



Updated: Feb 10th, 2020
 Effective: Feb 24th, 2020

National Beef Grid Definitions:

Cattle Scheduling: Cattle will be turned into National Beef by noon Tuesday week prior to slaughter. National Beef scheduler will work with feedyard manager on cattle scheduling.

Cattle Payment: cattle will be paid at 85% of value upon slaughter with the balance paid (if eligible) as soon as possible the week following slaughter.

Grid Usage: NBP has the discretion to allow or not allow cattle to participate on the grid.

Carcass Damage Discounts: seller will be responsible for any carcass damage discounts incurred. Condemned cattle have \$0.00 value.

Steer Premium: Paid on a per lot basis with a maximum variance of 5.0% or 2 head, whichever is greater. Premium is \$5.00 per head.

Non-Conforming Cattle: seller agrees and understand that all rejected cattle are subject to a \$200.00 handling fee, that will be deducted from their check.

Base Live Price: week prior to slaughter weighted average KTO steer and heifer price plus \$0.25.

Base Hot Yield Threshold: average dressing percentage on live weight cattle from KTO week of slaughter in both KS plants, capped at 64.20%.

Choice-Select Spread: 4 weeks prior to slaughter rolling average, USDA Weekly Weighted Average of the USDA Heavy Choice Beef Cutout minus the USDA Heavy Select Beef Cutout.

Premiums/Discounts: paid on weight which exceeds or fails to reach the KTO non-grid live weight purchased cattle Liberal and Dodge City plant averages combined, unless otherwise stated. Choice and higher threshold KTO average minus 5.0%. Prime and CAB premiums are calculated using Weekly USDA reports minus \$.0075/lb. The Prime and CAB premiums are 4 week rolling averages with \$8.00/cwt. and \$3.00/cwt. floors respectively. Certified Hereford Beef Upper 2/3 Choice premium is fixed at \$2.00/cwt. Seller stands all lights, heavies, hardbones, darkcutters, and over 30 months of age cattle. Over 30 month cattle determined by dentition at slaughter.

| <u>Category</u> | <u>Threshold</u> | <u>+ / -</u> |
|------------------------|-----------------------|---|
| Prime | 4-week plant average | Blend of Prime/Choice spread and \$8/cwt floor – premium only |
| Choice or Higher | plant average less 5% | USDA Choice/Select Spread |
| CAB | plant average | Blend of CAB/Choice spread and \$3/cwt floor – premium only |
| CHB Upper 2/3 Choice | none | Fixed at \$2.00 |
| No Roll | plant average | (\$8.00) (all cattle not grading Select or greater) |
| Hard Bone / Darkcutter | none | (\$25.00) – Stand All |
| Yield Grade 1 | 4-week plant average | \$5.00 |
| Yield Grade 2 | 4-week plant average | \$3.00 |
| Yield Grade 3 | 4-week plant average | even |
| Yield Grade 4 | 4-week plant average | (\$12.00) |
| Yield Grade 5 | 4-week plant average | (\$20.00) |
| 575/down | none | (\$15.00) – Stand All |
| 1050-1099 | 7% | (\$20.00) – Discount only |
| 1100/up | none | (\$30.00) – Stand All |
| Over 30 months of age | none | (\$12.00) – Stand All |

Freight credit of up to 50 cents/cwt.

All Yield Grade and Quality Grade calls at NBP are made using USDA instrument 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.