

The logo for YellowStone Cattle features the word "YELLOWSTONE" in a large, bold, black, sans-serif font. The letter "W" is stylized in orange, with a horizontal bar above it and a vertical bar below it. Below "YELLOWSTONE" is the word "CATTLE" in a smaller, bold, black, sans-serif font. The entire logo is framed by an orange L-shaped line in the top right and bottom left corners.

# YELLOWSTONE CATTLE

**For more information about the YellowStone Cattle  
Investment Opportunity, please visit:**

[www.pipestone.com/yellowstone-cattle/](http://www.pipestone.com/yellowstone-cattle/)

**Legal/Subscription Agreement Questions:**

507.825.7013

[legal@pipestone.com](mailto:legal@pipestone.com)

**YellowStone Cattle Questions:**

Brian Stevens

507.215.5032

[bstevens@bigstonemarketing.com](mailto:bstevens@bigstonemarketing.com)





## Private Placement Memorandum Overview



3/15/2022



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## Agenda

- Welcome & Introduction
- Beef Overview
- Why Yellowstone
- What is Yellowstone
- Possibilities & Q&A



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SERVICES



PARTNERSHIPS



PURPOSE



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Helping Farmers Today Create the Farms of Tomorrow.



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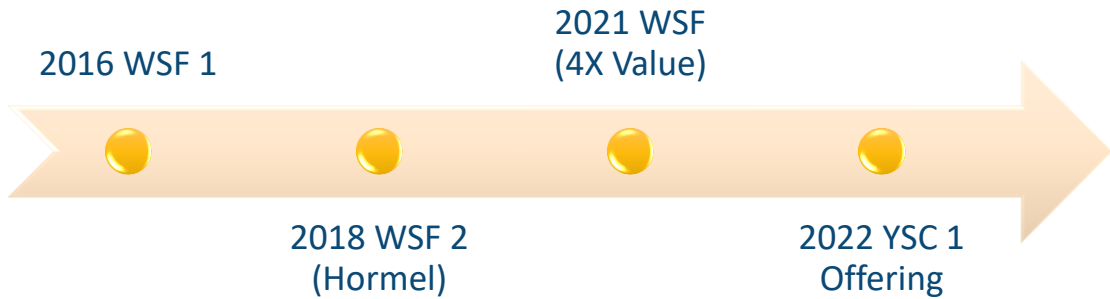
# PIPESTONE Partnerships



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## Wholestone Story

220 Pig Farmers + Pipestone Holdings



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# Agenda

- Welcome & Introduction
- Beef Overview
- Why Yellowstone
- What is Yellowstone
- Q&A



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## U.S. Cattle and Beef Overview

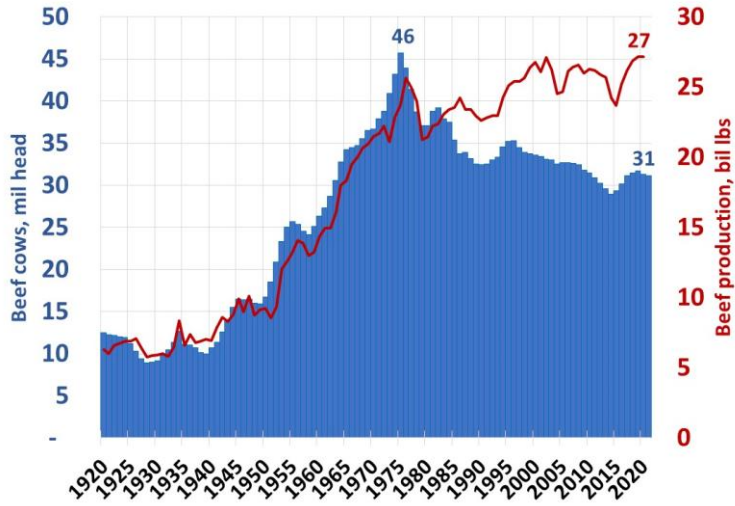
*December 2021*

Brett Stuart, President  
Global AgriTrends



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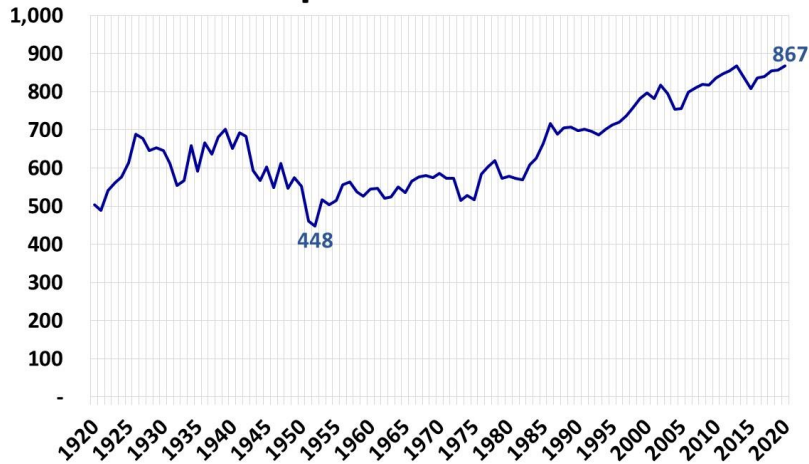
## U.S. Beef Cows and Production



Source: USDA/NASS

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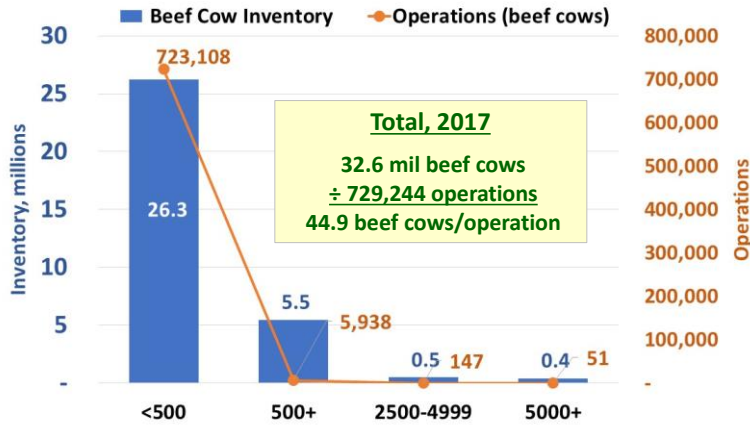
## Pounds of U.S. Beef Production per Beef Cow



Source: USDA/NASS

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## 2017: Beef cows by operation size



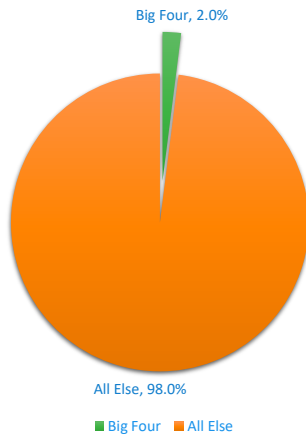
The largest U.S. cattle ranch weans ~30,000 calves a year, or less than 1/3 of one day's kill (93k/day)



Source: USDA/NASS

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## Cow Ownership Consolidation



Big Four (2%)  
 Everyone Else (98%)

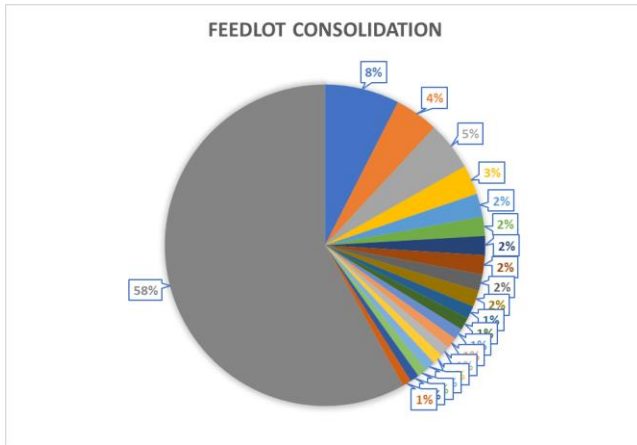


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# Feedlot – Fed Cattle Consolidation



Big Four (20%)  
Next 16 (20%)  
Everyone Else (60%)



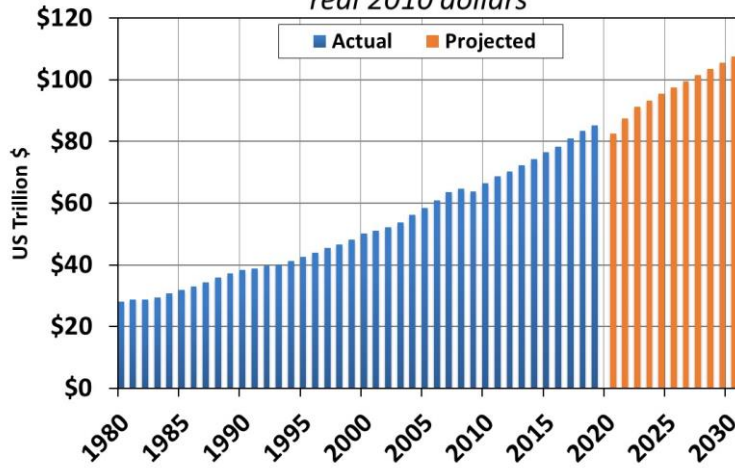
# Where is US beef going?





## Global GDP

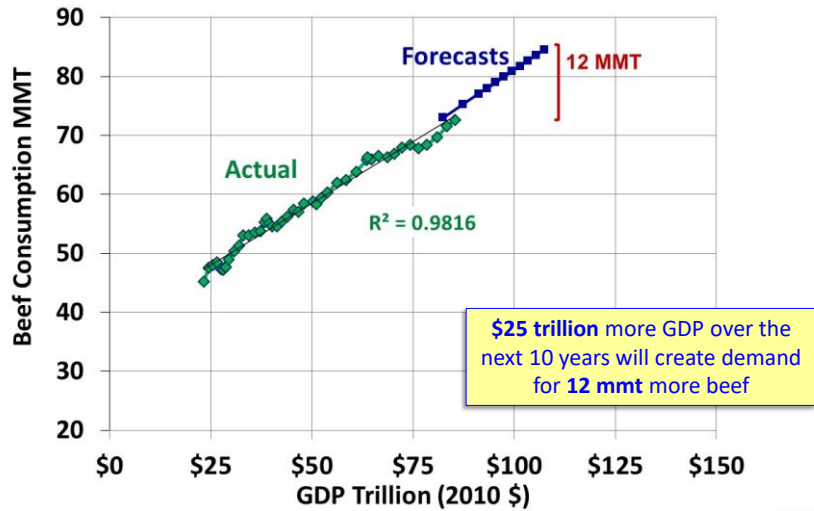
real 2010 dollars



Source: FAO, UN, IMF, World Bank

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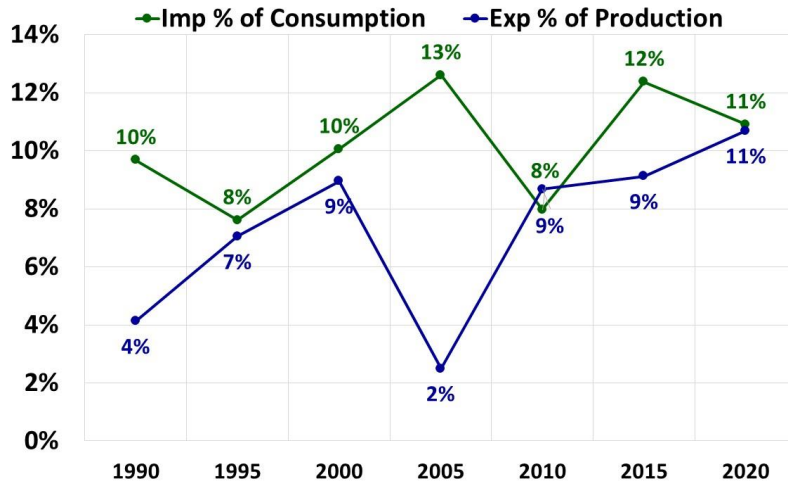
## Global GDP and Beef Consumption



Source: FAO, UN, IMF, World Bank

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## U.S. Beef Supplies



Source: USDA/FAS

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## U.S. Beef Exports SOAR

### • 2021: Exports up +21% (RECORD HIGH)

- Exported value: 20% of production
- On track for \$10 BILLION this year
- Asia: +24%
- Western Hemisphere: +13%
  - CAFTA/DR: +71%
- Korea: +15%
- China: +693%
- All while global COVID recoveries remain delayed...

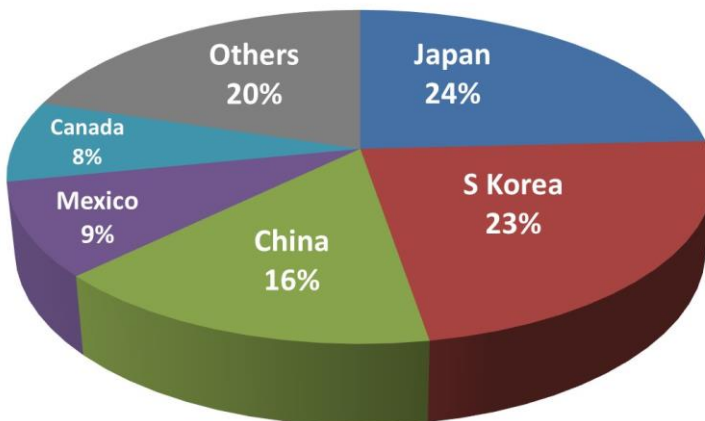
#### Trade deals have made it happen:

- Japan Agreement
- Korean FTA
- PHASE 1: China
- NAFTA/USMCA
- CAFTA/DR



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### U.S. Beef Exports, 2021 YTD



Source: USDA/ERS

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### U.S. Beef Exports as a % of Fed Steer Value (\$ value)



2021 exports will equate to 12% of production (by weight) but 23% of fed cattle value (by dollars)



Source: USDA, Dept of Commerce, AgriTrends (Jan-Oct for 2021)

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## U.S. Beef Supplies

### Import Items

- Australia, NZ, Uruguay: frozen 90s for grinding beef
- Brazil: cooked beef (stews, jerky), frozen 90s for grinding beef
- Canada, Mexico
  - Some middle meats
  - Trims, grinds

### Export Items

- Asia: chuck rolls, short plates, short ribs, tongues
  - China: offals, some rounds, cow beef, middle meats, trims
- Mexico: Rounds
- Canada: Blend of all cuts



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## Agenda

- Welcome & Introduction
- Brief Beef Overview
- **Why Yellowstone**
- What is Yellowstone
- Q&A



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# Why Yellowstone?

Brief introduction

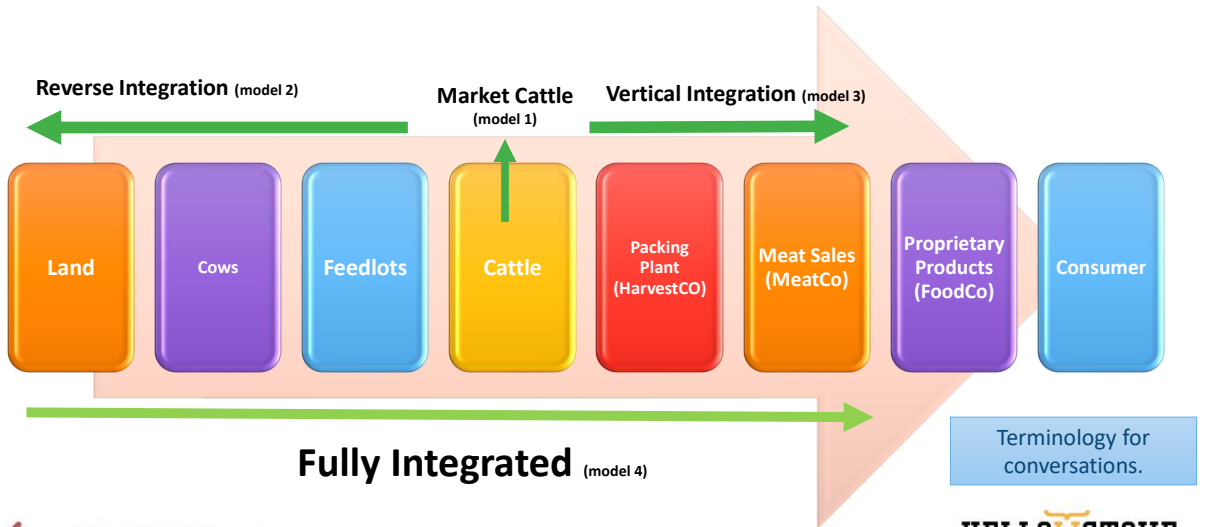


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## Beef Supply Chain Cow \ Cattle Ownership Models

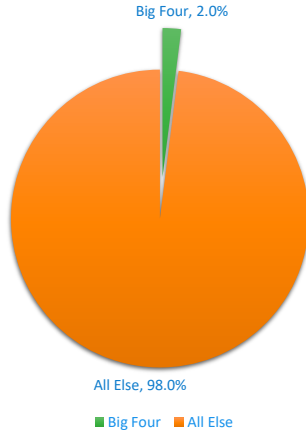


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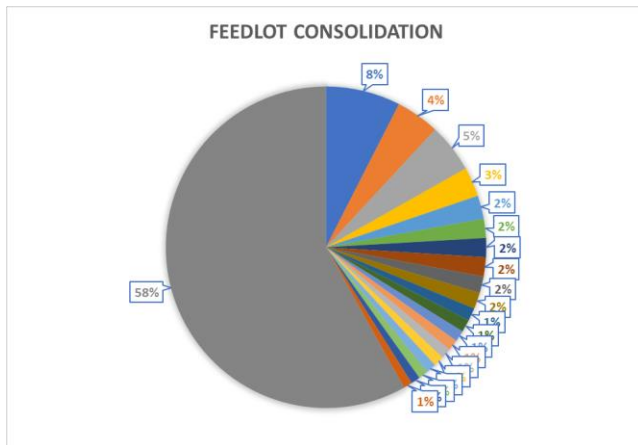


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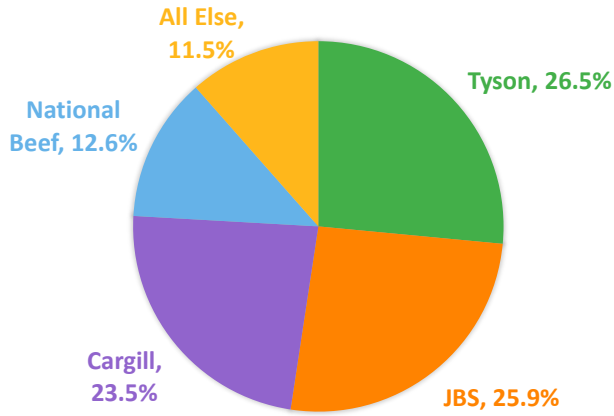


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# Packer Consolidation



Big Four (88.5%)  
Everyone Else (11.5%)



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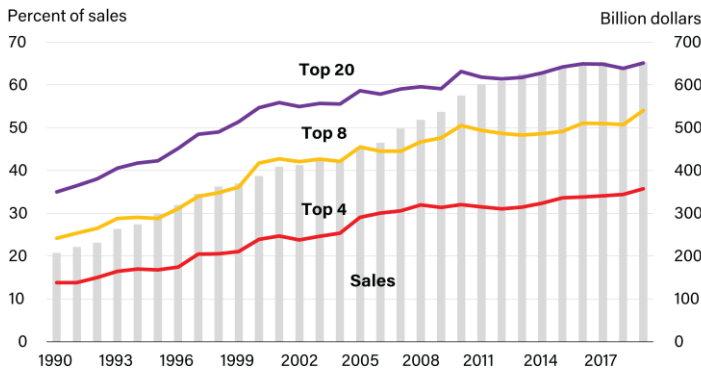
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# Retail consolidation

## Top 4, 8, and 20 firms' share of U.S. food sales, 1990-2019

The share of food sales at supermarkets, other grocery stores, warehouse clubs, and supercenters of the top 4, 8, and 20 retailers trended upwards for the last three decades



Big Four (35%)  
Next 16 (30%)  
Everyone Else (35%)

Notes: Sales are estimated based on the sales per employee ratio calculated by firm size and North American Industry Classification System (NAICS) code. NAICS codes included: 445110 (supermarkets and other grocery (except convenience) stores) and 452311 (warehouse clubs and supercenters). Food sales are calculated using the Economic Census product lines statistics on the percentage of sales on food (on and off premises).

Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census, and National Establishment Time Series.

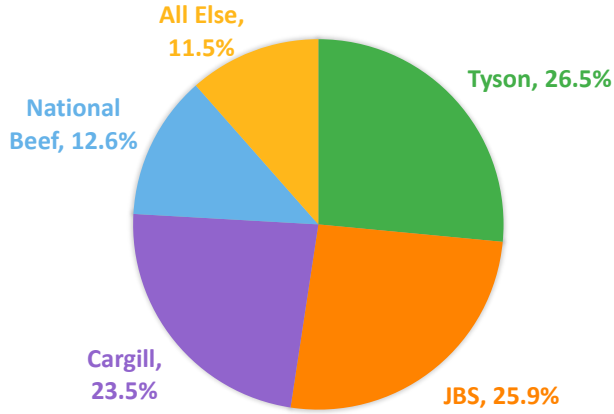


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Big Four (88.5%)  
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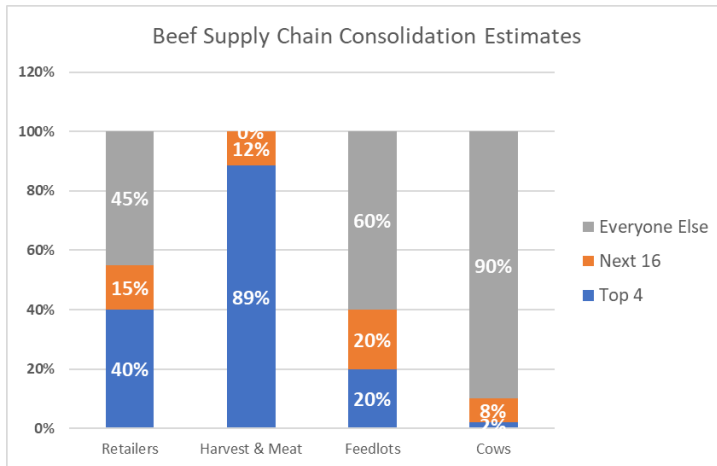


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# Markets & Consolidation



Packers & Retailers Better Positioned for Returns, Acquisition, and Growth.



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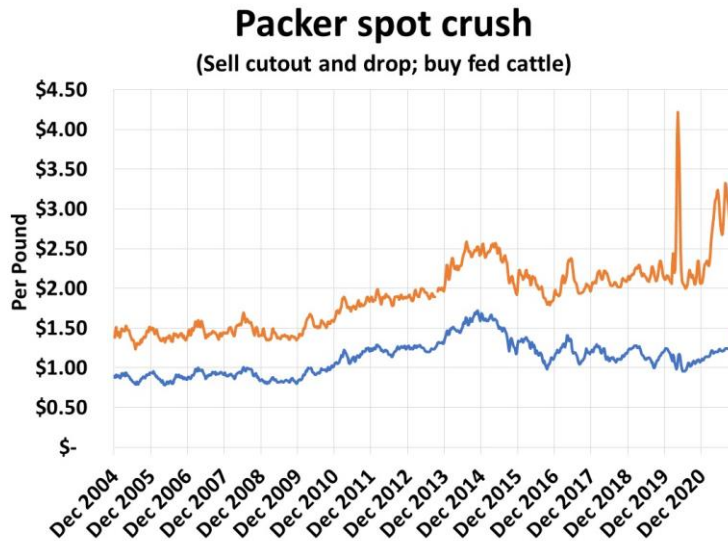
# What happens in this situation...



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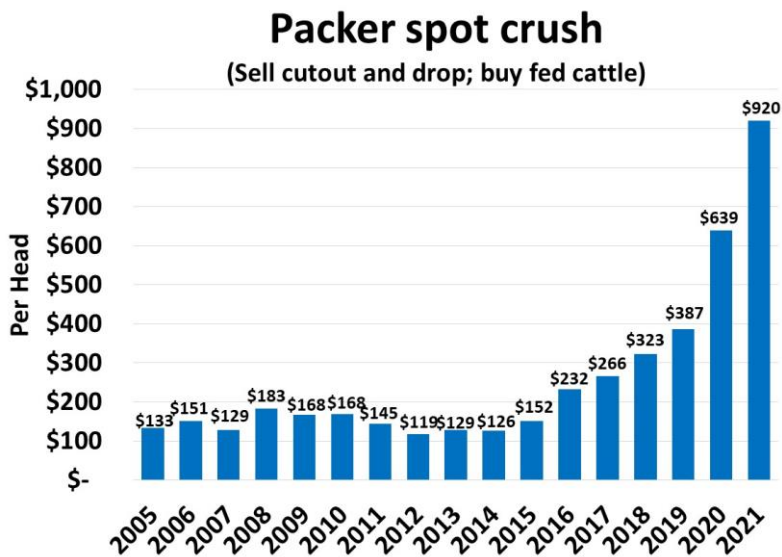
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Source: USDA, AgriTrends

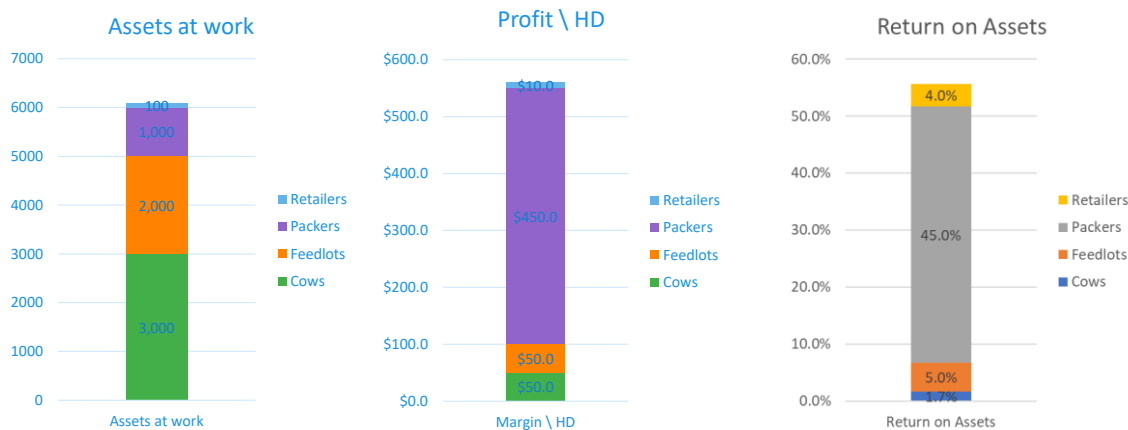
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Source: USDA, AgriTrends

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## Assets at work, profits and return on assets Estimates ONLY – Directionally Correct...

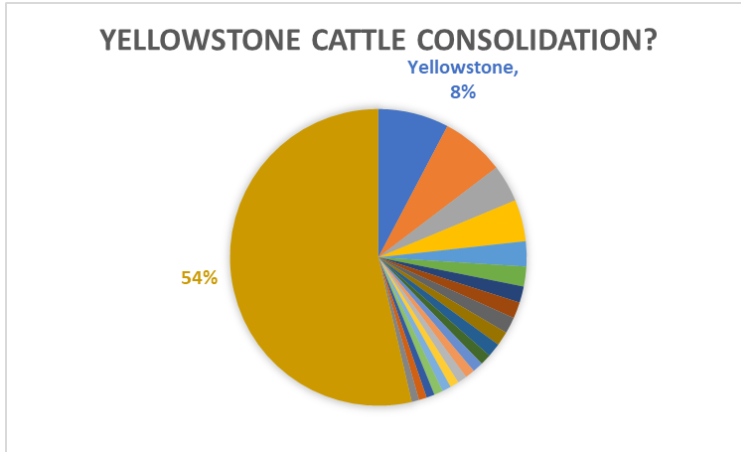


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# Yellowstone cattle owner aggregation.



Yellowstone at 2M cattle committed.



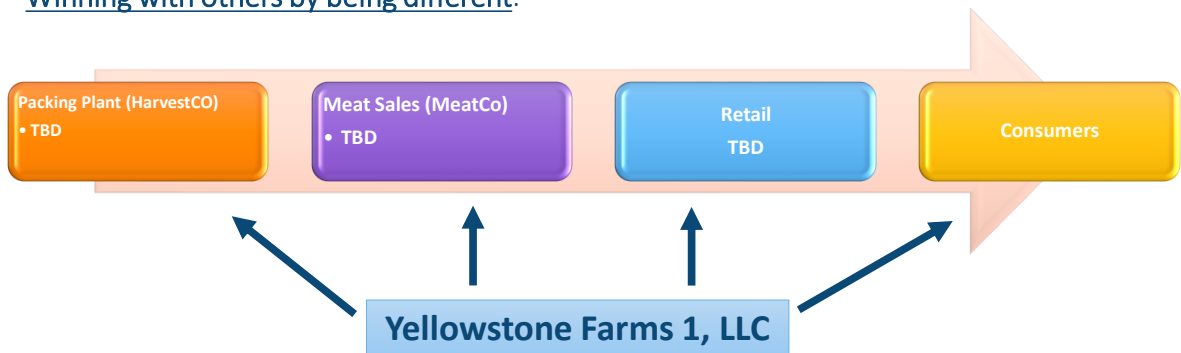
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## Our Approach

Winning with others by being different.



What can YS 1 do to create and capture value for existing or new players in the beef supply chain?



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# Beef Packing Overview

Brian Stevens



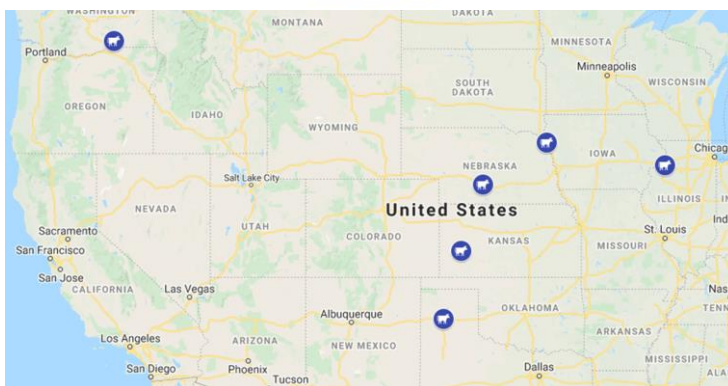
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Plant Locations / Daily Capacities  
Total 27,500 hd / Day

- 5,800 Finney Co, KS
- 5,800 Dakota City, NE
- 5,200 Lexington, NE
- 5,200 Amarillo, TX
- 3,100 Joslin, IL
- 2,300 Pasco, WA



\*Tyson is Publicly Traded



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Plant Locations / Daily Capacities  
Total 26,925 hd / Day

- 5,500 Grand Island, NE
- 5,200 Dumas, TX
- 4,800 Greeley, CO
- 2,300 Hyrum, UT
- 2,150 Tolleson, AZ
- 1,975 Green Bay, WI
- 1,975 Souderton, PA
- 1,900 Plainwell, MI



\*JBS is Brazilian owned

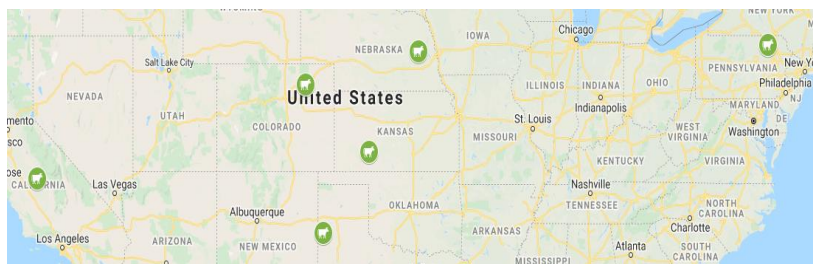


Plant Locations / Daily Capacities  
Total 24,450 hd / Day

- 6,000 Dodge City, KS
- 5,100 Friona, TX
- 5,200 Schuyler, NE
- 4,400 Ft. Morgan, CO
- 1,900 Wyalusing, PA
- 1,850 Fresno, CA



\*Cargill is Privately Held



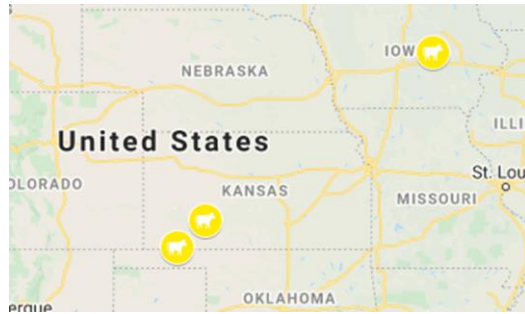
## Plant Locations / Daily Capacities

Total 13,100 hd / Day

- 6,000 Liberal, KS
- 6,000 Dodge City, KS
- 1,100 Tama, IA



\*National Beef is 51% Brazilian owned



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There were 683 Federally Inspected Cattle Harvest Plants in the U.S. in 2020

- These brands are the next largest, but all plants (besides the Big Four) combined only make up approximately 12-15% of capacity.



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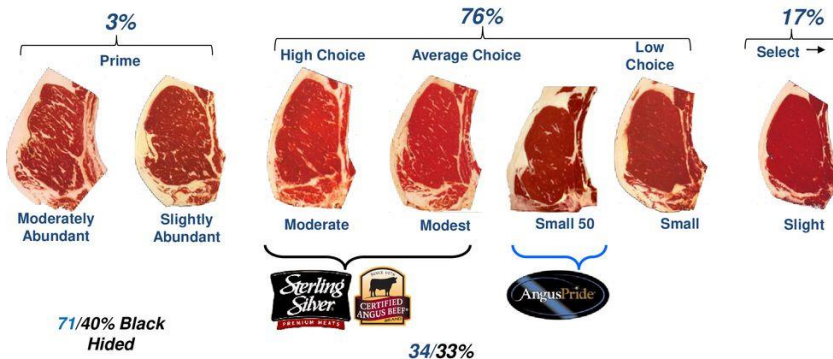
# U.S. Beef Plant Locations



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## Cargill FY 2017 Beef NA Product Mix

- Prime, Choice/AAA and Select/AA account for 96% of our current production—the remainder is No Roll at 4%
- The depiction below represents the minimum marbling lines
- Canada: Prime = 3%, AAA = 69%, AA = 27%, NR = 1%



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## Packing Plant Building Projects....

- Sustainable Beef – North Platte
- Cattlemen Heritage – Council Bluffs
- Project X – South Dakota
- Project Y – Texas
- Project Z – TBD

- Build a plant success rate is low.
- Many challenges.
- Government Grants “free money temptation”



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Always be looking for the opportunities, and always be optimistic about what you can do with that opportunity.

Colin Powell  
PICTUREQUOTES.COM



PICTUREQUOTES



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# Agenda

- Welcome & Introduction
- Brief Beef Overview
- Why Yellowstone
- **What is Yellowstone**
- Q&A



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# What is Yellowstone 1, LLC



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## Newly formed LLC, Yellowstone 1

- Yellowstone goal
  - Create and capture value in the beef supply chain for cattle owners (YS1)
- Private Placement Memorandum (PPM) Investment offering for cattle owners.
  - Process led by Pipestone Holdings group.

## Yellowstone 1, LLC Process 2 Separate Investment Decisions for Investors

### Offer YS 1 PPM

(Completed by 6/30/22)

- Assemble cattle, capital, & team
- Develop Business Plan
  - Allowing up to 2 years



### Offer YS 2 PPM

- Optional investment
- Execute Business Plan

# Yellowstone 1 Offering Overview

- YS 1 offered to cattle owners.
- Total YS 1 Offered units = up to 2 million units.
- 1 unit = 1 animal sold per year (fed or feeder).
- 1 unit = \$25 cash, \$225 available credit (total of \$250 \ unit)
- Minimum investment = 30% of annual head sold per year (or 250 units)
- Total capital raised = up to \$500M (cash + available credit from investors)
- Offering period = up to 180 days. (closed by 6/30/22)

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## Investor Steps

### YS 1 Investment Requirements

- \$25 per unit in cash.
- \$225 per unit in irrevocable letter of credit

### YS 2 Guideline Expectation (Optional)

- Additional \$250 per unit

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## An Example Operation

Yellowstone Investor Worksheet			
		My Operation Head Sold \ year	10,000
		Participation Level	30%
		YS 1 # units	3,000
		% of YS 1	0.50%
Step 1	\$ 25	Cash Payment from Investors	\$ 75,000
	\$ 225	Letter of Credit from Investor(s)	\$ 675,000
	\$ 250	Total Capital Per Unit - YS 1	\$ 750,000
Optional Step 2	\$ 250	YS 2 Additional (optional)	\$ 750,000
		Total Capital	\$ 1,500,000



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## Yellowstone 1 Equity

In Position for Opportunities

		<b>Total YS 1 Units</b>	<b>2,000,000</b>
Investment 1	\$ 25	Cash Payment from Investors	\$ 50,000,000
	\$ 225	Letter of Credit from Investors	\$ 450,000,000
	\$ 250	Total Capital Per Unit - YS 1	\$ 500,000,000
Investment 2	\$ 250	YS 2 Additional (optional)	\$ 500,000,000
		<b>Total Equity Capital</b>	<b>\$1,000,000,000</b>



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# Yellowstone 1 Management & Operations

- Pipestone Holdings Group
  - Accountable to facilitate and drive progress through services agreement.
- Business Development Team
  - Engaged for specific expertise
- Board of Directors
  - Authority for business plan pursuit and final approval.
  - Accountable to supervise the of use of funds
  - Advisors throughout entire process



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# Yellowstone 1 Governance

- Initial Board of Directors (up to 9 seats )
  - Pipestone (2)
- Next 7 seats are selected by initial Pipestone.



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# Yellowstone 1

## Use of funds

- Planned uses
  - Business development team
  - Business development expenses
  - Board reimbursements
- Quarterly financial updates to members.
  - Cash balance.
  - Expense summary
- Unused funds returned to ownership.
  - No deal offered
  - Elect not to participate.



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# Yellowstone 1

## Investor Communications

- Financial summaries quarterly.
- Limited communications during business development period.
  - Pursuit of multiple potential deals – all extremely important to keep confidential.



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## Timelines (estimates)



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## Pipestone Disclosures & Involvement

- Pipestone Holdings is founding member
- Pipestone Holdings will have 2 Board Seats and serve as Board Chair.
- Pipestone Holdings will invest 40,000 units in Yellowstone Cattle 1.
- Pipestone Holdings has a Business Development Agreement with Yellowstone Cattle 1.
- Pipestone Holdings has an opportunity for an equity grant if the board of Yellowstone 1 approves and executes Yellowstone 2.



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## How to Invest

Visit [www.pipestone.com/yellowstone-cattle/](http://www.pipestone.com/yellowstone-cattle/) to invest and learn more

- Request a PPM document
- Request a subscription agreement
- Fill out the Subscription Agreement
- Fill out YellowStone Cattle survey
- Check or Wire Transfer Investment funds

Contact Information:

[legal@pipestone.com](mailto:legal@pipestone.com)

507.825.7013.



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## Discussions



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## Frequently Asked Questions

1. Where will the plant be?
2. Do I need to deliver my cattle?
3. Are there requirements for my cattle?
4. What will the return on investment be?
5. If there is no delivery obligation or opportunity how will it help my operation?
6. Can non-cattle owners invest?
7. Will you be trying to get government funds?
8. Will you share the Yellowstone Cattle 1 investor list?
9. How do I exit Yellowstone cattle 1?
10. What do I need to show from my lender to satisfy Yellowstone cattle 1?



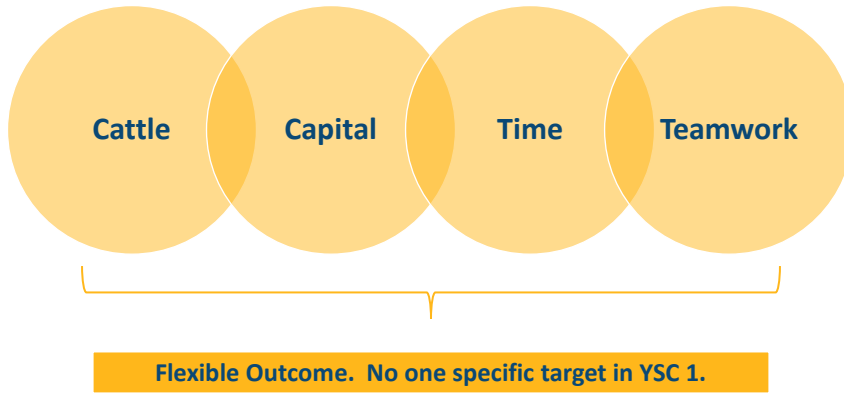
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## What could this look like?



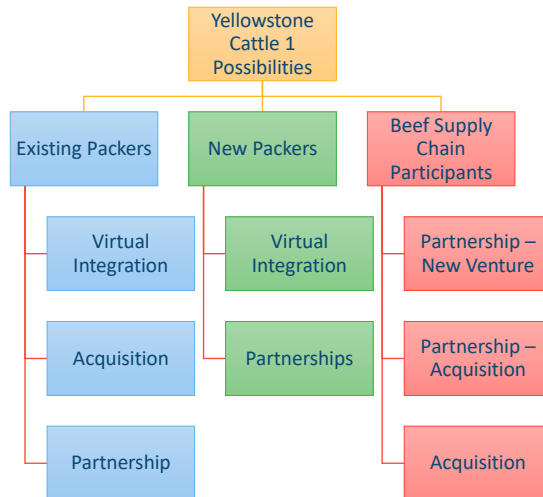
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## Play with our strengths



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## Flexible Outcomes Illustration



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**RULE**

“

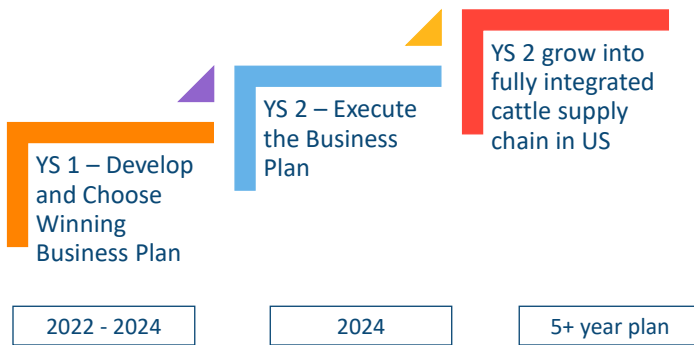
Risk comes from **not knowing what you are doing.**

WARREN BUFFETT



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## Long term...dream a little



It's not easy, but it's going to be worth it.



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End

