


Frequently Asked Questions

What are other producers asking about U.S. Premium Beef?

Here are the most commonly asked questions (*click the  or the question to see the answer*):

[What is U.S. Premium Beef?](#)

U.S. Premium Beef is a vertically integrated beef marketing company owned by beef producers. U.S. Premium Beef owns National Beef Packing Company, LLC, the nation's fourth largest beef processing company.

USPB offers beef producers the opportunity to own the beef cattle they produce on their ranches and in their feedlots all the way through value-added processing. Producers are paid on an individual animal value basis based on quality. Producers receive individual animal carcass data at no cost to help them improve the quality of the beef they produce.

USPB cattle go into several branded products including Black Canyon[®] Premium Reserve, Certified Premium Beef[™], Black Canyon[®] Angus Beef and Naturewell[®] Natural Beef, NatureSource[™] Natural Beef, Vintage[™] Natural Beef, Certified Angus Beef[®], Certified Angus Beef[®] Prime and Certified Hereford Beef[®]. In addition, high-quality beef produced by our processing company, NBP, is also being marketed direct to consumers through Kansas City Steak Company, a high quality, portion control and mail order company.

[Where is U.S. Premium Beef located?](#)

U.S. Premium Beef is headquartered in Kansas City, MO, in the same building as its processing company, National Beef Packing Company. The address is ...

P.O. Box 20103
Kansas City, MO 64195
Phone: 866-877-2525
Fax: 816-713-8810.
www.uspremiumbeef.com

In addition, USPB has an office in Dodge City, KS, located at

100 Military Ave., Suite 201
P.O. Box 1751

Dodge City, KS 67801
Phone: 866-877-2525
Fax: 620-225-1811.

☐ [How many cattle are marketed through U.S. Premium Beef?](#)

U.S. Premium Beef began marketing member cattle December 1, 1997. The initial producer interest in the company was very impressive. More than 8,000 head of cattle per week were marketed through USBP in 1998. Since then, the company has marketed approximately 13,000 head of cattle per week.

☐ [What level of premiums are U.S. Premium Beef cattle earning?](#)

During fiscal year 2007, all U.S. Premium Beef cattle earned \$24.61 per head in premiums over the cash market. The top 25 percent received more than \$62 per head in premiums to cash; the top 50 percent earned \$46 per head premiums while the top 75 percent of USBP cattle earned more than \$36 per head over selling on the cash market. In addition, since beginning operations in 1997, U.S. Premium Beef unitholders and Associates have realized nearly \$88 million in dividends and cash distributions based on the earnings of the value-added processing company they own, National Beef.

☐ [How can new producers participate in U.S. Premium Beef?](#)

- Become a unitholder or Associate of U.S. Premium Beef.
- Buy U.S. Premium Beef units or lease delivery rights.

U.S. Premium Beef is a limited liability company. U.S. Premium Beef conducted a stock offering that ended on January 23, 1998. New producers wanting to market their cattle through U.S. Premium Beef, have been able to do so by leasing and/or buying delivery rights or units from existing unitholders.

All producers who market their cattle through U.S. Premium Beef must become Associates of USBP which costs \$100 for a Lifetime membership. Leasing one delivery right gives the lessee the right to market one finished animal during the fiscal year.

☐ [What benefits do producers who lease USBP delivery rights receive?](#)

Producers who lease USBP delivery rights to market their cattle through the company receive all of the benefits of the program including the right to be paid on USBP's quality-based grid, individual animal carcass data at no additional cost, and a transportation credit which defers trucking costs on approximately 110 miles.

☐ [How do unitholders and Associates get paid for cattle marketed through U.S. Premium Beef?](#)

USBP issues a check for approximately 85 percent of the value of the cattle the day cattle are delivered to the company's processing plants. The following week a check for the balance is issued based on final quality and yield grades of the cattle.

☐ [Where are the company's processing plants located?](#)

National Beef Packing Company has three beef processing plants located in Liberal and Dodge City, KS, and Brawley, CA. USBP producers deliver cattle to all plants. [Click here for directions.](#)

☐ [Who makes up U.S. Premium Beef?](#)

Producers from all segments of the U.S. beef industry, including purebred and commercial cow-calf producers, backgrounders, farmer-feeders and commercial cattle feeders, are unitholders in U.S. Premium Beef. Having all segments of the industry participate enables USBP to more efficiently produce safe, consistently high quality beef products consumers want.

☐ [How does U.S. Premium Beef add value to a producer's cattle?](#)

U.S. Premium Beef works with its producers to improve production efficiencies as well as carcass quality to optimize performance from their beef enterprises. The result is higher, more consistent quality beef delivered to National Beef's plants. That enables NBP to grow its value-added, branded product lines including Black Canyon[®] Premium Reserve, Certified Premium Beef[™], Black Canyon[®] Angus Beef and Naturewell[®] Natural Beef, NatureSource[™] Natural Beef, Vintage[™] Natural Beef, Certified Angus Beef[®] Prime and Certified Hereford Beef[®]. In addition to selling their cattle on USPB's high quality grid, unitholders receive cash distributions from the value-added earnings of NBP.

☐ [How is U.S. Premium Beef different from beef alliances?](#)

The primary difference between U.S. Premium Beef and marketing alliances being formed in the beef industry today is that USPB owns the company that processes and markets its producers' product all the way to retail and, in some cases, to consumers. This unique-to-the-beef industry producer-owned beef company assures its unitholders that they receive all the value added to the beef they produce through the further processed portion of the industry.

In other words, USPB unitholders have made a financial investment to own their product through value-added processing. In return they are able to sell their cattle on an individual animal value basis and also benefit financially from the value National Beef adds after their cattle are delivered to the processing plants. The financial commitment USPB unitholders make helps encourage them to produce better quality beef. In addition, these producers also have "pride of ownership" in the branded products their processing company produces from the cattle they deliver.

Today, no other large-scale beef program in the United States more directly ties beef producers to consumers to assure production of safe, consistent, high quality beef products. USPB enables producers to take ownership and responsibility for the products carrying their company's name to the consumer marketplace.

☐ [What type of cattle does USPB want?](#)

The USPB grids are non-breed specific. Your cattle do not have to be of any certain breed to be sold on the USPB's grids. However, premiums reward cattle that excel in marbling (have desirable quality grades) and cutability (desirable yield grades). USPB does not accept: Heiferettes, late-cut bulls, Corrientes, or high percentage Brahman influence cattle (over 50% Brahman as measured by visual appraisal). USPB reserves the right to refuse delivery of individual cattle or entire pens based on visual appraisal.

☐ [What kind of cattle work well on the USPB Grid?](#)

To generate more returns than selling on the live cash market, a pen of cattle needs to excel in four areas. One could use the analogy of a four-cylinder engine, if you will. There are four different cylinders that a pen of cattle must "fire" on to do well.

First, is total quality grade. This includes Prime, Certified Angus Beef[®] and Black Canyon[®] Premium Reserve. These cattle generate the largest premiums; however, there are no discounts if your pen of cattle does not produce any. Choice or better is also part of the total quality grade and the payment, or premium, is relative to the seasonality of the [Choice/Select spread](#). Cattle that produce 50% Choice or better will receive a quality grade premium; however, the premium will fluctuate with the market. When the Choice/Select spread is high the "fuel" (premium) coming into this cylinder is a little richer.

Second is yield, or dressing percent. Whenever you make a comparison of a carcass-based pricing system (USPB) to the live cash market, yield will affect that comparison. Cattle that yield high have a lighter live weight relative to their hot carcass weight. Therefore, if your cattle yield higher than plant average chances are that you will benefit by simply selling carcass weight rather than live weight. On the other hand, when cattle weigh up live with extra feed (gut fill) or mud, their live weight is inflated. This in turn will hurt the comparison of any carcass-based pricing system when comparing to selling live weight, because you could have sold "extra weight" on a live basis.

Cattle that were placed on feed at a lighter weight and have more days on feed tend to yield higher than short-fed cattle. Also, cattle of Exotic, or Continental breeding tend to have a higher dressing percent than most straightbred English, or British breeds when compared at similar placement weights and days on feed. If you already market your cattle on a carcass basis (i.e.: flat meat bid, grade-and-yield or a grid) then yield essentially doesn't matter assuming that your carcasses will weigh the same at National Beef as they would at the plant you are currently delivering to.

Third, is total yield grade. This is primarily avoiding Yield Grade 4's and 5's (fatter, lighter muscled cattle) which are discounted. There are premiums available for producing more YG 1's and 2's than plant average; however, there is no discount for being below plant average for YG 1's or 2's. There is also a discount of \$13/cwt. for weight that is above plant average for YG 4's. In our analogy, producing more YG 4's than average is like missing a valve ring and causing this cylinder to "misfire".

Fourth is outweigh cattle. Obviously, if you can avoid light and especially heavyweight discounts, premiums will tend to be higher. The total discount for a carcass that is one pound too heavy is \$150.15 (1,001 X \$15/cwt.). That's a lot of "fuel" to waste. Outweight cattle can often be minimized by adjusting the placement weight of the cattle.

Cattle placed at a weight of less than 800 or even 850 pounds tend to produce fewer heavyweights and also yield well. Keep in mind the type and breed of cattle you are feeding and their potential for growth to avoid placing them on feed at a weight that will produce heavyweight carcasses.

Your total net premium per head versus cash will be a net sum of all four cylinders. If one isn't firing, then it will definitely slow down the engine. However, the power (total premium) can come from only one or two cylinders even if the others are a little below average. At the same time, you can make consistent premiums with cattle that are only slightly above average in all areas.

[I have some cattle I think will work well on your grid. What exactly do I have to do to sell them to USPB?](#)

Following is a step-by-step procedure for marketing cattle through U.S. Premium Beef under a lease agreement with an existing unitholder. It includes all events that normally take place and all actions that you, the owner of the cattle, must take to deliver cattle.

1. Become an Associate of U.S. Premium Beef (the cost is \$100 to become a Lifetime Associate) at least two weeks prior to delivery of the cattle. This will allow enough time for USPB to receive your application and check via mail and then allow you to place cattle on our showlist. The name listed on your application must match the name in which cattle payments will be issued.
2. Contact a USPB unitholder with delivery rights available for lease or call Tracy Thomas, Director of Marketing at 866-877-2525. You must lease one delivery right for each animal that you wish to deliver. USPB does not regulate lease charges; they simply introduce you, the potential lessee to the unitholder interested in leasing his or her units. Lease rates are privately negotiated between the unitholder and the lessee. Payment will then be made directly from the lessee to the unitholder.
3. Fax in Form B to the USPB office in Kansas City by noon Monday, the week prior to delivery. Request additional carcass data on Form B if desired. Be sure to designate if the cattle are age and source verified.
4. After scheduling and before shipment, the local National Beef buyer will inspect the cattle at the feedlot unless the cattle are fed outside of the normal buying area in which case the buyer will usually call the feedlot. The buyer can assist in lining up trucks for delivery. USPB offers a transportation credit of up to \$0.60 per cwt of live weight.
5. National Beef will call the feedlot (usually two days prior to delivery) to coordinate delivery.
6. On the day of delivery, weigh the cattle. If scales are not available, weigh the truck empty at a nearby scale, load and weigh full at the same scale. Then pencil-shrink that weight 4% to determine your pay weight. Fax "Form C" to both the USPB office in Kansas City and to the plant you are delivering to (all fax numbers are on the forms). Be sure to include on Form C an accurate head count, the net pay weight, percent ownership of each owner (total ownership must equal 100.00%) and any outstanding feed and cattle financing that is payable to the feedyard. Any errors or omission of data on Form C will delay your initial check. Only as a last resort should you use arrival weight at the plant for your pay weight. Upon arrival at the plant, have the trucker leave a bill of lading for his fees (if you lined up the trucking).
7. Assuming all information on Form C is correct, the plant will issue your initial check the day the cattle are delivered. Initial payment is equal to: live pay weight x average cash price, week prior to delivery, x 85% - beef checkoff - any excess trucking (costs above freight credit).
8. Cattle are then processed, the carcasses chilled, and graded by a USDA Grader.
9. Typically on Monday through Wednesday of the following week, the plant will determine the plant average yield for the week you delivered your cattle, the four-week average for the yield grades and then calculate the grid and make your final payment. Final payment checks are mailed to the owner with a settlement sheet showing exactly how the value was determined on your cattle and a detailed carcass grade report listing each carcass individually, its weight, Quality Grade, Yield Grade and value.
10. If requested, premium (complete) carcass data is mailed to the owner of the cattle several days after the cattle are processed, or can be e-mailed to the owner on the Wednesday following the week in which cattle were processed.

Summary of Benefits from leasing USPB delivery rights:

1. Market your cattle on a value-based grid—be rewarded for quality.
2. Flexibility—leasing only the delivery rights you need is an excellent way to gain experience in marketing your cattle on the USPB grid before buying units.
3. Receive individual carcass data at no charge.
4. Market cattle on a timely basis—you determine which week the cattle are delivered.
5. Transportation credit which defers trucking costs on approximately 110 miles.