

FEEDER INFORMATION HIGHLIGHTS

**Volume XXIV Number 8** 

December 2016

### **CATTLE INDUSTRY ISSUE**





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### Feed•Lot Magazine

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### per·spec·tive /pər'spektiv/

The dictionary defines perspective as a particular attitude toward or way of regarding something; a point of view.

As we close the book on 2016 and look toward the new year, it seems appropriate to put things in perspective. At the TCFA annual convention last month, Randy Blach of CattleFax offered his analysis of how we got here from an economic standpoint. His perpective.

And although the phrase "hindsight is 20/20" seems a bit appropriate, his analysis clearly shows how the cattle market came to be for the last several months. A rapid increase in inventory provided more hooves on the ground. Couple that with a decrease in harvest capacity, and you have a bottleneck of cattle coming to market. A decrease in exports and a drastic increase in production led to market shock, and it happened in a short period of time.

"We all saw market cyclical highs in the fall of 2014," Blach said. "What's been hard to believe is how fast we've given it up. It was amazing how fast." He pointed out that analyzing the highs in the first half of the year and comparing it to the lows in the second half of the year, we've experienced the two

biggest declines ever.

We all know what happened from there. So looking forward, how do we put things in perspective?

Blach said when things like this happen, the markets have to get to a spot where they guit going down, and he believes they are starting to see a little stability. Trade-wise, we are starting to get to a good point in the global marketplace.

He said one of the keys to look at is the leverage of the industry, or how we are competing with other proteins. We didn't have any, according to Blach. We were uncurrent in marketing and had lost packing capacity. In fact, the industry had weaker leverage in the last two vears than during the major economic recessions for 2002 and 2009.

Blach's perspective: we don't want to see this continue.

He doesn't have all the answers, but said the industry needs to keep an open mind when looking at solving the problem. Is the answer in export growth? Domestic demand? Time will tell.

However, if we don't learn from history, we are destined to repeat it. It's a perspective worth noting.



Randy Blach of CattleFax speaks at TCFA annual convention.

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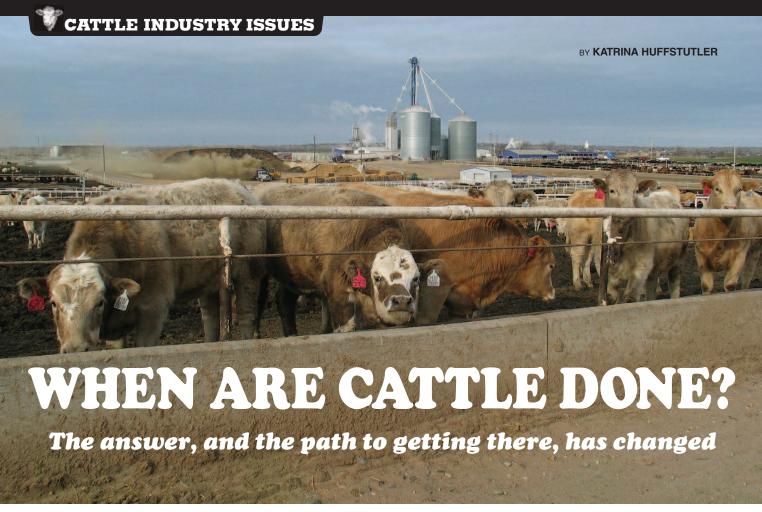


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nce upon a time, cattle were considered done when they were fat enough to grade, big enough to sell or when the feed was about gone. But times have changed and so have the cattle.

Robbi Pritchard, South Dakota State University emeritus professor, said our management must, too, when he spoke at the Feeding Quality Forum in Grand Island, Neb., and Amarillo, Texas, in August. The events, which attracted more than 200 cattle feeders and members of allied industry, were sponsored by *Feed*•*Lot Magazine*, Certified Angus Beef LLC, Rotomix, Micronutrients and Zoetis.

"Genetics are better and our growth enhancement tools are better and we know a lot more about them," Pritchard said, noting the term "precision ag" is typically reserved for row-crop discussions. It doesn't have to be. "We could go that way in the cattle business and we could make big strides."

That means matching cattle type

to technology and ration.

"If they're coming out of 1,600-pound cows, they probably don't need any implants," the ruminant nutritionist said. "The DNA was there. The implants just fill in for a lack of DNA."

Using those growth promotants in an animal with high growth potential will give you a "nitro-burning car that flames out. It's not a good thing."

But another class of cattle would benefit from the technology, as a single implant can add 75 pounds of carcass weight.

"All we need to do is match up stage of growth, potency of the implant and caloric intake," he said. "We're getting much better at using our implants like scalpels instead of axes."

Pritchard said determining when cattle are done has become a billion-dollar game of cat and mouse.

He explained: Feedlots make their money on live weight gain, so more gain per head equals more profit per head. Both feeders and ranchers want cattle to get bigger, and set carcass weights to match that goal.

From 1980 to 2015, the hot carcass weights have increased an average of 5.18 pounds per year, and Pritchard said he expects that to continue.

"We arbitrarily set the carcass weight for the cattle gaining with our placement weight and the diet we're going to feed them and the implant strategy that we're going to use," Pritchard said.

However, bigger is not always better, especially from the packers' and consumers' perspective.

"Packers are going to fight back," he said. "As those carcasses get bigger, there's more work to do."

In addition, he said, bigger carcasses lead to facility problems at the packing plant.

"This morning there was a big concern expressed about the packers making too much money right now," Pritchard said. "Actually, if

they would invest in taller rails and coolers with that profit I'd say it's a good thing they're making some money now."

He said while some have already done that on their kill floors, they have not caught up on the back side yet.

"They're going to slow down our rate of change," Pritchard said. "They're a governor, but so far they're not going to stop it."

And then there's consumer concerns: They don't want a steak as large as what's coming off today's big carcasses.

"For the person who can afford to go out and eat a CAB steak at a white tablecloth restaurant, about the biggest they want is 13 ounces," Pritchard said. "Last November, carcasses averaged 900 and something pounds. Low yield grade 4s were in the right range for a one-inch-thick steak. If they were yield grade 2s, somebody needed to pull

### Feeders want to do what's best for everyone, but right now we don't have a price structure system that'll encourage us to do that.

the trigger at 800 pounds. But they were still making money on a live weight gain, so why pull the trigger? What is my definition of done supposed to be? When I make the most money or when I make the right product?"

He noted cattle producers and feeders have responded to consumers' wants in the areas of quality assurance, food safety and animal care. But so far it's been hard to address their concerns on size when economic signals suggest we should keep making them bigger.

"We keep worrying more about this," he said. Feeders want to do what's best for everyone, "but right now we don't have a price structure system that'll encourage us to do that."



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### INING PEN R N LOW-STRI CATTLE HAND

Pen riders are crucial for monitoring and moving cattle. They can also reduce stress levels in pens of cattle. Lynn Locatelli, DVM with attlexpressions in New Mexico, works with feedlots in the Midwest and Canada and says pen rider training is usually focused just on health issues and how individual animals should be assessed. "People seldom understand what good health checking actually entails. My approach is different because I integrate Bud Williams' low-stress handling principles with veterinary medicine in training feedlot pen riders," she says.

"A good pen rider gets to know the pen and unique characteristics of individual cattle. When pen riders can observe behavioral details about a pen and not just scan for sick cattle, they make accurate observations," she says.

The most important thing is to develop trust. "Trust between cattle and handlers is necessary to identify early pulls," she explains. When cattle are at ease with pen checkers they don't become nervous or agitated; they are relaxed, doing normal activities and express how they truly feel.

"When pen riders rapidly move through pens, simply looking for sick cattle, the cattle may be fearful and alert, and can effectively hide sickness. This results in late pulls and compromised treatment response," says Locatelli.

"When we get to know cattle by working with them, we can establish mutual communication. Pen riders can get the cattle to willingly work for them and can then identify abnormalities very early," she explains.

When mutual respect and communication develop, handlers and cattle can work together comfortably, efficiently and safely. "The pen riders become super effective in getting a true read on that pen. Just as important, they can get single animals out of the pen in a quiet, relaxed manner instead of just chasing them out the gate," says Locatelli.

Low-stress handling facilitates other important aspects of cattle care in a feedlot and saves labor. "If cattle trust the handlers, one person can easily move a single animal out of a pen without disrupting the others or stressing that animal. When feedlots use two people to chase an animal out of a pen, they need to learn about cattle handling. There are safety issues when chasing cattle, especially on slippery footing. Also labor is doubled, which is not necessary or economical. Most important, it is not low stress for the cattle."

Locatelli helps train feedlot employees. "Often the people who haven't done this before are good students," she says. Pen riders who have already been cowboys have an idea about how they should handle cattle, and it may not be as lowstress as they think.

"People take pride in what they do-and that's not a bad thingbut often the more seasoned riders aren't as good at taking advice if we tell them to do something different from the way they've been doing things. It's difficult to create new habits, and really difficult to change old behaviors. Cowboys may chase cattle around in the pens and think they are doing a great job," she says.

Some people have innate ability to "read" cattle and can sense more readily when an animal is a little "off" and not at peak health, and are more tuned in to how cattle react to human actions. "Pen checking is a skill and an art. Whenever

Arlan Tobyne trains feedlot employees and emphasizes low-stress handling. He explains about point of balance, flight zone, using pressure and release, etc. to make cattle move the way you want them to. "If you want to put pressure on one animal, but even look at the wrong one, you move that calf just because he caught you looking at him." Your eye contact invades his comfort level/security space.

'If you do it right, however, you can move the one you want, even if he's standing behind another calf. You can move the targeted animal if you catch his eye and don't look at the other one." If you totally ignore the one you don't want, he feels safer and doesn't

'This shows the scope of how much these cattle pay attention to a person. When you watch them and understand them, it's amazing how much communication you can have with them," says Tobyne. Cattle are very tuned in to what you are doing and to your intentions. Being a prey animal, they are aware of anything that might be stalking them, and become highly alert.

"It's all about trust, and communication. The way you look at them, and even the way your horse acts, makes a difference. There are exercises you can do with cattle, where they learn control in a low-stress manner. They learn what you are asking them to do. In these little exercises you ask them to move, with your position. You walk with them to slow them, or walk against them to speed them up, and there are simple ways to change their direction, and ask them to stop. In a few days of quiet handling you can have cattle doing anything you want them to, with no stress, and they are a lot gentler," he explains.



there is an art and 'feel' involved, some people are inherently more sensitive, tuned in to the animals," she says.

"Bud Williams told us that the most important thing is attitude, however. If you want to learn and build skill, you will. It might be easier for someone who has a natural feel for this, but everyone who really wants to, can learn."

"This year I'm working with some people who are walking through pens to check cattle. There are also some trainees who have never ridden, learning to check pens using horses. Anybody who wants to learn, can," she says.

Attitude is transmitted to the cattle. "A person with the right attitude can do well in handling cattle. Anyone who doesn't believe that, probably can't read cattle," she says. It's interesting to watch how cattle respond to various people. Some strangers can walk in with cattle and they explode, whereas other strangers can walk into a pen and cattle readily accept them.

"This shows you how sensitive cattle are, in reading us. That's a key point when training pen checkers, because cattle respond to them. Some people don't know what to look for, regarding how the cattle are responding to them. Pen checkers shape behavior of cattle every day. This makes a difference in how cattle handle for other people in the feedyard who need to work with them or load them." It is important to have competent pen checkers who interact calmly and effectively with cattle and

gain their trust.

"Animal welfare is becoming more important to consumers, and to our industry. Pen checking is a big part of that." People who can work quietly among cattle and pick up on disease problems early onbefore the animal is very sick—can make a difference. They can move those animals gently out of the pen and get them started on treatment early, so they recover more quickly. Effective pen checkers create behaviors in cattle that make subsequent events low-stress—which is more efficient for the business and safer for handlers.

"Most important, is the effect good pen checkers can have on a daily basis, to de-stress the animals. We get a variety of cattle coming into a feedyard—from gentle animals to extremely high-stressed, high-health-risk cattle. Good pen checkers can create trust in all cattle, and more uniform behavior patterns. Pen checkers are

vital in de-stressing cattle, and in creating behaviors in the cattle that make them easier to work—for processors and shippers," she says.

It's ironic that many cowboys/ horsemen have a fairly good idea about how to train young horses utilizing patience, pressure and release, but less concept about training cattle. They know they should be patient with a young horse, but often don't use the same level of patience when moving cattle.

"Management pressures and the 'hurry up and get things done' mindset often sabotage the good work that riders could actually do. Hopefully we are opening the eyes of staff and management to help each understand the value/skill of competent pen checkers," says Locatelli. Cattle are extremely responsive to handlers and can be readily trained for ease of handling during production events, if people handling them can use proper lowstress methods.



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ZACTRAN is indicated for the treatment of bovine respiratory disease (BRD) associated with Mannheimia haemolytica, Pasteurella multocida, Histophilus somni and Mycoplasma bovis in beef and non-lactating dairy cattle, ZACTRAN is also indicated for the control of respiratory disease in beef and non-lactating dairy cattle at high risk of developing BRD associated with Mannheimia haemolytica and Pasteurille provided for the control of the co

### CONTRAINDICATIONS

As with all drugs, the use of ZACTRAN is contraindicated in animals previously found to be hypersensitive to this drug.

WARNING: FOR USE IN CATTLE ONLY. NOT FOR USE IN HUMANS. KEEP THIS AND ALL DRUGS OUT OF REACH OF CHILDREN. NOT FOR USE IN CHICKENS OR TURKEYS.

The material safety data sheet (MSDS) contains more detailed occupational safety information. To report adverse effects, obtain an MSDS or for assistance, contact Merial at 1-888-637-4251.

RESIDUE WARNINGS: Do not treat cattle within 35 days of slaughter. Because a discard time in milk has not been established, do not use in female dairy cattle 20 months of age or older. A withdrawal period has not been established for this product in pre-ruminating calves. Do not use in calves to be processed for veal.

### PRECAUTION:

The effects of ZACTRAN on bovine reproductive performance, pregnancy, and lactation have not been determined. Subcutaneous injection of ZACTRAN may cause a transient local tissue reaction in some cattle that may result in trim loss of edible tissues at slauohter.

### ADVERSE REACTIONS

Transient animal discomfort and mild to moderate injection site swelling may be seen in cattle treated with ZACTRAN.

### **EFFECTIVENESS**

The effectiveness of ZACTRAN for the treatment of BRD associated with Mannheimia haemolytica, Pasteurella multocida and Histophilus sommi was demonstrated in a field study conducted at four geographic locations in the United States. A total of 497 cattle exhibiting clinical signs of BRD were enrolled in the study, Cattle were administered ZACTRAN (6 mg/kg BW) or an equivalent volume of sterile saline as a subcutaneous injection once on Day 0. Cattle were observed daily for clinical signs of BRD and were evaluated for clinical success on Day 10. The percentage of successes in cattle treated with ZACTRAN (58%) was statistically significantly higher (19-0.05) than the percentage of successes in the cattle treated with saline (19%).

The effectiveness of ZACTRAN for the treatment of BRD associated with M. bows was demonstrated independently at two U.S. study sites. A total of 502 cattle exhibiting clinical signs of BRD were enrolled in the studies. Cattle were administered ZACTRAN (6 mg/ kg BW) or an equivalent volume of sterile saline as a subcutaneous injection once on Day 0. At each site, the percentage of successes in cattle treated with ZACTRAN on Day 10 was statistically significantly higher than the percentage of successes in the cattle treated with saline (74.4% vs. 24% [p < 0.001], and 67.4% vs. 46.2% [p = 0.002]). In addition, in the group of calves treated with gamithrowing in that were confirmed positive for M. bow's (pre-treatment nasopharyngeal swabs), there were more calves at each site (45 of 57 calves, and 5 of 6 calves) dassified as successes than as failures.

The effectiveness of ZACTRAN for the control of respiratory disease in cattle at high risk of developing BRD associated with Mannheimin haemolytica and Posteurella multiocida was demonstrated in two independent studies conducted in the United States. A total of 467 crossbred beef cattle at high risk of developing BRD were enrolled in the study. ZACTRAN (6 mg/kg BW) or an equivalent volume of sterile saline was administered as a single subcutaneous injection within one day after arrival. Cattle were observed daily for clinical signs of BRD and were evaluated for clinical success on Day 10 post-treatment. In each of the two studies, the percentage of successes in the cattle treated with ZACTRAN (86% and 78%) was statistically significantly higher (p = 0.0019 and p = 0.0016) than the percentage of successes in the cattle treated with saling (36% and 58%).

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### **DEFENDING AGRICULTURE:**

### What Environmental Activists Don't Want the Public To Know About CAFOs

We've all heard their many platitudes of those against confined animal feeding operations.

- Agriculture is the biggest contributor to water pollution in the U.S.
- "Factory Farms" are a major threat to our nation's waters, Etc.

When evaluated with documentable facts, these platitudes ring pretty hollow, or more often are downright wrong. It is important for those in agriculture to understand and know the truth.

Agriculture has for thousands of years, and continues to rely broadly upon land utilization of animal manure as a staple nutrient source for food and crop production. Were it not for this "built-in" recycling of organic nutrients, much more energy and other resources would be consumed to produce and utilize replacement chemical fertilizers to produce our food and other agricultural products.

While concentrated animal manure, if discharged into public waters, would have significant impact upon water quality, there are no large confined animal feeding operations (CAFOs) with a routine discharge to the Waters of the U.S. (WOTUS). If a CAFO has a discharge, it is typically the result of a relatively rare and extreme storm event runoff or snowmelt from a confinement pen, a feedlot, etc.

The majority of large open lot CAFOs are located in the arid high plains or Southwestern U.S. where rainfall is low, and flowing streams and rivers are few and far between. Due to the expansive geography and limited hydrologic features, most of these CAFOs have no or

very little potential to discharge to the WOTUS. Additionally, virtually all of these CAFOs have runoff controls that provide EPA-defined Best Available Treatment (BAT) for CAFOs. Runoff and manure is typically retained for nutrient and water recycling to crop production.

Of all the large CAFOs in the U.S., (which includes poultry, beef, dairy, and swine facilities) the majority are roofed with manure management systems that are totally contained and virtually immune from weather induced discharge. Nationwide, few large CAFOs ever have a discharge at all.

Organizations seeking to create controversy to raise funds for their support typically ignore this fact, or, worse, actively seek to misrepresent the lack of impacts that CAFOs have on the WOTUS. News stories relating objections to proposed CAFOs as "producing manure quantities equivalent to cities populated by hundreds of thousands of people" typically infer impacts on the WOTUS as though all of that manure is or may be discharged instead of the more realistic "NONE." When storms of large magnitude occur, CAFOs have controls in place, but those large cities coincidentally bypass large flows of raw or only partially treated sewage, it rarely makes the news at all.

### The People Make All the Difference

lowa veterinarian gets motivation from helping customers solve problems

om Ulrickson, DVM, grew up in a small South Dakota town knowing his calling was to study hard and become a veterinarian. His childhood hero was the local vet – a man in whose footsteps he greatly wanted to follow.

Now that he's an established practicing veterinarian, one naturally might think his favorite part of the job is spending his days among the animals. And for most vets, that may be the case. But for Ulrickson, the people he interacts with on a daily basis are just as important as the cattle he treats.

Of course caring for livestock is great, he insists. But like any other career path he could have chosen, the work itself is only as satisfying as the relationships he builds along the way.

"I've been at this a number of years, and now when I walk downtown, it's all 'Hi, Doc. Hi, Doc,' and that's kind of fun," Ulrickson says. And while working with cattle brings him plenty of joy, it's impossible to hold meaningful conversations with the four-legged feedyard dwellers.

Fortunately for Ulrickson, producers don't come to him because of his cow-whispering ability. They choose him because he is a skilled and trustworthy professional. Ulrickson graduated from Iowa State University's veterinary college and spent the first 11 years of his career practicing in Albia, Iowa. He's worked the last 25 years with AMVC in Manning, Iowa, where he currently serves on the board of the Iowa Livestock Health Advisory Council, and he's a past president of the Southwest Iowa Veterinary Medical Association.

Though he loves visiting with customers in the clinic and is passionate about his craft, not every day is a cakewalk. Ulrickson's biggest hurdle as a veterinarian? Bovine respiratory disease.

"BRD is probably the number one killer of cattle in our feedlots, and it has a huge economic impact," says Ulrickson. "Even if the cattle don't die, BRD can turn them into chronic poor-doers. We want to prevent that economic loss." That's why he recommends ZACTRAN® (gamithromycin) to his customers with sick or at-risk cattle.

"T've been in practice a long time, and I've found that ZACTRAN is the antibiotic I most like to prescribe," Ulrickson says. "It provides a good kick up front, and I'm happy with the duration. The producer doesn't have to get the animal in again and retreat it. It's good for the animal, and it's good for the producer."

After using ZACTRAN and seeing the success he knows it's capable of achieving, Ulrickson is reminded of why he loves being a veterinarian.

"A perfect day for me is when I go home knowing I've helped my animals and I've helped my producers. Everyone sleeps better at night."

Learn more about how ZACTRAN can work for you and your operation by visiting www.ZACTRAN.com.



Scan and see why Tom Ulrickson chooses ZACTRAN to help his customers fight BRD.



**IMPORTANT SAFETY INFORMATION:** For use in cattle only. Do not treat cattle within 35 days of slaughter. Because a discard time in milk has not been established, do not use in female dairy cattle 20 months of age or older, or in calves to be processed for veal. The effects of ZACTRAN on bovine reproductive performance, pregnancy and lactation have not been determined.

### **About Merial**

Merial is a world-leading, innovation-driven animal health company, providing a comprehensive range of products that focus on disease prevention and overall health and wellness in animals. Merial has three main business areas: pets, farm animals, and veterinary public health, and our health solutions target more than 200 diseases and conditions across a variety of species. Merial employs 6,900 people and operates in more than 150 countries worldwide with over €2.5 billion of sales in 2015. Merial is a Sanofi company. For more information, please see www.merial.com; @Merial.

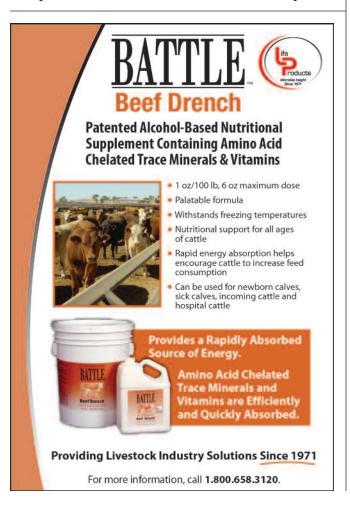
### EMPLOYEE MANAGEMENT IN AN UNPREDICTABLE YEAR

Though not unprecedented, we are in one of those eras in the commodity markets where nearly everything is at the bottom of its price cycle. I recently saw one of those inspirational posters showing storm clouds over an ocean full of huge waves. The view of the ocean was from the captain's helm with the caption, "Anyone can man the helm when the seas are calm."

This will certainly be a year where all our leadership and management resources will need to be garnered to maximize the business's profits, or perhaps even its survival. For most people, even in these situations, transitioning to a new year brings a sense of optimism and an interest in new opportunities. We can tap into this with our people to enhance their buy-in for the strategies that will be needed to address this year's challenges.

### Some of the areas that we can focus on include:

**Training:** Plan some coaching and training for your employees to increase their production skills, improve their personal life and enhance their career development.



Plan Projects: Have company-wide or departmental meetings to discuss the projects you have planned for the new year. Those projects may be small and focused on the essentials in a year like this one, but we can still glean ideas from our employees and write them down on a flip chart or white board. As you go through this list, discuss which projects are the most important. Include a target date for the completion of each project and discuss the general plans for each. Post this list in a common area and check them off as you complete them to provide evidence of your progress and to help employees stay on track through the year. Be sure to recognize the accomplishment of each phase of a project and its completion to show your appreciation and enhance employee engagement.

**Enhance Your Culture:** Identify which attributes of your Company Culture need improvement, and discuss them with your staff. For example, in some operations we have focused on Accountability, Efficiency, Communication, Maximizing Productivity, Integrity, Safety, Cooperation, Teamwork or even an Attitude of Caring.

**Employee Well-being:** We often talk about the importance of animal well-being, but we need to work on the well-being of our employees as well. Could they be a bit healthier? Could they make better personal choices concerning their nutrition and general lifestyle? Do they miss significant work due to "health" issues? Have a local health expert from the County Extension Service, Health Care Facility, Wellness Clinic or other professionals provide presentations on these topics. Focus on the small things that they can do to improve their health.

For our employees, we might encourage and reward weight loss, regular doctor visits (and following the doctor's advice), changes in behavior or other healthy choices. There are many programs available, some of which provide some friendly competition and are fun to implement and track. Allowing employees to choose what is best for their personal situation seems to provide the best results and the greatest satisfaction.

It can be easy to overlook these types of activities in years where our finances are strained, but consider implementing some of these suggestions. Begin now to talk about what would be most beneficial for your people and the company, and put a strategy in place that you can implement on January 2nd.

Don Tyler is the owner of Tyler & Associates, Clarks Hill, IN. For more information on these and other employee management topics, contact him at 765-523-3259 or don@dontyler.com





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### MEET THE LEADERSHIP

Winter is a common time for some cattle associations to hold annual meetings and elect new leadership for their associations. FEED•LOT found out a little about some of the incoming national and state presidents as they take office.

### National Cattlemen's Beef Association

A fourth-generation cattleman from Elwood, Neb., Craig Uden has

always been active in helping shape the ever-challenging and changing beef industry. He believes in giving back to an industry



that has been good to him, and while he has stepped aside from the day to day management, he still enjoys buying and selling cattle and his customer relations title, because it is the relationships that are built in the cattle industry that make this business so rewarding. Craig is a partner in Darr Feedlot Inc. in central Nebraska. Craig and his wife, Terri, also own and manage three commercial cow-calf operations.

They have a daughter, Blair, who is involved in agribusiness and she and her husband own a registered Red Angus operation in Minnesota. His son, Andrew, and his wife work on the family operation helping oversee the cow-calf operation. In addition, Andrew works with his own high tech animal information company. Craig graduated from the University of Nebraska. He has been involved with NCBA since the mid-1980s and has served on several committees throughout the organization.

### Oklahoma Cattlemen's Association

Charlie Swanson, a third-generation cattleman, lives and ranches in Kiowa and Comanche counties.

He recently retired as manager of Co-op Services, a Lawton-based farmers' cooperative but continues to stay busy on his Angus-based commercial cattle operation.

Swanson and his wife Mary Jan live on the family ranch east of Cooperton near the Wichita Mountains. They have two sons, Chris and Clint, and six grandchildren.

Swanson graduated in 1972

with a degree in agricultural e ducation from Oklahoma State University. For a brief time he taught vocational agricul-



ture and worked as an OSU County Extension director. He was the Coop Services manager for 14 years.

### **Kansas Livestock Association**

David Clawson of Englewood is a fourth-generation rancher and farmer with ties in various family partnerships. The Clawson Ranch



Partnership, with his brother, Dan, includes a cowcalf business and an irrigated and dryland farming operation. Clawson

is a part owner in High Plains Dairy and has a partnership in Plains State Bank. His farm and ranch holdings are located in Kansas and the Oklahoma and Texas panhandles.

The list of Clawson's leadership involvement is extensive. He currently serves on the KLA Executive Committee and the KLA and NCBA boards of directors. Clawson is a past chairman of the KLA Dairy Council and is a past chair of the KLA Stockgrowers Council. He previously has chaired the KLA Tax Committee and served as vice chair of the KLA Policy & Resolutions Committee. Clawson currently is a member of the NCBA Tax & Credit Committee. He attended the NCBA Leadership Institute in 1997 and YCC in 2002.

Clawson and his wife of 28 years, Jeanne, have three grown children: Layne, Ann and Carl.

### Texas Cattle Feeders Association

Jim Lovell is the 2017 chairman of the Texas Cattle Feeders Association (TCFA), leading the association as it celebrates its 50th anniversary. Lovell works with cattle procurement and marketing for Bartlett Cattle Company, based in Canyon, Texas, and he has been with the company since he graduated from Colorado State University with a degree in Agribusiness in 1985.

Lovell has been actively involved with TCFA, NCBA and other industry groups throughout his career, which



have prepared him to be an excellent chairman. He has served on the TCFA Market committee since 2001 and chaired that committee in 2013 and 2014. He served on the Board of Directors in 2011-2013 before becoming an officer in 2015 leading up to his chairmanship. He served

on the Budget & Audit committee in 2015 and 2016, chairing the committee in 2016. He also served on the Executive committee in 2013, 2015 and 2016. Lovell served on the NCBA Beef Production Research Committee in 2012 and has actively served on the NCBA Ag & Food Policy Committee and NCBA Board of Directors since 2013.

### Iowa Cattlemen's Association

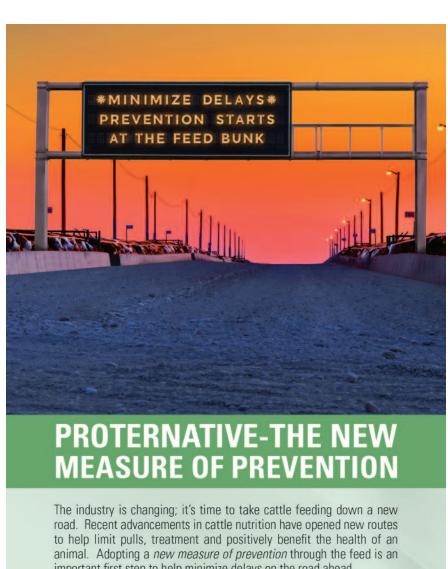
Mike Cline is a fifth generation cattle producer. He attended Iowa State University for one year before returning to his family farm to live out his passion of beef calf

production. Cline, along with his wife Linda, operate a crop and Angus based commercial cow-calf herd in Favette and



Clayton counties in Northeast Iowa.

Cline first became involved with the Iowa Cattlemen's Association in 1993 by attending the Young Cattlemen's Leadership Program, which still plays a vital part in the association today. Since 2008, Cline has been a member of the Iowa Cattlemen's Association board of directors. He has served as chairman of the Beef Products policy committee and for the past two years has served as presidentelect. Before agreeing to serve on the Iowa Cattlemen's Association board of directors, Cline had been elected in 1993 to the Iowa Beef Industry Council (IBIC) Board. While on the IBIC board he served in all officer positions and also represented Iowa on the National Cattlemen's Board of Directors and the US Meat Export Federation. In 2001, Cline was appointed to the Cattlemen's Beef Board where he served two years on their Executive Committee and two years on the Operating Committee.



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# Accountability on the rise for cattle care, drug use

### Embracing change means opportunity for profit in cattle feeding

Antibiotic use hits cattle feeders as a cost, but a less direct system of accounting may affect treatment decisions going forward.

Robin Falkner, Zoetis technical services veterinarian, explored that at the Feeding Quality Forum this summer in Grand Island, Neb., and Amarillo, Texas. He called attention to Walmart's 2015 notice that it will require sustainable transparency from its meat suppliers, with public reporting on animal welfare and antibiotic use.

"Nobody knows exactly what this will look like yet," Falkner said. Reporting would likely not involve "publishing it in a newspaper, but you'd put it out there for everybody to see. And I think that makes us all a little uncomfortable."

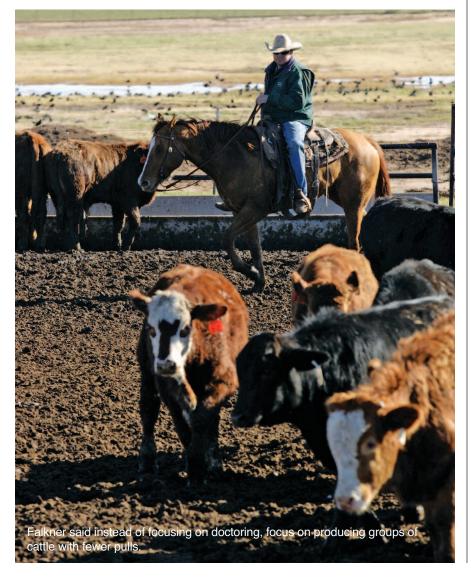
In most beef system audits, he said, "we look at the process, the facility, and we generally pass. But this would evaluate outcomes," he said. "They seem to be saying they'll count the number you had to treat. It's not something that should scare us, but it's definitely something that could be used against us if we don't get our head right."

Until a system takes shape, speculation reigns.

"How would we count antibiotics or welfare – milligrams, grams, days? Is one class going to count the same as another? A longacting antibiotic can provide 10 days of therapy at 110 mg/cwt, but chlortetracycline (CTC) in the feed for 10 days would take 91 times the milligram dose," Falkner said. "If a daily ration includes Tylosin, would that be 167 doses per head on 167-day cattle? Can you imagine how that would look to a consumer? I've heard these questions and we need to be part of the conversation."

In a business model weighing inputs and outputs, he noted highrisk cattle have often been profitable despite higher health-associated costs and antibiotic use.

"Now, we may want to reconsider the role of procurement management with the interaction of antibiotic use and animal welfare," he said. "We need to find ways to get better results that rely less on antibiotics and within what we can control. That's good business."







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Accountability... from previous page

Risk for bovine respiratory disease includes pre- and post-weaning factors, Falkner said. Cattle feeders may say they are victims of risk created by others, "but you're going to have to take responsibility from the time you own him, too."

That starts from the placement of an order and includes handling prior to arrival. Cow-calf responsibility extends to preparing cattle for the next phase, and marketing



### Pen size is another factor in enhancing welfare. Modeling shows commingled calves in a 62-head pen are 86% less likely to encounter co-infection from two problem pathogens than those in a 250-head pen.

that minimizes stress, disease and antibiotic use, he said.

Cooperative relationships with the ranch, auction, buyer and trucker can help feeders establish better ratings with packers that may have to meet audit goals on welfare and antibiotics for a large customer such as Walmart, he added.

"We need to find win-win solutions that create shared value in cattle," Falkner said.

"The packer buyer already has a priority list that starts with the guy he calls when he only needs one load. There's a guy who's number 99 and never gets a call, but you move up and down that list," he said. When a packer knows he's being compared to other suppliers, he will benchmark cattle feeders.

Based on the German system in place since 2013, every supplier in the top half for antibiotic use must have a plan to lower it next year.

"With the top 25%, they're holding your hand and you're under a lot of scrutiny," Falkner said. "Everybody's benchmarking everybody and all have the incentive to look good in this kind of accounting."

As such systems develop in the United States, they may affect market access before starting to pay premiums. Any of those would be "highly seasonal," because big ranches in the North and West can supply healthy calves that finish from May to August.

The rest of the year draws on small herds located far from feed-yards. That can present as much opportunity as challenge for Southern feeders, "but we need to get our head around it and watch what we communicate to the crew," Falkner said. "If we have a pen dead, we're fussing at people and wanting to know how and why it happened. It's like we want to make sure none die that were not pulled for treatment, and the easiest way to do that is to treat a lot more of them earlier."

That's a recipe for trouble already,



and will cause more if feedyards are rated by the level of antibiotic use, he said.

"In the past, we've encouraged early and deep pulls—which welfare and antibiotic use metrics will penalize, but I've become convinced that early and aggressive treatment doesn't work anyway," Falkner said.

Studies of cattle deaths in their first weeks on feed show antibiotics that could have helped were administered too soon, leaving no effective alternatives later.

The first treatment is often 10% to 15% more effective than the second, so giving the best shot to all calves automatically reduces success on "retreats" that are really "mistreats," he said.

Instead of fostering a "doctoring" job description where "more is better," the veterinarian suggests praising pen riders for producing groups with fewer pulls.

"Ask them to just go to the back of the pen for the first five days and send text messages or watch YouTube till the first cattle come off feed. Then push the tail enders up there. Get them all on feed quickly and comfortable with a person as a friend and not a predator," Falkner said. "Pulls will go down drastically because the job just became about creating, identifying and not treating well animals."

Pen size is another factor in enhancing welfare, he said, noting it takes co-infection from several organisms to trigger a BRD outbreak. Modeling shows commingled calves in a 62-head pen are 86% less likely to encounter co-infection from two problem pathogens than those in a 250-head pen.

"Society will accept antimicrobial use that results in better outcomes," Falkner said.

The benchmarking scenario could add value to load lots from fall-calving herds.

"If I can produce finished animals from late fall to spring with low antibiotic use and welfare metrics, there's going to be value in those cattle and to my packer relationship," he said. "A modest size feedlot with good procurement and husbandry may be more competitive with those that have better grain basis or efficiencies of scale."

As always, those who anticipate and own the coming changes will fare better than "those who chose to be victims of change," Falkner said. "Now is the time to explore managing to both lower antimicrobial use and better health outcomes."

The forums, held in Grand Island, Neb., and Amarillo, Texas, were co-sponsored by Micronutrients, *Feed•Lot Magazine*, Zoetis, Rotomix and Certified Angus Beef LLC (CAB). To view presentations and summary information, visit www. feedingqualityforum.com.



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1 Production Best Practices (PBP) to Aid in the Control of Foodborne Pathogens in Groups of Cattle. Beef Industry Food Safety Council Subcommittee on Pre-Harvest, Spring 2015, Accessed March 19, 2015.

outcommittee on Pre-Parvest, Spring 2013, Accessed March 19, 2013.

\*\*Tabe ES, Oloya J, Doetkott DK, Bauer ML, Gilbbs PS, Khaitsa ML. Comparative effect of direct-fed microbials on fecal shedding of Schrichia coli O157:H7 and Solmonella in naturally infected feedlot cattle. J. Food Prot. May 2008; 3(71): 539-544.

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### Succession Planning: Bringing others into the fold economically

It's an industry-wide problem, how to help those interested in agriculture and provide affordable opportunities for those already in the field? Jobs are reportedly abundant but the price of entry is, after all, extremely high with land and equipment prices at the top of the list.

With outright purchases unaffordable, trading an ownership interest for services performed is an age-old method of helping the younger generation get an affordable foothold in the industry. Unfortunately, many experts advise never using shares of ownership to pay for services.

Naturally, with somebody you know well, trust, and who you would be happy to work with forever, who also provides a service, these so-called "equity swaps" often work. Of course, if there is already a relationship with someone you'd be pleased to partner with, finding a way to trade money now for money later, the underlying idea, might not be so bad – if done right.

A better option might be an Employee Stock Ownership Plan, or ESOP. In addition to being an excellent exit strategy with significant tax savings for the owners, shareholders and members of feedlot businesses, ESOPs are great for

motivating and rewarding workers by giving them an ownership stake.

An ESOP is a qualified retirement program in which employees receive shares of the business. ESOPs are said to be "qualified" because they qualify for federal income tax deferral until the stock is turned into cash at retirement.

An ESOP offers employers two advantages: First, the business gets significant tax breaks. It can, for instance, borrow funds through the ESOP, deducting both the repayment and interest when the loan is repaid.

In addition, the owner of a feedlot business who sells his or her stock to the ESOP can defer or often avoid capital-gains taxes associated with the sale of the business. Not too surprisingly, ESOPs have become an important tool in succession planning — and for attracting and retaining the next generation in agriculture.

An ESOP is also a useful tool when buying and selling the business. A business owner nearing retirement age can sell his or her stake in the business to the ESOP in order to gain tax advantages and provide for the continuation of the business.

ESOPs can also prove helpful to those interested in buying a small

business. Many individuals have raised the capital to finance such a purchase by selling nonvoting stock to an operation's employees. This strategy allows the purchaser to retain the voting shares and maintain control of the business.

When it comes time to pass the feedlot on to younger generations, the so-called "family limited partnership" or FLP, has proven itself an extremely valuable tool. What other tool can ease or even eliminate the tax bite often associated with transferring the feedlot business – or its income – to family members, all the while keeping the owner's current tax bills to a minimum?

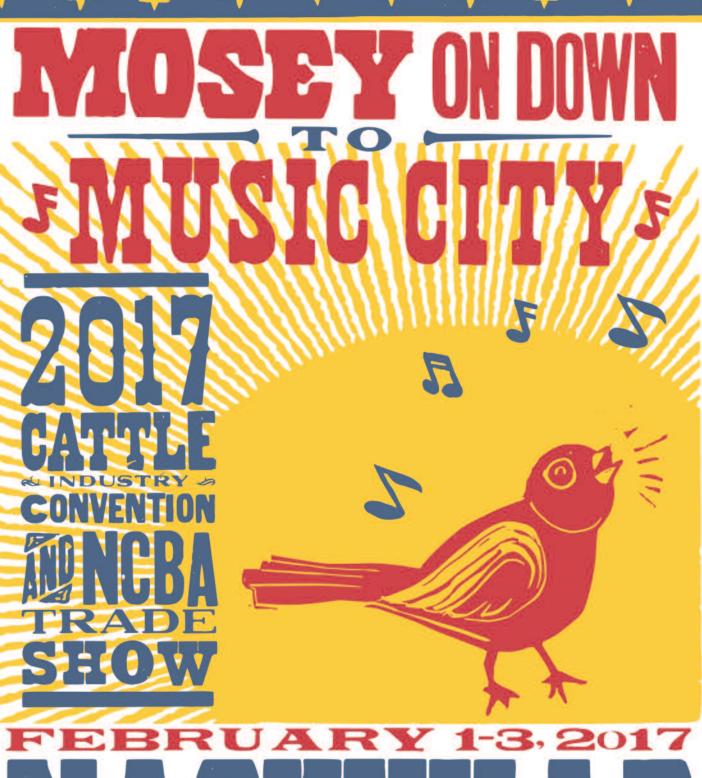
Typically, a FLP is formed by the older generation, usually the parents, who contribute assets to the partnership in return for both general partnership units and limited partnership units. The parents can then plan to give unlimited partnership units to their children, grand-children or others, while retaining the general partnership units that actually control the partnership.

A FLP is usually set up to transition proportionate shares of the feedlot business or other assets to second and third generation family members, primarily through gifts of partnership interests. Asset discounting is frequently employed, providing a reduced valuation for estate taxes following the change in ownership structure. This reduced valuation often results in a reduction of taxes due upon transfer.

In essence, the owners might retain control of the business; draw a salary or wages from it, all the while sharing the profits with family members or others who are taxed on those profits at a lower tax rate than the parents/owners.

Whether to help attract new blood or keep family members in the industry, transferring ownership of the family business to a new generation is often complicated. Additional tax implications, such as estate and gift taxes, generally arise for both parties. Planning can help provide business stability, prepare for tax obligations, and make the ownership transfer as smooth as possible. Naturally, professional advice is strongly encouraged.















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### **Cattle Industry Convention and Trade Show**

### Registration and housing are open

Registration and housing for the 2017 Cattle Industry Convention and National Cattlemen's Beef Association Trade Show is now open. The 120th annual convention will be held in Nashville, Tenn., Feb. 1-3,

2017. Advanced registration is open until Jan. 4, 2017. Convention participants will hear from industry leaders, gather insight on industry trends, and enjoy an evening of stars and guitars at the Country

Music Hall of Fame as well as an exclusive event at the famous Grand Ole Opry. NCBA President Tracy Brunner said this convention is a must for everyone involved in the cattle industry.

"The Cattle Industry Convention is the oldest and largest national convention in the cattle business," Brunner said. "We look forward to another great meeting in a great location for cattle producers. Once again, NCBA will have one of the largest trade shows in agriculture and revisit one of our favorite cities, with great entertainment around every corner."

This year's Cattlemen's College will kick off on Tuesday, January 31 and will feature two simultaneous sessions: 1) Turning Loss Into Gain: Managing Genetic Risk to Improve Fertility and 2) New Genetic Tools for Building More Productive Cow Herds and More Valuable Feeder and Fed Cattle.

The next morning after the opening general session, attendees can choose from five different tracks: Here's the Beef; Managed Grazing for Soil Health and Animal Performance; Production Efficiency and Profit; Healthy Busiess Strategies; and Breeding Cattle with Staying Power.

The opening general session of the convention will begin at 2pm on Wednesday, and the Trade Show will open Wednesday afternoon follwing the general session.

In addition to access to all of the 2017 convention events, registrants for the full convention will receive a 50 percent off coupon for Roper and Stetson apparel and footwear at the NCBA Trade Show.

To register and secure housing for the 2017 Cattle Industry Convention and NCBA Trade Show, visit www.beefusa.org or e-mail meetings@beef.org.

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## BEEF PRICE UPS AND DOWNS

The cattle market zig-zags up and down more than ever, but so do prices for the end product, says a boxed beef reporter for Urner Barry, in Toms River, N.J.

"Ranchers understand not only what it takes to raise an animal, the science of it, but also for what market and when," says Bruce Longo. "The same happens in the beef market."

Seasonality is basic to both sectors, but with differing influences.

Summer grilling season brings increased demand for steaks from the rib and loin cuts, so their prices rise. In the winter, roast beef demand supports prices for the chuck and round. The start of 2016 provides an example.

"Chuck spiked upward in January through mid February, fell off beginning in March and into the summer because it's not in demand," Longo explains.

A specific beef product price can spike or plunge more rapidly than live cattle because of market structure, but there are similarities.

"We have 'formula' business and

'negotiated' business," he says.

Formula pricing plugs in values from a market report such as Urner Barry or USDA to compute an average price, while negotiated business means adjusting a price until packer and beef buyer agree. Terms can be set for virtually any period of time.

"We can book formula business for today in what is called the 'spot' market, or longer such as a month, six months or a year-long contract," Longo says.

If it all sounds predictable or steady, consider what can happen without warning.

In late spring last year, a large retailer decided to feature sirloin flaps as "fajita" meat and marinated steaks for Cinco de Mayo, all at a low price before the seasonally higher summer trend began. Available supply dropped because much of what remained was already contracted. That caused prices to spike upward as other retailers scrambled to cover their needs.

This year on the other hand, demand for the more traditional flank steaks used in fajitas faltered for lack of demand (see line graph).

"Most of the grilling activities across the country stalled a little because of cooler weather early on," Longo says. "If you don't get that grilling activity going, you just don't have as much demand."

As prices fluctuate, beef retailers decide what they can afford to keep in their stores and feature in weekly ad flyers.

David O'Diam, executive account manager for the Certified Angus Beef® (CAB®) brand, says his team helps retail partners sort out the best options.

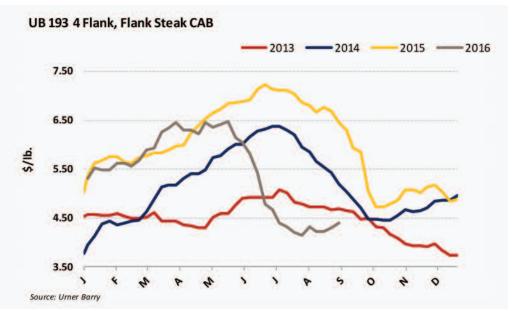
"We may focus on lower priced cuts," he says. "Rather than go to a strip steak with less marbling, we might suggest they try a CAB top sirloin or London broil."

The steady brand presence keeps it relevant to consumers and retailers.

"At lower prices, more retailers become interested in carrying the brand, and packers are looking for new customers," O'Diam says. "Bringing them together, we create more demand, increasing demand for Angus cattle that can meet our quality specifications."

With a higher supply of cattle and beef coming on, the expansion phase brings lower prices.

"It's tough to look at the bank account and say that's a good thing if you're a rancher," O'Diam says. "But we're building demand for the beef, and that is a good thing."



FEED•LOT December 2016 23

### Producing The Right Calf to Fit the Market Key to Capturing Premiums

Though cattle prices have come down from historic highs, there are still ways for beef cattle producers to capture more dollars for their calves by adding value at the ranch, according to experts at the 45th South Central Texas Cow-Calf Clinic in Brenham.

Several hundred beef producers from Washington, Brazos, Austin, Burleson, Fayette, Harris, Lee and Waller counties took part in the day-long program hosted by the Texas A&M AgriLife Extension Service and surrounding beef and forage county committees.

Though cattle prices have come down from historic highs, there are still ways for beef cattle producers to capture more dollars for their calves by adding value at the ranch, according to experts.

Dr. Dan Hale, AgriLife Extension

meat specialist, discussed carcass value and what cattle order buyers are looking for. He said there could be as many as nine order buyers at an auction ring looking to fill specific orders.

"What are those buyers looking at inside the auction ring?" Hale said. "They are looking at how fast those calves are going to gain once they leave the livestock market auction."

He said it's important to get as many buyers in attendance to bid on your cattle to fill their orders.

"You do that by making sure your calves you are marketing fit their orders," he said.

Hale said the buyers are given orders every week before they go to the auction and may have as many as 20 orders to fill.

"If your calves fit at least one or two orders on each of the bidders present need to fill, then your cattle will potentially receive higher prices and maybe the top price of the day," he said. "They are looking at frame size, the size of the animal and how large they are going to get before they start to get fat."

Hale said the longer you can feed those animals before they start getting into the rapid fattening phase of their life, and the more muscular they are, the faster they grow.

"The order buyer is looking at seeing how long they will they grow in the feedyard or on grass before they start getting really fat," he said. "This is also why lighterweight calves often bring higher prices per hundredweight, as lighter cattle will be able to spend more time as a stocker calf and as a feeder calf before they become finished in the feedyard.



They also look at genetic makeup of the animal, and estimate the final USDA quality grade — USDA prime, choice or select — once the calf has gone through the feedyard and is a finished market animal."

Hale said order buyers are also looking at gender. He said heifers start the fattening phase of their lives much sooner than steers and that is the reason prices paid for them are often less than comparable steers.

Hale said producers should consider adding value to their calves. This can be achieved by implementing programs such as the VAC 45 program, also known as the Value Added Calf program, where calves are weaned 45 days before they are sold. They also receive two sets of booster vaccines to enhance their immunity to disease and sickness.

The buyers of VAC 45 calves find them to more easily attain their genetic potential, have an enhanced immune system, are more predictable in their feedyard performance, and reduce the use of antibiotics.

Castrating bull calves also adds value, said Dr. Joe Paschal, Texas A&M AgriLife Extension Service livestock specialist, Corpus Christi. Paschal and Dr. Helen Philips of Philips Veterinary Hospital in Brenham provided a live chute-side demonstration.

"Talk to your veterinarian and develop what is referred to as a vetclient relationship," Phillips told attendees. "Don't wait until your calves are too sick to call a veterinarian."

Phillips urged producers to develop a herd health plan with their

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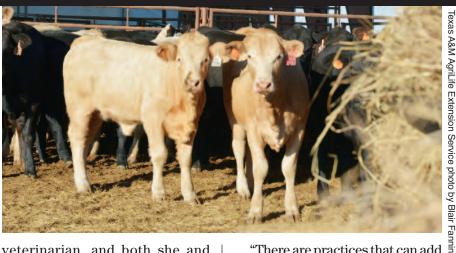
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veterinarian, and both she and Paschal discussed proper vaccinations to prevent diseases such as blackleg and redwater from causing death to valuable calves. They also discussed practices such as ear notching to help ranchers identify the pasture in which calves have received a round of vaccinations.

"There are practices that can add value to your calves, whether it's sticking an ear tag in their ear, putting a notch in the ear, blackleg vaccination or castrating bull calves at a young age. All of this adds value to those calves and you will be compensated when you market those calves," Paschal said.





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### 2016 TCFA Annual Convention – TCFA Chairman's Address

Baumann opened by sharing his appreciation for the opportunity to serve and thanking TCFA members for their active involvement alongside him to help continue to make the association successful. "Far too often in the world we live in, people will run their mouth about a cause but take no action to actually support it," Baumann said. "This is where TCFA is different, this is where you're different. We are a

boots-on-the-ground, innovative leader, fighting for this industry every single day. That's why I'm here. It has been an honor to fight alongside the organization that has been fighting for me ever since I began my journey in cattle feeding."

Baumann addressed the current challenges facing the industry with an emphasis on market volatility, weather and government regulations. In these factors, he highlighted the resilience of cattle feeders and their ability to continue to produce the best tasting, highest quality beef with fewer natural resources than anywhere else in the world despite the many challenges that are faced.

He reviewed a number of important issues over the past year, including the positive science-based recommendations included in the final Dietary Guidelines for Americans and the progress made by cattle feeding representatives on the U.S. Roundtable for Sustainable Beef. He shared about the success and diversity of TCFA youth programs and community involvement activities, and he thanked members for their support of the state beef checkoff and shared about some of the recent progress it has made, especially with the MD Outreach program and overseas beef promotion activities.

Baumann shared bright spots on the horizon for U.S. beef, despite the current market situation. "China just recently lifted a 13year ban on U.S. beef, and we are looking forward to tapping into the world's largest market and what it has to offer," Baumann said. "We have been working with NCBA, USMEF and others to document an animal i.d. and traceability program that will satisfy the Chinese. And Also, TCFA continues to stress the importance of the Trans Pacific Partnership to our legislators in order to level the playing field in Japan and increase access to other markets."

Baumann left attendees with a charge to "be great" at everything they do. "Be a great leader, be a great cattle feeder, be a great advocate for beef!" Baumann encouraged the crowd. "Go be great at everything you do and we will win the day and we will be the greatest supplier of high-quality, grain-fed beef in the world."





### Agriculture takes a hit on election ballot questions

Agriculturally significant State Questions were on the ballot in both Oklahoma and Massachusetts. In Oklahoma, voters rejected State Question 777, which would have established farming and ranching as constitutional rights, therefore giving additional rights and added protections to farmers and ranchers in the state.

In Massachusetts, voters decided in favor of Ballot Question 3, which will prohibit farms in Massachusetts from confining breeding pigs, veal calves or egg-laying hens in cages that prevent the animals from lying down, standing up, fully extending their limbs or turning around. The measure also prohibits the sale of out-of-state products derived from animals raised in these types of facilities. The law is pro-

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Question and to support the Massachusetts ballot initiative.

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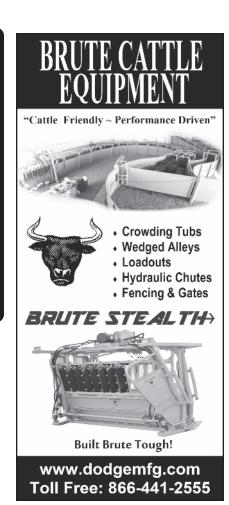
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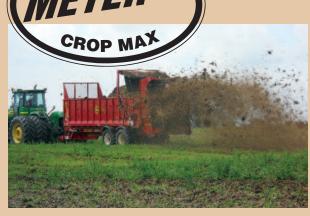
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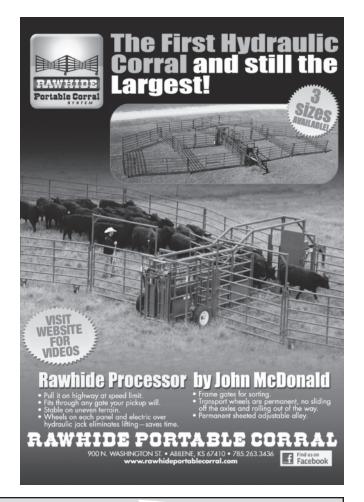
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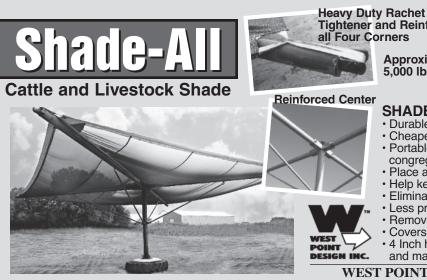
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