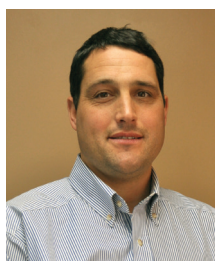




2018

Montana Beef Council Annual Report



A note from the president...

In the 2018 fiscal year, Montana Beef Council (MBC) continued to operate under the preliminary injunction put in place by the District Court of Great Falls, due to the R-CALF USA versus USDA lawsuit. Programs that were able to be carried out during this fiscal year were completed with checkoff dollars that Montana producers individually consented to invest in Montana Beef Council. The checkoff remains mandatory in Montana, but in order for half of a producer's checkoff dollars to stay with Montana Beef Council, as it has in the past, a consent form must be completed. Forms can be found at www.MontanaBeefCouncil.org or by calling the office at (406) 656-3336.

I have been fortunate over this last year to work with a dedicated board and staff. There are eleven other representatives on the board, all ranchers themselves, or closely tied to it. We dealt with difficult challenges and a slim budget but each of them presented valuable ideas to preserve the Montana Beef Council and diligently invest your checkoff dollars. We also have four commendable staff members that have remained steadfast through the rollercoaster presented by the lawsuit and I have been impressed with their resourcefulness and tireless commitment to Montana's beef marketing organization. Each board and staff member is always willing to share more about the beef checkoff and welcomes your questions and conversation.

The following beef promotion and education programs are just a few of the ways the consented checkoff dollars were invested in Montana for your benefit.

Sincerely,
Jimmy Taber, President

Montana Beef Council Financials

Detailed Statement of Revenues & Expenses October 1, 2017 - September 30, 2018

REVENUE

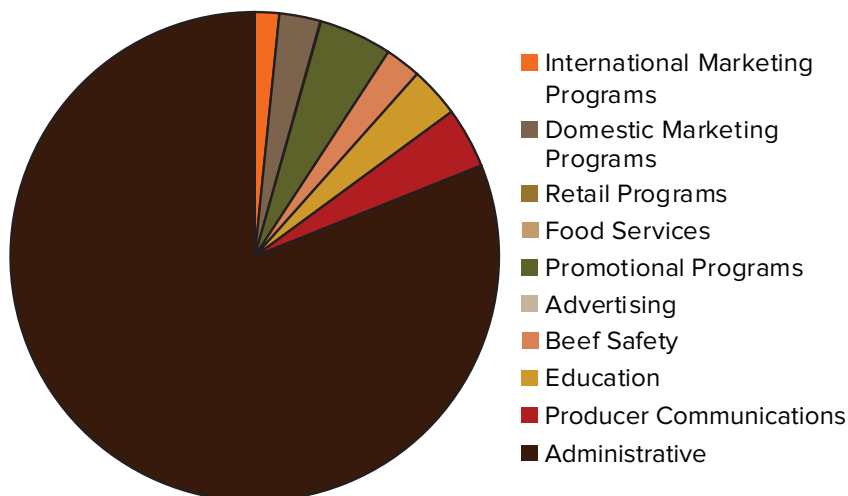
Net in-state revenue	430,867
Interest and other income	101
Total Revenue	430,968

EXPENSES

International Marketing Programs	6,483
Domestic Marketing Programs	10,904
Retail Programs	0
Food Services	200
Promotional Programs	19,409
Advertising	0
Beef Safety	9,500
Education	13,379
Producer Communications	16,120
Administration*	325,361
Total Expenses	401,356
Excess of Revenue Over Expenses	29,612

Fund Balance

Beginning of Period	\$360,607
End of Period	\$390,219



* Administration includes: four MBC staff, office leases, utilities, telephone, internet, accounting fees, legal fees, postage, office equipment, insurance, program implementation, collections, department of livestock administration, MBC vehicle maintenance and board member travel.

Interactive Beef Games at Children's Museum

The MBC pursued youth education through a partnership with the Wise Wonders Children's Museum by purchasing an iPad with educational and interactive youth games that teach children math, reading, science and social studies skills in the context of agriculture. Other interactive games include teaching beef industry concepts such as cattle production lifecycle, caring for animals, caring for land, beef nutrition and selecting beef cuts.

A Fair to Remember

Each year hundreds of fourth graders are rounded up and treated to a day on the farm. This experiential learning provides the sights, smells, touch and taste of Montana farming and ranching. Two of these opportunities that are specifically supported by the MBC are based out of Stevensville and Ronan, and the students and their chaperones are able to tour dozens of education stations with two stations specializing in beef cattle and beef by-products. To bring the experience full-circle, attendees enjoy a hamburger for lunch.

Beefing up the Classroom

A longtime partner with the MBC, the Montana Cattlemen Inc., volunteer their time and talents to educate thousands of students in grades kindergarten to sixth grade with engaging and current beef education ranging from beef production to beef nutrition. Students at this age are eager to learn and hear from these "cowgirls" as they share the multiple benefits of beef. But wait, there's more! Seventh to twelfth grade classrooms are infused with beef and beef education as family and consumer science educators across the state are trained with beefy lesson plans, demonstrations and recipes.

Where's the Beef?TM

A continued partner with the MBC, Wendy's helped achieve the mission of building beef demand. Billings houses the largest population in the state and the Wendy's locations in Billings were part of a spring promotion to boost beef consumption. The two-week burger blitz incorporated radio, television, print, digital and a live radio broadcast and giveaway. The promotion garnered thousands of views, impressions and reach through the various media outlets, and ultimately resulted in selling nearly 7,000 pounds of beef products in two weeks.

Montana Beef Council Board of Directors*



*The board is comprised of 12 appointed volunteers, representing various segments of the industry. L to R: Andy Kellom, Kiley Martinell (Vice President), Jimmy Taber (President), Brett Dailey, Corey Schultz, Kathy Creighton-Smith, Travis Choat, Heather Fryer, Bill Cok, Richard Anderson, Shane Flowers, Gary Wold.

CBB Representatives

Lynda Grande, Columbus
Turk Stovall, Billings
Katie Cooper, Willow Creek

Federation Representatives

Kathy Creighton-Smith, Florence
Andy Kellom, Hobson
Shane Flowers, Billings
Kristin Larson, Sidney

Montana Beef Council Staff

Chaley Harney, Executive Director
Lisa Murray, Director of Nutrition and Consumer Information
Tammy Bridges, Director of Collections and Compliance
Sue Broyles, Business Manager

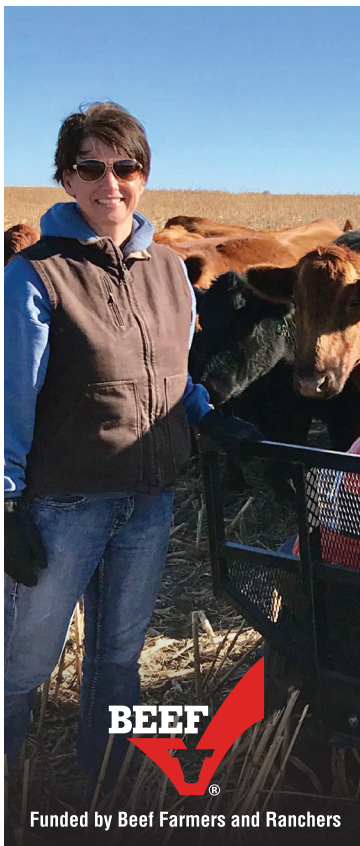
Stay social with us!

 /Montana Beef Council

 /@MTBeefCouncil

 @montanalovesbeef

montanabeefcouncil.org



Dear Fellow Producers:

Surveys show beef consumers are interested in knowing more about the beef they eat. They still want it to be tasty, tender, convenient and provide value, of course. But today they also want to know that the animal was raised with care and in an environment that is wholesome and environmentally sound.

That desire led the Beef Checkoff Program to include a “Rethink the Ranch” element to its *Beef. It’s What’s For Dinner.* relaunch. The component gives consumers – the majority of whom have very little connection to agriculture, let alone the beef they buy – a chance to see how beef producers are combining good husbandry and production practices with new technology to assure the best possible results in terms of care and products.

The promotion’s added direction compliments the broader messages within the *Beef. It’s What’s For Dinner.* brand and campaign. Those messages highlight the most critical aspects of what consumers expect from the beef they buy, taste being the most important. Recipes, nutrition and cut information and more is available on the industry’s upgraded website and is being broadly promoted digitally. Let’s face it: Beef will always be among the preferred meats because it tastes so good.

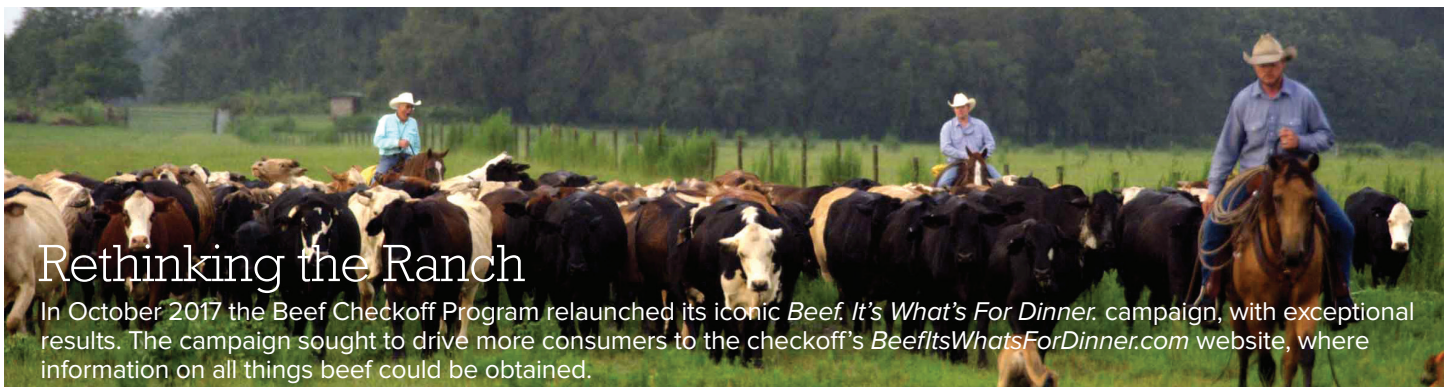
The relaunched national campaign features opportunities for state beef councils to join in outreach and messaging to consumers and marketers at the state level. This creates a state/national team with which our industry is having a real impact on demand for our products.

You can read all about it in this report. Thanks for your support and engagement in continuing to make beef what’s for dinner.

Yours truly,

Dawn Caldwell

Dawn Caldwell
Edgar, Nebraska
Chairman, Federation of State Beef Councils



Rethinking the Ranch

In October 2017 the Beef Checkoff Program relaunched its iconic *Beef. It’s What’s For Dinner.* campaign, with exceptional results. The campaign sought to drive more consumers to the checkoff’s BeefItsWhatsForDinner.com website, where information on all things beef could be obtained.

Created 25 years ago, *Beef. It’s What’s For Dinner.* was introduced with promotion that included television and print advertising that captured the imagination and taste buds of consumers. Times change, however, and while the concept is still strong, the ways consumers get their information is different than it was in the early 1990s. Social and digital media have become the key ways information is delivered to consumers today.

Through the refocused and strengthened campaign, visitors to the website over the past year have totaled more than 8 million – compared to about 3 million the year before. The primary purpose for visiting for many consumers are the recipes, cut information and nutrition advice found on the site. Increasingly, however, consumers want to know even more about how the beef they eat is raised. A new feature of the campaign called Rethink the Ranch is giving consumers an up-close-and-personal look at the people who make beef possible. The campaign features real ranchers and farmers and their real stories about how they produce beef.

Last summer a camera crew traveled 3,800 miles across the United States, visiting six different cattle operations in four states. They captured more than 100 hours of video, as well as

images and stories about the people who raise beef animals. The images and video they developed have become a big part of the checkoff’s new consumer outreach.

Nationally, the videos have generated more than 765,000 video views, and reached more than 3.5 million consumers. State beef councils have downloaded Rethink the Ranch content for use on their own social media properties and other consumer and thought leader outreach.

It’s the first time BeefItsWhatsForDinner.com has promoted both the product and the people who produce it, a story focused on promoting beef’s greatest strengths: unbeatable taste, variety and ease of cooking, nutritional attributes that can’t be matched and the people that make it all possible, caring for the animals and environment with appreciation and respect.

State beef councils are also extending the campaign, exciting their states’ consumers about beef’s many benefits. Of special interest has been the campaign’s Rethink the Ranch anthem video and related video spots showcasing real farmers and ranchers from around the country.

It's important consumers understand how committed producers are to serving as faithful stewards of the valuable natural resources that have been entrusted to them. That's part of the Rethink the Ranch message. It's why the website provides consumer-friendly, easy-to-understand information on how beef producers are being effective stewards of the land and resources, from drones to help observe and manage cattle to solar technology to generate power and help operate water systems, cattle producers are using technology responsibly.

Good and Getting Better

Of course, cattle producers have always prided themselves in their dedication to animal welfare, beef quality, sustainability and community involvement. Recent research shows they are getting better in all four of these areas.

The checkoff-funded Cattlemen's Stewardship Review gathered data from an independent 2017 telephone survey of beef producers to deliver a comprehensive profile of the U.S. beef community today. The research showed improvements in all four areas, compared to a 2010 checkoff-funded benchmark survey.

It found that the well-being of cattle is the top priority for 95 percent of producers, that 97 percent of cattle farmers and ranchers believe producing safe beef is crucial to the future of the industry, and that 95 percent of producers believe conservation of land is extremely important to them.

Results of the research were shared with key national media.

More Foundation from Research

Checkoff-funded research providing answers to complex questions about beef production is helping create clarity to issues such as beef sustainability. The checkoff-funded sustainability research program has developed a series of 19 fact sheets that explain many benefits of U.S. beef production, such as how the global impact of beef production could likely be dramatically reduced if other countries could achieve the same productivity as U.S. beef – the most efficient beef production system in the world. To see these fact sheets, go to www.beefresearch.org.

BQA Certifications Add to Evidence

Further strengthening the case that cattle producers recognize their societal role is the fact that online certifications in the beef checkoff-funded Beef Quality Assurance program have surpassed 20,000. First available in early 2017, online BQA certifications join those conducted at in-person training events offered by state beef councils, cattlemen's affiliates, extension programs and other local efforts.

Both in-person and online certifications show how common-sense husbandry techniques can be coupled with accepted scientific knowledge to raise cattle under optimum management and environmental conditions, helping beef producers capture additional value from their market cattle and reflecting a positive public image for the beef industry.

Producers Telling Their Stories

The Raising Beef section of the new *Beef. It's What's For Dinner.* website has featured several graduates of the checkoff-funded Masters of Beef Advocacy program. MBA graduates – who now

number nearly 11,500 – are helping people rethink the ranch by sharing their personal stories on the site. The collaboration between programs is an example of how the beef checkoff-funded Beef Advocacy Training and Engagement program works to help members of the beef community leverage their advocacy and spokesperson skills, benefiting many checkoff programs.

Expanding International Beef Demand

Thanks in part to beef checkoff-funded efforts to promote to and educate our international customers, global beef demand was up in 2018, with markets outside of the United States buying a larger share of U.S. beef production at higher prices. According to USDA data compiled by the U.S. Meat Export Federation, through June, U.S. beef and beef variety meat exports set a record pace in both volume (662,875 metric tons) and value (\$4.03 billion). In previous years, export value had never topped the \$4 billion mark before August.

The same data suggests the U.S. has exported 13.5 percent of its total 2018 beef production, up from 12.8 percent last year. Export value per fed steer or heifer slaughtered averaged \$317 – up 18 percent from a year ago.

Noteworthy export markets in 2018's first half included Japan (\$1.02 billion – up 12 percent from last year's pace), South Korea (\$802.1 million, up 52 percent), China/Hong Kong (\$510.8 million, up 43 percent) and Taiwan (\$249.7 million, up 39 percent). Also showing strong demand for U.S. beef were Mexico (\$506.7 million, up 10 percent), Central America (\$38.8 million, up 26 percent) and South America (\$63.9 million, up 20 percent).

Cattlemen's Beef Board Fiscal Year 2018 Expenditures

Promotion	\$9,225,692
Research	\$8,042,093
Consumer Information	\$7,345,798
Industry Information	\$3,560,607
Foreign Marketing	\$7,640,567
Producer Communications	\$1,179,898
Evaluation	\$230,795
Program Development	\$295,075
USDA Oversight	\$601,681
Administration	\$1,811,956
TOTAL EXPENSES	\$39,934,162

Unaudited Numbers

An independent survey of beef producers has found 74 percent continue to approve of the Beef Checkoff Program. That's 5 percent higher than it was a year earlier. The survey found that the more producers know about the program, the more supportive they are.

Seventy eight percent said the checkoff has value, even when the economy is weak, and 71 percent say the checkoff represents their interests. The survey was conducted from December 2017 to mid-January, 2018.