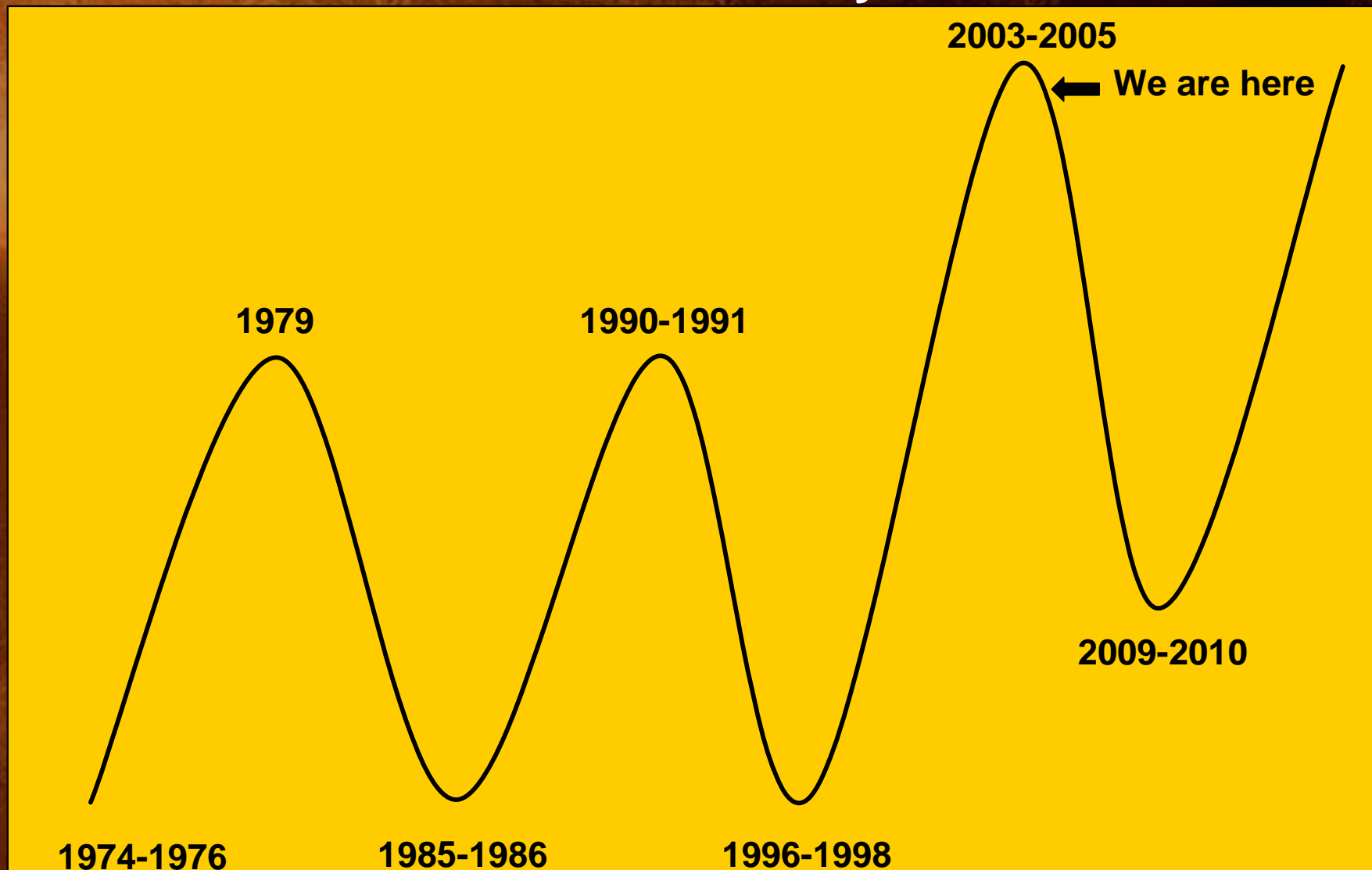


State of the U.S. Beef Industry

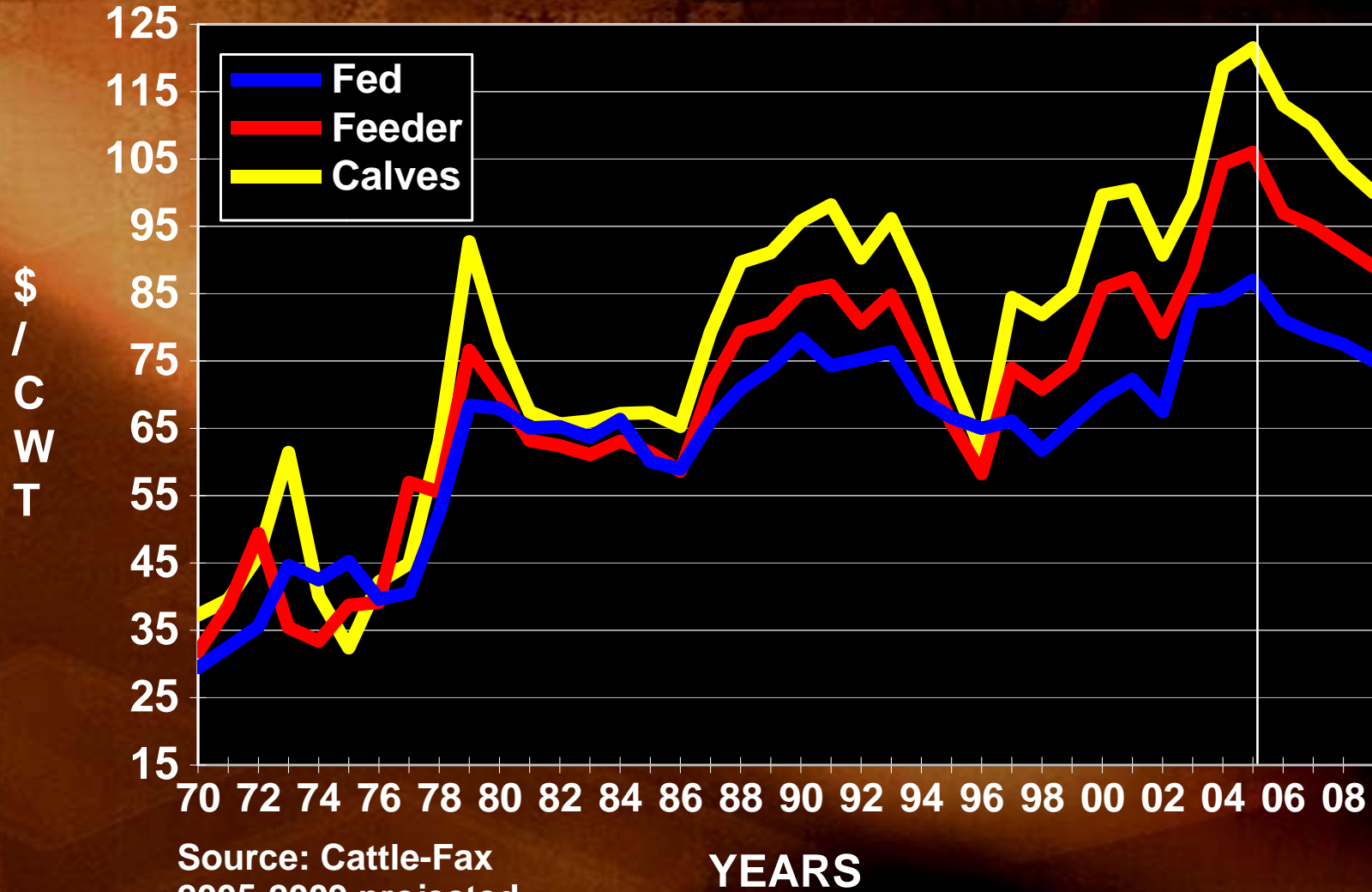
*Long-Term Outlook
And
Situation*



The Cattle Price Cycle



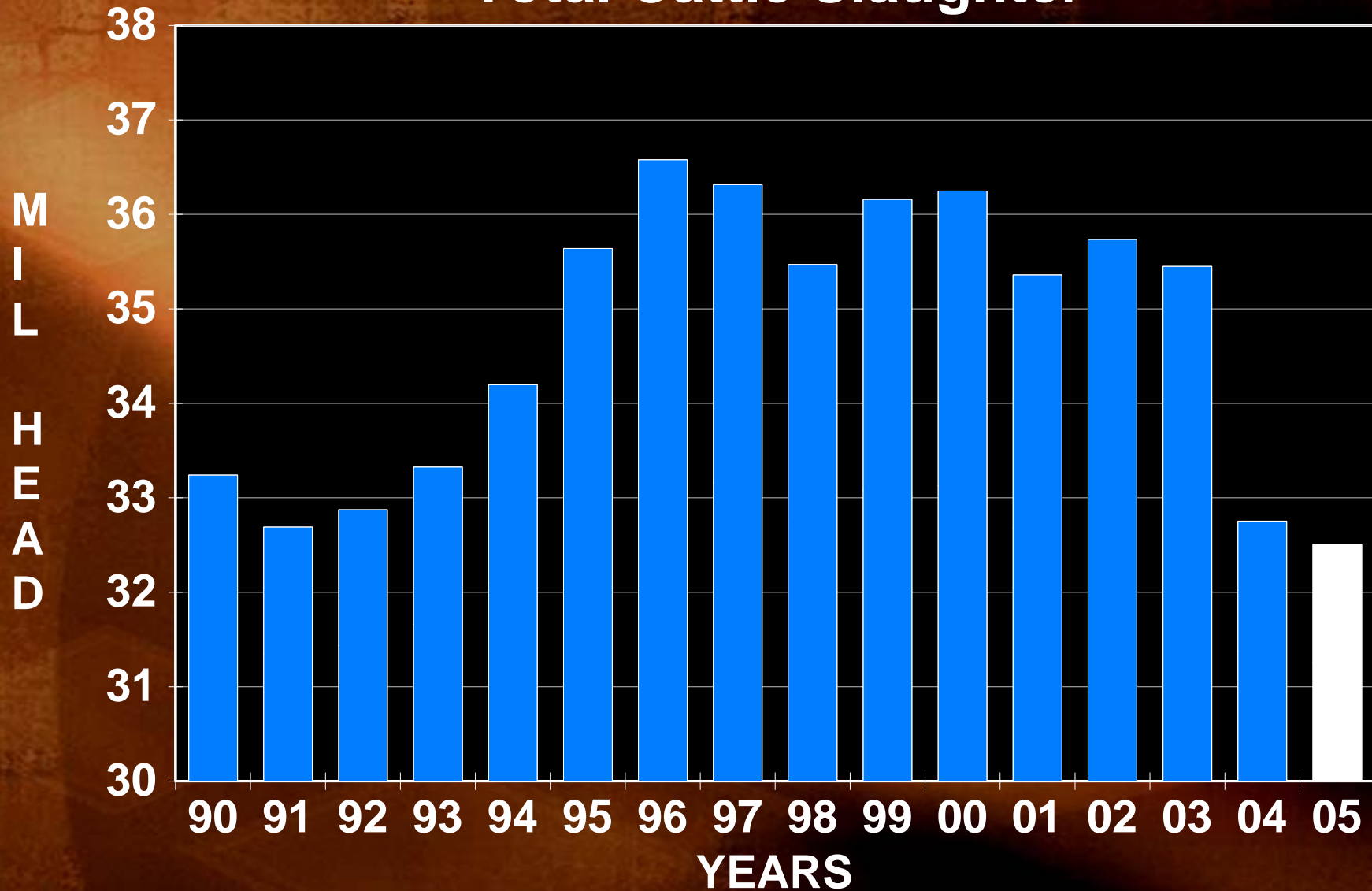
Cattle Prices



Source: Cattle-Fax
2005-2009 projected



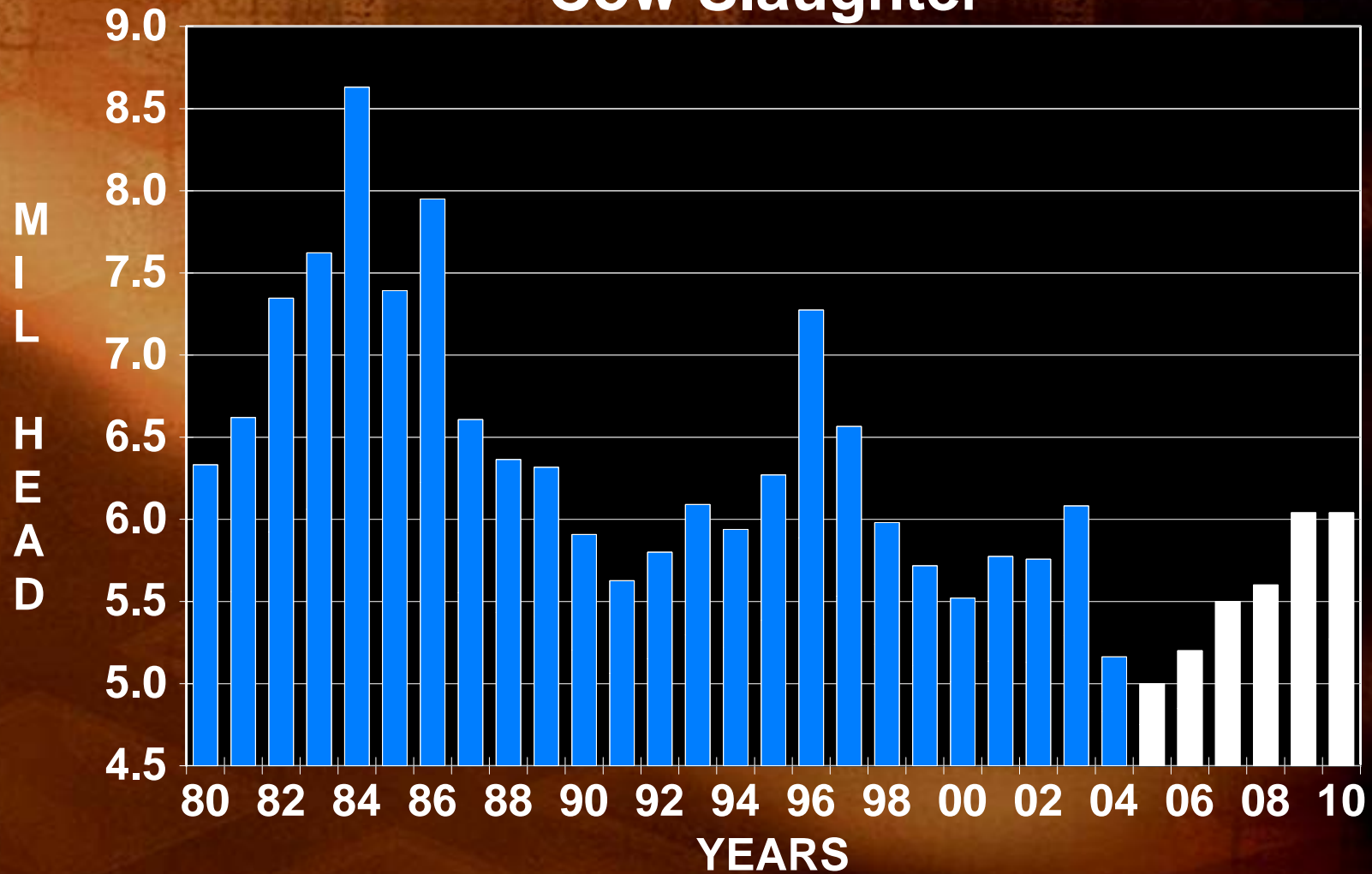
Total Cattle Slaughter



Source: USDA, 2005 projected

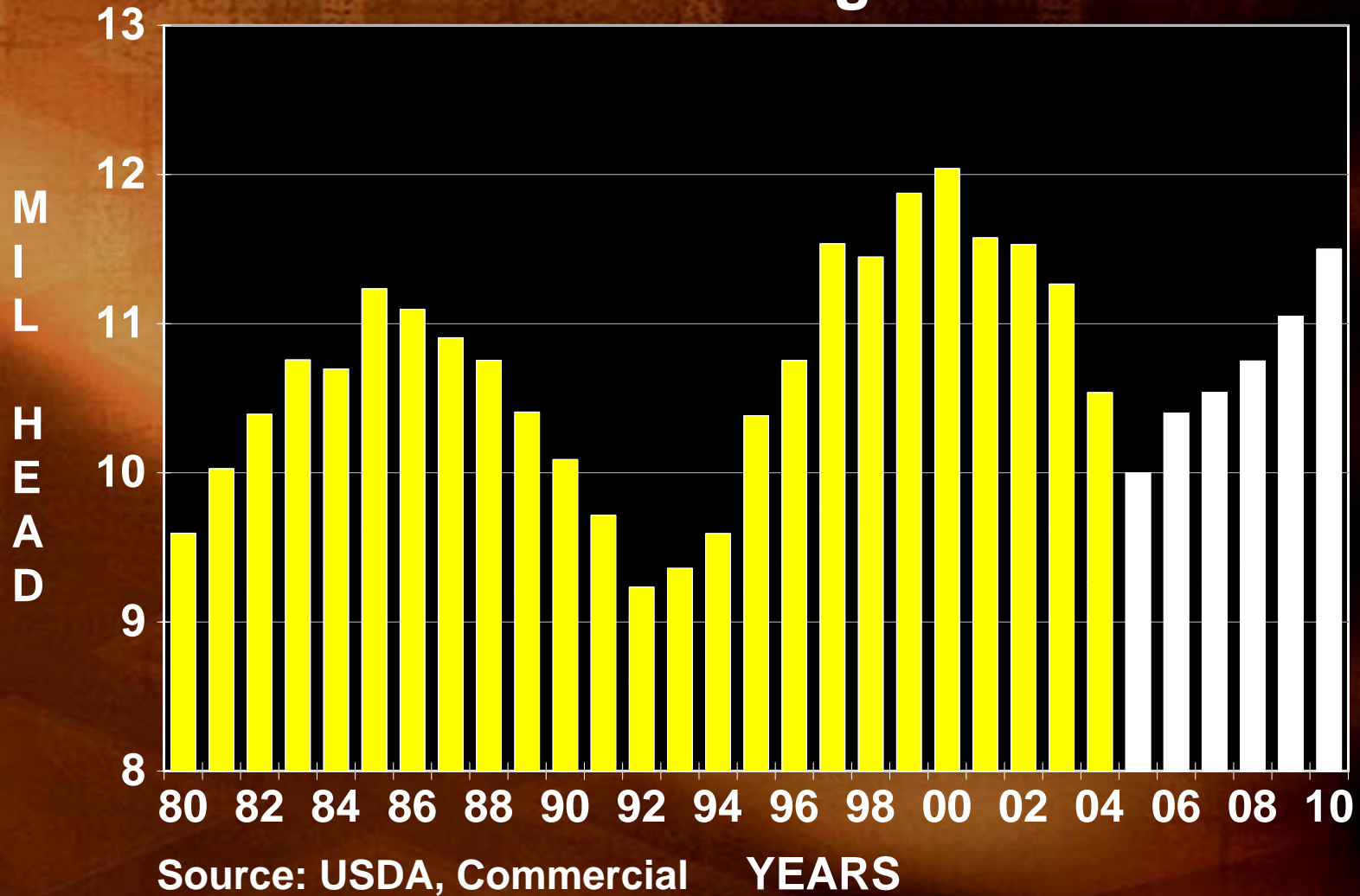


Cow Slaughter



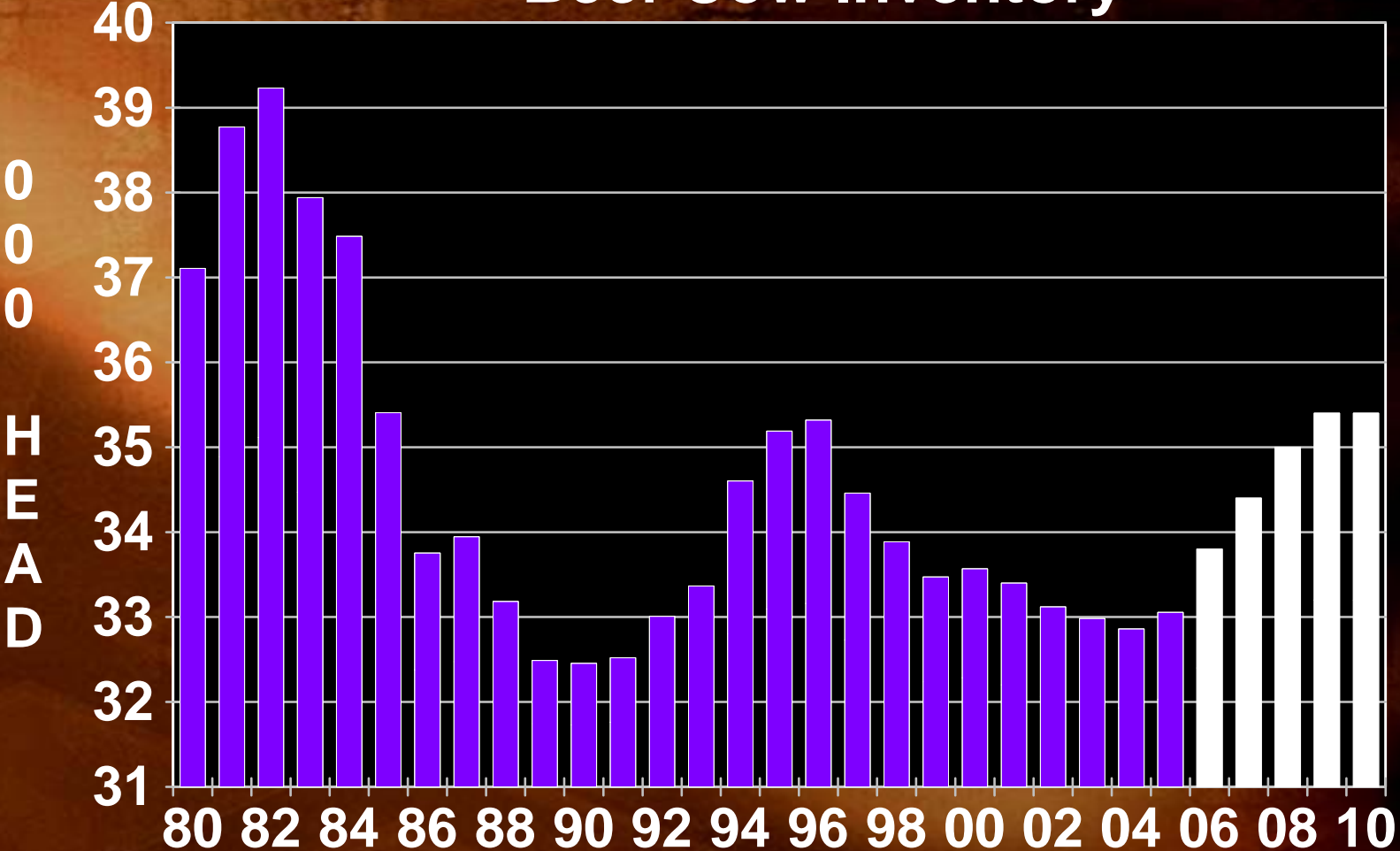
Source: USDA & Cattle-Fax
2005-2010 Projected

Heifer Slaughter



Source: USDA, Commercial
2005-2010 Projected

Beef Cow Inventory

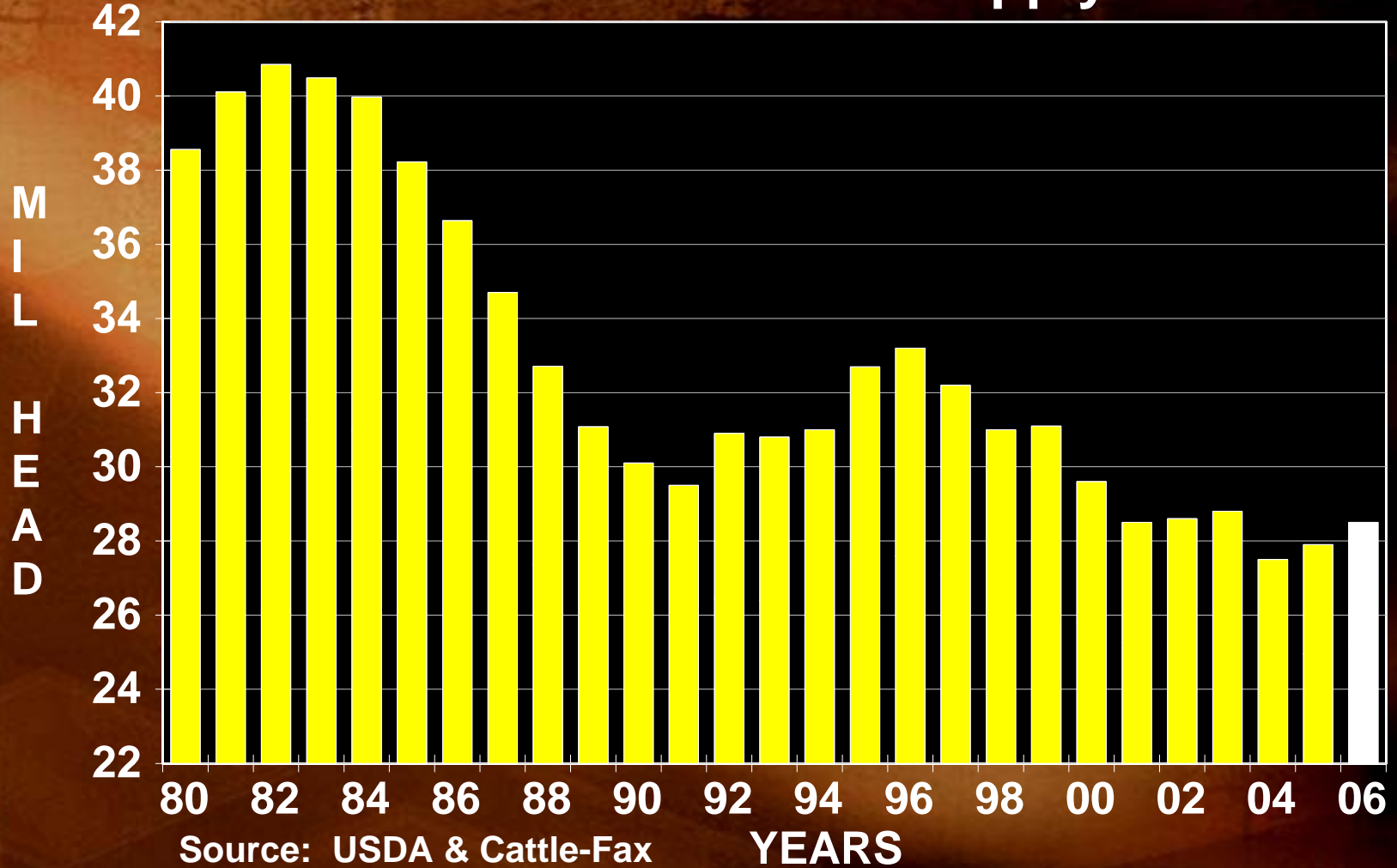


Source: USDA
2006-2010 Projected

YEARS



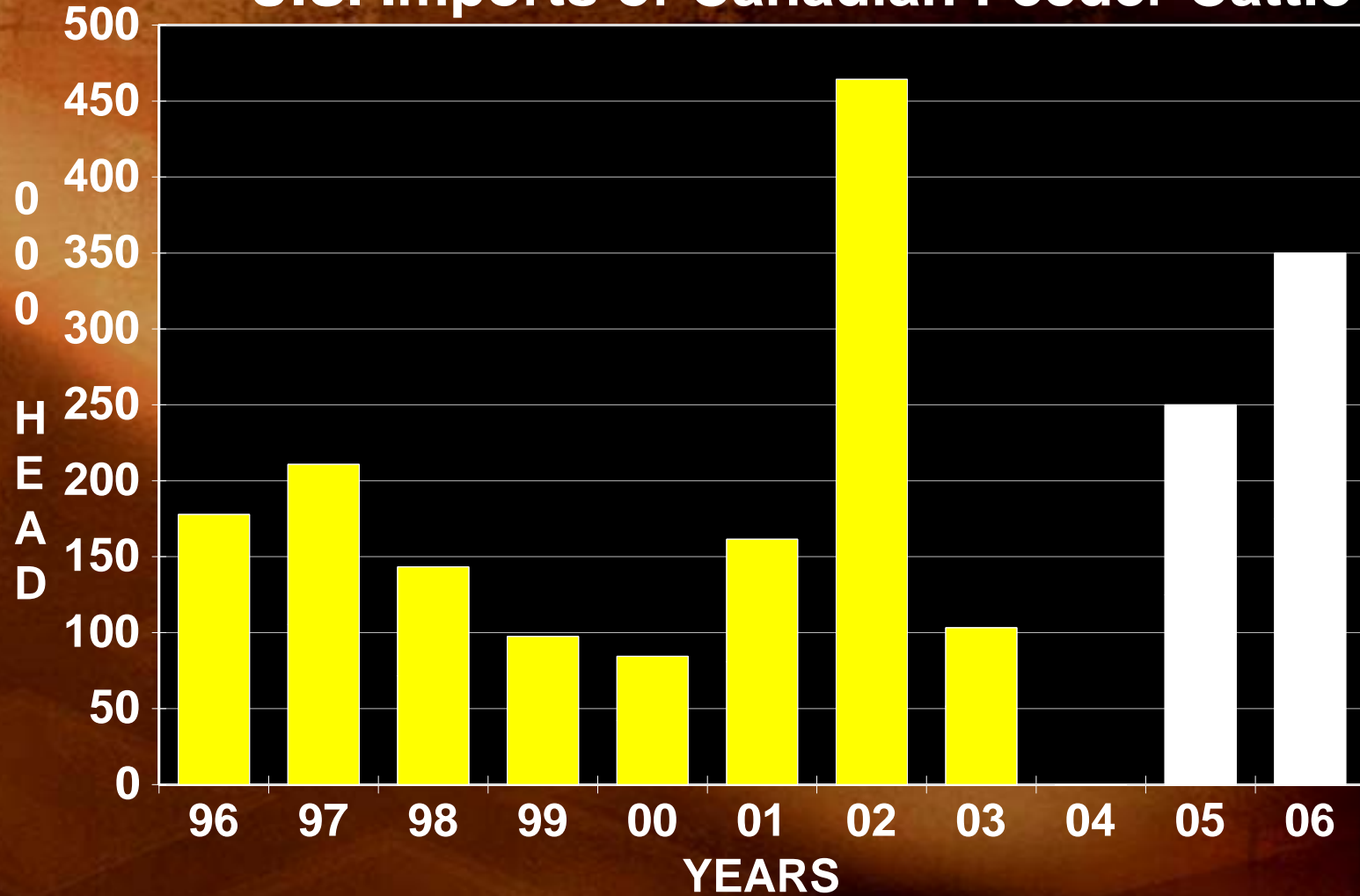
U.S. Feeder Cattle and Calf Supply - Jan 1st



Source: USDA & Cattle-Fax
Outside of feedyards



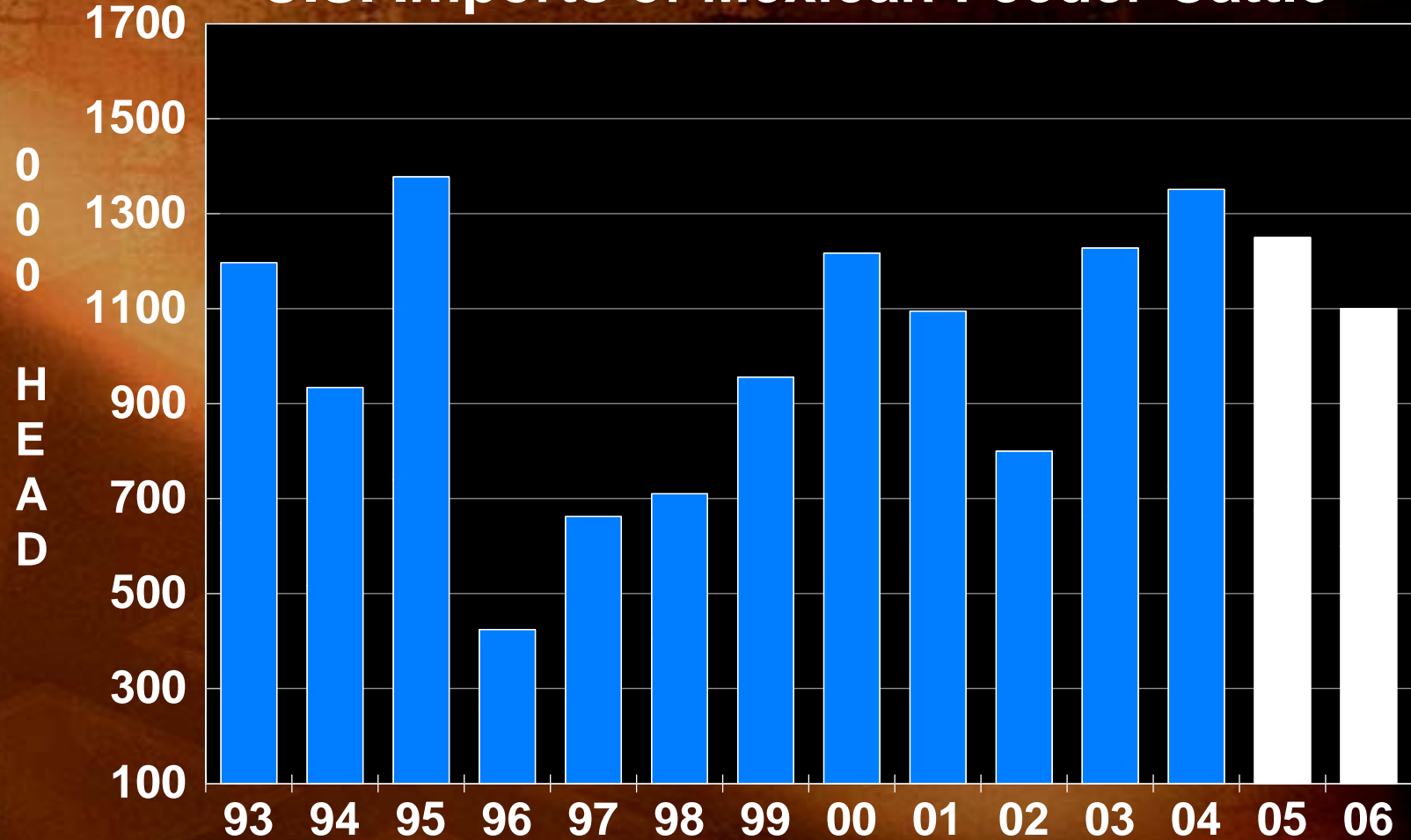
U.S. Imports of Canadian Feeder Cattle



Source: USDA/APHIS 2005-06 Projected



U.S. Imports of Mexican Feeder Cattle

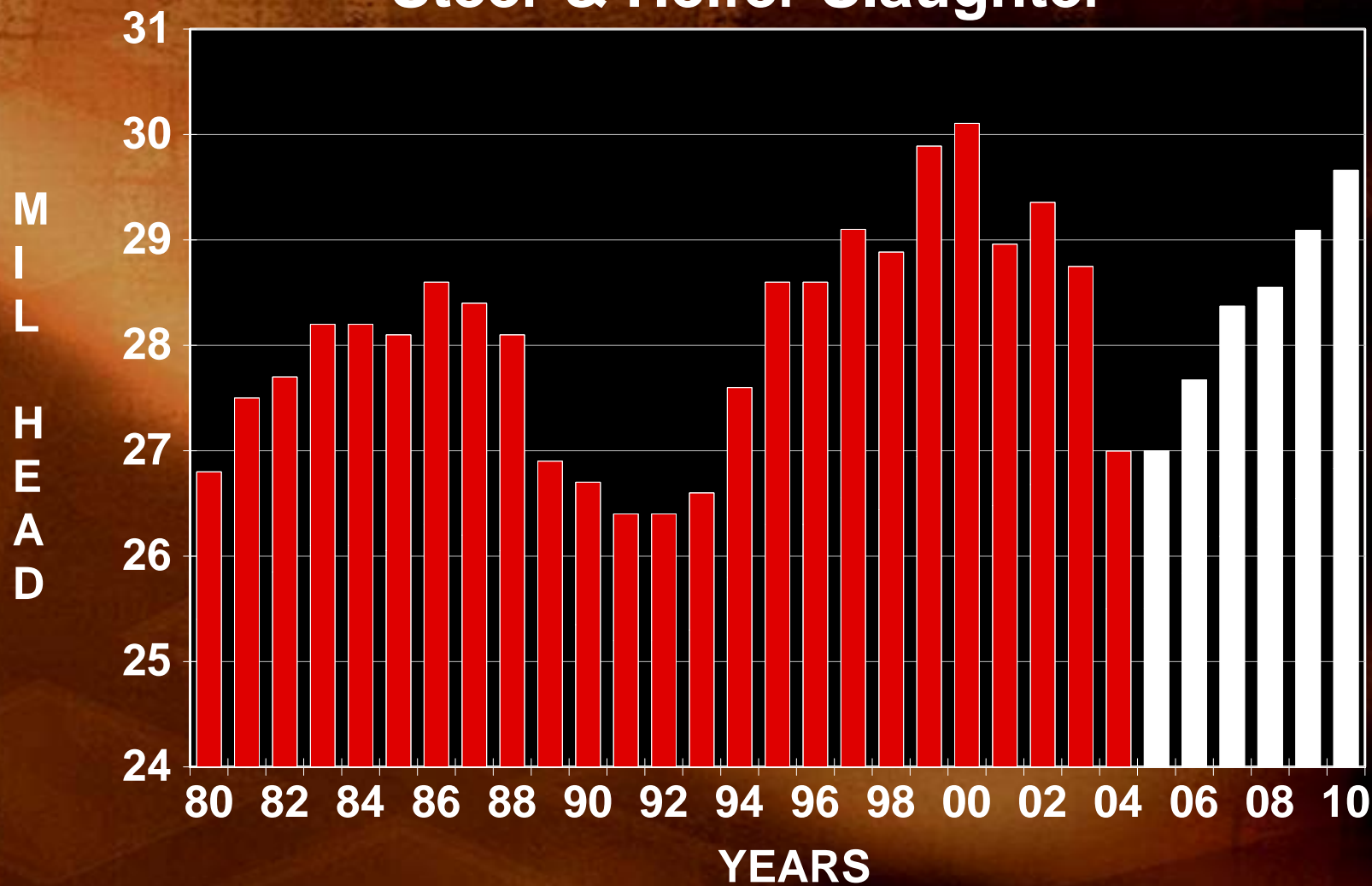


Source: USDA/APHIS
2005/06 projected

YEARS



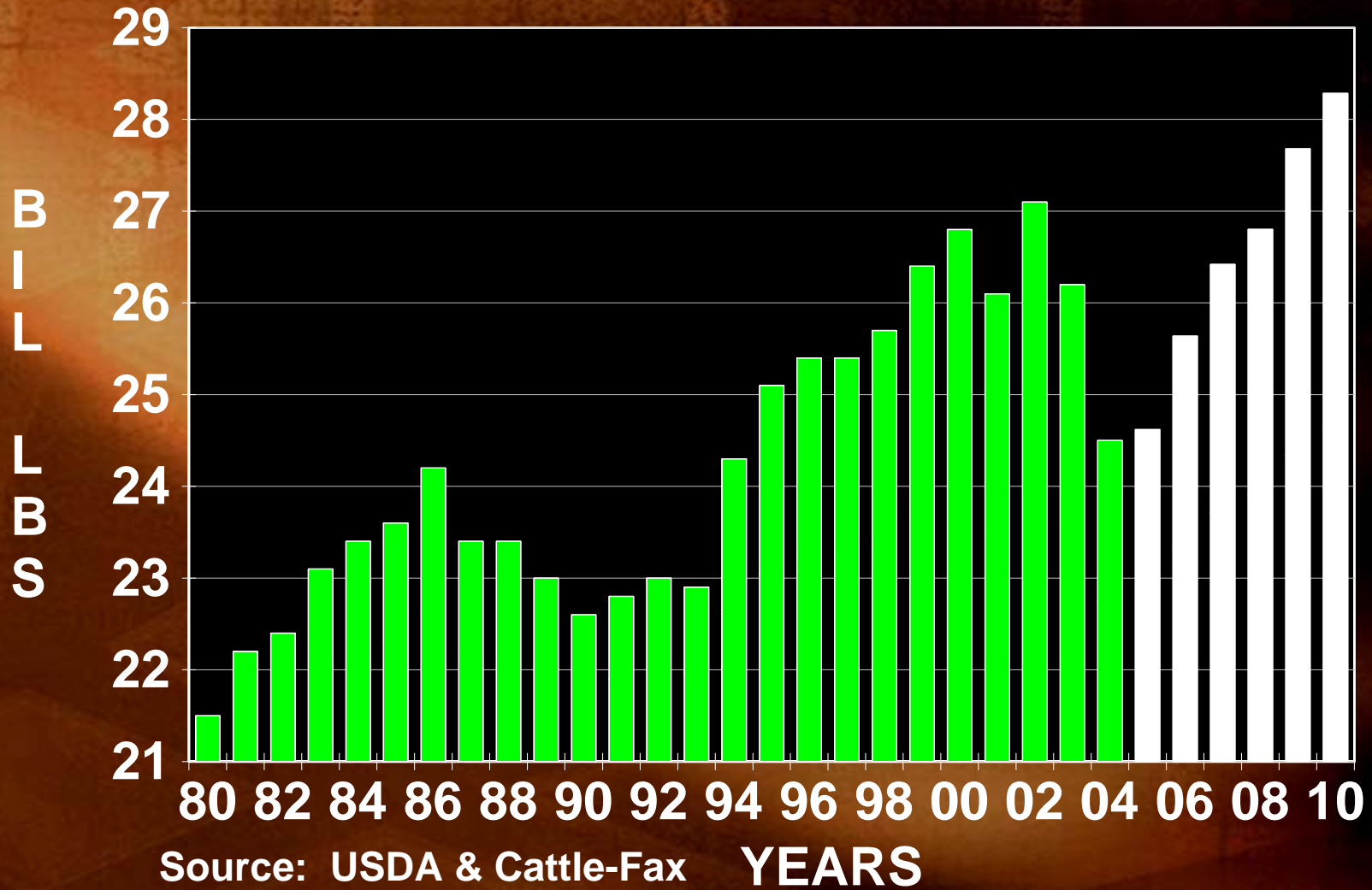
Steer & Heifer Slaughter



Source: USDA & Cattle-Fax
2005-2010 projected



U.S. Beef Production

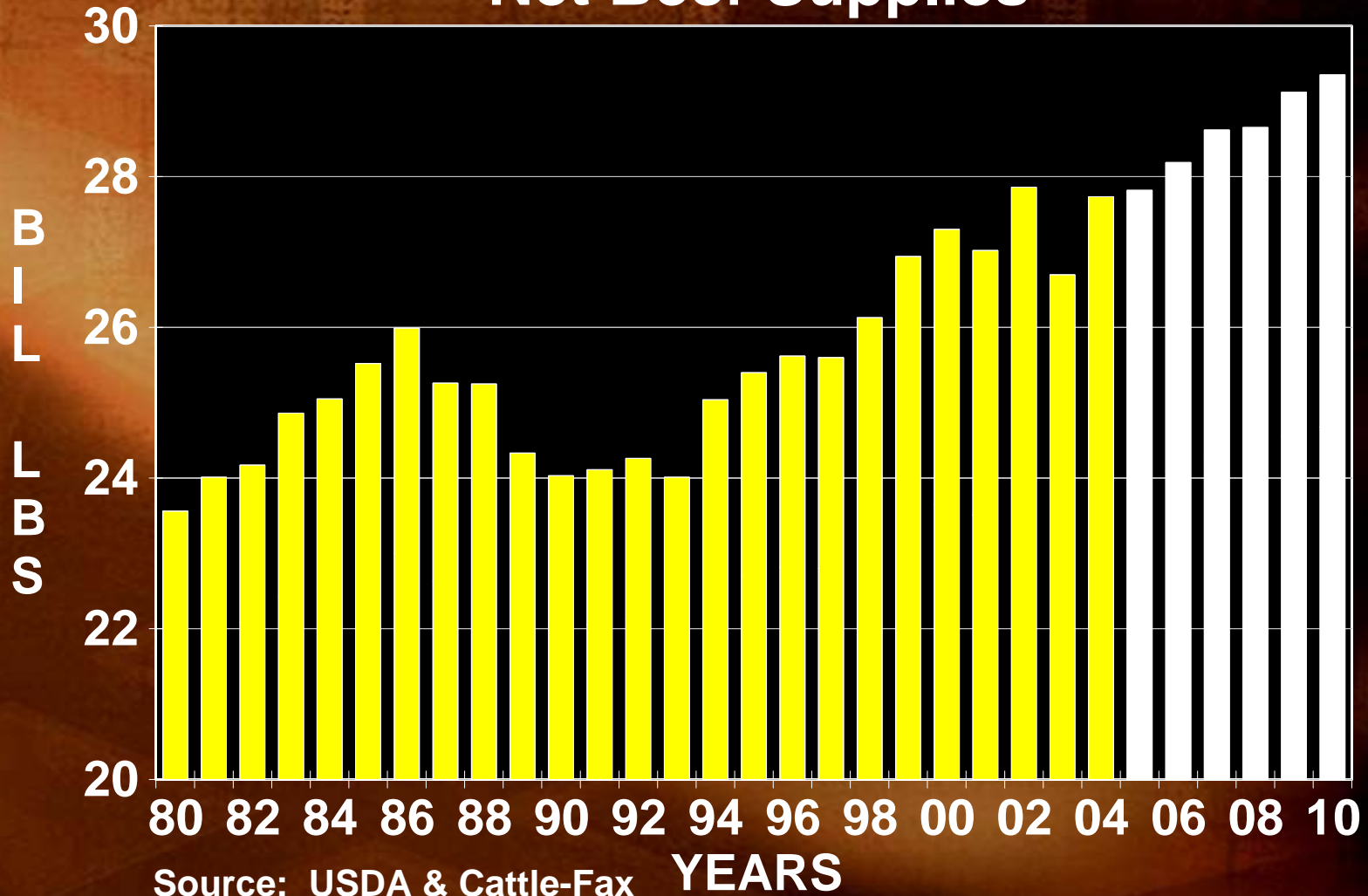


Source: USDA & Cattle-Fax
2005-10 Projected

YEARS

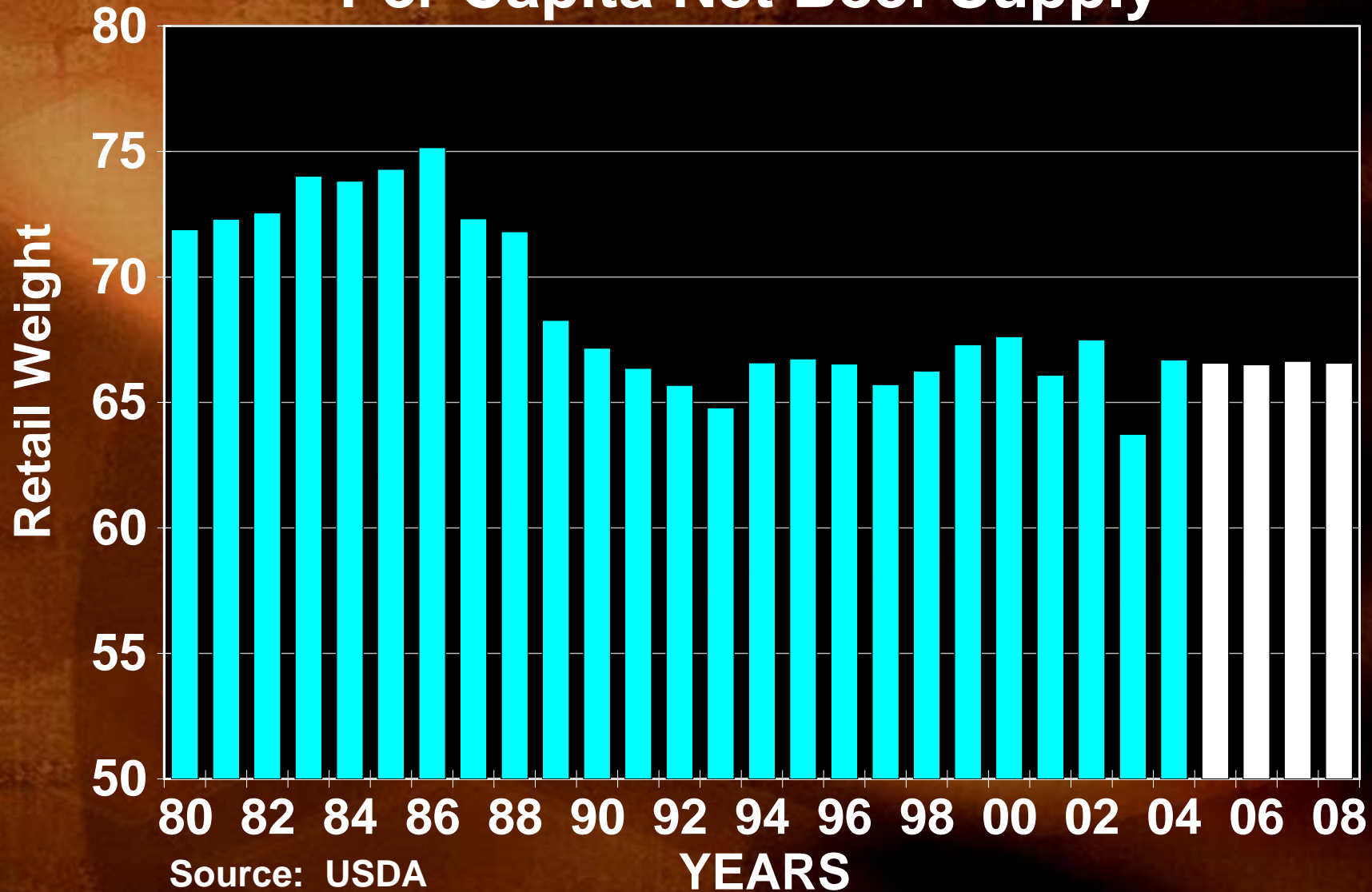


Net Beef Supplies



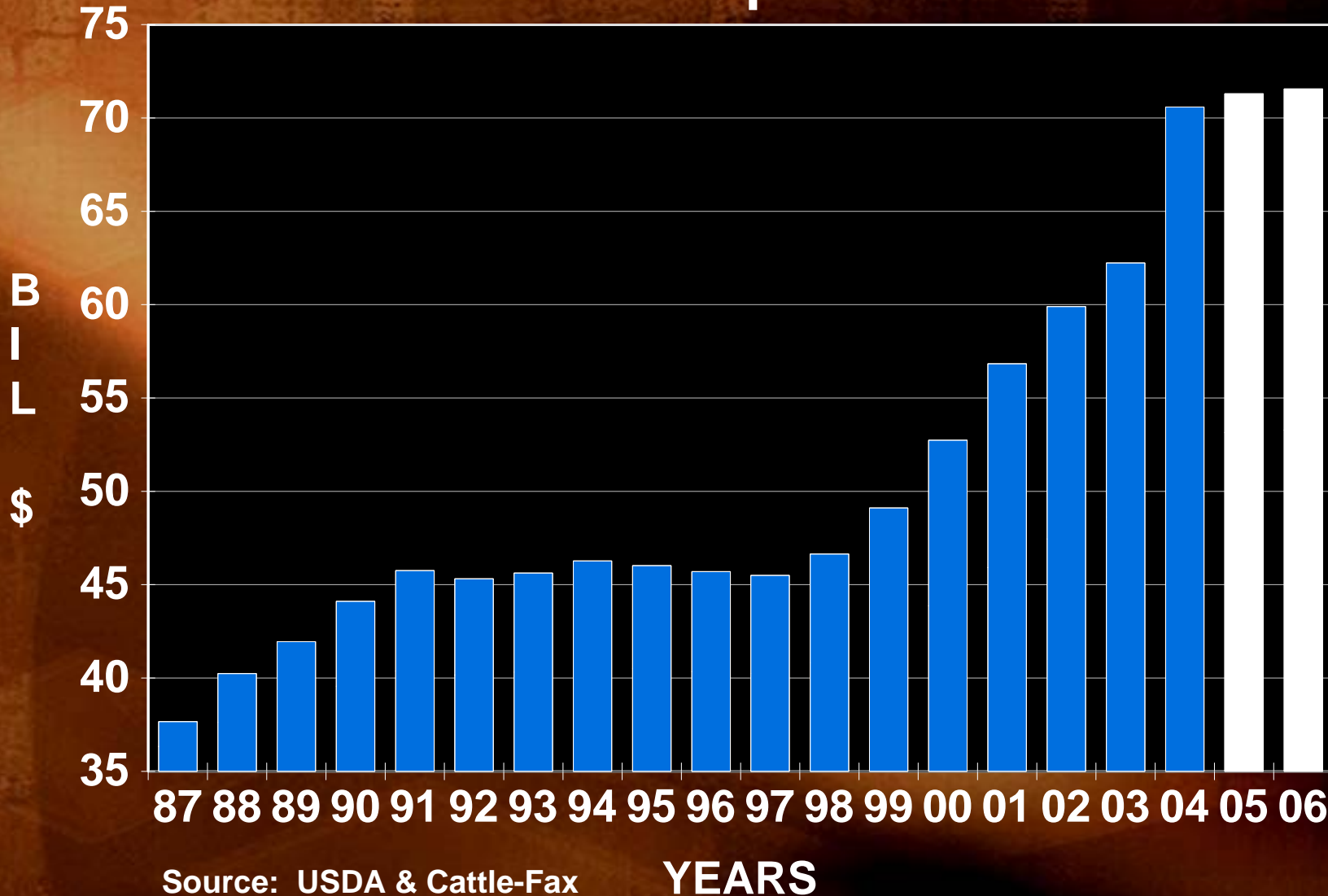
Source: USDA & Cattle-Fax
2005-2010 Projected

Per Capita Net Beef Supply



Source: USDA
2005-08 projected

U.S. Consumer Expenditures on Beef



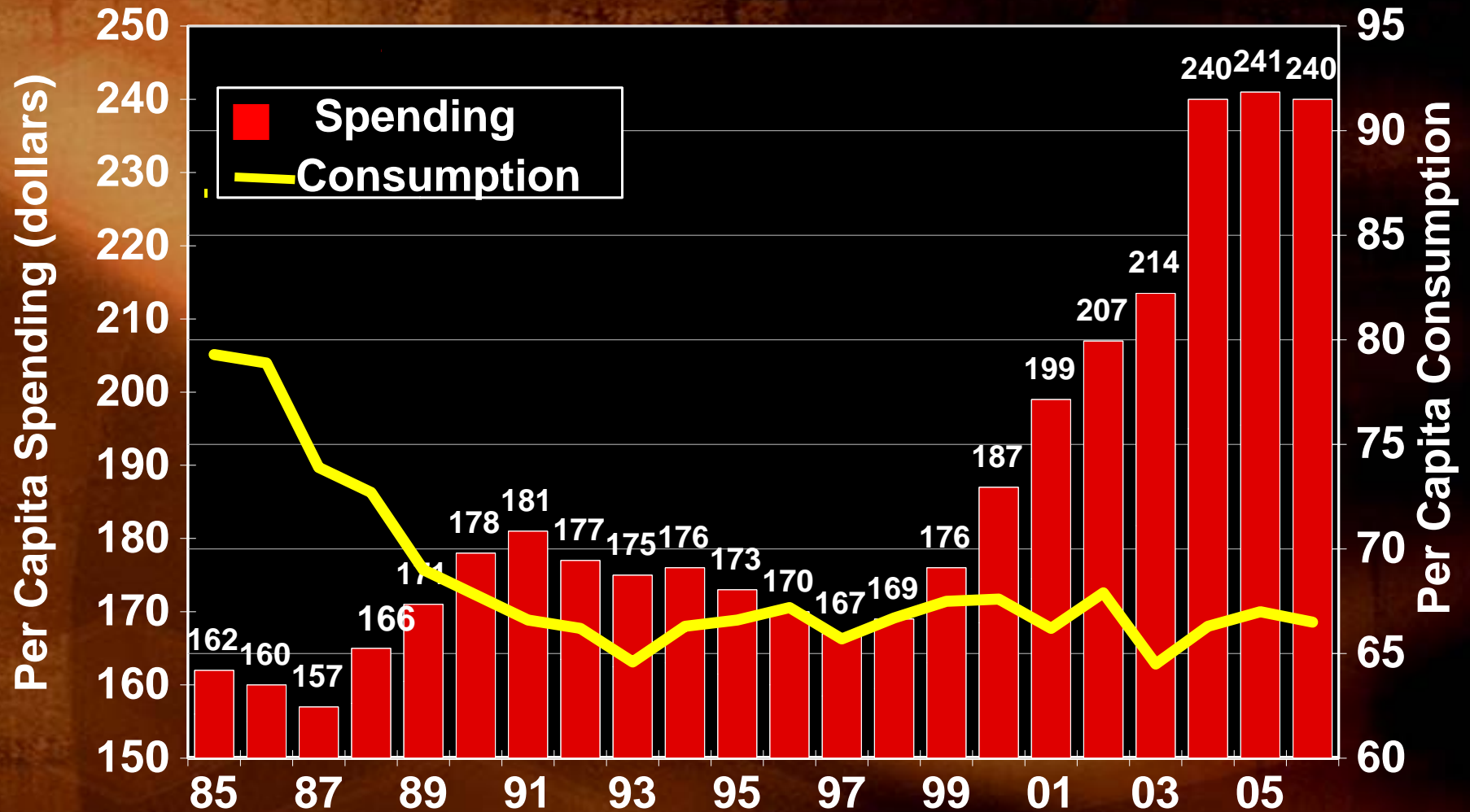
Source: USDA & Cattle-Fax

YEARS

Domestic disappearance valued at all-fresh retail price, 2005-06 projected



Per Capita Beef Spending and Consumption



Source: USDA, 2005-06 projected



All Fresh Retail Beef Price

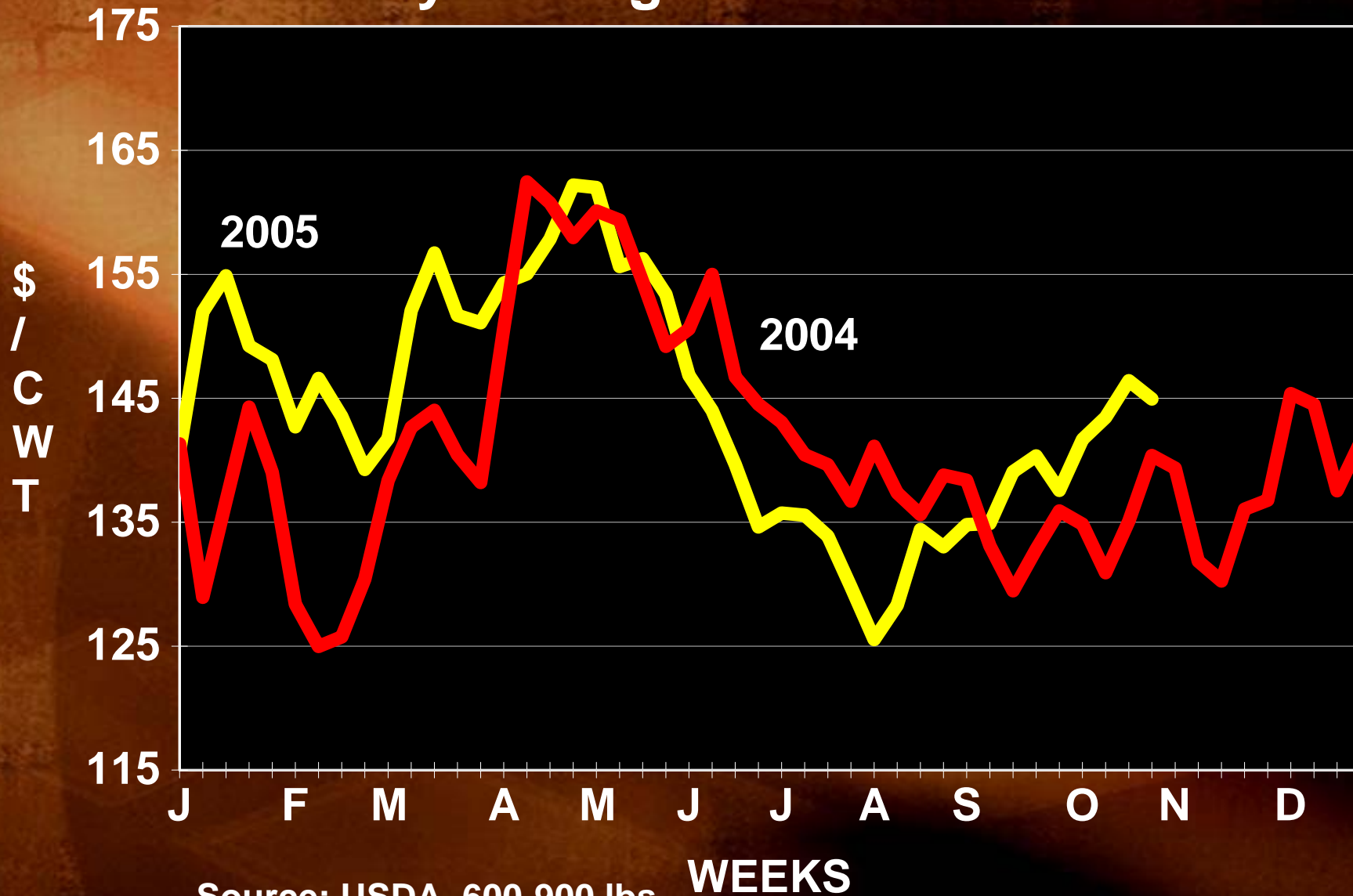


Source: USDA

MONTHS



Weekly Average Choice Cut-Out Price

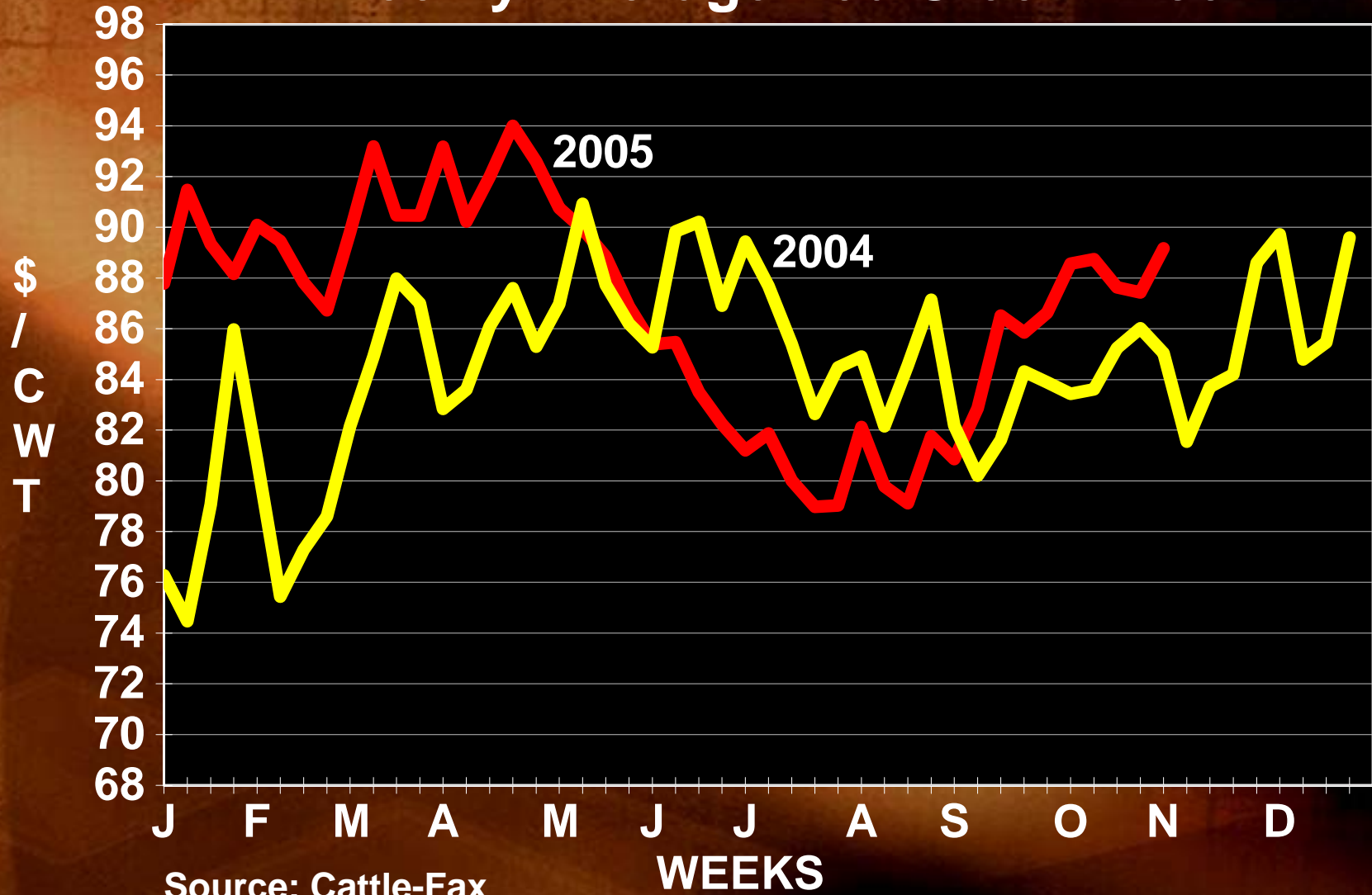


Source: USDA, 600-900 lbs

WEEKS



Weekly Average Fed Steer Price



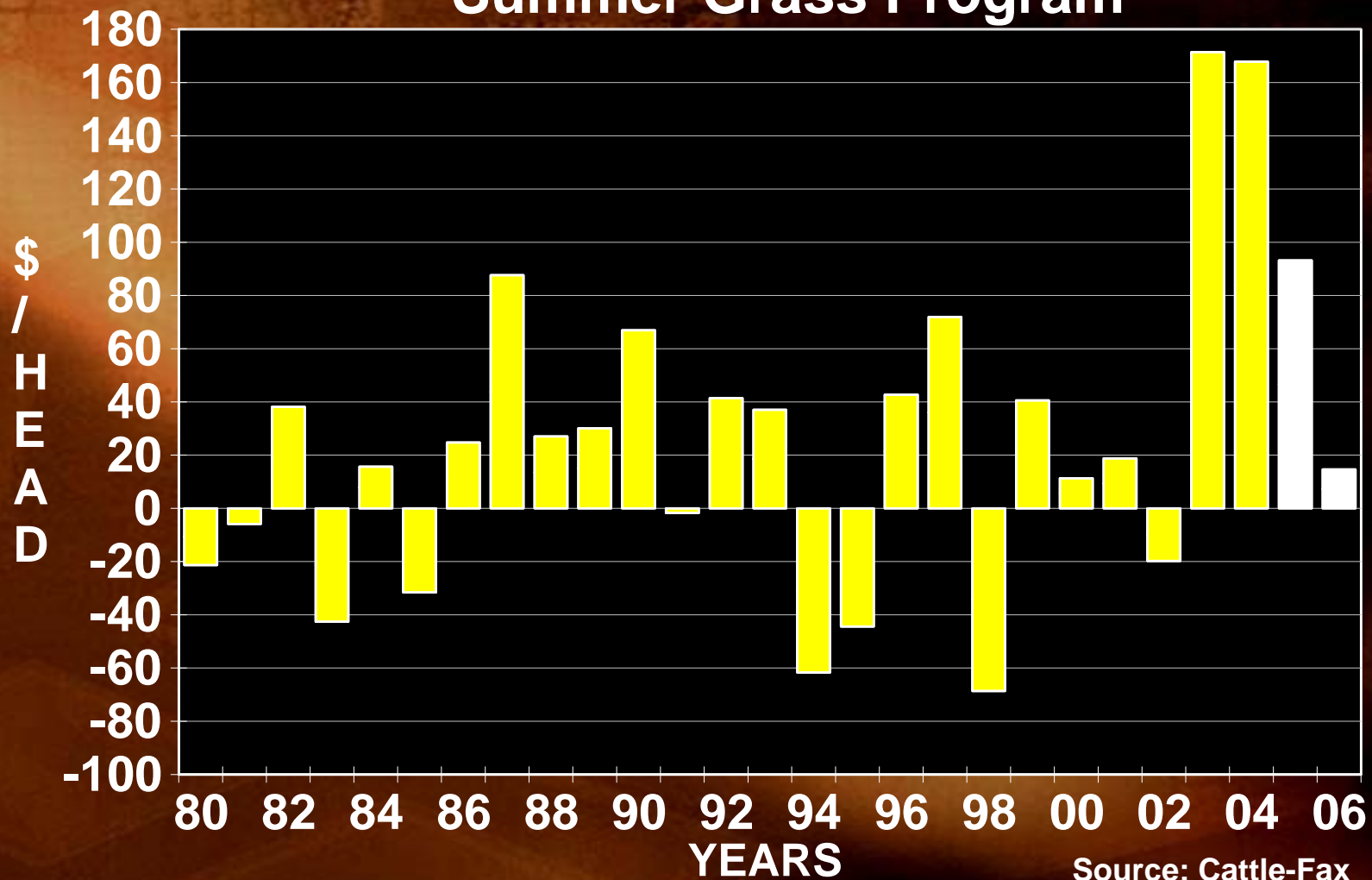
Source: Cattle-Fax



Cattle-Fax 750 lb Steer Price



Stocker Cattle Profit (Loss)* Summer Grass Program

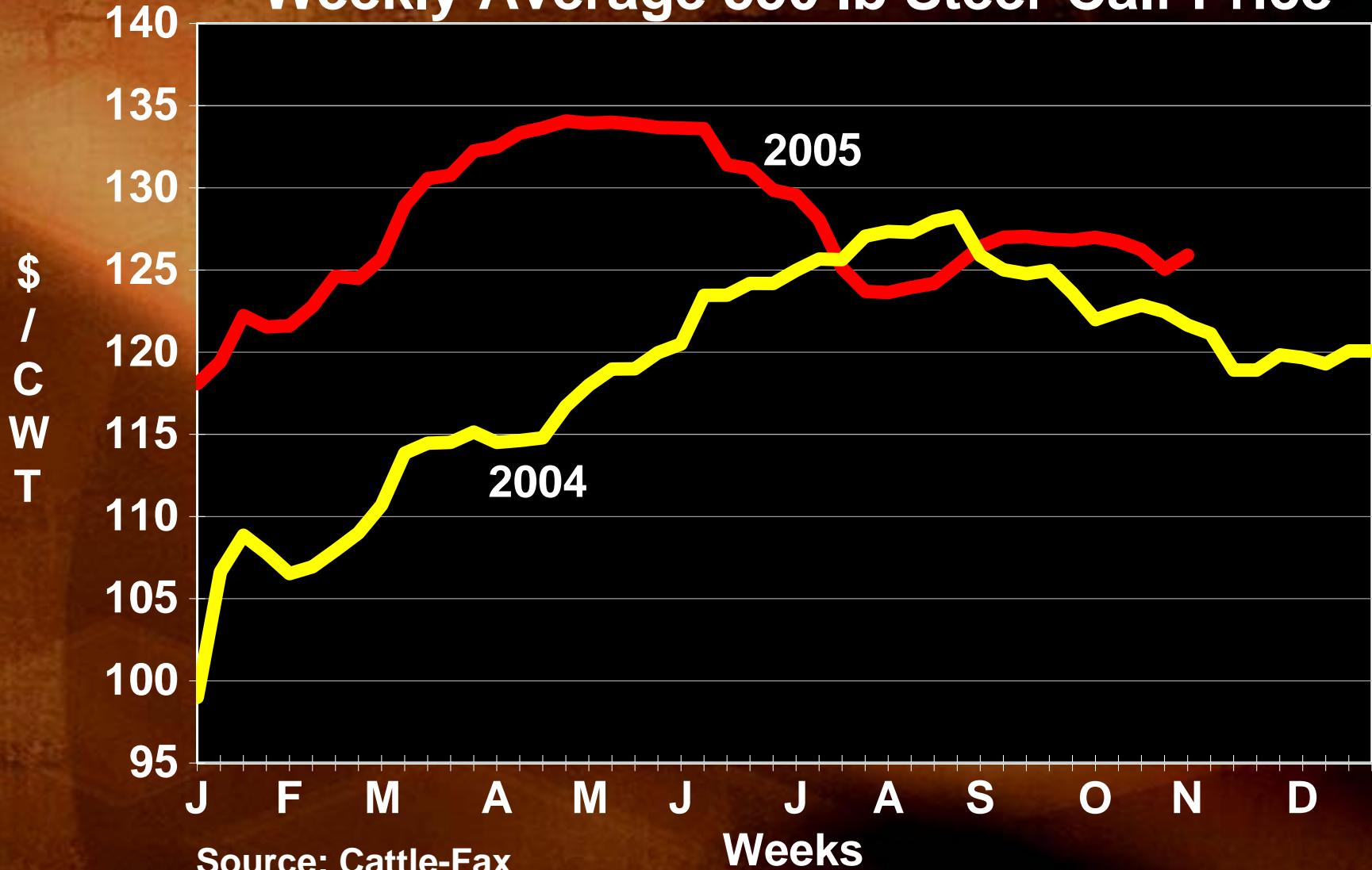


Source: Cattle-Fax

*Purchased Feb. - Mar. at 500 lbs.
Marketed Sep. - Oct. at 750 lbs., 2005-06 projected



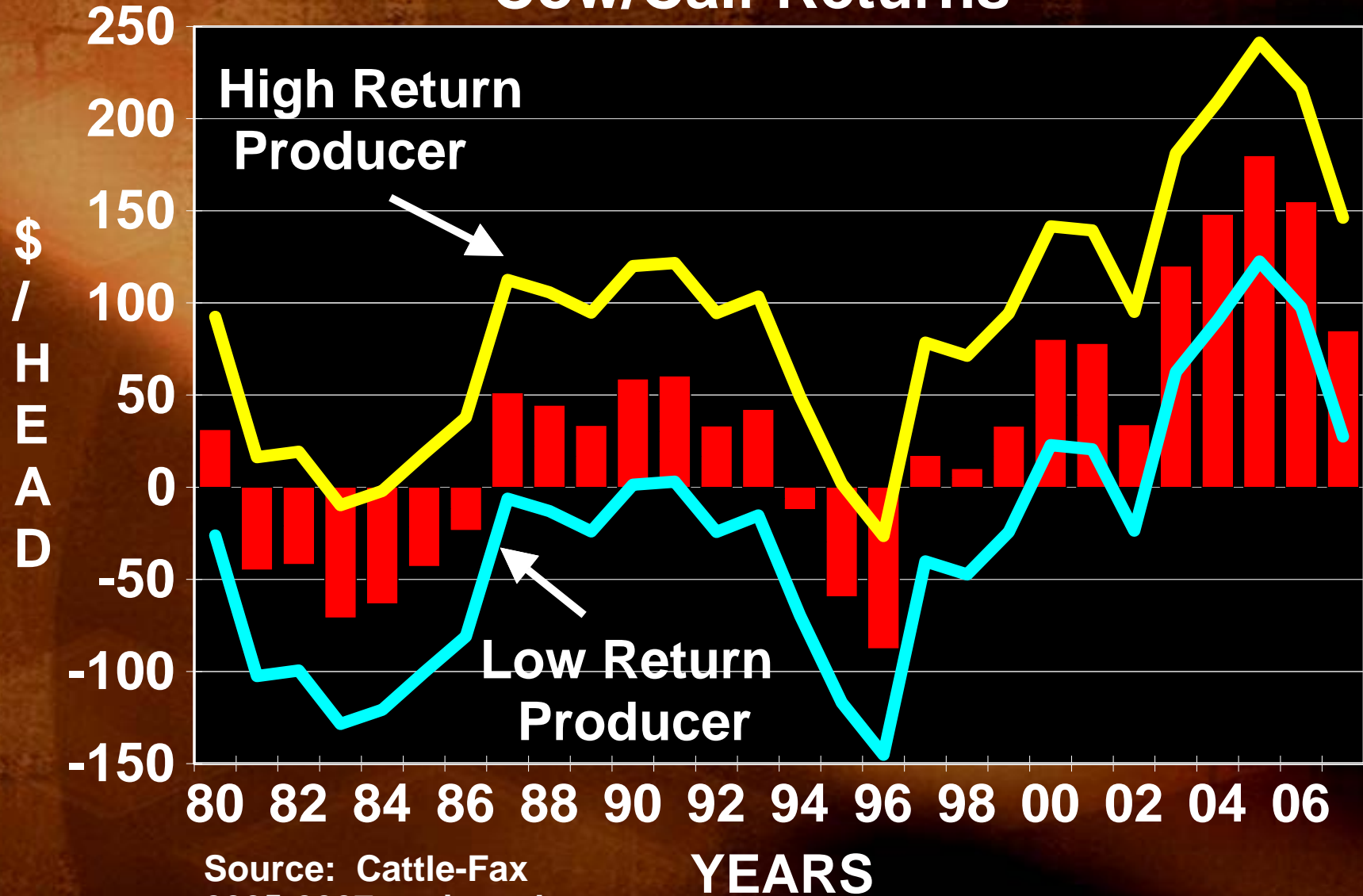
Weekly Average 550 lb Steer Calf Price



Source: Cattle-Fax

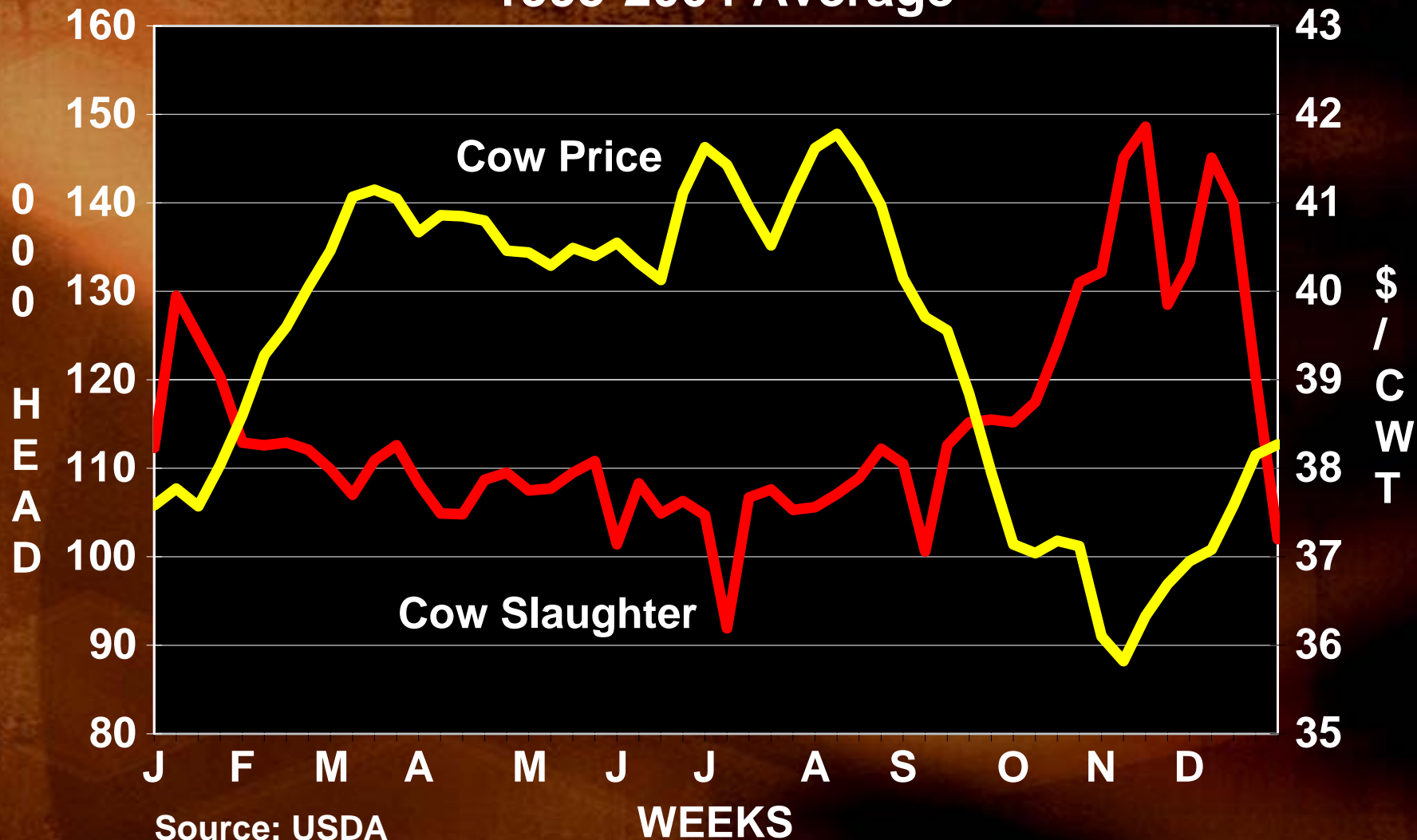


Cow/Calf Returns



Source: Cattle-Fax
2005-2007 projected

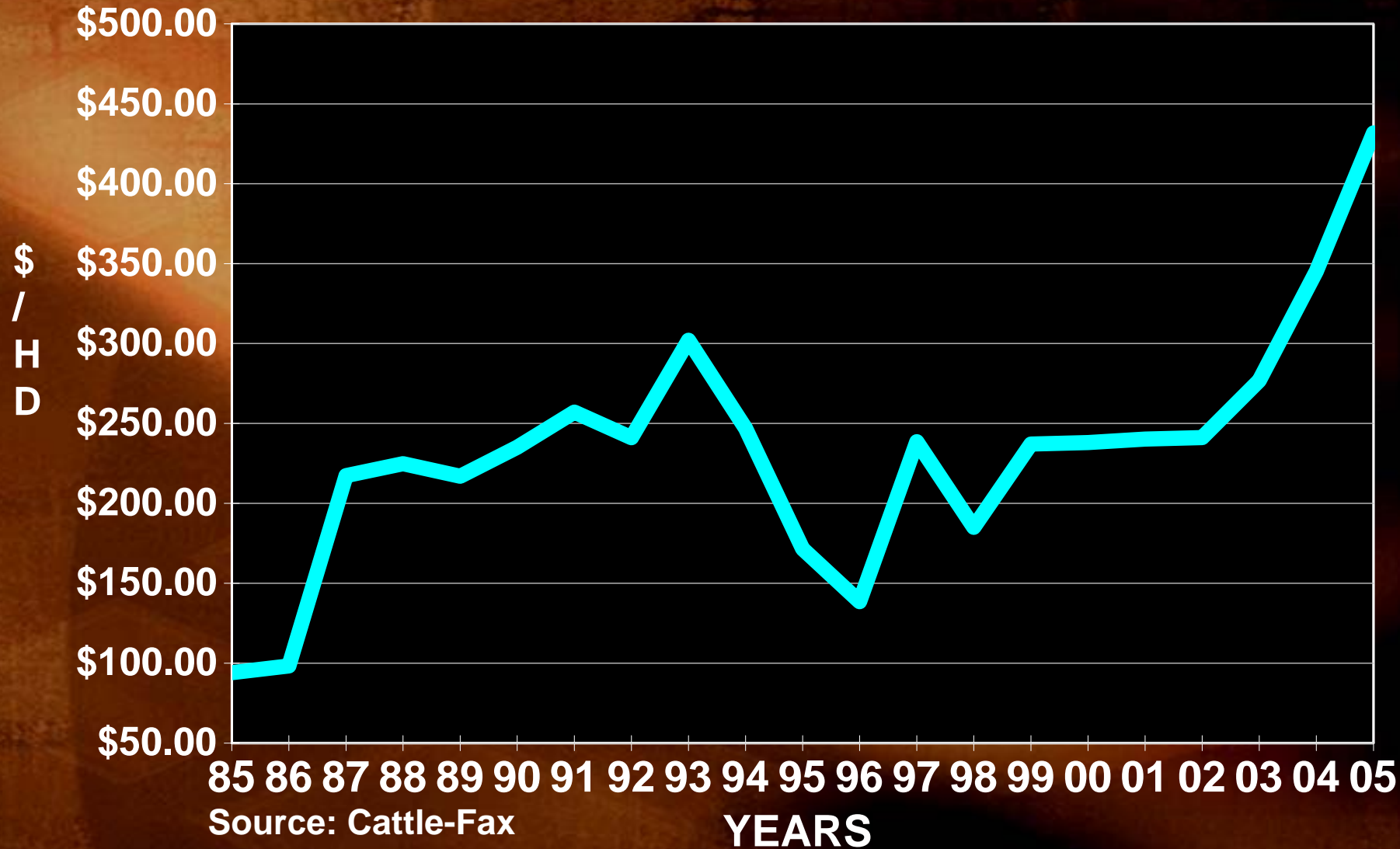
Seasonal Cow Slaughter vs. Cow Prices 1995-2004 Average



Source: USDA



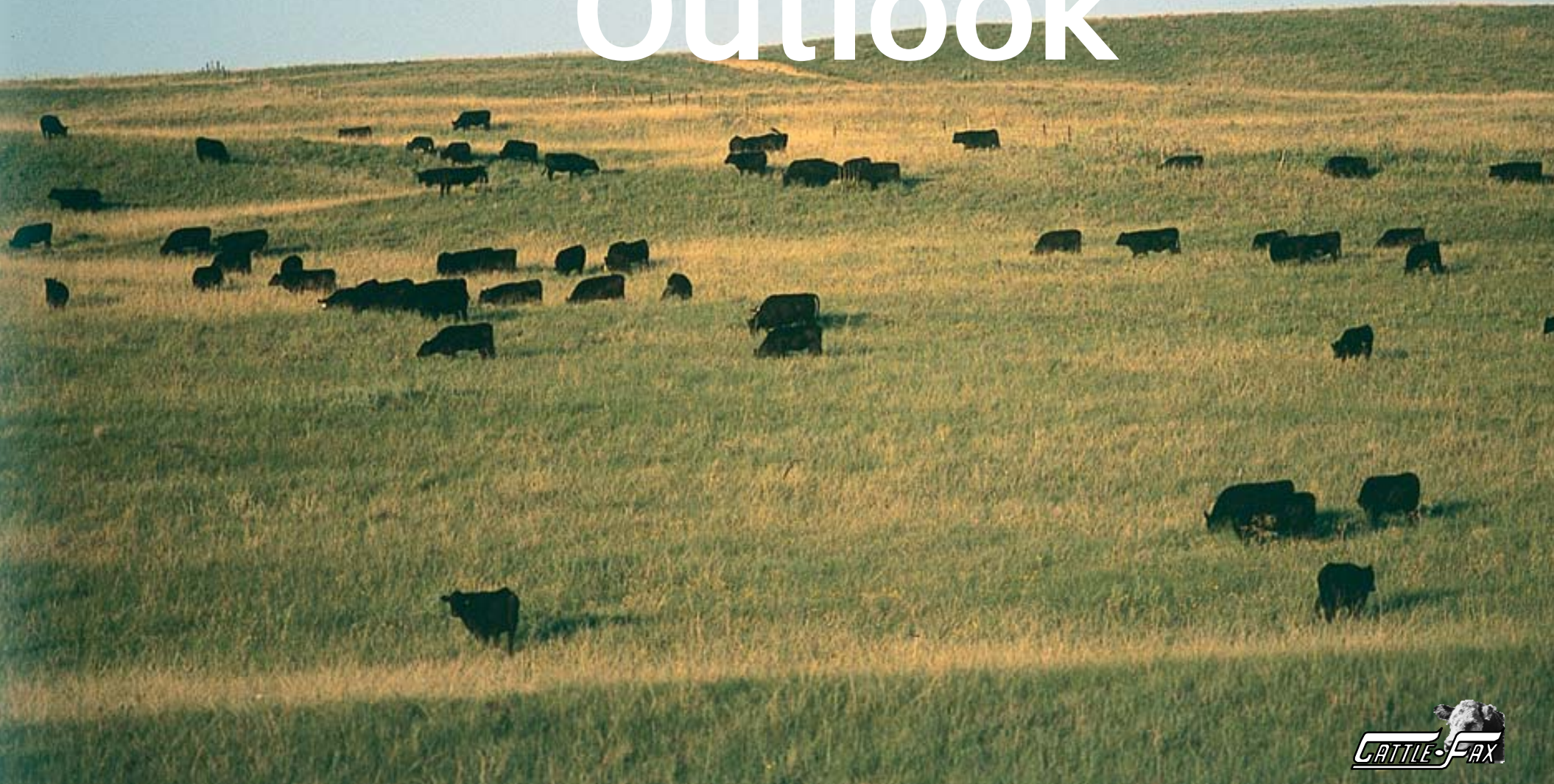
Difference Between a Bred Cow and 550 lb Steer



Source: Cattle-Fax



Long-Term Outlook



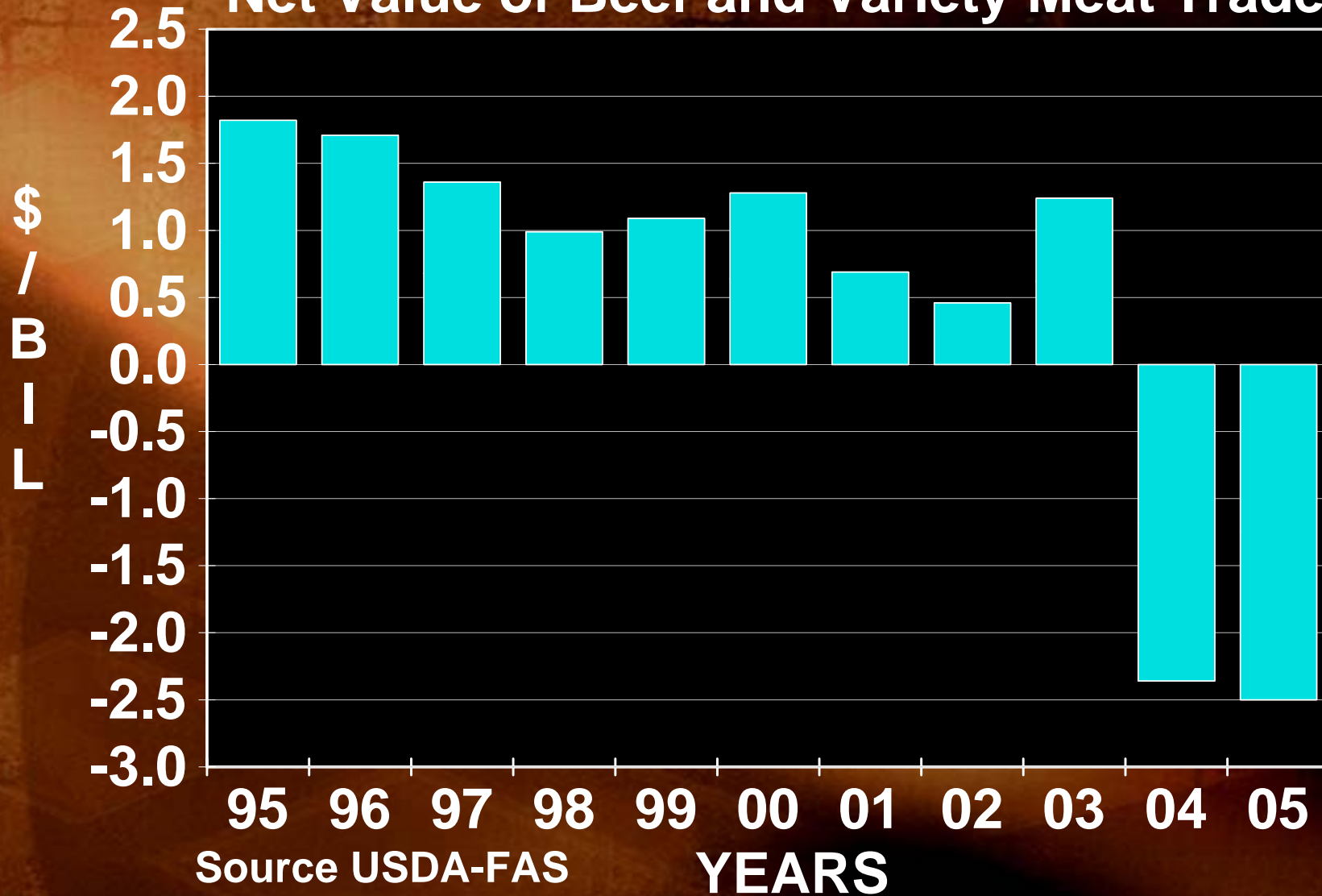
Beef Imports & Exports



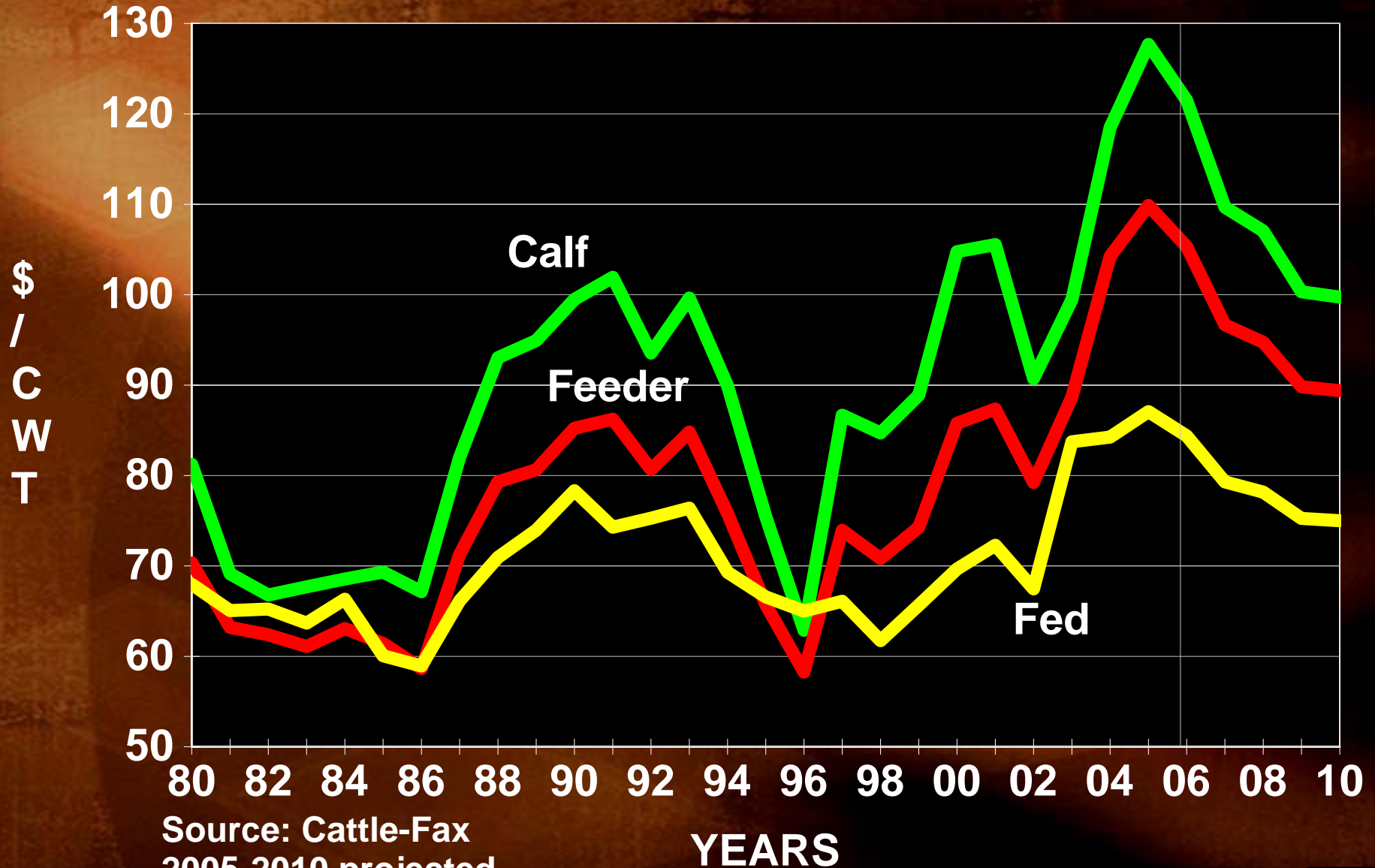
Source: USDA
2005-2010 Projected



Net Value of Beef and Variety Meat Trade



Cattle Prices

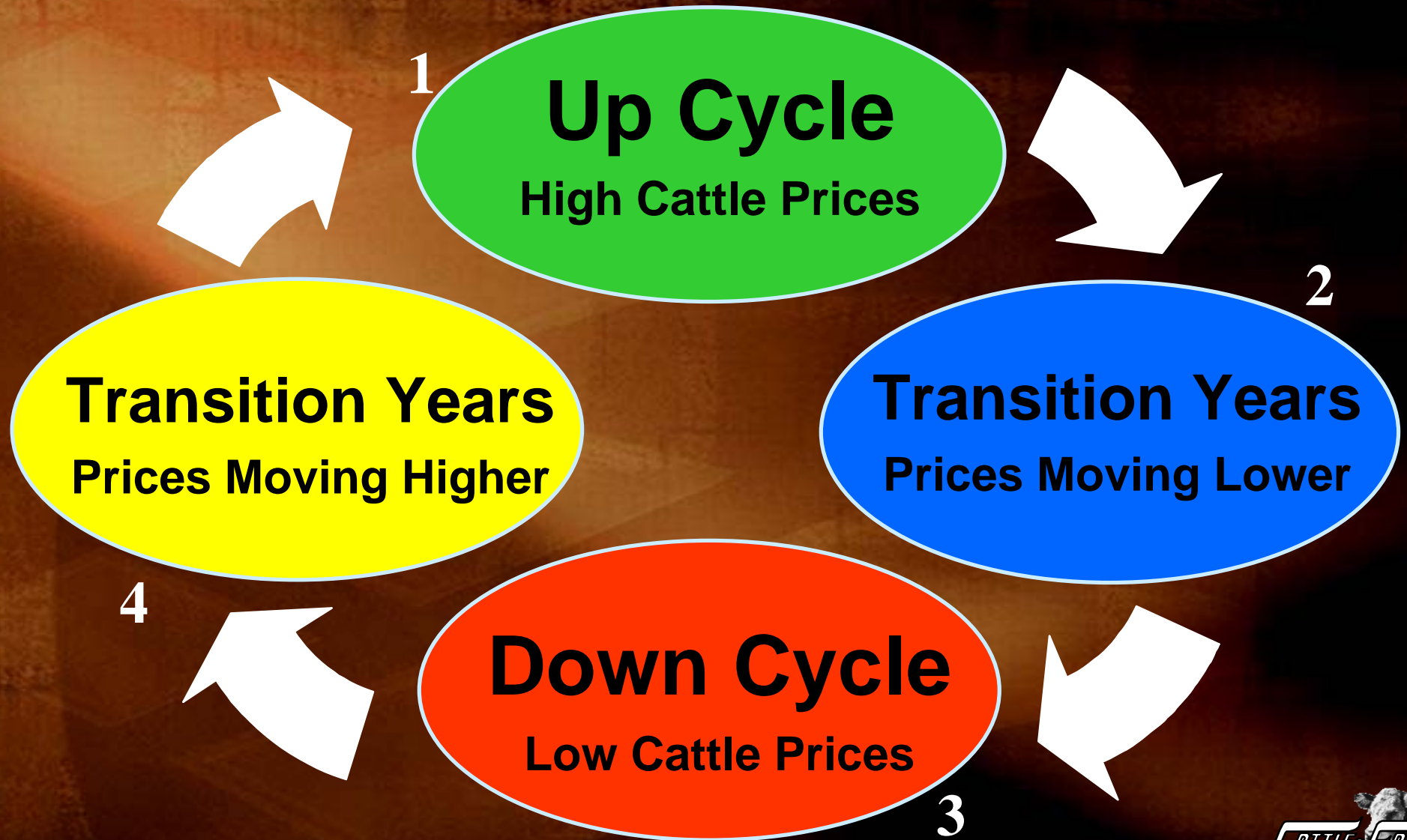


Source: Cattle-Fax
2005-2010 projected

YEARS



FOUR PHASES OF THE CATTLE CYCLE



Structural Change In The Beef Industry



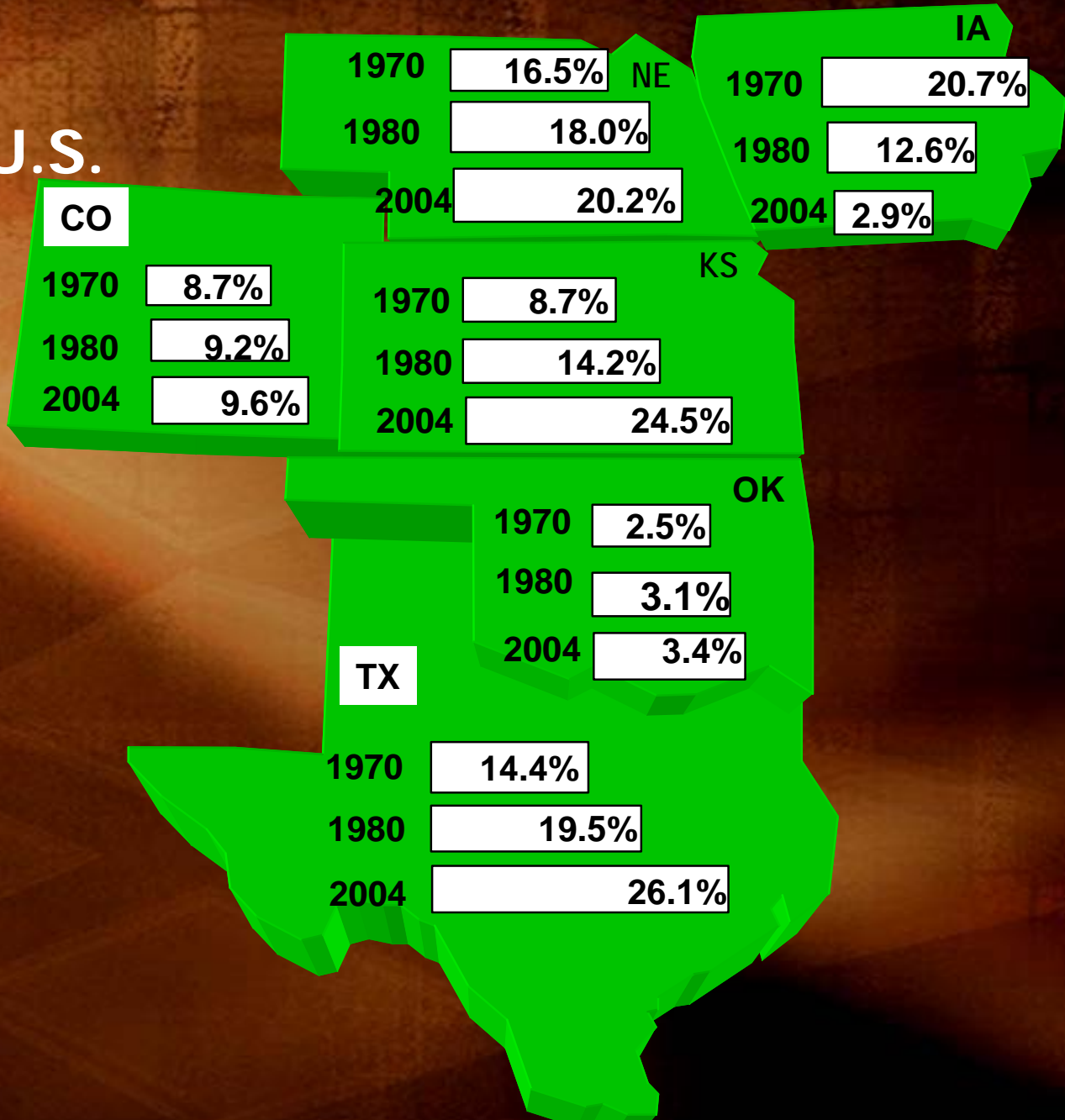
From 1987-2002

55,954 fewer cow/calf operations with less than 100 head






5,600 more operations with 100-199 head

5,012 more operations with more than 200 head

Percent of Fed Cattle Marketed U.S.



Beef Industry Concentration

- **Cow/Calf**  800,000 producers
average herd size
42 head
- **Feedlot**  50 largest companies
have 240 feed yards
65% market share
- **Packer**  5 major packers
85% market share
- **Retail**  Big 10 retail chain
55% market share
- **Consumer**  290 million domestic
9% export

U.S. Beef Market



28 Million Fed Cattle Annually



540,000 Harvested per Week



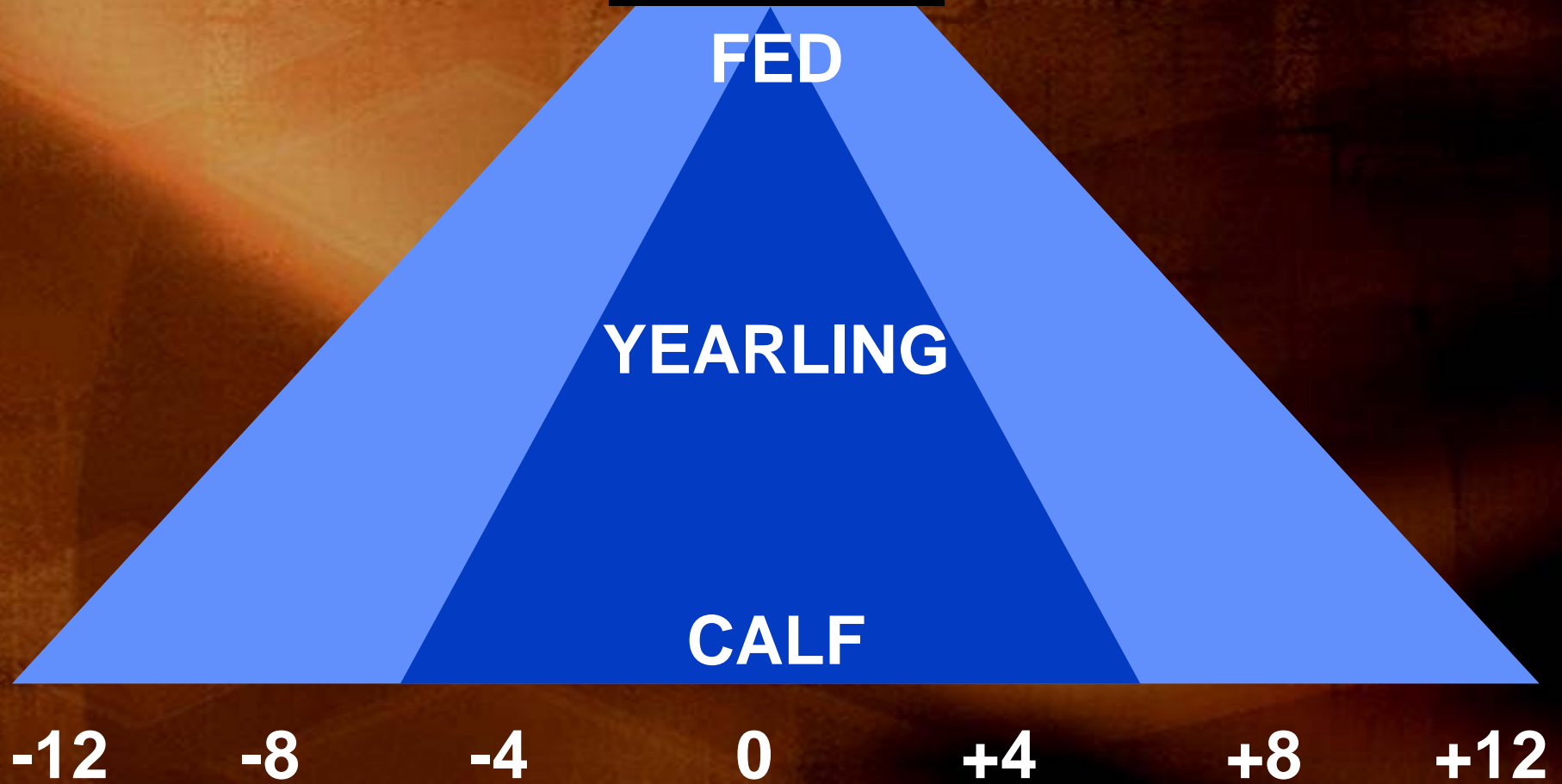
26 Billion Pounds Beef Production



500 Million Pounds per Week

FUTURE CATTLE MARKET

Increased Value Differentiation At All Levels



Major Trends & Opportunities

- ◆ Globalization – Increased Competition
- ◆ U.S. Must Have Access to World Markets
- ◆ Retail and Food Service Consolidation
- ◆ Animal ID: Time is NOW
- ◆ Increased Product Branding and Differentiation
- ◆ Record Wide Price Spreads
- ◆ Don't Forget the BASICS: Cost & Performance
- ◆ WHATS YOUR GOAL and TARGET?????
- ◆ *WILL IT IMPROVE PROFITS????*

CATTLE·FAX

