

ANGUS

THE BUSINESS BREED

March 9, 2019

Dear Angus Breeders,

With breeding season upon us and breeding decisions to be made, it's important that each and every member have a clear understanding of the changes that will be occurring with the \$Value Indexes in the coming year and beyond.

As you know, the Board recently voted to make changes to our \$Values. While these decisions will better position the Angus breed for the future, it's important to remember that our current \$Values are based on a solid foundation and have served the industry well in producing profitable genetics.

Having said that, I want you to understand the strategic direction of the changes as you contemplate mating decisions.

Let's begin with Beef Value (\$B). The new \$B model shares a lot of similarities to our existing \$B with a correlation above 0.90. As a result, the new \$B model will rank animals in a similar manner to today. \$B will continue to predict expected profitability differences due to feedlot and carcass merit using multi-trait genetic selection for post-weaning gain, feed efficiency, and carcass value. However, there are changes in trait emphasis with a greater emphasis on marbling and yield lessening the emphasis on carcass weight. You'll want to keep those changes in mind.

Second, there will be a new Maternal Weaned Calf Value (\$M) that will include additional maternal traits compared to our current Weaned Calf Value (\$W) model. The underlying breeding objective behind this new maternal index remains relatively unchanged. \$M will predict pre-weaning profitability assuming breeders keep a portion of their female progeny as replacements and sell the rest of progeny, both males and females, as feeder calves. While the exact distribution of traits is yet to be finalized by the Board, those traits will include calving ease (direct and maternal), weaning weight, cow size, milk, docility, heifer pregnancy, and foot scores. Bottom line, the new \$M will account for maternal traits not originally included in \$W.

Note that both the updated \$B and \$M values will be released this coming June.

Last, but certainly not least, the Board approved a yet-to-be-named balanced trait index that will represent the entire production cycle. The balanced index will be comprised of all traits included in the \$M and \$B indexes. For cattle producers wanting to simplify the selection process focusing on one or a few values, the balanced index will better represent the profitability of the entire beef industry maintaining the optimal balance between both maternal and terminal traits. The balanced trait index is slated to be released in June 2020.

In closing, the Board of Directors wants each member to have access to the latest information regarding the changes to the \$Value Indexes as they make their breeding decisions for the coming year.

Thanks again for your membership and don't hesitate to let me or any staff member know if we can be of assistance.

Warmest Regards,

A handwritten signature in black ink, appearing to read "Allen Moczygemba". The signature is written in a cursive, flowing style.

Allen Moczygemba
Chief Executive Officer