

PUBLIC RELATIONS

Issues Management

The CBC continued to monitor and address media coverage of issues that might negatively affect beef demand. During 2010, several issues management activities were conducted by the CBC addressing topics such as conventional beef production's impact on the environment and beef choices and their nutritional value.

Working side-by-side other California cattle and dairy industry organizations, the CBC brought select staff from the Monterey Bay Aquarium on a tour of a modern dairy farm and beef operation to see sustainable practices in action. This tour was a result of a Monterey Bay Aquarium display tying beef and dairy production to contributions in greenhouse gasses. The purpose of the tour was to enlighten and demonstrate to influential aquarium staff that the improvements in the U.S. beef industry has considerably reduced the environmental impact of modern beef production, thus improving the sustainability of livestock production.

Consumer Outreach

Utilized new and traditional ways to reach consumers with beef production messages in 2010, the CBC joined social media Web sites, such as Facebook, Twitter and YouTube. The CBC is able to reach millions of consumers with cattlemen's stories, as well as beef product information on the world wide Web.

The CBC engaged with more than 2,500 fans on Facebook with beef recipes, nutrition and cut information, as well as beef production information. The CBC shared recipes and discussed beef on Twitter, with more than 580 followers, including bloggers, chefs, grocery stores and parenting and recipe Web sites. The Lacey Family Ranch Blog gives consumers a glimpse into the everyday life of a Golden State rancher. The blog has 22 followers, including a Southern California chef, and has been viewed more than 400 times. Consumers connected with California ranchers through a YouTube video released by the

CBC. The video highlights a bay area ranching family and their environmental stewardship efforts.

A revamped CBC Web site gave consumers a better look into beef and the beef industry. Since the launch of the redesign in 2010, Web site traffic increased 235 percent compared to the older Web site.



Beef Quality Assurance

The CBC sponsored the Stockmanship & Stewardship Tour, an innovative seminar which uses live cattle demonstrations to inform cattlemen and dairymen about the importance and benefits of proper cattle handling and its critical role in increasing consumers' confidence in beef. Sessions were held at Escalon Livestock Market, Shasta Livestock Auction Yard and Tulare County Stockyards.

The CBC was a sponsor for the Western United Dairymen Convention. The CBC provided a speaker on the convention's main agenda and had a trade show booth. The trade show booth included an injection site-lesion display of the beef bottom round. Dairy beef quality assurance and beef checkoff resource materials were also distributed.

Fiscal Year 2010 Expenditures

Promotion	\$1,002,109
Consumer Information	\$130,937
Industry Information	\$74,625
Foreign Marketing	\$17,200
Producer Comm.	\$123,085
Nat'l Program Investment	\$40,000
Program Development	\$126,454
USDA Oversight	\$19,123
Administration	\$284,316

For more information about the CBC or information contained in the CBC Annual Report, please contact the CBC office at 916.925.BEEF (2333), e-mail askus@calbeef.org or visit www.CalBeef.org.

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California Beef Council
4640 Northgate Blvd., Suite 115
Sacramento, CA 95834
916.925.BEEF (2333)



California Beef Council 2010 Year in Review

RETAIL MARKETING AND OUTREACH Hispanic Marketing

Increasing beef demand among California's Hispanic consumers continued to be one of the highest ranked priorities for the California Beef Council (CBC) in 2010.

The CBC conducted Hispanic promotions that ran through the summer and fall months with eight Hispanic retail chains (Big Saver Foods, El Tapatio Markets, Gonzalez Northgate Markets, Payless Foods, R Ranch Markets, Superior Grocers, Super A Foods and Vallarta Supermarkets), representing 141 locations. The CBC Hispanic promotions included radio and television advertising in the Los Angeles area, in-store signage and promotional events at select stores where BBQ grills and beef gift certificates were awarded to winning customers. In addition, Chef Merito, a seasoning, spice and specialty food company, contributed \$25,000 towards the CBC's Hispanic campaign.

The CBC was able to negotiate free added-value elements to the Hispanic campaign that included a beef-themed promotional van, JumboTron advertising during a large community event, sponsorship of Family Movie Night on a popular Hispanic television station and text message and Web site marketing.

General Retail Marketing Partnerships and Outreach

The CBC continued to work with both small and large general market retailers during 2010. Promotions were conducted with six large retail chains representing approximately 1,500 store locations. In most retail promotions, the CBC sponsored radio advertising and consumer prizes, while the stores increased their beef features and provided measurable sales results for program evaluation. The CBC partnered with Albertsons, Food4Less/FoodsCo, FoodMaxx Maximum Discount Supermarkets, Ralphs Grocery Company, Save Mart Supermarkets and Smart & Final in 2010.

The promotion with Ralphs and their 260 locations ran for two weeks in November. The promotion included advertising on radio stations in the Los Angeles and San Diego media markets, as well as promotional events in select stores where beef-themed prize packs were awarded to winning customers. Ralphs increased their beef featuring in store circulars during the promotion. The promotion had an increase of more than 123,000 pounds of beef versus the same two weeks the prior year.

The CBC negotiated free advertorial space in Raley's/Bel Air/Nob Hill Foods' *Something Extra* consumer magazine in their fall issue. The advertorial highlighted a ranching family's environmental stewardship efforts and commitments as ranchers, as well as included a beef recipe. The magazine was displayed in the checkout line and was free for shoppers to take home.



The CBC held a free Webinar, an interactive online course, for the retail and foodservice sectors in California titled, "Drive Your Beef Sales with Consumer Trends Research." The Webinar focused on consumer trends both at the retail and foodservice levels and suggested ways to drive consumers' beef purchasing decisions based on the trends discussed. Checkoff-funded beef resources were also discussed with participants. By utilizing online technology, the CBC was able to cost-effectively reach out to industry stakeholders with beef information while participants were able to partake in the Webinar from their own desks.

FOODSERVICE MARKETING AND OUTREACH Foodservice Marketing Partnerships and Outreach

The CBC works with foodservice distributors and restaurant staff throughout California to place more beef items on menus and increase beef sales in restaurants and institutions.

The CBC completed a successful partnership with Chevys Fresh Mex's 48 restaurant locations in California as part of the company's "Culinary Spirit of Adventure Promotion" that ran for 13 weeks. The beef checkoff logo was placed on all menus for the duration of the promotion, while Chevys publicized the promotion with e-blasts, newspaper advertisements and direct mail free standing insert drops. Restaurant wait staff and management competed for incentive prizes sponsored by the CBC. Every week, the unit that had the highest percentage increase in beef pounds sold versus 2009 received VISA gift cards for the entire unit, courtesy of the CBC. For all 48 restaurant locations, the promotion had more than a 64 percent increase in beef pounds sold versus the prior year. In addition, the promotion resulted in more than a 20 percent increase in beef menu purchases over chicken menu purchases during the promotion.

In a foodservice distributor partnership, the CBC worked with Del Monte Meat Company, a Northern California foodservice distributor, for a six-week promotion. In order to participate, 34 Del Monte Meat Company restaurant customers had to include two new beef or veal menu items for six weeks without taking any permanent beef or veal items off of their menus. Wait staff competed for weekly incentive prizes, earned by selling beef or veal dishes, and the top three restaurants that showed the greatest increase in beef and veal pounds sold throughout the six-week period received VISA gift cards for their management and wait staff, compliments of the CBC. The promotion generated an increase of more than 22,600 pounds of beef and veal items sold versus pre-promotion sales figures.

The CBC placed an advertorial in *The Restaurant Standard* magazine to reach foodservice industry stakeholders. The advertorial featured a California rancher and highlighted the efficiency of the U.S. beef industry. The advertorial also listed free beef resources for the foodservice industry and directed readers to the checkoff-funded Explore Beef Web site to learn more about beef production.

ADVERTISING

A RECIPE FROM MY FAMILY TO YOURS

Beef is a versatile protein that can be used in a variety of ways. In this recipe, we use it to make a delicious and healthy meal for the whole family. The recipe is easy to follow and uses simple ingredients. It's a great way to introduce your family to the benefits of beef.



FILET WITH HORSERADISH CREAM

FILET WITH HORSERADISH CREAM
 1 lb. beef tenderloin
 1/2 cup butter
 1/4 cup horseradish
 1/4 cup cream
 1/4 cup onion
 1/4 cup garlic
 1/4 cup salt
 1/4 cup pepper
 1/4 cup olive oil
 1/4 cup vinegar
 1/4 cup mustard
 1/4 cup ketchup
 1/4 cup mayonnaise
 1/4 cup cheese
 1/4 cup nuts
 1/4 cup seeds
 1/4 cup herbs
 1/4 cup spices
 1/4 cup condiments
 1/4 cup beverages
 1/4 cup snacks
 1/4 cup toys
 1/4 cup clothing
 1/4 cup furniture
 1/4 cup electronics
 1/4 cup appliances
 1/4 cup vehicles
 1/4 cup real estate
 1/4 cup insurance
 1/4 cup legal
 1/4 cup medical
 1/4 cup education
 1/4 cup retirement
 1/4 cup estate planning
 1/4 cup tax
 1/4 cup accounting
 1/4 cup consulting
 1/4 cup marketing
 1/4 cup sales
 1/4 cup customer service
 1/4 cup human resources
 1/4 cup operations
 1/4 cup logistics
 1/4 cup supply chain
 1/4 cup manufacturing
 1/4 cup distribution
 1/4 cup retail
 1/4 cup food service
 1/4 cup hospitality
 1/4 cup entertainment
 1/4 cup media
 1/4 cup advertising
 1/4 cup public relations
 1/4 cup communications
 1/4 cup technology
 1/4 cup software
 1/4 cup hardware
 1/4 cup networking
 1/4 cup security
 1/4 cup compliance
 1/4 cup risk management
 1/4 cup crisis management
 1/4 cup disaster recovery
 1/4 cup business continuity
 1/4 cup sustainability
 1/4 cup social responsibility
 1/4 cup corporate governance
 1/4 cup ethics
 1/4 cup diversity
 1/4 cup inclusion
 1/4 cup employee engagement
 1/4 cup leadership
 1/4 cup management
 1/4 cup strategy
 1/4 cup vision
 1/4 cup mission
 1/4 cup values
 1/4 cup culture
 1/4 cup innovation
 1/4 cup growth
 1/4 cup success
 1/4 cup happiness
 1/4 cup well-being
 1/4 cup quality of life
 1/4 cup fulfillment
 1/4 cup purpose
 1/4 cup meaning
 1/4 cup joy
 1/4 cup love
 1/4 cup hope
 1/4 cup faith
 1/4 cup charity
 1/4 cup kindness
 1/4 cup compassion
 1/4 cup empathy
 1/4 cup understanding
 1/4 cup respect
 1/4 cup tolerance
 1/4 cup acceptance
 1/4 cup forgiveness
 1/4 cup reconciliation
 1/4 cup healing
 1/4 cup restoration
 1/4 cup redemption
 1/4 cup grace
 1/4 cup mercy
 1/4 cup kindness
 1/4 cup love
 1/4 cup peace
 1/4 cup harmony
 1/4 cup unity
 1/4 cup brotherhood
 1/4 cup sisterhood
 1/4 cup friendship
 1/4 cup community
 1/4 cup service
 1/4 cup stewardship
 1/4 cup leadership
 1/4 cup vision
 1/4 cup mission
 1/4 cup values
 1/4 cup culture
 1/4 cup innovation
 1/4 cup growth
 1/4 cup success
 1/4 cup happiness
 1/4 cup well-being
 1/4 cup fulfillment
 1/4 cup purpose
 1/4 cup meaning
 1/4 cup joy
 1/4 cup love
 1/4 cup hope
 1/4 cup faith
 1/4 cup charity
 1/4 cup kindness
 1/4 cup compassion
 1/4 cup empathy
 1/4 cup understanding
 1/4 cup respect
 1/4 cup tolerance
 1/4 cup acceptance
 1/4 cup forgiveness
 1/4 cup reconciliation
 1/4 cup healing
 1/4 cup restoration
 1/4 cup redemption
 1/4 cup grace
 1/4 cup mercy
 1/4 cup kindness
 1/4 cup love
 1/4 cup peace
 1/4 cup harmony
 1/4 cup unity
 1/4 cup brotherhood
 1/4 cup sisterhood
 1/4 cup friendship
 1/4 cup community
 1/4 cup service
 1/4 cup stewardship

MixingBowl.com, Taste of Home.com, Recipe.com and Better Homes & Gardens.com. The campaign's new From My Family to Yours print ads showcased real beef ranchers in 10 national publications, reaching some 25 million consumers with pro-family-farm, positive beef industry messages.

FOREIGN MARKETING



During the first nine months of FY 2010, U.S. beef exports (including variety meat) worldwide totaled 732,371 metric tons valued at \$2.63 billion – an increase of 9.5 percent in volume and 12 percent in value year-on-year. Perhaps the most important turnaround of all was the resurgence of U.S. beef in South Korea. In the first six months following launch of a major comprehensive imaging campaign funded by the beef checkoff, exports to Korea were up 96 percent in volume and 129 percent in value compared to the prior year.

VEAL MARKETING



The beef checkoff's veal "Go to Market Strategy" integrates consumer marketing and communications programs to help build demand for veal. By integrating veal promotions, increased sales were reported in retail and foodservice channels in FY 2010. The checkoff also shared the positive veal production story through veal issues management and quality assurance programs. The checkoff and state beef councils, along with veal partners, helped implement vealfoodservice.com; a veal Columbus Day promotion; and a veal farm tour program.

FOODSERVICE MARKETING

With about half of all beef sold in the U.S. moving through the foodservice channel, the checkoff's award-winning BEEFflexible trade advertising campaign kept beef top-of-mind as restaurants struggle through the economic recession. With reports of renewed optimism, the 2010 campaign opened with a focus on traditional middle meats. Steaks were featured at major industry events, such as the Multi-Unit FoodService Operators conference (MUFSSO) and during the National Restaurant Association's annual convention. Strong relationships with media yielded beef editorial features that netted a return on investment of more than \$2 million in ad equivalency, and partnership promotions with three national restaurant chains involved 2,137 units in 43 states.

ISSUES MANAGEMENT

In FY 2010, the checkoff distributed 42 FYIs – electronic updates that provide background, media coverage overviews and response recommendations and tools for state partners, producer leaders and beef industry stakeholders. The checkoff also coordinated submission of numerous letters-to-the-editor last year, including two published online in The New York Times. 2010 marked the fourth year IM worked with state partners on Earth Day to tell the "Everyday Environmentalist" story. Earth Day ads on Google (viewed by more than 300,000 people), social media posts on Facebook and Twitter and a viral e-mail delivered positive environmental messages online and drove consumer traffic to www.ExploreBeef.org, more than doubling daily sessions on the site.

NUTRITION INFLUENCERS

The nutrition influencer education program communicated the "power of protein" to health professionals in 2010 through a series of interactive Webinars, in partnership with 17 state beef councils. During the last six months of FY 2010, more than 1,000 registered dietitians participated in discussions about the power of protein and shared checkoff-funded electronic resources with their clients. Outreach included sending educational materials to nutrition thought leaders, illustrating protein's role in bone health and continuation of the popular Nutrition Seminar Program, which has conducted 39 sessions in partnership with state beef councils this year.

PUBLIC RELATIONS



The checkoff's state-national public relations partnership helped spread the good news about beef nationally, through materials including monthly media pitches and consumer and media fact sheets. The I Heart Beef program generated more than 96 million media impressions, and the checkoff's overall public relations program achieved more than 1.8 billion media impressions in FY 2010, including placements with Larry King Live, CBS Early Show and Parade. Through media relations and spokesperson training, beef producers had a voice in media dialogue about

U.S. beef production practices. The Masters of Beef Advocacy (MBA) grassroots network has grown to some 1,500 graduates in 43 states and the District of Columbia.

PRODUCER COMMUNICATIONS

Producer communications provided more than 25 million paid media opportunities for producers and importers to get to know their checkoff. This effort was supported through more than 5,000 news articles; video news releases aired on more than 600 stations; delivery of more than 100,000 newsletters; and participation in 15 industry trade shows. Online, viewers accessed more than 240,000 pages during 90,000 visits to www.MyBeefCheckoff.com and participated in more than 5,000 interactions on checkoff social-media sites.

RETAIL



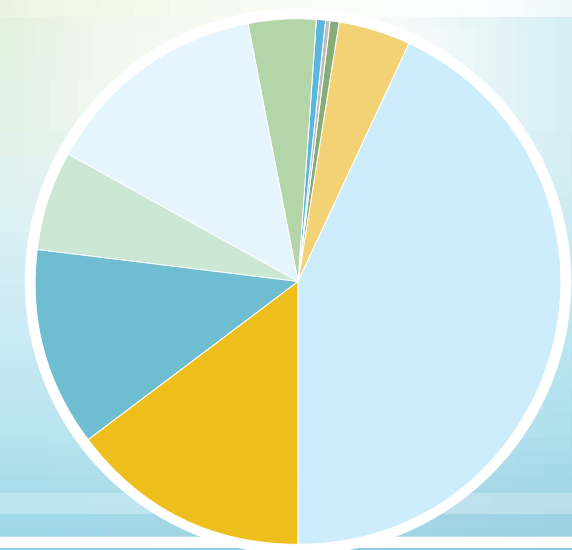
The retail team focused efforts on keeping beef top-of-mind with consumers as the weak economy continued to shape buying behavior. Many new retailers introduced checkoff-funded programs such as Beef Alternative Merchandising (BAM) and Slice and Save to help shoppers stretch their grocery dollars. Through partnerships with national packaged goods companies, more than 100 million coupons and rebates were issued in the retail channel to encourage consumers to buy beef and help keep it affordable. To help strengthen beef's position among Hispanic consumers, a retail pilot test using Spanish-language materials produced notable results: Participating locations achieved higher traffic at the meat case and significant sales volume increases during the test period.

RESEARCH, EDUCATION AND INNOVATION



The checkoff's REI team works in several areas that are important to insuring consumers have beef options that are delicious, nutritious and safe. The checkoff's product enhancement research studies muscle traits and characterization, muscle tenderness and yield, flavor and palatability, carcass trait genomics and new technologies that lead to better products. Meanwhile, beef safety research advances the knowledge of pathogens with a focus on E. coli O157:H7, Salmonella and non-O157 E. coli while tracking other pathogens, and promotes industry-wide cooperation to address safety threats. Human nutrition research provides scientific evidence showing how lean beef's high-quality protein and essential nutrients help Americans get important nutrients, improve cholesterol, manage diabetes, and maintain bone health and muscle mass. The culinary innovations team puts it all into practice. In FY 2010, the team conducted applied grill cookery research on 60 grilling cuts; developed and tested more than 100 new recipes; and participated in 42 state beef council/industry meetings to showcase new beef recipes. In FY2010, the Beef Innovations Group (BIG) focused on creating six new round cuts and several new processing applications and launched eight new beef convenient products, while the Beef Quality Assurance team provided cattlemen numerous instructional videos on topics such as antibiotics or cattle handling, to demonstrate the importance of BQA certification for producers.

Cattlemen's Beef Board



Fiscal Year 2009 Expenditures*
 Does not include State Beef Council Investments

Promotion	\$17,363,247
Research	\$6,005,414
Consumer Info	\$4,865,392
Industry Info	\$2,496,023
Foreign Marketing	\$5,541,045
Producer Comm	\$1,663,035
Program Evaluation	\$308,614
Program Development	\$87,409
USDA Oversight	\$236,993
Administration	\$1,697,912

*2010 unaudited financials available by December 2010