


Breeding Programs from a Cattle Feeder's Perspective

By Tom Brink




If you're at this meeting, you are probably interested in "beef improvement."

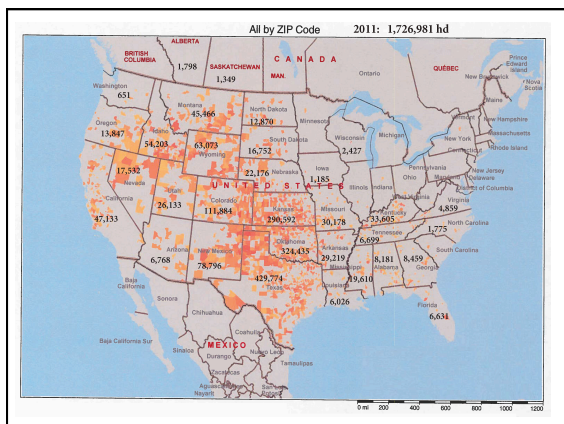
Where is the value in today's beef business?

- 70% to 80% of all packer profits come from value-added beef premiums (commodity beef sales is virtually a breakeven exercise)
- All of our profits come from cattle that grade Choice or better. J&F makes ***ZERO*** profits on cattle that grade ***SELECT***.

JBS Five Rivers Cattle Feeding, LLC



- Owned since October 2008 by JBS USA
- Twelve feedyards in seven states and Alberta, CA
- 990,000 head of feeding capacity
- Market 1.6 to 1.7 million cattle per year
- Majority sold on grids (formulas)
- Buy 30,000 to 35,000 feeder cattle and use 2.0 mil bushels of corn per week on average



Too many average/below average cattle...



Experience truly is the Best Teacher

- Planned crossbreeding is not the problem
- Planned straight breeding is not the problem
- **Breeding cattle without any plan at all is the problem!**



Breeding Programs That Actually Work!

- Planned crossbreeding using complementary breeds
- Disciplined use of purebred or hybrid bulls in planned crossbreeding program (letter A)
- Well-planned, well executed straight breeding using Angus (perhaps Red Angus) and targeting very high value calves that grow and grid exceptionally well

Economics of Crossbreeding



Crossbred cow --- 600 pounds of additional weaned calf over a lifetime (mainly via a higher calving rate and longevity)

Cost to capture these added pounds = \$600 for one additional year's cow carrying cost.

Result: With calf prices at \$150/cwt., \$900 in revenue is added for a cost of \$600.

Added profit = \$300 per cow.

However, crossbreeding for the sake of crossbreeding is not the answer.



New Era in Cattle Performance is here!

	ADG	Dry F/G	Grid
Average Performers	3.40 lbs.	6.00 lbs.	+\$20
Top 10%-15% Performers	4.75 lbs.	5.25 lbs.	+\$85

Source: Five Rivers Cattle Feeding

Total economic advantage for the top performing cattle is +\$219 per head.



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Economics of Straight Breeding



Straight bred Angus cow bred to high-growth/high carcass Angus bull generated progeny worth \$200 per head above industry average.

5 such calves = \$1,000 of additional value over the cow's lifetime

Assume producer captures just 30% of this added value, result is:

Added profit = \$300 per cow.

Are these numbers right?

Can straight breeding really compete with crossbreeding?

Quite a few producers think so.

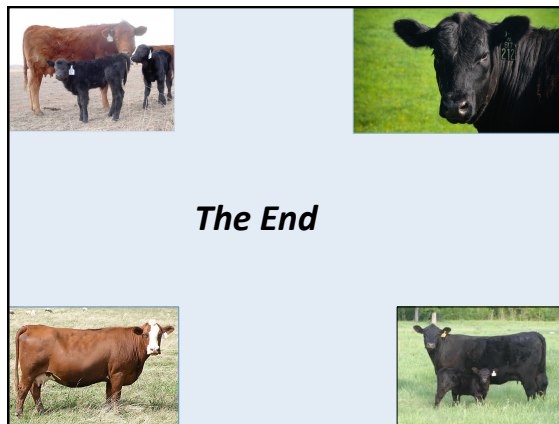


Crossbreeding: Higher productivity, potentially lower production costs, and more average value creation.

Straight breeding: lower productivity, potentially higher production costs, and well above average value creation and higher revenue per cow.

Which is better for a given operation?

Answer: That depends on....



The End