

August 7, 2017

Dear Unitholder,

U.S. Premium Beef (USPB) has finalized its financial results for the second quarter of fiscal year 2017 and has filed them with the Securities and Exchange Commission. For the quarter, which ended June 24, 2017, USPB recorded income of \$11.0 million compared to \$8.6 million in the same period in the prior year, an improvement of approximately \$2.4 million. Year-to-date, USPB realized income of \$18.5 million compared to \$11.3 million for the same period in the prior year, an improvement of approximately \$7.2 million. Improved gross margins at National Beef were the primary driver of the improvement in USPB's financial results.


In the second quarter, National Beef recorded income of \$77.9 million compared to \$62.3 million in the same period in the prior year, an improvement of approximately \$15.6 million. Year-to-date, National Beef realized income of \$135.2 million compared to \$83.1 million for the same period in the prior year, an improvement of approximately \$52.1 million.

National Beef's sales during the first six months of fiscal year 2017 were \$3.4 billion, an increase of \$4.8 million when compared to the same period in 2016. The year-over-year increase was primarily the result of an increase in the number of cattle processed, which was partially offset by a decrease in average selling prices for beef products. Cost of sales during the first six months were \$3.2 billion, a decrease of approximately \$46.0 million when compared to the same period in the prior year primarily due to a decrease in fed cattle prices, which was partially offset by an increase in the number of cattle processed. The combined effects of increased margin per head and an increase in volume led to higher profitability in the 2017 period as compared to the 2016 period.

During the first six months of fiscal year 2017, USPB producers delivered 371,337 head of cattle to National Beef. For the six month period, average gross premiums for all cattle delivered was \$47.22 per head, with the top 25% and 50% receiving premiums of \$87.80 and \$71.71, 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.