

Update on Industry – Rockford Feeders, Central Dakota Cattle Association, Central Dakota Beef and Dakota Halal Processing Company

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The cattle industry's foundation is the cowherd owner/manager that makes the decision to produce quality calves. These calves are used in an extensive and complex beef industry. Fortunately, this extensive agribusiness provides opportunity for vertical integration for the cow-calf producer.

Rockford Feeders LLP was established to provide ownership of weaned or backgrounded calves until harvest by a group of farmers. This is considered as a first step integration past cowherd ownership. The uniqueness of Rockford Feeders LLP is that risk is managed by the goal of constant monthly acquisition of calves. The calves are price protected by futures contracts, fed for 120-210 days after placement, and then harvested.

Approximately 3400 head of calves have been placed on feed with in the past three years. Profits (losses) per head per group placed on feed ranged from a positive \$133/head to a negative (\$74) per head.

The Central Dakota Beef, LLC was developed to provide an alternative means for a group of producers to invest in vertically integrated businesses. This is different as compared to the more traditional mode of investing directly in a vertically integrated business. The cattle producers that own Central Dakota Beef, LLC were seeking an opportunity to sell premium beef to consumers preferring source-identified beef.

The owners of Central Dakota Beef, LLC voted to invest their capital in Dakota Halal Processing Company of Harvey, ND. This harvesting, processing, and kitchen facility began harvesting finished cattle in March of 2001. The processing facility provides packaging of fresh meat in individualized case-ready packages and contains cooking and smoking facilities for individualized cooked products. Microwavable meals have been developed and are waiting packaging approval.

Dakota Halal Processing Company is producing three product lines. The ethnic products, Aldayel and Zem Zem, are distributed in coastal U.S. markets and internationally. The web site is www.dakotahalal.com.

Upper Midwest markets are supplied with Sheyenne Valley brand, 'Gourmet Beef from the Heart of the Dakotas'. Taste tests from North Dakota markets provide a very positive acceptance for both fresh meats and processed meats with the Sheyenne Valley brand. These products are source verified and contain special feeding practices. Local grocery stores and meat outlets utilize the Sheyenne Valley brand with positive customer experiences.

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