PRODUCER INITIATIVES TO DEAL WITH PRODUCTION CONTRACTS

PRESENTATION ON CONSOLIDATION BEEF PRODUCERS

Paul Hitch
Past Chairman and Board Member
Consolidated Beef Producers
Presentation on Consolidated Beef Producers

By Paul Hitch, President, Hitch Enterprises, Inc.
## Market Comparison

<table>
<thead>
<tr>
<th>1970</th>
<th>2002</th>
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</thead>
<tbody>
<tr>
<td>Many retailers</td>
<td>Fewer feeders</td>
</tr>
<tr>
<td>Many packers</td>
<td>Fewer packers</td>
</tr>
<tr>
<td>Many feeders</td>
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</tr>
<tr>
<td>Many ranches</td>
<td>Fewer ranches</td>
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</table>
1970
- Spot market purchases. Cash, live, or in the meat

V.

2002
- Some cash or meat, many formulas, growing Alliances and/or other forms of cooperative production.
1970
“Beef is King!” – John Wayne,
“Chicken is a commodity.”

V.

2002
“Beef is a commodity.
Chicken is King, and is a branded product.” - Tyson
1970
Beef, pork, and poultry all inefficiently produce an inconsistent commodity product.

2002
Chicken is a consistent product; efficiently produced, microwavable, pre-seasoned.

Pork is rapidly integrating to achieve the consistency and production efficiency of poultry.

Beef is starting to integrate through alliances and other arrangements.
Consolidated Beef Producers

- Incorporated – April 2000
- First recruiting meeting – May 2000
- Membership rolls closed – Oct. 1, 2000
- Cattle enrolled – 2,100,000 +
- First employee starts work – Jan. 2001
- First cattle sold – March 2001
Consolidated Beef Producers

- Total Cattle on the show list March 2001 through Jan. 2002: 1,300,797 head
- Total Sales: 763,046 head
- Sold: 59%
- In the beef sales: 22%
- Grid sales: 39%
- Cash sales: 39%
For fiscal 2002 (10-1-01 to 1-31-02) grid sales added about $.67 per cwt. over the cash market to the value of the cattle. This is about $8.00 per head.