

May 11, 2018

Dear Member:

U.S. Premium Beef has closed its books for the first quarter of fiscal year 2018 and has filed the results with the Securities and Exchange Commission. For the quarter, which ended March 31, 2018, USPB recorded net income of \$9.2 million compared to net income of \$7.6 million in the same period in the prior year, an improvement of \$1.6 million. The year-over-year improvement was the result of higher net income at National Beef Packing Company.

For the first quarter of 2018, National Beef realized net income of \$68.6 million compared to net income of \$57.2 million a year ago, an improvement of \$11.4 million. National Beef's revenues and cost of sales during the first quarter increased 14% in comparison to the same period in the prior year. The increase for both was the result of a higher number of cattle processed and higher average prices. Revenue and cost of sales in the current quarter were also impacted by the first quarter of 2018 being a thirteen-week period, as compared to a twelve week period in the first quarter of last year. The combined effects of increased margin per head and an increase in volume processed led to higher profitability during the quarter.

During the first quarter of 2018, USPB producers delivered 229,129 head of cattle through USPB to National Beef. Average gross premiums for all of the cattle delivered was \$42.90 per head, with the top 25% and 50% receiving premiums of \$76.44 and \$63.42, 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.