

American Sheep Industry Association

2010 Sets Historic Record



Structure of ASI as a Federation

- Member state organizations. Each with a Director sitting on ASI Board.
- Regional structure captures member interests and sheep numbers.
- Region II = Mostly southern states.
- Regional Director has seat on Executive Board. Meet 4x per year.
- Member executes ASI actions via representative structure.



ASI Program Structure

- Councils and committees – See Web
 - Lamb council
 - Wool council
 - Production, research and education
 - Members selected from volunteers and those w/ special skills or experience
- Taskforces
 - Growing inventory
 - Livestock protection dogs



Some Highlights 2010 All Time High for U.S. Lamb Prices

- Cull ewe market exploded this winter with record prices on slaughter ewes
- Prices for feeder lambs, which fared better than any livestock or poultry sector in 2008/09, strengthened to record highs through Summer 2010
- Lamb meat wholesale prices have never been at this level



Wool Prices Highest Since 1989

- Strong American military purchases plus international wool shortages and U.S. exchange rates combined for substantial price increases
- Some sales matched 100% of Australian wool prices



Lamb Purchase Program

- \$2 million lamb program secured by ASI
- Three bids were put out to lamb companies for deliveries to food banks this fall and early winter
- \$1.9 million of lamb sold to USDA for delivery through end of year
- Help maintain prices to producers.



LRP-Lamb Insurance New Contact Information

Food and Fiber Risk Managers

"Created By the Industry For the Industry"

Burdell Johnson

Email: bjohnson@fafrm.com

Office: 701-867-9160 – Cell: 701-320-5687

Website: www.fafrm.com

(FFRM is a wholly owned subsidiary of ASI)



Industry Defends Sheep Research Station

- Only rangeland sheep station in the U.S.
- Anti-livestock groups sued to force USDA to do NEPA on research station
- Environmental Analysis still underway in 2010



Livestock Protection Dog Working Group

- Develop public education and guidelines for dogs to ensure continued use of this predator management tool
- Group published a certification program in 2010 for industry comment
- First round of comments brought about program changes
 - Suggested Practices
- ASI board of directors to review



Livestock Protection Dog Working Group

- Videos and interviews with experienced producers across geographically different areas as well as on private/federal land
- USDA Wildlife Services will soon deliver public education brochures and signs



Quantifying the Nontraditional Lamb Market in the United States

ASI Lamb Council

- Nontraditional lamb marketing research to determine volume, impact and market route of ethnic trade or lambs beyond traditional commercial companies
- Approved by ASI executive board with voluntary funding in cooperation with American Lamb Board

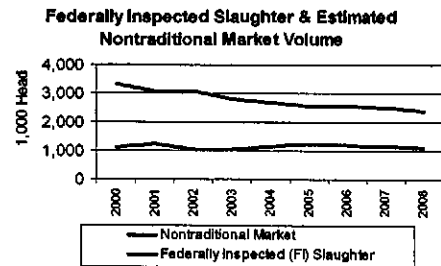


Background

- Discrepancy exists between federally inspected (FI) slaughter numbers and the estimated lamb crop (less 5% for losses)
- Between 2004 and 2008 we estimated this discrepancy at nearly 1.2 million head per year compared to 2.5 million head in FI slaughter



While FI Slaughter has Declined, the Nontraditional Market Held Steady



Top Packers Already Cater to Nontraditional Market

- Volume of lamb channeled into nontraditional markets – defined as ethnic & custom slaughter – by top packers is estimated at nearly 11,000 head/week (566,800 head per annum)
- This equals roughly to 25% of average weekly FI slaughter (44,000 head/wk)

Top Sheep Auctions Channel into Nontraditional Market

- An estimated 300,000 head are likely channeled into the ethnic market through San Angelo and New Holland, largest livestock auctions

Producer Survey Found Nearly 1 Million Lambs Channeled into Nontraditional Markets

- An estimated 995,370 lambs sold direct from producer to consumer from the farm.
- This compares to FI lamb and yearling slaughter in 2008 of 2.3 million head.
- National statistics underestimate lamb production in the U.S.

Lamb Consumption Higher for Minority Groups

- Survey targeted sample of ethnic consumers
- Survey included all ethnicities and races EXCEPT the 65% of the population that call themselves both non-Hispanic/Latino and White
- Survey included all consumers that speak a foreign language at home

43% of Targeted Surveyed Ethnic/Minority Consumers Reported Eating Lamb in the Past Year

- In a survey including ALL consumers, survey research indicates about 20% eat lamb
- Minority/ethnic lamb consumers (about 35% of population) consumed an estimated 170 million lbs. in the past year, 58% of the 294 million lbs. of total U.S. lamb supply (including imports)

Super Wash to U.S.

Allows wool products to be machine washed and dried without shrinkage but was not available in United States

- Sheep Venture Company procured loan from NLPA's Sheep Loan Fund to purchase equipment from Italy
- Chargeurs Wool in South Carolina to operate
- Equipment has arrived and is being installed



Raw Wool Marketing

- Certified U.S. Wool Clip Program
 - Important to develop and expand new markets domestically and internationally
- Wool Quality Programs allow for the success of international, product development and military procurement programs
- Military procurement a bright spot in wool



Animal Handling Video

- ASI teaming up with Temple Grandin and Colorado State University
- Designed to help avoid animal welfare issues at slaughter plants
- Will fill sheep handling training video void in U.S.
- Will be produced in English and Spanish



Goat Committee

- ASI Goat Committee elected the interim board of directors to the American Goat Federation in 2009
- The Federation is finalizing membership recruitment and benefits in 2010
- A shared goal with ASI is eventually a chance to cost share some activities that benefit both species, such as predator management



Goat Committee, cont.

- Eleven-member interim board elected by goat committee
- American Goat Federation
 - www.americangoatfederation.org
- "To speak with a united voice for all elements of the U. S. goat industry"
- Three initial areas of focus
 - Research and education
 - Marketing and product development
 - Policy and legislation
- Membership drive began with Founding Member incentive through December 2011.
- Official board elections scheduled for January 2012.



Mandatory Price Reporting

- Secured a 5-year extension to be effective October 1, 2010
- Continues policy that requires domestic processors and importers to report purchase price
- ASI led the coalition of livestock and meat industry organizations for past year to reauthorize this important program.



CIDR Approved

- Controlled Intravaginal Drug Release for induction of estrus in ewes during seasonal anestrus
- ASI has worked with FDA/CVM through the NRSP-7 process for over 12 years on the background research and approval
- Nov. 2009 Pfizer made CIDR available in the U.S.



ASI Survey

- Administered winter 2009
- Outstanding response rate of 24%



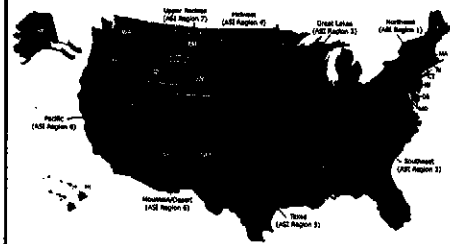
ASI Survey Results

- Summary data:
 - 60% of respondents are 51 years old or older
 - 64% commercial; 22% seedstock; 10% club lamb; 4% feeders; and 0.4% dairy
 - 53% of agriculture operation revenue from sheep
 - Percent of lambs born per ewe exposed averages 159%



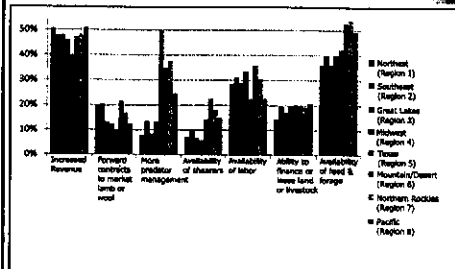
ASI Survey Results

Percentage of producers who see operation as expanding



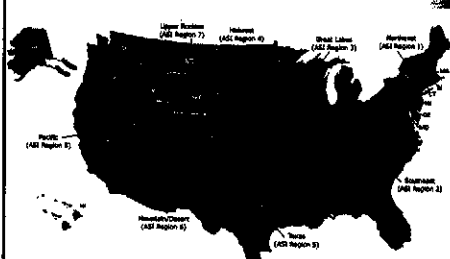
Survey Results

Most popular items to help expand sheep operation



Survey Results

Percentage of producers by region impacted by predators



National Sheep Industry Improvement Center

- New authorization with \$1 million in funding in the 2008 Farm Bill
- Rules have been published and Center now valid
- Nominations were due from ASI to USDA by Sept. 24
- Awaiting Secretary's announcement of Board Members

Genetics Workshop

- Genetic Stakeholders Committee sponsored Genetic workshop in Ohio in July
- 100+ producers attended

Genetics Directory

- Developed at request of Wool Council
- Resource for producers to locate genetics to improve flock wool quality
- Includes information on
 - wool quality program
 - certified shearers
 - wool buyers/warehouses
 - testing labs

Re-build the Sheep Inventory Committee

- Committee of 10 dedicated to industry expansion for future of businesses and farms/ranches
 - Developing a plan in 2010 encompassing ways to address
 - issues of production
 - sustainability of sheep infrastructure
 - expansion
- Using non traditional lamb market report, ASI producer survey, predator loss reports and industry input

Re-build the Sheep Inventory -- Members

Clint Krebs – Oregon – Chair
Mike Corn – N.M.
Wes Limesand – N.D.
Dominique Minaberrigarai – Calif.
Les Oesterreich – Calif.
John Oswald – Mich.
Rick Powers – S.C.
Rob Rule – Iowa
Bill Sparrow, Jr. – N.C.
Dennis Stiffler – N.Y.

Re-build the Sheep Inventory -- Projects

- Education subcommittee has submitted an application for a \$1 million program to attract new producers to the sheep business
- Projects underway to promote sheep as a profitable addition to farms and ranches
- Finance subcommittee working on credit incentive to expand the ewe flock