

BEEF

BEEF CHECKOFF PROGRAM

Fiscal Year 2007 in Review

No matter what business you are in, it is important to stop and annually review what you are getting done. The Beef Checkoff Program is no exception and in this annual report you will find some of the highlights of what beef checkoff funded programs have accomplished in Fiscal Year 2007.

The audiences reached by checkoff funded programs continue to be as diverse as the population; from retailers to school nurses and from dietitians to beef producers. As you will read, your checkoff dollars are funding a variety of programs ranging from the development of five new convenience beef product concepts to a program designed to help parents learn how to enrich their family mealtimes.

The state and national partnership continues in implementing checkoff programs. In 2007, state beef councils voluntarily invested approximately \$10 million in the Federation of State Beef Councils. This investment multiplies the reach and impact of national programs funded by the Cattlemen's Beef Board and materials provided to state beef councils.

Thank you for your investment!

RETAIL

Retail marketing executed another productive Summer Grilling Campaign in 2007. The outreach was a combination of promotional efforts that included development of point-of-sale materials, partnering on freestanding inserts, radio advertising and in-store merchandising. More than 22,000 point-of-sale pieces were distributed by 22 state beef councils. Additionally, 70 retailers partnered in 42 markets to broadcast radio spots on 68 stations nationwide. Reduced beef supply and the resulting higher retail prices again reinforced the strength of beef demand as dollar sales during the summer grilling months increased by 1.5 percent to \$5.3 billion over 2006.

BEEF INNOVATIONS GROUP

Fiscal year 2007 was a BIG year for the checkoff-funded Beef Innovations Group. Major initiatives were completed and include creating five new convenience beef product concepts which are ready for commercialization; launching a new and informative web site; creating new industry partnerships; and rolling out

four new chuck roll cuts plus an innovative cooked chuck roll item. The new chuck roll cuts include the Denver Cut, America's Beef Roast, Delmonico Steak, Country-Style Beef Chuck Ribs, and a fully cooked Country-Style Beef Roast.



VEAL

The Beef Checkoff-funded Veal Go To Market strategy reached a milestone in fiscal year 2007 with four casual dining chains representing more than 350 restaurants nationwide placing a new veal item on each of their menus. These four new veal items help create new consumer demand with a younger target audience. The checkoff-funded veal program yielded over \$1 million in Estimated Advertising Equivalency through an integrated veal public relations programs.

CULINARY CENTER

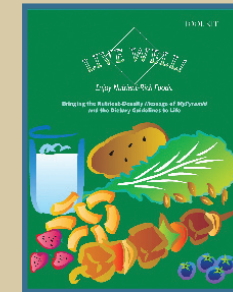
2007 brought exciting opportunities for the checkoff-funded Culinary Center. Beef U, a Foodservice Guide to Beef, was rolled out jointly with the Foodservice team. The center also focused on developing recipes and taking photography for the Beef Made Easy program, Food Communications, Veal and Foodservice. The Culinary Center also partnered with the Youth Education team in developing recipes for Enriching Family Mealtimes.

SAFETY

The beef industry is being recognized by government agencies and consumer groups for effective safety systems and safe products. Much of this success is a result of checkoff-funded beef safety research that has developed interventions, fostered communication among all industry sectors and advanced the knowledge of foodborne pathogens and their prevalence in the beef chain.

NUTRITION

The Beef Checkoff co-sponsored a scientific summit titled, Protein Summit 2007: Exploring the Impact of High-Quality Protein on Health. The Summit was an important scientific and influencer meeting that convened 65 researchers from around the world to engage in dialogue to "build the case for high-quality protein," such as lean beef. The results of the Summit will help foster ongoing efforts to help protect and promote the importance of protein.



HEALTH PROFESSIONAL EDUCATION

More than 30 checkoff-funded nutrition seminars were conducted across the country in 2007 for a variety of health professionals, including dietitians. More than 6,500 individuals attended these events, where the popular Live Well toolkit was utilized and distributed, as were a variety of printed materials about beef as part of a healthy diet.

ISSUES MANAGEMENT

A public opinion survey in May 2007 found consumers rated beef highest of all proteins in terms of food safety. Another recent Issues Management survey found 95 percent of Americans support raising cattle for food. Issues Management's work in monitoring, analyzing and managing potentially damaging issues in food safety, nutrition, the environment and animal welfare has been integral to Beef Checkoff investments since the program began.

PUBLIC RELATIONS

In fiscal year 2007, checkoff-funded public relations generated more than 5.4 billion impressions as a result of efforts related to food communications, nutrition, safety, media relations and crisis preparedness. The PR program continues to tell the beef production story and help share information about nutrient rich beef available through media relations, consumer outreach and web sites such as BeefFromPasturetoPlate.org, BeefItsWhatsForDinner.com and BeefNutrition.org.



YOUTH EDUCATION

A growing body of research shows regular family mealtimes have a positive impact on all aspects of a child's development – physical, mental, behavioral, social and educational. To help reach parents with this important message, the Beef Checkoff has produced Enriching Family Mealtimes, a kit that provides school

leaders, health professionals, and parent volunteers the tools needed to promote family mealtimes in their schools or youth organizations. Contents include "how-to" tips, advice, simple recipes, shopping lists, conversation starters plus many other resources.

FOREIGN MARKETING

U.S. beef is back in nearly all international markets and due to trade requirements, many boneless beef items are in tight demand. USMEF (United States Meat Export Federation) has focused on marketing underutilized U.S. beef cuts to offer buyers in many markets alternative cuts at more affordable prices. Through July 2007, beef sales amounted to 425,394 metric tons (937.8 million pounds), worth more than \$1.4 billion.

CBB COMMUNICATIONS

CBB communications outreach included production of the 2006 Beef Board Annual Report, as well as tracking activity at checkoff meetings via the Beef Board meeting blog, at www.beefboardmeeting.com. In addition, these producer communications efforts took a CBB presence to seven industry trade shows, and provided CBB members and other producers information and materials to help them tell the checkoff story to the country.

NATIONAL BEEF COOKOFF®

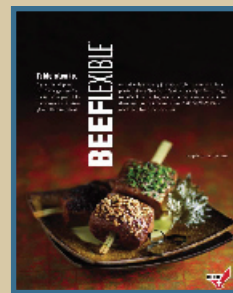
The 27th National Beef Cook-Off was held in September 2007 with publicity running at record pace. The Food Network spent days filming the event and will air a second hour-long special



devoted to the Cook-Off in mid-2008. In addition, nearly 2,000 stories reaching over 317 million consumers appeared about the Cook-Off in the past year—all of which reinforce the integral role beef plays in America's kitchen.

ADVERTISING

While "enjoyment" print and radio advertising continued to fuel consumers' passion for beef, nutrition ads delivered an unfiltered message setting the record straight about beef's great nutrition story. In a recent tracking study, 88 percent of consumers who had seen the checkoff ads are more interested in beef. The campaign ran from January through Labor Day and reached 91 percent of the target audience 16.8 times, at less than half a cent each time.



FOODSERVICE

The BEEFlexible message continued to resonate with operators across all foodservice segments, where more than 8.66 billion pounds of beef were sold during fiscal year 2007. Volume data shows the Flat Iron and Petite Tender continue to outsell both the T-Bone and Porterhouse in this \$531 billion channel.

The integrated foodservice marketing plan delivered 48.5 million trade media impressions in the channel, four major showcase and product sampling events and five promotions with chain restaurants.

Cattlemen's Beef Promotion and Research Board

Fiscal Year 2007 Expenditures*

*Does not include State Beef Council Investments

Promotion	\$ 26,313,090
Research	6,728,325
Consumer Information	6,768,078
Foreign Marketing	4,741,498
Industry Information	1,540,049
Producer Communications	2,728,719
Program Evaluation	198,411
Program Development	101,813
USDA Oversight	213,993
Administration	1,688,896

PUBLIC RELATIONS

Dairy Beef Quality Assurance

California has the most productive dairy industry in the country, and dairy operations also play a critical role in the beef supply. In fact, eight percent of the beef produced in the U.S. is from cull dairy cows, according to the U.S. Department of Agriculture. Dairy producers also invest in the Beef Checkoff Program and the CBC.



To help educate dairy producers about beef quality assurance, the CBC placed articles in three major dairy industry trade publications and presented information at several dairy industry trade association meetings, including the Western United Dairymen Annual Convention and Dairy Calf & Heifer Association Profit Seminar.

The CBC coordinated an Injection Site Quality Control Demonstration cosponsored by Fort Dodge Animal Health and Tulare County Stockyard. The program helped more than 20 dairy producers and their employees in attendance understand the impact of improperly placed injections on the quality of beef from cull dairy cows.

Consumer Communications

An updated edition of *Beef and Your Good Health*, a brochure produced by the California Beef Council was released in 2007. The new brochure included information that is consistent with the U.S. Dietary Guidelines, as well as information on new cuts that meet the government guidelines for lean. The brochure also included research showing the health benefits of moderate protein diets.



Two new Spanish consumer brochures were also released in 2007. *La Carne de Res y la Buena Salud* is the Spanish version of *Beef and Your Good Health*. The brochure included ethnically diverse recipes and nutrition information useful to this important consumer demographic. Another new brochure, *Aspectos Fundamentales Sobre la Carne de Res (Beef Essentials)* provides Latino consumers comprehensive tips on choosing, storing and cooking beef properly.

Beef Education

During 2007, the CBC redesigned its Web site (www.calbeef.org) to make it more attractive and user-friendly for all viewers, whether they are producers, retailers, foodservice operators or consumers.

In an effort to reach out to the next generation of consumers, the CBC launched a biannual newsletter for California educators. "Teach Beef" highlights classroom resources that are available through the CBC. The newsletter has been distributed to more than 5,000 educators through print and electronic distribution. The goal is to educate students about beef's role in a healthy diet and the importance of the cattle industry to the state's economy and environment.

Issues Management

The CBC continues to monitor and address media coverage of issues that might negatively affect beef demand. During 2007, the CBC addressed several articles that inaccurately pointed to beef production as one of the primary contributors to global warming. The CBC also worked with reporters on issues such as animal cloning and a major ground beef recall, both of which garnered significant headlines in 2007.

Other issues management efforts focused on addressing a misleading marketing campaign conducted by Kaiser Permanente that inaccurately pointed to beef as a risk factor in heart disease. The CBC coordinated a radio campaign that included proactive nutrition messages about beef and its role in a heart-healthy diet. The radio advertisements ran for two weeks during traffic updates in the Sacramento media market.

California Beef Council 2007 Fiscal Year Expenditures*

*Audited numbers

Promotion	\$ 1,131,649
Research	0
Consumer Information	112,184
Industry Information	157,695
Producer Communications	135,216
Program Development	57,758
USDA Oversight	15,966
Administrative	227,215



RETAIL MARKETING AND OUTREACH

Hispanic Marketing

Increasing beef demand among California's Latino consumers continues to be one of the highest ranked priorities for the California Beef Council (CBC). The Oklahoma Beef Council (OBC) contributed an additional \$50,000 to aid marketing efforts during 2007. The OBC has identified marketing to California's large consumer population as an effective means of increasing beef demand on a broad scale.



The CBC partnered with eight Hispanic retail chains representing more than 100 locations in the Los Angeles area. The promotions, which included radio advertising on the three top Spanish radio stations in L.A., as well as in-store promotional advertising, increased beef sales by more than 765,000 pounds compared to 2006 sales levels.

General Market Retail Partnerships

The CBC continued to work with both small and large mainstream retailers during 2007. Promotions were conducted with seven retail chains representing almost 1,500 store locations. In most retail promotions, the CBC sponsored radio advertising and consumer prizes. Stores increased their beef features and provided measurable sales results for program evaluation.

A partnership with Food4Less and FoodsCo, two warehouse store banner names (119 locations) owned by Kroger (Cincinnati, Ohio), was partially funded through a grant from the Federation of State Beef Councils to assist states with large populations and relatively small cattle inventories. The CBC contributed an additional \$50,000 to the retail partnership.



Radio advertising aired on both Spanish and English stations in Sacramento, San Francisco, Fresno, Los Angeles and San Diego. Overall, Food4Less and FoodsCo beef sales increased 185,793 pounds versus the same time period in 2006. As a result of in-store consumer samplings, Flat Iron sales also nearly doubled for the participating stores—up nearly 8,000 pounds compared to 2006 sales figures.

Retail Communications

Retailers represent the primary interface with consumers buying beef, so the CBC makes it a priority to communicate with all segments of the industry. The CBC held its second Independent Retailer Symposium in 2007 that provided attendees beef merchandising and marketing tools. Thirty-six store locations were represented. Retailers also obtained other marketing resources such as consumer recipe brochures and staff training materials. The

CBC communicated regularly with retailers throughout the state through *The Beef Case*, a quarterly newsletter.

FOODSERVICE MARKETING AND OUTREACH

California Beef Backer Award

The 2007 Beef Backer Award winner was Alex Madonna's Gold Rush Steak House located at the Madonna Inn in San Luis Obispo, Calif. A special recognition event was held on Oct. 2, 2007 to honor the restaurant and kick off a month-long promotion with all of the past California Beef Backer restaurants.

California was also once more home to a National Beef Backer. The national Beef Checkoff Program sponsored an award to honor foodservice establishments, and the Buckhorn Steak and Roadhouse of Winters, Calif. was the national winner in the Independent Category. Owners, John Pickerel and his wife Melanie Bajakian Pickerel were honored at the Annual Cattle Industry Convention and Trade Show held in Nashville, Tenn. in February 2007. The Buckhorn was the recipient of the 2005 California Beef Backer Award.

Foodservice Marketing

Foodservice partnerships and outreach programs are also a key priority. The CBC partnered with foodservice distributors, restaurant chains and single-unit restaurants during 2007.

A 10-week promotion with 112 California Applebee's locations increased pounds of beef sold by approximately seven pounds per day per location. A CBC-sponsored staff incentive program was held during a national Applebee's "Steak & Angus" campaign from March 19 to May 29, 2007. With the added incentives, California locations sold an additional 54,049 pounds of beef compared to the same time period in 2006.

A new partnership with Togo's, a popular sandwich restaurant with 257 California locations, included the addition of a new beef item to their menu. The Sierra Steak Sandwich was created specifically for this promotion. The restaurant did not have a steak sandwich on its menu prior to the CBC-sponsored promotion.



Foodservice Communications

During 2007, the CBC conducted several "Beef 101" trainings with nine foodservice distributors around the state. Several smaller and midsize distributors that had not previously done so took part in trainings conducted by CBC staff. As a result, more than 277 sales staff members were educated on beef merchandising.

CBC staff also coordinated other foodservice educational programs including restaurant visits and wait staff trainings. The CBC continued to provide resources and technical information, as well as Beef Briefs for Foodservice, a quarterly newsletter, to help foodservice operators do a better job of marketing beef.