



The GAR REPORT

Summer 2005

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

Editor's Note: This issue of The GAR Report features information regarding our 1st Annual Fall Bull Sale. The bulls are currently are running on 1,000+ native grass pastures. Complete information will be available prior to the sale. The catalog will be posted on the website and can be viewed or downloaded at www.gardinerangus.com.

Angus Beef Bulletin has given us reprint permission to run two articles recently printed in the March 2005 issue. We believe AngusSource is one of the most important customer service opportunities developed by AAA. The program is cost effective and provides valuable information.

The article addressing yield grade, written by Steve Suther, provides excellent insight into the importance of understanding genetic predictabilities and management in increasing profitability and decreasing discounts in formula pricing systems.

We have also recapped the results of our 26th Annual Production Sale. If you were in attendance or purchased cattle, we truly appreciate your confidence in Gardiner Angus Ranch.

Since 1999, GAR customers using our USPB delivery rights have received over \$1,559,600 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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250 Bulls Sell at the 1st Annual GAR Bull Sale, October 7, 11 AM, at the Ranch Near Ashland, KS



The fall bull sale offering represents a total AI and embryo transfer program using only progeny proven sires. The bulls will meet the same rigorous culling criteria as every animal sold at Gardiner Angus Ranch.

Although not much changes at Gardiner Angus Ranch, a few things do. One of the most notable changes is the 1st Annual Fall Bull Sale that will be held Friday, October 7, 2005, at the ranch near Ashland, KS.

As the number of bulls has increased over the past few years, so have the requests for bulls throughout the year. Even though the majority of bull sales still happen in the spring, private treaty bull sales in the fall have seen a dramatic increase. In an effort to better accommodate those customers looking to purchase bulls for fall breeding, the decision was made to add a fall bull sale at Gardiner Angus Ranch.

The offering will include approximately 250 bulls, all siblings to the spring offering. The spring born bulls meet the same rigid culling discipline applied to every GAR calf. The bulls were fed for 85 days at Triangle H Feedyard, Garden City, KS. Their start weight was 961 lbs., out weight was 1,397 lbs., with ADG of 5.10 lbs. As always, complete test and gain data will be available in the catalog and at the sale.

Even though information regarding the use of AI and embryo transfer is constantly repeated, the importance is too significant to ignore. GAR is a total AI program and no clean-up bulls have been used since 1964. We have only used progeny proven bulls in GAR sire selection since the very first sire summary was published in the fall of 1980. We use a great deal of discipline in our sire selection to produce bulls that provide GAR customers with the most predictable cattle possible. Using high accuracy bulls through AI is the only way to produce this type of bull. Using clean-up bulls or low accuracy AI sires only propagates genetics of unknown quantities. Premiums are paid now, more than ever before, for documented information. The best way for our customers to ensure predictability is to use sons of progeny proven sires. We invite you to join us October 7 at the ranch. Study the pedigrees and performance of this offering of bulls. All are sons of the best bulls in the Angus breed.



Don't just buy a breed. Buy A Brand.

26th Annual Production Sale Reaches Milestone April 2— Over 1,000 in Attendance to Purchase 881 Lots



Terry Horton, Horton Angus Ranch, Westlake, TX, and Roy Wallace, Select Sires, purchased Lot 1 and will partner with GAR.



Kenny Hinkle, Hinkle's Prime Cut, Nevada, MO, purchased 2 of the top selling donor cows.



Chick Burney, Buena Vista Ranch, Buena Vista, NM, was a volume buyer of bulls.



Steve Miller, Galaxy Beef, purchased Lot 456 in partnership with Riverbend Ranch.

A lifetime of beef production, 26 annual sales, four generations of consistent management and, still today, a firm commitment to the original goal of perpetual genetic improvement place Gardiner Angus Ranch among a very small circle in today's cattle industry.

On April 2, 343 buyers from 37 states and Mexico recognized the value of GAR genetics and were among the 1055 in attendance to make the sale another milestone at Gardiner Angus Ranch. The sale grossed \$6,252,350 on 881 lots.

Horton Angus Ranch, Westlake, TX, purchased Lot 1, GAR Preeminent, for \$185,000. Preeminent is a perfect example of the value of planned matings. Ranking in the top 5% for CED, CEM and top 10% for BW, this son of Whitestone Precision H141 out of 2409 offers some amazing end product numbers. He ranks in the top 1% of the breed for %IMF, RE and %RP. Kelly Plemmons, Battiest, OK, paid \$15,000 to add Lot 3, GAR 7723 to his program. Near the end of the bull offering, Oak Hill Angus, Eutaw, AL, took home GAR Pinnacle 8523 for \$15,000. 8523 is the #2 ranked non-parent bull of the entire Angus breed for both \$B and %IMF. Lot 4, a New Design 1407 son out of GAR 1019, commanded lots of attention with Everyn Baumgardner, Gurdon, AR, outlasting all contending bidders at \$13,000. Kyle Lane, Mascot, TN, had the winning bid at \$12,500 for Lot 85, an impressive son of Precision out of GAR New Design 2609. Lot 22 sold to Diamond W, Fayetteville, TX, for \$12,000. Parker Friedrich, Andy Bower and Callaway Farms teamed up to purchase Lot 2, GAR Prominent, a full brother to Preeminent, for \$11,500. Four outstanding young sires, Lots 7, 9, 14 and 25, sold for \$10,000 each to Leon Stauffer, Yates Center, KS, Phelps Creek Angus, Brookneal, VA, Tim Meier, Hitchcock, OK and Dornak Misty Creek Ranch, Shiner, TX.

Approximately 4 hours after the sale began, the first female sold. Lot 450, GAR 1407 New Design 102, a full sister to GAR Integrity, sold to Vintage Angus, Modesto, CA for \$110,000. Hinkle's Prime Cut Angus, Nevada, MO added 2 tremendous 2536 donors to their program with the purchase of Lots 445 and 443 for \$100,000 and \$70,000 respectively. Lot 445, an Expectation daughter, ranks in the top 1% of the Angus breed for WW, YW, RE, \$F and \$B. Lot 443 out of Rito 616 also ranks in the top 1% among all Angus dams for WW, YW, %IMF, \$F and \$B. Lot 456, an EXT daughter that goes back to 5H11, sold to Galaxy Beef and Riverbend Farms for \$75,000. Prospect Hill Farm, Pine Plains, NY, paid \$70,000 for another of the top donors in the sale. GAR



Parker Friedrich partnered with Andy Bower and Callaway Farms to purchase GAR Prominent.



Tony Ault, County Line Angus, Seymour, IN, was a volume buyer of registered females.

Precision 81 is a maternal sister to Lot 1, Preeminent, and is the #3 %IMF cow in the breed. Riverbend Farms, Idaho Falls, ID, had the winning bid for Lot 453, an impressive 036 daughter out of 2168, at \$55,000. Prospect Hill continued to add strength to their donor program with the purchase of Lot 458 for \$50,000. Sterling-Hunter, Bath, MI, purchased Lot 446, GAR 616 Rito 211 for \$45,000. Also adding donors to their programs are Flying M Ranch, Danville, AR, and Clyde Moore, Whiteville, NC, paying \$42,000 and \$40,000 respectively. Sunny Valley Farms, Yorkville, IL, Danny Lynn, Mexico, MO, and Blake Sherrod, Birmingham, AL, added donors to their already strong Angus seedstock operations with their purchases of Lots 448, 455 and 473 each at \$35,000.

The cow-calf portion of the offering was also representative of the demand. Dennis Wilk, Essex, MA, purchased Lot 501, GAR New Design 591, an 036 daughter out of 2114, for \$47,000. 591 sold with her 8/14/04 heifer calf by GAR Retail Product at side and rebred to GAR US Premium Beef. DeBusk Angus, Powell, TN, paid \$27,000 for Lot 525, a 616 daughter that sold with her Retail Product heifer calf and rebred to GAR User Friendly. Buck LeBus, Lexington, KY, David Johnson, Quitman, AR, and Leachman Cattle Co. of Colorado, Wellington, CO, each paid \$18,000 for three-in-one packages to add to their programs.

Maplecrest Farms and Boyd Beef Cattle had the winning bid of \$35,000 for Lot 601, the top selling bred 18-month-old heifer. Lot 600, an impressive 1407 daughter, came in a strong second in the bred heifers selling to Eagle Farm and Ranch, Brownell, KS, for \$32,500. Richard Jeppesen, Howey in the Hills, FL, paid \$27,000 for Lot 608, another excellent bred heifer. Goode Angus, Dreamcatcher and 2 Bar Angus partnered on Lot 612 at \$16,000 while Van Beek Ranch, Pollock, SD, also paid \$16,000 for Lot 629. The 18-month-old open heifers were equally as strong with Gardiner Smith, Shelbyville, TN, paying \$18,000 for Lot 607.

John and Bonnie Slocombe, Manhattan, KS, added to their herd with Lot 613 at \$15,000. Sunny Valley Farms took home Lot 822X, another super heifer at \$10,000.

John and Bonnie Slocombe paid \$18,000 for the top selling spring ET heifer, Lot 786, a 1407 daughter out of 2309. Glen and Tom Truckenbrod, Mendota, IL purchased the second high selling spring ET, Lot 794, at \$15,000. Elm Creek Cattle Co., Brashear, TX, and the team of Parker Friedrich and Blake Callaway purchased spring ETs, Lots 748 and 761, for \$11,000 and \$10,000 respectively.

After a long day, the bidding was still fierce for the commercial heifers. Trevor Hinkle, Nevada, MO purchased the top selling pen of heifers for \$3,600.



Juan Gonzalez-Loya, Elmhurst, IL, purchased several 18-mo.-old bulls.



Edwin Tritt, Bells, TN, purchased several bred commercial heifers.

Sort It Out and Take Charge

By Steve Suther, reprinted with permission, article from March 2005 issue of Angus Beef Bulletin

A 20-year high in USDA Yield Grades (YG) might sound like a good thing, unless you know it means a low in beef carcass cutability. Today's cattle are capable of better, but market forces have taken genetics hostage to heavier carcass weights.

As those markets shift, however, discounts for YG 4 cattle will become a bigger pain in the wallet. This is a good time to take stock of herd genetics and management options to hit the premium quality target without exceeding plant averages for YG 4s.

Nobody wants YG 4s, but almost everybody tolerates some of these overfat cattle. It's hard for feedlot managers to know how close they are to the line unless they cross it once in a while. Some value-based grids allow up to the plant average in YG 4s, while others impose a strict \$20-per-hundredweight (cwt.) or higher discount on every animal that crosses the YG 3.99 line.

Results from Certified Angus Beef LLC (CAB)-licensed feedlots show it is possible to keep discounts in check while hitting the Certified Angus Beef® (CAB®) brand target.

The top three feedlots achieving that combination in 2004 accounted for 10,557 head of 28.2% CAB and Prime cattle with 7.7% YG 4s and 5s. Overall, the 82 feedyards in the CAB Feedlot-Licensing Program (FLP) had 17.4% CAB and Prime last year with 10.5% YG 4s and 5s.

Roger Chambers manages one of those top FLP yards, Silver Creek Feeders Inc., just east of Council Bluffs, Iowa, near Treynor. Silver Creek has been a CAB partner since April 1999, continually improving accuracy on value-based grid markets. In 2002, with a CAB/Prime level of 24.2%, Chambers had 12% YG 4s and 1.8% 5s.

"I realized we needed to do better," Chambers says. "It was partly a reaction to the data, and keeping in mind that the YG 4 discount is \$20 per hundredweight. Because of customer goals, one of our driving forces became limiting the YG 4s. The number one complaint from customers who had fed somewhere else was overfeeding."

The next year, 36.3% of the Silver Creek enrollments were CAB or Prime, while YG 4s went to 8.5%, and YG 5s almost disappeared at 0.4%. Last year, harvesting 36% more enrolled cattle, he maintained a strong CAB/Prime level of 30.7%, with just 4.7% YG 4s and 5s. About 90% of Silver Creek cattle come in as yearlings.

"We look at the cattle every day," Chambers explains, "comparing them to their last weight and computer-projected sale date." About one-third of the 1,412 cattle he enrolled in the FLP last year were part of the Tri-County Steer Carcass Futurity (TCSCF), a program known for its target precision. Data on 13,000 TCSCF steers harvested in the last two years show less than 3% YG 4s, and most of those were Angus-influence cattle.

The futurity's goal is to harvest all steers at 0.4 inches (in.) to 0.45 in. of backfat, and last year's range was 0.37 in. to 0.52 in. TCSCF manager Darrell Busby and board member Bud Beedle, both Iowa State University Extension beef specialists, oversee the sorting. "We always ask the feedlots for their input," Busby says, "and Roger is one of the best."

Human vision is the tool in all cases, but it's not a matter of guesswork and sorting gates. Cattle are judged by at least two sets of eyes, on the scales, about 80 days ahead of the first estimated finish date. They consider fat thickness, but "more and more, we look at past history and genetics, too," Busby says, noting those records are especially helpful with smaller-frame cattle.

"We don't worry about the top or bottom 10% in a pen, but focus on picking two harvest dates that will work for the middle 80%," Busby says. Those are 35 days apart, giving the last half a chance to gain another 100 pounds (lb.).

To pick the first half for market, he says, it helps to look at frame size and estimate a target weight. "When we think a steer ought to be fat at 1,300 pounds and he comes on the scale at 1,400, you can bet he's ready. If we think one needs to weigh 1,200 pounds and he only weighs 1,100, he's not ready."

TCSCF carcass weights run about 50 lb. lighter than the industry average, and Silver Creek saw that average drop from 769 lb. to 746 lb. during its three years of yield grade improvement. Busby and Chambers know that the cattle-to-corn price ratio has led to heavier weights and higher yield grades across the industry, but they have no plans to adjust their targets.

"When we sort cattle into the high-profit third and low-profit third, the YG 4s are always in the low-profit third," Busby says. "He may be gaining well, but when he crosses that line, you lose \$150 to \$200. If he crosses the next line and becomes too heavy, the loss can be over \$300."

Yield Value

Moreover, Chambers says Angus cattle fed to the point of producing too many YG 4s can provide distorted carcass data, reducing its value to the cow-calf producer. "The best high-quality genetics will deliver the grade you want without going over the YG 4 line," he says. "And it's just not acceptable to create YG 4s for an industry that doesn't want them."

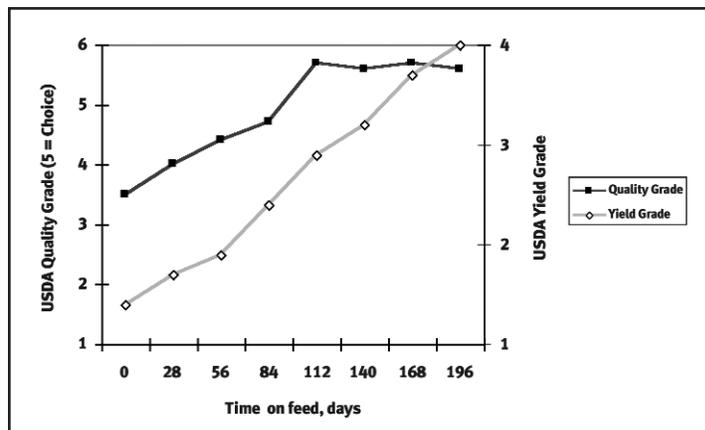
But the market tolerates them, and cattle-feeding customers sometimes insist on maximizing profit on the pen rather than on individuals. Darnall Feedlots, Harrisburg, Neb., is another top CAB partner in the combination of quality and cutability. Among its FLP cattle, YG 4s increased from a low of 5.5% in 2003 to 9.8% last year, but "YG 4s are not always a mistake," manager Gary Darnall explains.

"If a customer says he wants to minimize YG 4s, we usually sell on the grid," Darnall says. "But if he just wants us to maximize profit, we made more money for the last year selling live with 10% to 15% YG 4s. We made money because the packer paid as much for fat as muscle. It costs more to put on fat, but when only some are over the line, we are still adding beef pounds profitably to most of them, and we can do that as long as pen profits keep advancing."

Regardless of objective, most cattle are ultrasound scanned by a Darnall technician 80 days prior to harvest. "The system reads and projects an animal's ability to put on fat cover for the next 80 days, and it can be 85% accurate there. It is not as accurate on ribeye, but takes that into account in projecting yield grade," Darnall says. "If we say we want 0% YG 4s, it will tell us the market date at 0.5%, so if we really want to make that 0%, we may go a week early on the group."

Ultrasound is just a tool, for which the output must be interpreted in light of such other information as background and history, Darnall says. It is easy to use because it is routine at the feedlot.

Busby says, "A good ultrasound technician who takes his time can find 10% to 15% more cattle that we should have caught, and that is feasible with a \$6 to \$8 Choice-Select spread." Taking that time slows by one-half the typical 100-per-hour rate at which the lowans typically sort. However, it may be easier to teach ultrasound evaluation than the more complex decision-making process of "eyeballing," Busby says. "We are starting to document what we do," he adds.



Feeding technology

One of the most technologically advanced feedlot sorting programs is the one in place at Decatur County Feed Yard, Oberlin, Kan. It adds layers of structure and computer modeling to ultrasound measurements, sorting most pens six ways, yet allowing for human adjustment to exterior variables.

"We try to maximize returns on each animal," says Warren Weibert, owner and manager of the CAB-licensed feedlot. "Our program adjusts when the price of corn is in the feeder's favor and the Choice-Select spread narrows. With the incremental cost of gain lower, we let cattle get bigger, while avoiding the big discounts."

Last year the 38,000-head feedlot enrolled more than 10,000 cattle with CAB. The data showed an 8.4% incidence of YG 4s, but that began to improve last fall when Decatur County improved its model by measuring and projecting ribeye area (REA). Still, the 2005 average won't be near 0% YG 4s. "We can do that [and] have done that in proving our system," Weibert says. "But now we ride the rail pretty hard. We get over the edge at times because, at those times, the model says it will pay."

"We can't try to be perfect, because with no outliers we wouldn't know what was possible," Weibert adds. The first 700 head through the CAB system in December 2003 made 25% CAB with 5% YG 4s, but that's only part of the picture, he says.

"We have some new customers with Angus cattle, and we are working together to improve profitability at every step along the chain," Weibert says. "Our numbers are always a baseline on which to improve. As we attract more cattle of one breed, we may be able to manage a portion of the yard to accommodate the characteristics of those cattle."

As the share of Angus cattle in feedlots continues to grow, more feedlots are faced with learning those characteristics and the difference between high-percentage Angus and faintly Angus-influenced cattle. The latter will remain

an unpredictable commodity, but seedstock producers continue to improve the former.

Although markets can be volatile, short-term pressures should not distract seedstock producers, says Mark Gardiner of Gardiner Angus Ranch, Ashland, Kan. Many Angus producers have made steady progress by selecting for multiple traits simultaneously.

Even long-term market signals can lead breeders astray if they practice single-trait selection, however, he adds, noting the most obvious market signals called for more marbling. "Lack of muscling may be the main limitation to acceptable yield grade today," Gardiner notes.

External fat gets most of the blame, because if a carcass reaches 0.8 in. it gets a preliminary YG 4, says Susan Duckett, University of Georgia meat scientist. Research shows cattle typically reach a finishing point where the degree of marbling hits a plateau but external fat continues to accrue.

Serial harvest studies show that, prior to that point, cattle sold too soon ("green") may fall significantly short of their potential quality grade. Another 20 days can increase Choice-grading carcasses by 15% to 20% as they reach a kind of exhaust gap up to their potential, she says. But that's only if they have not yet reached the plateau point.

Gardiner says too many cattle feeders automatically figure a pen of apparently Angus cattle needs another 30 days, when "all they get is another 2% to 3% Choice, and a lot more YG 4s." He and Duckett agree that the key to the feedlot is familiarity with those genetics. On the ranch, the key is greater REA per cwt. of carcass, while maintaining selection pressure for marbling.

The average REA per cwt. for all Angus cattle in CAB's database of sire-identified cattle is 1.67 (hot carcass wt.), a widely accepted industry average. Gardiner says cattle that beat that ratio have fewer problems with high yield grades.

"Angus cattle have added stature, along with the management schemes driving the industry, but not all of them have added

enough muscle to hold 200 more pounds of carcass weight," he says. "If you get a ribeye area per hundredweight below 1.67 (hot carcass wt.) industry [average], and you push them over 900 pounds, you're going to have YG 4s."

Gardiner says, "We don't see the same YG 4 pressure in our 'designed genetics' with 13 inches or more ribeye as in across-the-board Angus cattle that are just called blacks; part of that is learning to manage the genetics on feed." He agrees with Darnall and Weibert that it makes sense to push past the YG 4 line. "It doesn't sound very good, but the reality is that with a \$10 Choice-Select spread, you make it up by getting more of them to grade as you approach the marbling plateau."

"CAB acceptance — all those things that allow a carcass to get to that end point — it's like a lifetime achievement award, where they never had a bad day," Gardiner explains. "If I give you the greatest genetics in the world to feed and you don't manage them correctly, there is no chance to succeed. If Michael Jordan never got a chance to play the game, he wouldn't have been the greatest player ever. So, even though at first, everybody's reaction is that they don't want a YG 4, it is really more of a calculation as to how many you will tolerate."

The only Angus cattle that would not benefit from pushing the YG 4 line are those with little potential to marble, Gardiner says. "If you have cattle like that, you should probably not use a quality grid, either, and you might question why you have those kind of Angus cattle."

"You can have low-input, low-birth, high-growth, moderate-frame cattle that excel in end-product traits, and leave a female that will replicate the process in the environment that it came from," he says. "And those cattle are not as different as some folks think. With the American Angus Association ultrasound database, we have been able to identify sires that do all those things very well, and multiply those cattle. We have the tools; I challenge producers to use them."

Gardiner Sale Results *(continued from page 2)*

Edwin Tritt, Bells, TN paid \$3,400 for the second high selling pen of heifers.

Tony Ault, County Line Angus, Seymour, IN, purchased the top selling Quarter horse at \$4,500.

Volume buyers:

Females: Tony Ault, County Line Angus, Seymour, IN—registered females; Phelps Creek Angus, Brookneal, VA—registered females; David Simpson, Weatherford, TX—bred commercial heifers.

Bulls: Buena Vista Ranch, Buena Vista, NM; Rockin L Ranch, Nacogdoches, TX; TLW Land & Cattle, Oklahoma City, OK; Triangle H Land & Cattle Co., Garden City, KS; Robertson Farms, Sayre, OK.

Additional notes of interest:

- There were 966 head in the sale counting the calves at side of 85 head.
- The sale was conducted in 7.5 hours.
- 90 lots sold for \$10,000 or more.
- 11 bulls out of 421 offered sold for \$10,000 or more.

2005 Gardiner Angus Ranch 26th Annual Production Sale Total & Averages

REGISTERED BULLS

Total Lots	Category	Gross	Average
340	18-mo-old bulls	\$2,214,500.00	\$6,513.24
81	Spring ET yearling bulls	402,000.00	4,962.96
421 Bulls		\$2,616,500.00	\$6,215.00

REGISTERED FEMALES

43	Donor females	\$1,193,500.00	\$27,755.81
83	Cow-calf pairs (3 N 1)	769,000.00	9,265.06
23	Bred Cows	129,750.00	5,641.30
135	Bred 18-mo-old registered heifers	866,250.00	6,416.67
22	Open 18-mo-old registered heifers	119,500.00	5,431.82
63	Spring ET heifers	282,750.00	4,488.10
2	Spring calving pairs	12,000.00	6,000.00
371	Registered Females	\$3,372,750.00	9,093.67
83	Bred & open commercial heifers	\$248,600.00	2,995.18
6	Registered Quarter horses	14,500.00	2,416.67
881 Total Lots		\$6,252,350.00	\$7,096.88

Gardiner Breeding Guarantee

We guarantee all breeding cattle sold by Gardiner Angus Ranch, both bulls and females, are fertile to the best of our knowledge. If a bull is injured at any time in the 12 months following the sale as so to make him functionally infertile, we will provide you with a satisfactory replacement (if available), or issue you a credit equal to the bull's purchase price minus the salvage value received for that bull. If a female is determined to be a non-breeder, then we would ask you to sell her and would offer you the difference of her purchase price minus the salvage value as a credit in any future GAR sale. All credit is good until it is used and does not expire. We would simply ask you to contact us before you cull your infertile animal.

This is not a life insurance policy, however. We will not replace a dead animal if it is killed or dies for any reason. We would suggest that normal care still needs to be exercised toward these animals and that particularly the yearling bulls not be allowed to get too thin.

This guarantee is in addition to the Suggested Sale Terms and Conditions of the American Angus Association, which also apply.

Repeat Buyer Discount

Buyers who purchased cattle in our 2004 or 2005 sale will receive **5% off their total purchases**. This policy is ongoing, and will be in effect every year. This 5% discount is determined after all credits have been subtracted from the gross purchase price.

Free Delivery For Fall Bull Sale

We offer free delivery, sometimes to central locations, in the lower 48 states for cattle purchased in the sale. We work with reputable livestock transportation companies. GAR will do everything possible to deliver your cattle to a point that is convenient for both you and the trucking company. In some cases, where multiple owners' cattle are loaded on the same truck, it is necessary for the buyer to meet the truck at a central location relatively close to them. Rarely do we ask our buyers to drive far to meet a truck, but in some cases we may ask the buyer to drive an hour to pick up their cattle off the truck. If this is not possible, we will make every attempt to deliver your cattle to your location. If you would like to insure your cattle you can do so from Harding & Harding on sale day. Most of the cattle will be delivered within 45 days of the sale. If for any reason you desire an expedited delivery, please notify Garth Gardiner (620) 635-5632 to make arrangements.

A buyer may deduct \$50 from the purchase price if he provides for transportation from GAR within 2 weeks after the sale.

AngusSource Success

As AngusSource sales continue to grow, these participants share the benefits being gained by buyers and sellers.

By Kindra A. Gordon, reprinted with permission, article from March 2005 issue of Angus Beef Bulletin

Since its inception just two years ago, the AngusSourceSM program — with its distinctive white tag identifying Angus genetics — has grown in numbers and in support. Initiated to differentiate cattle of known Angus influence from other black-hided cattle, more than 58,000 tags have been sold since fall 2003.

But the AngusSource program does much more than visually identify Angus genetics; it also provides a historical record of information about the animals' origins, their genetic backgrounds and how they were managed. And, true to the phrase that "knowledge is power," bringing all that data together is proving to add value to the commercial Angus package.

Kim Leeper, who manages Mule Creek Ranch, a 950-head commercial Angus operation near Wilmore, Kan., with his wife, Sharon, calls the information that goes along with the AngusSource program "invaluable" for his customers and says that by knowing the genetics and background on animals, "That is where predictability comes from."

Mule Creek Ranch has consigned more than 100 Angus females for each of the past two years to the GAR-Influenced Profit Proven Commercial Angus Replacement Female Sale at Pratt, Kan., where cattle influenced by genetics from Gardiner Angus Ranch are sold. Leeper says the response to the offering has been phenomenal — as proven by the numbers. In 2004, he sold 25 bred heifers through the sale for \$1,600 per head. The entire sale, with 1,001 head consigned by nine commercial ranches, attracted 27 buyers from eight states and grossed \$1.3 million for an average of \$1,331 per head.

Leeper adds, "The AngusSource tags are a tool that really adds value to that sale, but there are several other tools that also add value, such as the use of AI (artificial insemination) genetics, freeze-branding and certified health programs. However, there is one thing that the AngusSource program adds to the sale more than value, and that's integrity. As far as I'm concerned, that is one of the highest values we can have."

How it Works

Enrollment in the AngusSource program costs \$1 per head and is open to feeder calves or replacement females that are sired by Angus bulls. Program cattle receive ear tags customized with numbers for in-herd use, and each tag bears codes indicating state and herd of origin, as well as an identification (ID) number for each individual animal.

Each tag number is stored in an online database where producers can record information about genetics, management protocols and individual group performance

to create a marketing profile for their cattle. Potential buyers of Angus-influenced feeder calves, stockers or replacement females then have access to that information via the Internet and a weekly e-mail service.

For fiscal year (FY) 2005, 19,387 AngusSource tags were sold by Feb. 1, which is more than double what was sold in the same period the previous year. Much of that growth is attributed to the production information that can be used in management, which is also becoming more imperative for source-identification purposes.

For instance, because only the original owner can enroll cattle in AngusSource, it is a means of documenting source of origin and age. As more buyers look to verify age in order to make cattle eligible for the anticipated resumption of trade with Japan and other countries, the AngusSource program is in step with those requirements. Proponents also say AngusSource's information trail is a step toward complying with the National Animal Identification System (NAIS) and other verification programs.

Favorable Feedback

The *Angus Beef Bulletin* visited with several buyers and sellers who have been involved with this unique program. Here they share their comments on why they believe AngusSource has seen success.

Jennifer Giles of Ashland, Kan., calls the program "peace of mind" for buyers, saying, "The AngusSource tags give buyers peace of mind on the history of a calf's genetics and management." Jennifer and her sisters represent the third generation to ranch with her father, Roger Giles, and grandfather Norman Lee at Giles Ranch Co., a commercial operation numbering more than 1,200 cows.

In 2002, Giles Ranch; Marc Krier, Ashland, Kan.; and Merrill Ranch, Wilmore, Kan., were the first consignors to be part of the Profit Proven sale. Jennifer explains that at that time, drought prompted them to reduce their herd numbers by one-third; Krier was dispersing altogether. She reports that response to the Angus offering was extremely positive, so a second sale was planned the following year with additional consignors. This time, all animals also had AngusSource tags, so the genetic information on the females could easily be traced.

Since then, the annual sale has continued to grow and today includes consignments from Giles Ranch Co. and Mule Creek Ranch, as well as Merrill Ranch; Irsik Ranch, Ingalls, Kan.; XIT Ranch, Plains, Kan.; McCloy Ranch, Harding Co., N.M.; JO Cattle Co., Springer,



N.M.; McCarty Land & Cattle, Ashland, Kan.; and K Ranch, Garden City, Kan. Gardiner Angus reimburses all consignors for the AngusSource tags.

Jennifer reports that the future goal is to keep the sale going and growing. "We offer quality genetics and quantity in uniform sets. There's been a lot of buyers from the Southeast, as well as in Colorado, as herd numbers begin being built up after the drought," she says.

"Buyers there know that the people selling in that sale can be trusted, and the AngusSource tags are an information hotline that goes along with them," adds Leeper, who began consigning to the sale in 2003. Leeper, who Als all of the females in the 950-head Mule Creek herd and formerly sold females private treaty, adds, "This has been a way to capture return for our genetics."

The herd has built a reputation, and its calves have been sought by the same buyer the last two years. Even though his calves are already in demand, Leeper says he will tag all of his steer calves in addition to the heifers in 2005. "I think it is important for our genetics to have the AngusSource tag, and it is a way they can be traced beyond here," he explains.

Similar to the Profit Proven sale, Summitcrest Farms, Summitville, Ohio, has hosted a commercial female sale in Lexington, Neb., in November for seven of its customers the past two years. Summitcrest pays for the AngusSource tags for the consignments, which have included about 700 females in 2003 and 600 in 2004.

Summitcrest's Marty Hultman says he sees the value of the AngusSource program in the information it provides. "Reputation is still a huge issue when selling cattle. But, as time goes by, information needs to go along with reputation to provide the keys for adding value to customers' cattle," he says.

Terry Enfield, Arthur, Neb., has consigned to the Summitcrest sale the last two years. Previously he sold private treaty and says

consigning to this sale has been a way for him to be exposed to more buyers and to bring more dollars back to the ranch.

That's precisely what Summitcrest wants for their customers. Hultman says, "AngusSource sets these females apart from other cattle that don't have documented information. We want our customers to be able to earn added value for their genetic investment, and through the AngusSource program they are able to offer a source-identified product."

Long-term, Hultman also believes the traceback capability of the AngusSource program is better preparing producers for the future. "[Traceback] is not going to be the exception. It will be the rule. We tell our customers that the better traceback and information they have documented, there will be no catch-up to do."

Buyers' Viewpoints

For Kansan Jack Jones, the genetic quality represented by Leeper's commercial herd is what prompted him to buy the Mule Creek Ranch's AngusSource bred females — for \$1,600 a head — at the Profit Proven sale last fall. Jones, who works as an order buyer (more than 18 years of which were with Pratt Feeders, Pratt, Kan.), says he's seen how important quality grade is.

"I know the genetic background on the Mule Creek herd. They are striving to reach the carcass performance goals I am after. ... I knew if I was going to get in the cow business that's the kind of people and herd history I want to work with," Jones says.

As a buyer of AngusSource females for the last two years, Rob Sellard of Bucklin, Kan., also believes the background information that comes with the animals he's purchased is a worthwhile investment. "I really believe the industry is moving toward reputation cattle and identification. It is what the consumer wants. Hopefully, feeders, packers and retailers will recognize that and pay us for it in our calves," Sellard says.

Sellard has purchased females from Giles Ranch at the Profit Proven sale the past two years and is currently getting enrolled in the AngusSource program so he can enroll his own feeder calves in AngusSource this year. He's hopeful the effort will garner him some extra value when he goes to market the calves at the auction barn next fall.

Sellard says, "We see it as a long-term investment that we believe will bring more return back to our ranch."

GAR Continues to Offer Customer Rebate for AngusSource Enrollment

Gardiner Angus Ranch continues to offer an AngusSource rebate for all commercial customers. For each bull purchased from Gardiner Angus Ranch in the past two years, we will offer 25 AngusSource tags/enrollments. The tags should be used for calves sired by GAR bulls and tags must be purchased and applied in 2005. The tags are \$1.00 each and Gardiner Angus Ranch will rebate the cost for each qualifying tag. To participate in the AngusSource program, commercial customers must first complete the Beef Improvement Records enrollment form available from the American Angus Association (AAA) or online at www.angussource.com. Please allow two weeks for tag orders to be processed and shipped.

After tags have been ordered, fax or mail a copy of the AAA receipt/invoice (you will receive this from the AAA office a few days after your order is processed) to Gardiner Angus Ranch. If you are also using bulls not purchased from our ranch, please indicate the total number of tags ordered for GAR-sired calves only. We will send you a check for those tags.

Plan now to join us Friday,
October 7, 2005, for the Gardiner Angus
Ranch 1st Annual Fall Bull Sale.



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