

Influencing the Feeder Calf Market
A Gelbvieh Profit Partner Update
By Slim Cook

As the 2006 feeder calf run comes to a close, we can all agree that the fall run has been anything but stable as soaring corn prices took the shine off the feeder cattle market. The market that in past years rewarded ranchers who sold in the fall, as opposed to forward contracting in the summer, was not there this year.

As the feeder market weakened, we can confidently say that Gelbvieh Profit Partners, Inc. has worked at living up to its goal of adding value to Gelbvieh Influence feeder cattle. How did we add value? At this time Gelbvieh Profit Partners Inc. has an interest in 834 feeder cattle that are on feed in Kansas, Nebraska, and Montana; about 65 percent of these feeder cattle were purchased during the fall through either direct country trade, or through the local auction markets. These calves came from Colorado, Montana, South Dakota, and Wyoming.

In addition to our purchases, we have also supported sellers and competitively bid on more than an additional 2,000 feeder cattle in Alabama, Colorado, Kansas, Montana, Nebraska, South Dakota, and Missouri. My predecessor, John Carrel, handled some of these bids. It is our hopes and intentions that our bids have helped your customers receive the true value of their calves, as we know that this is their paycheck for the year.

One of the proven benefits of Gelbvieh Profit Partners, Inc. has been our ability to find value, while also supporting sellers, in those areas with limited market exposure. We have seen instances where Gelbvieh Profit Partners, Inc. involvement has resulted in an extra \$4-6 per hundredweight (cwt.) return to the seller. This becomes especially critical when feeder cattle markets are subject to extreme volatility.

As Gelbvieh Profit Partners, Inc. enters a new year, we have been successful in attracting other feedyards and investors who have been willing to take an interest in feeding Gelbvieh-influence feeder cattle. We are fortunate to have these new entities, while at the same time maintaining the support of Champion Feeders, Decatur County Feedyard, and Lane County Feeders.

We hope to further expand our relationships with different feedyards by entering into some partnerships with cattle feeders in the Pacific Northwest. This will allow us to purchase inventory in the late spring and early summer when the availability of feeder cattle is generally in short supply, thereby supporting our Gelbvieh-influence customers on the West Coast. We appreciate these feeders willingness to work with Gelbvieh Profit Partners, Inc. in sharing an interest in our cattle feeding, as this allows us to spread out our equity and diversify our marketing opportunities, thereby reducing our risk exposure.

In closing, Gelbvieh Profit Partners, Inc. has illustrated that it can be a legitimate influence in the cattle feeding industry, but its continued success will require a strong commitment by investors to support the new stock offering. By increasing our capitalization we can support more farmers and ranchers and allow the company to market fed cattle on a more consistent basis. This allows us to work more on the average, and reducing the risk associated with only marketing on a limited basis.

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Table 1. Summary of Gelbvieh Profit Partner Cattle On Feed

| Date In | Feeder | Number | Source | GPP Equity | Sex | In Weight |
|----------------|---------------|---------------|---------------|-------------------|------------|------------------|
| 10/6/06 | Decatur Co. | 90 | Holmes | 25% | St. | 580 |
| 10/6/06 | Decatur Co. | 48 | Holmes | 25% | H | 515 |
| 10/6/06 | Decatur Co. | 234 | Farlee | 25% | St. | 569 |
| 10/6/06 | Decatur Co. | 120 | Farlee | 25% | H | 512 |
| 9/15/06 | Beller | 57 | Bones Bros. | 25% | H | 875 |
| 10/8/06 | T&C | 55 | Bales | 50% | H | 652 |
| 10/26/06 | North Platte | 80 | LJL-BLS | 50% | H | 595 |
| 11/8/06 | South Central | 50 | Hansen | 50% | St. | 677 |
| 11/8/06 | South Central | 26 | Hansen | 50% | H | 611 |
| 11/29/06 | Decatur Co. | 78 | Monte Vista | 25% | St. | 646 |