

for immediate release **NEWS**

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Record high-quality beef supply

Certified Angus Beef brand starts year with strong sales

A trend toward more Angus genetic influence in U.S. cattle, along with higher quality grades have led to a series of strong growth months for the *Certified Angus Beef*® (CAB®) brand. The 32-year-old company, a not-for-profit subsidiary of the American Angus Association, reported sales volume significantly higher than expected over the past six months.

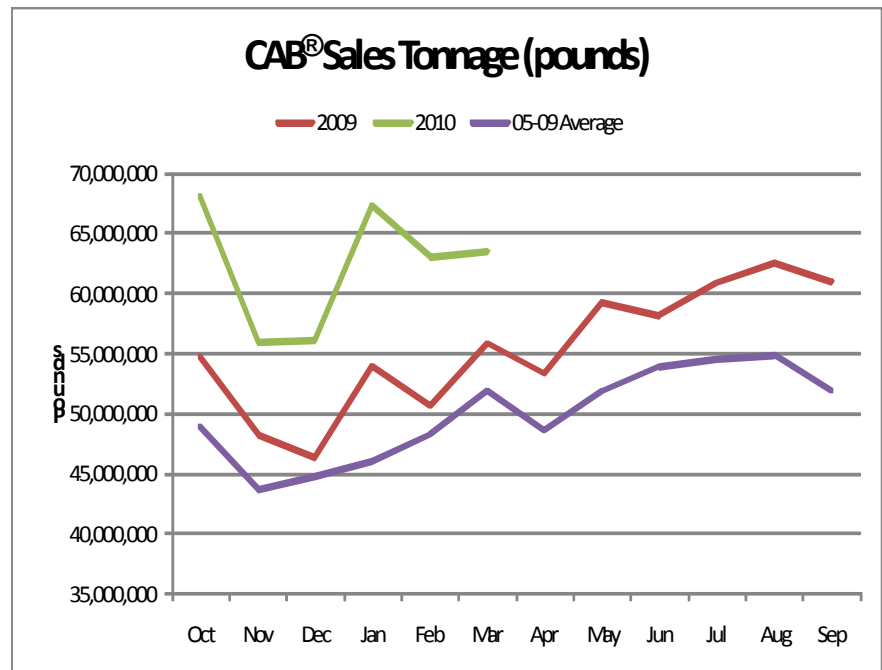
Senior Vice President Brent Eichar said the brand is “fortunate to have the supply to meet expanding demand, thanks first of all to our licensed packers.” He noted that February began with a record 66% of the harvest mix being Angus-influenced cattle. That helps explain why three weeks in February each saw more than 70,000 cattle qualifying for the brand, an increase of nearly 45,000 head over the same weeks in 2009.

For the first six months of the CAB fiscal year that began last Oct. 1, supplies for the brand are up sharply, met with record sales that average nearly 21% higher than the previous year (see chart).

Four of those six months lead the list of historically high sales volume.

Could the burgeoning supply have come at a better time? Not really. “The economy posed some

problems, but presented just as many opportunities,” Eichar said. “As foodservice and international sales began to show modest signs of recovery from the economic recession, we saw retail sales explode. Our licensed retailers capitalized on the opportunity to offer consumers a high-quality steak at a very good value.”



Such retail demand flies in the face of some economic analysts, but they may be overlooking a key point. “Consumers place a great deal of importance not only on price but on quality when it comes to their beef selection,” Eichar said. “If they’re not spending \$100 to eat out, they may be willing to spend an extra \$2 to upgrade their Choice steak to CAB.”

The company’s packing director, Clint Walenciak, sees no worries about supply in the near term. “We will continue to have plenty of cattle qualifying for the brand, presenting a tremendous opportunity to bring on new sources of demand for the brand that once had supply concerns. Even if the quality grades start to falter, the relatively greater share of Angus-influence cattle and total harvest level are favorable to our supply,” he said.

“We are in a strong position for sales growth,” Eichar agreed. “We have the supply to support aggressive marketing and featuring at the retail and foodservice levels. This fiscal year alone, we’re seeing as much as a 30% increase in steak sales by our licensed foodservice distributors because they have the confidence to promote the business. This is also an opportunity to allow more customers and consumers to experience what the Certified Angus Beef brand is all about.”

As the summer approaches, monthly numbers will be competing against last year’s records. However, Walenciak and Eichar said sales volume could finish the year up 12% to 15%. At the upper range, that’s a 100-million-pound increase over the 663 million in 2009.

“Clearly, consumers want high quality product and recognize the value proposition our brand represents, even though they may be pinching pennies in other categories,” Eichar said.

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