

AMERICAN ANGUS ASSOCIATION® LONG-RANGE STRATEGIC PLAN 2011



OUR OBJECTIVES

Across America, hundreds of thousands of individual farms and ranches depend each day on the information, research and marketing efforts of the American Angus Association and its entities.

Today, after more than a century of expansion, the Angus breed is the centerpiece of the rural American economy, a position we seek to expand and strengthen.

Our objective is to build bridges between industry sectors, to drive value to all who have committed to the breed, and to produce the highest-quality beef in the world.

In this document, the American Angus Association declares and renews its 128-year commitment to the success, profitability and economic well-being of its members and their customers — and lays out a roadmap to their continued success.

PRESIDENT'S LETTER

My fellow Angus cattlemen:

Today, we have reason to be optimistic for the future of the breed. Angus continues to serve as the beef cattle leader, not only in sheer volume, but in nearly all sectors of business.

The American Angus Association provides the world's most advanced beef cattle genetic evaluations. We offer leading programs and services designed to assist both seedstock and commercial cattlemen with management and marketing needs. Through our junior program and the Angus Foundation, we'll continue to meet those needs while developing tomorrow's leaders.

We also supply the world's most successful branded beef program, Certified Angus Beef LLC, and we provide informative and award-winning communications and cutting-edge public relations efforts that push the boundaries of traditional cattle associations.

Most importantly, our breed's position has been developed and fostered by forward-thinking leaders who have had the foresight to build the foundation for our growth. It's that foresight that brought us to where we are today, and it's that foresight that has helped to shape this long-range plan.

For many of us, concepts like "long-range plan" or "strategies and tactics," may represent little more than corporate jargon. But the reality is that — like never before — this plan has been developed using input from members, their customers and others dependent upon Angus success.

The plan represented here is the result of that input as well as countless hours and resources dedicated by the Board of Directors, the Executive Management Team, Association staff and other industry influencers.

I'd like to acknowledge and personally thank everyone involved in this planning process. I believe this plan provides the underlying foundation for our growth in the years ahead. Like most plans it will undoubtedly require revisions as future needs change, but — with your input — we've been able to develop something we can all be proud of.

Thank you.



Joe Hampton, American Angus Association President

CEO'S LETTER

Members, commercial producers and friends:

In any business it's important to have a clear picture of success — to define it and how to achieve it. Naturally, we develop long-term goals and strategies for how to achieve them. While most businesses, including the American Angus Association, undergo periodic self-evaluations to set such plans, these long-range planning efforts differ from anything we've ever done before.



Bryce Schumann, American Angus Association CEO

While it's not the first time

we've undergone such an endeavor, it is the first initiative in recent memory in which a breed association has put such effort into first gathering input from those who have the biggest stake in its success — our members and their customers.

The input gathered from the listening sessions, surveys and individual interviews was as interesting and insightful as it was valuable to the process.

Staff and the Board of Directors spent the last several months conducting sessions with representatives of all industry sectors — and prioritizing the areas that will protect, and expand, the leadership position that we've worked so hard to secure.

Above all else, this has been a process that has allowed us to renew connections with not only those across the industry who are impacted by our decisions — but also with our members.

It was good hearing from so many of you — and rewarding to see how many people care so deeply about where this organization is headed. With your continued help, this great breed of cattle will be successfully

stewarded for the next generation.

Thanks to all who participated in the long-range planning process. Your input played a critical role, and will continue to be the foundation of everything we do.



VALUABLE INPUT

In fall 2010, the American Angus Association and its Board of Directors announced a long-range planning initiative to identify and assess the needs of our members, their customers and others with a stake in the U.S. Angus business.

The Association set to work on the preliminary process beginning in January 2011, when staff members and Board directors began conducting a series of long-range planning sessions, or listening sessions. Panelists of Angus breeder members, commercial cattlemen and feeders each weighed in on how our breed can remain relevant into the future.

This valuable information was compiled in congruence with the more than 800 surveys submitted via mail and our website at www.angus.org, as well as individual input received by Board members.

MEMBER SURVEYS

More than 800 survey responses were collected from members, commercial producers and industry representatives from December 2010 to March 2011.

While responses varied, survey results indicate the majority of respondents value selection tools and customer service. Members value the Association's role in maintaining the Angus herdbook, and providing cutting-edge genetic tools and breeder services.

Based upon survey results, most respondents look to the Association to market their cattle, breed and product to customers and consumers. Data management and storage, record processing and genetic selection tools are highly valued. Marketing resources such as Certified Angus Beef LLC and ongoing public relations efforts also ranked high among survey participants.

Table 1 ranks the top American Angus Association products and services that survey respondents most value.

Survey respondents were also asked to list priorities for the American Angus Association — now and in the future. Respondents identified low-cost services and an increasing focus on small-scale breeders as top priorities.

TABLE 1. WHAT RESPONDENTS VALUE*

1. Marketing the value of Angus

2. Data management / Storage / Systems

3. EPDs / AHIR

4. Registrations / Pedigrees

5. CAB growing demand for breed

6. Education

7. Genomic-enhanced EPDs

8. Web services / AAA Login

9. Staff / customer service

10. Junior programs

* Results based upon responses submitted as of March 2011.

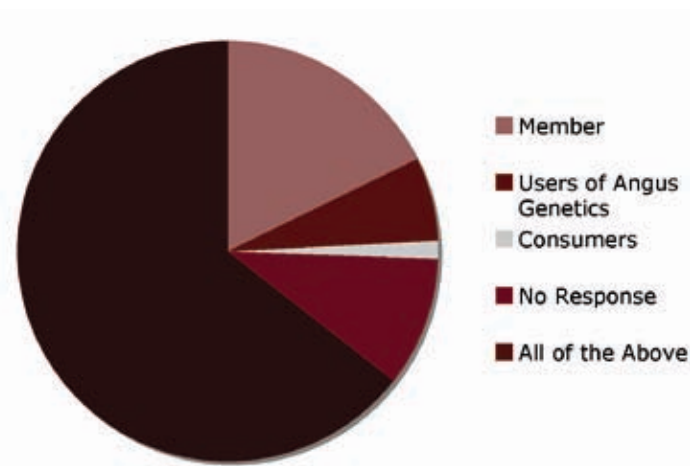
“AAA has to be the lead tool to promote the breed itself and its members. Build value, confidence and purpose in a registered animal.” — Survey respondent

Other input varied. Survey responses reflected a diversity of opinion among respondents for the direction of the American Angus Association and its entities. While many indicated a need for additional genetic measures, for example, some suggested fewer EPDs.

Survey respondents were also asked to identify the customer(s) of the Association and where to focus future resources.

According to responses, most respondents classify members, consumers and users of Angus genetics as customers of the American Angus Association and its entities (see Chart 1).

CHART 1. WHO IS THE ASSOCIATION CUSTOMER? *



Members: 104
 Users of Angus Genetics: 37
 Consumers: 9
 No Response: 57
 All of the Above: 377

* Results based upon responses submitted as of March 2011.

Table 2 ranks the services respondents would most like to see in the future.

TABLE 2. WHAT RESPONDENTS WOULD LIKE TO SEE*
1. Lower-cost services
2. Increased focus on small-scale breeders
3. New / More EPDs (genetic measurements)
4. Less EPDs / More focus on phenotype
5. Removal of registration requirement for interim EPDs
6. Better profitability
7. Allow data and/or registrations to other breeds
8. Continue to enhance CAB to further drive registrations
9. Don't allow data and/or registrations to other breeds

* Results based upon responses submitted as of March 2011.

“Publicity such as CAB campaigns and I Am Angus give our great Association immeasurable exposure to both the livestock industry and the American consumer.” — Survey respondent

LISTENING SESSIONS

The American Angus Association hosted a series of listening sessions in January and February 2011. Sessions consisted of three panel groups including breeders, commercial cow-calf producers and feeders. The following summarizes forum feedback.

SEEDSTOCK MEMBER PANEL

Panelists indicated a desire to further develop and integrate genomics into Association selection tools for the benefit of both purebred and commercial producers.

Other top recommendations and needs identified by the member panel include the need to:

- expand communications to seedstock and commercial customers, as well as consumers;
- increase marketing assistance to the seedstock segment;
- offer marketing assistance for commercial users of registered Angus bulls;
- further develop reproduction and longevity measures;
- offer voluntary inventory-based performance reporting;
- identify ways to enhance the value of the registration paper; and
- prioritize research toward the advancement of genetic selection.

COMMERCIAL COW-CALF PANEL

Panelists indicated they value American Angus Association data and selection tools, which they consider accurate, reliable and valuable.

Top recommendations received during the commercial forum include the need to:

- develop longevity and fertility measures;
- expand the role of genomics at the commercial level;
- increase marketing assistance to commercial producers to further capture the value of Angus genetics;
- prioritize research that also benefits the commercial sector;
- prioritize communications with commercial cattlemen; and
- consider ways to utilize seedstock producers as an information source for commercial cattle customers.

FEEDER PANEL

Panelists indicated they value American Angus Association data as “downstream partners.” The group of mostly feedlot operators suggested the need for tools to better differentiate quality calves and to qualify for the *Certified Angus Beef*® program.

Top recommendations received during the feeder forum include the need to:

- further develop predictability measures and selection tools to differentiate quality at the cow-calf and feeder level;
- consider the development of a selection tool that identifies healthier animals;

“Our biggest goal should be to find ways to enhance the value of the registration certificate.”

— Gary Dameron, Illinois

“We’re looking at some real challenges in agriculture. With an increasing number of anti-animal agriculture messages and animal welfare issues on the rise, we must expand our public relations message, as well as our educational efforts with Angus juniors. Research and development of genetics must also remain a priority for the Angus Association.”

— John Grimes, Ohio

“There is a different group of people in this industry than ever before, but the value of the Angus database remains the key to success at our operation.”

— Mike Kasten, Missouri

“For us, it’s all about information. The accuracy and the ease in which we can receive that data is second to none with Angus, but genetic testing and how the Association controls that information will be important in the future.

The Angus Association has to protect its commercial producers — make it so easy for me that I won’t go anywhere else.”

— Barb Downey, Kansas

- use food safety and source concerns to further drive value in the registration paper;
- seek opportunities to further grow age- and source-identification programs such as AngusSource® and Gateway;
- overcome or alleviate increasing capital requirements for entry-level, beginning producers;
- grow *Certified Angus Beef* on the global market; and
- meet increasing educational and communications needs throughout the industry — from members through feeders — to develop better connectivity throughout the beef supply chain.

“We have the need for a common person, and that’s the commercial guy. Obviously, the more information we have available to us, the more predictable job we can do of determining what that performance might look like and what kinds of challenges we’ll have in the process. At the end of the day, it’s easy for me to sell the good ones — the Primes and the CAB-qualifiers. ... We’ve got to do a more effective job at our level of business of deciding how we can hit the end target, and the more data we have the better.”

— Steve Gabel, Colorado

INDIVIDUAL INPUT

Board members also received individual input from Angus breeders. Respondents in this group presented a more commercially-oriented perspective. The majority of responses called for inventory-based reporting to develop longevity and fertility measures; and incorporation or evaluation of DNA technology and consideration for the speed in which it is adopted.

ANGUS LONG-RANGE PLAN — GOALS AND STRATEGIES

Based upon months of input submitted by both purebred and commercial Angus cattle producers, feedlot operators and other industry representatives, the Board of Directors of the American Angus Association and its entities have developed the following goals and strategies for the long-range success of the Angus breed.

To build a successful strategic plan, staff and directors approached the planning process with realistic optimism, with a focus on overarching strategies. Ultimately, the plan was built looking at the benefits to the member first. This “member-centric” approach results in a plan where all tactics and strategies can be traced to a direct benefit to the registered Angus breeder.

STRATEGIC INTENT

To increase member success and profitability by:

- Growing registered Angus demand
- Increasing marketing and education efforts
- Fostering development and use of technology
- Leveraging entity resources and expertise
- Growing industry leadership role of the Association and its entities

To reach these intended goals, long-range initiatives were focused on the Angus breed’s core sectors: seedstock breeders, commercial cow-calf operators, feeders/stockers, consumers and youth. Benefit goals to the membership were developed for each of these targets with strategies identified specific to those goals (see Table 3). The strategies developed in each sector target advancements in technology and research, marketing, and education.

TABLE 3. MEMBER BENEFIT GOALS AND STRATEGIES

TARGET	MEMBER BENEFIT GOALS	STRATEGIES
SEEDSTOCK	<ul style="list-style-type: none"> • Genetic improvement of the Angus breed • Increased demand for registered Angus seedstock • Success and pride breeding Angus cattle • Sustainable and cost-effective Association services 	<ul style="list-style-type: none"> • Provide comprehensive breed registry services • Deliver industry-leading selection tools • Provide marketing services and opportunities to registered breeders • Provide educational resources beneficial to the business of raising registered Angus cattle • Be a global leader in Angus genetic evaluation
COW-CALF	<ul style="list-style-type: none"> • Increased registered Angus bull demand • Industry leadership position • Alternative revenue sources to fund Angus programs and marketing 	<ul style="list-style-type: none"> • Actively market and sell the value of Angus genetics • Offer genomic tools to characterize economically relevant traits for commercial cow-calf producers using registered Angus bulls • Help Angus breeders offer marketing assistance to their bull customers • Educate those influencing genetic decisions
FEEDLOT	<ul style="list-style-type: none"> • Increased registered Angus bull demand • Industry leadership position • Alternative revenue sources to fund Angus programs and marketing 	<ul style="list-style-type: none"> • Offer educational efforts targeted at cattle feeders • Communicate the advantages of Angus cattle in the feedlot • Foster supply chain efforts for Angus genetic feeder cattle • Influence industry direction through organizational participation • Grow the supply and value of Angus-verified feeder cattle
CONSUMER	<ul style="list-style-type: none"> • Grow demand for registered Angus cattle • Industry leadership position 	<ul style="list-style-type: none"> • Maximize brand integrity • Provide unparalleled customer service • Grow brand awareness • Innovate with new products • Increase brand sales through licensed accounts
YOUTH	<ul style="list-style-type: none"> • Leadership development for Angus youth and future generations of Angus breeders • Increased demand for registered Angus cattle • Positive beef industry image through educated ambassadors 	<ul style="list-style-type: none"> • Develop the next generation of Angus leaders • Foster leadership development through shows and competitive events • Develop industry ambassadors

INITIATIVES

Based upon identified strategies, the American Angus Association and its entities have developed four key initiatives to benefit each of the targeted sectors represented in Table 3. With time, these initial projects will undoubtedly accompany other beneficial initiatives identified and executed by Association staff and leaders.

REPRODUCTIVE TRAIT DATA AND INVENTORY-BASED REPORTING

Fertility. In July, the American Angus Association introduced the heifer pregnancy expected progeny difference (HP EPD) — a genetic selection tool to help Angus breeders and their customers better identify animals with desirable reproductive ability.

The heifer pregnancy EPD measures the chance of a sire's daughters becoming pregnant during a normal breeding season and now appears weekly alongside other maternal trait EPDs.

Heifer pregnancy EPDs are developed using breeding records, pregnancy-check and calving data, as well as pedigree information. Although reproductive traits are

challenging to measure and tend to be more lowly heritable in comparison to growth and carcass traits, the Association is spearheading an aggressive push to expand the breeding database, with first-calf heifers as the initial target for selection tools.

Longevity. The Association is currently conducting research for longevity in the Angus female based upon Angus Herd Improvement Records (AHIR®) cow records and disposal codes. Ongoing research is aimed at creating a long-term female productivity value. In addition, a voluntary Maternal Reporting System concept is being refined and finalized for future implementation.

EDUCATION AND CULINARY CENTER

Recognizing a need for beef education in retail and foodservice sectors, Certified Angus Beef LLC is developing an education and culinary center based in Wooster, Ohio.

The center will provide a venue for beef education and outreach between ranchers and those who prepare or sell the beef products they produce.

EXPANSION OF ANGUS TV

Based upon feedback from the long-range planning process, communications and marketing assistance remain the most common element requested among users of Angus genetics.

While traditional media will remain among top priorities, the Association's public relations and communications efforts will focus on an expanded television presence in the coming months. An expanded TV presence offers an efficient mode of communication with current and potential Angus users, as well as consumers, and provides a meaningful marketing outlet for cattlemen across the country. This initiative includes:

- The first-ever "Champion of Champions" television program, which aired in August 2011 and featured highlights from the National Junior Angus Show.
- A series of weekly video news releases (VNRs) produced in conjunction with the CAB Supply Development team.

- An increase in "I Am Angus" programming, from four to six programs in FY 2012.



Bob Cervera, hosting *The Angus Report* on RFD-TV.

- Expansion of "The Angus Report," which launched on RFD-TV in September 2011.

COMMERCIAL DNA TOOLS

The American Angus Association, Angus Genetics Inc., and Certified Angus Beef LLC continue to work toward the development of a DNA tool for Angus-sired cattle. While in the developmental stages, the CAB

commercial DNA test would benefit both seedstock and cow-calf sectors by differentiating the value of Angus-sired feeder cattle; increasing the number of CAB-qualifying cattle; and rewarding users of registered Angus bulls.

FROM BREEDERS TO CONSUMERS

The American Angus Association's Long-Range Plan serves as a guiding map for the next five years. While the plan is a living document that will require continual evaluation and renewal as needs change, we believe the strategies herein and sequential tactics will directly benefit members of the Association by positively impacting every user of Angus genetics — from breeders to commercial cattlemen, from feedlots to consumers.

Unlike other business plans, these initiatives will not collect dust. Instead, the foresight identified here will not only help to secure our breed's success, but to grow it.

On behalf of the American Angus Association, we'd like to thank all of those who took part in the development and planning process. Your commitment and input into the direction of the Business Breed is irreplaceable, and we encourage continued feedback well into the future.

Sincerely,

The Executive Management Team

Bryce Schumann, AAA CEO

Bill Bowman, AAA COO, AGI President

Richard Wilson, AAA CFO

John Stika, CAB President

Brent Eichar, CAB Senior VP

Mark McCully, CAB Asst. VP

Larry Corah, CAB VP

Milford Jenkins, Angus Foundation President

Terry Cotton, API President

American Angus Association Board of Directors



The 2011 American Angus Association® Board of Directors are (seated, from left) John Elbert Harrell, Opelika, Ala.; Cathy Watkins, Middletown, Ind.; Phil Trowbridge, Ghent, N.Y., treasurer; Joe Hampton, Mount Ulla, N.C., president and chairman of the board; Jarold Callahan, Edmond, Okla., vice president and vice chairman of the board; Steve Olson, Hereford, Texas; Bryce Schumann, chief executive officer, American Angus Association; (standing, from left) Kevin Yon, Ridge Spring, S.C.; Arlen Sawyer, Bassett, Neb.; Leo McDonnell Jr., Columbus, Mont.; John Pfeiffer Jr., Mulhall, Okla.; Gordon Stucky, Kingman, Kan.; Scott Foster, Niles, Mich.; Doug Schroeder, Clarence, Iowa; James Rentz, Coldwater, Ohio; Darrell Silveira, Firebaugh, Calif.; Charlie Boyd II, Mayslick, Ky.; Jim Sitz, Dillon, Mont.; and Vaughn Meyer, Reva, S.D.

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