

May 5, 2017

Dear Unitholder:

U.S. Premium Beef's (USPB) financial results improved significantly in the first quarter of fiscal year 2017 as compared to the same period in the prior fiscal year. For the quarter, which ended March 25, 2017, USPB recorded net income of \$7.6 million compared to net income of \$2.7 million in the same period in the prior year, an improvement of \$4.9 million. Improved gross margins and lower interest expense at National Beef Packing Company (National Beef) were the primary drivers of the year-over-year improvement in USPB's financial results.

During the first quarter of 2017, National Beef's revenues decreased when compared to the same period in 2016. The year-over-year decrease was primarily the result of lower average selling prices for beef products, which was partially offset by a slight increase in the number of cattle processed. Cost of sales also decreased when compared to the prior year primarily due to a decrease in fed cattle prices, which was partially offset by an increase in volume. Although revenues and cost of sales were lower, gross margins improved significantly, which had a substantial impact on NBP's profitability. For the quarter, National Beef realized net income of \$57.2 million compared to net income of \$20.8 million in the same period of the prior year, an improvement of \$36.4 million.

During the first quarter of fiscal year 2017, USPB producers delivered 184,875 head of cattle through USPB to National Beef. For the quarter, average gross premiums for all of the cattle delivered was \$35.90 per head, with the top 25% and 50% receiving premiums of \$69.78 and \$57.08, respectively.

There continues to be a strong demand for delivery rights in delivery year 2017, which ends on August 26, 2017. If you have delivery rights that you do not plan on using by that date and would like USPB to help you get them leased to other producers, please call our office.

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.