



BEEF

2009 NORTH DAKOTA BEEF COMMISSION ANNUAL REPORT

"Partnership" was the name of the game in 2009. Years of work with various groups yielded great results as the beef message was extended across many audiences.

PARTNERSHIPS IN NUTRITION

New audiences of consumers were reached with a healthy beef message and information on new lean value cuts through several beef cooking programs and special meal menus. As a result, cardiac rehab patients, women attending American Heart Association Go Red events, and those at the UND School of Medicine's Women's Health Connection Conference have better information to base their food choices on. The beef message was also heard through the ND Dietetics Association, ND Nutrition Council, NDSU Extension Service and the ND Academy of Family Physicians.



PARTNERSHIPS IN EDUCATION

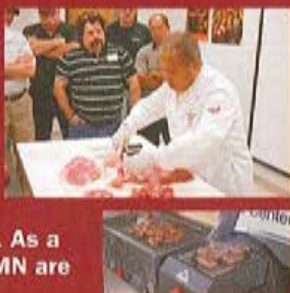
The NDSU BBQ BOOT CAMP, a new partnership between the NDSU Animal Science Department, Extension Service and the state's red meat industries, was a huge success this past summer! Over 800 attendees at 10 events across the state learned about everything from proper meat selection and seasoning to grilling techniques and food safety from the NDSU meat experts.



Other ongoing partnerships include the Living Ag Classroom program in Fargo, Bismarck and Minot, support of ND CattleWomen education efforts, NDSU Meats Judging scholarships, and beef mini-grants and materials to Family & Consumer Science teachers.

PARTNERSHIPS IN RETAIL

New beef value cuts and cutting techniques for the chuck and round were the focus of retail meat department seminars with Super Valu held in Fargo and Mandan. Dr. Antonio Mata amazed everyone as he taught, carved and cooked new beef value cuts. As a result, many stores in ND, SD, MT and MN are now featuring new beef cuts.



NORTH DAKOTA BEEF COMMISSION
4023 State Street, Bismarck, ND 58503

FROM THE CHAIRMAN

While the Beef Checkoff program has been in existence in North Dakota for over four decades, your North Dakota Beef Commission continues to strive for innovative ways to support the beef industry.



There is but one goal: "TO INCREASE DEMAND AND PROFITABILITY FOR THE BEEF INDUSTRY".

This new mission statement adopted by the Commission is reflective of the continuing efforts to promote a growing beef industry that will be profitable and sustainable for future generations.

Commission staff and board members individually demonstrate that commitment through their participation in numerous events and activities throughout North Dakota and nationally, assuring an awareness and informative knowledge base to best serve the beef industry.

We welcome suggestions for additional improvements and welcome ideas or comments during any of our scheduled board meetings. Please take a few minutes to read this annual report and learn about the diverse programs your checkoff dollars are invested in for the betterment of our industry.

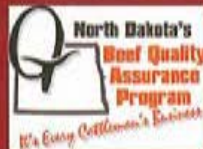
Jerry S. Effertz, Chairman
North Dakota Beef Commission

PARTNERSHIPS IN PRODUCER EDUCATION

Producers across the state now have the opportunity to receive their MBA degree. That's a "Masters of Beef Advocacy" through a coordinated state/national on-line program that equips producers to speak up for the beef industry.



Beef Quality Assurance becomes a more vital part of the industry each and every year as production techniques come under continued scrutiny by the public. This partnership between the NDSU Extension Service and the Beef



Commission has been one of the most successful partnerships since its beginning in 1999.

PARTNERSHIPS IN RESEARCH

North Dakota checkoff dollars continue to support research efforts in meat science at NDSU and human nutrition needs at the USDA ARS Human Nutrition Research Center at UND.

NORTH DAKOTA BEEF COMMISSION DIRECTORS AND STAFF

OFFICERS

Jerry Effertz, Chairman
Allan Tellmann, Vice Chairman
Gladys Woroniecki, Secretary

BEEF PRODUCER MEMBERS AT-LARGE

Jerry Effertz, Velva
Marshall Hermanson, Stanley
Gladys Woroniecki, Hebron

DAIRY PRODUCER

Allan Tellmann, New Salem

EX-OFFICIO

Van Amundson, Jamestown
Jerry Schaefer, Des Lacs
Jason Schmidt, Medina
Larry Schnell, Dickinson

BEEF PRODUCERS

Janna Leedahl, Leonard
Kim Lees, Buchanan
Kathy Tokach, St. Anthony

CATTLE FEEDER

Shawn Arndorfer, Hettinger

LIVESTOCK MARKETS

Ray Erbele, Streeter

CATTELMEN'S BEEF BOARD DIRECTORS

Jeff Dahl, Gackle
Margie Hande, Amidon

STAFF

Nancy Jo Bateman, Executive Director
Sylvia Brown
Joan Hoovestol



Several Commission members, spouses and staff members pause for a quick photo during the Military Appreciation Picnic at the State Fair.

PARTNERSHIPS IN PROMOTION

Over 1600 military members and their families enjoyed a roast beef picnic at the sixth annual Beef Industry Military Appreciation event held at the ND State Fair. This partnership between the ND Beef Commission, ND Stockmen's Association, ND CattleWomen and several other beef industry organizations has grown every year.



Beef industry volunteers

Holiday Roast and Summer Grilling promotions



have been successful in capturing the attention of tens of thousands of consumers. These promotions have also led to additional partnerships with various publications including the free featuring of dozens of beef recipes in several magazines.



Events like the Women's Showcase in Fargo and the KFYR Holiday Food & Wine Experience in Bismarck give thousands of consumers the opportunity to taste delicious beef at the Beef Commission booth. Partnerships with various meat companies, restaurants and grocery meat departments make sampling everything from microwaveable beef pot roast to prime rib roasts possible. And that tiny taste translates into additional beef sales!



NORTH DAKOTA BEEF COMMISSION

Combined statement of revenues, expenditures and changes in fund balances
JULY 1, 2008 - JUNE 30, 2009

Revenue:

Checkoff Assessments.....	\$1,214,524
Less Remittance to States of Origin.....	(27,396)
Less Remittance to Cattlemen's Beef Board.....	(593,288)
Net Assessments.....	593,840

Other revenue- interest & receipts.....	24,927
Other revenue- Beef Gift Certificate sales.....	23,205
Net In-State Revenue.....	\$ 641,972

Expenditures:

International promotion.....	21,911
Promotion.....	56,965
Research.....	1,350
Consumer Information.....	151,552
Industry Information.....	10,229
National program development.....	172,514
Beef gift certificates.....	23,205
Administration.....	185,766
Operations.....	53,033
Total Expenses.....	\$ 676,755

Revenues over (under) expenses.....	\$ (34,783)
Fund Balance, July 1, 2008.....	\$ 474,522
Fund Balance, June 30, 2009.....	\$ 439,969

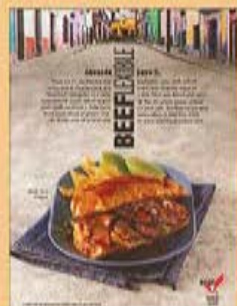


WORKING TOGETHER to improve beef demand

ADVERTISING

In FY2009, the beef checkoff advertising campaign reached 78.6 percent of the consumer target an average of 9.6 times. The ads aim to help keep beef top of mind with consumers, reinforce their passion for beef and promote beef's healthy qualities. The checkoff-funded Consumer Beef Index Survey continued to show exciting campaign results as consumer perceptions about beef have improved significantly since the launch of the new advertising strategy in January 2008. The survey found that "The Power of Protein" messaging works to persuade consumers about the healthy benefits of beef, making more consumers feel good about eating the beef they love.

FOODSERVICE MARKETING



More than 8 billion pounds of beef moved through foodservice in 2008, representing \$26.3 billion in purchases by U.S. restaurants and institutions. The FY2009 BEEFflexible promotion and trade advertising campaign featured new cuts from the chuck roll with additional emphasis on middle meat – encouraging menu decision-makers to capitalize on greater profit potential with premium cuts, due to consumers' love of

steak, coupled with historically low wholesale prices for middle meat cuts. In January, the Denver Steak was listed among the top five "hot trends" among chefs surveyed by the National Restaurant Association. In April, the BEEFflexible campaign was recognized for advertising excellence by the National Agri-Marketing Association.

RETAIL

In FY 2009, the checkoff-funded retail marketing program focused its efforts on supporting middle meat (rib and loin) sales in supermarkets across the country. This action was necessary due to a lack of demand for these cuts in the foodservice channel

SAFETY RESEARCH



Foodborne illness and recalls in FY 2009 supported the continued need for beef safety research, dissemination and outreach programs. Checkoff-funded programs advanced the industry's knowledge about pathogens, with a focus on E. coli O157:H7, while tracking other pathogens and marking advances in intervention technologies in both the pre- and post-harvest environments. Training materials developed through the Beef Industry Food Safety Council (BIFSCO) continue to be utilized by all sectors of the beef industry to address safety threats.

CULINARY CENTER



In FY 2009 the Culinary Center team really cooked. Recipes were developed for programs in retail, new products, foodservice, advertising, veal and nutrition. This was an exciting year for the National Beef Cook-off so the team was busy supporting that effort. Cook timings were developed

for the new cuts from the round and the Beef Alternative Marketing (BAM) cuts. "How to" cooking videos were filmed for the BeefItsWhatsForDinner Web site.

Additionally, the "Creating Crave" brochure was honored by the International Association of Culinary Professionals at its annual conference.

and export markets, which resulted in wholesale costs for these cuts dropping to levels not seen in almost a decade. Innovative programs such as Beef Alternative Merchandising (BAM) and Slice and Save were developed to offer consumers these premium cuts at affordable prices. A trade media campaign also alerted retailers to the opportunity to advertise these cuts at prices not seen in years. These efforts appear to be paying off as volume sales for middle meats increased 8.5 percent for the 13 weeks ending Aug. 8, 2009, compared to the same period a year ago. (Source: FreshLook Marketing).

BEEF INNOVATIONS GROUP

The Beef Innovations Group (BIG) introduced into the market new beef convenience items: Marinade on Demand and Philly Cheese Steak Eggrolls. BIG also presented the industry with two new round cuts and two new product applications, and conducted more than 25 chuck roll industry demonstrations. The team developed three new active industry partnerships, maintained 17 existing ones and continued to showcase beef by using innovative new recipes. Part of the checkoff's mission through BIG is to inspire product innovation by providing information to industry influencers and stakeholders. In FY 2009, BIG engaged in more than 115 industry meetings – many involving state beef council partners.

VEAL



The veal "Go to Market Strategy," funded by the beef checkoff, integrates consumer marketing and communications programs to help build demand for veal. Thanks in part to integrated efforts, increased sales were

reported in retail and foodservice channels in FY 2009. The veal team also worked to share the positive veal production story through veal issues management and quality assurance programs. The checkoff and state beef councils, along with veal partners, helped launch *VealMadeEasy.com* and other retail/foodservice marketing efforts, and developed a veal farm tour program with Kendall College in Chicago.

NUTRITION INFLUENCER EDUCATION

The Nutrition Influencer Education Program communicated "The Power of Protein" to health professionals this year, reaching more than 1,500 Registered Dietitians through webinars, with the help of 18 state beef councils across the nation. Participants received checkoff-funded resources, including the 29 lean cuts at card, protein research fact sheets, educational material on protein's role in optimal health and lean beef recipes. Two checkoff-funded educational e-newsletters went to hundreds of influential health professionals, including members of the American Dietetic Association. National and state spokespeople shared these science-based resources to help build the case for the "The Power of Protein."

PUBLIC RELATIONS

Overall, public relations achieved more than 4 billion media impressions this year. Safety reputation management reached more than 250 reporters with positive messages about the beef industry's safety commitment. Nutrition has always been consumers' No. 1 barrier to choosing beef so national PR efforts laid the foundation for positive media coverage about beef's nutritional benefits. Food communications helped elevate the value of beef, specifically promoting cuts from the rib and loin. *BeefItsWhatsForDinner.com* continues to a primary source for beef recipes online. The Masters of Beef Advocacy (MBA) program, a grassroots network, drew more than 1,000 students and 300 graduates in 42 states. Through the MBA program, graduates are equipped with consistent, positive beef messages to use when speaking to consumers or in public about U.S. beef production.

ISSUES & REPUTATION MANAGEMENT



A 2009 issues research project found less than one quarter of consumers know the beef industry somewhat or very well. This disconnect was exploited by the media during the year. Combined national and state issues management efforts in

FY2009 helped to correct this type of misinformation and deliver positive messages about beef production directly from America's farmers and ranchers. IM supported submission of more than 50 letters-to-the-editor and opinion columns, which ran in top daily media outlets across the country, including USA Today, The Washington Post, The St. Petersburg Times, The Tulsa World, The Des Moines Register and The Miami Herald.

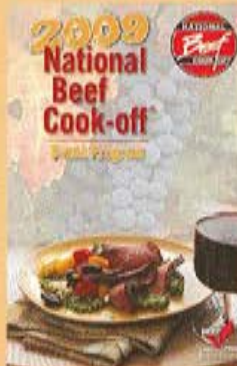
FOREIGN MARKETING

Through the first 11 months of FY 2009, U.S. beef exports worldwide amounted to 820,321 metric tons valued at \$2.88 billion. The global economic crisis and devalued currencies of several major trading partners have made for a difficult economic environment, with exports falling by 5 percent in volume and 6 percent in value compared to the same period in FY 2008. A major bright spot, however, has been the growth of U.S. beef exports to Japan and the Greater China region. Exports to Japan increased 27 percent in volume (from 62,429 metric tons to 79,298 metric tons) and 25 percent in value (from \$326.17 million to \$406.23 million) during this time frame, despite Japan's continued restriction on U.S. beef exports to beef from cattle 20 months of age and younger. Exports to Hong Kong were 16,209 metric tons valued at \$57.23 million – an increase of 83 percent in volume and 58 percent in value over the same period in FY2008.

CBB COMMUNICATIONS

During its first year online, the checkoff-funded www.MyBeefCheckoff.com site welcomed 43,750 unique visitors from 650 different sources. The communications team also participated in about 15 industry trade shows; achieved a year-round paid-media plan; produced more than 52 newsletters and 51 weekly updates aimed at CBB members and other producers; and distributed some 100 press releases about checkoff programs.

NATIONAL BEEF COOK-OFF®



In FY 2009, the cook-off increased the number of entries 6 percent, from 2,256 in 2007 to 2,392 in 2009. The cook-off also created a retail partnership with Raley's, a northern California retailer who ran a two-week "Beef It Up" promotion prior to the cook-off and shipped 26 percent more beef to its stores than during the same period last year. Media coverage during the cook-off's finalist phase earned more than 14 million impressions. As this report went to press, total post-event impressions had

reached 52 million.

CATTLEMEN'S BEEF BOARD Fiscal Year 2009 Expenditures*

Does not include State Beef Council Investments

