

~REACHING 10,000 AT HIP CONSUMER FOOD EVENTS~



Seattle is home to a thriving culinary scene for the thousands of millennial consumers interested in learning more about food and cooking. The Beef Commission capitalized on this scene and served innovative beef recipes, educated consumers about beef and engaged in one-on-one conversations about modern

beef production at events throughout town. Over 10,000 consumers attended five events chosen for their smaller size, digital outreach and ability to draw millennials to our exhibit for a conversation about all things beef.

~BEEF -- \$5.7 BILLION INDUSTRY IN WASHINGTON~

A recent Economic Contribution Study conducted by Washington State University demonstrated that the production of beef from the ranch



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through the packing plant is a \$5.7 billion industry in Washington State. The study was managed by the Beef Commission with funding from the Washington Cattle Feeders Association and Farm Credit.

~COOKING BEEF ON TELEVISION~



Whether it was beef for tailgating on Blue Fridays, romantic beef dinners for two on Valentine's Day, Sizzling Steaks on the 4th of July, or delicious entertaining recipes for Christmas, the Beef Commission was on Seattle television demonstrating beef cookery throughout the year.

Inspiring delicious beef meals and sharing them on social media provides an economical way to reach consumers. Last year we reached 160,000 households with our monthly television appearances.



Mission

To increase demand for beef by exceeding consumer expectations.

Strategic Objectives

1. Positive Attributes - Promote beef's ease, convenience, taste and value.
2. Health & Nutrition - Educate consumers on the positive health and nutrition benefits of beef.
3. Trust - Build confidence in the beef production process and improve beef safety.
4. Global Growth - Increase beef exports from Washington.

Target Audience

Millennial parents aged 25-34, living in Western Washington who love beef but limit their consumption because they lack cooking skills, need nutrition and health reassurance, and may lack confidence in modern beef production practices.

~DIGITAL ADVERTISING DRIVES CONSUMER ENGAGEMENT~



Over 45.3 million millennial consumers were reached with on-line advertising in Washington last year. Facebook, Twitter, Pandora, Google, food blogs and recipe websites were all vehicles utilized to reach busy millennial parents with beef nutrition and health information, recipes, beef production and safety messages. Digital advertising means consumers not only see the ads, but they can interact with them. Last year, our digital ads resulted in over 380,000 consumer click-throughs to our website for more information, "sharing" or "liking" or commenting on our posts and viewing our videos.



~REACHING MILLENNIAL PARENTS ON THE SOCCER FIELD~



In 2015, your Beef Checkoff partnered with the Seattle Sounders FC and Washington Youth Soccer association to target soccer moms with information about beef's ability to nourish families so they can thrive. Beefy menu plans, convenient recipes and checkoff-funded nutrition information demonstrated beef's role as a protein powerhouse. Almost 70,000 parents received emails throughout the summer sharing delicious and healthy beef inspirations. Digital advertising on seattlesounders.com and family soccer events provided thousands of points of access to this targeted group of consumers.

~INDUSTRY TOURS CHANGE ATTITUDES~



In June, the Beef Commission hosted 28 consumer thought influencers on its 8th annual Explore Beef Experience in Eastern Washington. Retailers, chefs, culinary instructors, food bloggers and dietitians toured a ranch, feed yard and packing plant learning how their beef goes from pasture to plate. The number of

participants indicating that the positives of beef strongly outweigh the negatives increased by 39% after following the tour.

~NORTHWEST BEEF PROMOTION INITIATIVE IN JAPAN~

Exports are key to the economic viability of the beef industry in Washington State, adding \$292 per head to the value of fed cattle. To support beef sales in Japan, the Beef Commission partnered with the Oregon and Idaho Beef Councils to promote our product. The U.S. Meat Export Federation

coordinates the effort, seeking retail and foodservice partners interested in selling our product and telling the story of beef production in the northwest.

~750,000 BEEF MEALS SERVED SINCE 2010 THROUGH BEEF COUNTS PROGRAM~



The Beef Counts - Washington's Beef Community United against Hunger food bank program continues to ensure nutritious beef is on the table of hungry families in Washington State. Beef

producers donated \$25,000 at a rollover auction last year and that money was matched by AgriBeef Co. and donated to Food Lifeline in Western Washington and Second Harvest in Eastern Washington. The Beef Counts program is also promoted through retail partnerships with Rosauers Supermarkets and Haggen Food Grocery Stores. Producers throughout the state put a positive face on Washington's farmers and ranchers by helping hand out the beef at food distribution events.

WASHINGTON STATE BEEF COMMISSION AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING JUNE 30, 2015	
Checkoff assessment revenues:	\$1,586,686
Less Beef Board	(\$515,861)
Less State of Origin	(\$11,484)
Interest/Other Income	\$41
Total Net Revenues:	\$1,059,382
Expenses:	
National Program Investments	\$20,000
In-state Program Expenses:	
Promotion	\$492,830
Consumer Information	\$224,256
Research	\$4,638
Industry Information	\$67,869
Foreign Marketing	\$35,946
Producer Communications	\$38,616
Collection Compliance	\$16,994
Administration	\$177,337
Total Expenses:	\$1,078,486

DEAR FELLOW BEEF PRODUCERS,



Many Americans have become afraid of the food they eat. It's no wonder. Headlines admonish them to avoid fat. Newscasters gravely announce the latest study about one food ingredient or another. Bloggers rant about pesticides, hormones, antibiotics and/or their pet dietary restrictions. Every neighbor, it seems, touts his or her favorite diet regimen.

Meanwhile, beef and other good, basic foods have often fallen from the discussions, at least the ones that present our products – and our industries – accurately.

Without a bottomless funding source, it would be impossible to counter all of the swirling, often internet-based negative information. However, through your Beef Checkoff Program a tremendous amount of work is being done to increase understanding of beef, and present positive impressions of beef producers.

The information in this report isn't the whole story of those efforts, but it will give you an overview of the progress being made on your behalf with consumers. Through the partnership between your state beef council and the national Beef Checkoff Program, we are having success in building more demand for what we produce and trust in how we produce it.

For more information on beef checkoff efforts, please contact your state beef council. I want you to know that I and other beef producers on voluntary boards helping direct these efforts always have your interests – our interests – at heart.

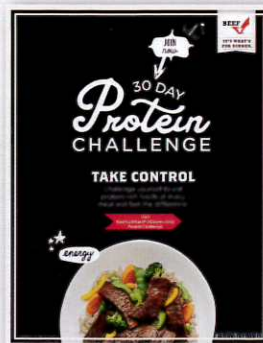
Yours truly,

Jennifer Houston
Chairman, Federation of State Beef Councils

BEEF

Funded by the Beef Checkoff.

PROTEIN STAGES A COMEBACK



After decades of taking a back seat to publicity about carbohydrates and fat, protein is making a comeback. Today, the macronutrient is the focus of both research and positive information, and reasserting itself as a key component of a healthful diet.

It makes sense. Protein is essential to the diet, while protein from animal foods is more rapidly and readily absorbed than plant protein in our diets. A 3-ounce serving of lean beef provides 25 grams of protein – as well as 10 essential nutrients – in just 154 calories.

The beef industry has been promoting the message of protein and its value for years, but the Beef Checkoff Program took it to a new level in 2015 by helping coordinate the Protein Challenge, a 30-day step-by-step way for consumers to understand how protein intake could be balanced to optimize good health through the diet. The idea was for consumers to work their way up to eating 30 grams of protein at every meal, giving them the chance to feel the difference in their everyday lives.

Studies show doing this would not only improve health, but control food cravings at critical times during the day. It will help consumers take control of their appetites and kick-start benefits of balancing protein consumption.

During a national program introduction in April 2015 more than 10,500 consumers were actively participating in the program by subscribing to a daily inspirational email, which helped them succeed in keeping to their protein intake goals. The program's website landing page had become the most visited page on the www.beefitswhatsfordinner.com website, with more than 70,000 visits over the first month, thanks to state and national efforts to promote it.

A SHARPENED TOOL FOR DEFENDING THE INDUSTRY



Having producers trained and able to defend their product and their practices is an important element of a successful “on the ground” strategy. The Beef Checkoff Program's Masters of Beef Advocacy (MBA) program, with about 6,000 graduates to date nationwide, is an effort to properly arm producers with the facts they need when in contact with consumers.

A new version of the MBA program called MBA 2.0 was launched this past year, allowing beef and dairy producers to step up and be true “advocates” for their industry. Building on the success of the original MBA program, MBA has new content based on consumer research that tackles current questions about the beef industry and its end product. The new elements of MBA 2.0 take about an hour to complete.

Those who complete the MBA program say it allowed them to gain a clear and useful understanding of beef industry issues that are important to consumers, and as a result are important for producers to share. To sign up for the MBA program go to www.beef.org/mba.

FIVE KEY FINDINGS OF THE CONSUMER BEEF INDEX

- An overwhelming majority of millennials (79 percent) believe the positives of beef outweigh the negatives.
- Among the beef industry's core audience (millennial parents) more than four of five (82 percent) think the positives either strongly or somewhat outweigh the negatives.
- For the first time, when asked “which do you prefer to eat for dinner,” an equal proportion of consumers (34 percent) prefer beef as prefer chicken. (As recently as 2012, 38 percent preferred chicken, while 29 percent preferred beef).

- After nearly a decade of recession, lower supply and higher beef prices, the decline in beef consumption appears to have stabilized at an average of two servings per week.
- More Americans intend to increase beef consumption in the future as intend to decrease it (18 percent versus 15 percent).

The Consumer Beef Index is a semi-annual national survey completed with more than a thousand U.S. consumers ages 13-65. Initially developed in 2006, it is used by the Beef Checkoff Program to track changes in consumer perception of beef, assess the impact of the industry's communications efforts, monitor areas of relative strength and potential vulnerability for beef and provide input for national checkoff strategies.

DIGITAL ADVERTISING CONTINUES TO BUILD

This past summer the Beef Checkoff Program made the biggest push yet for its “Beef. It's What's For Dinner” digital campaign, reaching consumers in a variety of ways, across different platforms:

- The BeefItsWhatsForDinner.com website, which serves as the go-to resource for recipes and meal inspirations, cooking tips and techniques, and nutrition information. A new landing page supporting the grilling season was launched;



- New videos, with three new “No-Recipe Recipe” advertising spots created to inspire new meal ideas and cooking techniques, while showing how beef can help bring a delicious and nutritious meal to life;

- Social, Banners, Search Advertising, used throughout the summer to drive traffic to the website and various content assets throughout the year, such as recipe collections, videos and the grilling season landing page; and

- The Protein Challenge, launched in April 2015, which was the most popular page on the website. Search and Facebook advertising efforts motivated more than 10,500 consumers to subscribe to daily Protein Challenge e-mails.

SUPPORT GROWS AS KNOWLEDGE IMPROVES

Research shows three of four producers support the Beef Checkoff Program, and that the more they know about the program the more supportive they are. That same research shows the number of producers who say they do not support the program is the lowest ever found – 10 percent.

The survey of beef and dairy producers nationwide was conducted by an independent research firm in June and July. It found a vast majority of beef and dairy producers continue to say their beef checkoff has value for them by contributing to a positive trend in beef demand, contributing to the profitability of their operations, representing their interests and being well-managed.

BEEF EXPORTS DELIVER STRONG VALUE FOR PRODUCERS

Beef exports continue to deliver excellent returns for producers, as the value per head of fed slaughter was nearly \$292 in 2015. While the tightening of U.S. beef supplies has constrained overall export volume growth for the past three years, international demand has remained strong as customers have paid higher prices, supporting record export values.

With USDA forecasting a 4.5 percent increase in U.S. beef production next year, there will be greater availability of U.S. beef cuts that command a premium overseas, including short ribs, short plate, skirts, chuck rolls and tongues. Checkoff-funded efforts conducted by the U.S. Meat Export Federation around the world are focused on those markets that maximize potential for U.S. beef exports.

CATTLEMEN'S BEEF BOARD FISCAL YEAR 2014 EXPENDITURES

Administration	\$1,609,050
USDA Oversight*	\$289,631
Program Development	\$238,943
Program Evaluation	\$175,274
Producer Communications	\$1,478,324
Foreign Marketing	\$7,355,729
Industry Information	\$1,817,768
Consumer Information	\$8,366,182
Research	\$7,927,598
Promotion	\$9,438,367
Total expenses	\$38,696,866

Audited numbers

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