

GILL RED ANGUS NEWS

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

SPRING 2006

Hello again,

Hope everyone is having a good winter. Spring is right around the corner and it is time for calving, spring bull sales, branding and vaccinations. Don't forget, all Gill Red Angus customers can receive a 3% discount on all vet supplies from DeTye Vet Supply. Give us a call for more info on this.

Thanks to all of our bidders and buyers at our bull sale last fall. It was a huge success and we look forward to working with all of you in the future.

This past year has been a fun one with the calf prices we all experienced. Nearly everyone received more money when they sold this year than they ever have before.

New this year for any of our bull customers looking to sell bred heifers next fall (hopefully in our sale) is an offer of semen on any of our calving-ease bulls that we have semen available on. The price is typically \$15 to \$20 a straw, but we will give it to you at our cost, which will be no more than \$5 a straw. The bred heifers sold last fall and this winter clearly received a nice premium if they were AIed, ultrasounded, and sold in calving groups. So we would like you to take advantage of this — another way we are offering customer service to you.

Good luck with calving this year!

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

Our cows are like a factory!

In order for our cowherd to be the best they can possibly be, we expect and demand that our cows perform at their best. In fact, I like to think it is just like a factory. Our cows have to meet industry and consumer standard or we will not survive. Just like the Bobcat Company factory in Gwinner, N.D. They will always expect top performance out of their employees to get as many skid-steer loaders produced in a year as possible. If someone or something isn't working, they are put behind schedule.

Well, our ranch obviously isn't quite like Bobcat, but we do expect each and every cow to perform at her top or she is behind schedule, which puts us behind as well. In the long run, it puts you behind, too. You have a lot of trust in us that we are producing the very best seedstock possible, and if we sell you something that doesn't cut it, that can and will put you and us way behind.

Our cows must produce a calf every year, unless of course, it isn't the cow's fault, like death loss due to lightning. They must raise a heavy calf and then perform as good or better than the rest after weaning. They must have good feet and legs. They must be easy fleshing, and they must have eye appeal. It is hard to get everything in one package, but we are striving to do just that. So have faith in our program - we are doing everything possible to have the best, so you can, too.



Marketing Strategies

How many times have you heard, said or thought: "I raise good cattle, but I just take them to town and I take what they give me!" Most commercial cow-calf ranchers do a great job of selecting, feeding, caring for, and taking to market top-quality cattle, yet do very little, if anything, about promoting the products they sell. Perhaps most of us are not boastful by nature and hope that the quality of the calves we raise will speak for themselves. But doesn't it make sense that we would do everything in our power to assure that our calves bring top dollar at market time?

Maybe you don't have time or you don't have the contacts to achieve this, or maybe you just don't want to do it. All of this is completely understandable. At the very least, why not buy your seedstock from someone who will do it for you? As we have stated before, if you buy our bulls, we will bid on your calves. You just need to let us know where and when they are selling. We are getting more and more contacts from other feedlots and ranches all the time, looking for Red Angus-sired feeders. We will put in the time for you to make sure you get paid what your cattle are worth, if not more.

People Eating Beef in the Future

I found this on another newsletter I receive:
One of the latest Cattle Fax Updates reports that cow numbers are on the rise. That means that the herd reduction phase of this cattle cycle is over. Ranchers and investors are increasing the size of the national cowherd. This isn't news to most of us. The update also reported that consumption for beef has increased so much since 1999 that it may take more cows to meet the future demand for beef. Now that is news — very good news! They say, "At today's productivity levels, (beef production per cow) it would require the nation's cowherd to grow about four million head..."

To add to this info, the U.S. population has also increased by around 16,000,000 people since the year 2000 and continues to increase about 3.2 million each year. This means that not only has consumption per person increased, but we are also feeding more people, too. Now if we can only get them eat beef and potatoes, and not chicken and carrots!

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**"Eat Beef.
The West
wasn't won
on Salad!"**

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**"Vegetables
ain't food.
They are what
food eat."**

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Feedlots and Gill Red Angus

Here at Gill Red Angus, we are always looking for new feedlots to work with. We have made a new feedlot contact in south central Nebraska with 37 Cattle Company. He told us he wants to feed cattle that are full of performance, have good legs, and are above average on frame with a lot of muscle. The owner recently bought a couple loads through us and he was very happy when he got the cattle down at his lot. They were just what he wanted.

It is really nice to deliver what the feeders want. It's pretty tough for them to make any money on cattle that don't have the capacity and frame needed to put on the weight. Especially when they use these grids, and they come up with low yielding steers and heifers with yield grade 4s. The industry has had a higher percentage of yield grade 4s the past couple years than ever before. This is due to all of the pushing to moderate your cows. Yes, moderate is good, but only in moderation. This is why we are keeping our cows at the frame 6 area. A frame 6 size of cow will produce the 1300- to 1400-lb. steers that will have the cheap gains, hardly any yield grade 4s, and will still grade high choice.

We have never and will never chase the fads in the industry. The fad right now is carcass. Yes, carcass is very important, but so is everything else on the cow. We've killed several thousand head the past few years, and we now know what our cattle will do, and they do it quite well. All of the feeders tell us that if you chase the typical carcass cattle, you will shrink the size of your end weight. We don't want to do that and lose the performance we have.

As a result, we are trying to select above average REA and IMF herd bulls, but still have the maternal and performance that we demand in our cattle. All of the cattle we have fed out grade around 85% choice and weigh 1300+ lbs. with a \$.45 or less cost of gain. To top it off, we know that our cows can do it out in the pasture by themselves because we let them graze all summer and winter with minimal supplement. In fact, it is mid-March and we've only fed the mature cows for about 1½ weeks this winter, and we started to give them some protein in late February. This proves that our cattle can do it out in the pasture and in the lot.

The question is how and why?

People ask us how we, a seedstock supplier, can afford an expensive herd bull. Or how can they, a commercial man, can afford an above average priced bull. Although it is a lot of money, in the long run, he usually turns out to be a money maker for you. If you think about it, the average rancher only has about 40 calf crops to raise and sell in his entire career. Scary huh! So when we buy a herd sire, we pay special attention to detail. You can see direct results from him for 5 to 7 years if used naturally, and his daughters for an additional 10 to 12 years or so. He and his daughters should be around as long as your kids are living in your house. (Unless you were like me and it took me a few more years to get out.) This bull, in his lifetime, if breeding 25 to 30 cows a year, could possibly have as many as 150 to 200 direct calves, plus another 500 calves out of his daughters, if you are retaining replacement females. So really, it isn't that much money when you spread it out over time.

When purchasing a top bull, Gill Red Angus usually AI's several cows to him as well, so that could be another 20 to 30 calves a year from him. When we select a new bull, we do a lot of research to make sure he fits what we need. We take a look at his dam, and hopefully grand dam as well. If they are not what we want our females to look like, we will not use him (naturally or AI). This is why Gill Red Angus doesn't do a lot of AI'ing to many of the popular AI sires. Not that there is anything wrong with them, but we take this way too serious to "hope" the bull is as good as his picture, and that his dam is a top cow.

Another reason why you will not see a lot of the more popular AI sires in our program is due to the type of bulls that are being promoted. Yes, they are probably good bulls, but these AI studs sell over 95% of their semen to commercial men that are AI'ing their heifers. Typically, these bulls are all calving ease type bulls that do not have the performance that we demand in our program. To us, it doesn't make any sense to breed your mature cows to a calving ease type bull. 99% of all the cattle are still sold by the pound. So I want my cows and my customer's cows to produce as much weight as possible on the cow and put it on as fast as they can in the feedlot. The faster they gain, the less expensive they are to feed! In short, we need our herd sires to be the best, so you, our customer, can be profitable!

How will you be sitting when the next down cycle comes?

I am not talking about how much money you are sitting on now nor how much you made this year. I am talking about when and what we can do to prevent financial problems when the next down market hits us all. Everyone does a great job with raising, feeding, and caring for their cattle. But have most ranchers really sat down and thought about how you can cut costs or make your product bring more? How are your cows making you money now, and how can they make you more money later? What can they, or you, do to make the most possible? Recognizing that every ranch is completely different, I will tell you a little about our program and what we

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did to cut our feed costs.

A few years ago, we decided to change things up a little and run the cattle a little more like Mother Nature. We changed our main herd to a late spring/early summer calving operation, and let the cows graze all winter, or as long as the snow will let us. So far, we have been lucky and the cows stick their head right down in the snow and eat away. They are actually more happy and comfortable now than when we were feeding them hay every day. This has really cut the feed costs for us, with pasture lease being cheaper than field lease, and leaving the hay stand and let them eat it, instead of putting it

in a bale, hauling it, and then feeding it. (Iron and fuel is too expensive for this ranch.) We still put up a lot of hay, but it is mainly for the calves that we winter. By calving in May and June, we have a lot higher percentage of calves to wean due to less death loss and no frozen ears to let the buyer's sort on. This is just an example of what we have done to lower our costs.

With the cattle market at or near its peak, we all need to take a look at what we can do when the next down cycle hits us. This is one of the many great reasons to start or continue using Gill Red Angus as your seed stock supplier. By buying your bulls from us, we guarantee that we will be there bidding on your cattle if you let us know when and where you are selling. Wouldn't it be nice to have a guaranteed bidder sitting in the stands the day you sell, even when the cattle market will hit its lows again? One extra bidder can be all you need to make the difference between red or black ink!

"We are here for YOU!"

Our Future at Gill Red Angus

Since we moved our bull sale to the fall, we've discovered that a lot of our customers didn't get a bull or didn't want to winter another one. As a result, we are now making plans to have two sales a year - a fall sale and a spring sale. To achieve this, we are putting in a lot of embryos for fall and spring calving, and we took a group of our cows and held them over and bred them for the fall so we can put all of these bull calves in the spring sale. Our first spring sale will be in 2008. We are doing this so we can better meet your needs. Watch for further plans on this in the future.

As for our fall sale, we moved the date a little earlier this year for a few reasons. First, we wanted to get away from the NFR. We may want to take it in and several of you may, too. The second reason was weather. Last year it was -5 degrees with the wind chill. You were cold, we were cold, and so were the bulls. They looked ten times better the next week when it warmed up, and we want them to look as good as they can on sale day. And finally, we signed on with Superior Livestock and RFD-TV. This was one of the few days that would work with them, our auctioneer, and ring men. So next fall if you can't be at the sale, you can watch the sale from your couch on RFD-TV and bid over the phone. Watch for future ads regarding this sale.

GILL RED ANGUS FALL SALE - NOVEMBER 20, 2006 **100 Bulls & 100+ Commercial Bred Heifers**

This year we will be holding our second "You Buy, We Bid" Fall Bull Sale. In this offering we will have somewhere around 100 bulls — 75 to 80 head of 18-month-old, range-raised bulls, along with 15 to 20 head of 16-month-old embryo transplant bulls; and at least 100 commercial bred heifers, probably a lot more than that. Watch for our ads in the Red Angus magazine and many other publications.

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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.**

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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 20th.**

*Sale Report of the 2005
"You Buy, We Bid" Fall Bull Sale*

Overall Average: \$3377
ET Fall Bulls: \$4125
18 month old bulls: \$3002
Commercial Bred Heifers: \$1391
Commercial Open heifers: \$812

(Consigned by Prince and Sons)

A special thanks to all of the new and repeat buyers and bidders, especially these volume buyers — John Owens from Red Bluff, Calif., who bought nine bulls; Bruce Ranch from Hayes, S.D., who bought five bulls; and Leroy Dubray, from Mobridge, S.D, who bought four bulls.



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The Future of the Cattle Industry and Our Partners Going Into It!

The livestock industry isn't the same as it was just a couple years ago. In the past, all the feedlots demanded were shot records. Now we're starting to see the future. This past year we really saw how quality sells. Sure, we all saw great prices for our calves, but the guys who have a reputation for selling the best quality cattle really received a premium for them. The days of raising your own bulls are over, as are the days of going to a bull sale and buying a bull just because he is cheap. The industry is demanding that we, seed stock suppliers, deliver a top product to you, and in turn, it is demanding that you deliver a top product or you will be passed over in favor of someone who has the quality that's wanted and needed. The cattlemen who have a documented history of how their cattle perform on feed and how they grade usually receive a nice size premium at the barn. This is why we give the owner and the barn a copy of their closeouts from the years before. When the current prices drop, the cattle buyers will give huge discounts to cattle without a history.

Gill Red Angus is trying to become a one-stop business for you.

This includes supplying you with bulls, commercial females, discounted semen, and also bidding on your calves. But, we are also working close with other companies as well, so our customers can be around for many more years to come. Below are two of the many companies that we are working very closely with. Samson is a feedlot and brokerage company where most of your feeder cattle go. This is the company that has been giving us bids and are buying most of your cattle. They also have a brokerage service. The purpose of Samson Brokerage Services is to provide revenue management services to agriculture producers and investors. The other company is DeTye Vet Supply. This is a top vet supply company that will guarantee the lowest prices in the industry. On top of that, they are giving all Gill Red Angus customers an additional **3% discount on all vet supplies.**



Crossbreeding or straight bred

We have customers that do both — there's nothing wrong with either option. We have customers using our red bulls on a lot of different breeds - Charolais, Simmental, and Gelbvieh are just a few. Those customers are achieving hybrid vigor by using this type of breeding. Hybrid vigor will give you some extra pounds at weaning and possibly better fertility. In fact, this fall we saw some of the heaviest weaning weights ever. Where it used to be nice to see 600-lb weights, we are now seeing 700-lb weights. This is achieved by using great bulls and having super cows, and also by crossbreeding.

Then we have customers that breed Red Angus bulls to Red Angus cows. This is a great way of doing it, too. Although nearly all of our customers practicing this option may not have had quite the weights off the cow this year, they did sell their heifers at steer price, which is a huge premium, and they are then being turned into cows.

The straight Red Angus cow is in greater demand right now than any other female out there. This is for a couple reasons. First, there aren't nearly as many to choose from, so supply and demand take charge. Second, these Red Angus females are just awesome! We purchased a group of them from a customer of ours for a buyer in Wyoming this fall at a price of \$1009 at auction at Mobridge Livestock. This is the highest I have ever heard of and by the sounds of it, this was the highest group of heifers in the country.

It is an exciting time when commercial cattle are selling for this amount and Red Angus is in front of the pack leading the way. So don't let all the colleges, speakers, and magazines convince you how to run your ranch. This is your business. Whether you are looking to get some extra weight from hybrid vigor, or you want to sell straight Red Angus feeder cattle and replacement heifers, do what works for you and your ranch.

Here are some sale reports of straight red, Red Angus replacement heifers this January and February.

# Head	Wt.	Price Per hundredweight
7	607	\$128.00 (We bid on these girls)
20	651	\$139.00 (We bid on these girls)
40	678	\$141.00 (We were contending bidders)
15	682	\$148.00 (We bought these girls)
62	704	\$137.00 (We bought these girls)
7	769	\$121.00 (We bid on these girls)
10	783	\$119.00 (We bid on these girls)
81	691	\$136.50 (We bought these girls)
40	622	\$140.00 (We bought these girls)