

GILL RED ANGUS NEWS

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

FALL 2007

Hello again,

So far, 2007 has been a completely different year for us. We were in Minneapolis for a family wedding at the end of March. While there, we received three inches of slow rain back at the ranch. What a start that gave us. We then had quite a bit of rain in June, which has given us maybe, the best grass ever. Although we don't have a large amount of hay ground, we did put up quite a bit of hay this summer as well. It seems that most of the dry areas have received some moisture and are better off than last year, even though there are still a few areas dried out again.

The cattle market still looks great. I have been watching parts of the Superior Video Auctions this summer and the calf prices have been strong. There looks to be solid demand for the four, five, six, and seven weight calves again, which is great news for the cow/calf producer. It is certainly exciting to be in the cattle business with such good markets.

We really want to say thanks again to everyone who has supported Gill Red Angus over the last 28 years. The cattle industry has seen highs and lows, but our customers have always stayed with us, and for that we are very grateful. We do all we can to make the best product possible so you can be profitable. That includes more than just raising top quality cattle. We have one of the best customer service programs in the country. As part of our customer loyalty program, we go to the sale barns and place bids on all of our customers' calves when they sell. We do the bidding for several feedlots and a handful of order buyers from MN, SD, and CO. We may not always get them bought, but we do make a huge difference in what you take home in your wallet. Give us call or stop by and we can explain our program to you in depth.

Thanks again,
The Gills

Gill Red Angus to be highlighted in Working Ranch Magazine

Last week I was contacted by Tim O'Byrne, editor for Working Ranch Magazine. Working Ranch Magazine is free and goes to all ranches and feeders that have 199 head of cattle or more. With total circulation of 50,000 copies throughout the U.S., they find our program extremely interesting and an exciting opportunity for the commercial rancher. Look for an article on Gill Red Angus and our Customer Service Program in Working Ranch Magazine sometime in 2008.

SELLING VS. MARKETING YOUR CALVES

Do you just take your calves to town and sell them, or do you complete your homework beforehand and try to market them to get the most interest? Many ranchers are hard workers who don't have the time or don't want to spend the time marketing, which is all the more reason to work with us. We have been taking buyers to customers' ranches to show them what you all have to offer. We may not get to show all of our customers' cattle to these buyers, but the cattle we



do show are a good sample of what the Gill Red Angus customers will be selling. We have received nothing but good comments from the buyers during these visits. In fact, a representative from Meyer Natural Angus made the comment after we left a customer's ranch, "Those are the best set of commercial cows I have ever seen." That is a huge statement, since this guy buys cattle all over the U.S. and sees all kinds and quality.

And going on three years now, our marketing partnership with DeeTye Vet Supply is stronger than ever. Though this partnership, Gill Red Angus customers are eligible to receive a 3% discount on all vet supplies. These supplies will be shipped to your front door for free if you spend over \$250 an order, and we all know it doesn't take much for vet supplies to reach \$250.

INDUSTRY NEWS

Inventory Report Confirms Expansion Is On Hold

Reprinted from cattlennetwork.com

USDA confirmed that no expansion is underway in the U.S. cattle herd as its estimate of the July 1 all cattle and calves inventory was 104.8 million head, which was actually 0.4% smaller than a year earlier. The July 1 beef cow inventory was 33.35 million head, 0.3% smaller than on July 1, 2006. Consistent with the smaller beef cow inventory, USDA's first estimate of the 2007 calf crop, 37.4 million head, was 0.4% smaller than in 2006. This will be the fourth year in a row that the U.S. calf crop has fallen below 37.6 million head. Moreover, it looks like expansion is not on the way anytime soon as producers indicated that heifers being held for beef cow replacement were actually 6% below a year ago.

This is great news for the cattle industry! The consumer demand is high and the U.S. cow herd is getting smaller, so the calf, feeder cattle, and fat cattle prices will remain high longer than expected.

Energy and Food

Corn Ethanol has really put a tight clamp on the corn supplies in the U.S. and as a result, the cost of feed for every feedlot in the country has gone up. I have a couple different thoughts about this, but I do believe it will help the cow/calf man in the long run. A higher cost of feed will force all of us to improve our cattle in terms of feed efficiency, performance, and even the carcass. The result will eliminate the poorer doing cattle and fill the pastures with better beef and beef makers.

I believe the Swift Packing Plant merger with the South American packing company will also have the same affect on the U.S. beef industry. They will be able to get as much average to poor quality beef as they want down there, but they will still be looking to the north for great tasting, top quality beef. So I say let's use this to our advantage, and continue to make the best beef in the world.

Continued on page 3

Call or email us to request a Gill Red Angus Catalog

Two Gill Red Angus Bull Sales

November 2007 & February 2008

After several requests to have a spring sale again to supply some yearling bulls, we decided to respect the wishes of our customers and do just that. We will have our annual fall sale, which is the Monday before Thanksgiving, November 19. In this sale will be 90 head of coming two-year-old virgin bulls and around 140 commercial bred females. Then on the first Tuesday in February, which is February 5th this coming year, we will be selling 60 Fall (18 month old) and Yearling bulls. Around 80% of these bulls will be embryo transplant cattle, so you know the quality will be outstanding. We are also working on getting some customer replacement heifers in this sale as well. Both of these sales will be broadcast live on RFD-TV with Superior Livestock.

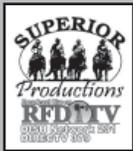
So now we will be supplying you with any age of bull you are looking to turn out with your cows, from two year olds to fall born, and yearling bulls. Plus, we'll have bred and open replacement females from some of the top commercial herds in the country. You will be able to get all of your seed stock needs at one supplier. Why go anywhere else?

MONDAY, NOVEMBER 19, 2007

- 90 Short aged two year old Bulls
Including 10 embryo transplant full brothers
- 120 Commercial bred heifers
- 20 Commercial young bred cows

TUESDAY, FEBRUARY 5, 2008

- 60 Bulls
Including 20 Fall Born and 40 Spring Born
80% of these bulls are ET calves from some
of the top Donor Cows in the country!



Sales will be broadcast
on RFD-TV
with Superior Livestock

The Gill Red Angus Customer Service Program

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

Our Cow Herd

Our cowherd is our livelihood. We must have the best cattle available or you will buy your seed stock from someone who does. So we have spent a lot of time and money getting them the way they are today. One of the best things we have ever done is cut our breeding season down to 45 days. This not only improves our fertility but it improves yours as well. A late calf will only lose you money. Why have a cow that will either be open or calve late due to fertility issues?

Our cowherd spends its career on native grass in the Grand River Breaks without getting fed hay or grain during the winter. They must be easy fleshing and deep bodied to maintain their condition. They raise a calf year in and year out without any creep feed to help them get by, and they will bring in a calf that is around 50% of their weight at weaning.

This cowherd climbs the river breaks to eat and goes back down to drink, so their feet and legs must be strong and problem free. They calve by themselves on a section pasture with no night checks. In fact, the only time they get checked is when we ride to them every morning to weigh and tag. Calving troubles are not an issue, nor are poor udders and big teats. Since we calve this way, we do not have the time or the facilities to handle problem cows. We eliminate these problems by culling any problem cows and selecting bulls that come from good uddered, strong footed, and easy keeping bulls and females.

These cows then have sons and daughters that are either kept to make a bull or a replacement heifer. Either way, they will be entering someone's program - yours or ours. So every bull you purchase from us is built to improve your herd. We then purchase calves back from you and find out how they perform and grade. This allows us the insight to make informed decisions on how to keep improving on that end of the business as well.

Most seed stock producers do all they can to improve their cattle, but only by using an EPD or visual. We make all of our breeding decisions using a combination of our eye, our performance records, feedlot and carcass information, and EPDs. Our decisions are never made on only one trait. They must all shine strong or we simply are not interested.

We feel that we are as tough on our cowherd as any other in the business. If you are looking to improve your cowherd, give us a try.

Hear what happy customers have to say about Gill Red Angus...

Here at Gill Red Angus we pretty much do our own thing when it comes to the genetics we use. There are some very popular bulls being used right now in the industry, but we don't think they are good enough for our program and therefore have not used most of them. In not using the 'popular' bloodlines, we may have lost some possible customers. It would be real easy to give in and use some of these bloodlines, but we feel we are ahead of the rest by following our own selection criteria.

Maybe this is why we have been lucky enough to sell our cattle into 21 states and Canada. We have been getting several reports from these customers that are very positive. Here are some quotes we have received over the last 2 years:

An excellent rancher and good bull customer from California made the statement to one of our buyer representatives that "I cannot find bulls out here that are this good."

Another top rancher and bull customer from Utah purchased bulls for the first time last fall over Superior. He summers his cows up in the mountains and he told me on the phone, "I am tickled to death with the bulls I got from you guys and I plan on coming to your sale this fall. I have shown several neighbors your bulls and they all like them, too."

Another gentleman from Missouri has called us several times and told us, "I love the bull I got from you last fall, and I plan on coming this fall to get some commercial bred heifers."

A real good friend and a purebred customer from Georgia told me this summer, "I would really like to get some more embryos or a donor cow from you guys. You have a great set of cows."

It is always nice get this kind of feedback. It keeps us wanting to raise the best product we possibly can. I invite you to join these good ranchers and check out our program. I am sure you won't be disappointed.

Gill Red Angus (VAC) Vaccination Recommendations

Vaccinate your calves prior to weaning to the following

4-way ■ 7-way ■ Pasteurella

What Are You Doing to Secure Your Future in the Ranch Business?

There are several things you can do to help your ranch succeed and move forward. Here are some ideas that we recommend.

First is quality...

As I have already stated, you need to have top quality animals and supply the calf buyers with what they want. The feedlots are the cow/calf producer's only customer and we NEED to make a product that they want. Would you buy a Nissan pickup to pull your horse trailer just because that is all your local dealer sells? No, you would go out and shop until you found just the right type of vehicle for the job. Calf buyers do the same thing and will do so even more now with higher feed costs and cheap foreign beef.

Over the last few years, we have placed several thousand head of calves and feeder cattle from our customers into feedlots all over the Midwest.

Second is aligning yourself with the right providers...

We believe that the entire beef industry would be a lot farther ahead if all segments of the industry would work together. Wouldn't it be nice if your bull supplier would do more than just sell you bulls? How often do you hear from your bull supplier after you write the check? Most suppliers do not take the time or resources to do the "aftermarket" work. But here at Gill Red Angus, we do. We take pride in helping out our customers as much as possible. We try to visit with all the buyers over the summer and we also send

out these newsletters. But it doesn't end there. We are also there to bid on your calves, and we do a lot of ranch visits. In addition, we put together feedlot and carcass data on the calves we buy and bring that back to you to help you improve your product. Plus, we give possible buyers, feeders, and the sale barn that same data to help get your next group of calves sold as high as possible.

Over the last few years, we have placed several thousand head of calves and feeder cattle from our customers into feedlots all over the Midwest. We now have the information necessary to tell calf buyers how our customers' cattle do, and we use it to attract more buyers. We started this season off right - our first customer sold on Superior in July. Although we didn't get his steers bought ourselves, we lined up another buyer and he placed them in a feedlot in MN. Decatur County Feeders and Gill Red Angus were also contending bidders on his heifers. They would have sold for quite a bit less if we would not have done our homework for him. Congrats on a good day, Franklyn.

Third, use an RFID Tag and understand MCOOL (Mandatory Country of Origin Labeling)...

Whether you and I agree with it or not, MCOOL will be reality in the near future. We need to be aware of the rules and what we'll need to do.

I was recently listening to a livestock consultant and he made the statement that 75% of the feedlots that he works with will only buy cattle that are able to be sourced and aged. They may not be giving big premiums but he said that it will be like the guys who are not giving any pre-weaning shots. The cattle will be discounted in a pretty big way. You can get several different kinds, but the National Red Angus Association has one of their own that is approved by the USDA. You may want to check it out.

Give Us a Call When You Decide to Sell

(Before your calves are on the truck.)

We are excited when you call and let us know when and where you are selling. When you do, we will be there with a bid to help you get top dollar for your calves. But we need some time, preferably at least a week notice. After you call us and we find out what sex they are, how many, what weights, and where you will be selling, we then need to get on the phone to round up some bids for you. This usually takes a few days before the feedlots decide if they need cattle this week, how much the trucking will be and how high they can bid. So please give us some time, so we can visit with all of our contacts and do our best to help you out. The call we get saying "my calves are on the truck and selling tomorrow" just does not work. So please let us know in advance.

Inventory Report... continued from page 1

In addition to the corn and ethanol subject constantly in the news, the Wall Street Journal reports; "Conoco and Tyson agree to use animal fat to make diesel fuel." This diesel will be made by Conoco in oil refineries that already exist, and they will use a similar process to what they already use to make fuel. This fuel will come out of the refinery as a part of regular diesel fuel and will be distributed through the already existing pipelines and sold as regular diesel fuel. There are plans to start production this year so they can produce 175 millions gallons of renewable diesel annually. Tyson Foods produces about 300 million gallons of beef, pork, and chicken fat each year. About 58% of this fat will be made into diesel. Tyson officials say the fat from steers (1 barrel of fat) will produce about one barrel of renewable diesel fuel. Just think how much fuel will be made when the other major packing plants and refining companies jump on this wagon. This will be a huge deal for the beef industry. I don't know how much it will increase our bottom dollar, but it should certainly help. This sounds a lot better to me than buying foreign fuels. Just think, ranchers and farmers will be providing the U.S. consumer two of the products that are in highest demand, fuel and the safest, best tasting beef in the world.

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Be sure to check out our website www.gillredangus.com for the latest information, photos and semen catalog.
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How our customers' cattle did this year...

Here are a few results from some of our customers cattle that we purchased and fed out at Samson-Inc Feedlot. They did real well for us again, especially since the national average for choice or better is only 57%. Check out how well they did.

Bickle Ranch

Kill Weight - 1341 lbs.
Prime - 1 %
Choice - 78%
Select - 21%
Choice or Higher 79%

Travis Johnson

Kill Weight - 1347 lbs.
Choice 74 %
Select - 26%
Choice or higher 74%

Prince & Sons

Prime - 9.5%
Choice - 84.5%
Select - 5%
Choice or higher 94%

.....
Dan Anderson, who is also a customer of ours, entered the Perkins County Carcass Contest. He took first and second place with a couple steers out of a bull purchased from us. Congratulations Dan!

DT
DeTye
DE-TYE VET SUPPLY, INC.

All Gill customers can receive a 3% discount on all vet supplies through DeTye Vet Supply 866-438-7541

"We are here for YOU!"



The Gill Red Angus Customer Marketing Program

Something we offer that most of our competition does not is a Customer Buy Back Program. Our slogan is "You buy our bulls and we will bid on your calves." This has really helped our customers on selling day. We ran some calves up as much as \$5 per hundredweight. You add that up on a load of 600-pound steers, and you made an extra \$2,500 just by being our customer. Compare that to our sale average the last couple years — that's a free bull. How can you go wrong?

Here is how it works:

- ✓ First, you must be a Gill Red Angus customer. At marketing time, contact Gill Red Angus with the marketing option you wish to pursue:
 - Complete Retained Ownership
 - Partial/Partnership Retained Ownership
 - Livestock Auction or Off-the-Farm Marketing - Sell 100% of your calves off-the-farm or at the stockyards and a Gill staff member will be there to place a bid on them for you.
 - Replacement Heifer Marketing - Market your top-quality open and bred heifers through our production sale in November. (We have spent thousands of dollars on advertising over the years. Use our past advertising and known name to market your replacement females.) Call for more information.
 - Discounted semen available to all customers wanting to sell AI'd females.
- ✓ When possible, we will work with our customers to help form co-mingled loads of calves.
- ✓ Upon harvest, if possible, Gill Red Angus will prepare a report complete with feed yard and harvest data for your use. The Gill staff will then schedule a meeting with you to discuss ways we can help add profit to your bottom line.
- ✓ Gill Red Angus will then keep a copy of your calves' feedyard and harvest data in our records. Gill Red Angus will then mail out a copy to potential feeders and buyers the next time you sell. This has helped get more buyers interested in GRA customers' calves.
- ✓ We are also available for consultations regarding breeding, replacement heifer procurement, and all marketing options. We will help you any way we can to make your bottom dollar grow.

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

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