Adding Value to Meat Through Further Processing

J. Brad Morgan
“I get really tired of him blowing his own horn all the time!”
PERFORMANCE Brands Drive Margin and Sales

- Broad array of products, wide variety of customers
- Independent restaurants, institutions & local franchise chain locations
- Comprehensive portfolio of branded and private label products
- Expertise in Italian category
- National distribution network
- Highly competitive and fragmented market
- Organizing the supply chain to create mutually beneficial relationships

Current Brands of Distinction
Top 10 List of Braveheart Angus Beef Attributes
PROGRESSIVE BEEF™
Offer a beef product that delivers on consumer values.

When asked, 45% of consumers say they would likely seek a grocery store carrying beef produced using a verified program.¹

Beef consumers are shopping with a conscience. They want to know their beef is:

1. Safe
2. Raised according to animal care standards
3. Sustainable

You can meet their demands. Progressive Beef™ is the most comprehensive farm-to-fork quality assurance program to help deliver safe and wholesome beef.² Established standard operating procedures (SOPs) are used to help ensure food safety, animal welfare and sustainability. In fact, these three consumer concerns are the three pillars of Progressive Beef.

Find out how this verified program offers advantages for every step of the beef supply chain.
STANDARD OPERATING PROCEDURES

SOP’s AREA OF FOCUS

SOP’s AREA OF FOCUS

Cattle Care

Quality Control

Sustainability

PROGRESSIVE BEEF SOP PLATFORM

Quality Control SOP’s

Feed Related 9
Cattle Handling 6
Product Use 6
Misc. 6
Total 27

Sustainability SOP’s

Environment 1
Societal 1
Operational Efficiencies 1
Total 3

Cattle Care SOP’s

Persuasion Devices
Castration ✓
Tipping of Dehorning ✓
Branding ✓
Aborting Heifers ✓
Calving ✓
Equipment
Feed & Water
Transportation
Stress Management ✓
Non-Ambulatory
Euthanasia ✓
Cattle Handling
Total 13

☑️: Require sign-off by feedlot consulting veterinarian
'I think using animals for food is an ethical thing to do, but we've got to do it right. We've got to give those animals a decent life and we've got to give them a painless death. We owe the animal respect.'

Temple Grandin
Braveheart is based on creating products that motivate customers to pay higher prices than they pay for commodity beef and then sharing those premiums with all supply chain partners.
Better Yields also help to establish trust
FY 2014 U.S. Product Mix

• Prime, Choice and Select account for 96% of our current production—the remainder is No Roll at 4%

• The depiction below represents the minimum marbling lines

Prime
- Moderately Abundant
- Slightly Abundant

Choice
- High Choice: Moderately Abundant
- Average Choice: Modest
- Low Choice: Small 50

Select
- Small
- Slight

Certified Angus Beef®, Sterling Silver®, Ranchers Registry® and Black Angus Beef® logos are shown.
WE WANT TENDER BEEF!
WE WANT TENDER BEEF!
Methodology

- SSF was measured using a flat, blunt-end blade mounted on an Instron Universal Testing Machine.
# Managing Genetic Inputs

## TABLE 1.

Comparison of carcass quality and beef tenderness characteristics for eight of the most widely used cattle breeds in U.S. production systems

<table>
<thead>
<tr>
<th>Breed</th>
<th>Type</th>
<th>Marbling score</th>
<th>% Choice &amp; higher</th>
<th>Shear force, kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angus</td>
<td>Bos taurus/British</td>
<td>SM(^{88})</td>
<td>88</td>
<td>4.0</td>
</tr>
<tr>
<td>Hereford</td>
<td>Bos taurus/British</td>
<td>SM(^{26})</td>
<td>65</td>
<td>4.1</td>
</tr>
<tr>
<td>Red Angus</td>
<td>Bos taurus/British</td>
<td>SM(^{90})</td>
<td>90</td>
<td>4.1</td>
</tr>
<tr>
<td>Charolais</td>
<td>Bos taurus/Continental</td>
<td>SM(^{17})</td>
<td>62</td>
<td>4.3</td>
</tr>
<tr>
<td>Gelbvieh</td>
<td>Bos taurus/Continental</td>
<td>SM(^{06})</td>
<td>58</td>
<td>4.5</td>
</tr>
<tr>
<td>Limousin</td>
<td>Bos taurus/Continental</td>
<td>SM(^{04})</td>
<td>57</td>
<td>4.3</td>
</tr>
<tr>
<td>Simmental</td>
<td>Bos taurus/Continental</td>
<td>SM(^{27})</td>
<td>66</td>
<td>4.3</td>
</tr>
<tr>
<td>Brahman</td>
<td>Bos indicus/Zebu</td>
<td>SL(^{73})</td>
<td>30</td>
<td>5.9</td>
</tr>
</tbody>
</table>

### Weaknesses Of The U.S. Beef Industry

<table>
<thead>
<tr>
<th>Category</th>
<th>Retailers</th>
<th>Foodservice</th>
<th>Packers</th>
<th>Feeders</th>
<th>Government &amp; Allied Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not telling our story</td>
<td>Cost</td>
<td>Variability</td>
<td>Not telling our story</td>
<td>Too fragmented</td>
<td></td>
</tr>
<tr>
<td>More concerned with exporting product than keeping it domestic</td>
<td>Marketing</td>
<td>Food safety</td>
<td>Consumer perception</td>
<td>Not telling our story to improve image</td>
<td></td>
</tr>
<tr>
<td>Food safety</td>
<td>Too fragmented</td>
<td>Too fragmented/Not transparent (tie)</td>
<td>Too fragmented</td>
<td>Lack of education &amp; knowledge about our industry</td>
<td></td>
</tr>
</tbody>
</table>

1 Based on the number of times that each characteristic was mentioned as a response to the question.
Performance Foodservice is proud to partner with BMG in creating a brand that is helping to re-define what high quality beef means.

IT IS ALL ABOUT ESTABLISHING TRUST!
Performance Foodservice’s Success with Braveheart is Changing the U.S. Beef Industry
THE Story

FEARLESS Commitment to Quality
Performance Foodservice Branded Pork Programs

May 2015
Midwest Produced

Single Producer

Single Packer
North America's most widely used terminal boar line. Surprised? Don't be.

Did you figure the leading boar was from the company that rolls out line after line? Truth is, the top boar isn't the result of acquisitions or crossing lines – it's the product of rigorous, continuous improvement. It's the Line 600 Duroc from DNA Genetics. And from now on, that should surprise no one.

DNA Genetics Line 241 F1
Sustainable Targets
“Where Local Meets Affordable”

Local Corn
Local Feed Mills
Local Pork Plant
Direct Shipment
• “Allegiance” lean color requirement: minimum score of 3
• “West Creek” lean color requirement: minimum score of 2
• “Allegiance” marbling requirement: minimum score of 2
• “West Creek” marbling requirement: minimum score of 1
Fat Trim Requirements

1/8” maximum

1/4” maximum
Swine Handling Requirements

- Handling affects pork quality
- Minimal stress of hog and people
- National Pork Board PQA PLUS
- Animal handling & welfare training farm/truck/plant
- Use only Certified Quality Truckers™
- Trained employees to load and unload hogs
- Eliminate electric probes at farm/plant
- Rest hogs at plant
- Third party audits at farm/plant
PATHPROVEN
FOOD TRACE TECHNOLOGY
"THE STORY"

WEST CREEK

COMMODITY PORK

Top 25%

Top 40%
<table>
<thead>
<tr>
<th>ITEM</th>
<th>Allegiance</th>
<th>West Creek</th>
<th>Commodity Pork</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Source Midwest Farm</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Corn Purchased Directly From Local Farmers</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Duroc Terminal Sires Used With Landrace Females</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Pigs Raised ≤ 100 Miles From Packing Partner</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Single Packing Partner Facility</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Professional Animal Handers/Haulers Used</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Third Party Animal Welfare Audits Conducted</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Perfromance PathProven® Utilized</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Minimum Lean Color/Marbling Levels</td>
<td>3/2</td>
<td>2/1</td>
<td>Unknown</td>
</tr>
<tr>
<td>Fat Trim Requirement</td>
<td>1/8”</td>
<td>¼”</td>
<td>Unknown</td>
</tr>
<tr>
<td>Exclusively Offered by</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
Lean Color Score: 3.5
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