

YOUR BEEF CHECKOFF INVESTMENTS IN NEBRASKA

The Beef Checkoff strengthens the demand for beef on a global scale. But did you know that your investment also funds beef promotion, research and education right here in Nebraska? This past year, the Nebraska Beef Council (NBC) supported programs targeted toward educating youth, inspiring consumers and empowering the next generation of beef farmers and ranchers. This report highlights a few of the programs that were implemented in 2016/2017. To learn more about your Beef Checkoff's work in Nebraska visit www.nebeef.org.

BEEF RESEARCH PROJECTS

Research plays an integral role in maintaining the safety and quality of beef served to millions of consumers every year. The science and fact-based information gained from funding research projects helps advance our industry via technology and new ideas. It also helps to protect and defend beef during issues and crisis situations. NBC is fortunate to have world-renowned researchers at both the University of Nebraska – Lincoln (UNL) and the Meat Animal Research Center (MARC) to conduct these research projects. Below are some of the projects that were funded in the 2016/2017 fiscal year by the Nebraska Beef Council.

- Will Beef Make Your Child a Better Athlete: Dr. Koehler, UNL
- Impact of Heat Resistant E coli on Beef Safety Pre-Harvest Prevalence: Dr. Bosilevac, MARC
- Postmortem Strategies to Increase Beef Tenderness: Dr. Calkins, UNL
- Identifying Alternatives to Antibiotic Use: Dr. Fernando, UNL
- Ecology & Transfer of Antimicrobial Resistant Bacteria & Genes in the Feedyard: Dr. Wang, UNL

NEBRASKA AG IN THE CLASSROOM



This program is conducted in partnership with the Nebraska Farm Bureau Foundation and is designed to help students and teachers develop an awareness and understanding of the importance of agriculture. Funding from the Beef Checkoff helps provide educational materials as well as the coordination of the

Ag Pen Pal program, classroom presentations and farm field trips. An estimated 6,525 students participated in the Pen Pal program this past year and 261 teachers committed to including agriculture in their classrooms.

AG SACK LUNCH PROGRAM



The Ag Sack Lunch program reached 4,878 fourth-grade students from 97 different schools visiting the state capitol building on school field trips during this past year. This program provides students with a free "All Nebraska Agriculture" sack lunch prepared with Nebraska products, including beef.

The purpose of the program is to increase awareness among Nebraska fourth-grade students to the importance of agriculture in Nebraska and to make the connection between Nebraska farms and the food that feeds the world.



2017 NEBRASKA Beef Council Annual Report

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NEBRASKA LEAD PROGRAM



Nebraska Agricultural Leadership Council

The Beef Checkoff helps fund the Nebraska LEAD program with a goal of developing the future generation of ag leaders. Fellows in the program receive intensive training and learn the skills to become effective communicators and advocates who will support and defend all segments of agriculture. The LEAD fellows are often able to engage with the U.S. Meat Export Federation (USMEF) staff while on their international study/travel which helps them better understand the value of exports to our beef community here in Nebraska. To date, there are more than 1,000 graduates of the LEAD program.

The Beef Checkoff helps fund the Nebraska LEAD program with a goal of

NEBRASKA BQA



Since 1996 more than 10,000 producers have been trained through the Beef Quality Assurance (BQA) program. Funding from the Beef Checkoff is used to conduct trainings, print educational materials and distribute updated BQA information to Nebraska beef producers. BQA certification has been implemented into all Nebraska colleges offering agriculture and/or animal science courses, including UNL, Nebraska College of Technical Agriculture, Chadron and Northeast Community College.

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BEEF IN FOREIGN MARKETS



NBC has been a strong supporter of foreign marketing efforts through both USMEF and the Nebraska Department of Agriculture. When the China market opened to U.S. beef this summer, NBC was first to lend support by investing \$300,000 with USMEF over the course of the next several months to allow them

to start rebuilding this market. The U.S. Beef China Roadshow, as described below, was just one of the many events that has taken or will take place in China to regain our market share.

An initial and ambitious step toward developing demand for U.S. beef in China was taken as the U.S. Beef China Roadshow, a week-long series of events organized by USMEF, brought exporters and importers together in Beijing, Shanghai and Guangzhou. These activities were made possible through support from the NBC.

Each of the three roadshow stops featured member companies exhibiting U.S. beef products. A simple opening ceremony in each location included a brief overview of the current U.S. beef market, along with introductions by company representatives. Each roadshow event was themed with a particular local beef dining concept, including hot pot, Korean barbecue and western steakhouse. Cutting demonstrations and tastings were held throughout each event by USMEF's technical consultant.

This is only the beginning of a campaign to develop distribution channels for U.S. beef in China, according to USMEF senior vice president for the Asia Pacific Joel Haggard. "The hard work starts now," he says. "We have scheduled trainings and seminars to educate importers, distributors, retailers and restaurant operators about U.S. beef, and those will begin almost immediately. We are truly in it for the long run, but the roadshow was a critical initial event that will add momentum to the current growth in purchases and shipments."

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For contact information and a staff listing, visit www.nebeef.org

NEBRASKA BEEF COUNCIL FY2017 INCOME & EXPENSE STATEMENT OCTOBER 1, 2016 - SEPTEMBER 30, 2017

National & Foreign Investments	\$2,189,459
Administration.....	\$178,124
Collections.....	\$79,006
Research	\$187,348
Producer Communications.....	\$100,240
Industry Information.....	\$46,800
Consumer Information	\$306,982
Promotion.....	\$204,911
Foreign Marketing.....	\$104,514
Nebraska Total 2017 Checkoff Collections.....	\$10,201,713
State of Origin*	\$2,927,945
Cattlemen's Beef Board \$.50	\$3,638,063
Nebraska Beef Council's \$.50	\$3,635,707

* When a beef animal is in a state for less than 30 days, the \$1 must be sent back to the originating state

DEAR FELLOW PRODUCERS,



Beef and great, unforgettable meal experiences seem to go together. A succulent steak on your birthday, juicy summer hamburger

straight from the grill or wonderful Sunday pot roast with the family not only create immediate and delicious taste sensations, but plant wonderful memories in the brain.

Assuring that the beef in these situations is the best it can be is important. But what beef attributes are most important to consumers when they sit down to enjoy a beef meal? And how do we measure how well we're doing in producing high quality beef for them? How can we make these beef-eating experiences even more memorable?

Those are just a few of the questions we ask ourselves through the Beef Checkoff Program to assure that we're not just meeting consumer expectations for wonderful beef experiences, but exceeding them. This report shows how the checkoff helps provide measurements for beef quality that are quantifiable, guidelines that are reasonable and consumer insights about quality that are helpful and valuable. You will also learn about some of the tools we're using to communicate quality and value to consumers.

The pursuit of quality is never-ending, but at the same time satisfying and rewarding. Beef is a great product that already fills a consumer want. Making it better is the icing on the cake.

Yours truly,

Jerry Effertz, Chairman
Federation of State Beef Councils



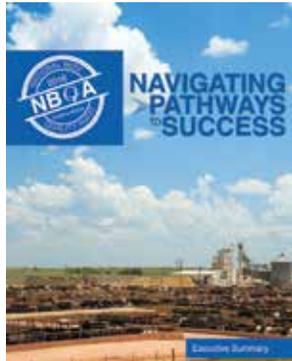
Funded by Beef Farmers & Ranchers

THE QUALITY EQUATION

When they sit down for a meal, more than anything else consumers want food that tastes great. Beef producers have a product that both tastes good and is good for them. What should the beef industry do with this fact?

Through its checkoff program, a wealth of knowledge about beef and beef eaters becomes the foundation for research, education and promotion programs that establish benchmarks for beef quality, while providing guidelines for delivering even more of those beef qualities that consumers want. Obviously, it starts at the beginning.

THE 2016 NATIONAL BEEF QUALITY AUDIT



What cattle producers do to raise beef has an impact on quality. Every five years since 1991 the beef industry, through its Beef Checkoff Program, has provided a set of guideposts and measurements for cattle producers and others to help determine quality conformance of the U.S. beef supply. Results from the National Beef Quality Audit have helped lead to improvements in cattle and beef production through the years, including reductions in carcass blemishes and fewer lost opportunities related to branding and other practices.

Reported in 2017, results from the 2016 NBQA, conducted for steers and heifers as well as cows and bulls, show that the industry continues to improve the quality of its product, and identifies where improvements can still be made. Among the findings was a significant increase in USDA Choice and Prime carcasses, and a high mobility score for cattle entering packing plants, which shows an improvement in animal handling. The number of blemishes, condemnations and other attributes that impact animal value remain small.

Improvements can still be made, however. The NBQA for steers and heifers identified lost opportunities in hitting optimum carcass yield and grade targets and reducing offal condemnation rates, particularly for livers, while among other issues the cow and bull report identified opportunities to make progress by implementing measures to eliminate carcass bruising on the farm, in transport and at the packing facility.

To help tell the positive beef story, the checkoff-funded Beef Quality Assurance Program, managed by NCBA as a contractor to the Beef Checkoff Program, helps beef producers understand the do's and don'ts of raising high quality beef.

Consumers can learn more about how beef is produced through many checkoff-funded programs that tell that story. The multiple efforts to connect with consumers about issues have been highly successful. For example, research conducted by IPSOS Public Affairs in 2016 showed that over 80 percent of consumers graded fresh beef an A or B for safety.

Safety isn't the only beef attribute on the radar. The checkoff-funded Consumer Beef Index (CBI) shows that more than 70 percent of consumers consider beef to be a good balance of taste and nutrition.

A TRAIL TO TENDERNESS

The checkoff-funded National Beef Tenderness Survey demonstrates tenderness has improved significantly since 1990. In fact, there has been a 34 percent improvement in beef tenderness over that time.

Improvements in beef tenderness have remained fairly steady over the past five years despite drought and other challenges that could have derailed its progress. The 2015/2016 survey found that beef is delivering a good eating

experience to consumers. It also suggested the industry is keeping its eye on the ball when it comes to protecting the improvements in tenderness it has made.

Most steaks surveyed were considered tender. While cuts from the round have a wonderful flavor profile they remain an industry tenderness challenge. Increased efforts to optimize aging practices and checkoff-funded consumer education on proper cooking for cuts from the round and other primals will help provide greater consumer satisfaction with tenderness.

AN EVOLVING CONSUMER

Knowing what the consumer wants, and how they go about purchasing it, is at the heart of beef checkoff consumer research and marketing efforts. The research is conducted by the checkoff's market research team using a variety of surveys and data-driven consumer behavior and attitude research tools.

For instance, CBI research shows that beef performs well on key quality attributes important to consumers. Almost 90 percent of consumers say beef is great tasting as well as a great source of protein. A checkoff-funded steak satisfaction tracker supports this, showing in a current survey that 90 percent of consumers say they were very satisfied with their recent beef eating experiences.

Consumers who say they are planning to consume more beef give their reasons as:

- They prefer the taste (85 percent);
- They want to add protein to their diet (77 percent);
- They believe there is better availability of cuts (76 percent);
- and They say beef is more of a family favorite (73 percent).

REACHING BEEF'S FINAL STOPS

The beef checkoff's Masters of Beef Advocacy (MBA) program had acquired 10,000 graduates by 2017, providing consumers with a link to producers who put quality beef on their tables. Started in 2009, this group of beef and dairy producers – along with chefs, teachers, doctors, dietitians and others in the beef community – are equipped to engage with consumers and encouraged to participate in advocacy efforts.

MBA graduates have put their skills to use in many ways, from providing a rancher's perspective for a magazine article to promoting an MBA campaign. The Top of the Class, a next-level advocate training program, regularly taps its members for media interviews, speaking engagements and other national opportunities.

Building on the program's initial success, a new set of MBA lessons were released in 2015, and an interactive app for iPhone and Android introduced in 2016, giving MBA graduates access to beef information at their fingertips.

Consumer beef marketing efforts use digital media that include social and entertainment platforms such as Facebook, YouTube, Instagram, Hulu and others. The Beef. It's What's For Dinner Facebook (www.facebook.com/BeefItsWhatsForDinner/) page has more than 1 million

followers, and the BeefItsWhatsForDinner.com website has circulated more than 1.4 million recipes.

The beef checkoff will have had more than 40 million video views in 2017. This past year Facebook Live, for instance, hosted a "Be Your Own Butcher" from the checkoff's Culinary Center that provided hands-on cutting demonstration by a meat cutting expert, reaching nearly 140,000 consumers.

OUTSIDE OUR BORDERS



Whether working to expand high-end chilled beef exports to Asia, or helping find new destinations for beef livers, the Beef Checkoff Program's international marketing efforts are boosting global demand for U.S. beef. In the first six months of 2017, U.S. exports totaled 606,876 metric tons (mt) – an increase of 12 percent over the first half of 2016.

Export value increased 15 percent to \$3.35 billion, which equates to about \$270 for every fed steer and heifer slaughtered – up 8 percent year-over-year.

Beef exports to leading market Japan exceeded last year's pace by 23 percent in volume (150,812 mt) and 28 percent in value (\$905.8 million). Exports to South Korea were up 13 percent in volume (83,357 mt) and 21 percent in value (\$527.7 million). Chilled beef exports to Japan and Korea were up 40 percent and 83 percent, respectively, as the U.S. captured more than 50 percent of both countries' chilled beef market.

The beef checkoff will also play a major role in reintroducing U.S. beef to meat buyers in China, which in June reopened to U.S. beef for the first time since 2003.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2017 EXPENDITURES

Promotion	\$7,871,078
Research	\$9,102,863
Consumer Information	\$7,913,258
Industry Information	\$4,180,808
Foreign Marketing	\$8,140,797
Producer Communications	\$1,498,613
Evaluation	\$202,832
Program Development	\$292,090
USDA Oversight	\$465,853
Administration	\$1,796,725
TOTAL EXPENSES	\$41,464,917

Unaudited Numbers

*This total also includes CBB's costs associated with Freedom of Information Act requests and legal fees associated with lawsuits.