

Managing Herefords

Certified Hereford Beef®



CHB Excels from the Gate to Plate

Hereford cattle have long enjoyed a reputation for producing truly great tasting beef. It started when innovative farmers in early 19th century America began importing the red-bodied, white-faced cattle from Herefordshire, England to breed to their dairy based stock in order to “beef up” the quality of future generations of cattle.

In 1881, Hereford breeders formed the American Hereford Association (AHA) to protect the genetic purity of the breed and to promote its use by farmers and ranchers throughout the country. The first association of its kind, the AHA has been tracking the lineages of Hereford cattle ever since, registering animals long before



the American Kennel Club, the American Quarter Horse Association or any other cattle breed association. The Certified Hereford Beef program began as a marketing initiative of the AHA in 1994. Based on the findings of over three years of Colorado State University research that proved the superior eating quality and consistency of Hereford Beef, the three-fold mission of the program was, and continues to be:

- 1) To provide consumers with consistently tender, juicy and flavorful beef products
- 2) To enhance the marketing opportunities of food industry

distributors, retailers and restaurateurs

- 3) To increase the demand for commercial Hereford influenced cattle

The concept behind Certified Hereford Beef was simple; give consumers a superior product at a competitive price. The program would do so by harvesting only Midwest, corn-fed Hereford and specific Hereford crossbred cattle, genetically proven to produce better tasting beef.

From the early 1990s to the present time Certified Hereford Beef® (CHB) has continued to excel as a branded beef product.

CHB LLC Timeline

August 1990 - November 1992 – CSU-Monfort Hereford three-phase study is conducted.

March 1995 – Mid-Ag, Red Oak, Iowa, is formed and licensed as exclusive seller of CHB.

March 1997 – Mid-Ag changes name to Red Oak Farms and takes company public. Exclusivity is extended and more than \$3 million raised, much by Hereford breeders.

October 1998 – Retailers Coborn’s and Hen House join the CHB program and boost sluggish program sales. Red Oak Farms fails to meet license covenants and AHA Board of Directors pulls exclusivity.

November 1999 – Greater Omaha Packing Company is licensed to produce and market CHB.

October 2000 – AHA forms CHB LLC, a limited liability subsidiary to manage the program.

June 2001 – Spokane, Wash., based Yoke’s Fresh Markets launches CHB with an aggressive advertising initiative that includes feeding its own Hereford cattle.

June 2002 – Apperts starts producing CHB WOW frozen product line.

August 2002 – Bell Creek is preferred mail-order steak provider for CHB.

July 2003 – National Beef LLC is licensed to produce and market CHB.

August 2004 – CHB LLC introduces the deli line in a test market with its Minnesota-based retailer Coborn’s.

August 2004 – Birchwood CHB frozen chuck patties launch in retail stores.

October 2004 – CHB becomes official beef of the American Royal BBQ, Livestock Show and Rodeo.

December 2004 – National Beef’s Dodge City, Kan., plant harvests cattle as CHB Choice.

January 2005 – During the second week of January, CHB-licensed packers of CHB LLC sell more than 1.3 million pounds of product. This is the first time that sales reach more than a million dollars in one week.

September 2005 – CHB continued its four consecutive years of double-digit growth and has now averaged 27% annualized growth since 1997. With the addition of the Choice program, Certified Hereford Beef required more than 400,000 head of whiteface cattle to supply its three packing sites.

Managing Herefords

Certified Hereford Beef®



How CHB LLC has grown

In August 2004 National Beef's Liberal, Kan., plant became the leading supplier of Certified Hereford Beef carcasses. Their weekly average certifications grew 33% from 2,710 carcasses per week at the start of 2004 to 3,614 carcasses per week in August 2004.

CHB LLC had a dynamic start in 2005. During the second week of January licensed packers sold more than 1.3 million pounds of product to the program's 400 retail locations and foodservice outlets. During the fourth week of January its multipacker partnership harvested a record number of cattle, which exceeded 10,000 carcasses.

The 2005 fiscal year was a transition period for Certified Hereford Beef LLC. The program added a Choice option for its customers and committed significant resources to Hereford Verified, a closed-loop supply network that connects seedstock and cow-calf producers to the downstream performance and marketing of their cattle.

Licensed packers sell more than 40 million pounds annually of Certified Hereford Beef to retail and foodservice outlets nationwide. CHB LLC has had a steady annual average growth rate of 27% since 1997. The facts are clear that Certified Hereford Beef is growing the demand for Herefords.

CHB Facts

- ◆ The Certified Hereford Beef (CHB®) Program was established and recognized by USDA Agriculture Marketing Service as an official Meat Grading Branch Certified program in 1995.
- ◆ The American Hereford Association wholly owns the brand and formed Certified Hereford Beef LLC in 2000 with a separate board of directors representing producers and food, packing, and feed industry representatives.
- ◆ Two packing companies process for CHB LLC including National Beef Packing Co. LLC with plants located in Dodge City and Liberal, Kan., and Greater Omaha Packing Co. Inc. with a plant in Omaha, Neb.
- ◆ In 2010 the program certified more than 250,000 head and merchandised just less than 40 million lb. of product into 36 states.
- ◆ Live animal specification includes straight Hereford and black- and red-baldie steers and heifers.
- ◆ The carcass specification allows for Select or higher graded carcasses and several brands are sorted within the specification according to targeted markets.
- ◆ The goal of the program is to enhance the value of Hereford baldie cattle. Black-baldie steers and heifers are afforded an advantage because they can fit into any of the more than 30 USDA recognized Angus programs as well as CHB®.
- ◆ Red-baldie cattle have the exact genetic package as black-baldie cattle other than a color gene, and are encouraged to go through the CHB program.
- ◆ The goal of the CHB program is to grow the program by annually influencing the value of more than 1 million head of specification feeder cattle and reduce any non-economical color bias between black and red cattle that tends to be prevalent at times.
- ◆ The CHB program encourages crossbreeding of Hereford and Angus genetics in an effort to maximize on-farm profit potential using the advantages in heterosis that the two breeds bring together collectively.
- ◆ The CHB program has bridged the market imbalance between black-hided and red-hided cattle due to the growing markets accepting the Hereford influenced beef.

For more information about CHB, visit HerefordBeef.net.

Hereford Verified

The Hereford Verified program is about more than product traceability. It's about creating real access and insight for users of superior Hereford genetics. This genetic, source and age verification program pulls together a network of seedstock producers, commercial producers,



feeders and licensed Certified Hereford Beef (CHB) packers with data, market access and premiums.

One of the exceptional benefits of Hereford Verified is that commercial cattle producers receive

benefits such as marketing flexibility, information and participation incentives without the risk of owning stock or feeding cattle.

All Hereford Verified program participants can market directly to program preferred feeders; receive qualification bonuses and premiums; receive carcass performance and benchmarking data; obtain feedlot

Managing Herefords

Certified Hereford Beef®



performance and benchmarking data; and have the option of individual carcass data at a discounted price.

Hereford Verified is a progressive, ambitious program providing real and powerful tools for producers, feeders,

packers and retailers who want to be at the forefront of the beef industry today and in the future.

Hereford Verified Map

Step 1: Enroll Cattle

Log on to www.herefordverified.com. You can enroll cattle you intend to market in the future by completing the online enrollment form. This will help us make your information available to participating feedlots and contribute to the affidavit that ultimately verifies Certified Hereford Beef product claims (genetic, source and age). There are no obligations for enrolling your calves in the program, and you may do so at any time prior to when you wish to sell them.

Step 2: Purchase Tags

Once your cattle are enrolled, you will have the option to purchase RFID tags for those cattle through herefordverified.com for \$1.85 per tag. You may use any RFID tag to identify enrolled cattle; however only the yellow tags purchased through herefordverified.com may be used to identify genetics verified (50% Hereford) calves, eligible for higher qualification bonuses.

Step 3: Sell Your Cattle to a Hereford Verified Feeder

Your enrollment information, including contact information and cattle description, will be made available to all participating Hereford Verified feeders. At your option, you can have your cattle automatically listed on our HerfNet Web site. A network of feedlots, which total a daily capacity of 1 million head on feed, consistently view available cattle online. Hereford Verified feeders are under no obligation to purchase any particular enrolled cattle. They have however committed to deliver a quota of program eligible cattle to the packer. Producers should contact these feedyards and or their buying representatives to negotiate price and delivery terms.

Step 4: Feedyard Receives Cattle

Upon arrival to any participating feedyard all RFID tags are read and general lot information is recorded. The head count and physical description of cattle in the lot are noted so as to accurately portray those cattle on the official Hereford Verified affidavit. All data is submitted to the Hereford Verified database via the Internet. The Hereford Verified data system pairs the incoming feedyard information with existing enrollment data.

Step 5: Complete Source and Age Affidavit (with genetic option)

Now that your RFID identified calves are on feed, at a participating feedyard, you will receive via e-mail an affidavit to sign validating the source, age and genetic claims of the program. The affidavit is your official testimonial binding you to the program requirements. Your responsibility is to print, sign and mail this affidavit to the feedlot in possession of cattle. Should an audit be requested by the USDA for international beef buyers the feedlot must have this affidavit on site. Only after this affidavit is signed can you receive qualifications bonuses.

Step 6: Cattle Feeding

Participating feedyards have committed to a monthly volume of cattle and must comply with National Beef's Quality Systems Assessment (QSA) program. The feedyard will make a record of all performance data and health costs to share with Hereford Verified. If all program specifications are met, feedyards will earn a premium of \$10-12 per head over the weekly cash market.

Step 7: Harvest

Prior to harvest, Hereford Verified will provide National Beef with a list of qualified EID numbers marking animals that are eligible for program bonuses. A qualified EID number is one that links to an affidavit signed by the producer and on file at the feedyard. To accurately award producer qualification bonuses each RFID tag must be successfully read at the harvest plant and matched to records in the Hereford Verified database.

Step 8: Receive Data and Bonuses

Producer bonuses are paid on EID matches that were sourced from a Hereford Verified feedlot and harvested under an approved packer lot number. Hereford Verified generates a group summary report for each lot that successfully met all program requirements. The report, complete with performance and carcass data, is sent via mail to the original producer of the cattle along with a check for the qualification bonuses. Only one report is generated per lot. In the case of commingled cattle all producers in the group will receive identical reports.