

AMERICAN ANGUS ASSOCIATION®
HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS
FEBRUARY 21-23, 2012

The following is a review of topics discussed and actions taken during the meeting of the Board of Directors held February 21-23, 2012, in St. Joseph, Missouri.

ACTIVITIES COMMITTEE

ROV Shows

- The 100 head shown minimum policy for Super Point ROV Shows will be retained, but a minimum required for regular point shows to 85 head was implemented.
- The All-American Angus Breeders' Futurity will be designated a Super Point ROV Show in 2012.
- The 2012 Illinois State Fair will be given ROV status, provided their judge is on the Association's approved list and not judging another ROV show this season.
- The 2013 Kansas State Fair will be given ROV status to celebrate 100 years of Angus shown at the State Fair.

Judge Selection

- A slate of judges for the 2012 NJAS and Eastern Regional as well as the 2012-13 ROV show season was approved.

Other Business

- A report on the 2012 NWSS bull sale was presented. Eddie Burks was unanimously selected to serve as the 2013 auctioneer.
- Staff was directed to reorganize the North American/Annual Meeting schedule so that the show and educational programs do not conflict.
- The Virginia Angus and Junior Angus Associations will host the 2013 Eastern Regional Junior Angus Show.

BREED IMPROVEMENT COMMITTEE

- The newly introduced PathfinderPlus program, a voluntary, inventory-based reporting system aimed at increasing reproductive trait data, will now be known as MaternalPlus.

COMMUNICATIONS & PUBLIC RELATIONS COMMITTEE

Angus Television

- A survey was conducted to measure audience feedback on *I Am Angus* and *The Angus Report*. Results of the survey data were reviewed.
- Nielsen ratings for both television programs are positive.
- The educational components of Angus TV were reviewed, with discussion regarding further implementation of educational videos on angus.org.

Social Media

- YouTube viewership continues to grow.

- The American Angus Association maintains one of the largest Facebook communities in the cattle industry, with a fan base of nearly 11,000. The Twitter account includes more than 2,500 followers. Both social media outlets are used to drive viewer engagement.

Print Advertising

- News releases and articles posted to angus.org and distributed to media are up significantly since 2009.
- Total impressions for all print ads are up 41% since 2008-2009.

Radio

- Staff will further develop the possibilities of a new radio program highlighting the benefits of the Angus breed.

Agriculture Advocacy

- An agriculture advocacy plan will be developed to promote, educate and develop a resource bank for Angus breeders who want to become more involved in sharing the story of America's ranching community.

FINANCE & PLANNING COMMITTEE

- Balance sheets and income statements were carefully reviewed for the period ending January 31, 2012. The financial review included the consolidated financial reports and the financial reports of each entity. Total assets on the consolidated financial report were \$37,207,000, and consisted of current assets of \$9,696,000, investments of \$22,431,000, property and equipment of \$4,868,000 and non-current assets of \$212,000. Current liabilities were \$4,107,000 and consisted of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,450,000 consisted of accrued health insurance benefits and deferred compensation. There was net income for the period of \$3,647,000.
- The history, purpose and designated uses of the investment portfolio of the Association and its subsidiaries were thoroughly reviewed and discussed. The review included investment policy guidelines and the diversification of the investment portfolio.
- Gary Frazer, a partner in the CPA firm, Clifton Larson Allen LLP, met with the Board.

MEMBER & AFFILIATE SERVICES COMMITTEE

- The Suggested Sale Terms and Conditions Task Force will survey sale managers and regional managers for input regarding potential updating of the Suggested Sale Terms and Conditions.

ANGUS FOUNDATION

- The financial status of the Angus Foundation was reviewed for the four-month period ending January 31, 2010. Financials included total cash of \$34,192.32, investments of \$5,599,743.86, total assets of \$5,854,102.33, current liabilities of \$154,495.96 and net income for the fiscal year-to-date of \$567,193.58.

- The *Vision of Value: Campaign for Angus* achieved \$7.6 million in outright cash gifts, pledges and planned giving commitments.
- The Angus Foundation's heifer package fundraising activity was approved for the 2013 National Western Stock Show (NWSS) Angus Bull Sale.
- Opportunities for Angus breeders and members to continue to financially support the Angus Foundation were reviewed, including the "Treasure Chest" cow proceeds drive, the INTRUST Bank Angus credit card initiative and Phase II of the "Advance" fundraising effort.
- Strategic planning for future fundraising initiatives will begin with a comprehensive post-campaign survey to be conducted in the next several months by the Angus Foundation.

ANGUS GENETICS INC. (AGI)

- Dr. Tonya Amen has joined the AGI staff as the Genetic Services Director and brings expertise in applied genomic technology. She will coordinate the genetic education and outreach programs for Angus breeders and commercial cattle producers.
- Brian Brigham from Colorado State University reported on Angus female productive life research, including trait definition and genetic parameter estimation. Existing AHIR records were used in a survival analysis to create an Angus longevity value. Updated disposal codes and comprehensive cow records will enhance the accuracy of a new genetic prediction tool. Plans are to finalize a prototype productive life selection tool in the form of EPD and accuracy later in 2012.

ANGUS PRODUCTIONS INC. (API)

- The financial report for the four month period ending January 31, 2012 showed revenue of \$2,180,000 and expenses of \$2,088,000. The net income for the period was \$107,000.
- The Internet Auction Committee reported on efforts to research a timed auction portal to provide a new marketing platform for API customers. The contract between SWB and API was currently under review, terms and conditions for buyers and sellers were being developed, and criteria was being established to make and receive electronic monetary transactions. The API Board selected one of two designs presented for the online interface with SWB's auction portal, and angustradingpost was selected as the name for the service.
- The March issue was the first *Angus Journal* printed at Publishers Press in Louisville, Kentucky.
- The API Board discussed a recommendation from the Genetic Recessive Task Force Committee regarding the display of genetic defect and genetic factor notations on pedigrees in sale books produced by API. The Board adopted a policy to be implemented as soon as reasonable, allowing time to develop the software support and internal structure, as follows:

1. If an animal has been tested for a genetic defect for which a DNA test is available (currently AM, NH, CA, D2 and M1), then that notation must appear in the sale book information for that particular lot.
 2. If an animal is a potential carrier for any of the genetic defects for which a DNA test is available (currently AM, NH, CA, D2 and M1), then the sale book information on that animal must designate that it is a potential carrier for those genetic defects.
[Note: In addition to the required notations described above, a customer may request that test designations for ancestors be added to the pedigree information.]
 3. Sale books will continue to designate any genetic factor listings (red carrier status, for example), special genetic notations [RTF (recessive trait free), for example], as well as any animal's ancestors that have been proven to be a carrier of a genetic defect for which there are no DNA tests available (currently SN, OS, DM, DW and HI) on those animals in multi-generational pedigrees.
- An effective date of June 1 is expected.

CERTIFIED ANGUS BEEF LLC (CAB)

- Financial reports through January 2012 were reviewed. It was possible the company would be down a million dollars from budget. Many of the programs and marketing efforts have been scaled back in an attempt to balance the budget by year's end.
- An update on NCBA activities was presented, and current identification, certification and acceptance trends were reviewed. Supply was running 13% behind the prior year and was accounting for the challenges in meeting the budgeted growth projections. Efforts have been taken to maximize product utilization by the packing and sales teams.
- Staff presented the recently created healthcare brochure focused on value-added products that meet the sodium and protein expectations of those in this segment of the industry. It was reported that the new *Certified Angus Beef*® Education & Culinary Center hosted its first event in it the prior week. Rave reviews have been received from licensees and the local businesses in Wooster.
- The second MBA (Master's of Brand Advantages) program was recently completed, and interest has remained high.
- The outcome regarding the trademark infringement issue with Hacienda Navarro was very positive. The upcoming Annual Conference will be held at the Greenbrier in West Virginia.
- Staff reported on the GeneMax™ rollout. The new website for the test was highlighted, along with the recent official launch at NCBA and the commercialization strategies going forward.
- The strategies that are being pursued to deal with trademark competition internationally will consist of a balance between trademark registrations, business focused initiatives and, as a last resort, potential litigation.

- Competition has emerged for *Certified Angus Beef*® brand product. Staff has continued efforts to maximize the pounds that are sold as a commission sale through licensees.

BOARD OF DIRECTORS

- The Board directed staff to keep lines of communication open regarding international export of Angus genetics. A report will be provided at the next Board meeting with suggestions which could assist members and affiliates.
- The Board reviewed member correspondence regarding Carcass EPD methodology. An extensive review of current evaluation techniques was provided to the Board. No action was taken.
- The Board reviewed member correspondence regarding the Association's policy on cloning. After thorough discussion no action was taken.

NEXT BOARD MEETING

- June 6-8, 2012, Reno, Nevada