

INTERNATIONAL MARKETING

Chefs, importers and buyers from Central and South America, Caribbean, Greater Russian Region, and China/Hong Kong visited Texas in FY17 to learn more about the U.S. beef industry. As guests of TBC and the U.S. Meat Export Federation, attendees 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 funded training seminars and retail and foodservice promotions in Hong Kong/China, Central and South America, the Caribbean, Japan, Taiwan, Korea, Greater Russian Region and the Middle East.

MD OUTREACH PROGRAM

In FY17, TBC was able to grow and strengthen the MD outreach program in efforts to educate medical doctors who traditionally recommend limited beef consumption to their patients diagnosed with high cholesterol. Six former pharmaceutical representatives worked to reach physicians in Houston, Dallas, San Antonio and Austin. The reps made more than 7,300 physician calls resulting in the potential reach of more than 9 million patients. Physicians were given patient education materials providing an endorsement of the nutritional value of beef in a heart-healthy diet.

BEEF QUALITY ASSURANCE

In partnership with Texas and Southwestern Cattle Raisers Association and Texas A&M AgriLife Extension Service, the Texas Beef Quality Assurance program directly trained 380 producers on the principles of beef quality assurance (BQA). In addition, more than 6,380 producers were exposed to BQA practices at Beef Quality Assurance credit meetings. Another educational program, Beef 706, reached 158 producers with total quality management principles. TBC also shared BQA messages at meetings and seminars reaching vet students, youth, college ag students, cowboys and day-hands. More than 3,240 have completed the Texas online BQA course.

RETAIL PARTNERSHIPS

TBC hosted 11 Beef Boot Camps throughout the year training 253 key retail partners on topics such as proper cooking techniques, meat science basics, modern beef production practices, and beef nutrition. In FY17, TBC partnered with a variety of vendors and retailers focusing on in-store activities to promote beef during key consumer holiday periods. Activities included point-of-sale elements, coupons, in-store demos and radio advertising.

PRODUCER COMMUNICATIONS

To help educate producers about the beef checkoff programs, TBC distributed press releases and feature articles featuring checkoff-funded initiatives to media outlets resulting in a total circulation of more than 6 million. In addition, TBC conducted an advertising campaign which included 1,100 radio spots and print ads reaching 345,000 readers. In FY17, TBC attended 53 meetings and conventions in efforts to keep beef producers and stakeholders up-to-date on the latest checkoff news.

Texas Beef Council Annual Report

FISCAL YEAR 2017

A summary of state and national beef education, promotion and research programs funded by the \$1 per head national beef checkoff program and the \$1 per head state beef checkoff program.



Online Texas Story Videos

Pandora Radio Ads

ADVERTISING CAMPAIGN

TBC continued to broaden the reach and increase visibility of Beef Loving Texans (BLT) across the state and used paid media as a way to exponentially boost the brand. Advertising strategies included print, internet radio, digital TV, billboards and paid online outreach. In total, BLT paid media campaigns resulted in 521.2 million impressions statewide.

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

For more beef checkoff information, please visit us at TexasBeefCheckoff.com. To see how we're connecting with consumers, visit us at BeefLovingTexans.com.



BEEF TEAM

The Texas BEEF Team is a community of more than 1,200 beef loving fitness enthusiasts supported by the beef checkoff programs in Texas. More than 5,800 appearances were made at runs, triathlons and races across the state. The team made 1,719 volunteer appearances and reached more than 25,800 at community events.

In FY17 BEEF Team Kids (ages 5-13) grew to 301 members and recorded 594 race and volunteer appearances. Throughout the year the team is constantly engaged through a monthly newsletter, Facebook group, pre-race dinners, events and educational webinars. Together, TBC and the team are working toward building a healthier Texas.



CULINARY EDUCATION

TBC continued as a founding sponsor of the 14th Annual Culinary Educators Training Conference which trains 80 high school culinary instructors. The conference provides high school culinary arts teachers with relevant resources to use in the classroom along with hands-on training to help build their culinary curriculum. In addition, TBC

supported a variety of culinary student competitions reaching more than 575 students at 10 competitions. TBC also hosted two chef pasture to plate tours and a culinary immersion tour for executive level culinary professionals.



HEALTH INFLUENCERS

Through 15 health professional conferences and meetings, TBC reached more than 5,400 influencers and shared information on beef production practices, the evolution

of lean beef and research behind dietary guidance and disease-specific guidelines and reporting. TBC also reached 113 dietetic interns and faculty through beef immersion tours.



DIGITAL MARKETING

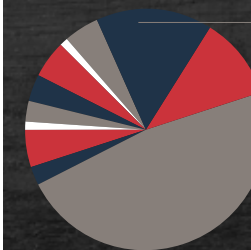
TBC continued to focus on building and strengthening the Beef Loving Texans consumer brand through website optimization, content and asset

development, and social media outreach. All social media platforms successfully maintained and greatly increased engagement and fans: Facebook (151,484 followers), Instagram (8,834 followers), Pinterest (5,825 followers), and Twitter (5,917 followers). More than 481,000 consumers visited BeefLovingTexans.com. TBC developed several Texas-specific videos and photography aimed to further engage with visitors online.

TEXAS BEEF COUNCIL AND RELATED ENTITY COMBINED FINANCIAL REPORT

Fiscal Year Ended September 30, 2017

REVENUES	
Total state and U.S. checkoff assessments	\$20,843,494
Less:	
Remittances of U.S. checkoff to the Beef Board	(4,984,542)
Remittances of U.S. checkoff to the state of origin	(1,041,281)
Refunds of state checkoff	(528,096)
	14,289,575
Investment income and other	46,947
TOTAL REVENUES	\$14,336,522
EXPENSES	
	\$15,837,221



15.8%	U.S. Meat Export Federation
11.0%	Federation of State Beef Councils
47.5%	Consumer Influencers
2.5%	Retail
4.9%	Foodservice
1.2%	Public Relations
2.7%	Beef Quality
3.6%	Producer Communication
4.9%	Foreign Market Development
1.2%	Collections and Compliance
4.6%	Administration

Of every national 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 chart above shows TBC's investment of the remaining 50 cents (national program) and the entire \$1 Texas state checkoff.

The Texas state checkoff is administered by the Beef Promotion Research Council of Texas, which is considered a related entity to TBC.

ADVOCACY OUTREACH

A proactive approach was taken with several groups focusing on educating and inspiring youth agriculture organizations to tell their beef story and become Masters of Beef Advocacy (MBA) graduates. Through various workshops and meetings, TBC reached more than 450 students. In FY17, TBC hosted two Texas Youth Cattle Conferences in the Panhandle and South Texas regions. Twenty students attended and expanded their knowledge about the Texas beef industry through tours, leadership workshops and hands-on experiences.

RESEARCH

In FY17, one human nutrition research project (beef eating patterns) continued to be funded and is expected to be completed in FY18. Six research projects were completed at Texas universities in the beef quality and safety areas. In addition, three new projects began in the area of pre-harvest safety, quality and marketing and are scheduled to be completed in FY18.

DEAR FELLOW BEEF 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 the Beef Checkoff.

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
Program 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.