A to Z
Retained Ownership, Inc.

2006 Year-End Summary

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INTRODUCTION

The A to Z Retained Ownership, Inc. program was started in 1992 as a cooperative venture by cow-calf producers, the Bruneau Cattle Company feedlot, veterinarians, packers, bankers, allied industry representatives and the University of Idaho Cooperative Extension System. The primary goal of this educational program is to provide information to cow-calf producers on how their cattle perform through the feeding and carcass grading phases of the retained ownership process. This report presents the results of the fourteenth year of the retained ownership program.

OBJECTIVES

In an effort to provide Idaho ranchers with information concerning retained ownership, marketing alternatives and individual animal performance, an educational program was started by University of Idaho Cooperative Extension System faculty during the fall of 1992. Over the last fourteen years, the A to Z program has expanded to provide this opportunity for ranchers throughout the Pacific Northwest.

Specific project objectives are to provide cattle producers with:

- Feedlot performance information for their cattle,
- Individual animal carcass information at slaughter and experience with value based carcass pricing,
- Marketing alternatives available during the feeding program, and
- Economic evaluation of retained ownership for individual operators and the pen of cattle.

PROGRAM FORMATION

Initiation

The idea of a retained ownership program was broached with the District II Beef Advisory Committee in the spring of 1992. University of Idaho faculty conducted a review of other retained ownership programs (Sims et al., 1991; Wagner et al., 1992). A small group of producers was asked to form a steering committee to set up the basic ground rules for the program and to make initial decisions in devising the program.

Feedlot selection

Preliminary work involved surveys of five feedlots on their management, feeding, and billing procedures. University of Idaho faculty conducted this survey, based upon information requested by the steering committee. Survey information was summarized and presented to the committee. After review of the information, Bruneau Cattle Company in Bruneau, Idaho was selected by the steering committee as the custom feedlot for the retained ownership program.

Financing

A similar approach was followed to secure financing for the feeding program. University of Idaho faculty surveyed four lending institutions regarding terms and

conditions of a feeding program loan. Several banks required additional steps in order for the A to Z cooperative to secure financing, including the necessity of having a producer/lender-signed form specifying that the cattle were lien-free, the necessity of an additional lien to the prospective lender, creating a non-profit corporation, and others. After much discussion by the steering committee, members selected Idaho State Bank in Cambridge, Idaho to finance the program annually. US Bank finances the program currently after a series of bank mergers in the late 1990s.

Program Design

Once the feedlot was selected and financing secured, the feeding program was ready to begin. In October 1992, the steering committee met once to lay out the specific guidelines for the program and once with the feedlot operator to coordinate transfer of the cattle into the feedlot. At the second meeting, the feedlot's consulting veterinarian designed a preconditioning program. Allied industry representatives provided technical and financial support for the pre-weaning/receiving program.

A mid-year meeting held in January at Bruneau provides producers with the opportunity to view their cattle in the feedlot, along with animal performance data and a review of the marketing plan. Cattle are finished and sold by Bruneau Cattle Company to Tyson Fresh Meats of Boise. Carcass data is gathered for individual animals by University of Idaho faculty with assistance from the USDA Grading Service. Feedlot performance information, carcass data, and costs and returns are gathered throughout the program and summarized for each owner's individual steers or heifers and each pen of cattle, as a whole. These data form the basis for the final educational program held in Fruitland Idaho, conducted after all cattle are marketed. Producers and other guests attending the meetings receive animal performance (feedlot and carcass) data, as well as the proceeds from the sale of their cattle. All of the information is explained and evaluated during the educational session. In addition, a questionnaire is distributed to the participants in order to evaluate the program and make suggestions for future programs.

The fouteenth year feeding phase had 124 cattle consigned to the program including 60 steers and 64 heifers. Data gathered during the project are tabulated and analyzed in computerized format.

PROCEDURES

Eight ranches consigned 60 steers and 64 heifers to the A to Z Retained Ownership, Inc. program in November 2005. Steers selected were to weigh between 550 and 750 pounds upon arrival at the feedlot. The heifers were to be 50 pounds lighter (500 to 700 pounds). The cattle were to be dehorned, castrated, weaned at least 21 days prior to feedlot delivery, and accustomed to feed bunks, waterers and trace mineral salt. Calves received their first set of vaccinations at the ranch 13 or 14 days prior to receiving their booster shots at the feedlot. Initial vaccinations included Lepto-5 (bacterin), IBR, BVD (killed vaccine), PI_3 (heat sensitive) and BRSV (modified live vaccine Cattle Master 4+L5, Pfizer*) and 7-way blackleg and *H. somnus* (Ultrabac 7/Somubac, bacterin-toxoid, Pfizer*). Backup A to Z identification eartags were placed in the cattle at the ranch. Owners provided breed-of-sire, breed-of-dam, color, calving date, weaning date, tag information,

* Reference to brand or trade names does not indicate or imply an endorsement of the product or representation that comparable products may not be available.

and ownership information necessary to secure financing for the program.

The cattle arrived and were weighed on a truckload basis at the feedlot on November 15 and 16, 2005. On November 22, 2005 they were individually weighed (assessed a percentage shrink back to truck weight), administered boosters to vaccines, treated for internal and external parasites, including liver flukes (Ivomec Plus, Merial Ltd.*), tagged with a duplicate eartag for individual identification if necessary, measured for hip height, and implanted with a growth promotant (Ralgro, Schering-Plough*). A coccidiostat (Deccox, ALPHARMA*) was used in the receiving ration. Cattle were also tagged with electronic identification (EID) tags at this time. The EID tags were read into the CattleLog© program where visual identification, weight, hip height, hide color, sex, and vaccinations were recorded.

Steers were initially valued at $118.00/cwt for a 600 lb. base weight animal with a $13.00 positive slide for lighter cattle and a $9.00 negative slide for heavier cattle. Heifers were valued at $111.00/cwt for a 600 lb. animal with a $10.00 positive slide for lighter animals and a $7.00 negative slide for heavier animals. All owners were responsible for salvage, medicine charges and death loss incurred by their cattle. Feedlot costs encumbered by a calf that died or was salvaged were deducted from sale proceeds of the owner's remaining animals. Only for analytical purposes were death loss and medicine charges averaged across all cattle in order to relate the current year to previous years' data.

Steer and heifer pens were placed on the finishing ration on January 16, 2006. The cattle were individually weighed and assessed a 5% shrink on January 13, 2006. They were given a clostridial booster and reimplanted that same day. EID tags were read and rate of gain (lbs/hd/day) calculated.

Dry matter intakes were determined on an individual calf basis for the receiving and start-up rations combined, and for the finishing ration. Feed intakes were adjusted for average live weight and average daily gain during each period using the net energy for maintenance (NE_m) and net energy for gain (NE_g) equations of Owens et al. (1984).

The outdate for finished cattle was determined by Bruneau Cattle Company personnel using days on feed and visual observation as indicators of cattle reaching the Choice quality grade. Market conditions played a significant role in the marketing decision. All cattle were processed at Tyson Fresh Meats of Boise on April 21, 2006 (63 heifers and 59 steers).

Base carcass value was determined according to the formula for average cash price for cattle in the Texas/Oklahoma Panhandle during the current week and adjusted for quality grade, yield grade and carcass non-conformity discounts according to the RTMV (Real-Time Market Value) pricing grid. Grid prices received for 2005 and 2006 are reported in Table 6.

Carcass data collection and grading were accomplished the first work day following a weekend carcass chill.

Calculations for final yield grade and percent cutability were taken from Beef Improvement Federation proceedings (BIF, 1990). The equation for calculating frame scores for steers was an average of the frame score equations for bulls and heifers (BIF, 1990). Profitability of cattle feeding on an individual owner basis was determined by subtracting feedlot costs (feed, yardage, processing, medicine, death loss and interest

on feedlot costs), initial value of the animal, and opportunity costs on the initial value (6 percent interest for the duration of the feeding period) from the total carcass value of the animal (less transportation, brand inspection, and checkoff).

RESULTS AND DISCUSSION

Animal Performance

Initial information on the two pens of cattle is reported in Table 1. Average age of the steers entering the feedlot was 259 days (equaling a March 2, 2005 average calving date), with an initial weight of 651 pounds. Heifers had an average age of 254 days (equaling a March 7, 2005 average calving date) and weighed 625 pounds.

Animal performance for the start-up period, which lasted 59 days, is reported in Table 2. Steers averaged 807 pounds at the first weigh period (January 13, 2006). Performance averaged 2.66 pounds of gain per day, with a feed efficiency of 8.22 pounds of feed (dry matter basis) per pound of gain. Average dry matter intake was 21.91 pounds per day. No steers died during the initial growing phase.

Heifers averaged 759 pounds at the first weigh period (January 13, 2006) and gained 2.27 pounds per day. Feed efficiency for the heifers was 9.84 pounds of feed per pound of gain, with an average dry matter intake of 21.27 pounds per day. No heifers died during the initial grower phase.

Quite often there is some concern expressed over the lack of performance of the cattle during the start-up period. The data collected over the last thirteen years of the program actually suggest a low correlation between animal performance during the start-up period and overall performance during the total feeding period. Average daily gain correlations were 22 percent and 27 percent for the steers and heifers, respectively.

Performance for the finishing period is reported in Table 3. Average finish weight of the steers was 1,152 pounds, with steers consuming 22.82 pounds of dry matter per day and gaining 3.51 pounds per day. Feed efficiency was 6.50 pounds of dry matter per pound of gain over the 98-day finishing period. Final death loss was 1.66 percent, as one steer died in April of what is believed to be polioencephalomalacia (polio).

Heifers finished at an average weight of 1,099 pounds, consumed 22.07 pounds of dry matter per day and gained 3.47 pounds per day during the finishing phase. Feed efficiency was 6.35 pounds of feed per pound of gain over the 98-day finishing period. Final death loss was 1.56 percent as one heifer died in February of chronic heart failure.

Performance for the combined start-up and finishing periods is reported in Table 4. Over the entire feeding period, steers gained 3.20 pounds per day, consuming 22.48 pounds of dry matter per day. Average feed efficiency was 7.09 pounds of dry matter per pound of gain over the 157 day feed period. Heifers gained 3.02 pounds per day, consumed 21.77 pounds of dry matter and converted 7.21 pounds of feed to a pound of gain over the 157 day feed period.

Table 1. Initial animal performance at receiving time (Nov 15-16, 2005).

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Weight, lb	58	651.12	482.00	835.00	76.02
Hip height, in	58	46.53	43.00	52.00	2.07
Frame score	58	5.68	3.32	8.38	0.93
Age, days	58	258.97	214.00	325.00	26.30
Initial value, $/head[a]	58	735.81	643.16	808.67	38.53
Heifers					
Weight, lb	63	625.39	506.00	726.00	53.61
Hip height, in	63	45.96	43.00	49.50	1.59
Frame score	63	5.47	3.50	7.21	0.79
Age, days	63	253.94	222.00	288.00	13.08
Initial value, $/head[a]	63	683.14	609.28	741.99	32.71

[a] Steers initial value was $118.00/cwt for a 600 lb. animal with a $13.00 positive slide for lighter cattle and a $9.00 negative slide for heavier cattle. Heifers were valued at $111.00/cwt for a 600 lb. animal with a $10.00 positive slide for lighter animals and a $7.00 negative slide for heavier animals.

Table 2. Animal performance during receiving and start-up period (Nov 15-16, 2005 to Jan 13, 2006).

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Weight, lb (1/13/06)	58	807.17	598.5	992.75	79.45
Average daily gain, lb/day	58	2.66	-0.955	4.80	0.877
Dry matter intake, lb/day[a]	58	21.91	4.53	37.12	5.29
Feed efficiency, lb feed DM/lb gain[b]	58	8.22	-4.74	14.84	2.33
Heifers					
Weight, lb (1/13/06)	63	759.02	622	864	58.83
Average daily gain, lb/day	63	2.27	0.37	3.28	0.596
Dry matter intake, lb/day[a]	63	21.27	9.63	29.52	4.21
Feed efficiency, lb feed DM/lb gain[b]	63	9.84	7.98	26.15	2.62

[a] Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

[b] 2 steers and 1 heifer lost weight or gained minimal amounts during the start-up phase. To provide meaningful information, these 3 animals were excluded in the calculations of key indicators in start-up phase.

Table 3. Animal performance during the finishing period (Jan 14, 2006 to Apr 21, 2006).

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Finished weight, lb[a]	58	1151.62	836.51	1398.41	117.96
Average daily gain, lb/day	58	3.51	-0.04	4.75	0.718
Dry matter intake, lb[b]	58	22.82	6.58	32.94	4.56
Feed efficiency, lb feed DM/lb gain	58	6.50	-151.97	7.24	20.80
Heifers					
Finished weight, lb[a]	63	1098.84	896.83	1300.00	96.62
Average daily gain, lb/day	63	3.47	1.80	4.83	0.59
Dry matter intake, lb[b]	63	22.07	12.64	32.65	4.35
Feed efficiency, lb feed DM/lb gain	63	6.35	5.58	7.02	0.335

[a] Calculated from hot carcass weight using a standard 63% dressing percentage.
[b] Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

Table 4. Animal performance throughout entire feeding period (Nov 15-16, 2005 to Apr 21, 2006).

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Average daily gain, lb/day	58	3.20	1.29	4.51	0.575
Days on feed	58	156.59	156	157	0.497
Dry matter intake, lb[a]	58	22.48	12.81	33.33	3.998
Feed efficiency, lb feed DM/lb gain	58	7.09	5.91	11.01	0.722
Heifers					
Average daily gain, lb/day	63	3.02	1.73	3.95	0.476
Days on feed	63	156.78	156	157	0.419
Dry matter intake, lb[a]	63	21.77	12.94	29.70	3.70
Feed efficiency, lb feed DM/lb gain	63	7.21	6.28	8.16	0.366

[a] Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

Carcass data for the cattle is reported in Table 5. Average hot carcass weight for the steers was 726 pounds, with a yield grade of 2.55 and a 13.28 sq. in. ribeye. Average marbling score was slight (5.17) and average quality grade was average-select (10.84). Average carcass weight of heifers was 692 pounds, with a yield grade of 2.63 and a 12.70 sq. in. ribeye. Average marbling score for the heifers was small (6.52) and quality grade was high-select (11.67).

All A to Z cattle were sold through Tyson Fresh Meat's Real-Time Market Value (RTMV) pricing grid system. Base price (USDA Choice yield grade 3) is established as in previous years (weekly average price for fed cattle in the Texas-Oklahoma Panhandle feeding region). Individual carcass incentives and discounts were then applied using the RTMV pricing grid. Market date, number of steers and heifers marketed on that date and incentives and discounts for specific traits are outlined in Table 6, along with prices from the 2005 marketings. Because of concerns with increasing market supply and decreasing market prices, all animals were sent to market

on the same day. Base price was $138/cwt with the USDA Choice/Select spread being -$14.00/cwt. USDA yield grade 2's received an additional $2.50/cwt, while yield grade 1's received a $6.50/cwt premium over 3's Yield grade 4 discounts were $15.00/cwt. There were no lightweight or heavyweight carcasses this year. Carcasses qualifying for Certified Angus Beef (CAB) received a premium of $5.00/cwt. There were no USDA Prime carcasses this year.

Table 5. Animal performance carcass data.

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Hot carcass weight, lb	58	725.52	527	881	74.32
Final yield grade	58	2.55	1.14	4.64	0.698
Ribeye area, sq in	58	13.28	9.2	17.8	1.76
Kidney, pelvic & heart fat, %	58	2.28	1.0	3.5	0.492
Backfat, in	58	0.43	0.10	0.85	0.134
Marbling score[a]	58	5.17	1.0	11.0	1.87
Quality grade[b]	58	10.84	7.0	13.0	1.41
Carcass price, $/cwt	58	133.83	121.00	149.50	7.62
Heifers					
Hot carcass weight, lb	63	692.27	565	819	60.87
Final yield grade	63	2.63	1.03	5.06	0.74
Ribeye area, sq in	63	12.70	9.5	16.8	1.55
Kidney, pelvic & heart fat, %	63	2.39	1.5	3.5	0.419
Backfat, in	63	0.42	0.15	1.00	0.155
Marbling score[a]	63	6.52	3.0	13.0	2.13
Quality grade[b]	63	11.67	9.0	14.0	1.19
Carcass price, $/cwt	63	137.55	123	145.5	6.11

[a] Marbling score: Standard $\leq$ 2; Slight = 3, 4, 5; Small = 6, 7, 8; Modest = 9, 10, 11; Moderate = 12, 13, 14; Abundant $\geq$ 15.
[b] Quality grade: $\leq$ 8 = Standard, 9 = Select$^-$, 10 = Select^0, 11 = Select$^+$, 12 = Choice$^-$, 13 = Choice^0, 14 = Choice$^+$, $\geq$ 15 = Prime.

Costs and Returns

Costs associated with the custom feeding operation on a per animal and per pound of gain basis are reported in Tables 7 and 8. For analysis only, processing, medicine, death loss and interest were assessed on a fixed basis and were the same for each animal. Death loss was calculated as the initial value of the animal less any feedlot cost incurred to the time of mortality. These values were summed and divided by the number of finished animals to derive a death loss cost per head. When converted to a cost per pound of gain basis, costs are lower for animals with higher average daily gains.

Total feed cost per steer averaged $258.16 and heifers averaged $249.98 per head. Total feeding cost (feed, yardage, processing, medicine, death loss, interest, and opportunity cost) averaged $370.51 for the steers and $355.99 for the heifers. Feed and yardage costs per pound of gain averaged $0.62 and $0.63 for steers and heifers, respectively. Total cost of gain (on a $ per pound of gain basis) was $0.75 and $0.76 for steers and heifers, respectively.

Table 6. A to Z Calf Prices, 2005 and 2006. Premiums (+) and Discounts (-) in relation to Choice, yield grade 3 Base Price ($/cwt, Real-Time Market Value Grid).

	4/21/06 Calves 63 Heifers 59 Steers	4/22/05 Calves 24 Heifers 62 Steers	5/13/05 Calves 47 Heifers 60 Steers
Pr	**-**	-	+16.00
CAB	**+5.00**	+3.00	+4.00
YG1	**+6.50**	+6.50	+6.50
YG2	**+2.50**	+2.50	+2.50
Ch 3 Base	**$138 ($86.94 Live)**	$149.00 ($93.87 Live)	$149.00 (93.87 Live)
Se	**-14.00**	-9.00	-15.00
No Roll	**-17.00**		
YG4	**-15.00**	-	-20.00
< 525	**-**	-	-
> 950	**-**	-	-
Heifers	**0.00**	0.00	0.00

The overall break-even prices and profitability of the feeding program are shown in Table 9. Profitability, as represented here, is for the feeding period only. It is not a net income value for the feeding venture since the total annual cow costs are approximated with the initial value. Overall break-even live price at harvest was $96.48 per cwt for steers and $94.80 per cwt for heifers. Break-even feeder price (the price that would have been paid for the steer or heifer going into the feedlot which would produce $0.00 profit/loss for the retained ownership program) was $92.72 for steers and $95.67 for the heifers. In other words, if the average price for steers in the fall of 2005 was less than $92.72, then the retained ownership program was more profitable than selling the weaned steers in the fall. The average loss was $-134.17 per steers and $-86.84 per heifers. Critical factors that affected profitability were high initial animal value during the fall of 2005, feedlot average daily gain, quality grade, and marketing date.

Steers were initially valued at $118.00/cwt for a 600 lb. base weight animal with a $13.00 positive slide for lighter animals and a $9.00 negative slide for heavier animals. Heifers were valued at $111.00 for a 600 lb. animal with a $10.00 positive slide for lighter animals and a $7.00 negative slide for heavier animals. Using these market prices, initial values of the cattle going into the feeding program averaged $736/steer and $683/heifer. The opportunity cost of not selling the animal at weaning (an interest expense tied directly to the initial value of the) averaged $18.94/head and $17.61/head over the feeding period, for steers and heifers, respectively.

Animal performance for the total feeding period was lower when compared with last year's program. Average daily gain decreased from last year with steers gaining 3.2 pounds per day and heifers gaining 3.02 pounds per day this year compared to 3.46 and 3.30 pounds per day for steers and heifers, respectively in 2004-2005. Feed efficiency decreased (more pounds of feed were required per pound of gain) by 0.62 pounds for steers and 0.43 pounds for heifers over last year's performance. Feed efficiency this year was 7.09 pounds of feed per pound of gain for the steers, while heifers converted at 7.21 pounds. Feed efficiency last year was 6.47 pounds of feed per pound of gain for the steers, while heifers converted at 6.78 pounds.

Table 7. Costs associated with custom feeding on a $ per animal basis.

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Total feed[a]	58	258.16	150.42	382.72	46.12
Yardage[b]	58	46.98	46.8	47.1	0.15
Processing[c]	58	10.61	10.61	10.61	0.00
Medicine[c]	58	2.81	2.81	2.81	0.00
Death loss[c]	58	17.29	17.29	17.29	0.00
Interest[cd]	58	6.04	6.04	6.04	0.00
Opportunity[e]	58	18.94	16.60	20.74	0.967
Total Cost	58	370.51	262.65	497.42	47.23
Heifers					
Total feed[a]	63	249.98	150.00	342.92	42.99
Yardage[b]	63	47.03	46.8	47.1	0.126
Processing[c]	63	10.61	10.61	10.61	0.00
Medicine[c]	63	2.37	2.37	2.37	0.00
Death loss[c]	63	13.02	13.02	13.02	0.00
Interest[cd]	63	6.04	6.04	6.04	0.00
Opportunity[e]	63	17.61	15.72	19.15	0.841
Total Cost	63	355.99	255.21	451.40	43.96

[a] Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

[b] Yardage costs were $.28 per animal each day.

[c] Fixed cost shared by owners on a per animal basis.

[d] Feeding period financing costs, including interest at 5.00 percent and a loan origination fee.

[e] Opportunity cost was calculated at 6 percent interest on the initial value of each animal for the duration of the feeding period

Table 8. Costs associated with custom feeding on a $ per lb of gain basis.

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Total feed[a]	58	0.5197	0.4349	0.7751	0.0508
Feed and yardage[b]	58	0.6179	0.5272	1.0076	0.0711
Total cost of gain	58	0.7542	0.6414	1.3195	0.1039
Heifers					
Total feed[a]	63	0.5278	0.4629	0.5883	0.0266
Feed and yardage[b]	63	0.6300	0.5604	0.7463	0.0334
Total cost of gain	63	0.7580	0.6775	0.9439	0.0518

[a] Individual animal dry matter intake was calculated by adjusting for live weight and average daily gain (Owens et al., 1984).

[b] Yardage costs were $.28 per animal each day.

Table 9. Break-even price and profitability associated with custom feeding.

	No. of Animals	*Mean*	*Minimum*	*Maximum*	*Standard Deviation*
Steers					
Break-even live price, $/cwt	58	96.48	89.64	119.06	4.60
Break-even feeder price, $/cwt	58	92.72	66.32	117.35	11.24
Profit/Loss, $/steers	58	-134.17	-308.24	17.37	71.534
Heifers					
Break-even live price, $/cwt	63	94.80	90.12	103.88	3.07
Break-even feeder price, $/cwt	63	95.67	73.10	110.20	9.05
Profit/Loss, $/heifers	63	-86.84	-222.53	-0.39	52.60

SUMMARY

Fall 2005 feeder cattle prices were at the highest level they have been since the A to Z program began. Based on knowledge from the previous year when feeder prices were also high, we started this year knowing that producers were aware of the market situation and the associated risk but that the information returned from the program outweighed the risk.

For the 2005-2006 feeding program, steers had an average daily gain of 3.20 pounds per day and heifers gained an average of 3.02 pounds per day during the feeding period. Dry matter intake was 22.48 and 21.77 pounds per head daily for steers and heifers, respectively. Feed efficiency was 7.09 pounds for the steers and 7.21 pounds for the heifers (expressed on a pounds of feed per pound of gain basis). Hot carcass weights were 726 pounds for steers and 692 pounds for heifers. Fifty percent of the steers and 76 percent of the heifers graded Choice. No animals graded Prime. In addition, 14 percent of all the steers (28% of the black steers) and 11 percent of all the heifers (22% of the black heifers) met Certified Angus Beef (CAB) specifications and qualified for premiums under the RTMV pricing grid. Losses averaged -$134.17 per steer and - $86.84 per heifer. The range in profits and losses was large for both steers (-$308.24 to +$17.37 per head) and heifers (-$222.53 to -$0.39 per head). Choice grades, CAB, and yield grade 1 and 2 carcasses were responsible for the high-end of prices received while light weight

and Select carcasses were on the low-end of the profitability scale. Only one animal received a discount for being a yield grade 4. High feeder prices in the fall and lower market prices affected the profitability of all animals this year. Animals that were treated for sickness and those that did not gain weight were also on the low end of the profitability scale. Feedlot average daily gain and quality grade accounted for most of the variation in profitability. Initial value accounted for much of the difference in average profitability between steers and heifers.

This year was the first time that EID tags have been used in the A to Z program. Tags were read three times during the course of the program. All tags remained functional during the program and only one tag had been lost at the time of slaughter. Metal from chutes and ambient temperature did not affect readability of the tags.

Overall the 2005-2006 A to Z Retained Ownership, Inc. program was deemed a success by participants in spite of the dollars lost by retaining ownership. Evaluations were conducted at the year-end meeting in Fruitland. A review of the questionnaires indicated that they were very satisfactied in the way the program was run during the year. All of the ranchers indicated they would participate in the retained ownership program again and expressed an interest in feeding cattle during 2006-2007. This year ranchers indicated that the highest value of the A to Z Retained Ownership, Inc. program was the opportunity to gather information on their cattle and the opportunity to critically evaluate their cattle. Other areas where the A to Z program was deemed very useful were: selection of replacement heifers and bulls, keeping abreast with changes in the beef industry, enhance marketing of calf crop, and fine-tuning ranch management. All suggestions, interests and comments will be considered in designing future retained ownership educational programs.

Cattle performance, feed costs and profitability for 2005-2006 compared to the previous thirteen years are shown in Appendix B. Incoming value of cattle, feed costs, feed efficiency, and carcass prices are variable over years and contribute greatly to the variation in profitability. Cattle performance is much less variable from year to year.

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Wagner, J.J., T.B. Goehring, D.L. Boggs, L.W. Insley, D.M. Feuz, G.E. Murra, D.E. Moore, and B. Knutson. 1992. South Dakota Retained Ownership Demonstration. Report 92-15. South Dakota State University Agricultural Experiment Station, Brookings, South Dakota.

Appendix A
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Howard Sutton, Director
John Sutton, Director
Mark Frisbee, Director
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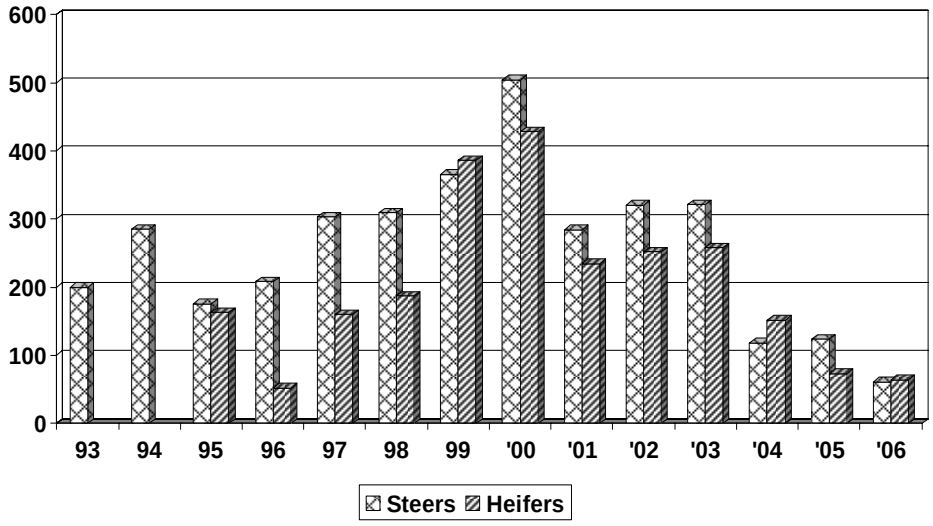
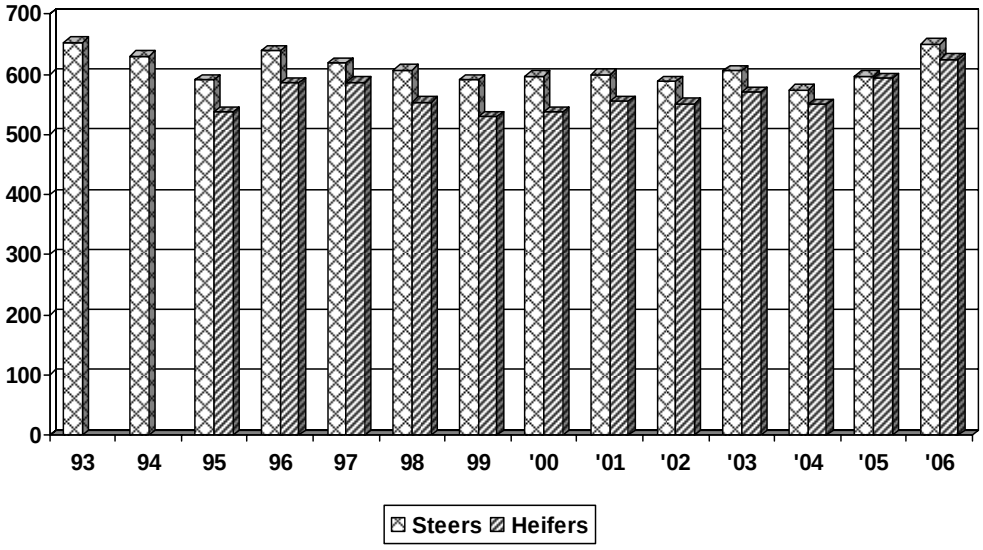
Appendix B
Time Series Trends of Key Indicators

A to Z Consignments
Calves

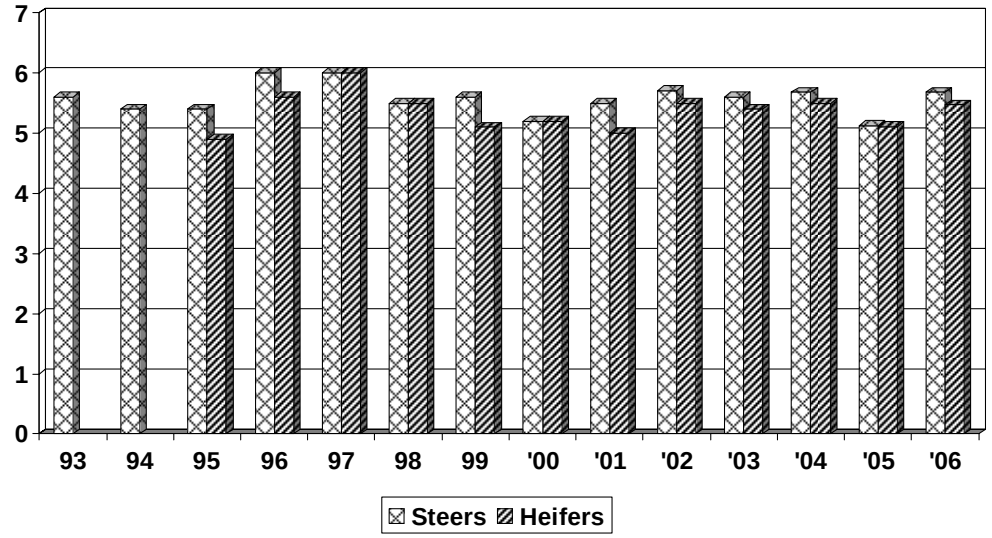


5,988 Head Total

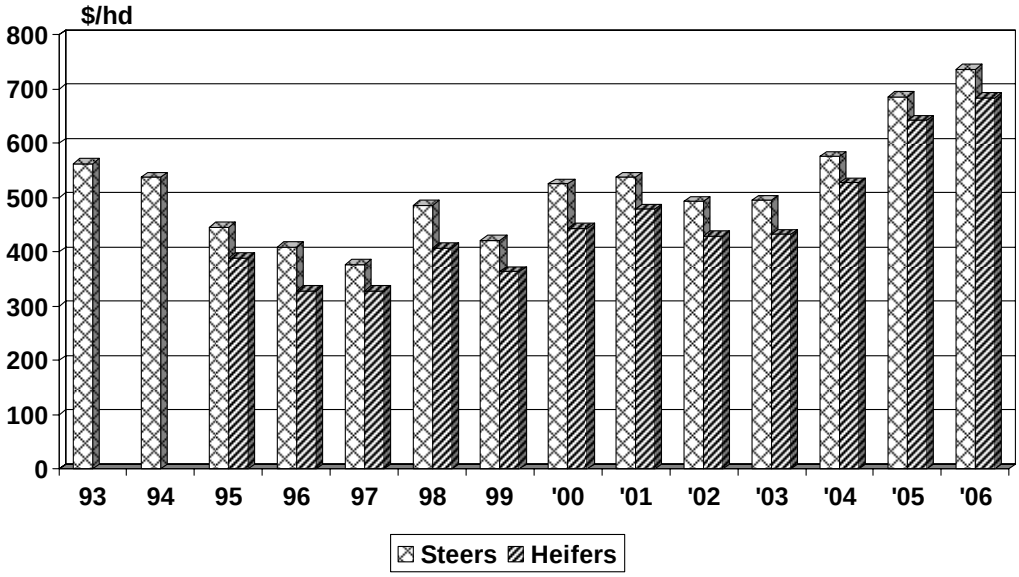
A to Z Receiving Weights
Calves



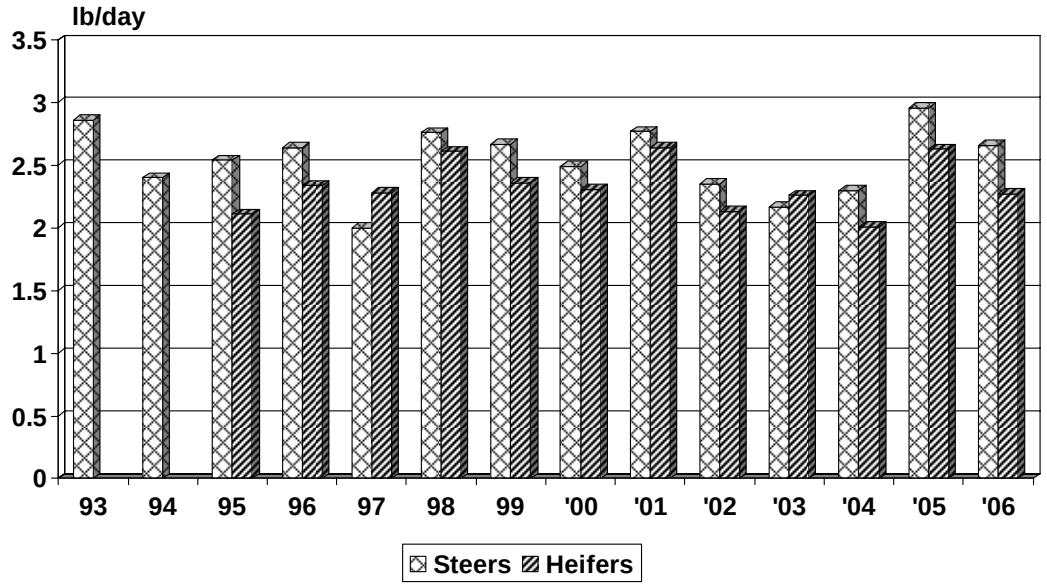
A to Z Frame Scores
Calves



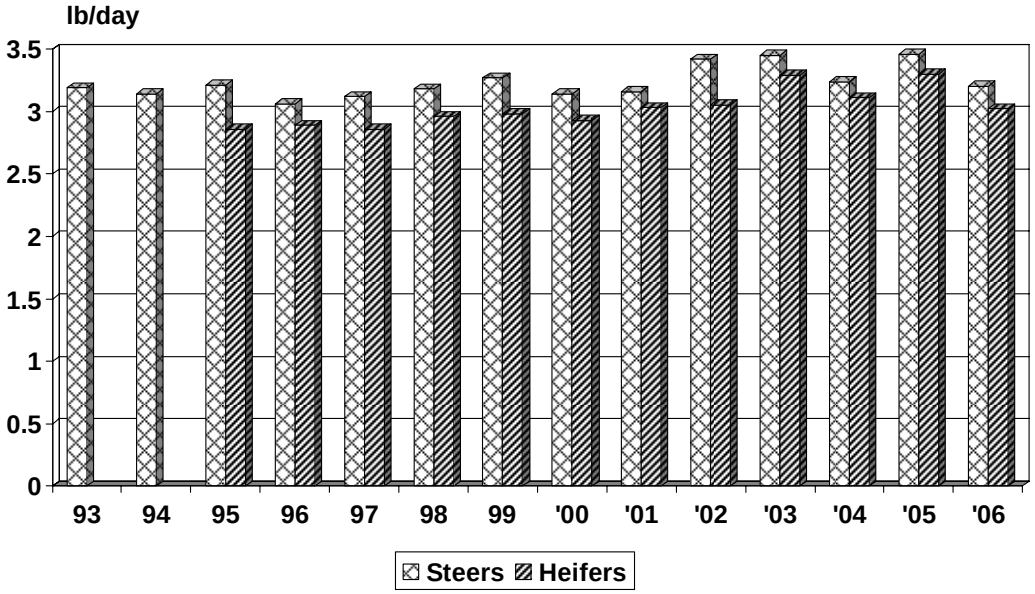
A to Z Initial Value
Calves



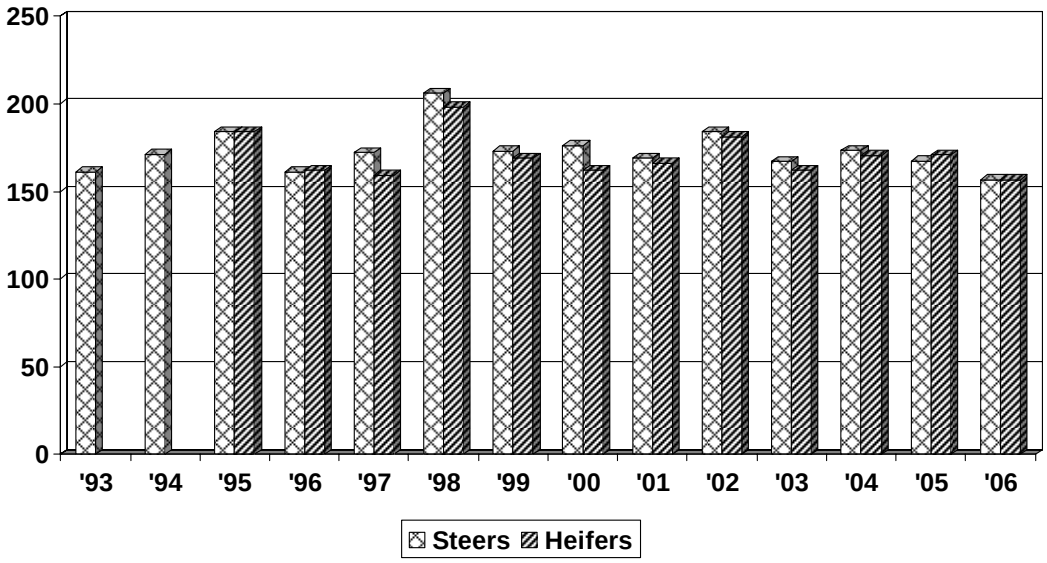
A to Z - ADG (Receiving – Startup)
Calves



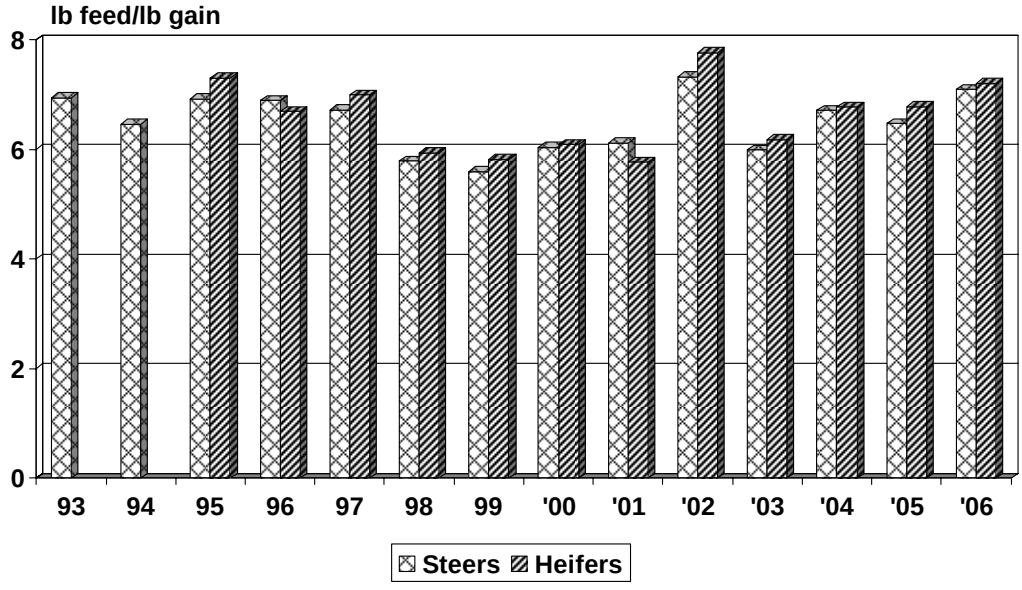
A to Z – ADG Total
Calves



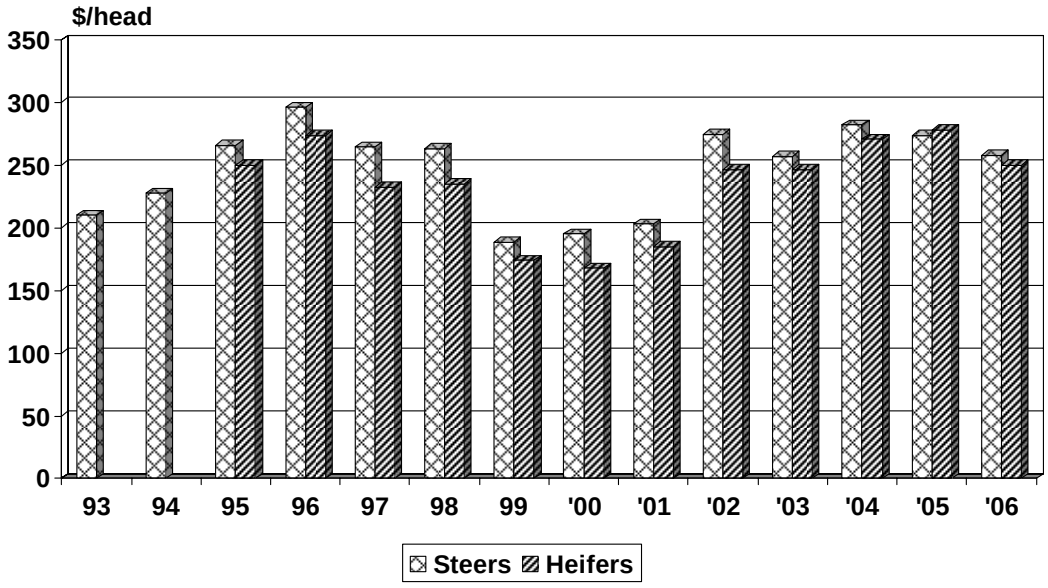
A to Z Days on Feed
Calves



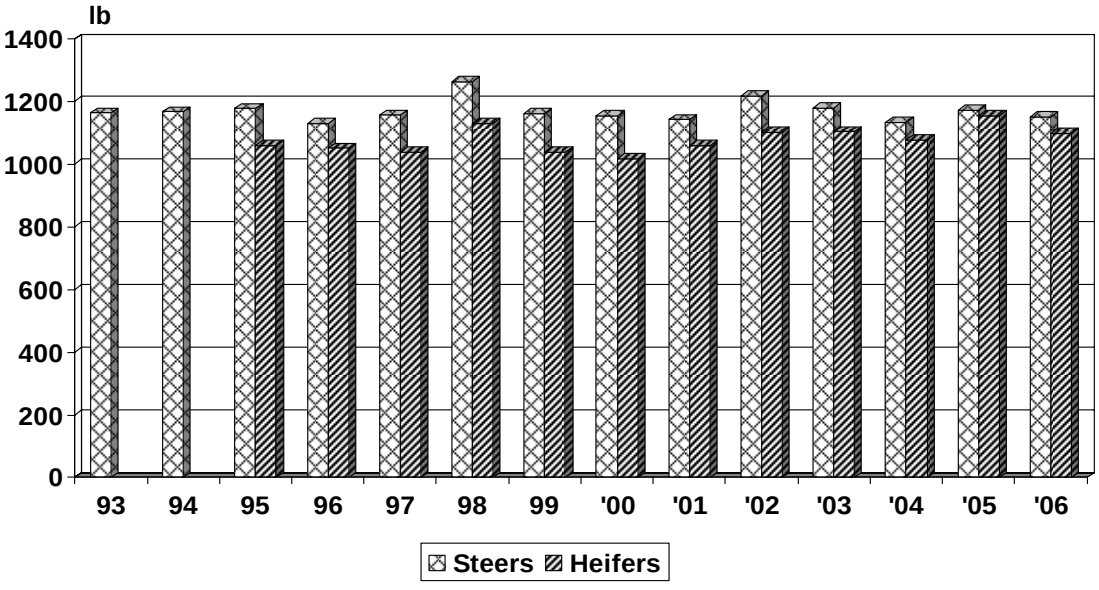
A to Z – F/G
Calves



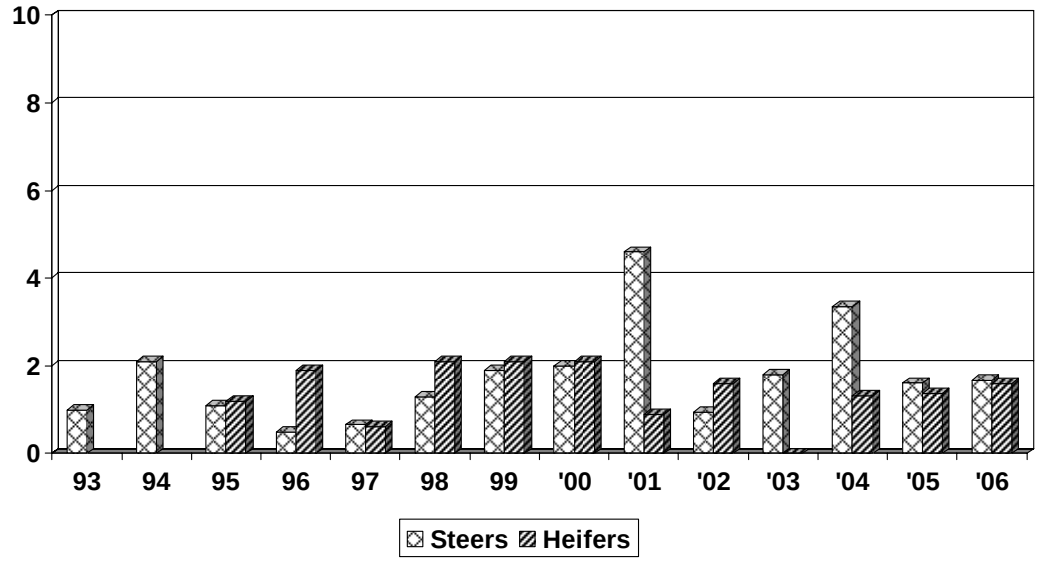
A to Z Feed Cost
Calves



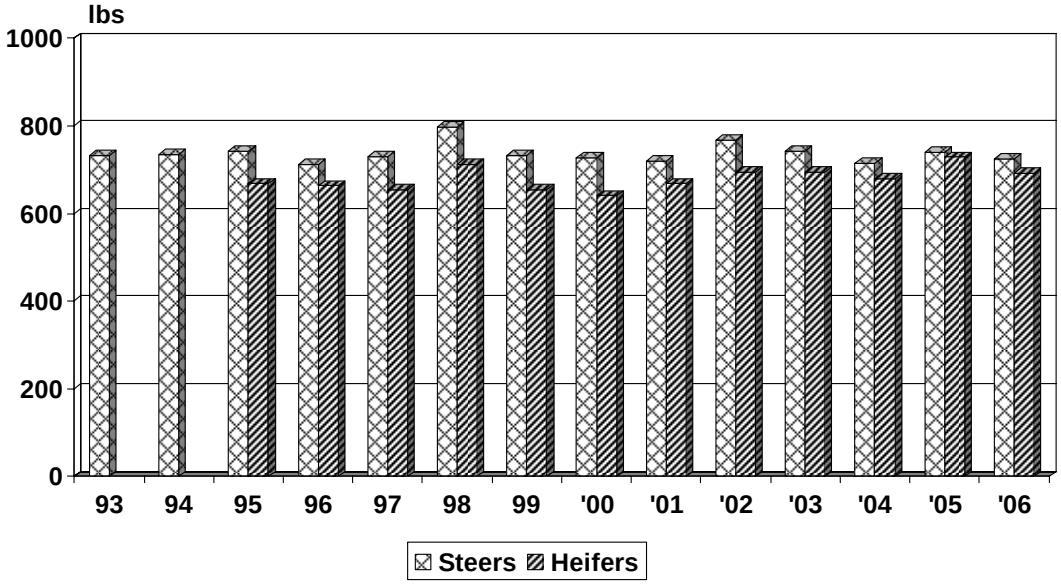
A to Z Finished Weights
Calves



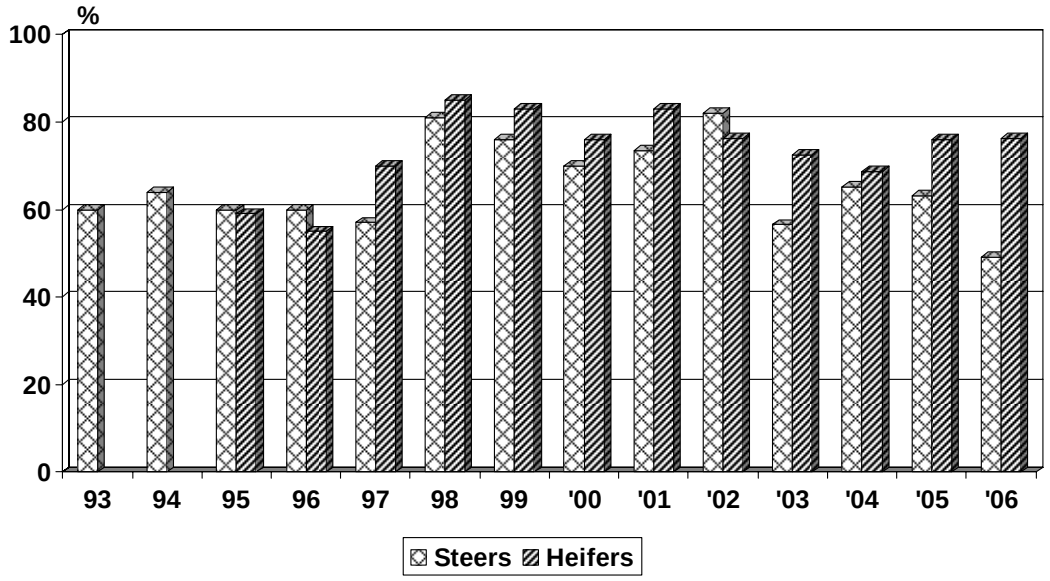
A to Z Death Loss (%)
Calves



A to Z Carcass Weights
Calves



A to Z Quality Grade (% Ch and Pr)
Calves



A to Z Yield Grades
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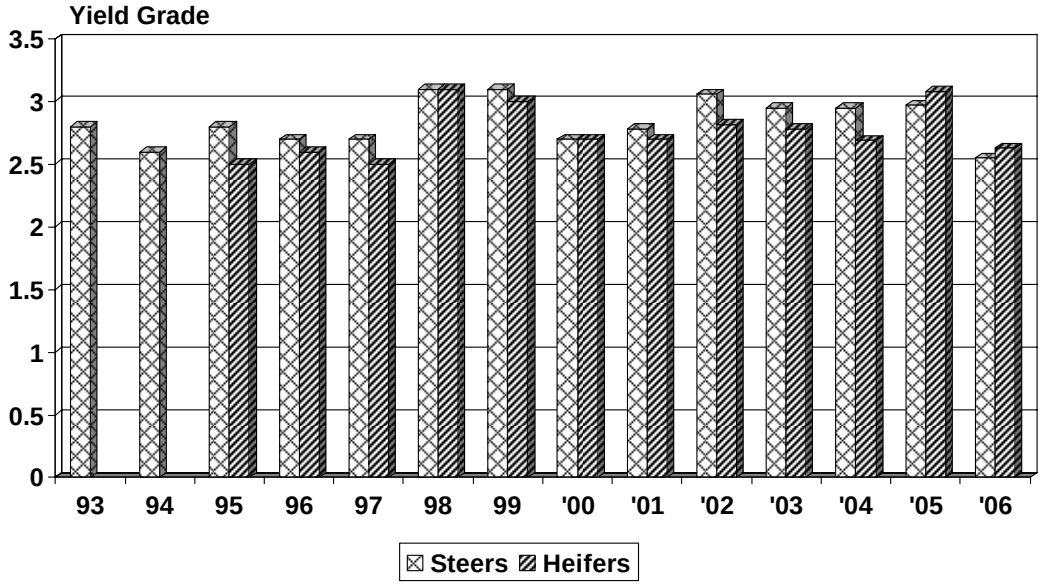
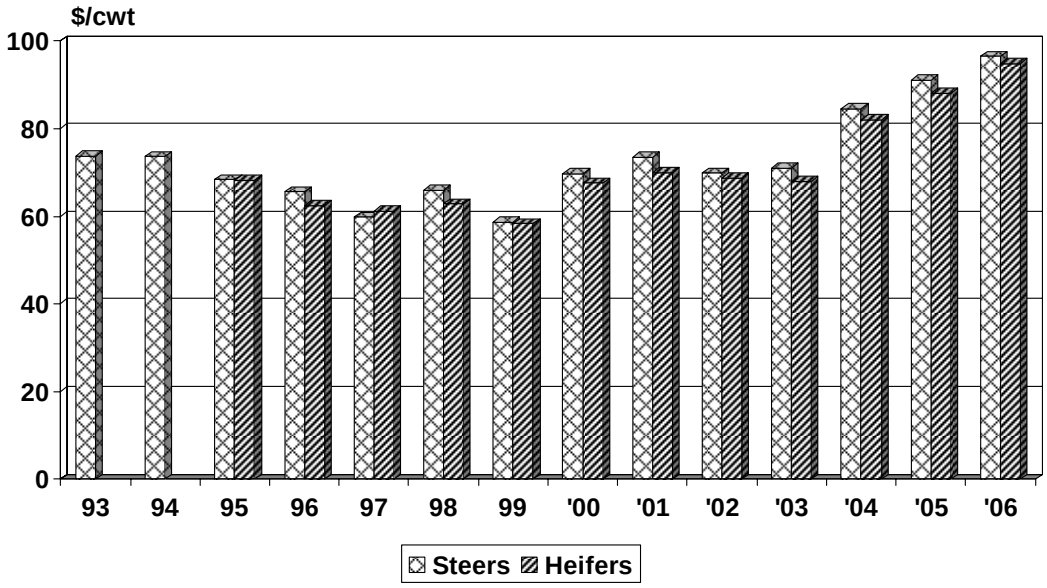
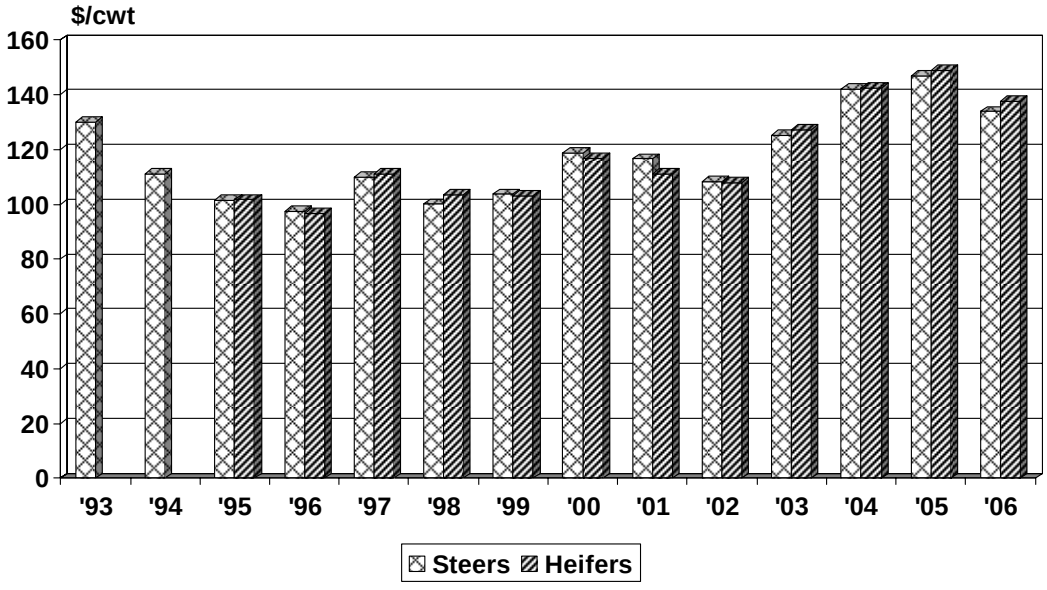


A to Z Break-Even
Calves



A to Z Carcass Price
Calves



A to Z Profit
Calves