



Updated: August 24, 2009

National Beef Grid (NBP) Definitions:

Cattle Type: National Beef Grid is intended for high quality, predominantly black cattle.

Delivery Criteria: cattle will be turned into NBP fed cattle buyer by noon Tuesday week prior to kill. The following week (Monday-Saturday) will be week of slaughter and scheduling will be established by NBP cattle scheduler. Plant scheduling and delivery location is at discretion of National Beef.

Paying Criteria: cattle will be paid at 85% of value upon slaughter with the balance paid (if eligible) as soon as possible the week following slaughter. Results will be sent via US Mail as soon as possible and accompany final payment.

Grid Usage: NBP fed cattle buyer has the discretion to allow or not allow cattle to participate in the grid depending upon cattle quality and condition.

Carcass Damage Discounts: seller will be responsible for any carcass damage discounts incurred. Examples of such discounts include injection site and grub damage. Condemned cattle have \$0 value.

Base Live Price: week prior to slaughter - Weekly (Monday-Friday) weighted average weekly Kansas/Texas-Oklahoma steer and heifer price. USDA AMS Reports – LM_CT163 and LM_CT164

Base Plant Yield: week of slaughter - Weekly Kansas/Texas/Oklahoma cash cattle average dressing percentage

Choice-Select Spread: 4 week prior to slaughter rolling average. The USDA Weekly Weighted Average of the Choice 600-900 Beef Cutout minus the Select 600-900 Beef Cutout. Accumulated from AMS LM_XB403 Daily National Beef Cutout Report.

Premiums/Discounts: paid on weight which exceeds or fails to reach the Kansas/Texas/Oklahoma cash cattle plant averages, unless otherwise stated. The Choice premium/discount will be calculated based on a four week rolling USDA average. Prime and CAB premiums are calculated using Weekly USDA Prime (LM_XB456) and CAB (LM_XB452) beef cut prices minus 7.5 cents/lb. Respective weekly prime and CAB cutout values are calculated as a premium over USDA Choice for that particular week using adjusted prime and CAB beef cut prices, 2004 USDA primal/carcass standards and National Beef average carcass weight. The Prime and CAB premiums are 4 week rolling averages with \$8.00/cwt. and \$3.00/cwt. floors respectively. Seller stands all lights, heavies, hardbones, darkcutters, and over 30 months of age cattle. Over 30 month cattle determined by dentition at slaughter.

Choice or Higher	USDA Choice/Select Spread
Prime	Blend of Prime/Choice spread and \$8/cwt floor
CAB	Blend of CAB/Choice spread and \$3/cwt floor
Ungraded	(\$8.00) (all cattle not grading Select or greater)
Hard Bone	(\$25.00) – Stand All
Darkcutter	(\$25.00) – Stand All
Yield Grade 1	\$4.00
Yield Grade 2	\$2.00
Yield Grade 3	even
Yield Grade 4	(\$12.00)
Yield Grade 5	(\$17.00)
575/down	(\$15.00) – Stand All
1000/up	(\$15.00) – Stand All
Over 30 months of age	(\$10.00) – Stand All

Steer Premium – \$3.00 per head paid on a per lot basis with a maximum variance of 5.0% or 2 head, whichever is greater. Counts will be confirmed at the plant and paid based upon plant identification.

Freight credit of up to 50 cents/cwt.

Beef carcass grading at National Beef utilizes USDA approved instrument grading to augment USDA quality grade application. USDA certified programs use USDA Quality and Yield call. All other Yield Grade calls are made using vision grading under plant supervision. All other grades are determined in-house. National Beef Packing Co. LP maintains live cattle purchasing specifications and requirements on file at each processing facility or at www.nationalbeef.com. This information is available to producers marketing cattle to National Beef Packing Co. during normal business hours.