

March 15, 2018

Dear Unitholder,

U.S. Premium Beef's (USPB) financial results improved in fiscal year 2017 as compared to the prior fiscal year. For fiscal year 2017, which ended December 30, 2017, USPB recorded net income of \$57.5 million compared to net income of \$46.4 million for the prior year, an improvement of approximately \$11.1 million. The improvement in income was the direct result of how well National Beef performed in 2017. The combined effects of increased margins per head and an increase in the number of cattle processed drove National Beef's profitability to a record high level of \$405.1 million, a substantial increase over the \$326.9 million of net income recognized in 2016.


In addition to net income discussed above, USPB also had taxable income of \$55.6 million for the year. The 2017 K-1's were either mailed or emailed the week of Feb 19. Approximately 50% of USPB members have now elected to receive their K-1's by email. If you have not signed up for receiving your K-1 by email, please consider doing so.

Record earnings in fiscal year 2017 enabled USPB to make distributions to its members in January and February 2018. In total, USPB distributed \$53.1 million, or \$70.46 per combined Class A and Class B unit, to our members in those two distributions.

For fiscal year 2017, USPB producers delivered 783,662 head of cattle through USPB to National Beef, a decrease of 68,937 head when compared to the prior fiscal year. For the year, average gross premiums for all of the cattle delivered was \$49.12 per head, with the top 25% and 50% receiving premiums of \$91.99 and \$74.32, respectively.

USPB's unique advantage continues to be the superior quality cattle delivered by our producers, which enables National Beef to generate more value from the cattle we deliver and provides more opportunities in the consumer marketplace. Please call our office if you have questions about USPB's financial and operational results. Thank you.

Sincerely,



Stanley D. Linville
Chief Executive Officer

This letter contains discussion of some of our expectations regarding U.S. Premium Beef, LLC's future performance. These forward-looking statements are based on our current views and assumptions. Actual results could differ materially from these current expectations and projections, and from historical performance. For example, our future results could be affected by such factors as: the competitive dynamics in the U.S. and international beef markets, the rate of our unit volume growth and our product mix, and fluctuations in the cost and availability of supply-chain resources. Further discussions of these matters can be found in the securities filings of U.S. Premium Beef through the Securities and Exchange Commission's Electronic Data Gathering and Retrieval (EDGAR) system at www.SEC.gov.