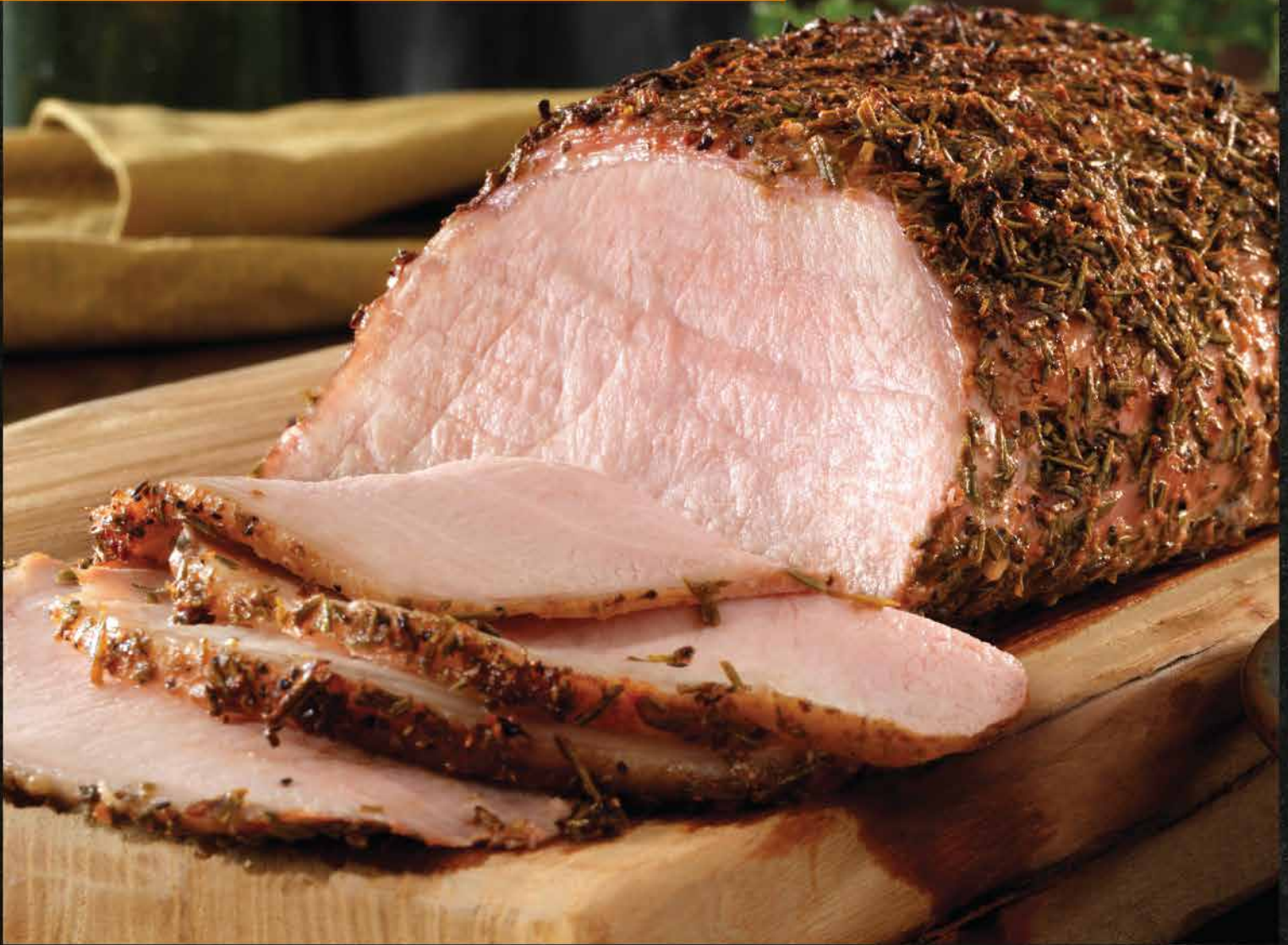


2018

By the Numbers

Pork Checkoff Annual Report

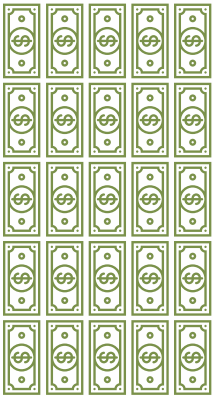


U.S. Pig Farmers Receive 25-to-1 Return on Pork Checkoff Investment

\$1 Invested



Returns \$25 in Value



Source: 2017 study conducted by Harry Kaiser, Cornell University.

A Letter from Your President

My fellow pork producers:

Welcome to the *2018 Annual Report*. I hope the brief words on the following pages serve as a proud reminder of how the Pork Checkoff delivers value to us as pig farmers every day.

Looking back, 2018 was a busy year. I always enjoy taking a moment to reflect not only on where we have been, but also to look at where we are headed. I have learned that our Pork Checkoff is strong and its mission as the catalyst to unite pig farmers with key stakeholders through research, promotion and education has never been more important.

The past year has been tumultuous – from growing U.S. pork production to balancing pressures in the global marketplace and to preparing for a potential foreign animal disease. But our Pork Checkoff has been invested in projects that make a difference and has been successful by enabling nimble, responsive and resilient problem-solving for the U.S. pork industry.

Today, we are unified as an industry and have a clear vision of where we are headed. We have redefined the marketplace through important work in consumer and channel research and through a commitment to elevate international marketing. The result? Demand for U.S. pork has never been stronger.

Our commitment to innovation as pig farmers also is demonstrated through an ongoing focus on the six We CareSM ethical principles. Those values, defined more than a decade ago, continue to drive our work and will become even more important in the year ahead.

Please read on to learn more about the progress we've made in sharing our industry values with others. Our focus on growing pork demand is demonstrated through a relentless drive to build consumer trust and to share our sustainable production stories.

The Pork Checkoff's 15 volunteer producer board members are at your service and are ready to answer your questions. You can find our contact information on pork.org, or reach out to the Pork Checkoff Service Center at (800) 456-7675.

Your investment makes our mutual success possible.

Thank you,

Steve Rommereim
President, National Pork Board
Pork producer, Alcester, South Dakota



Charlotte and Steve Rommereim

2018-2019 National Pork Board of Directors



Jan Archer
Goldsboro, North Carolina



Gary Asay
Osco, Illinois



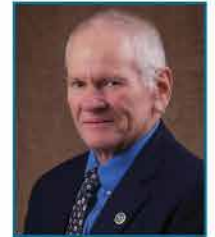
Deb Ballance
Fremont, North Carolina



Rich Deaton
New Madison, Ohio



Todd Erickson
Northwood, North Dakota



Pat FitzSimmons
Dassel, Minnesota



Heather Hill
Greenfield, Indiana



Gene Noem
Ames, Iowa



Alicia Pedemonti
Hopkinton, New Hampshire



Scott Phillips
Drexel, Missouri



Bill Tentinger
LeMars, Iowa



President
Steven Rommereim
Alcester, South Dakota



Vice President
David Newman
Jonesboro, Arkansas



Treasurer
Michael Skahill
Williamsburg, Virginia



Immediate Past President
Terry O'Neel
Friend, Nebraska

Vision

The National Pork Board will elevate U.S. pork as the global protein of choice by continuously and collaboratively working to do what's right for people, pigs and the planet.

Mission Statement

The National Pork Board is the catalyst that unites pork producers with key stakeholders focused on building a bright future for the pork industry through research, promotion and education.



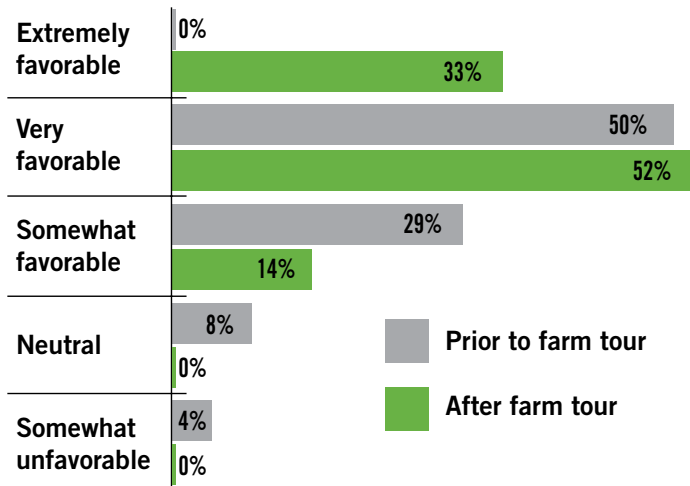
Build Consumer Trust

Dietitian Outreach

Pork Checkoff events in 2018 changed how registered dietitians view and talk about pork with their clients.

- **FoodFluence 2018** – The Checkoff sponsored the invitation-only food and nutrition thought-leadership conference for 32 registered dietitians who have broad reach to consumers through publications and social media.
- **Food and Nutrition Conference/Expo** – Nearly 11,000 registered dietitians attended the annual Washington, D.C., Academy of Nutrition and Dietetics gathering. The Checkoff provided virtual-reality pig farm tours.
- **Registered Dietitian Summit** – The Checkoff showcased pork nutrition research, highlighted the versatility of lean pork cuts and answered questions about raising pigs. The event provided dietitians with accurate information to share with Latino consumers who enjoy pork but who have health concerns about it.
- **Farm tours** – The Checkoff hosted 26 influential registered dietitians on one of three farm tours. The two-day events in Oklahoma (Hanor Farms), North Carolina (Smithfield Hog Production) and Iowa (Iowa Select Farms) were held with state pork associations, the farms and the National Pork Producers Council.

Generally speaking, what is your opinion about the country's livestock farming?



Growing Grassroots Program Shares Pork's Story



1,450 trained OMS speakers – from 48 states and including 133 veterinarians – have volunteered a total of 61,700 hours to tell pork's story since the program's debut in 2004.

37% of 2018 presentations reached veterinarians, pre-vet students, culinary schools, foodservice, grocery and dietetic associations, chefs and other influencers.

36 million U.S. consumers have heard positive messages about pig farming and pork through media outreach generated by the 9,912 OMS speeches that have been given to date.

2.7 Billion... and growing

With 2.7 billion world-wide active social media accounts, online conversations are only growing, including comments about the food people eat and how it is raised. The Checkoff's social media outreach program, **#RealPigFarming**, continued to connect consumers with pig farmers in 2018 through stories that highlighted farmers' commitment to We CareSM.

Since 2014...



75,000+
positive,
public posts



112,000
people read
RealPigFarming.com
blog posts

Celebrating 10 Years

In 2018, the pork industry celebrated the **10th anniversary of the We CareSM** initiative and pig farmers' commitment to its six ethical principles. A task force guided the National Pork Board and the National Pork Producers Council boards of directors in advancing the industry's efforts to do what's best for people, pigs and the planet.



Army of Advocates



Pat Bane Named 2018 America's Pig Farmer of the YearSM

The annual award honors a pig farmer who excels at raising pigs by following the We Care ethical principles. Serving through the coming fall, the Arrowsmith, Illinois, pork producer is connecting with audiences nationwide to share farmers' focus on continuous improvement. In 2018, he also was a guest of American Humane and addressed the Congressional Humane Table Hill Event in Washington, D.C.

Pig Farmers of Tomorrow Honors Future Leaders

In 2018, Emma Lasco, Smithfield Foods Midwest Hog Production, Roland, Iowa; Adam Krause, K&K Farms, Clear Lake, South Dakota; and Christine Snowden, AMVC Management Services, Audubon, Iowa, were named Pig Farmers of Tomorrow. They participated in industry events and spoke up for pork through the Checkoff's **#RealPigFarming** social media program.



Gene Editing Farm Perspective

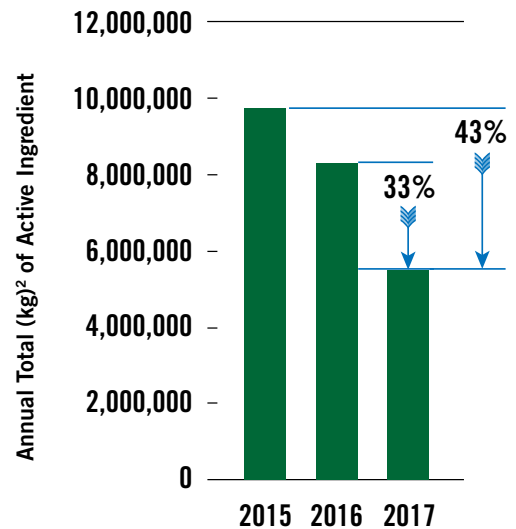
Producer Randy Spronk, Edgerton, Minnesota, represented the farm perspective during an ethics discussion at the second annual CRISPRcon, a gene-editing forum. The National Pork Board and the National Pork Producers Council were among the event sponsors, which also included academics from the Broad Institute of MIT and Harvard, as well as the McGovern Institute for Brain Research at MIT.



43 Percent Less Antibiotics

U.S. pig farmers and their veterinarians remain focused on responsible antibiotic use, including reduced use of medically important antibiotics. The U.S. Food and Drug Administration's 2018 *Annual Summary Report on Antimicrobials Sold or Distributed for Use in Food-Producing Animals* cited 2017 data that showed a **33 percent decline** in the use of the most critical class of antibiotics intended for use in the production of food animals. Since 2015, use is down **43 percent**.

Domestic Sales and Distribution of Medically Important Antibiotic Drugs



Data Source: US FDA, 2018

Antibiotic* sales from food animals dropped 33 percent from 2016 to 2017, and 43 percent from 2015 to 2017. This is the largest decline since records began in 2009.

*medically important



Drive Sustainable Production

Pork, Corn and Beans

The Pork Board signed a memorandum of understanding with the United Soybean Board and the National Corn Growers Association to collaborate on sustainability research. Topics will include carbon (greenhouse gases), water use, land use, water quality and soil health.



55 Years of Improvement

A 2018 study from the University of Arkansas confirmed that U.S. pig farmers are producing a product that has become increasingly more sustainable over the past five decades. The 2018 study, *A Retrospective Assessment of U.S. Pork Production: 1960 to 2015*, showed producers are committed to doing what's best for people, pigs and the planet using the We CareSM ethical principles.

Based on a per pound of live weight pig produced, during the last five decades pork producers have:

Reduced land use
75.9%

Reduced energy use
7.0%

Reduced water use
25.1%

Reduced the carbon footprint (GWP)
7.7%

For more information, go to pork.org/sustainability.

Sharing Ideas

At the 2018 **Pork Management Conference**, attendees learned about business trends and challenges facing the today's U.S. pork industry and shared ideas.



57,400 Youth

At year's end, more than **57,400 youth** from 40 states were certified in Youth for the Quality Care of Animals (YQCA). The Pork Board helped launch the program in 2017. Last year, the Pork Checkoff worked to improve its Pork Quality Assurance[®] Plus program. Look for an updated version in 2019.



Focus on Safety

The Checkoff added **four** training modules to its **Safe Pig Handling** resources to help reduce workplace injuries. New topics include group housing, breeding/heat-checking, boar studs/ semen collection and vaccination/treating. The Pork Checkoff also hosted safety professionals at its Safety Summit to get feedback on Pork Checkoff safety tools and resources.



29 States

Pork Checkoff staff met with **29 state pork associations** last year to get feedback on Checkoff resources and on interaction with the associations. The meetings identified priorities, such as streamlining cost-share programs and collaborating on labor issues.

\$1 Million Matched

In 2018, the Pork Checkoff invested **\$1 million** in research to improve pig health, welfare and productivity in addition to other ongoing research. The Foundation for Food and Agriculture Research also provided **\$1 million** in matching funds. The research will be conducted by a consortium of 16 university researchers from Iowa State, Kansas State and Purdue over the next five years.

\$6.7 Million

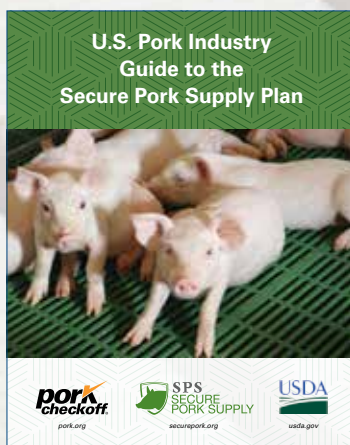
In 2018, the Checkoff funded 67 production science projects totaling **\$6.7 million** to provide on-farm solutions and other key production research to benefit America's pig farmers.

Advances in PRRS Control

The Pork Checkoff continued to monitor the impact of **Porcine Reproductive and Respiratory Syndrome (PRRS)**. The combined efforts of pork producers and veterinarians to manage PRRS have reduced the net value of annual productivity losses to \$525 million. This is down \$138 million, or 20.8 percent, compared with \$664 million estimated in a 2010 Pork Checkoff study.

Secure Pork Supply

The Pork Checkoff moved ahead on foreign animal disease (FAD) preparedness and development of the **Secure Pork Supply (SPS)** plan through work with a range of industry partners. In the event of a FAD, the SPS plan will enhance communication and coordination, accelerate a successful FAD response and help restore business continuity quickly. Enrollment will begin in 2019. For more information, go to securepork.org.



African Swine Fever Update

The Pork Checkoff prepared for the possibility of an **African swine fever (ASF)** outbreak and focused on prevention. With the National Pork Producers Council, the American Association of Swine Veterinarians, the Swine Health Information Center and USDA, the Pork Checkoff worked to inform, educate and motivate industry members to prevent ASF from entering the United States.



To subscribe, email mail@pork.org.



Grow Consumer Demand

Google-Powered Pork

With U.S. consumers checking their smartphones an average of 150 times daily, the Pork Checkoff moved away from traditional ad buys and invested in market-driven analytics. In a significant marketing move, the Pork Checkoff partnered with Google to fine-tune pork's ability to effectively reach online consumers. The marketing strategy capitalized on the digital revolution that has transformed how people decide what to eat and feed their families.



The National Pork Board toured Google in Seattle.

YouTube Amplifies 145° F Cooking Temp

The Pork Checkoff partnered with **FameBit**, a Google-owned marketing platform that connects brands with YouTube creators and opinion influencers.

Five Campaigns

The Checkoff executed **five campaigns** with FameBit, leveraging the credibility of YouTube creators to amplify the endpoint cooking temperature of pork. Across these campaigns, the Checkoff also:

- Worked with **Weber grills** to provide influencers iGrill thermometers.
- Partnered with **Costco** and **Sam's Club** on two separate campaigns during National Pork Month.
- Drove traffic to **Walmart** in-store and online during the holidays.



14.5 Million Views

The Pork Checkoff teamed with YouTube stars on 46 videos to showcase pork. In total, 10.5 million people viewed the videos **14.5 million** times.

80.5 Million Minutes

Americans spent a total of **80.5 million** minutes viewing the 46 YouTube videos, which is the equivalent of watching 391,000 college football games. The videos generated 433,000 engagements and a 46:1 like-to-dislike ratio, proving consumers support content from their favorite creators.



Binging with Babish

Binging with Babish, a YouTube cooking channel with more than 3 million subscribers, created two videos for the Checkoff. One of the videos trended on YouTube, meaning that out of all of the videos on YouTube, it was one of the most popular at the time.

Leveraging Credibility

Research shows that **40 percent** of YouTube subscribers say that the creators they follow understand them better than their friends do. This presents a powerful opportunity to amplify the Pork Checkoff's messages.



Engaging Chefs

At the **2018 Pork Summit**, 28 leading chefs learned why pork is a preferred and profitable foodservice protein. The Iowa Pork Producers Association assisted with the three-day Iowa event and simultaneously held a Midwest Pork Summit. The chefs became pork advocates through food science, butchering and preparation presentations, as well as participating in a barn tour and a barbecue clinic. Teams of chefs created 40 pork dishes and recipes, which are being featured in restaurant publications and online via Yummlly.com.

Pork Three Ways

The Checkoff worked with Subway® franchise owners to showcase **BBQ Rib, Pulled Pork Crunch and Cubano sandwiches** during an eight-week campaign. About 5,000 locations, or roughly 20 percent of all U.S. Subway stores, featured one or more of the sandwiches. The promotion included high-population markets in the East and the South.



Grill It Like a Steak

The Checkoff worked with 1,950 Ahold Delhaize stores to create *Grill It Like a Steak* promotions focused on proper end-point cooking temperature.

- **Giant, Giant Martin, and Stop & Shop** – The 145° F end-point temperature message appeared on new package labels at 752 stores.

- **Food Lion** – The 1,028 participating stores each ran a 40-second video, highlighting how to bake pork chops correctly 33,300 times, or more than 4 million times chain-wide. Also, when shoppers scanned their MVP cards at in-store savings center kiosks, they viewed a five-second cooking temperature video as the recipe for baked pork chops printed out.

- **Hannaford** – To provide value to customers, the Checkoff provided all 181 Hannaford stores with 1,000 *Grill It Like a Steak* package stickers to apply on their fresh pork items.



Ahold
Delhaize



Spotlight on Pork

The Checkoff showcased pig production and pork as the official pork sponsor of the 2018 **South Beach Wine and Food Festival** in Miami. With virtual-reality goggles, the Pork Board and the U.S. Farmers & Ranchers Alliance staged a virtual pig farm tour for consumers, media and foodie influencers. Illinois pig farmer Julie Maschoff served as a judge at the annual Swine, Wine & Spirits pork competition.



Dinner 9 Ways

In 2018, the Pork Checkoff finalized its *Dinner at Home in America* research, which uncovered nine dining occasions after analyzing data from thousands of shoppers.



Moving into C-Stores

The Pork Checkoff worked with **convenience stores, or C-stores**, to build pork sales. From fully cooked ribs to boneless chops, pork has huge growth potential in the nation's 155,000 C-stores, where food now drives 40 to 60 percent of gross profits.



Elevate U.S. Pork Exports



World Meat Congress

At the 22nd **World Meat Congress**, 700 key pork, beef, lamb and veal stakeholders from more than 30 countries converged on Dallas, Texas. It was the first time that the conference, held every two years, had taken place in the United States in over 20 years. Valuable contacts made by U.S. pork industry leaders who attended will help grow exports in the months and years to come.



New Opportunities

In 2018, the National Pork Board worked with its strategic partners, including the National Pork Producers Council and U.S. Meat Export Federation, to **elevate international marketing**. The Pork Checkoff diversified its export market opportunities with trade missions to emerging markets in Latin and South America, South Korea, Singapore, Japan and Vietnam. The Checkoff built meaningful relationships with buyers and food influencers while gathering critical intelligence to guide future marketing efforts.



Pork 2040

The National Pork Board, the U.S. Meat Export Federation and USDA launched the **Pork 2040 Global Consumer Insights Study**. In its entirety, Pork 2040 will focus on seven developed and emerging markets aimed at providing the industry with a deeper, more holistic view of current and future opportunities and challenges facing U.S. pork exports. The markets in China, the Philippines, Vietnam, South Africa, Mexico, Nigeria and India will be studied, with the China portion of Pork 2040 completed first.

VALUE PER HEAD OF EXPORTS



2018 Performance (through November)

Top 7 Markets by Volume (in thousands of metric tons)

1. Mexico	717.6	-1%
2. Japan	364.1	+1%
3. China/HK	324.6	-29%
4. S. Korea	216.9	+41%
5. Canada	186.6	-2%
6. Colombia	85.0	+34%
7. Australia	70.2	+12%

Top 7 Markets by Value (in millions USD)

1. Japan	1,502.5	+1%
2. Mexico	1,216.7	-11%
3. China/HK	790.2	-19%
4. Canada	694.6	-4%
5. S. Korea	603.8	+44%
6. Australia	201.4	+10%
7. Colombia	190.5	+27%

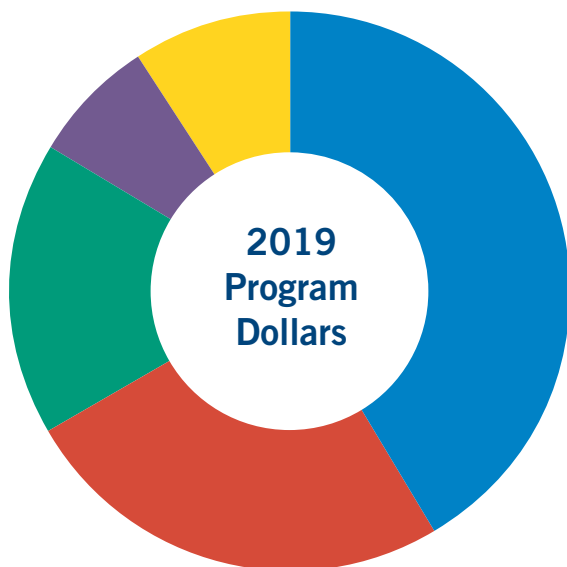
Source: 2018 YTD USMEF Report

Revenue and Expenditures

During 2018, pork producers invested 40 cents for each \$100 in value in hogs sold from January through December. The National Pork Board ended 2018 with revenues of \$77.1 million, total spending of \$74.3 million and a surplus of \$2.8 million.

The National Pork Board allocates Pork Checkoff funds according to producer priorities determined through various methods. In 2018, 63 percent of Checkoff programs were allocated for national promotion programs, 28 percent for national research and education programs and 9 percent for national consumer information programs.

The Pork Act mandates that a percentage of the Checkoff funds collected annually be returned to state pork producer associations for use in their own promotion, research and consumer information programs. The Pork Act delegate body determines the percentage of funds returned to each state. In 2018, Pork Checkoff funding collectively represented about 20 percent of all market deductions.



Category	Amount
Domestic Marketing	\$16,692,093
International Marketing	\$9,896,000
Science and Technology	\$6,993,152
Communications	\$2,890,500
Producer Services	\$3,820,500
Total	\$40,292,245

Balance Sheet

ASSETS

	Unaudited 2017 (000)	Unaudited 2018 (000)
Cash and Short-Term Investments	\$40,402	\$44,597
Accounts Receivable/Other Assets	1,080	936
CURRENT ASSETS	41,482	45,533
Non-current Assets	37,316	2,553
TOTAL ASSETS	\$78,798	\$48,086

LIABILITIES

Accounts Payable	\$11,676	\$9,164
Research Grants Payable	5,525	6,827
Long-Term - Pork Trademarks	16,310	-
TOTAL LIABILITIES	33,511	15,991

Reserve Balance

Designated	1,500	-
Undesignated	43,787	32,095
TOTAL FUND BALANCE	45,287	32,095
TOTAL LIABILITIES AND FUND BALANCE	\$78,798	\$48,086

Statement of Revenues and Expenses

REVENUE

	Unaudited 2017 (000)	Unaudited 2018 (000)*
Market Deductions	\$74,053	\$72,926
Other: Program Income, Interest, etc.	2,395	4,147
TOTAL REVENUE	76,448	77,073

EXPENSES

Domestic Marketing and International Marketing	26,304	27,572
Science and Technology	10,135	14,275
Communications	4,058	4,684
Shareholder Outreach	4,197	5,200
Policy and Management	6,959	7,761
State Funding/PASLWOCO (pigs across state lines without change of ownership)	14,764	14,549
Interest Expense	1,277	250
TOTAL EXPENSES	67,694	74,291
TOTAL (DEFICIT) SURPLUS FOR PERIOD	\$8,754	\$2,782

* Excludes Non-Operating Asset Intangible Loss of \$15,973,505

2019 National Pork Checkoff Budget Expense Summary*

Demand Programming	1.1	
Social Responsibility	1.8	
Market Intelligence	9.7	
Channel Marketing	6.9	
Foreign Market Development	10.4	
Environment	0.5	
Swine Health	3.8	
Animal Science	1.3	
Animal Welfare	1.0	
Nutrition	0.8	
Pork Safety and Public Health	2.0	
Education Services	0.9	
Communications	4.9	
Producer and State Relations	5.1	
Support Services	4.4	
Administration	2.8	
Management Oversight	1.7	
TOTAL:		\$59.1 Million

*In millions





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This message funded by America's Pork Checkoff Program.