

GILL RED ANGUS NEWS

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

SPRING 2007

Hello,

2006 was quite the year, with excellent cattle markets that quickly turned to excellent corn markets. It was a dry year for most of us, but it seems we all pulled through it. Last week most of the area received some needed moisture. At the ranch we received over three inches! What a great way to get started. Hopefully the rest of 2007 will continue to bless us with the rain we all need.

We really appreciate the business all of you have given us over the last 28 years. It's always a pleasure to hear from our customers, new and old. It is especially nice when they have a report about how good their calves looked and sold, when they're thanking us for bidding on their calves, or telling us how much they like their bulls. We do all we can to supply you with the best bulls possible, and we work just as hard at our customer service. It's very rewarding to know those efforts are paying off with happy customers.

As most of you already know, we will be at the barn to bid on your calves the day you sell if you let us know when and where you are selling. We also try to follow your calves to the feedlot and packers to get the data back after your calves are harvested. We share that information with you so you know how they did and what you need to do to improve for the next group of calves you sell. But it doesn't stop there. We then take that data and put it directly in the hands of other cattle buyers or feedlots to help you get top dollar the next year. In doing so, we have quietly helped our customers sell their calves as high as or higher than other cattle of the same weight class.

The profit margin has always been tight in this business and will only get tighter over the next few years. If we all work together and support each other, then we can maximize the profitability all around.

*The Gills
Larry & Janet, Kenny & Laura,
Bryan & Kristen, Brent & Emily*

THE GILL RED ANGUS COW HERD

We believe our cow herd is second to none, and we put a lot of time and money into it. We may not have the popular pedigrees that nearly everyone else in the country has, but we think that is a good thing. We won't use a bull just because of his popularity. They must stand on top for our strict requirements. We put on thousands of miles every year looking at our customers' and our competitors' cattle, as well as searching for the next bull to use. We are always looking for a top herd sire that will keep us moving forward, rather than just trotting in place. The bulls we use must be thick, full of rib, long bodied, easy keeping, have good feet, and have a great dam. If he does not have any one of these, we will pass him by. We do this so you, the customer, don't have to worry about getting problem cattle and so your cattle are easy keeping in the pasture. We strive to get better udders in our herd with every bull we use, and they must have the capability to convert feed into beef cheaper than the rest.

Our cow herd is an easy-keeping herd that does it all on grass. They weigh between 1,300 lbs. to 1,400 lbs. on average, and they consistently wean off at least 50% of their weight. This year's bull crop weaned off at nearly 700 lbs. without any extra feed except grass and momma's milk. We do not creep feed these calves, as we don't think we would know if a cow is doing her job or not. So we let nature cull out the poorer producers, and we use a knife on the bull calves that don't keep up.

Our bulls will frame out between 5.5 and 6.5. By having bulls of this size, we can supply bulls to nearly anyone and any environment. Our pedigrees are stacked with high maternal cattle that have a lot of performance, so they can put weight on fast and cheap. We breed our cows for a 45-day breeding period so we can get rid of the poorer fertility cattle. This way you don't have to worry about a bunch of open cattle at pregnancy testing time.

The bulls we sell hold up for their new owners. We get several referrals every year from customers because of how good their bull looks, how well he held up and how strong the feet are. We run our cows as if they were commercial cattle, because as bull suppliers need to be tougher on our herd so that you beef makers don't need to.

In tougher times, we still need to make a profit

We all need to be profitable, even in the down cycle. There are several ways we can increase income and decrease expenses. We decreased our winter feed costs the last few years by leasing grass to graze during the winter months. This saved us from the cost of purchasing and maintaining good hay/farm equipment, leasing hay ground and putting up hay, then hauling it home and back out to the cows. Now we just let the cows do the harvesting for us.

Another way to reduce costs is by knowing how much you are feeding to your cows. Feed costs are the #1 expense in ranching. We have seen ranches feed enough hay and silage to their cows that they are fatter in the winter months than they are when they are on green grass. Other ranches have so much feed in front of the cows at all times that they end up using a good chunk of it for bedding.

Believe it or not, it actually does your cows a lot of good to be stressed a little so they can be gaining weight during breeding. You will always get better breeding results if the cow is gaining weight. Plus, you don't want a bunch of fat built up around the cow's uterus because if this happens, she has a higher chance of not breeding. You also don't want a fatty made udder because the cow will not be able to produce as much milk as she could and the udder has a better chance of breaking down at a younger age.

Another way to increase your income is by using a better bull. If you use a bull that will increase your weaning weight by 50 lbs., you will be way ahead of the game. This fall, that extra 50 lbs. of weaning weight equated to about \$1.20 per pound, or \$60 per calf. Figuring one bull for 25 cows in a season, that bull that brought you an extra 50 lbs. of weaning weight per calf added \$1,500 to your income. That's an extra \$6000 over his four-year career.

Another way to increase your income is to buy your bulls from a seedstock provider who is working for you. Gill Red Angus does just that. We work very hard at lining up extra cattle buyers to be at the sale the day

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Call or email us to request a Gill Red Angus Semen Catalog

The Industry Has Changed

By being at the barn every week, we are seeing the difference in how the good cattle sell compared to the poorer cattle. On any given day in the market, we will see price spreads as large as \$10/cwt. within weights of cattle. Feedyards, packers and everyone up the chain from the cow-calf level have been building extensive databases. They not only know that value differences exist between cattle, but they're defining what those value differences are and taking note of who is providing cattle above and below the norm. This is another reason why our customers are getting paid top dollar for their calves. Now is the time to use the best bulls you can possibly afford from a top seedstock producer.

The Gill Red Angus Customer Service Program

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

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.

Genetically Improving Marketability of Feeder Cattle

By David Kirkpatrick, Professor, University of Tennessee

The beef cattle industry is composed of a number of different segments which all use the same product. These segments are: (1) the purebred breeder, (2) the commercial producer, (3) the feeder, (4) the packer, and (5) the consumer.

The challenge to the cow-calf producer is to have a productive cow herd that is suited to your environment, but yet produces feeder cattle that meet the needs of all segments of the beef industry. In order to meet the needs of the industry, the producer must be aware of factors that determine value and demand beyond the weaned calf stage.

Cow-calf producers influence the marketability and value of feeder cattle the same day they select their seedstock supplier and their breeding stock to produce feeder calves. Feeder cattle value is influenced by a number of traits or factors. Among them are sex, uniformity, weight, muscling, frame size, lot size, health and predictable outcome (this is a guesstimation of what your calves will do on feed and in carcass; it helps if there is a past history available).

The opportunity to improve any trait rests in the hands of the purebred breeders and commercial producers. The purebred breeder determines the matings that produce breeding stock for the commercial producer that are then used in the production of beef. We are responsible for the genetics used in the overall beef industry and in order to fulfill that responsibility, we should have the knowledge of the beef industry and know how those traits influence each segment. The commercial producer must use the different kinds of genetics provided by the seedstock producer to optimize production from the pasture to the plate for the beef industry. Selection is the most important tool available to purebred breeders and commercial producers for making improvements or changes in adding value to your feeder cattle.

The beef industry is quickly moving toward an industry in which the different segments reward cattle with documented genetics, management and health. Non-documented cattle, poorer cattle and carcasses are being tolerated less and in fact are now being discounted in price. Nearly all the traits affecting the different segments of the beef industry are influenced by genetics.

In order for a commercial producer to meet the demands of the industry, it is necessary to figure out the industry's needs in order to select for and meet them. Figuring out the market demands includes both the carcass and feeding capabilities.

The Beef Quality Audits (BQA) revealed that the number 1 issue facing the industry was low overall uniformity and consistency of cattle and beef. The 2000 BQA rated inappropriate carcass size and weight the second most pressing issue followed by not enough tenderness, marbling, and reduced quality grade. All of these issues are influenced by the genetics or bulls you use.

Low overall uniformity and consistency can be a result of too many breeds involved in the cow-calf industry and the mongerilization of crossbreeding systems. Commercial producers can use some practices to improve the consistency of their cowherd and its calf crop. Visual selection can be used for culling the largest and smallest framed cows in the herd. Eliminating extremes in frame size (small and large) will make your herd and calf crop appear more uniform. Using bulls of the same breed that are similar in frame size and muscling will also produce a more even set of replacement heifers. Use bulls that will produce calves of the same color, as this will make your calf crop appear more uniform. Implementing a shorter breeding/calving season will make weaned calves more similar in age and weight, which in turn will increase the uniformity of the calf crop. Try to get both feedlot and carcass data on your calves so you know what you need to do to improve upon for your next batch of calves and replacement heifers. Having uneven carcass size and weights could be a result of the differences in frame size of both your cows and bulls. Frame size is highly heritable, and by using the right breeding program, it can be changed quickly and easily.

Carcass traits, like rib eye area, are also very heritable and can be changed easily by paying attention and using the right bulls. Most bulls will be ultrasound for carcass around a year of age. This allows prospective buyers the opportunity to identify a bull's genetic value for a particular carcass trait. When purchasing bulls, the old rule of thumb is to buy bulls that are at least 1 sq inch of REA per hundred pounds of body weight. Typically, the larger the REA, the more lbs to sell per carcass and less yield grade 4s.

But remember, when adding value to your feeder cattle, it is extremely important to select for a balanced selection of sires and replacement heifers. Don't forget the most important characteristic of your cowherd – reproduction and production efficiency. Selection for any extremes in any single trait can alter your cowherd productivity and may not be cost effective. Remember, balance is the key.

Gill Red Angus (VAC) Vaccination Recommendations

Vaccinate your calves prior to weaning to the following

4-way ■ 7-way ■ Pasteurella

What We Should Be Doing...

All the so-called "experts" are now saying we need to downsize our cows to 1000 to 1100 lbs. so we can all be efficient. They are also saying that you can run around 20% more cattle with these smaller cows than you can with the cows you are running today. Then they go on to tell us that these cows will wean off smaller calves and that is ok because these smaller calves will bring a lot more money per pound than the heavy calves we are weaning off today.

I guess that sounds really good in theory and on paper, but we all know that not everything is as good as it sounds. First of all, your environment will usually dictate the size of your cows. If there is good grass in front of them, then they will grow. If you are out in a drier, more tough part of the country, your cows won't mature quite as big.

*Our cow herd must
do it on grass or
their calves won't
work for you.*

Secondly, those smaller cows will wean off lighter calves, but they won't just be lighter, they will also be smaller made. These smaller made cattle, or "little teddy bear" type calves, will not sell as good as a little bigger made or bigger-framed younger calf at the same weight class. Feeders are consistently paying more money every year for those calves that are from a medium frame to a large frame. They want pounds to sell when they are done with them, and they want an animal with the stature to put the pounds on. They just won't get it from those cows that weigh 1000 to 1100 lbs.

In tougher times... continued from page 1

you sell. We always carry bids for ourselves and for feedlots and cattle buyers. We do a lot of bidding and buying on our customers calves. Usually our bid alone will increase the price of your calf by \$2 to \$5/cwt, or a \$10 to \$40 a head premium. Plus, there are times that we have other buyers sitting in the stands that we contacted to come and try to buy your calves.

Using good Red Angus bulls to produce replacement quality heifers is another great way to increase your income. Over the past few years, there has been a strong demand for straight Red Angus open replacement heifers, and our customers have been selling their heifers at steer price or higher. A few of our customers have done extremely well, receiving \$10/cwt to \$30/cwt premium over their steer price. That is \$90 to \$190 a head premium on their replacement heifers over feeder heifers sold the same day.

If you can sell your calves in a full semi load,

Third, although you might be able to run a few more cows on your ground if you run those smaller made cows, I don't believe it will be 20% more. But if you can run 20% more, that is another bull you will have to purchase (last year that was \$3,100 at our sale) and more vet costs. So will you really be able to operate any leaner?

Several feedlots, such as Five Rivers, which is the largest feedlot in the country and feeds around 800,000 head at one time, have said the producers that are raising the littler type calves will be found out, and they will not buy from them again. That is a huge statement and it definitely opened up my eyes.

Here at Gill Red Angus, we have never chased any fad and will not start now. We have always tried to raise the kind of cattle that will work for you and the feedlot. Our cows out-do our expectations and they are not what the "experts" say what we should have. Our cows are from 1300 to 1400 lbs. and we winter them about six miles from home. They have not seen a bale of hay or a tractor all winter, and unless we get too much snow or a layer of ice over the snow, they won't see one either. Our cow herd must do it on grass or their calves won't work for you. We run our cows as hard as or harder than any other ranch out there and it works.

By feeding out our customers' and our own calves, we know they feed out great as well. They have better gains, cheaper gains and grade better than the national average. So by doing it in the pasture and in the feedlot, that tells us that our cowherd is as good as or better than the rest.

With the corn market as high as it is, we all need cattle that will be really efficient and we know that ours are. As I mentioned, we raise cattle on grass without much help. If they can do it on grass alone throughout the year, just think what they will be able to do in a feedlot situation with some corn in front of them. The efficiency is there.

you will increase the selling price by at least \$2 to \$3/cwt or \$1000 to \$1500 a load. If you cannot come up with enough cattle of your own to make a load, team up with neighbors or other ranches with similar type cattle to form a pot load of calves so you can take advantage of the better price.

Another way you can decrease costs and increase your bottom dollar is by becoming and staying a Gill Red Angus customer. Our customers qualify for a 3% discount on all vet supplies through DeTye Vet Supply. We purchase all of our vet supplies through DeTye, and we have been more than happy. If your order is over \$250, shipping is then free, and it sure doesn't take much to get a \$250 order. To top it off, DeTye will guarantee that their vet supplies will be the least expensive in the industry.

If you are not already doing any of these ideas, give them a try. You can increase your bottom dollar by a huge amount in the years to come if you just make a few small changes to your program.

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.

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*Be sure to check
out our website
www.gillredangus.com
for the latest information,
photos and semen catalog.*
◆

2008 Spring Bull Sale

Several of our long-time customers requested that we have a spring bull sale again. For several different reasons, not everyone wants a coming two-year-old in the fall. So back by popular request, starting in the spring of 2008, we will have two bull sales a year. The fall sale will still be held in November, and then a spring sale will be held the first Tuesday in February. The spring sale will offer around 65 bulls, consisting of 30 fall-born bulls that will be both natural and embryo transfer, and another 35 spring embryo transfer bulls. Our goal is that by having two sales a year, we will be able to supply all of our customers with the product that you need.



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

GILL RED ANGUS FALL SALE

NOVEMBER 19, 2007

1 P.M. AT THE RANCH

TIMBER LAKE, SOUTH DAKOTA

***90 Aged Bulls, including
80 May & June born (18 month olds)
10 ET coming 2 year olds (all full brothers)***

Plus 120 Commercial bred heifers

■
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.

■
Please contact us if you need anything at all - when you are selling your calves, need to visit, or whatever. Our door is never closed and the coffee is always on. Hope you enjoy these chats, and we are looking forward to seeing you this fall on

November 19th.

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

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