



► More than 1,300 American Angus Association members use Angus Information Management Software (AIMS) to keep vital herd performance, health and customer records for their Angus herds.

AIMS Advances the Management of Herd Information

A growing number of Angus breeders across the nation continue to use technological tools to manage their herds. The Angus Information Management Software (AIMS) Department allows breeders to keep accurate and detailed herd records and to simplify the management of day-to-day tasks on the farm. This customized software is available to Association members, as well as to commercial producers who belong to the Association.

Fiscal year (FY) 2001 marked the release of AIMS version 2.1, which added several features and fields for ultrasound and other types of data. Enhancements are continually being made to the most current version of AIMS to enable breeders to adapt their management to the changing

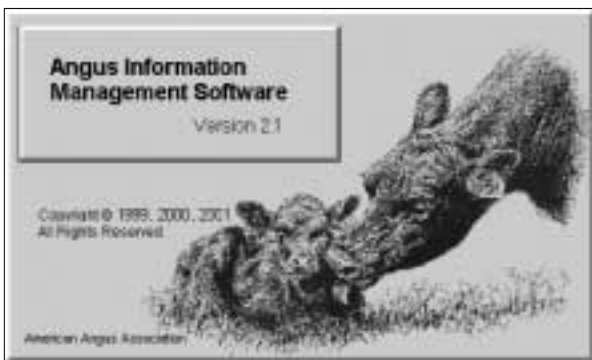
needs of their herds and trends in the beef industry.

More than 1,300 American Angus Association members currently use AIMS in their operations. The widely accepted use of AIMS is best illustrated by the amount of work the Association receives electronically from the membership. Statistics for the past year indicate 22.6% of registrations, 31% of weaning weights and 38.5% of yearling weights were submitted by breeders via e-mail or computer disk. Those figures represent increases from 2000 and confirm the trend of breeders turning to technology for easier ways to manage their herds and to do business with the Association.

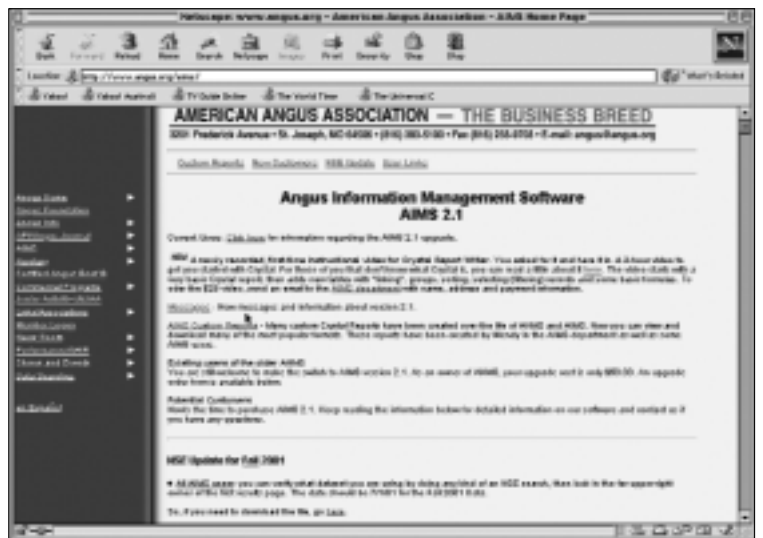
The Association staff continues to offer workshops for current AIMS users and prospects throughout the country, often tying these sessions to other Angus events. The workshops are free to the membership and offer step-by-step instructional help for users.

An instructional video for Crystal Report Writer was developed and released by the department during the year as another way to educate users. The AIMS technical support staff also continues to help breeders via phone and e-mail. Breeders can call during regular business hours to ask questions or to get help with entering data, submitting files or creating reports. This benefit is provided at no additional cost to the membership.

As the technological needs of members advance, so will the capabilities those members have to manage their herds with AIMS.



► Fiscal year (FY) 2001 marked the release of AIMS version 2.1, which added several features and fields for ultrasound and other types of data.



► The Angus Information Management Software (AIMS) section of www.angus.org provides up-to-date information for AIMS users. Members can also attend workshops about the software at various Angus events.

Web-Based Services Advance During Fiscal 2001

The Internet continues to be one of the most important links the Association has to the industry and that Angus breeders have to their customers. It offers data, online services and instant communication to Angus breeders and commercial producers. Data is power, and making that data available worldwide, 24 hours a day in an easily-accessible format, at no cost to users is one way the Association and its entities are becoming "the leading information and service center, utilizing the most current communication technology, for the beef industry."

The Association's Information Systems (IS) Department became independent from outside service providers by moving more than 80 Association and breeder Web sites in-house. This move required the addition of two servers and gave staff the freedom of hosting and maintaining Angus Web sites at their will.

A redesign of the Association's flagship Web site, www.angus.org, made its debut during fiscal year (FY) 2001. The updated look and feel made the site easier to navigate and gave it a crisper, cleaner look. Many enhancements were made to the site during the year, including:

Expected Progeny Difference (EPD)/pedigree lookup. Users can search for any of the nearly 14 million registered animals by Association registration number or name. This feature allows the user to print current

EPDs on any animal in the database and to trace pedigrees back to the beginning of the bloodline on any Angus animal. This is the most popular feature on the Association's home page.

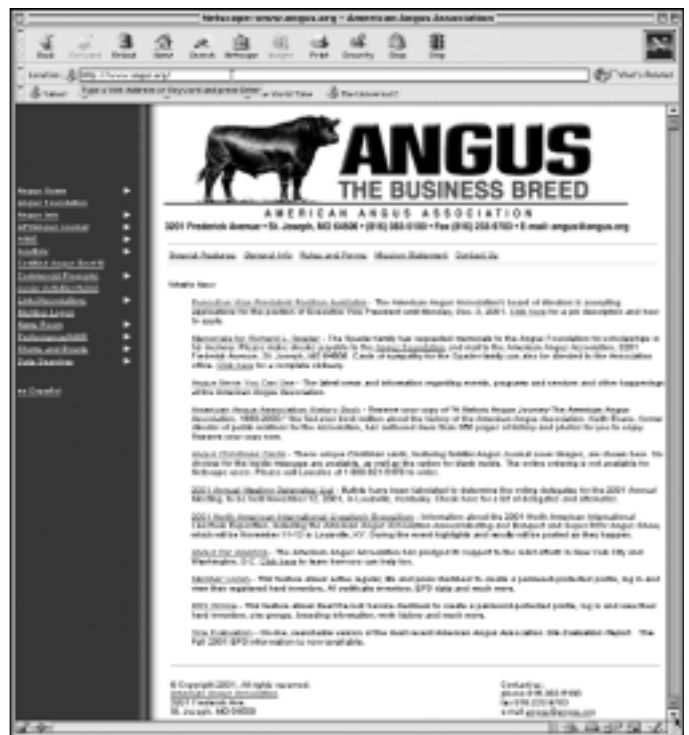
Member lookup. Anyone can search for active regular and lifetime members by state, ZIP code or Association member code. The listings include hometown, phone number and e-mail address and allow both members and nonmembers to find Angus breeders in a targeted geographic area.

Member login. Registered users can look at herd inventories and Angus Herd Improvement Records (AHIR) reports, submit registrations and AHIR weights, access artificial insemination (AI) certificate inventories, troubleshoot work in suspense and renew their Association dues online via this feature. Nearly 4,000 members signed up for this service in FY 2001.

Other features added to the site include the virtual newsroom, shows and events page, current Association fees page, gestation table and calculator, Pathfinder search, National Centralized Ultrasound Processing Lab (CUP) technicians page and information about Association activities where breeders can register for events and purchase items online.

The IS team also developed several new sites specific to Association programs, including:

www.angusonline.org
www.angusfoundation.org
www.angusbrs.com
www.beefrecords.com
www.arcnetonline.com
www.angusbbs.com



► The Association's flagship Web site, www.angus.org, was redesigned during the year. The new look and feel make it easier for users to locate information. The beef industry looks to this site as the hub for information about Association programs and services, Angus genetics and news and information about Angus events.

As programs and services continue to expand, and as members realize the convenience and timeliness of doing business online, more sites will be developed and hosted by the Association.

The Angus Productions Inc. (API) Web Marketing Department continues to advance their Web-based services, bringing more breeders into the world of online marketing by developing custom Web sites, placing e-Classifieds and hosting breeder and industry Web sites.

Communication with breeders and other beef industry members was enhanced with the development of Angus e-List, an online newsletter anyone can subscribe to by going to www.angusjournal.com.

Users can also find back issues of the *Angus Journal* posted to this site, serving as an archive of Angus breeders and history. Articles can be searched by month or by keyword.



► Angus Productions Inc. (API) launched its Angus e-List service in 2001. Association members, commercial producers and others in the beef industry can subscribe to the service at no cost and receive Angus news in an instant.



Leading the Communications, Marketing Effort

For Angus breeders to advance in 2002 and beyond, they'll need to be informed about the breed, the beef industry and the consumer to whom the final end result of their effort is sold. And they'll need a marketing avenue through which to reach potential customers.

Angus Productions Inc. (API), the American Angus Association's for-profit subsidiary, is leading the advance on both fronts — as an information source and as a marketing vehicle to reach 23,500 member subscribers to the *Angus Journal*, 70,000 commercial producers who receive the *Angus Beef Bulletin* and a growing number of producers who are turning to API's Web sites. These award-winning publications continue to set the standard for excellence in livestock publishing.

Angus Journal

The *Angus Journal* serves as a primary means of communication with the members for the Association and its entities. Timely, high-quality articles, hard-hitting breeder and industry advertising, and instant access to sale books make the publication a competitive marketplace for Angus business.

The API editorial staff took to heart the Board's long-range goal of the Association



► API adopted a new logo to increase the visibility of the Association's for-profit subsidiary and the many services it offers producers, including the *Angus Beef Bulletin* and the Web Marketing and Special Services departments, in addition to the more well-known *Angus Journal*.

and its entities becoming the leading source of information for the Angus and beef industries. Averaging about 120 pages per month of Association news, industry information, production features and other articles, the *Angus Journal* has the capacity and the responsibility to lead the advance by providing subscribers the most comprehensive coverage of beef industry news.

The 2001 *Angus Journal* editorial calendar placed a greater emphasis on timing themes to be more useful to readers and developing themes that relate to production management and efficiency. The spring youth issue was moved from February to May, allowing the February issue to take on a cow-calf management theme and providing a May youth issue, with its expanded circulation, timed to preview the National Junior Angus Show (NJAS) and other summer events.

The *Journal* expanded to 12 issues per year, replacing the June/July Herd Reference Edition in 2001 with a June marketing issue and a July feeding options issue. The July issue, containing information on how Angus breeders and their commercial cow-calf customers benefit from a quality focus rather than a commodity focus, was mailed to a combined circulation of 80,000.

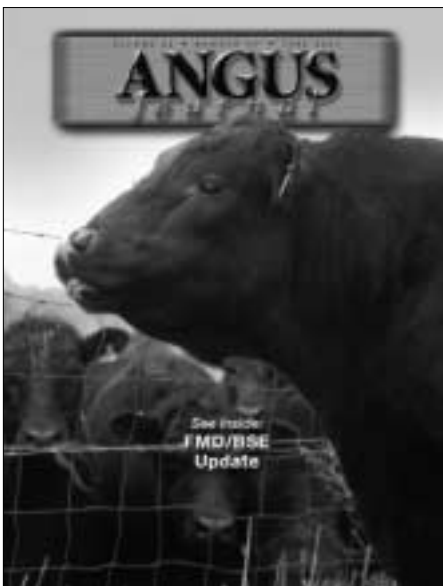
The environmental theme was moved to November, to coincide with the honoring of the *Angus Journal* Land Steward Award winner, Lazy Lane Farm of Upperville, Va., at the Association's Annual Banquet in Louisville, Ky. That opened the October issue

for a solid production management theme of postweaning development.

The editorial team launched its editorial redesign in August with the herd health issue. The September issue featured expanded coverage of the NJAS, which included more profiles of people in attendance, and an in-depth feature on the Angus Beef Record Service (BRS).

Field editors Eric Grant, Janet Mayer, Becky Mills and Troy Smith were invited to Saint Joseph for a two-day editorial planning session in August. The first day of the session focused on providing the "inside scoop" on programs and activities of the Association and Certified Angus Beef LLC (CAB). Coordinating with the Communications and Public Relations Department, a few other media were invited to attend the Inside Scoop Seminar. Joe Roybal, editor of *BEEF* magazine; Greg Henderson, editor of *Drovers*; and JoAnn Wilcox, technical writer for *Successful Farming* joined the field editors as Association, CAB and API staff provided overviews of their departmental activities.

With API continuing to lead the way in covering Angus and beef industry events, and with other media looking to API as a source of high-quality Angus photography, the need to develop an improved photo archiving and



► With the *Angus Journal* having expanded to 12 issues per year, the traditional Herd Reference Edition was replaced in 2001 with a June marketing issue and a July feeding options issue.



► In response to the Sept. 11 terrorist attacks, the API staff shows off its patriotism. A staff effort also resulted in a last-minute change to the October 2001 *Angus Journal* cover.

Angus Journal Advertising Trends and Numbers

| | FY 2001 | FY 2000 |
|---|---------|---------|
| Total AJ page count for year | 5,526 | 5,640 |
| Average No. pages per month | 460.5 | 470 |
| Average No. advertising pages per month | 190.95 | 194.23 |
| Average No. sale book pages per month | 151.33 | 156.83 |
| Average No. editorial pages per month | 118.21 | 118.94 |

Slight decline attributed to fewer sale book pages overall and slight downturn in ad pages.

tracking system became paramount. The September 2001 issue alone required scanning more than 2,000 images — in addition to the camera-ready and electronic files submitted to API staff — for advertisements and articles. At the editorial team's request, the Association's Information Services (IS) Department developed a Web-based photo tracking system.

The production team increased by two to manage the volume of business conducted by API, especially in the fall and spring sale seasons. The staff welcomed full-time advertising artist Julie Seitz-Aud, who does double duty in busy seasons as a layout artist for sale books. The part-time position of Special Services proofreader was changed to a full-time position, and Linda Robbins was hired for the role.

A new printing partner

API contracted a new printing company, Quebecor World Pendell, to do the printing, binding and mailing of the *Angus Journal*. The March 2001 issue was the first *Angus Journal* issue to roll off the presses at Pendell's Midland, Mich., plant. Pendell provides state-of-the-art, computer-to-plate technology, in-line coating and gatefolding, complete bindery services with magna-strip tipping and polybagging, and in-house mailing and distribution facilities.

The primary reason for making the change was Pendell's bindery equipment capability to put inserts on a magna-strip that more cleanly binds sale books into the magazine. The computer-to-plate technology is still being used, which greatly streamlines the process of getting from page designer to press, eliminating the handling of film. Quebecor's affiliation with Amtrak speeds monthly delivery of the *Journal*, shaving up to five days off the previous delivery time.

With its equipment and technology, combined with an efficient and knowledgeable staff, Pendell has much to

offer a short-run trade publication like the *Angus Journal*.

Bulletin reaches commercial sector

The *Angus Beef Bulletin* serves as the breed's link to commercial producers. Published four times each year, the *Bulletin* features commercial producers using Angus genetics, information about Association programs and services for commercial producers, and the latest news from the Certified Angus Beef LLC (CAB) Supply Development Team.

Advertisers are realizing the value of promoting their herds in the *Bulletin*. With a readership of more than 70,000 commercial producers who use Angus genetics, the *Bulletin* hits the primary target audience for most advertisers of registered Angus.

In January, the U.S. Postal Service granted the *Angus Beef Bulletin* the periodicals postage rate (formerly known as "second class"). The long-awaited and much-welcome news translates to reduced postage expense and speedier delivery.



► The enthusiasm with which juniors and adults alike embrace junior Angus activities provides momentum in securing the advancement of the breed in future generations. This photo was submitted to the NJAA/Angus Journal photo contest by Ashley Fisk, Long Lane, Mo. It won second in the people category of the intermediate division.

Leading the advance online

API's Web Marketing Department is leading the technology advance by providing online services to Angus producers and related industries. Marketing opportunities provided include Web site design, Web site hosting, online sale books, banner advertisements and Angus e-Classifieds. With the increasing volume of demand for Web site design, the department hired Ray Palermo as a Web design artist.

The three API flagship Web sites — www.angusjournal.com, www.angusbeefbulletin.com and www.angusproductions.com — were established to complement the other services provided by API. The newest communication service added is the Angus e-List, which is a compilation of Angus industry news, information about "hot topics" in the beef industry, as well as updates about upcoming Angus shows, sales and events sent by e-mail to subscribers. We currently have 1,300 subscribers.

Another service provided by the Web team is real-time coverage of Angus events. Producers logged nearly a half million hits to the 2001 coverage of the National Western Stock Show (NWSS) and nearly 300,000 hits to Web coverage of the 2001 NJAS. Also included in the coverage sites is the National Angus Conference. Added this year was a live Web broadcast of the speakers as well as an archive of the speeches, posted following the conference, that people can download and listen to on their computer.

Special services

The Special Services Department produced 140 sale books in fiscal year (FY) 2001, up 13% from FY 2000. Of that total, 44 sale book advertisers took advantage of the economical benefits provided by mailing with the *Journal* as an insert or in the polybag, which translated to more than 1,850 pages of sale book advertising.

Breeders who select the Special Services Department to produce their sale books receive the benefits of updated pedigrees and the most current expected progeny differences (EPDs) from the Association database, as well as having their sale books posted to the World Wide Web.

Capable of handling almost any print service to help producers merchandise their cattle, the Special Services Department also tackled 40 brochures and miscellaneous print jobs, including business cards and postcards.



CAB Continues to Lead the Branded Beef Business

Nearly a quarter of a century in the making, the *Certified Angus Beef*® (CAB®) brand continues to lead the industry. Research on molecular DNA testing for beef quality and brand-building sessions turned producers to Certified Angus Beef LLC (CAB). For customers, strengthening partnerships, greater emphasis on marketing assistance and a refined quality image solidified the brand's position on menus and in retailers' meatcases. Fiscal year (FY) 2001 also found CAB and customers alike focused on gearing up for consumer demand with the 2002 Olympic Winter Games.

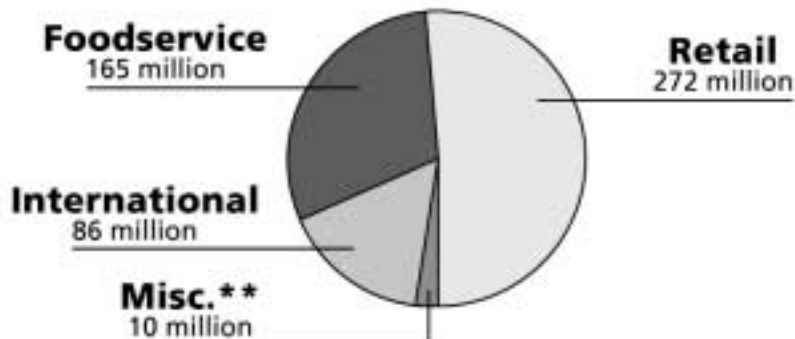
With the recent tragic attacks on our country, the Olympics offer hope in the form of unity and universality. They have long portrayed the best in humanity. The values of the Olympic games — friendship, fair play, joy in effort, perseverance — inspire us all. As the Official Branded Beef Supplier of the 2002 Olympic Winter Games in Salt Lake City, CAB aims to do its part by supplying branded beef to Olympians, volunteers and spectators from around the globe.

An expected 2 million people will be able to enjoy all-American favorites with CAB brand flavor while in Salt Lake City. No matter who they are or from what country they hail, if they crave a frankfurter, barbecue



▶ DNA testing for marbling and tenderness is affordable, accurate and easy.

CAB® sales totaled 533 million pounds*



*As of October 31, 2001

**Cannot be assigned to a specific division

beef, pot roast, deli sandwich or chili at the Games, they will experience the CAB brand.

While laying the groundwork to showcase the CAB brand in the Olympic spotlight, licensed partners focused on experiencing the Games firsthand. CAB hosted 15 contests to motivate licensees and drive value-added sales. The 90 winners and guests will travel to Salt Lake City for this once-in-a-lifetime experience. During their stay, CAB will also extend some down-home hospitality to solidify strategic licensee alliances.

Two consumers also look forward to the Games thanks to CAB. In the brand's first national sweepstakes, one consumer won a trip. The other winner came from a random drawing announced in U.S. newspaper food sections.

At the store level, a "Go for the Gold" campaign was developed to bring consumers to the brand. The campaign takes Olympic thrills to meat departments and CAB brand heat-and-serve entrées. Prize patrols, samplings and chances to win Olympic parties will challenge shoppers to take home the gold with the CAB brand.

Feeding CAB supply

After much research and preparation in FY 2001, DNA testing for marbling and tenderness is coming. CAB's partnership with Ohio State University points to commercial availability in 2002. Continued automation and validation indicate affordability, accuracy and ease in use. Fortunately, this new tool for evaluating genetic merit should emerge as

CAB makes its transition from traditional carcass data collection methods.

New Brand Builder seminars during the year created producer ownership and understanding in leading Angus markets. CAB staff traveled to Texas, North Carolina, Georgia and Florida to encourage seedstock producers to become involved and spread the word.

When it came to cattle supply, growth rates for quantity and quality were similar. Licensed feeders supplied 65% more cattle, driving 76,899 head to licensed packing companies. Montana and New Mexico locations were added to the list of licensees, providing 68 options for cattle feeding.

As for quality, there was a 60% increase in enrolled cattle meeting CAB's "30-0 program" criteria, bringing the total to 1,953 head. Qualifiers achieved 30% or higher CAB brand acceptance and zero defects.

This quality advance will lead CAB feedlot partners to the "Best of the Breed" national Angus challenge and its \$340,000 in cash prizes. The contest kicked off in August at the National Cattlemen's Beef Association (NCBA) mid-year meeting and promises rewards in January 2003 for the pen with the highest total carcass value divided by pounds using the contest grid. CAB-enrolled cattle at licensed yards automatically vie for prizes at no additional cost.

Overall, the number of Angus-type cattle evaluated for CAB reached 10.9 million. Nearly 2 million achieved CAB standards, an 18.2% acceptance rate during the year.

Refining the mark

A snip here and a tuck there renewed the CAB brand icon, giving it a premium image. Consumer focus groups and in-store surveys in three major cities affirmed the change.

Initial studies indicated consumers recognized the traditional red, black and white shield in stores and restaurants worldwide, but they associated the look with a lower-cost product instead of a premium one. The new, richly colored emblem keeps the signature design elements but evokes a premier status. In addition, the similarity of both logos ensures a smooth transition as it proves to be easily identified with the brand consumers trust.

CAB began an industry-level rollout at the end of the fiscal year, to be followed by the arrival of the updated symbol on some meatcases and menus in April 2002. The plan outlines an introduction in the new licensee category of "paramount" retail accounts, which awards top priority for exclusively offering CAB steaks and roasts in their meatcases. The new version was also approved for use at the 2002 Olympic Winter Games.

Along with the premium image, CAB's advertising campaign will differentiate CAB from other Angus brands.

Stir up demand

This year, CAB used past experiences to launch full swing into strategic partnerships and to solidify relationships for future growth.

Beginning with licensed packing

companies, they satisfied the global foodservice and retail need for CAB brand Prime quality. Licensing Canada's Better Beef Limited expanded the brand's international reach for high-quality Angus cattle. Murco Foods and Conagra-Dumas also joined the team. In Mexico, state-of-the-art Comercial Norteamericana became the first international location to cut CAB steaks for distribution.

CAB's global ties also led to partnerships with the U.S. Meat Export Federation.

The duo hosted the first CAB brand cooking school for consumers in Japan. A market study of Moscow and Saint Petersburg identified CAB brand potential.

Growing dependence on global marketing to balance carcass utilization led CAB to the World Wide Web. During the year, licensed e-commerce companies marketed the first CAB products online. Regular electronic messages replaced printed newsletters and



► Mom won't throw out these baseball cards. The cards team players with their favorite CAB recipes.



► The new CAB® logo denotes a premium image.

gave licensees more power to make timely, informed business decisions. Brand Assurance assisted licensees in electronic reporting of CAB brand sales. This made reporting easier for licensees, and dropped CAB's data entry time for one report from eight hours to one.

CAB welcomed large national manufacturers having the marketing and distribution power to drive value-added sales. Aidells Sausage Co., Emmpak Foods, Aries Prepared Beef and Advance Foods joined the sales team.

Foodservice also vied for sales power with more licensed distributors offering thousands of products, not just high-quality meats like traditional meat specialists.

In selected markets, the CAB brand netted nearly 700 million consumer impressions through special events. Partnerships with licensees through National Public Radio, minor league baseball and Special Olympics tied the brand to local grocery and restaurant locations in Chicago, Ill.; Cleveland and Akron, Ohio; Charlotte, N.C.; Denver, Colo.; Salt Lake City, Utah; and Vancouver, B.C.

Beyond its licensee base, CAB paired with Fetzer Barrel Select wines, a fellow supplier to the Olympics. Newspapers in 41 states featured these two great tastes and claimed readership of more than 6 million people. Merchandising displays, recipes and wine pairings perfected the partnership in retail stores.





► The American Angus Auxiliary conducted its first leadership conference May 4-5 at the offices of the American Angus Association in Saint Joseph, Mo. The conference was titled "Excellence, No Exception," and drew members from seven states.

American Angus Auxiliary Focuses on the Future

The ladies of the American Angus Auxiliary have been a part of the Angus advance since the organization was founded in 1952. The Auxiliary lends its support to the members and activities of the National Junior Angus Association (NJAA), as well as to the Angus breed.

The Auxiliary was first organized to encourage the promotion and consumption of beef, facilitate education, promote the Angus breed and organize social activities that strengthen the bond among Angus women.

Today they do all that, plus they offer Angus youth some of the most rewarding leadership and scholarship opportunities available. This hard-working group of Angus enthusiasts is focused on the Angus advance and the future of the breed.

The highlight of 2001 was the group's "Excellence, No Exception" conference. The event was conducted in May at the American

Angus Association headquarters in Saint Joseph, Mo. Auxiliary members from seven states gathered for two days of education, leadership training and organizational long-range planning.

The American Angus Auxiliary conducts its Annual Meeting each November during the North American International Livestock Exposition (NAILE) in Louisville, Ky., where officers are elected and business is done for the coming year. The group's annual brunch attracts a large crowd of members, plus Angus breeders and industry leaders of all ages and both genders who want to lend their support.

Each year the Auxiliary awards scholarships to five male and five female NJAA members who are high school graduates entering their first year of college. The top five girls in scholarship competition earn the right to compete for the title of Miss American Angus in Louisville. Miss

2001 American Angus Auxiliary Scholarship Winners

Girls

Rebecca Nida, Red Rock, Okla.
Jennifer Johnson, Tompkinsville, Ky.
Minnie Roberts, Sarcoxie, Mo.
Cortney Hill-Dukehart, Sykesville, Md.
Emily Hogberg, Mason, Mich.

Boys

Jonathan Barnes, Dolphin, Va.
Kyle Conley, Clarksdale, Mo.
Kristopher Lynn, Springfield, Ky.
Adam May, Mineral Point, Wis.
Wrex Phipps, Kearney, Neb.



► Elected to lead the American Angus Auxiliary in 2001 are (seated) Jane Ebert, Sparta, N.C., president; (standing, from left) Nancy Jo Sullivan, Marietta, Ohio, secretary-treasurer; Pat Grote, Bennington, Okla., vice president; and Yvonne Hinman, Malta, Mont., advisor.

American Angus serves as an ambassador for the breed and for Angus youth, attending shows, sales and events throughout the country during her reign.

The Auxiliary-sponsored All-American Certified Angus Beef® (CAB®) Cook-Off has been an Auxiliary project since its inception in 1983. Conducted each year with the National Junior Angus Show (NJAS), states compete for best recipe, showmanship and overall honors. In 2001, 38 junior, senior and adult teams competed in both the fresh-meat and value-added product divisions.

The Auxiliary also has a long-standing relationship with the National Junior Angus Showmanship Contest. The contest is conducted each year at the NJAS, and the Auxiliary has sponsored awards for the top five winners of this prestigious competition since its beginning in 1967.



Consolidated Financial Statements

Independent Auditor's Report

Board of Directors
American Angus Association
Saint Joseph, Mo.

We have audited the accompanying consolidated statements of financial position of American Angus Association and its subsidiaries as of Sept. 30, 2001 and 2000, and the related consolidated statements of activities and change in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Angus Association and its subsidiaries as of Sept. 30, 2001 and 2000, and the results of their activities and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Clifton Gunderson LLP

Saint Joseph, Mo.
Oct. 19, 2001

American Angus Association and Its Subsidiaries Consolidated Statements of Financial Position Sept. 30, 2001 and 2000

| | <u>2001</u> | <u>2000</u> |
|--|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,278,557 | \$ 1,382,853 |
| Accounts receivable | 2,058,495 | 2,174,329 |
| Interest receivable | 53,078 | 75,345 |
| Inventories | 337,189 | 382,395 |
| Prepaid expenses | 250,309 | 256,235 |
| Prepaid income taxes | 14,255 | - |
| Total current assets | <u>3,991,883</u> | <u>4,271,157</u> |
| INVESTMENTS | <u>10,225,518</u> | <u>10,811,858</u> |
| PROPERTY & EQUIPMENT | | |
| Buildings & land improvements | 3,337,927 | 3,337,927 |
| Furniture, fixtures & equipment | 2,172,022 | 2,177,400 |
| Electronic data processing equipment | 4,171,404 | 4,577,859 |
| Total, at cost | 9,681,353 | 10,093,186 |
| Less accumulated depreciation | 4,521,284 | 4,604,098 |
| Total property & equipment | <u>5,160,069</u> | <u>5,489,088</u> |
| OTHER ASSETS | <u>-</u> | <u>3,858</u> |
| TOTAL ASSETS | <u>\$19,377,470</u> | <u>\$20,575,961</u> |
| LIABILITIES & NET ASSETS | | |
| | <u>2001</u> | <u>2000</u> |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 242,736 | \$ 739,808 |
| Current maturities of notes payable to bank | 148,987 | 91,878 |
| Accrued liabilities | 414,236 | 361,494 |
| Accrued Olympic sponsorship | 741,696 | - |
| Income taxes payable | - | 3,732 |
| Deferred income | 658,680 | 611,946 |
| Total current liabilities | <u>2,206,335</u> | <u>1,808,858</u> |
| LONG-TERM LIABILITIES | | |
| Notes payable to bank, less current maturities above | 424,533 | 947,682 |
| Accrued Olympic sponsorship | - | 343,983 |
| Deferred compensation | 221,349 | 355,095 |
| Accrued postretirement benefits | 529,994 | - |
| Total long-term liabilities | <u>1,175,876</u> | <u>1,646,760</u> |
| Total liabilities | <u>3,382,211</u> | <u>3,455,618</u> |
| NET ASSETS | | |
| Unrestricted | 15,985,259 | 17,110,343 |
| Permanently restricted | 10,000 | 10,000 |
| Total net assets | <u>15,995,259</u> | <u>17,120,343</u> |
| TOTAL LIABILITIES & NET ASSETS | <u>\$19,377,470</u> | <u>\$20,575,961</u> |

These consolidated financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Financial Statements

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS Years Ended Sept. 30, 2001 and 2000

| | 2001 | 2000 |
|---|---------------------|---------------------|
| CHANGES IN UNRESTRICTED NET ASSETS | | |
| Revenues, gains & other support: | | |
| Royalties | \$10,449,355 | \$11,212,862 |
| Advertising income | 3,834,303 | 3,741,417 |
| Registrations | 3,276,016 | 3,237,645 |
| Transfers | 908,270 | 951,342 |
| Artificial insemination certificates | 1,098,129 | 1,097,323 |
| Memberships | 198,604 | 204,931 |
| Performance programs | 896,896 | 931,547 |
| Web site revenue | 170,100 | 128,431 |
| Subscriptions | 729,018 | 711,479 |
| Contributions | 27,658 | 106,456 |
| Account and merchandise sales | 778,775 | 658,607 |
| Other income | 271,090 | 217,985 |
| Investment income | 568,812 | 1,387,949 |
| Total revenues, gains & other support | <u>23,207,026</u> | <u>24,587,974</u> |
| EXPENSES | | |
| Program Services: | | |
| Certified Angus Beef LLC | 10,778,844 | 11,073,273 |
| Angus Productions Inc. | 4,650,270 | 4,441,034 |
| Member services | 1,744,660 | 1,882,448 |
| Angus Information | | |
| Management Software | 417,600 | 461,262 |
| Performance programs | 1,623,984 | 1,393,710 |
| Commercial relations | 193,443 | 182,105 |
| Communications & public relations | 1,201,580 | 1,305,105 |
| Field services | 769,489 | 711,759 |
| Activities | 991,084 | 1,068,796 |
| Angus Foundation | 128,670 | 119,040 |
| Total expenses | <u>22,499,624</u> | <u>22,638,532</u> |
| Change in net assets before postretirement benefit expense net unrealized gain (loss) on investments and income taxes | 707,402 | 1,949,442 |
| POSTRETIREMENT BENEFIT EXPENSE | (539,664) | - |
| NET UNREALIZED GAIN (LOSS) ON INVESTMENTS | <u>(1,289,822)</u> | <u>143,809</u> |
| Change in net assets before income taxes | (1,122,084) | 2,093,251 |
| PROVISION FOR INCOME TAXES | <u>3,000</u> | <u>9,492</u> |
| INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS | (1,125,084) | 2,083,759 |
| CHANGES IN PERMANENTLY RESTRICTED NET ASSETS | <u>-</u> | <u>-</u> |
| INCREASE (DECREASE) IN NET ASSETS | <u>(1,125,084)</u> | <u>2,083,759</u> |
| NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED | 17,120,343 | 15,295,584 |
| Prior period adjustment, to properly recognize subscription revenue | - | (259,000) |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | <u>17,120,343</u> | <u>15,036,584</u> |
| NET ASSETS, END OF YEAR | <u>\$15,995,259</u> | <u>\$17,120,343</u> |

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended Sept. 30, 2001 and 2000

| | 2001 | 2000 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$(1,125,084) | \$ 2,083,759 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | | |
| Depreciation | 844,043 | 803,797 |
| Amortization | 3,858 | 11,628 |
| (Gain) loss on sale of equipment | (70) | 3,275 |
| Net realized (gain) loss on sale of investments | (139,570) | (986,587) |
| Net unrealized (gain) loss on investments | 1,289,822 | (143,809) |
| Net effect of changes in operating assets and liabilities: | | |
| Accounts and interest receivable | 138,101 | (445,539) |
| Accounts payable | (497,072) | (31,253) |
| Inventories | 45,206 | 163,993 |
| Prepaid expenses | 5,926 | (38,208) |
| Prepaid income taxes | (14,255) | 22,045 |
| Accrued liabilities, deferred income, deferred compensation and postemployment benefits | 893,437 | 423,500 |
| Income taxes payable | (3,732) | 3,732 |
| Net cash provided by operating activities | <u>1,440,610</u> | <u>1,870,333</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of equipment | 61,123 | 12,200 |
| Proceeds from sale of investments | 5,418,876 | 1,874,086 |
| Purchases of property and equipment | (576,077) | (538,680) |
| Purchases of investments | (5,982,788) | (2,698,728) |
| Net cash used in investing activities | <u>(1,078,866)</u> | <u>(1,351,122)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on long-term debt | (466,040) | (82,325) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (104,296) | 436,886 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,382,853</u> | <u>945,967</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,278,557</u> | <u>\$ 1,382,853</u> |

These consolidated financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to consolidated financial statements.

Consolidated Financial Statements

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sept. 30, 2001 and 2000

American Angus Association (the Association) is a not-for-profit organization incorporated in the State of Illinois in 1883. The Association's principal activities include maintaining pedigree and performance information, and the promotion of the Angus breed for its members, a majority of whom are located throughout the United States. These financial statements include the Association's wholly-owned subsidiary, Angus Productions Inc., a for-profit corporation, incorporated on May 11, 1979, in the State of Illinois. The subsidiary's principal activities are the publishing of the *Angus Journal*, a magazine for the Angus industry, and other related business activities. The consolidated financial statements also include Angus Foundation and Certified Angus Beef LLC. The Association has controlling financial interest in the Foundation and Certified Angus Beef LLC, including a majority voting interest in their Boards of Directors. The Foundation is a not-for-profit organization incorporated in the State of Illinois in 1980. The Foundation's principal activities are to develop, assist and sponsor educational programs and scientific research on topics related to agriculture. Certified Angus Beef LLC was incorporated in the State of Delaware in 2000. The Company's principal business activity is to operate the Certified Angus Beef Program, and thereby promote the breed of Angus cattle by increasing the demand for registered Angus seedstock in the commercial beef industry. All material intercompany accounts and transactions are eliminated in the consolidation process. Significant accounting policies followed by the Association are presented below.

Use of estimates in preparing financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Net assets

Basis of presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards No. 117, Financial Statements of Not-for-profit Organizations. Under SFAS-117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted. Unrestricted net assets include all net assets that are neither temporarily nor permanently restricted.

Temporarily restricted. Temporarily restricted net assets include contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted. The Association has no temporarily restricted net assets.

Permanently restricted. Permanently restricted net assets include contributed net assets, which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, mutual funds, short-

term discount notes, and money market accounts with an initial maturity date of three months or less.

Inventories

Inventories consist primarily of promotional and support items. Inventories are stated at the "lower of cost or market value" with cost being determined on the "first-in, first-out" (FIFO) basis of accounting.

Investments

Investments include U.S. government and other governmental agency securities, mutual funds, corporate stocks, certificates of deposit and money market accounts. Investments in U.S. government and other governmental agency securities, mutual funds and corporate stocks are carried at fair value with unrealized and realized gains and losses on investments reported as an increase or decrease in unrestricted net assets. Certificates of deposit and money market accounts are carried at cost.

Property and equipment

Property and equipment is depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

| | |
|--|-------------|
| Land improvements | 7-20 years |
| Buildings and building improvements | 10-50 years |
| Office furniture, fixtures and equipment | 5-10 years |
| Electronic data processing equipment | 5-10 years |

Included in office furniture, fixtures and equipment are vehicles used by regional managers. These vehicles are depreciated using estimated cost per mile driven for each vehicle.

Advertising and subscription revenue

Advertising revenue is recognized as income when the magazine issue is published to which the revenue is related. Revenue from magazine subscriptions is recognized proportionately over the life of the subscription.

Advertising costs

The Association expenses advertising costs as incurred.

Other postretirement benefits

The Company provides certain health care benefits for retired employees who meet eligibility requirements. The Company's share of the estimated costs of benefits that will be paid after retirement is generally being accrued by charges to expense over the employees' service periods to the dates they are eligible for benefits.

Concentration of credit risk

Association activities are normally conducted without credit. Credit is granted to customers throughout the United States for advertising purchases.

Income taxes

The Association and Certified Angus Beef LLC are not-for-profit organizations exempt from income taxes under section 501(c)(5) of the U.S. Internal Revenue Code. The Angus Foundation is exempt from income taxes under section 501(c)(3). Angus Productions Inc. is not a tax exempt organization.

Consolidated Financial Statements

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sept. 30, 2001 and 2000

Description of programs

The Association operates the following programs:

Certified Angus Beef LLC. Certified Angus Beef LLC administers the national branded beef program with the goal of improving demand for registered Angus bulls.

Angus Productions Inc. Angus Productions Inc. publishes the *Angus Journal*, the official publication of the American Angus Association, publishes other materials, and provides services in support of the Angus industry.

Member Services. The member services department maintains membership records and pedigree records of registered Angus cattle.

Angus Information Management Software. The Angus Information Management Software (AIMS) department develops, maintains and distributes the Angus Information Management Software used by members to maintain records on their Angus herds.

Performance Programs. The performance programs department provides genetic information to members by processing animal birth, weaning and yearling weights and other information useful in genetic evaluation of beef cattle.

Commercial Relations. The commercial relations department coordinates the Association's current work with commercial operations, as well as the development of new programs to assist commercial beef cattle producers using Angus genetics.

Communications and Public Relations. The communications and public relations department provides national advertising and national public relations programs, and member information and education programs.

Field Services. The field services department provides field service to members by attending Angus events and working with members and commercial cattle producers.

Activities. The activities department supports the national junior activities program, provides show premiums and attends Angus shows and events.

Angus Foundation. The Angus Foundation develops, assists and sponsors educational programs and scientific research on topics related to agriculture.

Functional allocation of expenses

The indirect functional costs of providing the various programs and activities of the Association have been allocated amongst those programs according to allocation principles believed to be most representative by management of the actual efforts required by those programs. Program expenses include both these allocated costs and the direct costs of providing each program.

This information is an integral part of the accompanying consolidated financial statements.

Consolidated Financial Statements

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sept. 30, 2001 and 2000

NOTE 1 – Investments

The following is a summary of investments held at Sept. 30, 2001 and 2000.

| | 2001 | 2000 |
|--|---------------------|---------------------|
| U.S. government and other governmental agency securities | \$3,065,637 | \$5,161,222 |
| Mutual funds | 1,700,562 | 597,750 |
| Equity securities | 3,607,278 | 4,760,887 |
| Certificates of deposit | 1,234,790 | 110,000 |
| Money market accounts | 617,251 | 181,999 |
| Total investments | <u>\$10,225,518</u> | <u>\$10,811,858</u> |

Investment returns for the years ended Sept. 30, 2001 and 2000, consist of the following:

| | 2001 | 2000 |
|-----------------------------------|--------------------|---------------------|
| Investment income | \$475,162 | \$448,446 |
| Net realized gains | 139,570 | 986,587 |
| Net unrealized gains (losses) | (1,289,822) | 143,809 |
| Management fees | (45,920) | (47,084) |
| Total investment return (deficit) | <u>\$(721,010)</u> | <u>\$ 1,531,758</u> |

NOTE 2 – Pension and postretirement benefit plans

The Association sponsors a qualified noncontributory defined contribution plan, which covers substantially all full-time eligible employees. Contributions are established by the Board of Directors and are purely discretionary. Contributions to the Plan are based upon eligible employee salaries and years of service. During fiscal years ended 2001 and 2000, the Association contributed \$450,583 and \$405,106, respectively.

During the fiscal year ended Sept. 30, 1997, the Plan was amended to include a supplemental savings and retirement plan qualified under Section 401(k) of the Internal Revenue Code. Eligible employees may contribute a percentage of their eligible salary subject to federal statutory limits. There are no employer contributions to the 401(k) plan.

The Association has deferred compensation plans for several key employees. Under these plans, the participants may elect to defer receipt of the lesser of \$7,500 or 33⅓% of their annual compensation. The deferred compensation of the participants is held in trust and administered by an outside entity. The participants are always fully vested in their contributions. Upon early retirement or other termination of employment, the participant has the option to be paid their account no later than one hundred twenty days after the end of the plan year or payment in equal annual installments, the last of which shall be no later than five years.

The amounts held in trust for each participant are subject to the claims of the general creditors of American Angus Association and its subsidiaries. The net annual amount recorded as deferred compensation was \$6,000 in 2001 and \$7,500 in 2000. Amounts are invested with a trustee, and are recorded on the Association's records as an investment and a matching long-term liability in the amounts of \$221,349 in 2001 and \$355,095 in 2000.

During the fiscal year ended Sept. 30, 2001, the Board of Directors approved a plan obligating the Association to provide supplemental health care benefits to employees who meet certain years of service requirements. This benefit is to be funded from the general Assets of the Association as they are incurred. The following is information about the benefit obligation and assumptions related to this benefit as of Sept. 30:

| | 2001 | 2000 |
|--|------------------|-------------|
| Benefit obligation | <u>\$535,000</u> | <u>\$ –</u> |
| Accrued benefit cost: | | |
| Current liability | 5,006 | – |
| Long-term liability | 529,994 | – |
| Total | <u>535,000</u> | <u>–</u> |
| Benefits expense (includes benefits paid of \$4,664) | <u>539,664</u> | <u>–</u> |
| Weighted average assumptions: | | |
| Discount rate | 6% | – |
| Expected return on plan assets | 8% | – |

NOTE 3–Notes payable to bank

Notes payable to bank consist of the following:

| | 2001 | 2000 |
|--|------------------|-------------------|
| Note payable to bank, requiring monthly installments of \$14,331, including interest at 1.475 points below the prime lending rate (4.525% at Sept. 30, 2001), with a final estimated payment of \$121,634 due Aug. 5, 2004, secured by investments totaling \$600,000. | \$573,520 | \$1,039,560 |
| Less current portion | 148,987 | 91,878 |
| Long-term portion | <u>\$424,533</u> | <u>\$ 947,682</u> |

Future maturities of long-term debt are as follows:

| | |
|-------|------------------|
| 2002 | \$148,987 |
| 2003 | 155,870 |
| 2004 | 268,663 |
| Total | <u>\$573,520</u> |

Total interest expense was \$48,632 and \$75,317 in 2001 and 2000 respectively.

NOTE 4–Provision for income taxes

The provision for income taxes related to the wholly-owned subsidiary Angus Productions Inc. consists of the following elements at Sept. 30.

| | 2001 | 2000 |
|----------------------------------|----------------|----------------|
| Federal income tax | \$2,126 | \$6,727 |
| State income tax | 874 | 2,765 |
| Total provision for income taxes | <u>\$3,000</u> | <u>\$9,492</u> |

Consolidated Financial Statements

AMERICAN ANGUS ASSOCIATION AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sept. 30, 2001 and 2000

NOTE 5 –Board designated and permanent restrictions

Included in unrestricted net assets are the following Board designations:

| | 2001 | 2000 |
|---------------------------------|------------------|------------------|
| Research for breed improvements | \$201,050 | \$199,719 |
| Information systems | 250,275 | – |
| Supplemental health benefits | 304,246 | – |
| Youth and education programs | 166,959 | 142,893 |
| Total Board designated | <u>\$922,530</u> | <u>\$342,612</u> |

Permanently restricted net assets represent an endowment totaling \$10,000 for both 2001 and 2000, the income from which is expendable to support the Angus Foundation.

NOTE 6–Royalties

Royalties, net of rebates, consist of revenues from Certified Angus Beef LLC. Royalties from two customers represented 33% of the Association's total revenues, gain and other support for both 2001 and 2000.

NOTE 7–General and administrative expenses

General and administrative expenses were \$2,863,450 and \$3,090,398 in 2001 and 2000, respectively. These expenses were allocated to program services based on allocation formulas believed by management to be representative of the actual efforts required by each program.

NOTE 8–Advertising

Advertising expense for the years ended Sept. 30, 2001 and 2000, totaled \$2,313,862 and \$2,887,280, respectively.

NOTE 9–Supplemental cash flow disclosures

Cash paid for interest was \$48,632 and \$75,317 in 2001 and 2000, respectively. Cash paid for income taxes was \$20,987 and \$0 in 2001 and 2000, respectively.

NOTE 10–Commitment

Certified Angus Beef LLC is the Official Branded Beef Supplier of the 2002 Winter Olympic Games and a team supplier through 2004. In consideration of this sponsorship, Certified Angus Beef LLC has committed to the Olympic Properties of the United States—Salt Lake 2002, L.L.C. \$1,000,000 in cash and \$2,000,000 in value-in-kind product.

The cash commitment required \$400,000 and \$350,000 to be paid during the years ended Sept. 30, 2001 and 2000, respectively. These amounts were expensed as a program service. The remaining future payment is \$250,000, and will be paid in fiscal year ended Sept. 30, 2002.

To fulfill the value-in-kind commitment, Certified Angus Beef LLC obtained approval from certain meat packing companies and manufacturers/processors to accrue instead of paying their quarterly fees and rebates on product royalties. When these companies deliver the product, all cost will be reimbursed from the unpaid fees and rebates. This accrued liability is presented as a short-term liability at Sept. 30, 2001, and a long-term liability at Sept. 30, 2000.

NOTE 11–Restructuring

Certified Angus Beef operated as a division of American Angus Association in 1999. In March 2000, Certified Angus Beef LLC was formed, and the assets and liabilities of this division were transferred to the limited liability company at cost. Certified Angus Beef LLC is consolidated with the Association in these consolidated financial statements.

NOTE 12–Contingency

There is a legal action that has arisen in the ordinary course of business and is now pending against the Association. It is the opinion of management and the Association's legal counsel that the outcome of this suit will be favorable to the Association. Accordingly, no liability has been reflected in these financial statements in relation to this action.

NOTE 13–Prior period adjustment

The prior year financial statements were restated to properly recognize the portion of membership dues that are a credit toward the subscription of the *Angus Journal*. This resulted in increasing prior year current liabilities and total liabilities by \$273,000 and decreasing unrestricted net assets by \$273,000. In addition, prior year revenues, gains and other support, and changes in net asset were decreased by \$14,000 and net assets, beginning of year, were decreased by \$259,000.

This information is an integral part of the accompanying consolidated financial statements.



Goals Provide Focus for Association, Membership

In fiscal 2000, the Association Board of Directors established a new mission statement and a vision statement, as well as 13 long-range goals for the American Angus Association and its members. These statements and goals reflect the role the Association plays in today's beef industry, as well as in the future.

During fiscal 2001, these goals became the marching orders for the Board and its committees, as well as staff who work to develop the programs and services that will ensure the Angus advance in the future for members and their commercial customers.



► In 1873, George Grant, originally from Banffshire, Scotland, imported the first four Aberdeen-Angus bulls in to the United States. This limestone monument marks the site of Grant's grave near Victoria, Kan., and it stands as a tribute to his contribution to the cattle industry. It also marks the birthplace of Angus in America. Just as Grant was focused on bringing a better beef breed to America, today's Angus breeders and the American Angus Association are focused on reaching the goals set forth by the Board of Directors to lead the Angus advance into the future.

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.
- 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.
- Coordinate flow of cattle from commercial Angus herds to licensed feedlots.
- 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.

