



The GAR REPORT

Summer 2007

PROUD TO BE A FOUNDING MEMBER OF U.S. PREMIUM BEEF

Editor's Note: This issue of The GAR Report features the results of our 28th Annual Production Sale. While the sale set a new record for sale gross, the report verifies the affordability of the bulls for both registered and commercial producers.

Cole and Ransom Gardiner have taken several photos around the ranch. A few were entered in the 2007 National Junior Angus photography contest, held during the NJAS in Tulsa, Okla. We have used some of Cole and Ransom's photos throughout the newsletter.

Rising feed costs are, no doubt, having a dramatic effect on virtually every economic indicator in the beef business. We feel it is our responsibility as your seedstock supplier to continue to keep you up to date regarding genetic evaluation tools, value-added market access, the economic benefits of high quality, high accuracy cattle and alternatives to selling your cattle on a cash market.

Be sure to attend the informative producer meetings conducted by the American Angus Association staff, hopefully, at a location near you. Future dates are listed on page 3. Also, note the sale dates listed for the age- and source-verified sales this fall.

28th Annual Sale Sets New Records While Emphasizing Affordability



Southwestern Kansas has been blessed with a wetter-than-average spring and early summer. Our pastures and water supplies are abundant for the first time in many seasons. (Photo by Cole and Ransom Gardiner)

Since 1999, GAR customers using our USPB delivery rights have received over \$2,012,223 in premiums and dividends. If you retain ownership, that's valuable marketing information!

Since 1885



If you have industry related questions or specific issues that may be addressed in *The GAR Report*, please submit to:

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While a little mud may pose an inconvenience for some, rarely will one hear a beef producer anywhere complain about a good spring rain. Particularly in Western Kansas where the statement "we'll take it any way we can get it" is an absolute fact. Toward the end of the week, cattle producers began arriving, from all over the country, in a downpour to walk through the pens and evaluate the 28th offering of Gardiner Angus Ranch cattle. On sale day, more than 1,000 filled the sale barn and auxiliary barn where the sale could be viewed on closed circuit television. By the end of the day Saturday, March 31, 338 buyers from 35 states and two Canadian Provinces purchased 980 lots of cattle for \$6,509,250.

Although the sale smashed the previous record set in 2005 for the highest grossing sale ever at GAR, the affordability of the bulls was clearly evident. More than 72% of the bull offering sold for \$5,000 or less. In fact, while 22 of the bulls sold for \$10,000 or more, 132 bulls sold in the \$2,250 to \$3,000 range.

GAR Selective, one of the most potentially versatile sires to sell at GAR, was the first bull in the ring. Half interest sold to Final Four Genetics, LLC, for \$140,000. Selective is an SS

Objective son out of GAR 1407 New Design 803, with a +.2 BW EPD and a +114 YW EPD and a +59.50 \$B value. Lot 4, GAR Game On was purchased by Select Sires, for \$25,000. This Retail Product son had a +106 YW EPD and a +57.34 \$Beef. An impressive Rito 112 out of GAR New Design 1441 sold as Lot 12, GAR 112 Rito 6035, and was purchased by Doug Smith, Jamestown, Tenn., for \$22,000. Two bulls, Lots 9, GAR Objective 7125 and 30, GAR Predestined N6305, sold for \$17,000 to Sunny Valley Farm and Oak Tree Gaffney, Morris, Ill., and Carter Miklovich, Lodge Grass, Mont., respectively. Lot 10, GAR Solution 8045, a double bred 2536 son, sold to Leroy Born, Darrouzett, Tex., for \$15,000. Also selling for \$15,000 was Lot 15, GAR 112 Rito 5885, selling to Graystone Farms, Brooksville, FL. Kerry Stitt, Dover, Okla., purchased Lot 20, GAR Objective 7335, a powerful bull that posted a 1,482 lb. yearling weight, for \$14,000. Two more Objective sons, Lots 11 and 21, sold for \$13,000 to John Miller, Valdosta, Ga., and Lynn Cowden, Skellytown, Tex. Lot 8, GAR Predestined 7245, ranked in the top 1% of the breed for muscle with a 18.7

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in. RE and sold for \$12,000 to Double G Farms, Cut Off, La. Also selling for \$12,000 was Lot 18, another SS Objective son that ranked in the top 1% of the breed for YW, \$F and \$B. He sold to Robert McConnell, Somerset, Va. Nine bulls sold for \$10,000: Lot 2 sold to Southern Cattle Co., Marianna, Fla.; Lot 7 sold to Steve Linkowski, Avella, Pa.; Lot 13 sold to Select Sires; Lot 19 to Benchmark Angus, Lethbridge, AB, Can.; Lot 24 and 34 to Frank Bills, Severy, Kan.; Lot 25 to Double G Farms; Lot 31 to Perrier Angus, Eureka, Kan.; and Lot 118 to Mule Creek Ranch, Wilmore, Kan.

Seedstock producers from coast to coast made the 28th offering of females the most exciting ever to sell in the history of Gardiner Angus Ranch. Kenny Hinkle, Hinkle's Prime Cut Angus, Nevada, Mo., and Arthur Hyde's Prospect Hill, Pine Plains, NY, outlasted the contending bidders to purchase Lot 476, GAR 1407 New Design 2413, for \$200,000. 2413 is the dam of the #1 \$Beef non-parent female of the Angus breed and the dam of GAR Objective 2345, who ranks +1.96 above the #2 female. Mike Schlueter, Emory, Tex., won the race for Lot 477, GAR Precision 183, purchasing her for \$90,000. Stan Thomas's Three Trees Ranch, Sharpsburg, Ga., added Lot 479, GAR 1407 New Design 803, to their already stellar donor herd for \$80,000. Kenny Hinkle and Arthur Hyde's Prospect Hill teamed up again to purchase Lot 481, a +56.35 \$Beef (and highest in the sale) Precision daughter out of GAR New Design 1779 for \$75,000. Three donors finished the race selling for \$70,000. Lot 478, GAR 1407 New Design 1063, sold to Maplecrest Farms, Hillsboro, Oh.; Lot 480, GAR Precision 1193, sold to VanMeter Angus, Bowling Green, Ky.; and Lot 496, GAR 1407 New Design 1013, sold to Southern Cattle Co., Marianna, Fla. Riverbend Ranch, Idaho Falls, Id., had the winning bid at \$60,000 on Lot 482, GAR H141 Precision 1523. Deer Valley Farm, Fayetteville, Tenn., purchasing GAR cattle for the first time took home Lot 483, as one of their 3 females purchased, for \$50,000. Nick and Roxanne Hull, Stoughton, Wi., took home 2 donors, Lots 487 and 507 with a final bid of \$45,000 for each. Three Trees Ranch added to their donor purchases with Lot 511, GAR 1407 New Design A23, for \$42,000. Two more donors, Lots 489 and 493, each sold for \$40,000 selling to Fred Weiker, Fayette, Mo., and Clifton Farms, Berryville, Va., respectively. Lot 490, GAR Yield Grade 123, sold for \$35,000 to Craigmere Farm, Schomberg, Ont., Can. Two donors, Lots 492 and 521 sold for \$30,000 each to Double B Farms & William Clark and Ky Luddington, Freedom, Okla.

The cow-calf pairs, once again, proved to be equally strong with the high selling pair, Lot 527, heading to Chair Rock Ranch, Shawnee Mission, Kan., on a winning bid of \$35,000. Deer Valley Ranch added to their purchases

with Lot 566 at \$17,000, a super Grid Maker cow with her Integrity heifer at side carrying a GAR Predestined calf. Bob Bloom, Lubbock, Tex., and Mashburn Farms, Lindsay, Okla., added to their operations with Lots 532 and 536, each selling for \$15,000. Lot 589 was purchased by Destiny Angus, Columbia, Tenn., with a winning bid of \$13,000. Another long-time customer, John Grimes, Maplecrest Farms, took home Lot 528 for \$12,000. Lot 533, a Precision daughter carrying a Predestined calf sold to Jim Brinkley, Milan, Mo. for \$10,000.

Lot 634, GAR Precision 2220, topped the bred cow offering selling to Tom Belcher, Hale, Mo., for \$15,000. Evans Farms and Joe Dean, Stephenville and Boyd, Tex., teamed up to purchase Lot 629, a 1407 daughter out of a Precision dam carrying a bull calf by SS Objective, for \$11,000. Watsons Fly Bar W Ranch, Eustace, Tex., purchased Lot 635 for \$8,000. Interest in the bred cows remained intense as Cory Phelps, Murfreesboro, Tenn., purchased Lot 626 for \$6,500. Lot 623 quickly sold to Roger Boyer, Bowie, Tex. for \$6,000. Lot 630 headed to Texas as Rob Floyd, Hallsville, outlasted all bidders at \$5,750. Three females sold for \$5,500: Lots 624, 631 and 632, selling to Bill Beal, Blacksburg, Va., Cory Sparrow, Stamping Ground, Ky., and Express Ranches, Yukon, Okla. respectively.

The bred heifer category provided additional excitement late in the day as Lot 688, a Future Direction out of a 1407 daughter, sold to Coolspring Plantation, Rocky Mount, NC. for \$65,000. Mike Schlueter, Emory, Tex., added Lot 659 to his herd with a final bid of \$60,000. Southern Cattle Co. struck again with a winning bid of \$50,000 for Lot 658, GAR 112 Rito 2205. Two operations, Shiloh Cattle Co., Reddick, Fla., and Evans Farms, Stephenville, Tex., teamed up to purchase Lot 689 for \$40,000. Buck LeBus, Lexington, Ky. added to his purchases with Lot 690, GAR Future Direction 1835, at \$25,000. Two heifers, Lots 661 and 682, sold for \$20,000 each, selling to Charlie Boyd, Mays Lick, Ky., and Bruce Rockers, Garnett, Kan. Lots 683 and 740, each sold for \$15,000, going to The Archer Farms, Chesterville, Maine, and Antietam Angus, Waynesboro, Penn., respectively. Bonner Farms, Huntsville, Ala., outlasted all others with a final bid of \$14,000 for Lot 753. Riverbend Ranch added to their purchases with Lot 660, selling for \$12,000. Four more bred heifers, Lots 662, 679, 692 and 724 sold for \$10,000 per head, going to Goode Angus and CAM Ranches, Pampa, Tex.; J/R Cattle Co., Lorenzo, Tex.; and Eastfield Farm, Shelbyville, Tenn.

It was evident the crowd was just as intense later in the day as VanMeter Angus outlasted the fierce bidding and paid \$145,000 for Lot 894, a Future Direction daughter with "off the chart" IMF and REA out of a dam with 124 IMF

High Corn, High Stakes for High Quality

—Larry Corah, Certified Angus Beef Vice President
(reprinted with permission)

The cattle business has taken on some aspects of a high-stakes poker game. Strong fed-beef and calf prices have won the chips for a few years, but rising input costs have forced all players to up the ante. Now, higher corn prices push land prices higher to call this hand.

Panic overtakes a few observers, who say grain-based cattle feeding will have to fold, but that's just not in the cards. Even when the chips are down, Angus producers need have no fear of higher corn prices. Especially not if they have included efficient postweaning gain and carcass merit in genetic selection.

Before we get too far into the game, let's look at some likely scenarios:

- Calves will probably spend more time between leaving the cowherd and entering the feedlot.
 - With so much infrastructure set up for corn processing, higher corn prices will probably stay high for a while.
 - With escalating land prices, higher feed costs may include higher grazing costs. Overall, it could cost 20% or even 40% more for postweaning gains, putting added pressure on calf prices.
- Can quality grade stay in the game? History says yes, or at least maybe, because high corn prices in the mid-1990s lowered calf prices but not quality grades. The big question is how calves will be managed:
- If calves are weaned and placed on corn stalks, dry grass, winter fescue or sparse wheat pasture, quality grades will be reduced. That's because mere maintenance diets compromise marbling potential.
 - If calves with growth potential gain 2.25 to 2.50 lb./day through the growing phase, quality grade should be maintained. But health, weaning management and known genetics become even more important.

So, what kind of cattle fit today's economic climate?

During periods of high feed cost, the right genetics in the feedlot count much more than during times of "cheap" feed. Cattle that can grow and convert feed simply have added value with higher corn prices.

Feed efficiency is rapidly becoming the industry's "buzz" phrase. No wonder: while cost of gain in the feedlot used to vary from 45 to 55 cents/lb. of gain, now it will vary from 60 to 80 cents/lb. of gain. A lot of that variance comes from feed conversion rates that vary due to genetics and prior management.

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ratio. Another tremendous heifer, Lot 850, an Objective daughter ranking in the top 3% CED and top 1% WW, YW, \$W, \$F and \$B, sold to Hickory Hill Angus, Rayle, Ga. and Marion Whitehead, Newark, Oh., for \$60,000. Southern Cattle Co. didn't miss an opportunity to add to his already impressive load with Lot 857, another top 1% IMF heifer, selling for \$40,000. Buck LeBus and Chip Carroll, Owasso, Okla., each added heifers to their purchases with Lots 852 and 874 on bids of \$30,000. Goode Angus continued to purchase with a winning bid of \$29,000 for Lot 865, a Retail Product out of one of the top donors from the 2006 sale, 882. \$27,500 was the final bid for Lot 896, selling to Shiloh Cattle Co., Reddick, Fla., and Callaway Farms, Rayle, Ga. Chip Carroll outlasted all others to purchase Lots 851 and 876 for \$26,000 and \$25,000 each. Bonner Farms, Huntsville, Ala., purchased Lot 854, a Retail Product daughter out of 1942, a donor currently ranking in the top 1% of the breed for %IMF, \$G and \$B, for \$20,000.

Edwin Tritt, Bells, Tenn., purchased the high selling pen of bred commercial heifers at \$3,000 each for the pen of eight females. Long

time GAR customer, Daryl Sales, Valley Falls, Kan., purchased the two high selling pens of commercial heifers with a final bid of \$2,600 and \$2,100 each for the groups. Kent Cooper, Mt. Pleasant, Tex., also purchased a pen of commercial heifers for \$2,100.

VOLUME BUYERS:

Bulls: Alico, Inc., LaBelle, Fla.; W.T. Waggoner Estate, Vernon, Tex.; K-Ranch, Garden City, Kan.; Barnard Partners, Ft. Worth, Tex.; D.K. Boyd, Midland, Tex.; Triangle H Grain & Cattle Co., Garden City, Kan.; Wes Williamson, Okeechobee, Fla.; Stuart Ranch, Waurika, Okla.

Registered females: J/R Cattle Co., Lorenzo, Tex.; Black Crest Farms, Sumter, SC; Max and Gwen Carnes, Baldwin, Ga.

Commercial heifers: Arcadia Land & Cattle Co., Soper, Okla.; Daryl Sales, Valley Falls, Kan.

Additional notes of interest:

- 22 bulls sold for \$10,000 or more
- 318 bulls sold for \$5,000 or less
- 132 bulls sold in the \$2,250 to \$3,000 range
- 103 buyers purchased Gardiner Angus Ranch cattle for the first time.

Fall Dates Set for Age- and Source- Calf Sales: AngusSource & G³

The American Angus Association has set the dates for several meetings to provide information concerning the marketing of age- and source-verified cattle. The meetings will include a dinner, beginning at 6:30 PM. Information will be provided regarding AngusSource® and Association commercial programs along with health protocols by Pfizer Animal Health.

In addition, several dates have been set to market groups of AngusSource, Guaranteed Gardiner Genetics (G³) or other age- and source-verified cattle.

Commercial producers with age- and source-verified calves ready for market this fall are encouraged to mark these dates.

PRODUCER PROGRAM DATES:

August 6: Pratt Livestock Inc.

Contact: Mike Lewis (620) 672-5961

Meeting and dinner sponsored by Pfizer Animal Health and Ag Info Link

August 7: Fort Scott Livestock Auction

Contact: Larry Martin (620) 223-4600

August 8: Woodward Livestock Auction, Woodward, Okla.

Contact: Jerry Nine (580) 256-5547

Meeting and dinner sponsored by WALCO Animal Health/High Plains Animal Health

SPECIAL AGE- AND SOURCE-CALF SALE DATES:

Pratt Livestock Auction:

October 18 & 25; November 1 & 8

Fort Scott Livestock Auction:

September 29; October 20; November 10

Woodward Livestock Auction:

October 9 & 12; November 13 & 16

For further information regarding the sale dates, please contact the auction barns. For further information regarding the producer meetings conducted by the American Angus Association, please contact Ty Groshans, Director, Commercial Programs (816)383-5100.

Gardiner Angus Ranch 28th Annual Sale Totals & Averages

REGISTERED BULLS

Total Lots	Category	Gross	Average
440 Bulls	18 mo-old bulls	\$2,229,900	\$5,068

REGISTERED FEMALES

Total Lots	Category	Gross	Average
49	Donor females	\$1,508,000	\$30,776
93	Cow-calf pairs (3 N 1)	600,500	6,497
32	Bred registered cows	151,000	4,719
144	18 mo. old registered heifers	843,250	5,856
15	Open 18 mo. old registered heifers	149,750	9,983
76	Spring yearling ET heifers	803,250	10,569
409	Registered Females	\$4,055,750	9,916
126	Bred & open commercial heifers	217,200	1,724
5	Registered quarter horses	6,400	1,280
980 Lots	1073 Total Head	\$6,509,250	\$6,642

High Corn, High Stakes...

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Because so many cattle have poor feed conversion, high corn prices likely mean fewer days on feed, which will drive wider Choice-Select and Choice-Certified Angus Beef® spreads. Ironically, that will make the demand for high-quality beef even plainer to see—all because consumers want an enjoyable beef eating experience.

Will Angus cattle fit today's economic climate? Absolutely.

Angus producers are blessed with a breed that makes great mother cows, which in turn create calves that match the quality eating experience consumers want, over a wide range of production systems.

Sure, it's going to cost more to put any animal in the feedlot, but the jackpot is getting bigger for Angus cattle that can grow and grade. The future for the right kind of Angus genetics has never been brighter.

Since 1999, GAR customers using our USPB delivery rights have received over \$2,012,223 in premiums and dividends. If you retain ownership, that's valuable marketing information!

Here's proof. Gardiner customers can have it all.



It's hard to believe but we still have daily discussions with beef producers inclined to practice single-trait selection in their breeding programs. If not single-trait selection, then a producer with a maternal versus terminal mentality. For many years, when asked, we have focused on the fact that today beef producers using high accuracy Angus genetics can "have it all". Unfortunately too many producers can be overheard saying, "we're not chasing carcass" or "I need a heifer bull before turning my cows in with a terminal cross bull".

Recently, long time GAR customer and

commercial producer, Leroy Hill, Grand Bay, Alabama, gave us permission to report on his success. From January 23 to June 5, 2007, Leroy retained ownership on 9 pens of cattle totaling 841 head. The calves were fed at Post Feedyard, Dodge City, Kansas, and sold through U.S. Premium Beef. The 841 head had an average live wt. Of 1165 lbs., hanging wt. of 739 lbs; 63.49% yield; 14% graded USDA Prime and 94% graded USDA Choice; more than 42% met the quality standards for *Certified Angus Beef*[®]. The 841 calves returned an average premium of \$77.20/hd.

Summary of 841 Hill Steer & Heifers Sold Through USPB

Ave. LW	HW	Yield	PR	CH	CAB	Premium/Hd
1165	739	63.49	14%	94%	43%	\$77.20

In 2004, Leroy Hill has purchased 6 registered Angus bulls from Gardiner Angus Ranch. The bulls were sired by Grid Maker, 1407 and Expectation. The average EPDs and Ultrasound data for Hill's GAR sired herd bull battery is listed below:

The average of the 2004 group ranks the bulls in the top 20% for CED; top 50% for BW; top 25% for WW; top 15% for YW; top 20% for Milk; top 30% for IMF; top 26% for RE; top 30% for \$W; top 15% for \$F; top 35% for \$G and the top 15% of the Angus breed for \$B.

Leroy purchased 8 bulls in 2006 sired by GAR Solution, Rito 1i2 and Yield Grade. Average data for the group is listed below for comparison. According to the most recent AAA Percentile Breakdown, performance within the Hill bull battery has made a 10% improvement in CED; 30% BW improvement;

28% IMF improvement and 15% improvement in \$Beef value. While Hill's average premiums on his cattle fed and sold in 2007 was excellent, we anticipate the premiums he will earn on his retained ownership cattle for 2008 to be even greater.

We have stated time and again that without the American Angus Association database, not only the breed but the beef industry could not have made the paradigm shift experienced in genetic evaluation and thus, genetic progress.

An evaluation of Angus sires since 1996 proves selecting for efficient, high-marbling cattle does not set back other important traits. Producers can use the breed's top 10% of Beef Value (\$B) sires to produce calves with higher USDA Quality Grade premiums, lower Yield Grade discounts and better feedlot performance without sacrificing cow function.¹

GAR-Influenced Commercial Female Sale Dates

Profit Proven GAR-Influenced Commercial Female Replacement Sale

Pratt Livestock Auction, Pratt, KS
Monday, November 26, 2007
1,000 Head Sell

Hinkle's Prime Cut GAR-Influenced Commercial Female Replacement Sale

Fort Scott Livestock Auction, Fort Scott, KS
January 29, 2008
750 Head Sell

These sales will feature young commercial replacement females sired by or bred to Gardiner Angus Ranch sires. The Profit Proven Group consists of long-time Gardiner Angus Ranch customers representing diversified Southwestern Kansas ranching operations. The Hinkle's Prime Cut Sale offering will be presented by Hinkle commercial customers from SW Mo, SE Ks and NE Okla.

Take advantage of added value with a G³ tag

The Guaranteed Gardiner Genetics (G3) Tag Program has been established to add value to Gardiner-influenced commercial cattle. Through IMI Global, Inc., the program also provides source and age verification using IMI's USVerified™ program. In addition, the G³ program gathers health and genetic information on enrolled cattle.

The Program Includes:

- Age verification (individual or group age)
- Source verification
- Cow herd make-up
- Breeding information (replacement females)
- Health/vaccination information
- Genetic information

Gardiner Angus Ranch offers a \$2.00/head credit in the sale for all cattle enrolled by a producer in the G³ program.

For further information regarding eligibility, enrollment and fees, please contact Mark Gardiner (620) 635-2760, gar@ucom.net or Julie Tucker at Graphic Arts of Topeka, (785) 354-8596 X115, GGG@gathh.com.

Gardiner Angus Ranch Fall Bull Sale

Tues., October 2, 2007
Selling 275 Bulls

Average EPDs, Ultrasound & \$Values of Hill's GAR Sired Bulls Purchased in 2004

CED	BW	WW	YW	Milk	%IMF	RE	Fat	\$W	\$F	\$G	\$B
+8	+2.2	+46	+90	+23	+.15	+.34	+0	+25.80	+31.53	+16.31	+40.55

Average EPDs, Ultrasound & \$Values of Hill's GAR Sired Bulls Purchased in 2006

CED	BW	WW	YW	Milk	%IMF	RE	Fat	\$W	\$F	\$G	\$B
+10	+.7	+46	+92	+25	+.52	+.36	+0.0	+27.17	+34.30	+26.13	+52.30

¹ Steve Suther, Black Ink Basics, Selection For \$B Makes Cents, 2007 Certified Angus Beef LLC

Realizing the Effect of Activists

—by Ransom Gardiner



For the first time in the history of the award, Ransom and Cole Gardiner tied for the boy's Crystal Award at the 2007 National Junior Angus Show (NJAS), July 1-7 in Tulsa, Okla. Ransom and Cole excelled in numerous contests during the week including prepared and extemporaneous public speaking, quiz bowl and team sales. The Crystal Award is awarded to the boy and the girl who earn the most points while competing in the educational contests at the NJAS, and is given on behalf of the Janet Castle Family by the American Angus Auxiliary. Pictured from left includes Cathy Watkins, Auxiliary award coordinator, and Ransom and Cole. Photo by American Angus Association.

This text was recently developed by Ransom and given as his award winning speech in the public speaking contest at the National Junior Angus Show, Tulsa, Okla.

According to business man, Dr. Philip Crosby, "if anything is certain it is that change is certain; the world we are planning for today will not exist in this form tomorrow." Often the initiators of change in the beef industry are animal rights activists whose ideas can and do evolve into legislative acts for the supposed good of animals, but possibly, to the detriment of agriculture producers and the economy.

To understand how beef producers can adapt to these changes, they need to acknowledge how effective these activists can be, realize the effect of producers and activists on animals and become aware of vulnerable areas where we can expect conflict.

First of all we need a realization of just how determined and effective these activists can be. In the words of PETA executive director Ingrid Newkirk, "even if animal research resulted in a cure for AIDS we'd be against it," which conveys the idea that animal rights activists are bent on protecting animals at all costs. These people have also been very successful in their past and ongoing campaigns. For example, in the pork industry, activists have successfully forced the ban of gestation stalls in the states of Florida and Arizona. These stalls are small 6.5 by 2 ft pens that restrict the movement of sows during pregnancy. However, according to research done at Virginia Tech, gestation stalls do not harm the animal and actually can improve farrowing percentage. These gestation stalls are cost and space efficient to producers. Another example

is in the horse slaughter industry where the animal activists successfully abolished the slaughter of wild horses on public land. However, this act was overridden by law once again allowing the slaughter of wild horses. Still the activists maintain a strong foothold in this industry and are pushing for a bill that would completely ban the slaughter of American horses. In fact, on June 28, 2007, a federal judge upheld an Illinois law banning horse slaughter for human consumption. This caused the closing of the last horse slaughter plant in the U.S. Other campaigns have become worldwide, like the campaign that begun in Australia to stop long hauls of transporting livestock, making a mandatory stop where the animals would be allowed to rest during long trips. Another campaign is against de-beaking chicks. This is done when chicks are stored in mass numbers and their beaks are removed so they do not peck each other to death. Also there are campaigns against the scientific testing of animals.

A common battleground is whether the producer cares for the animal or sees them only as dollar signs. Even though it passes by the eyes of many animal rights activists, the majority of producers do care about the welfare of their animals. In fact, they invest millions of dollars every year on research for the animals and they keep up to date with the constantly changing regulations. However, these regulations should be based on sound science from veterinary professionals that best understand animals. Animal activists sometimes overlook this fact. An example of this is in New Jersey where the American Veterinary Medical Association charged veal farmers with malnutrition prac-

tice because they had not been putting enough fiber in the calves diets. However, according to a study at Rutgers University, too much fiber in a calf's diet is unhealthy because of its underdeveloped digestive system. The other side of this argument is that animal rights activists believe their actions are for the good of animals. Ironically, there are many ways in which they hurt animals. For example, many of their attempts to have people eat no meat result in people eating less beef and pork to eating more turkey and chicken. According to the USDA this results in about 661.1 million more animal deaths than normal. Also, many activists believe that livestock should be allowed to roam free. However, the end product of this action would be extinction, because the domestic farm animals need to be cared for by humans to survive. The question is where do we draw the line? How do we decide what is adequate treatment of livestock.

The beef industry has had its run-ins with activists and will have more, but when these changes come, beef producers need to be prepared to adapt to them. And they need to look at the vulnerable areas in the industry where animal activists are most likely to attack. Some of these are in processing plants—definitely areas where they will try to put up more regulations. Other areas likely to come under fire are branding and the scientific experiments done on cattle. There are many in congress that support the agriculture industry, however, the basic messages are about being prepared and proactive.

Clearly, animal rights activists can affect the beef industry. Even while producers continue to care for their animals, everyone in the beef industry needs to be ready for change that will surely come some time or another.

It is certain that change will come and when it does producers everywhere will need to adapt. As John F. Kennedy said, "Change is the law of life. And those who look only to the past or present are certain to miss the future."

USPB Grid Premiums Climb in May

—Reprinted with permission,
USPB Update, 6-11-07

The week of May 27, USPB set a single week record for total grid premiums paid to members at \$740,101! During May, USPB's average grid premium on cattle harvested in our Kansas plants was \$39.36 per head or \$11.81 per head paid in April.

The largest driver of May's increased premiums at our Kansas plants was improved quality grade. USPB cattle averaged 6% more Choice or better carcasses in May. That, along with a Choice/Select spread which was about

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Rising Costs Drive Need for Optimal Milk Genetics

—By Sally Northcutt, Genetic Research Director, American Angus Association

Editor's Note: Once again, the American Angus Association is proving its beef industry leadership position. The Optimal Milk Module, developed two years ago, was recently updated to reflect increased feed costs.

Cow-calf producers face the continued challenge of rising feed costs, according to a recent study conducted by the American Angus AssociationSM. "Our research indicates that combined pasture, harvested forages, and other feed costs have been increasing at the rate of \$5 per beef cow per year since 2000," says Sally Northcutt, genetic research director at the Association. "The typical U.S. cow-calf operation will spend \$35 more per cow in 2007 to meet herd nutritional requirements compared to what they spent at the beginning of the decade. That's a sizable increase, and it underscores the need for producers to optimize their cow size and milk genetics according to feed costs and feed availability within their individual operations."

Estimating industry average feed costs per cow was the primary objective of Association's analysis. "We have now incorporated this updated feed cost information into our web-based Optimal Milk Module, which was originally constructed more than two years ago when feed costs were lower,"

Northcutt explains. "This easy-to-use, interactive program is designed to help commercial producers identify Angus Milk EPDs that are appropriate for their operations. Feed costs and the variability of feed supplies are important in determining the right milk level," she adds. "The Optimal Milk Module uses this information to estimate the right milk genetics for each individual user's herd."

To quantify trends in national feed costs, Association staff evaluated more than 40 cow-calf enterprise budgets published between 1994 and 2006 by land-grant universities from 23 states. These budgets revealed that pasture and feed costs were on the rise well before expanding U.S. ethanol production sent shock waves through world grain markets last fall. For example, in 1995, the average producer spent \$192 per cow on all sources of feed. Five years later in 2000, annual feed costs had risen to \$209 per cow. By 2005, expenses had increased further to \$234. The 2006 average jumped to \$239. Extending this trend yet another year would push total feed costs to nearly \$245 per cow in 2007. Actual costs may be even higher due to the spillover effects of high grain prices on forage costs.

"Cost inflation is inevitable to some degree," Northcutt points out. "Controlling expense as much as possible, especially feed

expense is a requisite to long-term success in the cow-calf business. You can't simply shrug and accept the upward pressure in feed costs and remain profitable," she says. "Each producer must find creative ways to combat these inflationary trends. Part of the solution is making sure your cows have the right mature size and milking ability for your environment."

Producers in areas with less reliable, higher cost feedstuffs obviously need lower Milk EPDs compared to those with lower-cost, relatively abundant feed supplies. The Association's Optimal Milk Module takes this concept a several steps further by providing specific Milk EPD ranges tailored to unique herd environments. "Finding the right level of milk for your individual cowherd is critical to profitability," Northcutt emphasizes. "Milk production is a powerful trait that has a major impact on calf sale weights and calf crop revenue. However, lactation also requires large amounts of feed energy, so it is important each producer identify the right milk genetic for their own situation."

The Optimal Milk Module is just one of the many tools that the American Angus Association provides its 34,000 members and thousands of commercial cattle producers nationwide.

(Grid Premiums—Continued from page 5)

\$2.25 per cwt. wider in May, caused quality grade premiums to increase \$10.18 per head. The second biggest contributor to increased premiums was the delivery of more age verified cattle, adding \$2.07 per head to USPB's overall average grid premiums.

USPB's top 25% graded 15.62% more

Choice or better than the average and earned \$83.22 per head in total grid premiums. Of that total, \$49.11 came from the higher quality grade. USPB's top 50% graded 9.57% more Choice or better than the average and earned \$65.02 per head in total grid premiums; \$38.78 per head came from better quality.

Through the third quarter of fiscal year 2007, which ended on May 26, USPB members have delivered 424,542 head of cattle to all USPB plants and earned \$9,621,816 in total grid premiums for an average of \$22.66 per head.

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