



Building Better Beef...

Red Angus

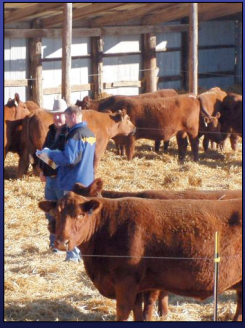

Red Angus Marketing Programs

...Built with the customer in mind



Who is the Customer?

RAAA defines the customer as the commercial cow/calf producer using registered Red Angus bulls.

How do we service the Customer?

- > Selection tools
 - ✓ EPDs, ultrasound, etc
- > Added Value Marketing
 - ✓ calves/feeders
 - ✓ fed cattle
 - ✓ replacement females




Why do we service the Customer?

Market Share

The opportunity for Red Angus to capture a larger piece of the commercial bull market than we have today comes through service!



↑ Market Share = Growth + Retention

Red Angus' Challenge?

Extreme price difference of blacks in the sale barn and auction markets.



"Black is Beautiful"



'90's Cow/calf producer dilemma?



Black = More \$\$



Red Angus' Answer Feeder Calf Certification Program



- Established 1995
- 1st USDA Process Verified Program
- Guaranteed Angus Genetics
- Source Verification
- First Breed to offer Value based pricing grid with major packer

Feeder Calf Certification Program



The Red Angus Feeder Calf Certification Program was approved and audited by the USDA AMS as providing direct traceability to at least 50% Red Angus bloodlines and source verification to the ranch of origin.

Preparing for the future:



- Eligibility for export markets through USDA PVP
- Access to premiums for Age and Source
- Provides feedlots and packers with verifiable cattle

ARC 1001A - Process Verified Programs (PVP) at a Glance

What does all this mean to RAAA & our customers?

1. Control of tags

- Members will no longer be able to distribute tags directly
- Cattle must be enrolled at ranch of origin
- No feedlot tags/enrollments
- FCCP sales – calves must be tagged before leaving ranch of origin
- RAAA – Temple Tag Distribution Process (Sept. 05)

ARC 1001A - Process Verified Programs (PVP) at a Glance

What does all this mean to RAAA & our customers?

2. Onsite Audits

- 100% of all suppliers (customers) must be audited.
- **OR...** enroll through approved risk assessment process.

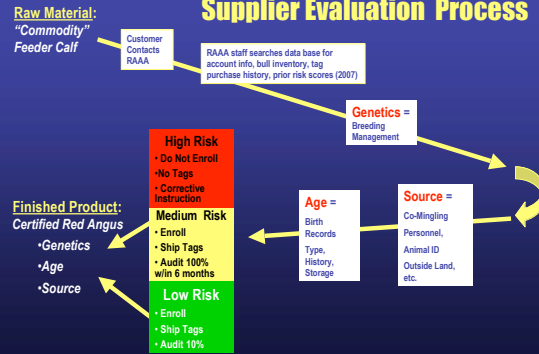
ARC 1001A - Process Verified Programs (PVP) at a Glance

What does all this mean to RAAA & our customers?

• Supplier Evaluation Process.

- 100% of approved customers (735 last year)
- Provides Risk Assessment
 - Determines program eligibility
 - Determines Audit frequency

Red Angus FCCP Supplier Evaluation Process



FCCP Official Program "Combo" Ear Tags

RFID Component

- First RFID Technology approved by USDA for NAIS
- Tamper Proof
- Transmits 15 Digit Number
- 15 Digit Number the tag transmits is also Printed on the RFID Tag

Yellow Tag with Black words: "RED ANGUS"

- Tamper Proof
- 6 digit FCCP numbers - now 7-digit as tag sales pass 1,000,000
- 7 digit unique FCCP numbers are sequential
- 15 digit number from matching RFID tag is printed on back of visual tag

How does it help the customer?

- Value in Documentation
- Access to additional markets
- Buyer recognition of tag
 - ✓ Consistency and predictability in performance
 - ✓ Access to "Angus" product lines
 - ✓ Worth more \$\$\$\$



Feeder Cattle Marketing Partners

Oyalde

SUPERIOR Livestock Auction

FRONTIER Stockyards

HEADWATERS LIVESTOCK

NORTHERN LIVESTOCK VIDEO AUCTION

Aberdeen Livestock Sales Co.

CRAWFORD Livestock Market

WV western video market

DVAuction Broadcasting Real-time Auctions

Value in the Meat

ANGUS AMERICA

Sterling Silver PREMIUM MEATS

Meyer Natural ANGUS BEEF

AngusPride

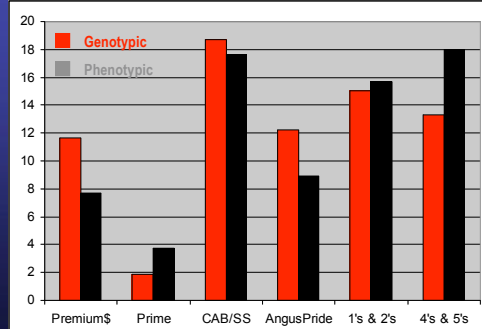
Coming Soon! Washington Beef Co. Premium Angus Beef

WASHINGTON BEEF CO. BEEF

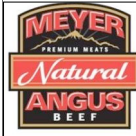


Grid Performance 2005-06

1. 5558 head harvested FY05-06
2. Personnel changes – Departure of Mark Nelson
3. Cargill's desire for greater numbers of Red Angus cattle.
4. Future overhaul of Angus America's structure and function.
5. Performance of Genotypic spec vs. Phenotypic



- New Head of Feeder Cattle Procurement
- MNA offers Premiums for Certified Red Angus
- GridMaster Eligibility
- Bull Buyer Gifts
- Sponsoring Red Angus' Future



MNA Premiums for Certified Red Angus

- \$5.00 per head for cattle sold on MNA Grid
- \$3.00 per head for fed cattle sold to MNA on cash basis
- \$2.50 per head for calves sold as feeders



Red Angus Opportunities in the Northwest

- PLANT PROCEDURES UNDER CONSTRUCTION -

- *St. Helen's Premium Angus Beef*
Select – Choice Grade
- *Signature Double "R" Premium Beef*
Choice - Prime




Revised Criteria

GridMaster Winners must perform to the following standards:


- 30 head Minimum Lot Size
- Minimum 80% Choice
- Maximum 7.5% YG 4's
- Grid Score of 100 or greater



Grid Index

Grid Index Incorporates:


- % Choice
- % 1's & 2's
- % Premium Products
- % 4's




Record 7,000+ head listed, sold in fourth quarter 2005...

...As of 2-8-07 3412 available females listed on ProCow...


8-23-06
U-Bar Ranch, MT
Heifers @ 550#
\$161.00



Visit our website today for ProCow listings in your area!



Is It Working? Feeder Cattle Demand



**Weekend in the Rockies
July 10-14, 2006**

- > John Hanks, CO – 575 lbs steers \$146.75
 - ✓ Sold \$15 cwt higher than 2005
- > John Price, CO – 610 lbs steers \$141.35
 - ✓ Market topping steers by \$10 cwt.
- > Raffety Cattle Co., MT – 675 lb hfr \$117.00
 - ✓ Market topping females

Is It Working? Bull Sale Trends

	2003	2004	2005	2006
Number of bulls	95	97	112	116
Sale Average	\$2,011	\$2,476	\$2,688	\$3,010

2005 Vs 2006	Change	Number of bulls sold	Sale Average	Sale Gross
		+14.4%	+13.9%	+26.3%

Is It Working?

Bull Buyers = Market Share

	2003	2004	2005	2006
Number of bulls	232	429	496	556

- Big Bull Buyers List – pulled each December
- Transfer of bulls:
 - ✓ Minimum of 4 in Current year
 - ✓ Minimum of 15 in four previous years

Servicing YOUR customers!


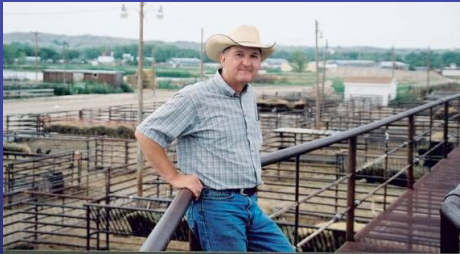
- Educate customers on value
- Encourage enrollment
- Offer incentives
- Educate local sale facilities
- Assist customers utilize marketing services
- Feedlot industry contacts
- Differentiate your program from the masses through service



Pro-Cow listing/Feeder Fax

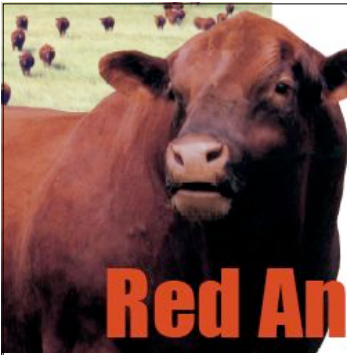
Are you good enough to sell them a bull?

- 350 cows
- Husband & Wife –
- no full time help
- 75% sired by A.I.
- Retain Ownership
- 4 Yrs/3 Gridmaster Awards
 - 86% Choice
 - >42% % YG 1's & 2's
 - 1350# harvest wt.
 - 12 mos. 9 days of age
 - \$1057 to the cow

"Each Producer needs to understand that their cattle are not the only ones for sale...they must look for ways to differentiate their cattle from the masses"

-Rob Fraser, Miles City Livestock Commission



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Thank You