

ANGUS

THE BUSINESS BREED

April 16, 2020

RE: Market Unrest

Consumers are depending on farmers and ranchers more than ever right now, yet producer livelihoods are being threatened. The subjects of price discovery, market transparency, packer concentration, and equitable margin sharing have been controversial within the cattle industry for decades. The concerns around these issues, however, have reached a new level following the packing plant fire in the summer of 2019 and now through the COVID-19 crisis. Frustration and emotion within the cattle industry are incredibly high and have prompted the reasonable question of whether the American Angus Association should engage in the debates to support the cow-calf producer.

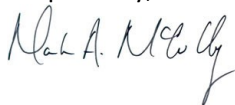
Our mission focuses on genetic improvement to expand the market for high-quality Angus beef. Our diverse membership is comprised of producers with different and sometimes contradictory viewpoints. For that reason, the Association does not engage in political issues nor topics that are outside the scope and charter of our association. This association was not formed to lobby on our member's behalf, nor do most of our members want us to. Our members belong to different cattle associations and groups that have experts on particular topics and can represent their views and speak on their behalf.

With that all said, it is very hard to sit silent at this time when so much anguish, financial hardship and uncertainty exists across our cattle industry. Our commercial cow-calf producer, the backbone of the beef supply chain, is seeing drastically reduced calf prices while prices at the retail counter go up. If this continues, we believe the long-term sustainability of our industry will be compromised. We understand the market risk of our cow-calf producers is high, and they need to have marketing and risk management systems available that allow them to capture the value they have created.

For the beef industry to prosper in the future, we believe all producers agree with the need for fair and equitable markets, systems that allow for price discovery and value-based marketing, and effective risk management tools for all industry segments. Of course, while many will agree on the problems, the proposed solutions are complicated, varied and often conflicting to one another. For that reason, we highly encourage and support our members in their right to speak up for the cattle industry however they choose. We encourage our members to engage with their elected officials and policymakers and to be involved in organizations they feel best represent them politically and give them an opportunity to voice their collective concerns in a meaningful way.

We believe this is a very critical period for the cattle business and we must act with urgency. We implore our industry organizations to set aside their differences and align on common goals for our grassroots producers. Collectively we can identify solutions and make meaningful changes to ensure the success of our industry for decades to come.

Respectfully,



Mark A. McCully
CEO