

Texas Beef Council Annual Report

FISCAL YEAR 2009

A SUMMARY OF STATE AND NATIONAL BEEF EDUCATION, PROMOTION AND RESEARCH PROGRAMS FUNDED BY THE \$1 PER HEAD BEEF CHECKOFF PROGRAM.



BEEF RUNNING TEAM

In efforts to promote the nutritional benefits of lean beef, TBC launched the Beef Running Team program in FY09. Beef team members are advocates for the beef industry and wear "Discover the Power of Protein" jerseys in races throughout Texas. Prior to joining, each member must complete a seminar providing details on the program and a beef nutrition presentation. In turn, TBC sponsors runners in select races and provides reimbursement for entry fees. The 230 current Beef Running Team members are influencers who lead healthy, active lifestyles and recognize the vital role high-quality proteins, like lean beef, play in their training.



For an audited financial statement, contact the Texas Beef Council at beef@txbeef.org or call 1-800-846-4113.

Visit us on the internet at www.TexasBeef.org for more checkoff information or at www.TxBeef.org for beef recipe information.

CONSUMER EVENTS – The state checkoff participated in several events across Texas in FY09. The TBC mobile marketing unit, the Ultimate Backyard, was showcased at two large events while the Tailgate Trailer was featured throughout the Texas A&M football season and at the Dallas Cowboys Training Camp. TBC also promoted beef at the Houston International Festival, several American Heart Association events and the Southern Living BBQ Tour. In total, TBC attended 15 events, served over 79,000 beef samples, disseminated nearly 563,000 brochures and promotional prizes and generated more than 6.6 million impressions including public relations and paid media.

RETAIL PROMOTION – Working to promote beef products during key consumer holidays while also leveraging dollars, TBC partnered with several retail chains between Thanksgiving and the New Year to provide more than 36,000 holiday roast recipe brochures, 400,000 on-pack cooking labels and in-store signage to more than 400 grocery stores. In addition, TBC focused on summer grilling through partnerships with retailers for in-store beef demonstrations and a radio campaign. TBC also worked with partners for a tailgate promotion serving over 20,000 beef samples during Texas A&M home football games.



CULINARY EDUCATION – TBC reaches influencers in the foodservice channel through promotions and education. Key events in FY09 included Dallas Restaurant Week, reaching over 80,000 diners in the Dallas-area at more than 100 restaurants, and the Annual Culinary Educators Conference which trained over 120 high school culinary instructors who influence more than 5,000 students. TBC also worked to educate chefs and distributors about the innovative cuts from the chuck roll conducting seminars with three of the largest foodservice distributors.

HISPANIC CAMPAIGN – TBC continued outreach efforts to Hispanic consumers through the successful "Mejor Provecho" campaign. In 2009, the Texas checkoff reached Hispanics through a quarterly newsletter, *Al Punto*, a Spanish-language Web site and print, radio and television outreach. TBC partnered with a registered dietitian and diabetes educator to deliver beef nutrition information through multiple Spanish-language mediums. The overall combination of efforts garnered more than five million impressions in Texas.

NUTRIENT-RICH OUTREACH –

TBC coordinated with Dairy Max and the Texas Dietetic Association to utilize 10 registered dietitians to promote the nutritional benefits of beef through media interviews. Focusing on nutrient-rich foods, these nutrition experts communicated through radio, print and television including a back to school menu appearing in the *Houston Chronicle* and *San Antonio Express-News*. Total impressions included a reach of more than six million consumers.

HEART-HEALTHY PARTNERSHIP – TBC partnered with the American Heart Association (AHA) in FY09 to share the many ways beef fits into a heart-healthy diet. Beginning with National Heart Month in February, lean beef was showcased during AHA luncheons, on television cooking segments reaching more than 257,000 viewers and at retail store-front events where 2,000 lean beef samples and 25,000 recipes and nutritional materials were distributed. The "Love Your Heart with Lean Beef" promotion also included 1,000 heart-healthy radio advertisements and interviews reaching more than two million listeners five times each as well as a Web site contest on TxBeef.org.

PRODUCER COMMUNICATIONS – In efforts to educate producers about the Beef Checkoff, TBC distributed 27 press releases featuring checkoff-funded initiatives to media outlets resulting in a total circulation of more than 1.5 million. TBC generated one feature article and contributed to seven feature articles as well as providing numerous interviews for ag radio in FY09. In addition, TBC attended 69 industry meetings, reached out to livestock markets and feedyards and distributed the producer newsletter, *CattleTalk*, once a month.

CRISIS PREPAREDNESS – In 2009, the crisis communications team continued working to protect the beef marketing climate from potentially damaging issues. TBC took a proactive approach through a letters to the editor campaign surrounding Earth Day. Twenty-eight letters were distributed to 27 newspapers throughout the state with four being published. In addition, TBC partnered with the Texas Farm Bureau to develop the Beef Story Video in efforts to educate consumers about the beef production process.

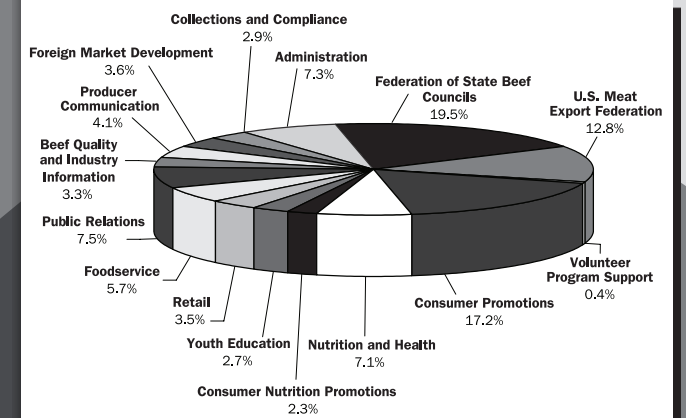
PUBLIC RELATIONS – TBC spokespeople appeared on television programs in 13 of Texas' leading media markets in FY09. Promoting positive beef messages, these 67 food segments reached more than 1.5 million viewers showcasing beef recipes and beef cooking techniques. In addition,

TBC conducted the first annual Firehouse Grill-off at the Houston Livestock Show and Rodeo where Houston-area fire stations competed. The event garnered coverage on three major television networks, one local radio station and in the *Houston Chronicle* totaling a reach of nearly one million consumers.

TBC ONLINE – The TBC consumer Web site, TxBeef.org, continued its success recording nearly 268,000 visitors in FY09 averaging more than 700 per day with over 1.2 million page views. Interactive tools such as a recipe rating system and comments section were added to engage consumers. In addition, TBC joined the social media movement launching a Twitter handle, TxBeef, to increase the share of positive beef information online. TBC also conducted two blog outreach efforts inviting Texas-based food and mom bloggers to participate in beef recipe contests. The positive response resulted in a reach of more than 100,000 online consumers.

BEEF QUALITY TRAINING – The Texas Beef Quality Producers program, developed to train producers and workers on the principles of beef quality assurance (BQA), directly trained over 600 producers, as well as an additional 7,400 exposed to BQA practices in Beef Quality Credit meetings in 2009. A similar online training, BQAOnline.com, educated nearly 300 producers on BQA principles. Another educational program, Beef 706, reached over 130 producers with its gate-to-plate message. In addition, the BQA area completed funding of four research projects in the areas of beef safety and quality.

EXPORT TEAMS AND PROMOTIONS – Chefs from the Caribbean, Russia and Korea visited Texas in FY09 to learn more about the beef industry. As guests of TBC and the U.S. Meat Export Federation, the chefs were educated on the advantages of U.S. beef and trained to cook and promote underutilized cuts at Texas Beef Festivals held in their own countries. TBC also conducted retail and foodservice promotions in Hong Kong, Europe and Russia.



TEXAS BEEF COUNCIL FY 2009 FINANCIAL REPORT

FY 2009 EXPENDITURES

TOTAL TBC EXPENSES = \$ 6,154,033

FY 2009 REVENUES:

Total checkoff assessments	12,499,770
LESS: Less remittance to Cattlemen's Beef Board	(5,909,514)
Less remittance to other states	(680,742)
	<hr/>
	5,909,514
Interest and other revenues	94,372
	<hr/>
TOTAL TBC REVENUES	6,003,886

Of every dollar collected in the state, by law, 50 cents is remitted to the Cattlemen's Beef Board for funding of national and international checkoff programs. The pie chart above shows TBC's investment of the remaining 50 cents.

BEEF National Checkoff WORKING TOGETHER to improve beef demand

ADVERTISING

In FY 2009, the checkoff's advertising campaign reached 78.6 percent of the consumer target an average of 9.6 times. The ads aim to keep beef top of mind with consumers and promote beef's healthy qualities. The Consumer Beef Index Survey revealed exciting campaign results as consumer perceptions about beef have improved significantly since the ads launched in January 2008. This survey found that "The Power of Protein" messaging persuades consumers about beef's healthy benefits, making them feel good about eating the beef they love.

FOODSERVICE MARKETING

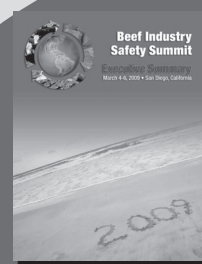


More than 8 billion pounds of beef moved through foodservice in 2008, representing \$26.3 billion in purchases by U.S. restaurants and institutions. The BEEFflexible promotion and trade advertising campaign featured new cuts from the chuck roll and placed additional emphasis on middle meat. In January, the Denver Steak was listed among the top five "hot trends" among chefs surveyed by the National Restaurant Association.

RETAIL

In FY 2009, the checkoff-funded retail marketing program focused on supporting middle meat (rib and loin) sales in U.S. supermarkets. This action was necessary due to a lack of demand for these cuts in the foodservice channel and export markets, which resulted in wholesale costs for these cuts dropping to levels not seen in almost a decade. The Beef Alternative Merchandising (BAM) and Slice and Save programs

SAFETY RESEARCH



Foodborne illness and recalls in FY 2009 supported the continued need for beef safety research, dissemination and outreach programs. Checkoff-funded programs advanced the industry's knowledge of pathogens, with a focus on E. coli O157:H7, while tracking additional pathogens and studying intervention technologies in both the pre- and post-harvest environments. Training materials developed through the Beef Industry Food Safety Council (BIFSCO) continue to be utilized by all sectors of the beef industry to address safety threats.

CULINARY CENTER



In FY 2009 the Culinary Center team really cooked. Recipes were developed for programs in retail, new products, foodservice, advertising, veal and nutrition. This was an on-year for the National Beef Cook-off®, so the team was busy supporting that effort. Cook timings were developed for the new cuts from the round and the Beef Alternative Marketing (BAM) cuts. "How to" cooking videos were filmed for the BeefItsWhatsForDinner.com Web site. Additionally, the "Creating Crave" brochure was honored by the International Association of Culinary Professionals at its annual conference.

were created to offer consumers these premium cuts at affordable prices. Efforts appear to be paying off as middle meat increased 8.5 percent in volume sales for the 13 weeks ending on Aug. 23, 2009, compared to the same period last year. (Source: *FreshLook Marketing*).

BEEF INNOVATIONS GROUP

In FY 2009, the Beef Innovations Group (BIG) introduced two new convenience items: Marinade on Demand and Philly Cheese Steak Eggrolls. BIG also presented the industry with two new round cuts, two new product applications and conducted some 25 chuck roll industry demonstrations. The team developed three new active industry partnerships, maintained 17 existing ones and continued to showcase beef through innovative new recipes. In FY 2009, BIG engaged in more than 115 industry meetings – many involving state beef council partners.

VEAL



The checkoff-funded veal "Go to Market Strategy" integrates consumer marketing and communications programs to help build demand for veal. Thanks in part to this integrated approach, retail and foodservice channels reported increased veal sales in FY 2009. The veal team also worked to share the positive veal production story through issues management and quality assurance programs. State beef councils, along with veal partners, helped launch www.VealMadeEasy.com and other retail/foodservice channel marketing efforts, and initiated the veal farm tour program with Kendall College in Chicago.

NUTRITION INFLUENCER EDUCATION

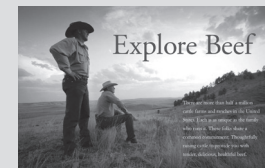
With the help of 18 state beef councils, the Nutrition Influencer Education Program reached more than 1,500 registered dietitians through "The Power of Protein" webinars

in FY 2009. Participating RDs received checkoff-funded information about lean protein and healthy lifestyles to share with clients. Two checkoff-funded educational e-newsletters went to hundreds of influential health professionals, including members of the American Dietetic Association. National and state spokespeople shared science-based data to help build the case for "The Power of Protein."

PUBLIC RELATIONS

Overall, public relations achieved more than 4 billion media impressions in FY 2009. Safety reputation management reached some 250 reporters with positive news about the industry's safety commitment, while national PR efforts laid the foundation for positive media coverage about beef's many nutritional benefits. Food communications helped emphasize the value and versatility of cuts from the rib and loin. The BeefItsWhatsForDinner.com site continues to serve as a primary online source for beef recipes. The Masters of Beef Advocacy program, which provides a grassroots volunteer network of people with consistent, positive beef messages to share with the general public, drew more than 1,000 students and 300 graduates in 42 states.

ISSUES & REPUTATION MANAGEMENT



A 2009 issues research project found less than one quarter of consumers know much about the beef industry. Combined national and state issues management efforts helped correct misinformation and deliver positive beef production messages directly from America's farmers and ranchers. IM supported submission of 50-plus letters-to-the-editor and opinion columns, which were published in top daily U.S. media outlets, including *USA Today*, *The Washington Post*, *The St. Petersburg Times*, *The Tulsa World*, *The Des Moines Register* and *The Miami Herald*.

FOREIGN MARKETING

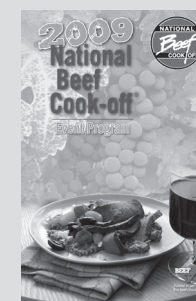
Through the first 11 months of FY 2009, U.S. beef exports worldwide were 820,321 metric tons valued at \$2.88 billion. The global economic crisis and devalued currencies of several major trading partners have made for a difficult economic environment, with exports falling by 5 percent in volume and 6 percent in value compared to the same period in FY 2008. A major bright spot has been the growth of U.S. beef exports to Japan and the Greater China region. Exports to Japan increased 27 percent in volume and 25 percent in value during this time frame. Exports to Hong Kong were 16,209 metric tons valued at \$57.23 million – an increase of 83 percent in volume and 58 percent in value over the same period in FY 2008.

CHECKOFF COMMUNICATIONS

In its first year, the checkoff-funded www.MyBeefCheckoff.com site welcomed 43,750 unique visitors who viewed

more than 176,000 pages. The communications team also participated in 15 industry trade shows; achieved a year-round paid-media plan; produced monthly beef and dairy newsletters and weekly updates for checkoff leaders; and placed more than 400 news stories about checkoff programs.

NATIONAL BEEF COOK-OFF®



In FY 2009, the cook-off increased the number of entries by 6 percent, from 2,256 in 2007 to 2,392 in 2009. A successful retail partnership was created with Raleys, a northern California retailer, prior to the cook-off. Raleys placed beef items on a two week "Beef It Up" promotion during Labor Day weekend and shipped 26 percent more beef to its stores than during the same period last year.

Pre-event media coverage earned more than 14 million impressions. As this report went to press, post-event coverage totaled 52 million impressions.

CATTLEMEN'S BEEF BOARD Fiscal Year 2009 Expenditures

Does not include State Beef Council Investments

