

2002 Annual Report

Identifying the **Value**

by **Susan Rhode**

The year 2002 was a challenging time for the American Angus Association and its members. Political unrest plagued the country. Turbulent cattle prices, wildfires, floods, drought and feed shortages haunted cattle producers across the nation, and the Association found itself under new leadership for the first time in more than 20 years. However, the spirits of Angus breeders remained undaunted through the year.

Instead of giving in to these challenges, members found themselves identifying the value in what they had — the world's largest and most valuable pool of beef cattle genetics; the tools, programs and services they needed to withstand times of uncertainty; and a team of leaders who were willing to face the task head-on. However, without question, the most valuable asset of the organization was its members, who continued to use fundamental management, skilled marketing and years of survival experience to provide commercial customers with the genetics they needed to face these same challenges.

Despite times of adversity, 2002 was a year of growth and prosperity for the Angus breed, and demand for Angus genetics remained strong. Join us as we lead you on a journey through this 2002 American Angus Association Annual Report. Together, we will identify the value of the Angus breed to the beef industry, the value of American Angus Association programs and services to members and their commercial customers, and the value of our end product to retailers, foodservice providers and consumers. ■



Since 1956, the headquarters of the American Angus Association has been in Saint Joseph, Mo. Approximately 90 of the nearly 200 people who make up the Association's total workforce are based in the Saint Joseph office, which includes the headquarters of Angus Productions Inc. A team of 12 regional managers work from various locations in the field. The offices of Certified Angus Beef LLC (CAB), the Association's end-product marketing program, are in Wooster, Ohio.

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The Value of Opportunity

There's no question 2002 was a year of challenges for the American Angus Association and its members, but with those challenges also came many opportunities.

The opportunity for the breed to prove its value to the industry in a time of environmental challenges (including wildfires, floods and drought) emerged during the year. Faced with the challenge of selecting new leadership for the organization, the Board of Directors grasped the opportunity to evaluate the needs of the membership and the organization and chart a course for continued progress. All in all, 2002 truly was a year of valuable opportunities for all of us.

Despite the adversity, the American Angus Association chalked up one of the most solid business years in a decade. This Annual Report charts the progress achieved by its membership, which is reflected through the fiscal reports for the Association and its entities. Considering the tough year cattle producers have had across the United States, we consider these levels of growth a tremendous vote of confidence in Association services and the genetics our members are offering to commercial producers.

Both the commercial and purebred sectors are looking to Angus genetics for solutions to industry problems, and the demand for Angus cattle remains strong. The Angus bull continues to set the standard for what commercial producers want in genetics to improve their herds, and the Angus female is now the dominant mother cow in more than 65% of those herds as well. Other breeds have turned to Angus to "fill in the gaps" in the genetic profile of their cattle, making Angus the choice for crossbreeding in any management scenario.

With possibly the largest supply of Angus seedstock available in the marketplace for decades, average prices per head continued to climb. In auctions reported by Association staff, Angus bulls averaged \$2,358, and females averaged \$2,474, both up from fiscal year (FY) 2001. The overall average for all Angus cattle sold was \$2,402. More than 550 Angus sales in 2002 grossed more than \$118 million.

Registrations of Angus cattle surged to 281,965, up nearly 4% for the year. This record-breaking figure is the highest the breed has seen for more than 25 years. Transfers, which represent sales of cattle to new owners, were up 3.5% at 164,603.

Like commercial beef producers, consumers continue to look to the Angus brand to satisfy their craving for high-quality beef products. Sales of *Certified Angus Beef*® (CAB®) products surpassed the half-billion-pound mark for the third year in a row, with a

John Crouch assumed the role of executive vice president of the American Angus Association in March 2002, beginning a new era of leadership for the breed. He works closely with the Board of Directors and other Association staff to improve Angus genetics and to develop programs and services for the world's largest beef-breed organization.



projected 540 million pounds (lb.) reaching consumers. Of that total, value-added products contributed nearly 12 million lb., a 25% increase for that division, reconfirming the move toward convenience items in the marketplace.

Possibly this breed's most valuable resource, and still its largest opportunity, continues to be the American Angus Association's database of performance records. Through the Angus Herd Improvement Records (AHIR) program, records were received from more than 8,000 herds during the year, contributing 291,320 new birth weights, 283,816 new weaning weights and 141,807 new yearling weights to the database, for an overall increase of 3.4% in performance data received.

American Angus Association members also continue to realize the advantages of using Angus Information Management Software (AIMS) and online services via the Association's Member Logon Web site to electronically submit data for processing. During the year, more than 95,000 registrations were submitted electronically by members, which accounts for more than one-third of the total work received. More than 44% of total weaning weights and more than 50% of total yearling weights were received electronically as well.

During the 12-month period, membership rosters also continued to increase. Total new regular members for the year reached 2,951, a 3% increase from FY 2001. New junior members ended the year at 1,450. Active membership at the end of the year included 23,263 regular and 11,814 junior members, for a total membership of more than 35,000.

Crouch appointed executive officer

One of the most historic moments in 2002 was the selection of a new executive vice president to lead the organization into the future. After the death of Richard L. Spader in October 2001, the Board of Directors selected John Crouch, who was then serving in the role of director of performance programs for the Association, to step in as the interim leader. After a search for candidates, the Board tapped Crouch to formally assume the leadership role, making him the 10th man to hold the position in the history of the organization.

Crouch's tenure with the organization began in 1974 as a regional manager in the southeastern United States. In 1981 he was asked to leave his post in the field and move to the headquarters office in Saint Joseph to lead the fast-growing performance programs department. As its director, he was part of the development of the world's largest database of beef cattle records.

Crouch is a native of Jonesborough, Tenn., and a 1963 graduate of the University of Tennessee-Knoxville. His involvement with the Beef Improvement Federation (BIF) and other industry organizations has led him to be recognized by his peers on several occasions for his expertise and service to the beef industry.

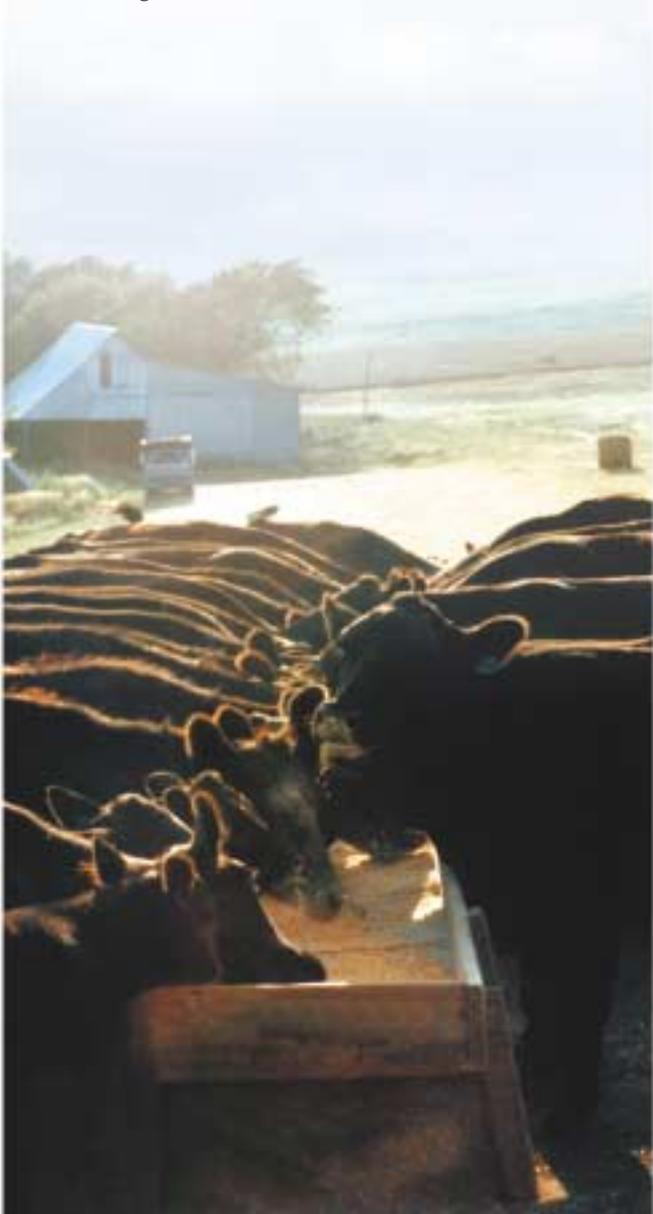
Angus Productions Inc. (API) continued to carry the Angus message to Association members and commercial producers via the *Angus Journal* and the *Angus Beef Bulletin*. Regular circulation for these award-winning publications averaged 20,560 and 67,320, respectively. Web marketing services also continued to grow during the year, providing members with the online presence they need to competitively market their product.

It is an honor for me to share the prosperity of your American Angus Association with you, the members. The Association's year in review, including its various departments and entities, is outlined in this 2002 Annual Report. The consolidated financial statements for the Association, its subsidiaries and the Angus Foundation are also printed within these pages.

The value of the opportunities that lie before this breed is infinite. I hope that you enjoy learning about your Association and that you realize the commitments the Board of Directors and staff have made to ensure the success of the Angus business in 2002 and beyond.



John Crouch, Executive Vice President
American Angus Association



Goals Give Association Direction

For many years, the American Angus Association and its members have taken pride in the breed's progressive, industry-leading approach to providing genetics to beef cattle producers. A large part of the organization's success has been due to the discipline of the Board of Directors in planning and setting goals, beginning with the establishment of a comprehensive set of long-range goals. Combined with a mission statement and a vision statement, these directives serve as a guide for Board members as they make decisions and chart the course for the breed. In addition, Association staff use these directives to develop programs and services that will return maximum value to the membership.

The following statements and goals were established by the Board of Directors in 2000:

Mission Statement

To provide programs, services, technology and leadership to enhance the genetics of the Angus breed, broaden its influence within the beef industry and expand the market for superior-tasting, high-quality Angus beef worldwide.

Vision Statement

To be the leading and most progressive, member-driven, consumer-focused beef organization in the world.

Goals

- Become the leading information and service center, utilizing the most current communication technology, for the beef industry within three years.
- Achieve 80% Angus-based beef cattle population by 2005.
- Aggressively evaluate programs that will permit incorporation of DNA technology into the genetic evaluation process within five years.
- Achieve *Certified Angus Beef*[®] (CAB[®]) acceptance rate of 30% by 2007.
- Triple CAB brand awareness by consumers in five years.
- Create programs that add value for commercial producers who receive a properly transferred registration certificate.
- Coordinate flow of cattle from commercial Angus herds to licensed feedlots.
- Increase service to the commercial cattle industry by enrolling 1 million head of the commercial cattle herd in the Angus Beef Record Service (BRS) in five years.
- Explore nontraditional sources of revenue to support Association programs, and pursue growth of the Angus Foundation.
- Keep the membership informed of outside influences that affect the well-being of the Angus industry.
- Offer new programs and opportunities to maintain continuous growth in junior membership.
- Provide information to 80% of the fed-cattle industry through licensed feedlots and commercial programs within three years.
- Support and encourage programs for beef safety and source verification.



Officers and directors of the American Angus Association for fiscal year 2002 are (seated, from left) Leo Baker, South Dakota; Abbie Nelson, California; Steve Brooks, North Dakota, vice president; Leroy Baldwin, Florida, president; Joe Elliott, Tennessee, treasurer; Minnie Lou Bradley, Texas; Keith Arntzen, Montana; (standing, from left) Mark Gardiner, Kansas; Richard Tokach, North Dakota; Paul Hill, Ohio; Brian McCulloh, Wisconsin; Jot Hartley, Oklahoma; David Smith, Indiana; Jim Bradford, Iowa; Jay King, Illinois; Ben Eggers, Missouri; and Lowell Minert, Nebraska.

The Value of Leadership

The American Angus Association is fortunate to have a group of 17 talented people who volunteer their time and effort to serve as officers and directors. The value of the experiences and skills these members bring to the Association is immeasurable and is a large factor in the success of the organization.

Coming from a wide range of locations and backgrounds, the Board of Directors meets four times each year to discuss issues, to set goals and to chart the course for the Angus business. The group works both in committees and as a whole to conduct the business of the Association. Standing committees include activities, breed improvement, finance, industry relations, member services and public relations. A group of veteran Board members is also appointed by the president to serve as the Executive Committee throughout the year.

Board members represent the membership and are committed to analyzing decisions from all angles and to discussing issues with the constituents in their state, as well as in other states. As the influence of Angus genetics becomes more widespread in commercial herds, so does the Association's responsibility for providing services the industry needs in order to progress. This group of individuals has accepted the task of securing a bright future for the Angus business.

Members of the Association Board of Directors also serve on the boards of Angus Productions Inc. (API), Certified Angus Beef LLC (CAB) and the Angus Foundation. Bob Norton, Saint Joseph, Mo., works with the group as an appointed industry representative to the CAB Board.

The American Angus Association is a not-for-profit organization

and is owned and controlled by its members. Directors are elected by delegates who represent their respective states at the Association's Annual Meeting each November in Louisville, Ky. Each director is allowed to serve two three-year terms and, if so elected by the membership, to serve two additional years as an officer.

Serving as president for 2002 was Leroy Baldwin, Ocala, Fla. Leroy and his family operate Baldwin Angus Ranch. Throughout the year the president serves as the Association's official representative at many shows and industry events.

Working alongside President Baldwin was Steve Brooks, Bowman, N.D., who served as vice president for the year. Steve is a partner in Brooks Chalky Butte Ranch, which is also a family-owned Angus operation.

The primary role of the American Angus Association is to collect and to process performance and ancestral records on Angus cattle and to issue certificates of registration and transfer. The Association also provides a variety of other services for members, including support of shows and educational events, junior programs, public relations, and the world's largest end-product marketing program, CAB. In addition, its for-profit subsidiary, API, publishes the Association's member publication, the *Angus Journal*, and a publication for commercial producers, the *Angus Beef Bulletin*.

The dedication and commitment of this group of individuals, combined with the directives outlined in the Association's long-range goals, will continue to serve the membership by adding value to the organization.

Members Value High-Quality Service

In this era of fast-paced living, service has been pushed aside by many businesses, but not by the American Angus Association. The Association is committed to providing services to members and, since opening its doors in Saint Joseph, Mo., in 1956, has provided one-day turnaround on correctly submitted work.

Members have more options now than ever before for ways to submit their work, access their membership and herd records, and contact the Association staff. This 24-7 mentality allows members to do business at their convenience.

Data is still the driving force of this organization. The collection, processing and storage of that data is what the American Angus Association does better than any other beef cattle organization in the world, offering members an incredible value for every dollar they invest.

The Association continues to work toward one of the primary goals listed by the Board of Directors in the long-range plan — to become the “leading information and service center . . . for the beef industry.”

Thanks to the work of the Information Systems (IS) Department, online services have led the charge in this area, offering members same-day submission of work, notification of items in suspense and faster processing of data.

The Member Logon feature, located at www.angusonline.org, is for members only and serves as the hub for these services. Much work is also received via Angus Information Management Software (AIMS). During the year, more than 95,000 registrations, which account for more than one-third of the total work received, were submitted electronically by members.

Electronic submission has also been popular with members submitting data to the Performance Programs Department. These facts indicate a trend in both the way members prefer to do business with the Association and the types of services the Association will continue to develop and provide to its members. Other advantages of electronic submission are the speed and accuracy of the process, cutting out delivery time for data submission and return.

Business statistics for the year show growth in nearly all areas and are outlined in detail in the charts on this page.

American Angus Association Record of Business Statistical Report—Fiscal Year 2002

Year-to-date	2002	Increase or (decrease)	
		No.	%
Registrations	281,965	10,759	3.97
ET registrations	25,093	2,939	13.27
Transfers	164,603	5,574	3.51
Regular members	2,663	—	—
Convert to regular members	288	—	—
Total regular members	2,951	86	3.00
Junior members	1,450	(299)	(17.1)
Nonresident members	5	—	—
AI certificates	119,305	9,481	8.63

Top 10 States in Registrations and Transfers

State	Registrations	State	Transfers
Montana	28,650	Montana	13,956
Missouri	19,028	Missouri	12,009
Texas	17,612	Texas	10,889
Nebraska	17,520	Oklahoma	9,698
Kansas	14,942	Kansas	9,244
South Dakota	14,616	Kentucky	8,218
Oklahoma	13,081	Nebraska	7,253
Kentucky	11,499	Tennessee	6,715
Iowa	11,465	South Dakota	6,329
North Dakota	8,931	Virginia	5,941

Top 10 States in New Regular and Junior Memberships

State	Regular	State	Junior
Texas	269	Illinois	112
Missouri	193	Oklahoma	100
Kentucky	175	Indiana	99
Oklahoma	159	Iowa	89
Tennessee	142	Texas	89
Ohio	120	Missouri	77
Virginia	101	California	65
Illinois	91	Virginia	61
Kansas	90	Ohio	51
Iowa	88	Kansas	48

Report of Work Received Electronically—Fiscal Year 2002

	2002			2001		% Increase or (decrease)
	Total	Electronic	% Electronic	Electronic	% Electronic	
Registrations	281,965	95,058	33.71%	66,357	24.47%	9.25%
AIMS		69,946	73.58%			
Internet		24,042	25.29%			
Other		1,070	1.13%			
Weaning weights	283,816	125,449	44.20%	89,099	32.62%	11.58%
AIMS		95,793	76.36%			
Internet		24,696	19.69%			
Other		4,960	3.95%			
Yearling weights	141,807	73,848	52.08%	56,875	39.96%	12.11%
AIMS		57,135	77.37%			
Internet		13,942	18.88%			
Other		2,771	3.75%			

Managing Information Is an Important Job

The glue that holds the American Angus Association together is found within the Information Systems (IS) Department. IS Director Lou Ann Adams and her team of programmers develop new computer programs, create new and exciting Web applications and manage all the data that come through the doors of the office. They also keep more than 100 employees' computers up, running and virus-free on a daily basis. Even though members don't realize the ways the IS Department enhances every experience they have with the Association and its entities, the value of the work it does is priceless.

The IS team works closely with all departments to find new and better ways for members to submit work and for Association employees to process, store and manage the millions of data records owned by the Association. The Member Services Department depends on IS staff for all of its daily activity and its promise of one-day turnaround on correctly submitted work.

In addition to managing all the in-house computer systems and data processing functions, the department also maintains the Association's Web site at www.angus.org. This site is a valuable resource to both members and others involved in the beef industry. Some of the most popular features on the site are the searchable Sire Evaluation Report, Member Lookup and the Expected Progeny Difference (EPD)/Pedigree Lookup function for individual animals.

Since the conversion from a mainframe computer system to a PC-based client-server system, which is referred to as RODEO, the biggest development in the way the Association manages and processes data is the Member Logon feature on the Association's Web site at www.angusonline.org. The IS Department designed the site and all of its services and features. At the end of fiscal year (FY) 2002, more than 7,000 members had signed up for the service that is protected by their own unique password. Data received via Member Logon accounted for more than 8% of total registrations, nearly 9% of weaning weights and nearly 10% of yearling weights.

New additions to Member Logon during the year included cow production records, ultrasound barn worksheets, registration and transfer of cattle, and the purchasing and transferring of artificial insemination (AI) certificates.

Other enhancements to the Association's Web site during the year included a shop-online feature where members, or any visitor to the site, can purchase supplies, promotional items and Angus apparel and collectibles. This feature includes descriptions and color photos of many items, which are easily purchased with a Visa or MasterCard through a secure checkout system.

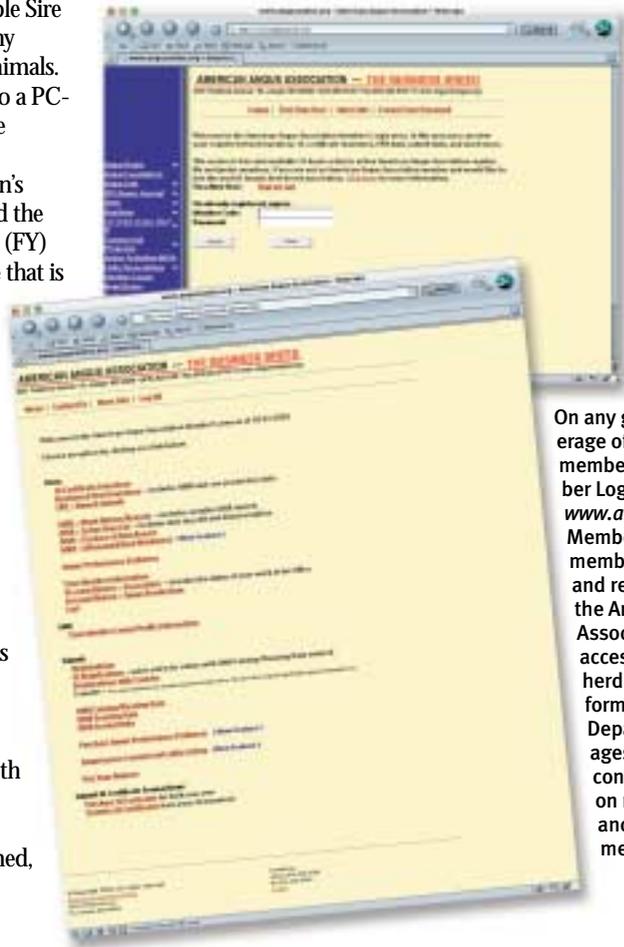
In addition, IS staff members have been working closely with the Performance Programs Department on the process of bringing the biannual National Cattle Evaluation (NCE) in-house. In time, all functions for this process will be programmed, managed and processed by the IS team.

The Association's IS Department works closely with Angus Productions Inc. (API), especially in developing internal

Lou Ann Adams, director of information services for the American Angus Association, demonstrates the features of Member Logon to attendees at the Association Update Forum during the 2001 Association Annual Meeting in Louisville, Ky. The service allows members to submit work electronically and to view a wide variety of herd records online.



management programs and Web-based services. One of those services is the new online photo archive at www.angusphotos.com. Anyone who visits the site can download photo scans of Angus bulls and females or of winning entries at shows and events. Prints can also be ordered on the site.



On any given day, an average of more than 400 members use the Member Logon feature at www.angusonline.org. Member Logon allows members to submit and receive data from the American Angus Association and to access important herd records. The Information Systems Department manages the site and is continually working on new services and enhancements.

Association Web sites

The Information Systems Department currently manages the following Web sites for the Association and its entities. Online services are one of the fastest growing benefits and most popular services available to members.

www.angus.org — The Association's flagship Web site and the place to go for information on programs and services, member and industry links, and contact information for the Association and its staff.

www.angusonline.org — This site is your passport to Member Logon, where you can submit registrations and Angus Herd Improvement Records (AHIR) data, pay your balance, purchase and transfer artificial insemination (AI) certificates, and view your registered herd inventory.

www.angusfoundation.org — Learn about the projects supported by the Angus Foundation and why the success of Angus youth is vital to the future of the Angus breed.

www.njaa.info — The official Web page of the National Junior Angus Association (NJAA). It was recently redesigned and enhanced in fiscal year (FY) 2002. Here you'll find information about upcoming junior activities, downloadable scholarship forms, plus much more.

www.beefrecords.com — This site is where producers can learn more about Beef Record Service (BRS), print enrollment forms to get started on the program, and submit cow herd information online, if desired. When enrolled, customers can also go to this site to view and sort their cow herds' data.

www.AngusSource.com — An interactive site for buyers and sellers of Angus-influenced commercial cattle. Listings include feeder cattle, replacement heifers and bred females, including information such as weight, health/management information and genetics. Listings are free for users of registered Angus bulls. This service was formerly known as ARCNet.

www.angusbbs.com — Bull Listing Service (BLS) allows seedstock producers to advertise their bulls to the world. Users can search by region, expected progeny differences (EPDs), and preferred sire lines to match their specifications. Listing prices range from \$4 to \$7 per bull, depending on quantity.

www.angusproductions.com — This is the official Web site of the Association's for-profit subsidiary, which publishes the *Angus Journal* and *Angus Beef Bulletin*. Use this site for general information about the company or its employees, plus much more.

www.angusjournal.com — This is the Web site of the Association's award-winning publication, the *Angus Journal*. Features allow you to search back issues, browse online sale books and read the most current editorial.

www.angusbeefbulletin.com — This site is dedicated to the Association's publication specifically for commercial producers, the *Angus Beef Bulletin*.

www.angusphotos.com — This resource allows members, or anyone in the beef industry, to download photos of popular reference sires and dams or to purchase and download photos from Angus shows and events. Visitors can also purchase photo prints for use in advertisements, catalogs or scrapbooks.

AIMS

*Leads Members
to the World
of Technology*

When the American Angus Association's customized herd management software program was developed in 1994, few people knew the impact it would have on the way members did business with the Association in fiscal year (FY) 2002. Angus Information Management Software (AIMS) has not only given members more ways to analyze their herd records and manage their beef cattle enterprises, it has also given them the tools to be more profitable and to offer better service to customers. These advantages equal added value for AIMS users.

The customized software package is available to Association members. With more than 1,500 breeders currently using AIMS, electronic submission of data is a primary benefit of the program and is becoming the preferred way of doing business with the office in Saint Joseph, Mo.

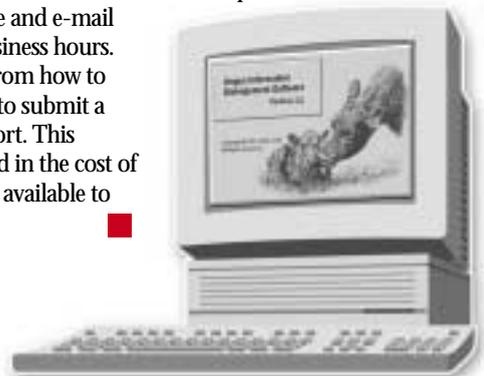
In FY 2002, more than 33% of the work processed by the Association was received electronically, with a large portion of that work being submitted via AIMS. In addition more than 44% of weaning weights and more than 52% of yearling weights were submitted electronically to the Performance Programs Department, due largely in part to data entered and submitted by AIMS users. As this electronic trend grows each year, it's clear that members are realizing the value of technology over the pencil and paper forms used to collect and submit data for years.

This past year also marked the release of AIMS version 2.2, which added several features to the software, including:

- more access to ultrasound data;
- ability to name breeding seasons;
- advanced features for adding animals;
- flexibility in updating existing data; and
- features to accommodate future personal digital assistant (PDA) companion programs.

In addition to the AIMS program's ability to interact with the Association, it also provides features the breeder can use at home, including tracking breeding data, herd health information, customer data, and income and expenses.

The Association staff continues to offer workshops for current AIMS users and others interested in the program. The AIMS technical support staff also continues to help breeders via phone and e-mail during regular business hours. Questions range from how to enter data to how to submit a file or create a report. This support is included in the cost of the package and is available to users as needed. ■



Regional Managers

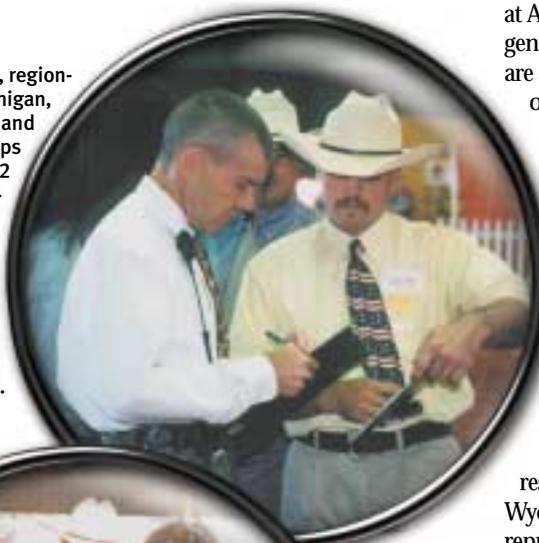
Maximize the Value of Association Membership

Members depend on the American Angus Association's team of 12 regional managers for communication, information and service, as well as for the guidance and support they need to be competitive in an ever-changing protein business.

Regional managers are the eyes and ears of the American Angus Association in the field, and they strive to offer members the valuable service they've come to expect from this organization on a more localized level. These men serve as a resource to thousands of commercial producers and more than 35,000 regular and junior members. They also serve as an important link between the Angus business and the beef industry, as the duties of each regional manager extend from serving members to serving as the breed's No. 1 promoter in his respective territory.

Regional managers are required to travel extensively. Attending Angus shows, sales and events is not only a primary responsibility, it also provides maximum access to the membership.

Jerry Cassady (left), regional manager in Michigan, Indiana, Illinois and Wisconsin, helps judges for the 2002 National Junior Angus Showmanship Contest tally their scores. This front-line interaction with people in the beef industry helps to promote the breed.



Chuck Grove, regional manager in Ohio, Tennessee and Kentucky, coaches Morgan Woodward, junior member from Gallipolis, Ohio, before she leads her heifer into the ring.

Don Laughlin (far right), regional manager for Iowa and Missouri, helps junior members check their animals in at the 2002 National Junior Angus Show. Attending shows and events is one of the primary responsibilities of regional managers and a great way to interact with the membership.



In fiscal year (FY) 2002, this team of representatives attended a total of 553 production, consignment and dispersal sales. The table on the following page indicates the average prices of cattle reported at Angus sales during the year. As the industry looks to Angus genetics for solutions to their production needs, regional managers are a valuable resource for cow-calf producers, stockers, feeders and others in the beef production chain.

The American Angus Association maintains the largest field staff of any member-based organization in the beef industry. Regional managers work from their homes and divide their time between serving the Association and representing Angus Productions Inc. (API), the Association's for-profit subsidiary that publishes the *Angus Journal* and the *Angus Beef Bulletin*. They also assist the Certified Angus Beef LLC (CAB) Supply Development staff in various ways.

This team of dedicated professionals collectively has an impressive tenure working for the Association, with more than half of the group having served 10 years or more. A new member was added in 2002 — Andy Rest, who assumed responsibility for the states of Montana, North Dakota and Wyoming. Rest has spent most of his life working as a field representative for beef industry organizations and brings a variety of experiences to the group.

There is no direct cost to members for the services of regional managers, except, of course, for advertising in the *Angus Journal* or the *Angus Beef Bulletin*. With a large membership to serve, it's difficult for each man to spend much time visiting individual breeders; however, each is available by phone and e-mail or at shows and events to answer questions about Association programs and services.

Regional managers are a valuable resource to the members in their territories and enhance the value of the services the Association provides to its members. Across the country, these men are looked to as an important link to the Angus business.



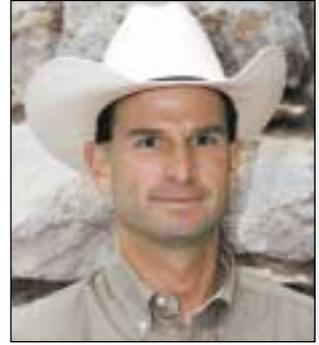
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**American Angus Association Record of Business
Summary of Sales—Fiscal Year 2002 (Oct. 1, 2001, to Sept. 30, 2002)**

Type of Sale	Number Reported	COWS		BULLS		STEERS		TOTAL		
		Number Sold	Avg. Price	Number Sold	Avg. Price	Number Sold	Avg. Price	Number Sold	Gross	Avg. Price
Consignment	146	3,984	\$1,861	4,686	\$2,029	64	\$981	8,734	\$16,986,347	\$1,945
Production	373	11,048	\$2,714	24,538	\$2,427	22	\$1,402	35,608	\$89,560,810	\$2,515
Dispersion	34	4,886	\$2,433	248	\$1,737	0	—	5,134	\$12,318,516	\$2,399
TOTALS	553	19,918	\$2,474	29,472	\$2,358	86	\$1,089	49,476	\$118,865,673	\$2,402

Performance Programs Are One of the Breed's Most Valuable Assets



The American Angus Association's Performance Programs Department is the backbone of the time, effort and dollars members invest each year to describe the genetics of the breed and to continue to enhance the selection tools available to commercial users of Angus genetics. This database, which represents the culmination of 40 years of data collection by breeders, is the envy of the industry and includes millions of individual data records.

The tool members use to tackle this task is the Angus Herd Improvement Records (AHIR) program. More than 8,000 herds used AHIR during fiscal year (FY) 2002, nearly a 6% increase in participation from the previous year. An illustration of overall AHIR growth is the record-breaking 716,943 birth, weaning and yearling weight records that were submitted, for an increase of 3.4%.

Even though weight records are the foundation of genetic evaluation, other individual animal records, including measurements of end product merit, such as carcass data and ultrasound measurements; fertility predictors; and mature size data have become just as important to the process. These types of data combined with weights from the world's largest database of beef cattle records are one of the Association's most valuable assets.

The volume of data received by the Performance Programs Department is overwhelming at times, but the move to members' submitting data electronically has made this information easier to manage and more efficient to process and return to the breeder. The instant access to processed AHIR data through Member Logon allows Angus producers of all sizes timely use of tools for breed improvement.

In FY 2002 more than 44% of total weaning weights and more than 50% of total yearling weights were received electronically via Angus Information Management Software (AIMS) or online services on the Association's Member Logon Web site. These figures represent a more than 10% increase from a year ago in data received electronically, and they identify a trend in the way members do business with the Association. Data received electronically allows for greater efficiencies in data processing and customer service.

Angus breeders continue to characterize the breed for genetic prediction of end product merit with the use of ultrasound technology. During the year, records compiled via ultrasound were received on more than 85,000 animals, a 24% increase for the year. More than 2,000 herds submitted these records, which reflects a 19% increase in participation.

Data was added on 2,766 new sires and 35,671 new dams for the year. In the most recent *Sire Evaluation Report*, 9,962 sires were evaluated for carcass merit using the ultrasound body composition measurements of 241,900 head compiled in a database since 1998. Members are also still actively collecting actual progeny carcass data to further enhance the carcass expected progeny difference (EPD) predictions on Angus sires as well.

A plan that would bring the capabilities to perform the Association's biannual National Cattle Evaluation (NCE) in-house was set into motion this year. A thorough analysis of the methodology used in data collection, editing and performing the resulting evaluation will yield an improved process for NCE. Data screens and accuracy refinements further enhance the confidence level in the performance information released by the Association.

Breed improvement of Angus cattle continues to explore a new area of technology, the world of the animal genome. The American Angus Association recognizes the future opportunities available via molecular genetics and continues to work closely with universities, allied industries, private industry genomic companies and members to incorporate molecular genetic information into its NCE programs. Molecular genetics will be an important part of breed improvement programs of the future.

Research continued to be a priority for the Association, especially in the field of reproduction and female fertility. A pilot project underway with Iowa State University (ISU) to establish EPDs in this area continues to be a focus of both time and resources for the department.

Other research in progress includes projects to evaluate traits such as early weaning, feedlot merit and feed efficiency. The value of these tools to both Angus breeders and their commercial customers is expected to be paramount in the fast-changing world of cattle production.

New director named



After serving as director of commercial programs and assistant director of performance programs for the Association, Bill Bowman assumed the role of director of performance programs in fiscal year 2002. The position was formerly held by John Crouch, who was appointed Association executive vice president in March. In this new role, Bowman will continue to advance the value and influence of the Association's genetic database and its value to the industry.

Commercial Producers Find Value in Angus Programs

As the influence of Angus genetics continues to grow in commercial herds, producers expect more tools and services from the American Angus Association to enhance their management options and profitability. These programs, which are overseen by the Commercial Programs Department, add value to Angus genetics and offer marketing and recordkeeping options to producers. The success of commercial producers is vital to the well-being of the American Angus Association and its members, and is a priority for its Board of Directors and staff.

The Beef Record Service (BRS) continued to grow and develop during fiscal year (FY) 2002, giving commercial producers the ability to document and analyze the performance and profitability of their herds. Since the program's inception, 9,592 cows from 115 herds have been enrolled in the program.

Work can be submitted by enrolled herds via paper forms or online at www.beefrecords.com, offering maximum flexibility for users. Producers also continue to use the "Little Black Book," a pocket-sized data record book designed for use in the field, to capture important breeding, calving and herd health data. After work is processed, summary sheets, containing valuable herd performance data, are provided to the producer to aid in making culling, breeding and other important management decisions.

In an effort to capitalize on the industry's movement toward source verification programs, the Angus Resource Clearinghouse Network (ARCNet) was renamed AngusSource. In addition to the name change, a weekly e-mail to feedyards and other potential buyers of Angus-influenced feeder cattle was added as a medium for marketing source-verified Angus-sired calves. Also, Association members can now list their commercial customers' cattle for sale via Member Logon. These listings will be posted on AngusSource, as well as on a member-dedicated page, listing only their customers' feeder calves and replacement females for sale.

Even though the name of this service changed, its primary benefit to producers, offering online listings of Angus-influenced cattle for



With more than 65% of the nation's commercial cow herd being Angus or Angus-based, American Angus Association commercial programs are a valuable resource to the industry.



sale, did not. Producers, stockers, order buyers and feeders use the service to buy and sell Angus cattle, including replacement females or feeder cattle, and can access the listings night or day at www.AngusSource.com.

An additional feature of AngusSource is the Bull Listing Service (BLS) where both purebred and commercial producers can list and source registered Angus bulls for their herds. This service gives all sizes of seedstock producers the opportunity to merchandise their bulls to commercial producers nationwide.

American Angus Association affiliates, or commercial owners of registered Angus bulls, received an upgrade in benefits from the Association during the year. Expected progeny difference (EPD) updates were mailed in July to more than 48,000 producers who had had bulls transferred to their ownership in the past two years. This communication with the Association not only puts current data in the hands of the people who need it most, but also continues to foster goodwill with users of Angus genetics — the membership's most valuable customers.

Over the past few years, the Association has continued to put more focus on establishing relationships with industry-related corporations. These corporations offer sponsorships of Association programs and events, providing financial support and resources that bring benefits to members at a lower cost. During the year these sponsorships reached an all-time high, establishing mutually beneficial relationships between the Association and other commercial entities in the beef cattle business. ■

Perrier assumes new responsibilities



The appointment of John Crouch and Bill Bowman to fill the roles of executive vice president and director of performance programs, respectively, left a vacancy in the Commercial Programs Department. Matt Perrier, a native of Eureka, Kan., who had served as assistant director under Bowman, was named the director of commercial programs and assumed full responsibility for the department and its services.



Breed Promotion Adds Value to Members' Bottom Lines

As the supply of registered Angus bulls and females available in the country continues to grow, so does the need to create a bigger, broader and stronger demand for Angus genetics in the commercial marketplace. The American Angus Association's Communications and Public Relations Department has taken that task, as well as the other communications and educational challenges that face an organization of more than 35,000 diverse members, head-on.

On the demand side, efforts center around the Association's national advertising campaign, which took on a new look and feel in fiscal year (FY) 2002. Gears shifted as the Association hired NKH&W Inc., an advertising and public relations firm in Kansas City, Mo., to head up creative efforts and offer new strategies for the Angus brand.

The result of these changes was a new campaign that focused on the breed's black hide and cut through the clutter in industry publications with short, simple headlines for a high-impact presence. It made a large impact on the National Agricultural Marketing Association's (NAMA) Best of NAMA advertising and public relations contest judges. The campaign won first in the national competition for single-page advertising series. The "Black Beauty" ad, which touted the benefits of the Angus female, took first place in the single-page ad category in the Region 2 Best of NAMA competition.

Another honor bestowed on the campaign was by the Kansas City Business Marketing Association (BMA), which is an organization of business-to-business marketing organizations. The Association won a Fountain Award for a full-page, four-color ad with the "Black Beauty" ad, and a Fountain Award for a single radio spot with the 60-second "Bulls" spot.

The ads were complemented by radio in regional markets, Internet advertising and a special four-page promotional insert that was used in national beef publications.

Even though advertising set the stage, public relations efforts continued to build demand for Angus genetics and to promote the positive activities of Association members throughout the year. As part of the national publicity program, staff distributed 51,653 press releases and 40,372 photographs to state and regional publications, local newspapers, and farm broadcasters.

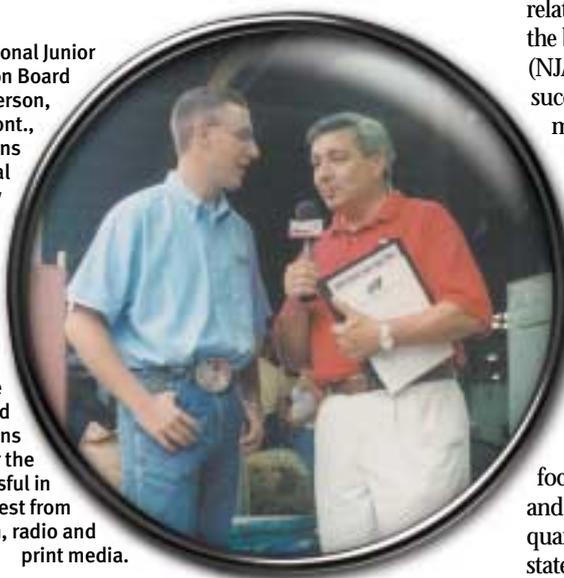
News releases were also distributed via e-mail and posted on the News Room, a feature on the Association's Web site at www.angus.org. This service allows media to download Angus news and information 24 hours a day. As media of all types and sizes continue to upgrade their electronic capabilities, the Association continues to offer information in more formats.

In addition to pre- and post-event promotions, the public relations staff works to attract media attention on location. One of the biggest media draws each year is the National Junior Angus Show (NJAS). A special media kit is prepared for the event. In 2002 it was successful in generating coverage from radio, television and print media.

The National Angus Conference and Tour is an event that not only attracts positive media attention for the breed, but also draws attendees from across the country. The 2002 edition of the event was in Sacramento, Calif., and featured a one-day conference program and two-day tour of some of the richest agricultural areas of the nation. "Identifying the Value" was the theme for the event. Hundreds of purebred and commercial producers looked for ways to improve the value of their herds. This event was sponsored by Intervet Inc., and the tour was hosted by the California Angus Association.

Educating producers, youth and consumers continues to be a focus for the Association. More than 2,000 requests for literature and educational materials were received during the year. Large quantities of information are also distributed at more than 60 local, state, regional and national trade shows in which the Association participates throughout the year.

2001-2002 National Junior Angus Association Board chairman Tom Patterson, Columbus, Mont., answers questions about the National Junior Angus Show and junior Angus programs from Gus Gnorski, a reporter for the Fox television affiliate in Milwaukee, Wis. A media kit produced by the Communications and Public Relations Department for the event was successful in generating interest from local television, radio and print media.



Members Find Value in Association Events

Even though it's not easy for many Angus breeders to leave the responsibilities of their farm or ranch to attend activities sponsored by the American Angus Association, those who do are rewarded both socially and professionally by their involvement. Some members value these activities more than any other service or program the Association offers. It's where they catch up with old friends and make new ones. It's their favorite part of being a member.

A majority of Association activities are held in conjunction with shows where breeders compete in open classes with their cattle. Some of these shows are designated as Roll of Victory (ROV) shows where exhibitors earn points for their winnings. Cow-calf classes were added to the ROV show classifications this past year, expanding the ways exhibitors can be recognized.

Exhibitors can track their ranking in ROV point standings throughout the year at www.angus.org. Each November at the North American International Livestock Exposition (NAILE) in Louisville, Ky., ROV winners are recognized.

In addition to the ROV shows, the Association pays premiums at more than 100 other Angus shows across the country, including many state fairs and regional or national livestock expositions.

The Association's Annual Meeting of the membership, which is held in conjunction with the NAILE, is the breed's best-attended activity. This event includes the election of officers and five new directors for the organization, plus many other business and social activities. The annual banquet allows an opportunity to honor members for various accomplishments, including induction into the Angus Heritage Foundation.

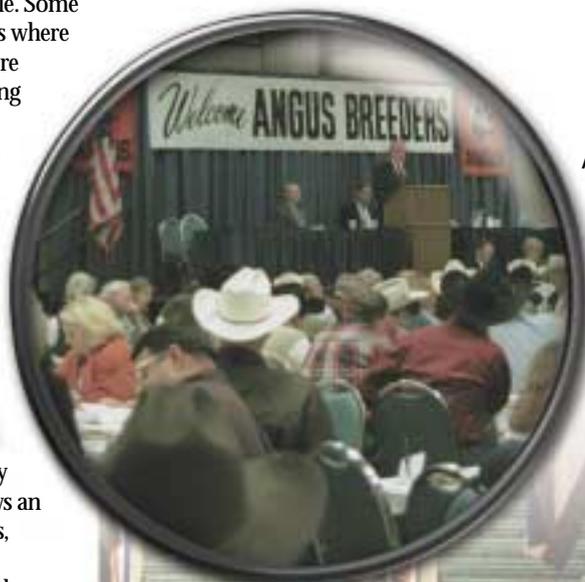
The Angus Heritage Foundation was created to recognize the people who have made major contributions to the improvement and advancement of Angus in the United States. Inductees in 2001 were Conrad Grove, Pennsylvania; Ben Houston, Colorado; Bill Roche,

California; and Wayne "Doc" Smith, Missouri. Wayland Crouch, Tennessee, and Richard Spader, Missouri, were inducted posthumously.

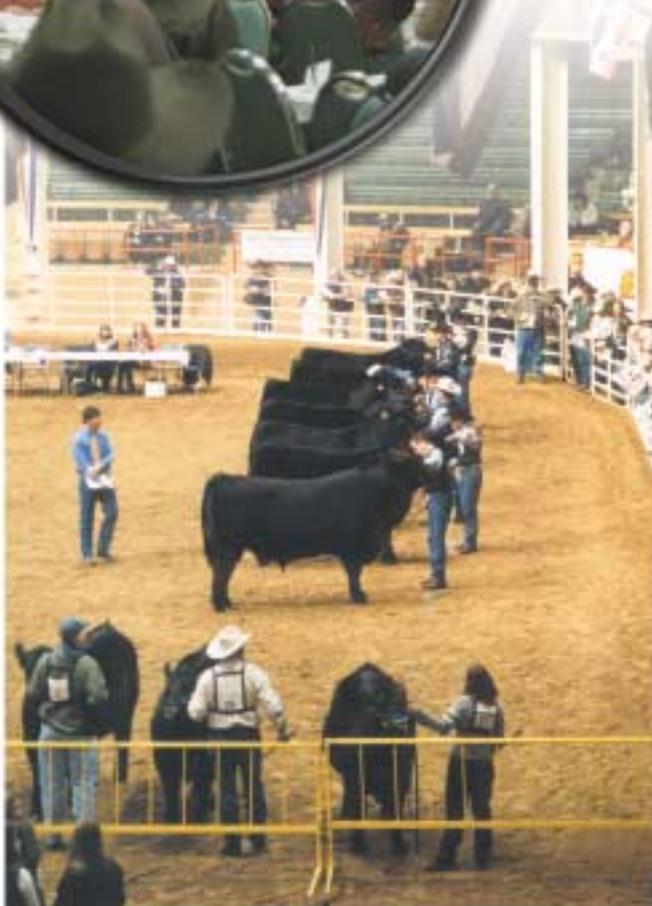
The National Western Stock Show (NWSS), which is held each January in Denver, Colo., is an event that draws a large crowd of both members and commercial producers. An ROV super-point show is held for exhibitors "on the hill," while breeders also display and exhibit carloads and pens of bulls "in the yards."

The National Western Angus Bull Sale, the only sale the

Association sponsors, is held at the NWSS as well. Entries are judged in the showing and displayed for buyers before they go on the auction block. In 2002 a standing-room-only crowd watched consignors sell 51 lots that grossed \$253,150 for an average price of \$4,964 per lot. Chuck Grove, regional manager for the states of Kentucky, Ohio and Tennessee, manages the sale and works closely with Linda Campbell, activities assistant, in organizing the event. ■



A total of 317 delegates from 43 states conducted the official business of the American Angus Association during the 2001 Annual Meeting in Louisville, Ky.



The only Association-sponsored sale during the year is the National Western Angus Bull Sale, which is held during the National Western Stock Show in Denver, Colo. In this photo judges evaluate the championship lineup of consignments at the 2002 show.

2001-2002 Roll of Victory (ROV) Winners

Show Bull of the Year

TJ Amigo V615

Suburban Home Farm, Spencer, Ind.
TJ Cattle Co., Columbus, Mont.

Show Heifer of the Year

Champion Hill Lady 2185

Champion Hill, Bidwell, Ohio
Fox Cross Farm, Alderson, W.Va.

Sire of the Year

TC Stockman 365

Summitcrest Farms, Summitville, Ohio
TC Ranch Inc., Franklin, Neb.
Vision Angus, Curtis, Neb.

Dam of the Year

Green Garden Premier 4

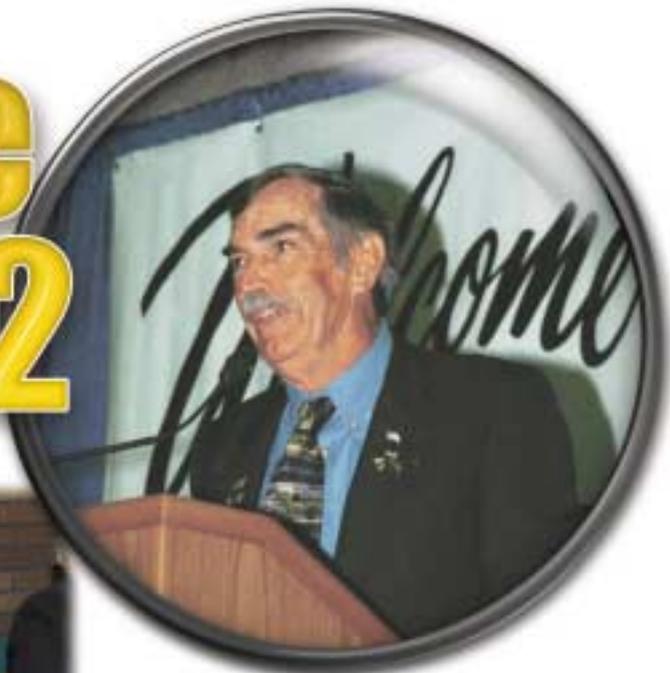
TJ Cattle Co., Columbus, Mont.

Breeder of the Year

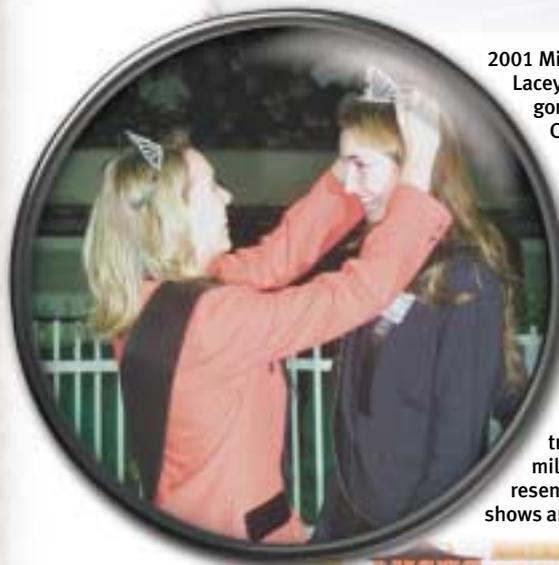
Greg Smith, Elida, N.M.

Identifying the Value in 2002

Keith Evans, author of *A Historic Angus Journey — The American Angus Association, 1883-2000*, signs copies for members during the Angus Reception in Louisville. The book was published and sold as a fund-raiser for the Angus Foundation.



Above: Leroy Baldwin, Ocala, Fla., delivers his acceptance speech to the delegates after being elected American Angus Association president at the 2001 Annual Meeting in Louisville, Ky.



2001 Miss American Angus Lacey Robinson of Montgomery City, Mo., crowns Cortney Hill-Dukehart of Sykesville, Md., as the 2002 Miss American Angus during the open female show at the North American International Livestock Exposition (NAILE) in Louisville, Ky. The event is held in conjunction with the Association's Annual Meeting. Cortney traveled thousands of miles during her reign, representing the breed at various shows and events.

These junior exhibitors claimed top honors at the 36th Annual National Junior Angus Showmanship Contest, which was held in conjunction with the 2002 National Junior Angus Show (NJAS). Pictured are (from left) Brittnia Carlson, Cherokee, Iowa, first; Kara Claeys, Chalmers, Ind., second; Karl Holshouser, Gold Hill, N.C., third; Morgan Woodward, Gallipolis, Ohio, fourth; and Dusty DeRycke, Prophetstown, Ill., fifth.



The second annual Angus Foundation Golf Tournament was held in conjunction with the 2002 NJAS at the Songbird Hills Golf Club near Milwaukee, Wis. The event saw Angus breeders and enthusiasts leave their usual posts near the cattle barns for friendly competition on the greens with all proceeds from the event benefiting the Angus Foundation.