

~ IN THE SPOTLIGHT ~

Through traditional TV spots, KBC continues to bridge the gap between consumers and Kentucky beef farmers. With minimal cost to KBC, consumers see step-by-step recipes showcasing the diversity and simplicity in delicious and nutritious beef dishes. KBC appears periodically on major news stations in both Lexington and Louisville, including Lexington's FOX affiliate FOX 56, Lexington's ABC station WTVQ ABC 36, and Louisville's FOX affiliate WDRB FOX 41.



Caitlin Swartz appears on WDRB FOX 41 highlighting beef dishes

~ DIGITAL MEDIA OUTREACH ~

The year's advertising continued to focus on digital opportunities to reach the millennial consumer. Throughout the year KBC facilitated numerous campaigns to further support Council projects, either directing consumers to www.beefitswhatsfordinner.com or kybeef.com. KBC utilized a variety of promotion outlets including Pandora Internet Radio, YouTube, Facebook and Google Search promotion. During a Summer Grilling Campaign, 36,000 visitors were directed to www.beefitswhatsfordinner.com, 78% of whom were unique visitors

~ PUTTING THROUGH KENTUCKY AGRICULTURE ~

For the second year, KBC partnered with the Kentucky Soybean Board (KSB) at the Kentucky State Fair on a putt-putt golf course that focused on Kentucky Agriculture. The fun five-hole course is designed for families to learn about Kentucky's beef and grain production systems. Throughout the 11 days of the fair, over 4,500 families participated in the putt-putt course. Engagement was at an all-time high and KBC and KSB staff were able to have meaningful discussion with consumer families.



Fairgoers enjoy learning KY beef facts while playing a round of putt-putt

~ MOLDING YOUNG MINDS ~

KBC has become the leading commodity in the classroom. Beef in the Classroom grants were awarded to 41 teachers totaling \$10,000 to purchase beef for lessons. Fifty producers traveled to various schools to participate in beef lessons on National Agriculture Day with Kentucky Agriculture and Environment in the Classroom. KBC was also involved in the purchasing of a new trailer in 2015 to add to the fleet of the Kentucky Department of Agriculture Mobile Science Activity Centers.



Tim Graves shares his cattle stories with elementary students at Spencer Co. Ag Day

~ PRODUCER OUTREACH ~

KBC participates in a variety of events to directly impact our producers, including ladies programs, livestock market customer appreciation nights, and association field days. At these events producers have a chance to learn about the methods KBC uses to educate consumers on beef, as well as become aware of current cooking trends and what drives millennials to purchase beef. Roughly 5,000 producers were reached in 2015 through these events.

~ DERBY BURGER CHAMPION ~

For the fourth year in a row, KBC encouraged consumers to enter their most prized burger recipes in the Derby Burger® Challenge. This three-month promotion surrounding the Kentucky Derby Festival encompasses:

- A consumer recipe contest, consumer sampling and outreach at several Festival events.
- A 2-month Hard Rock Cafe burger promotion where 450 Derby Burgers were sold.
- A Kroger ground beef receipt message promotion which had 3,000 entries (up from 2014 which had 1,500 entries)
- Participation in the Meijer Family Fun Zone during Thunder Over Louisville.
- A two-week feature of the winning burger in Louisville Kroger meat cases.

During the promotion, KBC received media hits in 2,292 media outlets for an estimated \$845,742.68 in advertising value.



2015 Derby Burger Challenge winning recipe: Blueberry Bourbon Burger

~ KENTUCKY CATTLEMEN'S ASSOCIATION EXECUTIVE BOARD ~

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 Julianna Jepson and Ryan Miller, Cattlemen's Beef Board
 Fritz Giesecke, Kentucky Farm Bureau Meat Export Federation

| FY2015 INCOME AND EXPENSE STATEMENT | |
|-------------------------------------|---------------------|
| Checkoff Revenue | |
| Checkoff | \$1,350,816.99 |
| State Transfer | (103,192.00) |
| CBB | (626,894.07) |
| Interest | 30.96 |
| Total Revenue | \$620,761.88 |
| Expenses | |
| Promotion | \$290,139.99 |
| Consumer | 123,750.41 |
| Industry | 28,714.25 |
| Producer | 53,313.81 |
| Research | 1,289.70 |
| Administration | 163,050.79 |
| Total Expense | \$660,258.95 |



Dear Fellow Cattlemen:



This past year was a prosperous and busy one for everyone in the cattle industry, including the staff at your Kentucky Beef Council (KBC). We at KBC are excited about the opportunities the additional Checkoff dollar will present. As a Kentucky cattle farmer, I am pleased to know that my checkoff dollars will be used in a variety of ways, such as improving producer profitability, expanding consumer demand for beef, and strengthening beef's position in the marketplace. To accomplish this the checkoff acts as a catalyst for change. It is designed to stimulate beef sales and consumption through a combination of program initiatives, including consumer advertising, research, public relations, and new product development. The next time you stand in front of the meat case at your local grocery, rest assured that you are about to purchase a high quality, safe, wholesome, nutritious, and above all DELICIOUS product for your family. "BEEF! It's What's for Dinner". To learn more, visit www.kybeef.com, find us on Facebook under Kentucky Beef Council, or follow us on Twitter and Instagram at @kybeef. We hope you find the following report helpful.

Best Regards,

Steve Dunning

Steve Dunning, KBC Chairman



~ FOR THE LOVE OF GOOD BURGER ~



With the first annual Lexington Burger Week in July, the Kentucky Beef Council (KBC) partnered with Smiley Pete Publishing and 20 restaurants to promote the love of a "good burger", which resulted in over 20,000 burgers sold - equaling 10,000 pounds of beef in just one week!

~ I HEART BEEF AND MY MEAT MANAGER ~



During the month of February, KBC and Kroger teamed up to celebrate their meat managers and one of Kroger's favorite steaks, the Flat Iron. Fifty-one stores in the Louisville Division featured the steak in the meat case along with meal solution which provided all the necessary ingredients for the steak recipe. In-store point-of-sales materials, "Guess the Meat" Facebook contest, and online advertising in the Herald Leader and Courier Journal resulted in 2.9 times the average engaged users for the contest posts. Overall, during the month-long promotion, 34,200 pounds of Flat Iron steaks were sold compared to 23,500 pounds of Flat Iron steak sold the same time a year earlier.

~ BASICS OF BEEF TRAINING ~

Whether through the creation of videos at the farm explaining the stages of beef production to share with over 100 Kroger meat departments or cutting demonstrations talking about how to utilize Beef Alternative

Merchandising cuts on the menu (AKA cutting the ribeye, top loin and sirloin a little differently) at Performance Foods Group's district sales meeting, KBC has been providing valuable education for retail and food service partners to share with their customers. The education doesn't just stop at the stores and restaurants; it goes back to where they first learn about beef - in school. KBC has an on-going relationship with culinary schools in Kentucky. From providing product and scholarships for friendly cook-off competitions at Sullivan University to taking chefs-in-training out on tours of local beef farms, education is key to starting them off on the right foot to selling more beef. Overall, 105 restaurant wait-staff, 108 retail meat managers, 15 culinary students and culinary educators, and 110 food service sales staff learned about beef merchandising and the beef industry through cutting demonstrations, presentations, cook-offs, food shows, and farm tours.

~ BEEFY HEALTH BENEFITS ~

KBC continued its wonderful relationship with the American Heart Association. This partnership has benefited KBC through relationship-building with local companies that are interested in wellness programs. Additionally, KBC participated in several value-added events and media promotions for heart health and lean beef, including Go Red for Women Events and Heart Walks across the state.

~ SUMMER MEDIA TOUR ~

Kicking off the summer grilling season, Thrill of the Grill Media Tour occurred May 11-22d resulting in 10 TV appearances, 15 radio stops, and 5 consumer events reaching more than 650,000 consumers.

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



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

- 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 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.

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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



CATTLEMEN'S BEEF BOARD FISCAL YEAR 2015 EXPENDITURES

| | |
|-------------------------|---------------------|
| Administration | \$1,541,927 |
| USDA Oversight* | \$246,889 |
| Program Development | \$315,491 |
| Program Evaluation | \$202,093 |
| Producer Communications | \$1,555,711 |
| Foreign Marketing | \$7,661,822 |
| Industry Information | \$1,781,595 |
| Consumer Information | \$10,660,349 |
| Research | \$9,776,601 |
| Promotion | \$8,092,825 |
| Total expenses | \$41,835,303 |

Unaudited numbers

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