

Premium Beef Conducts First Stockholder Meeting

KANSAS CITY, Mo. — U.S. Premium Beef, Ltd. (USPB) conducted its first annual stockholder meeting on May 20 in Garden City, Kan.

USPB stockholders heard an update on the company's year-to-date performance and also elected the company's first permanent board of directors.

"Since December 1, when USPB began operations, we've continued to improve both our program and our cattle as our members have received individual carcass data on their cattle," Steve Hunt, USPB CEO, told attendees. During that time USPB bought more than \$133 million worth of cattle and paid out more than \$1 million in premiums on approximately 195,000 head of cattle.

"In spite of the market challenges, our program has worked as we hoped and believed it would," Hunt said. "In the coming months and years, as the market conditions return to more normal levels and USPB members breed, buy, and produce cattle designed for our grid and consumer markets, our program and premiums paid out will grow."

In the first six months of operation, USPB's interim board of directors made several improvements designed to encourage

members to produce the right quality of cattle to earn the highest return from those cattle. "Specifically, we increased our transportation credit from \$.50 to \$.55 per cwt., introduced a forward contract, removed the discounts on yield grade 1 and 2 carcasses, lowered the heavy and light carcass discounts, and developed an unbranded hides premium," Hunt said.

"We are encouraged that our members have earned significant premiums on a quality-based grid in spite of the narrow Choice/Select spread the industry has faced for most of this year," he said. "Tracking our premiums on a weekly basis has been encouraging. We've seen significant improvement since we began operations on December 1, which we believe is due to producers getting individual animal carcass data (at no charge) on their cattle and making changes based on that knowledge.

"In fact, our best week of premiums paid on all USPB cattle was in early May when our premiums averaged \$17.23 per head," Hunt noted. "During that week the top 25 percent of our cattle earned \$34.45 per head over the cash market and the middle 50

percent earned an \$18.69 per head premium to cash. Overall the top 25 percent of our cattle have averaged \$24.21 per head over the cash market and the middle 50 percent were \$7.28 per head over cash.

"It's important to remember that we're still in the infancy of our

development process," Hunt reminded USPB stockholders. "It's easy to overlook what we have in USPB. We own a successful beef company with branded labels in place. We market our cattle on a competitive grid when they're ready and receive carcass data at no charge. We get a transportation

credit to get them to the plants. And we have a staff in place to help improve the quality of cattle you deliver to USPB. There will be more exciting developments in the coming year which we believe will more consistently reward USPB members for producing higher quality beef."

Pasture Walk June 17

FREDERICK, Md. — A Frederick County Pasture Walk is scheduled Wednesday, June 17 from 10 a.m.-noon at Holterholm Farms on Holter Road.

Pasture walks show livestock producers how rotational grazing can increase agricultural profitability. Discussions will include "The Grazing Wedge" and the economics of rotational grazing systems, as well as plant growth information for the 1998 season will also be available.

This is the fourth year of grazing for Holterholm Farms. The dairy herd consists of 57 Holsteins, 25 Jerseys, and two cross-breeds. The entire 200-acre farm is seeded to permanent pasture. The herd is milked seasonally, with the dry period running from late December until mid February.

A variety of perennial grasses is established, including orchardgrass, fescue, ryegrass, prairie grass, and reed canarygrass. In ad-

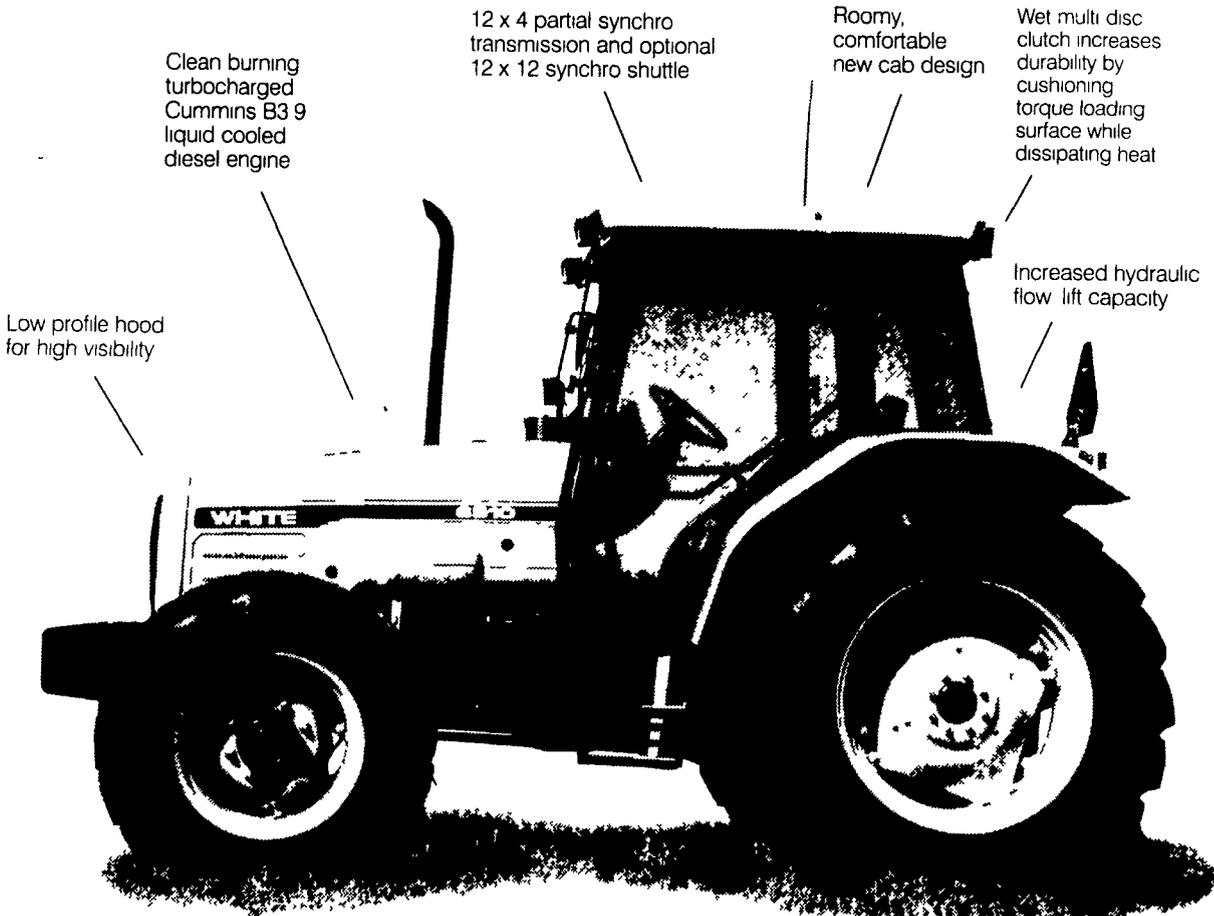
dition, white clover, red clover, alfalfa, and chicory are used across the farm. Water is available in every paddock and an all-weather cow lane was installed in 1996 using several different geotextile fabrics.

To reach the farm from Jefferson, Md. go east on Jefferson Pike and make a left onto Holter Road. Go two miles to the farm on the right.

From Middletown, Maryland go south on Rt. 17. Take an immediate left onto Franklin Street (this becomes Holter Road). Go three miles to the farm on the left. Look for pasture walk signs.

For more information, contact Stanley W. Fultz, extension agent, dairy science at (301) 694-1594 ext. 3578 or sf28@u.umd.edu.

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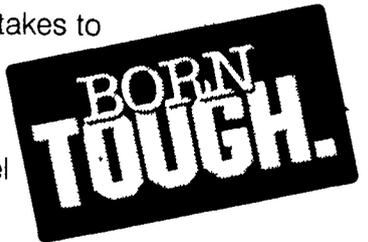
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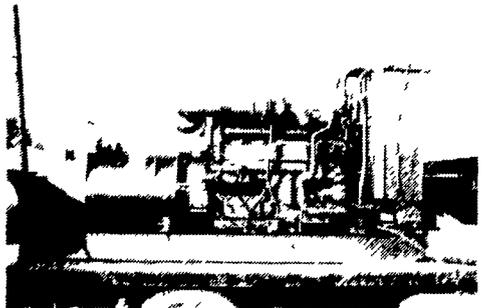
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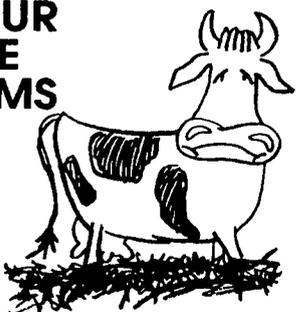
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