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Quarterly Report to Shareholders

June 30, 2010 Quarterly Report

This report will include commentary on events up through July 31 since several positive events happened during July.

As the 3rd quarter for the 2010, fiscal year comes to a close, Gelbvieh Profit Partners Inc. has had a mixed quarter for results. We have been successful in forward contracting 31 loads of feeder cattle for fall delivery, and we are currently negotiating on some more loads. These ranged from one load of Angus yearling steers in Montana for September delivery to 300 head of weaned 750-weight steers in northeastern Minnesota for mid-November delivery. These Minnesota steers are from the same group of 14 breeders whose cattle we tried to buy last November. Additionally, GPP also has forward contracts on calves in Arizona, Colorado, Montana, Oklahoma, and Utah.

On another positive note, John Carrel and I took a trip to Colorado and Kansas in early July to meet with some corporate cattle feeders and some midsize cattle feeding entities. Our corporate meetings were with Cargill and JBS, while our other meetings were with Lane County Feeders and Bartlett Grain. Our goal was to explain the role and purpose of GPP and to learn their protocol for procurement when we are offered cattle that fit their parameters. These contacts are essential to enhancing GPP's ability to market feeder cattle out of the southern corridor of the US. Our efforts have been successful, as GPP has since contracted six loads of weaned steers in Arizona to Bartlett Grain and one load to Cargill Cattle Feeding.

With regard to the pen of cattle on feed that I had planned to transfer back to GPP, it is fair to say that the rough winter took its toll on these cattle. The combination of high death loss, poor performance, and premature forward contracting resulted in a loss of \$49.62 per head. Since the cattle did not make any money, I did not transfer ownership back to GPP. The pen originally consisted of a mixed load of 80 head. The death loss was four head, 5%, and they only had an ADG of 2.60. This is compared to the previous 3-year average of 2.90. The difference in DM conversion was negligible as the calves in 2010 had a DM conversion of 6.96, while the 3-year average was 6.95. From a carcass perspective, the cattle were 60% CH and 77% YG 1 and 2. This compares to a past history of 53% CH and 83% YG 1 and 2. Despite subpar feedyard performance in 2010, the carcass results were quite acceptable. This year GPP marketed the cattle to a feedyard in central NE.

I mentioned earlier that our 3rd quarter results were mixed. I make this statement, as we did not market any cattle through GPP for immediate delivery. I will also say that I only received two calls of cattle being offered for sale. One producer from Missouri had a load of steers ready for grass, unfortunately at that time I was unable to market them at the price he was asking. The second load was a set of warmed up Arizona steers that were priced reasonably. I thought we were going to get these cattle sold to a corporate feedyard, but then they changed their mind and wanted to stay with cattle that were coming off of wheat pasture. Their position was that they felt the cattle off of wheat would have greater performance since they had not been in a grow-yard. I am optimistic that our new contacts in southwest Kansas and Texas will give GPP more flexibility in these types of situations.

Going forward I must say that I receive very few calls from producers looking to forward contract their calves. Now I will be the first to admit that I can't always match what some cattle bring on the video, however, I also know that I can't do anything if you or your producers don't make me aware of their cattle. With regard to the video, also be aware that GPP has that option for northern cattle, as I can represent cattle through Northern Livestock Video Auction. This would yield GPP a \$1.00 cwt commission for all cattle marketed through this venue. Also be aware that any of you investors, or your customers, that market cattle after mid-January, we can sell them on the Northern Livestock Video "Diamond Ring" sale. This video auction will be held on January 10, 2011. All I ask is that there are at least two loads to sell. I make this request so we have enough revenue to offset travel expenses.

On a final note, I am still looking to forward contract more feeder cattle for fall delivery. I can be reached at 1-307-272-2024 if any of you have any cattle to offer, or if you have any comments or questions regarding this report.

Respectfully submitted,
Slim Cook
Chief Operating Officer