followed by feeder, stocker and dairy. There are no packer seats on the Beef Board.

In 2008, Beef Board members represented 10 different sectors of the beef industry, with the biggest sector being cow-calf, followed by feeder, stocker and dairy. There are no packer seats on the Beef Board.

Beef Board members are nominated by fellow producers in their respective states or regions. The U.S. Secretary of Agriculture appoints the Beef Board members to serve three-year terms. 

2008 Beef Board Members

The Cattlemen’s Beef Promotion & Research Board is dedicated to improving producer profitability, expanding consumer demand for beef, and strengthening beef’s position in the marketplace.
Dear Fellow Producers:

Serving as chairman of the Cattlemen’s Beef Board during the last year has been an honor for me. As a beef producer, I am proud to be part of a dedicated group of individuals, who, through their commitment, have ensured that the challenges we face and the checkoff dollars we invest go as far as possible to serve our industry. In this annual report, you will get a chance to review examples of how we invested beef checkoff money in Fiscal Year 2008 and what the results of those investments were.

In many of the programs highlighted in this report, you’ll notice that we leverage our checkoff dollars to coordinate with supermarkets, restaurants, manufacturers, and others, where our partners often carry the majority of the financial burden to ensure that the return on investment can be maximized. And while our advertising efforts may be some of the most visible to producers in the country, we also continue to invest in research and development of U.S. beef to help sustain consumer confidence both here and in international markets. The checkoff dollars we invest help safeguard our industry from animal welfare-based on the preporking, safety, and we work closely with international markets to maintain and grow consumer confidence in U.S. beef worldwide.

So, to all the products and importers who pay the beef checkoff that I say “Thank you” for your investment in our industry. And to all the people who have worked tirelessly to ensure that our checkoff dollars will continue to be invested wisely for years to come.

With warm regards,

Dave Bateman
Oregon, Illinois
2008 Chairman
Cattlemen’s Beef Promotion & Research Board

Cattlemen’s Beef Board
2008 ANNUAL REPORT

Producers can’t be everywhere

myBEEF®

MyBeefCheckoff.com

BEEF

Funded by the Beef Checkoff.

Dear Fellow Producers:

Serving as chairman of the Cattlemen’s Beef Board during the last year has been an honor for me. As a beef producer, I am proud to be part of a dedicated group of individuals, who, through their commitment, have ensured that the challenges we face and the checkoff dollars we invest go as far as possible to serve our industry. In this annual report, you will get a chance to review examples of how we invested beef checkoff money in Fiscal Year 2008 and what the results of those investments were.

In many of the programs highlighted in this report, you’ll notice that we leverage our checkoff dollars to coordinate with supermarkets, restaurants, manufacturers, and others, where our partners often carry the majority of the financial burden to ensure that the return on investment can be maximized. And while our advertising efforts may be some of the most visible to producers in the country, we also continue to invest in research and development of U.S. beef to help sustain consumer confidence both here and in international markets. The checkoff dollars we invest help safeguard our industry from animal welfare-based on the preporking, safety, and we work closely with international markets to maintain and grow consumer confidence in U.S. beef worldwide.

So, to all the products and importers who pay the beef checkoff that I say “Thank you” for your investment in our industry. And to all the people who have worked tirelessly to ensure that our checkoff dollars will continue to be invested wisely for years to come.

With warm regards,

Dave Bateman
Oregon, Illinois
2008 Chairman
Cattlemen’s Beef Promotion & Research Board

Cattlemen’s Beef Board
2008 ANNUAL REPORT

Producers can’t be everywhere
Cattlemen’s Beef Board Executive Committee

**Front row, L-R:** Tom Ramey, CBB CEO; Ken Stielow, Kansas; Dave Bateman, CBB Chairman, Illinois; Lucinda Williams, Executive Committee Chairman and CBB Vice Chairman, Massachusetts; Dan Dierschke, CBB Secretary/Treasurer, Texas; Craig Shackelford, USDA; Richard Rossier, CBB Legal Counsel

**Back row, L-R:** Charles Miller, Kentucky; Daryl Berlier-Owen, Texas; Laurie Bryant, Importer; Virginia Coelho, California; Preston Wright, Nevada; Sugie Sartwelle, Texas; Myron Williams, South Dakota.
Beef producers who volunteer their service on the Cattlemen's Beef Board help determine how checkoff dollars are invested through their participation in advisory committee discussions and recommendations. Listed below are the Beef Board committees and the joint industry advisory committees on which Beef Board members served in FY08.

**Cattlemen's Beef Board Executive Committee**
- Lucinda Williams, MA, Chair
- Dave Bateman, IL
- Dan Dierschke, TX
- Laurie Bryant, Importer
- Virginia Coelho, CA
- Robert Fountain, Jr., GA
- Charles Miller, KY
- Daryl Berlier Owen, TX
- Sugie Sartwelle, TX
- Myron Williams, SD
- Preston Wright, NV
- Ken Stielow, KS, (Ex-Officio)

**CBB Administration Subcommittee**
- Tom Jones, AR, Chair
- Dianne Kirkbride, WY, Vice Chair
- Virginia Davis, IN
- Robert Fountain, Jr., GA
- Don Hullman, KS
- Randy Meabon, PA
- Richard Nielson, UT
- Mark Riechers, WI
- John Schafer, MN
- Jenny Senn, SC
- Pat Woods, NM

**Beef Promotion Operating Committee**
- Beef Board Representatives
  - Dave Bateman, IL, Chair
  - Lucinda Williams, MA
  - Dan Dierschke, TX
  - Virginia Davis, IN
  - Tom Jones, AR
  - Merrill Karlen, SD
  - Chuck Kiker III, TX
  - John Schafer, MN
  - Don Stewart, Importer
  - Roger West, FL

**JOINT GLOBAL CONSUMER MARKETING GROUP**
- Virginia Coelho, CA, Chair

**Joint Advertising Committee**
- Glenda Flora, KS, Vice Chair
- Laurie Bryant, Importer
- Michelle Gorman, Importer
- David Lamb, NE
- Preston Wright, NV
- Weldon Wynn, AR

**Joint Foodservice Committee**
- Brian Healey, OK, Chair
- Ron Allen, Importer
- Mary Lou Bradley, TX
- Dan Hinman, ID
- John O’Carroll, Importer
- Al Pedigo, KY
- Robert Reviere, Jr., TN
- Tim Shaw, ID
- Pat Woods, NM

**Joint Retail Committee**
- Don Stewart, Importer, Chair
- Wayne Buck, CO
- Margie Hande, ND
- Kim Holzner, Importer
- Kristy Lage, NE
- Manuel Rodrigues, CA
- Greg Silpe, Importer

**Joint Veal Committee**
- Dan Kniffen, PA
- Randy Meabon, PA
- Sid Sumner, FL

**Joint International Markets Committee**
- Jim Almond, MT
- Charles Bassett, MO
- Robert Fountain, Jr., GA
- Ross Garwood, NE
- Dana Hauck, KS
- Bob Johnson, IA
- Merrill Karlen, SD
- Chuck Markley, MI
- Frank Phelps, OH

**JOINT PUBLIC OPINION & ISSUES MANAGEMENT GROUP**
- Sugie Sartwelle, TX, Vice Chair

**Joint Information Committee**
- Austin Brown III, TX, Vice Chair

**Joint Public Relations Subcommittee**
- Daryl Berlier Owen, TX, Vice Chair
- Bobby Combs, VA
- Jeff Dahl, ND
- Terry Detrick, OK
- Dave Fugate, TN
- Paul Kent, MN
- Jenny Senn, SC
- Andy Wick, CO

**Joint Issues Management Subcommittee**
- Sharon Spenrath, TX, Vice Chair
- O.D. Cope, MO
- Carlyle Currier, CO
- Lloyd DeRuyter, WI
- Tom Jones, AR
- Jerry King, MO
- Dianne Sites, MO

**Joint Nutrition & Health Committee**

**Joint Nutrition Influencers Subcommittee**
- Terry Handke, KS, Chair
- Dan Kerschen, KS, Vice Chair
- Jeff Clausen, IA
- Richard Hodge, TX
- Andrea Hutchison, OK
- Dan Petersen, IA
- T.B. Porter, LA
- Allen Walth, SD

**Joint Youth Education & Information Subcommittee**
- Diane Kirkbride, WY, Vice Chair
- Leroy Ezer, TX
- Margie McKeen, NM
- Lindy Whipps, NE
- Myron Williams, SD
JOINT RESEARCH, EDUCATION & INNOVATION GROUP

Joint Beef Safety Committee
Mark Riechers, WI, Vice Chair
Robert Bruner, TX
Pete Case, TX
Walter Lasley, TX
Sharon Livingston, OR
Judy Prosser, AZ
Larry Switzer, MT

Joint Human Nutrition Research Committee
Ed Blair, SD
David Boyer, OK
Jack Cowley, CA
Doris Rush, NE
Dave Schubel, NY

Joint Product Enhancement Committee
Jerry Bohn, KS
Max Bozeman, AL
Bryant Fisher, TX
Don Hullman, KS
John Schafer, MT

Joint New Product & Culinary Initiatives Committee
Mark Pendleton, NC, Vice Chair
Greg Benedict, Importer
Jim Eschliman, NE
Will Frazee, IA
Ross Jenkins II, CA
Neil Kayser, WA

Joint Producer Education Committee
Roger West, FL, Chair
Justin Dauer, TX
Nancy Thomas, WI
Quilly Ward, WV

JOINT PRODUCER COMMUNICATIONS COMMITTEE
Richard Nielson, UT, Chair
Virginia Davis, IN
Bob Drake, OK
Charles Hull, MS
Chuck Kiker III, TX
Dick Nock, CA
Bill Oliver, VA

ADMINISTRATION COMMITTEES
CBB Audit Committee
Ed Blair, SD, Chair
Dave Fugate, TN, Vice Chair
Charles Bassett, MO
Robert Bruner, TX
Bob Drake, OK
Jim Eschliman, NE
Neil Kayser, WA
Daniel Kerschen, KS
Bill Oliver, VA
Weldon Wynn, AR

Joint Audit Committee
Ed Blair, SD

Joint Beef Industry Budget Committee
Don Stewart, Imp, Vice Chair
Jim Almond, MT
Wayne Buck, CO
Merrill Karlen, SD
Dan Dierschke, TX (Ex-officio)

Joint Evaluation Advisory Committee
Ken Stielow, KS, Chair
Terry Detrick, OK
Charles Miller, KY
Sid Sumner, FL
Myron Williams, SD

USMEF Board - CBB Representatives
Jim Almond, MT
Dave Bateman, IL
Dan Dierschke, TX
Robert Fountain, Jr., GA
Ross Garwood, NE
Dana Hauck, KS
Ken Stielow, KS
Lucinda Williams, MA
Producers Can’t Be Everywhere — But My Beef Checkoff Can

When cattle producers and importers pay the mandatory $1-per-head beef checkoff assessment for each animal they sell — whether at an auction market, through a private treaty, a forward contract, or on imported beef products — it can be difficult to imagine where that dollar ends up and how that investment comes back to boost their bottom lines. This annual report of beef checkoff investments in Fiscal Year 2008 can fill in some of those blanks between a producer's checkoff investment and their return on that investment.

Looking at the very mission of the Beef Checkoff Program — to improve producer profitability, expand consumer demand for beef and strengthen beef’s position in the marketplace — it quickly becomes clear that the consumer is in the driver’s seat when it comes to profitability for the beef industry. After all, if consumers aren’t confident and pleased with the final product and are not willing to pay for it as a result, then cattle sold at the auction barn are truly of little value.

Of course, producers can’t be everywhere. They can’t keep their round-the-clock schedules at the front-end of the production process and also be out identifying, researching and serving consumer needs at the other. But their beef checkoff can.

That will become apparent as you page through this 2008 Cattlemen’s Beef Board Annual Report, reading about the full spectrum of promotion, information, and research programs that producers’ checkoff dollars fund — from pasture to plate — to make sure consumers are getting what they want from the beef industry. And the producers who volunteer time to serve on the Cattlemen’s Beef Board (which administers the national checkoff program) and their state beef councils (which administer state checkoff programs) direct beef checkoff investments in ways they believe will bring all producers the best return on their dollar-per-head investment. You’ll find highlights of those results in this report, and you can get additional details by visiting your online checkoff resource at www.MyBeefCheckoff.com.
Promotion

► Consumer Advertising

In its first year, the checkoff’s “Powerful Beescapes” campaign reached 89.7 percent of the consumer target an average of 16.3 times in its effort to keep beef top of mind with consumers. Print ads appeared in 35 national magazines a total of 143 times; radio advertising ran on about 14,000 radio stations; and media negotiations garnered $2.7 million in earned/bonus media space at no additional cost to beef producers! So what were the results? The Consumer Beef Index survey indicates that in the first eight months of the campaign, there has been a significant increase in consumers who felt good about eating beef, and believe that beef is both a good balance of taste and nutrition and a smart choice.

► Foodservice

A series of eight new BEEFlexible ads showcased beef’s menu versatility in FY08, highlighting beef in an array of global cuisines and featuring checkoff-developed cuts. The combined number of foodservice impressions from the new ad campaign, all related activities leveraged through an advertising bonus package, plus earned media, totaled more than 41 million, and the campaign is registering at or near the top of overall scores for recall and trial motivation across all readership studies.

► Retail

The checkoff conducted research, developed marketing materials and worked with a major retailer to test a beef-marketing program directed at Hispanics in the U.S. Among marketing materials were on-pack recipes in English and Spanish, a wall chart identifying the most popular Hispanic beef cuts, and a bilingual beef “dictionary” that provided consumers with tips about using beef in traditional Mexican dishes. Sales of thin cuts of beef increased by an average of 28.7 percent in stores that used the Hispanic marketing materials. In addition, 99 percent of those surveyed found the dictionary useful and 96 percent said they would use the recipes. The program won the prestigious Effie Award from the American Marketing Association for successful national marketing campaigns.
Northeast Beef Promotion Initiative

The Northeast Beef Promotion Initiative extended national checkoff strategies into the populous I-95 corridor in the Northeast region of the U.S. in FY08. Among results for the year: 1,800 dieticians received positive beef messages; 22,000 consumers received beef information and samples through exhibits at six public-relations events that delivered more than 1.3 million positive print impressions and more than 1 million Web impressions in the Northeast; partnerships with restaurants put more beef on more menus, including adding the Flat Iron steak to the 54-unit Charlie Brown’s Steakhouse menu in a promotion that sold 16,806 Flat Irons and ran additional prime rib, filet mignon and other beef specials. The checkoff invested $10,000 in the partnership, compared to $360,000 contributed by the restaurant chain.

National Beef Cook-Off

Public relations efforts for the biennial National Beef Cook-Off generated nearly 3,000 news stories marking more than 400 million impressions. That amounts to a checkoff cost of $0.0025 cents per impression during the last two years. An online media partnership with AllRecipes.com drove traffic to the Cook-Off Web site through newsletters and advertorials, and the Food Network ran a full-hour segment about the Cook-Off that aired nine times and reached nearly 10 million Americans in 2008.

Culinary Center

The Beef Checkoff is seen as a leader in the food industry regarding the so-called fifth taste – “Umami” – and revamped its Creating Crave publication about this phenomenon in FY2008. This latest edition graphically presents updated information about preparing sensational beef-eating experiences that can be easily applied to product and menu development. Another new feature in this edition is the incorporation of the results from the checkoff-funded Chemistry of Flavor study.

Veal

In June 2008, a veal media event in Chicago showcased five celebrity chefs competing with new innovative veal cuts from the checkoff-funded Veal Optimization Study. State beef councils provided critical marketing support for introduction of the new cuts, and leading casual dining chains – including Bravo Development, Flemings Steakhouse and Wine Bar and Carrabbas Italian Grill – added new veal entrees to their menus.
**Research**

**Product Enhancement**

Measuring beef product characteristics in the marketplace is paramount to supplying the beef products consumers want, and the checkoff has been involved in this arena since it developed the first National Beef Instrument Assessment Plan (NBIAP) in 1994. Checkoff work here includes measuring the yield characteristics of cattle, as well as their quality, or tenderness, and the recently approved use of video image analysis systems for predicting yield grade and ribeye size – and soon for predicting beef quality. These successes help to send more accurate product signals up and down the beef marketing chain.

**Beef Innovations**

Capitalizing on its foundational Muscle Profiling research, the checkoff introduced five new cuts from the chuck roll: the Delmonico Steak, Denver Cut, America’s Beef Roast, Boneless Country-Style Beef Chuck Ribs and the Sierra Cut. Chuck roll success stories in FY08 include: featuring of the Denver Steak on Colorado Black Eye Pea menus; launch of checkoff-funded retail and foodservice programs to promote the chuck roll in restaurants and retail outlets; dissemination of chuck roll cutting guides, recipes and other tools to state beef councils and other industry representatives; and coverage about the new cuts in industry publications.

**Nutrition Research**

In response to a call to action by the 2005 Dietary Guidelines for Americans to help people “get more nutrition from their calories,” the beef checkoff and the Nutrient Rich Foods Coalition it co-founded completed development of a scientifically valid definition of nutrition density in 2008. In addition, rigorous consumer and market research resulted in development of a tool that helps translate the complicated science into a system to help consumers build healthier diets by consuming nutrient-rich foods like lean beef. This work reflects checkoff-funded efforts to shift consumer focus from calories alone – “good/bad foods” or “nutrients to avoid,” – to a more balanced, science-based approach that recognizes the complete nutrient package of foods.
Public Relations

Brand Public Relations
National consumer media relations, influencer outreach and online communication encouraging consumers to discover the power of protein in the land of lean beef generated positive media coverage and positioned beef as the premiere protein that consumers crave and brings body benefits such as strength. Among results, the checkoff secured more than 5.5 billion media impressions in publications such as Better Homes & Gardens, Gourmet, Family Circle, Good Housekeeping, Taste of Home, Men’s Health, USA Today, Chicago Tribune, Washington Post, and other leading publications; placed 61 articles promoting the Beef. It’s What’s for Dinner advertising campaign; and reached more than 41,000 consumers each week through e-newsletter, Beef So Simple with tips on cooking with beef and featuring beef recipes.

Crisis Public Relations
In the wake of the largest beef recall in history and media attention focused on cattle abuse, checkoff public relations efforts helped reach millions of consumers with a reassuring message about the safety of beef and beef producers’ commitment to animal welfare. That included an estimated 13.3 million viewers through 105 national and local broadcast reports, notably on NBC’s “Today” show and the FOX Business Channel; and more than 30 radio and print interviews with outlets including the Associated Press, Kansas City Star, Chicago Tribune, Washington Post and Los Angeles Times.

Youth and Family Education
In FY08, the checkoff distributed more than 8,400 copies of its “Enriching Family Mealtimes” toolkit to school personnel and parents in response to research showing that regular family mealtimes have a positive effect on children’s social, academic and behavioral development and that participation of parents is critical in addressing concerns about children’s dietary habits.

Nutrition Communications
The checkoff’s nutrition influencers program extended the Power of Protein message directly to key nutrition spokespeople throughout FY08. For example, the program extended the “Discover the Power of Protein in the Land of Lean Beef” tool kit, which included the new ads and their corresponding recipes, as well as protein fact sheets to target nutrition influencers, generating more than 63 million media impressions from health professionals.

Beef has a tremendous story to tell because with one 3-ounce serving of beef, you can get 51 percent of the protein you need for the day.

Scott George
Wyoming Dairy Producer
Chairman, Joint Youth Education and Information Committee
Beef Quality Assurance

The Beef Quality Assurance (BQA) program produced and distributed a national Train-the-Trainer manual to each state BQA coordinator in the country. The manual provides a formal program definition of BQA, standardizes BQA practices nationwide, and supports checkoff efforts to raise consumer confidence by demonstrating the industry’s commitment to proper management and safety techniques industrywide. Also in FY08, the checkoff partnered with the Livestock Marketing Association to distribute an auction market cattle handling and proper care DVD to all auction market and order buying stations in the country. Focal Point: An Auction Market Beef Quality Assurance Guide trains auction market employees about proper BQA practices and cattle-handling techniques.

Issues Management

In FY08, confidence in the beef industry was challenged by the 143 million-pound Hallmark/Westland Meat Packing Company recall and multiple undercover videos released by the Human Society of the United States (HSUS) depicting animal mistreatment. The checkoff-funded issues management program worked with states, other beef organizations and stakeholders, and the School Nutrition Association to ensure a consistent and reassuring industry response. Ultimately, consumer confidence in the safety of beef remained strong at 86 percent directly following the Hallmark/Westland recall news, then improved to 91 percent by May 2008.

Crisis Preparedness

The checkoff launched a new Foot and Mouth Disease (FMD) State Workbook during a special convention session in 2008. The workbook is a comprehensive, electronic crisis-planning resource and includes the tips and tools that state beef councils need to host FMD crisis planning meetings, develop internal crisis plans, understand government emergency response systems and conduct a tabletop FMD crisis drill. The issues management program also continues its work with the pork and dairy checkoffs on a coordinated FMD response plan that will help the livestock industry deliver a consistent, reassuring message and maintain consumer confidence in the instance of an outbreak.

Beef Ambassadors

In FY08, the checkoff-funded National Beef Ambassadors Program (NBAP) reached nearly 120,000 people – including consumers, students and producers – directly with positive beef messages. At the Health and Fitness Expo in Washington, D.C., for example, nearly 8,400 consumers received information about beef’s nutritional benefits and checkoff-funded beef and veal recipes. Ambassadors Beth Wood and Jennifer Rassler made a presentation and joined Pennsylvania producers Dennis and Dottie Byrne to answer questions, test consumer knowledge and enter people in a drawing for the Healthy Beef Cookbook.
U.S. beef exports continued their growth in FY08, reaching 2.09 billion pounds valued at $3.4 billion – an increase of 29 percent in volume and 38 percent in value over FY07. The checkoff has invested in programs and marketing initiatives that have contributed to rebuilding beef exports to markets that were closed until recently due to BSE and expanding exports to markets such as Mexico and Europe, which account for a growing share of international business. Total U.S. beef exports in FY08 were valued at $123.60 per steer and heifer harvested, compared to $90 per head in FY07, according to Cattle-Fax.

Checkoff funds earmarked for foreign marketing are leveraged with funds from USDA, which matches investments in this category. Beef export outreach efforts funded through the checkoff in FY08 fell under the following three strategic priorities:

**Buyer Loyalty**

Efforts to build, maintain and improve continuous and expanded purchases of U.S. beef by current buyers are the focus of programs in Japan, South Korea, Mexico, Taiwan and the Middle East. For example, since Japan limits U.S. beef exports to those from age-verified cattle 20 months of age or younger, a checkoff program was developed to supplement the five beef cuts that Japan traditionally imports with an additional 17 cuts. Through September 2008, total beef exports to Japan were 62 percent ahead of the prior year in both volume and value.

**Market Expansion**

New beef buyers in untapped markets are the target of market expansion activities. In the first half of 2008 (prior to the global economic crisis), for example, Russia emerged as one of the top destinations for U.S. beef. Closed to U.S. beef from late 2003 through most of 2007, Russia quickly became the No. 3 destination for U.S. beef variety meats and the No. 7 market for overall exports of U.S. beef. The checkoff invested in broad-based training programs in Russia to educate meat industry personnel – from raw material buyers and processors to restaurant managers and chefs – about the attributes of U.S. beef.

**Issues Management**

These programs focus on minimizing impacts of government import requirements and emerging consumer issues that threaten U.S. beef exports. Recent examples include extensive behind-the-scenes work devoted to the reopening of the South Korean market, and the “We Care” campaign to assure Japanese consumers that the U.S. is committed to providing them with safe, high-quality beef. In Japan, 73 percent of Japanese consumers said they didn’t want to try U.S. beef three years ago. That number now is down to 39 percent.

Through groups like the U.S. Meat Export Federation, our checkoff dollars have really helped move efforts to regain foreign markets at a much quicker pace than without these checkoff projects.

Robert Fountain, Jr.
Cow-calf producer
Adrian, GA
Producer Communications

► Paid Media

Producer communications paid-media efforts in FY08 included a coordinated program of national print, television, radio, and Internet, in addition to value-add opportunities – online producer surveys, radio and print interviews, and Web banner ads. Along with other communication elements, paid advertising reminds producers that, while they can’t be everywhere, their checkoff can.

► Earned Media

Earned media includes placement of stories about the checkoff in beef and dairy publications, as part of the checkoff’s requirement to keep producers informed about their checkoff investments. This includes print, audio and video press releases and placement of feature stories and guest columns sharing checkoff results – with more than 500 industry media receiving regular updates. The checkoff also participated in 11 industry trade shows to share checkoff information.

► Electronic Platform

In July 2008, the checkoff launched its new producer-oriented Web site at www.MyBeefCheckoff.com. Features include monthly newsletters for beef and dairy producers, profiles of all Beef Board members, staff and other producers, login access for members, media and state beef councils, and links to information about all checkoff programs and Web sites. During the two and a half months it was online in FY08, more than 14,000 visitors viewed 42,000 pages. In addition, hundreds of producers have signed up online to receive newsletters about their checkoff programs.

► Direct Communications

In addition to the Web site and its new e-newsletters, direct communications keep Beef Board members and other producers up-to-date about Beef Board and other checkoff programs. These efforts include monthly Board Updates, quarterly Former Board Updates, a Beef Board annual report, and “Checking in on the Checkoff,” now delivered to Beef Board members, state beef councils, and a growing list of other producer leaders interested in weekly updates about how their checkoff dollars are being invested.

► Beefmobiles

Two Beefmobiles delivered checkoff messages to more than 700,000 producers and consumers at 218 auction markets, county fairs, rodeos, farm shows, and other venues in 30 states during FY08. Producers were able to talk with Beefmobile “Wranglers” face-to-face to ask questions about their checkoff investments and discuss any concerns they had about the program.
Cattlemen’s Beef Promotion and Research Board

Financial Statements as of September 30, 2008 and 2007
Together with Independent Auditor’s Report Thereon

Independent Auditor’s Report

To the Board of Directors
Cattlemen’s Beef Promotion and Research Board

We have audited the accompanying statements of assets, liabilities, and fund balances – modified cash basis of the Cattlemen’s Beef Promotion and Research Board (the “Board”) as of September 30, 2008 and 2007, and the related statements of revenues, expenses, and changes in fund balances – modified cash basis for the years then ended. These financial statements are the responsibility of the Board’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Board as of September 30, 2008 and 2007, and its revenues, expenses and changes in fund balances for the years then ended, on the basis of accounting described in Note 2.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary statements of assessment revenues by state-modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

In connection with our audits, nothing came to our attention that caused us to believe the Board was not in compliance with the provisions of the Beef Promotion and Research Act of 1985 and the Beef Promotion and Research Order (the “Order”) related to the use of funds collected by the Board insofar as they relate to accounting matters. Further, in connection with our audits, nothing came to our attention that caused us to believe the Board was not in compliance with the terms of Section 1260.149(f) of the Order, or with the terms of the Agricultural Marketing Service Investment Policy, which describe the type of instruments in which the Board may invest, insofar as they relate to accounting matters. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the members of the Cattlemen’s Beef Promotion and Research Board and its management and the United States Department of Agriculture and is not intended to be and should not be used by anyone other than these specific parties.

Clifton Gunderson
Denver, CO
November 12, 2008
# Statements of Assets, Liabilities and Fund Balances
## (Modified Cash Basis, Note 2)
### September 30, 2008 and 2007

### Assets
- Cash and Cash Equivalents (Note 3)  
  2008: $2,829,383  
  2007: $929,862
- Short-Term Investments (Note 3)  
  2008: 11,704,503  
  2007: 19,072,124
- Equipment, net of accumulated depreciation of $67,902 and $63,883, respectively  
  2008: 21,950  
  2007: 30,568
- Other  
  2008: 2,878  
  2007: 3,338

**Total Assets**: $14,558,714  
2008  
2007: $20,035,892

### Liabilities and Fund Balances

#### Due to State Beef Councils and other  
2008: $1,469  
2007: $920

#### Fund Balances (Note 5):
- Appropriated for budgeted expenses  
  2008: 11,535,295  
  2007: 17,004,404
- Board reserve  
  2008: 3,000,000  
  2007: 3,000,000
- Unappropriated  
  2008: -  
  2007: -
- Investment in equipment, net  
  2008: 21,950  
  2007: 30,568

**Total Liabilities and Fund Balances**: $14,557,245  
2008  
2007: $20,034,972

### Commitments and contingencies (Notes 4, 7 and 8)

**Total Liabilities and Fund Balances**: $14,557,245  
2008  
2007: $20,034,972

# Statements of Revenues, Expenses and Changes in Fund Balance
## (Modified Cash Basis, Note 2)
### For the Years Ended September 30, 2008 and 2007

### Revenues:
- Assessments (Note 1)  
  2008: $42,907,813  
  2007: $43,745,737
- Interest  
  2008: 1,112,516  
  2007: 1,424,703
- Other  
  2008: 64,790  
  2007: 20,570

**Total revenues**: $44,085,119  
2008  
2007: $45,191,010

### Expenses:

#### Program-
- Promotion  
  2008: 23,678,801  
  2007: 26,313,090
- Research  
  2008: 7,935,976  
  2007: 6,728,325
- Consumer Information  
  2008: 6,178,697  
  2007: 6,768,078
- Industry Information  
  2008: 2,276,055  
  2007: 1,540,049
- Foreign Marketing  
  2008: 4,994,436  
  2007: 4,741,498
- Producer Communications  
  2008: 2,274,092  
  2007: 2,728,719
- Program Evaluation  
  2008: 193,468  
  2007: 198,411
- Program Development  
  2008: 123,926  
  2007: 101,813

**Total program expenses**: $47,655,451  
2008  
2007: $49,119,983

#### USDA Oversight  
2008: 253,358  
2007: 213,993

#### Administration (Note 4)  
2008: 1,654,037  
2007: 1,668,896

**Total expenses**: $49,562,846  
2008  
2007: $51,002,872

#### Expenses in excess of revenues  
2008: (5,477,727)  
2007: (5,811,862)

#### Beginning fund balances  
2008: 20,034,972  
2007: 25,846,834

#### Ending fund balances  
2008: $14,557,245  
2007: $20,034,972

*The accompanying notes to financial statements are an integral part of these statements.*
Notes to Financial Statements
(Modified Cash Basis) September 30, 2008 and 2007

(1) Organization and Operations
The Beef Promotion and Research Act of 1985 (the “Act”), approved on December 23, 1985 by the United States Congress, established a coordinated program of promotion and research designed to strengthen the beef industry’s position in the marketplace, as well as to maintain and expand domestic and foreign markets and uses for beef and beef products. As provided in the Act, the Secretary of the United States Department of Agriculture (the “Secretary”) issued the Beef Promotion and Research Order (the “Order”), effective July 18, 1986, which provides the terms and conditions for the Act’s administration. The Cattlemen’s Beef Promotion and Research Board (the “Board”), which was created and approved by the Secretary to administer the Act, consists of 104 members who are representatives of the cattle industry in the United States, including importers. Board members are appointed by the Secretary.

The program is financed by a $1 per head assessment on domestic sales of cattle and on imported cattle, beef, and beef products. The Board, as part of its responsibilities under the Act and Order, may certify no more than one Qualified State Beef Council (the “Council”) in each state and authorize that Council to collect such assessments. The assessments are remitted to the Councils or the Board. The Board receives one-half of assessment monies from states with Councils and the Councils retain the remainder. The Board receives all assessment revenues from states without Councils and from imported cattle, beef, and beef products.

Pursuant to the Act, the Board’s expenses for administration are limited to 5% or less of projected revenues. All remaining revenues are expended on programs related to promotion, research and information for the beef industry. The Board contracts with established national cattle- or beef-industry-governed nonprofit organizations for the implementation and conduct of these programs. Under the terms of these contracts, the entities which receive Board contracts are subject to annual audits and reviews.

During fiscal years 2008 and 2007, the Board reimbursed the following industry organizations for program expenses incurred on approved projects:

<table>
<thead>
<tr>
<th>Name of Contractor</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat Importers Council of America</td>
<td>$509,594</td>
<td>$398,177</td>
</tr>
<tr>
<td>National Cattlemen’s Beef Association (NCBA) &amp; National Cattlemen’s Foundation (NCF)</td>
<td>$44,714,899</td>
<td>$47,887,159</td>
</tr>
<tr>
<td>National Livestock Producers Association</td>
<td>$236,604</td>
<td>$374,366</td>
</tr>
</tbody>
</table>

The program expenses incurred by NCBA and NCF during fiscal years 2008 and 2007 included reimbursements for costs incurred under subcontracts with the American National Cattle Women of $646,684 and $382,043, the American Veal Association of $53,031 and $31,884, and the U.S. Meat Export Federation of $4,994,436 and $4,741,498, respectively.

(2) Significant Accounting Policies

Basis of Accounting
The accompanying financial statements have been prepared on the modified cash basis of accounting. Under this method, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when incurred. At September 30, 2008 and 2007, there were assessment receivables of approximately $5,900,000 and $6,000,000, interest receivables of approximately $5,900,000 and $6,000,000, interest receivables of approximately $194,000 and $536,000, and accounts payable of approximately $3,900,000 and $4,400,000, respectively, which are not reflected in the accompanying financial statements. Accounts payable relate to appropriated expenditures and are included in the fund balance appropriated for budgeted expenditures in the accompanying statements of assets, liabilities and fund balances (Note 5).

As discussed in Note 1, the Board receives one-half of the assessment monies collected by the Councils and the remainder is retained by the Councils. The accompanying financial statements include only the Board’s share of assessment monies and do not include amounts related to either revenues or expenses of the individual Councils.

Depreciation
Equipment is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of three to ten years.

Cash, Cash Equivalents and Short-Term Investment
For purposes of classifying investments, the Board considers all highly-liquid investments with a purchased maturity of three months or less to be cash equivalents. Cash equivalents and short-term investments are recorded at cost.

(3) Cash, Cash Equivalents and Short-Term Investment
The Secretary has provided that excess cash may be invested, on a short-term basis, in obligations of the United States or in obligations of any U.S. Government agency or U.S. Government-sponsored corporation. Cash, cash equivalents and short-term investments at September 30, 2008 and 2007, by investment type, are as follows:
In accordance with the Board’s Policy the demand deposit account is insured by the Federal Deposit Insurance Corporation and fully collateralized by U.S. Government securities held at the Federal Reserve Bank in the Board’s name.

(4) Administration Expenses
The Act limits expenses for the administration of the program to 5% or less of projected revenues. Projected revenues were $45,700,000 for 2008 and $45,600,000 for 2007. Accordingly, the administrative expenses incurred by the Board were limited to $2,285,000 in 2008 and $2,280,000 in 2007. Administrative expenses incurred by the Board on the accrual basis (versus modified cash basis amounts reflected in the accompanying statements of revenues, expenses and changes in fund balances) were approximately $1,670,000 (3.7% of projected revenues) in 2008 and $1,631,000 (3.6% of projected revenues) in 2007. Expressed as a percentage of actual revenues, the Board’s administrative expenses were 3.8% in 2008 and 3.6% in 2007.

The Board has entered into an Administrative Services Agreement with NCBA whereby NCBA agreed to provide certain administrative services to the Board in return for reimbursement of all direct and indirect costs related to the provided services. During 2008 and 2007, respectively, the Board paid NCBA approximately $232,000 and $191,000 related to this agreement.

The Board leases office facilities and equipment from outside third-parties under operating leases. Payments required under the lease were approximately $82,000 during 2008 and $78,000 during 2007. Future annual payments related to the lease are approximately $94,000 in 2009, $95,000 in 2010, $89,000 in 2011 and $322,000 in 2012 and thereafter.

(5) Fund Balances
Appropriated for Budget Expenses
The balance reflected in the appropriated portion of the fund balance relates to unexpended program appropriations and unexpended amounts budgeted for administrative expenses.

Board Reserve
The Board has approved the establishment of a fund balance reserve in the amount of $3,000,000 to be used as the Board may deem necessary, with the approval of the Secretary.

Unappropriated
No amounts were unappropriated as of September 30, 2008 and 2007.

(6) Income Tax Status
The Board has received a ruling from the Internal Revenue Service stating that it is classified as a tax-exempt entity that engages in activities under the aegis of the United States Department of Agriculture (“USDA”).

(7) Pension Plan
The Board provides pension benefits for all of its employees through a simplified employee pension plan under which annual contributions are provided based on a percentage of each employee’s salary. Contributions required and funded by the Board were approximately $106,000 and $90,000 in 2008 and 2007, respectively.

(8) Litigation and Potential Impact on Board’s Operation
During fiscal year 2001, certain persons filed suit against the USDA and the Board alleging, inter alia, that the Beef Promotion and Research Act violated beef producers’ rights under the First Amendment (Johanns v. LMA). On June 21, 2002, a federal district court in South Dakota (“District Court”) ruled that the Act was unconstitutional. The Eighth Circuit Court of Appeals (“Appellate Court”) affirmed the District Court ruling. However, on May 27, 2005, the United States Supreme Court reversed the rulings of the Appellate Court and District Court, holding that the Act did not violate the First Amendment. The case was remanded to the District Court for further proceedings. On March 1, 2006, eight of the ten plaintiffs, including the Livestock Marketing Association, filed a stipulation of dismissal with prejudice in the District Court. On March 6, 2006, the District Court dismissed the case with prejudice as it related to the eight plaintiffs. Two plaintiffs, John Smith and Herman Schumacher, did not join in the stipulation of dismissal. On March 29, 2006, the District Court granted a motion allowing the attorneys to withdraw as counsel of record for the two remaining plaintiffs. The two plaintiffs were given until November 17, 2006, to file a status report with the District Court and to retain local counsel. Moreover, the District Court advised the two remaining plaintiffs that failure to do so would result in the dismissal of the action for failure to prosecute.

On April 5, 2007, the District Court dismissed with prejudice the case brought by the two remaining plaintiffs for failure to prosecute and by doing so brought the Johanns v. LMA case to an end.
Supplementary Statements of Assessment Revenues by State (Modified Cash Basis) For the Years Ended September 30, 2008 and 2007

<table>
<thead>
<tr>
<th>State</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$391,082</td>
<td>$446,950</td>
</tr>
<tr>
<td>Arizona</td>
<td>304,836</td>
<td>351,333</td>
</tr>
<tr>
<td>Arkansas</td>
<td>432,388</td>
<td>444,830</td>
</tr>
<tr>
<td>California</td>
<td>1,752,069</td>
<td>1,778,859</td>
</tr>
<tr>
<td>Colorado</td>
<td>1,642,754</td>
<td>1,530,170</td>
</tr>
<tr>
<td>Delaware</td>
<td>7,042</td>
<td>9,582</td>
</tr>
<tr>
<td>Florida</td>
<td>350,026</td>
<td>339,029</td>
</tr>
<tr>
<td>Georgia</td>
<td>311,397</td>
<td>346,477</td>
</tr>
<tr>
<td>Hawaii</td>
<td>25,239</td>
<td>15,999</td>
</tr>
<tr>
<td>Idaho</td>
<td>886,364</td>
<td>831,850</td>
</tr>
<tr>
<td>Illinois</td>
<td>379,829</td>
<td>356,747</td>
</tr>
<tr>
<td>Indiana</td>
<td>248,705</td>
<td>260,199</td>
</tr>
<tr>
<td>Iowa</td>
<td>1,836,540</td>
<td>1,747,128</td>
</tr>
<tr>
<td>Kansas</td>
<td>3,770,350</td>
<td>3,860,869</td>
</tr>
<tr>
<td>Kentucky</td>
<td>840,824</td>
<td>813,206</td>
</tr>
<tr>
<td>Louisiana</td>
<td>198,656</td>
<td>212,502</td>
</tr>
<tr>
<td>Maine</td>
<td>11,380</td>
<td>11,586</td>
</tr>
<tr>
<td>Maryland</td>
<td>44,631</td>
<td>45,902</td>
</tr>
<tr>
<td>Michigan</td>
<td>245,951</td>
<td>234,390</td>
</tr>
<tr>
<td>Minnesota</td>
<td>731,829</td>
<td>681,996</td>
</tr>
<tr>
<td>Mississippi</td>
<td>305,552</td>
<td>305,767</td>
</tr>
<tr>
<td>Missouri</td>
<td>1,391,652</td>
<td>1,432,238</td>
</tr>
<tr>
<td>Montana</td>
<td>882,884</td>
<td>858,969</td>
</tr>
<tr>
<td>Nebraska</td>
<td>3,716,688</td>
<td>3,803,052</td>
</tr>
<tr>
<td>Nevada</td>
<td>121,710</td>
<td>131,406</td>
</tr>
<tr>
<td>New Jersey</td>
<td>5,170</td>
<td>5,712</td>
</tr>
<tr>
<td>New Mexico</td>
<td>635,609</td>
<td>591,695</td>
</tr>
<tr>
<td>New York</td>
<td>266,242</td>
<td>290,408</td>
</tr>
<tr>
<td>North Carolina</td>
<td>227,341</td>
<td>217,939</td>
</tr>
<tr>
<td>North Dakota</td>
<td>601,875</td>
<td>569,985</td>
</tr>
<tr>
<td>Ohio</td>
<td>314,433</td>
<td>313,531</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>1,734,977</td>
<td>1,849,734</td>
</tr>
<tr>
<td>Oregon</td>
<td>446,627</td>
<td>425,936</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>350,753</td>
<td>374,723</td>
</tr>
<tr>
<td>South Carolina</td>
<td>110,630</td>
<td>96,545</td>
</tr>
<tr>
<td>South Dakota</td>
<td>1,562,109</td>
<td>1,527,447</td>
</tr>
<tr>
<td>Tennessee</td>
<td>545,354</td>
<td>576,031</td>
</tr>
<tr>
<td>Texas</td>
<td>5,753,087</td>
<td>5,767,509</td>
</tr>
<tr>
<td>Utah</td>
<td>300,402</td>
<td>271,943</td>
</tr>
<tr>
<td>Vermont</td>
<td>45,195</td>
<td>48,102</td>
</tr>
<tr>
<td>Virginia</td>
<td>414,059</td>
<td>409,362</td>
</tr>
<tr>
<td>Washington</td>
<td>524,199</td>
<td>548,717</td>
</tr>
<tr>
<td>West Virginia</td>
<td>101,887</td>
<td>107,532</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>687,197</td>
<td>712,545</td>
</tr>
<tr>
<td>Wyoming</td>
<td>460,872</td>
<td>505,894</td>
</tr>
<tr>
<td><strong>Total Qualified State Beef Councils</strong></td>
<td><strong>35,918,396</strong></td>
<td><strong>36,061,426</strong></td>
</tr>
</tbody>
</table>

States Without Qualified State Beef Councils:

<table>
<thead>
<tr>
<th>State</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>98</td>
<td>494</td>
</tr>
<tr>
<td>Connecticut</td>
<td>13,677</td>
<td>15,157</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>16,919</td>
<td>17,388</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>8,455</td>
<td>10,558</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>402</td>
<td>448</td>
</tr>
<tr>
<td><strong>Total States Without Qualified State Beef Councils</strong></td>
<td><strong>39,551</strong></td>
<td><strong>44,045</strong></td>
</tr>
</tbody>
</table>

Importers

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,949,866</td>
<td>7,640,266</td>
</tr>
<tr>
<td><strong>Total Assessment Revenues</strong></td>
<td><strong>$42,907,813</strong></td>
<td><strong>$43,745,737</strong></td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements are an integral part of these statements.