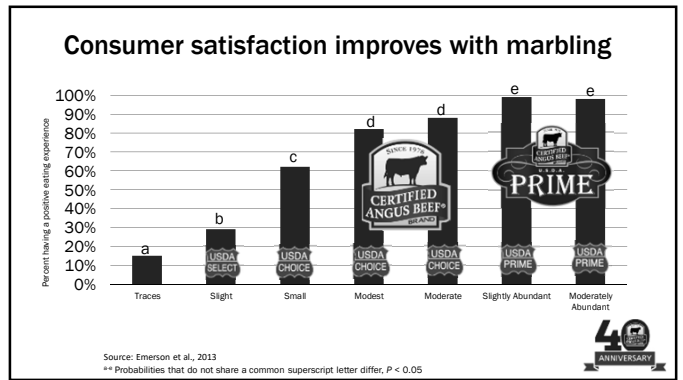


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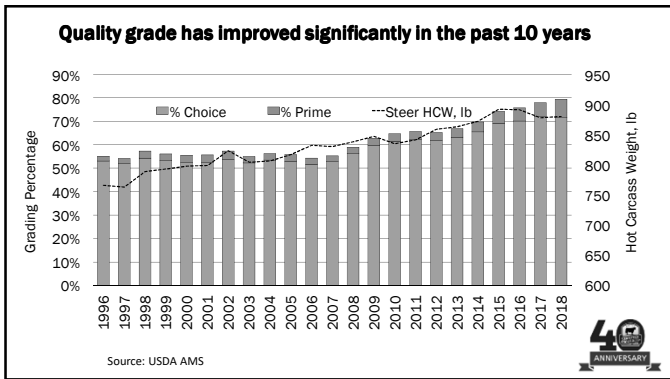
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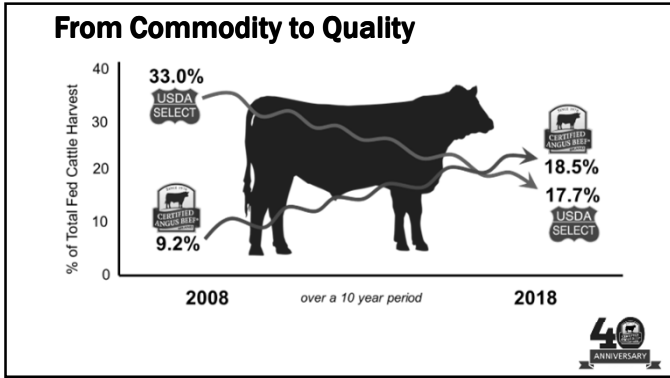


5

	2010	2018	Unit Change	% Change
Prime	13.0	33.5	+20.5	+158%
Premium Choice	51.1	95.6	+44.5	+87%
All Choice	254.3	303.8	+49.5	+19%
Select	124.4	74.4	-50.0	-40%
Other	22.4	14.2	-8.2	-37%

*Estimation based on fed steer and heifer harvested head multiplied by average fed hot carcass weight multiplied by QG distribution.
 Source: USDA AMS

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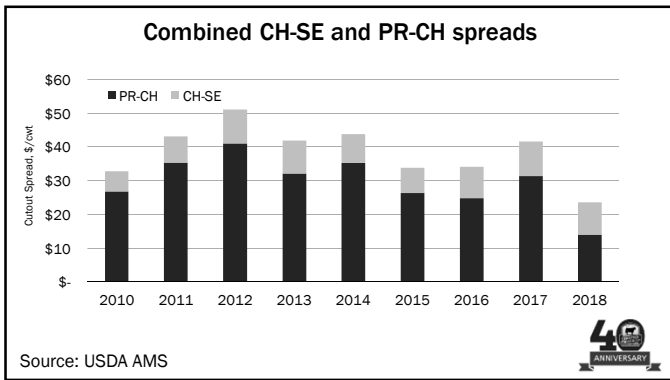
7

Boxed beef values and spreads by QG/brand

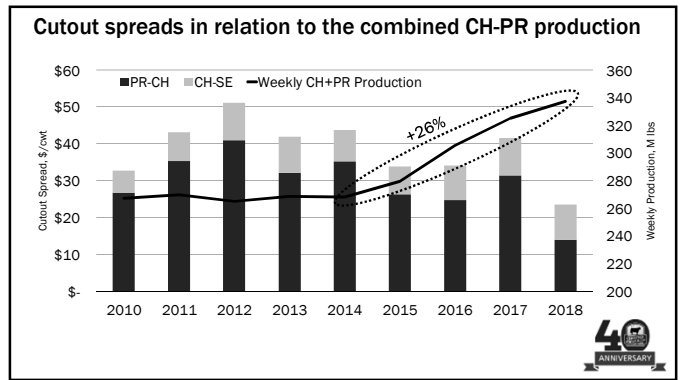
	2018	Prime	CAB®	Choice	Select
Cutout, \$/cwt	224.58	221.60	212.80	202.20	
Spread, \$/cwt		2.98	8.80	10.60	

Source: USDA AMS (Pr) and Urner Barry Yellow Sheet (CAB®, Ch, Se)

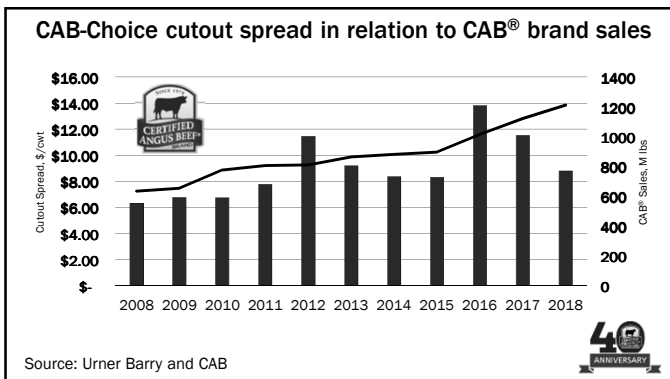
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Genetic tools have allowed us to build cattle that grade AND perform.

	Finished Weight (lbs)	Average Daily Gain (lbs/d)	Feed to Gain	Cost of Gain
High Grading (90% Choice and Prime; 45% CAB)	1398	3.53	5.9	\$0.70
Low Grading (60% Choice and Prime; 13% CAB)	1354	3.58	5.9	\$0.72

Steers Only
626 Pans, 130K head
Conventionally raised
750-850 lb Placement
June-Oct '17 Closeout

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And, we can improve product quality (marbling) while also improving maternal function.



- Scrotal Circumference¹
- Age of Puberty²
- Age at First Calving³
- Birth Weight, Dystocia and Calf Survival⁴
- Milking Ability⁵
- Calving Interval⁶
- Mature Weight⁷

¹McAllister et al., 2011; ²Splan et al., 1998; ³Bergfeld et al., 1995; ⁴Frazier et al., 1999; ⁵Evans et al., 2004; ⁶Vieselmeier et al., 1996; ⁷Pitchford et al., 2006; ⁸Smith and Greiner, 2013; ⁹Frazier et al., 1999; ¹⁰Pacheco, 2011; ¹¹Nephawee et al., 2004



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Demand Drivers of Quality in the Future

✓ Bigger supplies allowing customer access




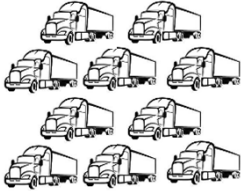




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Impact of bigger supplies...

- ONE retail partner (85 stores)
- ONE Item (CAB® Prime Top Sirloins)
- Two weekly ads

✓ 430,000 Pounds
✓ 16,500 CAB® Prime Carcasses

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Demand Drivers of Quality in the Future

✓ Ground beef is no longer quality grade neutral

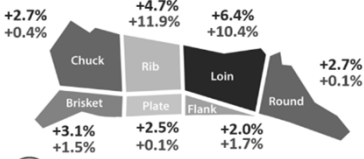




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Demand Drivers of Quality in the Future

✓ Value of marbling beyond middle meats



Chuck	Rib	Loin	Round
+2.7%	+4.7%	+6.4%	+2.7%
+0.4%	+11.9%	+10.4%	+0.1%
Brisket	Plate	Flank	
+3.1%	+2.5%	+2.0%	
+1.5%	+0.1%	+1.7%	

Certified Angus Beef® brand premium to Choice
Choice premium to Select



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Demand Drivers of Quality in the Future

✓ Global demand and export opportunities




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Summary Points

- Increased quality translates to increased demand
- Improvement in marbling has been intentional and in response to market signals
- In light of significant increases in Prime and Premium Choice the cutout spreads have remained
- There are many supporting factors for strong future demand
- Improving the quality of our product comes with little to no extra cost



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Yesterday's features are today's expectations



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