

GILL RED ANGUS NEWS

"The #1 Seed Stock Supplier for Top Red Angus Genetics and Customer Service!"

FALL 2006

Hello,

What a year! We are still seeing extremely good cattle prices throughout the country. Several countries are importing U.S. beef again, while Japan started this past week. All of this while having another case of BSE. It is no surprise to me that the demand has stayed extremely strong. Have you ever heard anyone say, "Let's go eat, and I'll buy you a fish sandwich?" No, we all go out for a good burger or steak dinner.

The U.S. beef industry has a 10-year goal to increase beef demand by 10%. I believe it's achievable, but we, as producers, need to do our part. We must produce the best performing and tasting product possible. If our customers are not satisfied, they will spend their money on some other form of protein. It is as simple as that.

The downside of 2006 is the drought that doesn't seem to want to give in. At the Gill Red Angus ranch, 2006 is one of the driest years in history. From April 1 to July 15, we had less than an inch of moisture with many days over 100 degrees. Along with this heat, our area has been hit with grass fires, small and large. Hopefully we will all get some needed moisture in the near future.

If you are dealing with the same dry conditions, contact us if you need help locating feed. We've made a few contacts with people that have feed and/or are willing to take in cattle for the winter. It's not an easy decision to send your cows/calves out for the winter, but it is a lot cheaper than trucking in feed, especially with the high fuel prices. If you go to the following websites, you will find feed for sale or feeders that will feed for you.

www.ag.ndsu.edu/feedlist

www.state.sd.us/doa/departement/drought.htm

Have a safe summer and we look forward to seeing you at our fall sale on November 20!

The Gills

Larry & Janet, Kenny & Laura, Bryan & Kristen

GILL RED ANGUS "YOU BUY, WE BID" ANNUAL BULL SALE NOVEMBER 20, 2006

It is time again for our annual bull sale. We will be selling more bulls than we have ever sold before. For the past couple years, our main cow herd was split in half while we switched our cows over to calve in May and June. As a result, we weren't able to sell as many bulls as we would have liked the last couple years. This year, though, they are all on the same cycle. This means we will be selling around 100 bulls, with 15 of them being full and half ET brothers.

This group of bulls is one of the best sets we have raised in many years. With this group, it is evident that we have been selecting pretty hard for muscle and fleshing ability. Our ultrasound technician told us that this is one of the more naturally muscled groups of Angus bulls (red or black) he's seen this year. This is a huge compliment since he works more cattle in this region than anyone else!

We will again be selling a group of commercial females at our bull sale. As of now, we have around 70 head of bred heifers. Half of these heifers were raised by Gill Red Angus; the other half were raised by Tom and Leo Aberle and then purchased by Gill Red Angus last winter. These two groups of heifers, which should be weighing around 1,000 lbs. by sale day, are a tremendous set of females that will work great for anyone. Along with being a great set of heifers phenotypically, these girls have a little advantage over most other females that will be sold this fall. We have actual carcass results from the brothers/sisters to these heifers. Aberles' results are from steer mates that were killed in 2005. These guys fed and graded extremely well. They gained 3.5 lbs. a day, dressed out at 64.5%, and graded 85% choice or better. The Gill Red Angus results were from both steers and heifers out of our commercial herd that were also killed in 2005. They gained 3.2 lbs. a day, dressed out at 64%, and graded 80% choice or better. The buyer of these heifers will automatically have an advantage when it comes to marketing their calves, because they have a built-in history and above-industry carcass numbers.

Income Taxes

After the last few years of high cattle prices, you may now find yourself having to worry about paying some income taxes. If this is the case, and you need to spend some money before the end of the year, why not invest in some top genetics? You will most likely need to buy a bull or two next spring anyway, so take advantage of buying a stout-aged bull in the fall and get a tax write-off. You can get some of the most powerful genetics in the Red Angus breed, and take advantage of the Gill Red Angus customer service package. You can't go wrong.

Ribeye size in our sale bulls

We are extremely happy with the ultrasound results of our bulls. All of the bulls' REA measurements averaged 1.15 inches per hundred pounds of body weight. This is way above standard. The average Angus animal (red or black) averages around 1 square inch per hundred lbs. Our 1.15 inches is almost unheard of for the breed. Typically, the larger the REA, the better the yield grades and the higher the total yield you will have. This is one reason why our carcasses are doing so well.



Tassel Executive — Several sons sell



Ms LMG Dynette 902 — 10 sons sell

*Make sure you ask
about the Gill Red Angus
wintering program
on all sale bulls*

Customers' Cattle at the Feedlots!

The calves we purchased from our customers last fall and winter did extremely well for us again. In fact, Rich Waller, the owner of 37 Cattle Co., has a one-time capacity of 6,000 head. He bought a split-owner load through us and fed them out. Rich told us that "these were the best set of calves in my lot all winter." These calves were raised by the Prince Ranch and Bruce Ranch. Congratulations guys! This is quite the compliment! These steer calves weighed 1,418 lbs and gained 3.4 lbs. per day with a COG of \$.43, all the while grading 92% choice or higher. As of now, the only other feedlot information we have got back are from the Leroy DuBray calves. These calves also fed really well. They weighed 1,411 lbs. and gained 3.3 lbs. per day with a COG of \$.43.54. Both of these bunches are exactly what the feedyard industry wants to feed. Keep up the good work guys. These results will help you sell this fall.

The national average for cattle grading choice or higher is 57% while the average yield grade of 4 or higher is at 14%. In 2005, the Gill Red Angus-sired calves averaged around 80% choice or better with the yield grades 4 or higher was at 2%. When you have a yield grade 4 or higher, you will get docked really hard. As you can see, Gill Red Angus is ahead of the industry. It is no wonder that we are getting more and more feedlots that are asking to feed cattle are out of Gill Red Angus sires.

The Gill Red Angus Customer Service Program

*Your #1 Customer
service program
in the industry!*

Retained Ownership

In June, we took Dan Dorn, Decatur County Feedlot, around to a couple of our customers' cattle to give him an idea of what you all have. Scott Mueller, Samson-Inc, has also been around looking at your cattle the past couple years and has fed quite a few of them, too. Decatur County Feedlot and Samson-Inc are two of the premier lots in the country, with the newest technology in the industry.

After they viewed the cattle and studied the feedlot and carcass results of those we've fed out and killed, they decided they would like to work with Gill Red Angus and feed as many cattle out of our genetics as possible. We will be buying some of your cattle for each of them, but they are interested in partnering as well. Gill Red Angus and either Decatur County Feedlot or Samson-Inc would like to partner on your calves, splitting them into thirds (or whatever works for you). This way, you have the opportunity to make a little extra income on your cattle, but without the risk of doing it all yourself. Please call us for more details.

What to retain?

The biggest mistake we all make is in selecting the cattle to be sent to the feedlot. We always want to sell the biggest and best group because they seem to sell the best. But, there is a reason why they sell the best. Those heavy calves will hit a better market and usually gain better. The light calves will usually kill in August, which is historically the worst month. They typically gain less, which in turn means they are more expensive to feed. So maybe you should either sell your lighter end or keep them for the grass market, and retain an interest the heavy end.

What is our risk when retaining an interest?

I recently saw a Cattle Fax slide that stated 18 out of 23 years you will break even or make some money on your steers while 23 years out of 23 years you will break even or make some money on your heifers. You can increase your profit potential or decrease your risk further by improving your cattle and by protecting yourself with the futures market. Maybe now is the time to give it a try!

Maximizing Net Return

By Daniel Dorn

Bragging rights... It is human nature to boast about something. Some brag about their kids while others may chatter about their new car or truck. As "cattlemen" we tend to spout off about our cattle.

"70% Choice or better, some 2s and mostly 3s with only a handful of 4s." Wow - what a set of cattle! What's a handful?... 10%... Did they make any money?... Well - not much, but we received some pretty good premiums... Premiums on what?... The 19% of upper choice cattle!... What about the discounts on the 4s?... How did they convert?... What was the average hot carcass weight?...

Carcass premiums sound good, and in some instances add to the bottom line. But did the premiums received outweigh the cost of production? Was weaning or harvest weight sacrificed in an effort to create carcass premiums? Were the resources available used to its fullest extent?

Average Management

Cattle are not created equal. Even within a group of calves that might be described as "peas in a pod," there's tremendous variation in growth patterns and carcass value. Ignoring these differences, by penning cattle together from start to finish in the feedlot, creates discounts and inefficiencies. It results in an inconsistent final product.

Average Marketing

When selling on the average, you typically have a third of the cattle that are over finished, a third under finished and luck comes into play on picking a correct marketing date for the balance. Average marketing robs progressive producers of the incentives they need to continue breeding superior cattle.

Average Data

Carcass data comes in a variety of forms. Pen average is the most typical, which includes average hot carcass weight, yield grade and quality grade. Average data also robs producers of information pertaining to the value differences among their cattle, which is absolutely essential for genetic improvement. These differences in value routinely exceed \$300 per carcass, from the best to the worst.

Profit Drivers

Feed efficiency is a significant profit driver. One pound of dry matter conversion can amount to more than \$40 with today's feed cost. More energy is needed by an animal to put on fat versus muscle, thus resulting in inferior feed conversion. Most marketing grids will allow a hot carcass weight of 950 lbs. before getting a discount. The more pounds efficiently put on without going over the hot carcass weight maximum and yield grade discounts, the more dollars generated per carcass. Carcass traits such as quality grade and yield grade are also important. Most marketing grids award for upper choice and prime. Premiums are also prevalent for muscle. Most grids are based on a choice yield grade 3 with premiums on the 1's and 2's.

Continued on following page

Selling Your 2006 Calf Crop

Take full advantage of net return and utilize the profit drivers

Cattle managed to an individual optimum end point eliminate discounts and inefficiencies. Technology is available to be able to measure and manage individual animals.

This process can start at the ranch level. Individual identification, weight and parentage verification are all simple means of management.

Electronic Animal Identification, Ultrasound, Linear Measurement and Individual Weights are available at the feedyard level in an effort to manage an animal to its optimum. The use of these tools avoids excessive external fat, heavy weight carcasses and cattle that are too expensive to feed. Cattle convert feed less efficiently as they reach heavier weights and physiological maturity. It also takes significantly more energy for an animal to put on fat as compared to muscle thus creating a higher feed conversion. The goal should be to continue the feeding of each animal as long as there is enhancement in its carcass value, in terms of weight and grade, surpass the incremental cost of gain, while avoiding discounted animals for weight and yield grade. Every animal's last day in the feedyard should be a profitable one.

Value-based marketing not only rewards better cattle and penalizes inferior ones; it gives producers a defined target they can rely on for the future and make logical genetic changes - with some assurance that once those genetic changes are realized, there will be economic rewards.

Beef production cannot improve, nor can profits, unless the information necessary for genetic and performance selection is passed back to the producer. Individual carcass information and individual performance information are equally important. Individual health and treatment records play an important role in overall profitability. Understanding the data presented is also beneficial. In some cases performance out-weighs the carcass premiums. Being able to distinguish the difference can mean the difference between cull and keep.

Managing for maximum net return to some, is a new way of doing business, to others it is old hat. In today's industry margins are so tight to rely on averages. Every part of the production chain must be analyzed and reanalyzed. Breed types, environment and management styles all take an active but separate roll in maximizing net return. Bragging rights do not put money in the bank - a combination of individual cattle management, value-based marketing, comprehensive carcass and performance data, feed efficiency, live animal and carcass performance does.

Dan Dorn is Co-Manager of Supply Development for Decatur County Feed Yard L.L.C. and the Decatur Beef Alliance in Oberlin, Kansas

It looks as though September will be the big month for selling your calves due to the drought. This year's calf crop is going to be an interesting and important crop to sell. The calves will be lighter because of earlier weaning, so we need to do everything we can to get more money per pound. When you sell, make sure you do a few things before you haul your calves to town. First, try to contact as many buyers you can. Several feedlots are looking for high-quality cattle. All it takes is a simple phone call to local calf buyers or feedlots. You can also call the Red Angus Association and have your calves listed on the Red Angus Feeder Fax. This is a program where hundreds of cattle buyers look each week for Red Angus feeder cattle. If you are already our customer, make sure you contact us, as we are now trying to buy all of our customers' calves for four major feedlots/buyers as well as ourselves. We may not get them all bought, but our bids do make a difference in your selling price. Our bids at your sale usually result in \$10 to \$15 more per head or \$1500 more per pot load. Take advantage of the customer service we provide for you.

Our bids at your sale usually result in \$10 to \$15 more per head or \$1,500 more per pot load.

Calf Sales in July & August on Superior Livestock & at Faith Livestock

The results from the July sale for Superior based out of Colorado were outstanding. The five-weight steer calves ranged in price from \$130 cwt to \$161.50 cwt, or an average of \$700 for each 500 lb. calf. The six-weight steers ranged from \$115 to \$135 cwt, or close to an \$800 average for 600 lb. steers. Today on Superior Livestock, a group of Red Angus heifer calves topped the entire sale and it is the highest we have ever heard of or seen. They weighed 550 lbs. and sold for \$161/cwt. This is around \$25/cwt more than the steers that sold today. The last few weeks Faith Livestock has been busy selling Gill-sired calves and yearlings. We are earlier this year due to the ongoing drought. Friend and customer Ed & Karen Miller sold 117 heifers weighing 380 lbs. at \$154.50 cwt. These girls topped their weight class in the heifer market by quite a ways. Longtime friends and customers, Bill and Brady Burress, sold their calves early as well, receiving an excellent ticket. The Burresses had a load of steers weigh 375 lbs. at \$175/cwt. This comes to \$654.50 a head. Another longtime friend and customer, Glenn & Margaret Fogalman, sold their home-raised yearlings. They had a load of steers weighing 955 lbs. that sold for \$108.20/cwt, for a total of \$1033.31 a head. We did

not get any of these bought, but we were contending bidders on most.

These sales show that our calves are still selling at near record highs. While we as a nation are growing our cow numbers, sales show that demand is still strong, and we are looking to have another great year. With the drought and the excellent cow/calf prices we are currently receiving, it may be a great time to cull your bottom end cows and head into the winter with only your best. (Just a thought.)

Quantity counts when selling calves

Try to sell your calves in as big a group as possible. Usually the bigger the group, the higher the price. Buyers prefer to buy in a loadlot. If you don't have enough cattle to make a full potload, talk to us or someone with similar cattle. If you co-mingle them and sell a full potload, you can expect an increase of \$2 cwt, or about \$10 a calf.

Do you have any history on your calves?

If you have any feedlot or carcass results from your past calves, take this information to the barn when you sell. You can also mail it to several cattle buyers/feedlots. The cattle buyers are taking huge risks when buying cattle. By providing history for your cattle, you reduce their risks. They can and usually will pay a little more if they have an idea of how these cattle will perform and kill.

Are your cattle Natural?

The biggest problem the Natural cattle feeders are having is finding enough Natural cattle. Meyer Natural Angus tells us that the majority of cow/calf producers are natural and do not realize it or do not take advantage of it. If your cattle are natural, it can increase your selling price by \$5 to \$10 cwt. So if you don't implant your calves and know which calves have been treated for an illness, you most likely qualify. Please contact us if you have any questions at all about qualifying for a natural program. It could result in extra money for you on sale day.

Are they source and age verified?

Some feedlots and packers in the beef business today are demanding source and age verification on the cattle they purchase. This does not mean they need to have the RFID tags, although it would be nice and may be required in the future. All you need right now, though, are the dates for when your first and last calf were born. Be sure to bring this document with you to the sale barn as well. We have visited with several big feedlots around the country that have one-time capacities of 30,000 to 50,000 head, and they are telling us they will not even bid on a calf without this data. Having this source and age verification data could make a huge difference in the prices you will get this fall. You may have to sign an affidavit for feedlot's records, but it can and most likely will help in selling your calves for top price.

By doing as many of the above as possible, you can almost guarantee yourself a bigger paycheck. We all would like to increase our yearly net. These are some quick and easy ways to do that.

Gill Red Angus Fall Sale - Nov. 20, 2006

Selling 100 Bulls & 70 Commercial Bred Heifers

On November 20 we will be holding our second annual "You Buy, We Bid" Fall Bull Sale. In this offering, we will sell 90 to 100 bulls, with 80 to 85 head of these being 18-month-old, range-raised bulls, along with 10 to 15 head of 16-month-old ET bulls. Also included will be 70 to 80 commercial bred heifers and possibly 15 to 20 commercial open heifers. Watch for our ads in the Red Angus magazine and many other publications.

If you cannot make it to our sale but would like to purchase a bull or some females, you can leave a bid or be on the phone with us. We also hired Bill Pelton as a buyer representative. Last year, he bought a dozen bulls for ranchers around the country. He is successful for many reasons. Bill has a good eye for quality, he's a nice guy, and his word is golden. You can trust him with your wallet. I do. Give him a call (406-671-5100) and check him out.

We also contracted Superior Livestock to host our sale on RFDTV. You can now sit in your living room and also be at the sale. All you need to do is contact them in advance to get a buyer number. This is a free service to anyone wanting to watch or bid through Superior. Telephone: 1-800-422-2117.

Make sure you contact us when you sell your next feeder calf crop. We want to be there to help you get the best price possible. *If you don't tell us when you sell, we won't know.*

As always, please contact us if you need anything at all - when you are selling calves, looking for feed, have some questions or whatever. Our door is never closed, and the coffee is always on. Hope you enjoy these chats, and we're looking forward to seeing you on **November 20!**

New Herd Sires for Gill Red Angus

Since Gill Red Angus is growing and improving our registered cow herd, we needed to add some new herd sires again this spring. We got in the car and drove all over the country in search of the best bulls we could find. We looked at and researched thousands of bulls and brought home three new bulls.

We won't buy or use a bull if he doesn't meet our strict criteria. The dam of the bull is extremely important to us. A bull will throw daughters that resemble his dam. So if we don't like her or don't want our cows to look like her, we won't use him. We try to use bulls that will make easy-fleshing cows and high-performing sons. The three bulls we purchased this spring are just that. Hopefully they will breed like they should and improve the good cows we already have.

I feel that we bought the three best bulls that sold throughout the U.S. this past spring. We are extremely excited about the calves that will come out of these guys. They were not cheap. In fact, they averaged \$20,000. However, to have the best and to make the best for you, we must invest a little more and try a little harder to keep improving. If we don't keep improving, neither do our customers.

All three of these bulls will improve our cowherd and in turn your cowherd, while also improving your feeder calves. Bulls like these don't come around very often, and we own all three. These are the kind that will take you to the next level, and keep the feeder calf buyers coming back and asking for more.

OHRR Dakota Rambler 75R - This bull has a dam that I feel is one of the best cows in the entire breed. She is extremely easy fleshing, and she might have the best udder I have ever seen. When you study this pedigree and go back five generations, you will see 14 different cows, only two of which have a MPPA under 100. This doesn't happen very often. This guy's daughters should last forever, too. In fact, I saw his great-great grandam at the age of 15 with a calf sucking her.

WR Mr. Red Dawg 5335 - In my opinion, this is the most powerful, thick and stylish bull sold in the Red Angus breed over the last few years. It's proven by his amazing REA measurements. He measured 20.5 inches at a year of age, which is the largest REA ever recorded by the Red Angus Association. Not only is he powerful and stylish, but he also has a great dam. She is extremely deep ribbed, easy keeping and heavy milking. She has a MPPA of 105, and her cow family also has only two cows out of 14 that are under a 100 MPPA.

PIE Maximizer 5052 - This guy was our pick at Pieper's this past spring. He might have the best top line of any bull we have ever owned, along with a lot of muscle, length and middle. His dam is one of the best cows at Pieper's, with a MPPA of 110. His paternal grandam has a 111 MPPA, and only three out of the 14 cows are under a 100 MPPA.

"You buy our bulls, we will bid on your calves!"

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