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Marketing the Beef Complex in 2009 and Beyond

BY JOE REZNICEK

To really address this subject would take the space and pages of a Michener novel. So I will try to address the obvious, which isn't always obvious to those in our industry but critical to our survival of our great beef cattle business.

It is really tough to prosper in any business if you don't survive the hard times, the challenges, and the temptation for fads that don't create profit margins.

This is fairly obvious to those of us who have been in business the last 30 years and watched friends and neighbors go out of business. This is one reason cow numbers are at an all time low. This bodes well for those who have survived, but is not indicative of a vibrant, prosperous beef cattle business. To have that environment, you need an industry that's growing demand and growing supply to meet that demand.

For the last 20 years, we've gone the opposite direction. We've made up for some of the shortfalls in numbers by producing heavier carcasses; however, these heavier carcasses are coming out of bigger framed cows. And our industry is just now finding out how inefficient cows are in the U.S.

All agricultural production inputs have increased dramatically the past four years. Predictions indicate inputs will continue to rise. Cost-effective genetics are necessary for profit margins and business sustainment in all segments of the beef chain. For example, from the production side, if you can run three cows where your neighbor can run two, your chances for profitability are much greater.

And it's not just feed efficiency or conversion that matters. Profitability is directly tied to cattle adapted to your environment and cattle that require less labor and

less management. All these things add to the bottom line.

When I speak of the beef cattle complex, I am involving everyone from seedstock producers through packers. In my opinion, people who will survive the hard times we're in today, in every segment of our industry, are, first, those who have a track record in their particular segment of our industry. Secondly, operations and businesses

who have disciplined efficient management systems in place who comprehend more than just their segment of the industry, but rather understand our industry as a

whole. Thirdly, those who produce a quality product backed by experience, technology and results from their customers. Lastly, those who provide quality products or services with integrity and professionalism and who instill customer confidence in their products or services.

In the middle of preparing this article, I got the news that JBS had withdrawn their offer to buy National Beef. This was a very disappointing outcome to me for a process that started just over a year ago. Having said that, I understand the fact that a lot prominent beef people were opposed to any portion of JBS's entry into the U.S. cattle and meat businesses. The proponents were fearful of less competition and more consolation in the feedlot and packing industries. In my opinion, this was poor judgment on their part and bad business. They were not seeing the forest for the trees.

This is not 1959, 1969 or 1989. We have to appreciate the fact we are in a global economy. We have to be able to compete in this global economy and use our strengths, genetics and management abilities to be successful.

“This is not 1959, 1969 or 1989. We have to appreciate the fact we are in a global economy. We have to be able to compete in this global economy and use our strengths, genetics and management abilities to be successful.”

—JOE REZNICEK, COW CREEK RANCH



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JBS came to the U.S. with a satchel full of money, fresh ideas for processing plants, and the ability to open up many new export markets. And again, in my opinion, the ability to raise the bar for the other major packers.

Competition is definitely an incentive for all of us to provide a higher quality product in a more efficient manner to whomever is your customer base. Too many times in the beef cattle business we're too quick to criticize new ideas, new management practices and the people who are the purveyors of these practices. On the flip side, we are bound by tradition in too many cases. **Our industry moves toward change like a giant battleship in a bathtub.**

In the case of JBS, we would have not eliminated National Beef as a competitive bidder on feedlot cattle, but have made their plants and processing more competitive in the global markets that we are challenged with, and must build, to advance into the future.

Cow Creek Ranch got off the battleship many years ago. We stepped on the mode of transportation into the beef cattle future that gives us much more flexibility and success in breeding beef animals that are much more productive, efficient and profitable for us and our customers. We were one of the first in the beef cattle industry to use ultrasound on a mass basis. We challenged the numbers that we were receiving from our association and transmitting to our customers. Then we developed an index system that is acclaimed by our customers on both sides of the equator as much more comprehensive and accurate than any system in use.

In the last 20 years every Cow Creek Ranch endeavor has not been successful, but the overall effort and result is, today, that the Cow Creek Ranch cow herd is the most environmentally adapted seedstock operation in existence. We continue to embrace new technologies, such as DNA testing, feed efficiency and RFI trials. We have seen results in our cow herd with moderating cow frame. But, we realize our customers demand documentation so they can obtain the same results in their operations. We feel very strongly that environmental adaptation of a cow is one of the main factors in the efficiencies that we all must have and attain to acquire profit margins in the future.

There is an old saying, "you can't put a square peg in a round hole." Environmental adaptation balanced with multi-trait selection is a combination that will lead us to profitability in our cow operations. In the southern tier of the U.S, we've been sold a bill of goods that Angus bulls will work anywhere. This thought has been cultivated by a host of people who don't own cattle and propagated simply by sheer mass numbers of Angus bulls being produced. The reality is Angus bulls *are* the square peg.

At Cow Creek Ranch our Brangus and Ultrablack bulls are adapted to this environment and have been selected through a multi-trait selection process. This gives our customers longer-lasting more fertile females, feedlot steers that will excel in feed efficiency, and carcasses that will provide the consumer a high quality product.

As an industry we must embrace new technology, new ideas, and the people who have the foundation and foresight to bring these advancements to us. If we do that, we will survive 2009 and prosper into the future.

Steve Forbes was asked what the most optimistic thing his father told him about hard times?

He replied, "If you get a setback, put it behind you and move ahead. Don't let it poison you. Always look to how to do things better, even differently. Don't sit still or you will topple over."

How Cool is That?

LATELY WE'VE HEARD A LOT OF COOL TALK.

My first experience with country of origin labeling (COOL) came just a week before our fall sale when COOL became law. Every bull and group of heifers we sold was accompanied by an affidavit stating the animal's origin (place of birth, etc.). According to law, this affidavit stays with the animal during its lifetime. If sold, the affidavit is passed to the new owner and so on.

My next encounter with COOL was at our local grocery store. Hanging above the meat counter was a small, hand written sign that declared, "Beef is products of the U.S.A., Mexico and Canada."

The sign reminds me of a story Joe tells about the rainbow colored cow herds he sees while driving across rural America. "I see pastures with cows of all colors. Grazing with the colored cows are three different color bulls. I guess the owner assumes the black bull will breed the black cows, the red bull will breed the red cows, and so on. You get the picture," Joe laughs.

By law, catfish harvested and subsequently sold in U.S. grocery stores must have its country of origin disclosed. When I buy catfish that has a label that reads, U.S. Farm Raised Catfish, my subconscious tells me this product is safe to consume. Moreover, I'm ecstatic to support U.S. catfish farmers. Some progressive catfish-producing states have even passed laws that require catfish sold in restaurants to have their country of origin disclosed. That law is currently being considered here in Alabama. Would you order catfish which the menu stated, Product of China?

My thoughts about our COOL labeling system is analogous to Joe's story. (*Yes, I know we have to start somewhere.*) The powers-that-be must think average consumers are smart enough to peer at neatly cut steaks and choose the package of steaks produced in the U.S.A. From my vantage point, I'd just as soon *not* know my steak came from Mexico or Canada. I just don't think that's too cool.

-JOY REZNICEK

Kenny's Shoes

WE DON'T MAKE A HABIT OF RECOMMENDING BOOKS, but this book deserves mention. *Kenny's Shoes*, by Walt Barnhart, is a walk through the storied life of the remarkable Kenneth "Ken" W. Monfort. The Monforts made their mark by building a family cattle feeding empire through vision, hard work, taking risks and staying the course. Their power and position grew in the beef cattle industry when they constructed a packing plant near their Colorado feedyards.

The Monfort agriculture legacy began with Ken's father, Warren, feeding a few head of cattle on their modest farm in Greeley, Colorado. Warren's father, Charlie, who was opposed to the idea of feeding cattle, later joined him.

Ken, along-side his father, grew the business into one that would eventually influence and impact the entire U.S. beef cattle business.

Kenny's Shoes chronicles the history of the Monfort family business while focusing on Ken's remarkable life, brilliant business mind and industry innovations.

You can find *Kenny's Shoes* at www.amazon.com.

\$150 to \$200 Added to Value of Cow Creek Ranch Sired Heifers

"ONE OF THE THINGS WE WANTED TO DO by using Cow Creek Ranch bulls was to take advantage of the Brangus replacement heifer market," says Roger Hensley of Arkansas.

Two and one-half years ago Hensley switched from brand X bulls to Cow Creek bulls. Through Hensley's management, the quality of heifers and Cow Creek Ranch's reputation, Hensley is certain he was able to add \$150 to \$200 over market to the value of his heifers when he sold them this spring.

Hensley and his family farm and ranch in the southeast corner of Arkansas near the town of Eudora.



JOE REZNICEK WITH BILL AND FRANCIS PUGH, WINNERS OF COW CREEK'S COMMERCIAL PRODUCER AWARD OF EXCELLENCE.

Cow Creek Ranch Recognizes Bill Pugh

COW CREEK RANCH'S AWARD OF EXCELLENCE IN COMMERCIAL PRODUCTION was presented to Bill Pugh of Jonesboro, Louisiana, during the fall sale. Bill and his wife and partner, Francis, ranch in north central Louisiana.

"Bill Pugh is a great example of a proactive cattleman who makes decisions for long-term profitability. Though he's not a cattleman with a large number of cows, Bill has proven that investing in superior genetics coupled with sound management and a proactive calf marketing program can pay dividends no matter how many cows you have. It's very rewarding to do business with Bill. We're fortunate to have him as a customer," says Joe Reznicek.

Bill Pugh came to Cow Creek Ranch in 2000 to buy his first Cow Creek bulls by way of Cow Creek Ranch joint venture bull producer, Lynn White.

"In 2000, I went to the most progressive cattleman in our area to talk about using Cow Creek Ranch bulls. I knew that if he started using Cow Creek bulls, other cattlemen in our area would see its benefits. That cattleman was Bill Pugh," says White. Since then, Bill and Francis have added more than 15 Cow Creek Ranch bulls to their cattle operation.

"The uniformity of our cattle has improved tremendously since we started using Cow Creek Ranch bulls. Originally, we had large framed cows. By using Cow Creek bulls we have reduced the frame size of our cow herd. We like the consistency and growth we get from the Cow Creek bulls. And we started seeing a profit margin in our operation.

Early on we worked with Matt (Reznicek) in getting premiums for our calves. We've sold our calves in load lots working with other area cattlemen using Cow Creek bulls. The recognition of the Cow Creek Ranch name is definitely a plus when marketing my calves. It's just been a plus-plus all the way around," says Bill.

Bill's positive experience with Cow Creek Ranch genetics has led him to give advice to his two bothers. "My brother Joe came with me to the Cow Creek Ranch sale last fall. He can see the difference. My second brother borrowed a Cow Creek bull from me to put on 30 heifers. He was amazed that he didn't have to pull any calves. He's still learning," Bill laughs.

"It's been a pleasure working with Cow Creek Ranch. We've enjoyed the friendships we've developed and had some great times," says Bill.

Cow Creek Ranch Holds 14th Annual Commercial Bred Heifer Sale

“EVERY YEAR BUYERS APPRECIATE THE QUALITY OF HEIFERS OUR COW CREEK RANCH CUSTOMERS OFFER. These source-verified reputation heifers are a sought-after commodity across the southern tier of the U.S. The heifers are functional, sound and environmentally suited for this part of the world. Buyers keep coming back for these heifers,” says Joe Reznicek.

Cattlemen from the Southeast and surrounding states gathered at Cow Creek Ranch for the opportunity to capitalize on the sourced genetics. Many cattlemen were repeat buyers.

When the gavel fell after the final lot, heifers sold up to \$1900 with a 528-head average of \$1202. The sale marked its 14th consecutive year and was endorsed by cattlemen from the southern states. Commercial heifer buyers came to Cow Creek Ranch to do business and capitalize on the strong genetically source-verified offering. All heifers sold were sired by Cow Creek Ranch bulls and bred back to Cow Creek Ranch bulls.

Cow Creek Ranch has offered its customers the opportunity to market bred heifers the day prior to the Cow Creek bull sale since 1995. The program originated to provide a marketing outlet for Cow Creek customers. The sale has grown from 50 head to nearly 600 head. Today, few seedstock operations offer bred heifers only sired by, and bred to, a single genetic program.

Cow Creek Ranch customers marketing heifers were: Williamson Cattle Co., FL and AL; River Oaks Farm, AR; Cedar Ridge Ranch, MS; CP Bar Brangus, MS; Mallette Farms, MS; Driskell Farms, AL; Megehee Cattle Co., MS; Circle S Farms, LLC, AL; Hawkins Farms, TN; Oakley Brangus, AR; Waters Farm, MS; Hidden Rock Farms, NC; Montgomery Farms, AL; Wooldridge Land and Cattle Co., LA; Big Prairie Farm, AL; Rockview Ranch, AL; and Weatherford Brangus, AR.

The 2009 Cow Creek Ranch customer-owned commercial bred heifer sale is Friday, October 9, 2009. Customers who wish to participate must contact Joy at the Cow Creek Ranch office by June 1st.



Ace of Cakes

MIKE AND SUSAN BURKE OF WAYNESBORO, GEORGIA, delivered a cake version of the famed Cow Creek Ranch bull “9L2” to the sale last fall. We loved it! The 9L2 cake was the hit of the party and 9L2’s sons were the hit of the sale!

We Think People Are Still Eating

WESLEY M. BATISTA, CEO OF JBS-SWIFT & CO., is optimistic about the present and the future of the meat industry..

“About our industry, we are optimistic,” he said in the keynote address at the National Meat Association’s annual convention. “All of us have heard a lot of negative things about the financial crisis and the downsides. In our view, we think people are still eating.”

Cow Creek Ranch Bull Sale Credit Auctioned in Florida

CATTELMEN FROM FLORIDA TO ARIZONA and points in between have been loyal to Cow Creek’s genetic program the past 24 years. As appreciation, for eight years, Cow Creek has offered bull sale credits which are auctioned during the Florida Cattlemen’s Association (FCA) Conventions.

Bo and Beverly Yarborough purchased the bull sale credit of \$2000 at FCA’s past convention. Bo and Beverly, along with Bo’s brother, J.W., and his wife, Francis, operate Yarborough Ranches, Inc., a third-generation ranching operation in Geneva, just outside of Orlando, Florida.

Ron Flake Honored by Cow Creek Ranch

RON FLAKE, ECRU, MISSISSIPPI, WAS RECOGNIZED BY Cow Creek Ranch during our fall sale weekend as a “Special Friend of Cow Creek Ranch.” From time to time Cow Creek Ranch recognizes friends and customers who, at every turn, lend helping hands as friends, business associates or customers.

“Ron is very deserving of this award. His contributions to Cow Creek Ranch are invaluable. Ron is a Cow Creek Ranch joint venture bull producer and nine-year consignor to the Cow Creek Ranch Commercial Bred Heifer Sale. He takes his commitment very seriously. Not only does Ron do a great job breeding and managing his cattle, for several years he’s jumped in as a hand during our fall and spring ultrasound bull work in Rose Bud, Arkansas. He’s done such a good job, we now just consider him as part of the ultrasound crew,” says Joe Reznicek.

Recently retired as a chemical engineer for Kerr McGee Chemical in Hamilton, Mississippi, Ron now devotes his time to his cattle operation and family. Ron and his wife, Janet, have three children, Ethan, Anna Clare and Whit.

There is a way that nature speaks, that land speaks. Most of the time we are simply not patient enough, quiet enough, to pay attention to the story.

-LINDA HOGAN

Louisiana Cattleman Tells of Success with Cow Creek Ranch Bulls

“WE BRED 200 HEIFERS TO COW CREEK RANCH BULLS. We couldn’t have asked for anything better. The bulls did just exactly what we were told they would do.

The year before we used Angus bulls on our heifers. We lost 10 heifers at calving and we couldn’t keep any of the heifer calves as replacements.

The Angus bulls did nothing like the Cow Creek Ranch bulls when comparing the two. The Cow Creek Ranch sired calves were a lot heavier at weaning and they left us heifer calves we could keep for replacements. There is just no comparison,” says Craig Neal, of Morganza, Louisiana.

Craig and his sons operate diversified agricultural enterprises in southeastern Louisiana on both sides of the Mississippi River.

Cutting Costs Where They Matter

ONE OF THE MOST EFFECTIVE WAYS TO IMPROVE a herd is to identify and cull poor performers. It also boosts your bottom-line. Ever had a cow lose a calf after delivering a live one? Chances are very high that it’ll happen again to that same cow.

Kansas State University studies show that high-cost, low-return practices include calving at seasonally inappropriate times, allowing calves to suckle dams too long, daily as opposed to alternate-day supplementation, unnecessary grain processing, creep feeding, self feeding and over-reliance on harvested forages. Consider shifting to higher-return alternatives such as scheduling calving and lactation to coincide with peak forage quality, weaning calves before cow body condition declines and minimizing winter feeding of harvested forages.

Bottom-line, stay in tune with Mother Nature. She’s your friend.

Hunker Down

Focusing on core business values sees businesses through tough times.

BY MATT REZNICEK

59 UP AND 57 DOWN. That is how companies in my sector of the insurance industry fared in the eyes of the AM Best rating agency in 2008. All others remained “unchanged” although very few that are subject to eyes of the public equity markets have seen their market cap or stock price “upgraded” or “unchanged” through the course of the last year. The companies that can consider their shares or capital positions relatively unscathed typically have a couple of characteristics in common: they are fundamentally pretty sound and have a relatively good sense regarding the profitable foundations of their business.

About midway through last year Infinity Insurance Company CEO called a meeting and the theme was “Hunker Down.” The meeting lasted well through lunch and focused on reducing expenses, refocusing on core business and killing some “strategic initiatives” that were good for a growing company, but just did not fit the “Hunker Down” strategy. Someone, almost certainly at the request of our frugal CFO, laid out lunch consisting of bologna, cheese, white bread and mayo from Winn Dixie. I haven’t seen the same spread outside the boardroom since, but at the end of the day, I think the symbolism worked. Infinity is the only public company headquartered in Birmingham whose stock price actually gained ground in 2008.

So, if you are not a bank, investment house or even an insurance company trying to sort out your bad assets, or just convince folks that you have a viable business, you have the opportunity now to focus on your core business and ensure your product remains attractive to your customers. Demand, whether for auto parts or beef, is certainly going to be in question until the worldwide recession turns, but those businesses, or producers that offer a product of high perceived value [just look at Wal-Mart] will be in a much better position through the recession and beyond.

Although I am not getting any dew on my boots on a daily basis—at least for the time being—I am certain that there are two fundamentals that will continue to make your product stand out in markets of hard or soft demand. Those are genetics and preparation. While you may be able to make decisions regarding investing in your calf crop to prepare it for market on an annual basis considering costs, weather conditions, or market prices, you just cannot afford to let genetics falter. Human capital is core to Boston Consulting Group, technology is core to Apple, and genetics are core to beef producers.

Superior Auction and RFD-TV to Broadcast Cow Creek Ranch Bull Sale

COW CREEK RANCH WILL ONCE AGAIN TEAM UP WITH SUPERIOR LIVESTOCK AUCTION to broadcast our October 10, 2009, bull sale on RFD-TV. Cow Creek Ranch will market 350 bulls during the broadcast. Sale time to be announced.

"Our partnership with Superior Auction has allowed us to expand our market and offer our genetics to a larger audience. It gives our current customers more buying flexibility," says Joe Reznicek.

Superior Livestock Auction has grown to become the largest livestock auction in the United States. On October 10th, buyers unable to attend the sale may bid on bulls and view the auction via a nationwide satellite broadcast on RFD-TV from the comfort of their offices or homes. RFD-TV is distributed on DIRECTV (channel 345), DISH Network (channel 231), Comcast, NRTC, Mediacom, Charter, Bresnan and NCTC cable systems in all 50 states, serving over 28 million U.S. homes.

Profit Tips From Joe



Genetics and Bulls. Cow Creek Ranch bulls have an advantage over brand X bulls.

Here's why.

- Environmentally adapted genetics.
- More pounds than Angus sired calves at weaning time.
- 100% more replacement heifer possibilities than with Charolais sired calves.
- Cow Creek Ranch customers are adding up to \$200 per head on their Cow Creek sired replacement females.
- Longer lasting females—3 to 5 years more productive life.



South American Cattlemen Visit Cow Creek Ranch

"**WE ARE OF THE SAME MINDSET,**" says Joe Reznicek of the South Americans who visited Cow Creek Ranch this spring. "They understand our management style, our no-frills, cost-effective operating practices and the genetics it takes to make a living in our business. No matter which side of the equator you live, basic fundamentals of operating a cattle ranch are the same," Joe continues.

Twelve Brangus breeders and cattlemen from Paraguay, Uruguay and Argentina made a pilgrimage to Cow Creek Ranch to tour, study genetics and study management practices. "These cattlemen are successful cattle breeders in their own countries so our exchange is a two-way educational process.

We've come to appreciate their lifestyle, how they

manage large groups of cattle for profit and how they manage their estancias and grasses. Their big advantage is the ability to run cattle on forage year round," says Joe.

On the flip side, South Americans appreciate the frame size and consistency of Cow Creek Ranch's cow herd and the way Cow Creek does business.

During the past five years, Cow Creek Ranch's forage-based genetics have rapidly gained respect among South American cattle producers. No-nonsense, astute South American cattlemen appreciate and respect Cow Creek Ranch's requirements of their four-legged factories to earn their spots on the factory floor by proving she can sustain herself on grass, forage in heat and humidity, travel freely, raise a calf and breed back.

Pictured from left to right: Dr. Alfredo Pignotti, Genpro, Argentina; Ing. Agr. Federico Maisonave, Uruguay; Andrés Soutter, Paraguay; Dr. Pedro Borgatello Jr., Argentina; Ing. Zoo. Augusto Cantero, Paraguay; Alberto Pereira, Paraguay; Arq. Juan Carlos Baldwin, Paraguay; Dr. Sebastián Pizarro, Paraguay; Jorge Reinau, Paraguay; Fernando Waihlich, Brazil; at halter is Traci Middleton, Tennessee; Lic. Jorge Johansen, Paraguay; and Stephan Soutter, Paraguay.

Big Country with Big Opportunities

JOY REZNICEK SITS DOWN WITH

Fernando Waihrich

This past summer while Joe was travelling in Argentina, a young Brazilian man and his family travelled 800 miles, from Brazil to Argentina, to introduce themselves. If you're familiar with South America's infrastructure, the journey was, no doubt, a journey with a purpose. You see, Carlos and Heloisa Waihrich would be sending their 20-year-old son, Fernando, to Cow Creek Ranch for two months. But first they needed to meet the man who would ultimately oversee his care.

The story says two things of Fernando Waihrich who arrived at Cow Creek Ranch in mid-January. First, determination. An 800-mile journey in South America is nothing like driving from Dallas to Raleigh. While South American motorists enjoy breathtaking beauty, they bump along narrow, sometimes rocky and unpaved, national roads in compact cars with suspensions that are short-lived.

The second message is the underlying purpose of the journey itself. Few youth have the desire (or opportunity) to travel abroad for the sole purpose of expanding their minds for their future life's work.

The signals we gleaned from the family's 800-mile trek were on target. Though Fernando arrived well educated, he's fluent in English, Spanish and Portuguese, he arrived eager to learn. Not just how, but why?

Fernando has one year more of classes at the third largest agriculture university in Brazil located in Santa Maria. He is majoring in agronomy. After completing four years of classes, his studies require him to spend one year of practical application on ranches. And finally, to receive his degree he must write a thesis and then present it (and defend it) to a panel of 10 people. His only sibling, Carlos Filho, is attending law school.

Brazil has the largest inventory of beef cattle in the world with more than 189 million head, nearly twice that of the U.S.

Tell our readers about your family and their involvement with agriculture?

Our ranch is in southern Brazil and has been in our family for five genera-

tions. The ranch is 1000 hectares (2471 acres). Together with my parents and my brother we operate the ranch. Our family has two other companies. (Borrowing a phrase from the Americans, Fernando said they didn't need to put all their eggs in the same basket). The first company is our ranch. We raise Brangus seedstock (both black and red) and commercial Brangus cattle and we grow soybeans.

The second company is a management company where we manage other ranches. My dad and I run this company. We have been working with one very large ranch that is primarily a seedstock operation but they also run commercial cattle. Every October this ranch

has a sale that sells 150 bulls and 200 females. All the bulls and females sold are raised on grass. One-hundred days before the sale the bulls are fed grain. About 10 percent of the bulls are sold as three-year-olds and rest are two-year-old bulls. The three-year-olds that sell are used on the ranch a year then sold the following year.

The third company is a company that provides English and Spanish courses. My mother does most of this. While I am in school, my mother and I live in the city of Santa Maria. She works everyday with this company. I help her when I'm out of class. On the weekend, we go to the ranch which is about 100 miles from the city.

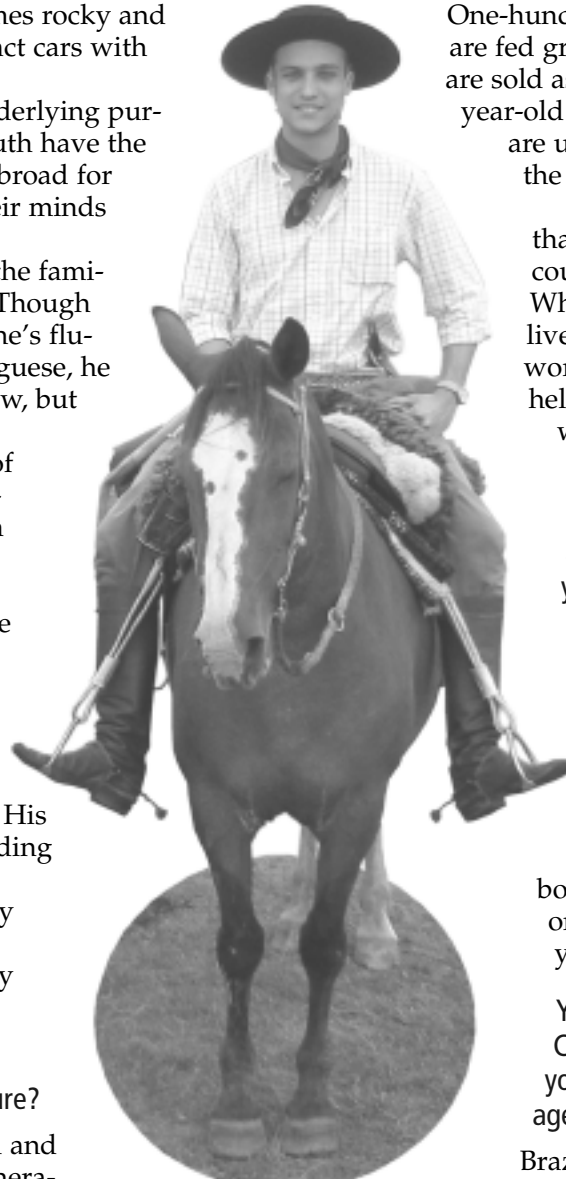
How do you market your seedstock and commercial cattle you raise on your own ranch?

We market our Brangus bulls in September or October at a nearby show and sale. The sale is a day-long sale that is televised (video auction) and seen over North and Central Brazil.

We fatten our commercial calves, both steers and heifers, at the ranch on grass. We market them at two years of age.

You've been in the states at Cow Creek Ranch for five weeks. What do you see that is different from your management and philosophy in Brazil?

Brazil is a big country with many kinds



Fernando Waihrich of Brazil

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of soils, pastures and climates in Southern Brazil. Brazil, where I am, the soil and pastures are very similar to that here. But, Alabama's weather is colder than in my land. We can graze our cattle all year including the winter. We don't have to feed hay. The coldest it gets in Southern Brazil is 32 degrees. (Southern Brazil has the coldest climate in Brazil as it is on the other side of the equator).

Besides that, the two differences I see are your minds and the uniformity of your cattle.

You work hard for your success. You work hard, you have good minds, you think and you plan. You love what you do. Your engine is always working. I see the engine working. You have the complete team at Cow Creek Ranch. In Brazil we work hard, but we don't plan. We know where we are going, but we don't plan.

The other is the uniformity of your cattle. You've been planning your breedings for 20 years and I see it in your cattle. In South America we go where the market takes us so our cattle are never the same. But South American breeders are discovering the difference and we want to move to more uniform cattle.

Talk about the Brangus genetics with which you work.

The herd of the ranch that my family manages was basically started with importing cows from Argentina in the 1980s. Then we crossed with Brazilian bulls. In the 1990s, we used American genetics in most of our herd. When we used the American genetics we got carcass quality, conversion and growth, but we also got big cattle. We don't want big cattle. We are trying to get our cattle smaller and more uniform.

Right now we have about 90 percent Black Brangus and 10 percent Red Brangus. We are going to increase our Red Brangus numbers as more buyers in Northern Brazil want red cattle because of the hot climate and mosquitoes.

What are some of the changes going on in the cattle business in South America?

Quality is becoming more important. We've had lots of crossing so we have no uniformity in our cattle. And we've had lots of influence from international genetics. But traditional ranchers are now paying more for uniformity and want more uniform cattle.

In the future, I think there will only be four or five breeds of cattle in Brazil.

What breeds will they be?

There will be Brangus and Angus. In southern Brazil, there will also be Braford's and Herefords. In the north, they will have Zebu (Nelore). The Nelore cattle in Brazil are adaptable and have good carcass quality.

How do you see the global beef industry of the future?

The world population is growing. People have more money. As people have more money, they eat better. There will be more world demand for beef.

Now, there is also more demand for grain. There is more global demand for grain now, and there will be more in the future. Grain will be used for many more things in the the future besides feeding livestock. In Brazil, we use a lot of biofuel. We've never used grain for biofuel before, but we do now. Cattle have lost lots of ground to sugar cane in central Brazil.

Grain will get more expensive as demand increases. Fattening cattle on grain will become more expensive. So people must raise their cattle on grass. South America will become the pasture of the world. South America has lots of land and pasture. This will not change. Sometime in the future, South America, with help from the United States, will produce most all the beef in the world.



JOE AND JOY REZNICEK SHOWN WITH BAXTER BLACK (RIGHT).

Baxter Black Entertains at Cow Creek Ranch Sale

BAXTER BLACK, WELL KNOWN SYNDICATED COLUMNIST, radio commentator and Reznicek family friend, entertained the sale crowd with his left handed sense of humor. Baxter's humor evoked belly-laughter by shining a spotlight on the flaws and foibles of everyday cowboy life.

Baxter took home a Cow Creek Ranch bull to add to his cattle operation in Arizona. He fondly named the bull "Little Joe"!

John Mayday's Prediction

BEING IN THE CATTLE BUSINESS these days is a bit like owning stock in Disney or Microsoft. It might not be worth what it was a couple of years ago, but you know that if you hang on, it will come back.

After several years of contraction, U.S. beef cow numbers are at their lowest point in 46 years. Our access to export markets has improved dramatically, and growth potential in beef exports is huge. The beef industry is just waiting for improved consumer confidence once global economies turn the corner, bringing renewed growth in beef demand and sharply higher cattle prices.

When that day comes, producers who have positioned themselves with sound business planning will see their stock value rise.

Here We Go 'Round the Blueberry Bush

BY JOY REZNICEK

For the past 21 years I've listened to my husband Joe drive home Mother Nature's most important rule; cattle must fit their environment to be cost-effective. Not only has this message rung in my ears, but I've witnessed our Brangus and Ultrablack cattle outperform our Angus (from efficiency to production to pounds) here in Alabama, year in and year out. Even more, during this same time I've written an excessive amount of words in our *Ear Marks* validating this rule. I'm a believer. I get it. Cow Creek Ranch has survived because we live and operate by Mother Nature's rules (and Joe's rules).

Yet, here I am trying desperately to defy this law. Let me explain.

I have a passion for blueberries. So much so I wanted to bring them to life in our garden. Four years ago I began what I thought was a simple quest of adding blueberry bushes to our bountiful 10-year-old fruit orchard. With little research, I selected three, zone nine blueberry bushes. Two were of different varieties to satisfy the cross pollination rule. Holes were systematically prepared; same method we'd used for our thriving peach, plum and apple trees. Blueberry bushes were planted and then watered with as much diligence as I refill water bowls for our dogs. I fertilized the bushes periodically as recommended. Then I waited. Late spring brought no signs of blooms. By mid-July, leaves were falling from the plants. By August, branches snapped with little effort. The bushes simply never took root.

I blamed the demise of my bushes on our scorching hot summer. Mentally, I scolded myself for a few missed waterings while travelling in June. Yet, in spite of my failure, my determination to grow blueberries remained steadfast. I would try again next year.

The following early winter, I arrived home with blueberry bushes in hand. I would make a go of it again. I dug larger holes. I amended the soil. I altered the pH. I planted. I fertilized. I watered. I waited. Spring came and went without a single bloom. By the end of July, the soil bank had welcomed three more blueberry bushes. Once again I was in blueberry mourning.

What troubled me is I was doing everything right for my bushes to thrive.

But again, in spite of two failed crops my lust for blueberries did not waiver. So, I heeded the advice from the old adage, "when all else fails, read the directions." I read about blueberries, the soil they like and how to grow them.

Turns out, blueberry bushes like nothing about our soil. Seems I was sticking the proverbial square peg in a round hole. I had overlooked the obvious. I was blinded by desire. I clearly understand Mother Nature's rules, but failed to apply them to gardening. Like cattle, gardening has a golden rule; lack of proper soil environment cannot be made up for by any other factor. That is to say, not all soils are suitable for all plants. I know that rule.

Remember the saga of Shorty the Angus bull? He couldn't survive the heat and humidity. He struggled to perform, then simply gave up and made his home under the shade of the oak tree. Finally, Shorty's lack of performance led to his demise at the local sale barn.

During my blueberry research I came across this passage which added insult to my injury, "All of us know how varied the landscape of the United States.

From the Rocky Mountains to the Central Lowlands, the United States exhibits a wide array of landscape features and this automatically contributes to the varied soil conditions. The variations

in climates complement the process. So understand the primary physical features of the region, where you are located. Understand this rule and you will save yourself the despair of seeing your adored plants and flowers shrinking to death."

Oh my gosh! I was whacked on the head by my own hand.

Agriculture seed companies have done a phenomenal job of creating grain varieties to fit varying U.S. climates and soils. One seed *does not* fit all. DNA advancement has enabled companies to develop seeds at record pace that are drought resistant, heat tolerant, higher yielding, etc. (with DNA, no test plots required).

When it's all said and done, dealing with agriculture or any plant or animal for that matter, environment matters. No matter what you do or how hard you try, you can't change your environmental surroundings. Sure, I may eventually get a blueberry bush or two to live in our soil with enough tender loving care and nurturing. But I know yields will be below average and the bushes will have shortened life-spans. That's okay. But when you're dealing with businesses and livelihoods, it makes no sense at all to defy Mother Nature. Eventually she'll get you.

This is a lesson. Mostly a lesson for me. Mother Nature never breaks her own rules no matter how much you want something.

“Blueberry bushes like nothing about our soil. Seems I was sticking the proverbial square peg in a round hole. I had overlooked the obvious. I was blinded by desire. I clearly understand Mother Nature's rules, but failed to apply them to gardening.”

—JOY REZNICEK

Rural Carrier

Thank You for Your Commitment

Just wanted to let you know the bulls arrived safe and sound. Your driver was extremely helpful in getting the bulls loaded on my trailer.

The bulls were even more impressive once I saw them walking around in the pasture; plus they're very gentle. Looking forward to having calves on the ground.

The main reasons I'm writing is to thank you for the commitment you've made to producing outstanding seedstock. I'm looking forward to the day when all of our bulls will be Cow Creek bulls.

A trip to your ranch will definitely be in our plans for next year. Thanks again.

WALTON COWART
Florida

The Forgotten Trait

I read your article in *The Ear Mark* with interest and great satisfaction ("The Forgotten Trait", Spring 2008). Finally, someone is talking about longevity, and for the sake of a good mental duel, I would argue that it is the UNKNOWN TRAIT. My son will graduate from NMSU (New Mexico State University) this May in Range Science and he brought home a paper that summarized a survey of 57 Texas ranches. This study determined the average cost per cow to produce a calf crop--\$571 per year. No wonder there isn't more people in this business.

Now the interesting part: The biggest single cost to a cow-calf man is depreciation on the cow. And this isn't the number on a 1040, BUT THE COST TO OWN THE COW PER YEARS OF PRODUCTION. Logically, anyone can see that the longer the cow is in the herd producing the less the cost of owning that cow per year is! There isn't a breed that can even come CLOSE to a Brangus female for longevity, yet it seems to me that the big time movers and shakers want to keep

this a secret. I don't get it. We weaned a calf this winter off a 1992 cow - 16 years old. We live in the Sonoran Desert and we have had 10+ years of off and on (mostly on) drought, we haven't supplemented and our cows have to get by. This old girl is in good shape and I'm not going to sell her.

When we left Montana in 1988 we were having a problem with birth weight and it was bad. I promised I would never go through that again and I haven't. I researched the best low birth weight bulls, bought the best semen and made my own deal. Guess what? There is a correlation between low birth weight and longevity and there is some research out there in support. Besides, ask any woman that has more than one child about birth weight and longevity.

I enjoyed your article. Good luck.

RICK SKAARER
Wilcox, Arizona

Extends Gratitude

(Letter was sent to Fede for translation). Already in complete control of my activities down here after the beautiful but long trip, I ask you to extend in gratitude a warm and big hug to the Reznicek Family for all the attention, impressive show of kindness and family warmth that was given to every one of us.

Fede, I also want to recognize your time and permanent gentle interpretation for our business matters, resulting in a productive visit to the U.S. and especially Cow Creek Ranch.

Best and strong regards, and I hope you can read and translate this letter to our gracious host letting them know that we are awaiting them in Paraguay. When they visit us we want to treat them at our ranch the same as they did.

Very grateful for everything,

JORGE JOHANSEN
Paraguay



BUCK HARVESTED BY HANK PITTS,
GEORGIA, ON COW CREEK RANCH.

Cow Creek Ranch Hunting, 2009-2010

STOUT WHITETAIL DEER ROAM THE PRAIRIE

grasslands and rich bottom-ground on Cow Creek Ranch. The ranch sits atop this fertile ground in the Blackbelt region nestled in the bend of the Tombigbee River.

Our hunts are kept to a minimum of four hunters for four-day, three-night hunts. Packages are perfect options for families, parent-youth or small group hunting parties. Youth under age of 16 hunt free with paid adult. We are booking for the 2009-2010 season.

Early Bow HuntThree Day Hunt
November 1 to December 15, 2009 . . \$1200

Rut Bow HuntThree Day Hunt
December 16 to January 31, 2010 . . \$2000

Early Gun HuntThree Day Hunt
November 1 to December 31, 2009 . \$2000

Rut Gun HuntThree Day Hunt
January 1 to January 31, 2010 \$2500

- Lodging and food provided

For information contact: Jeff Reznicek at 217/899-1131 or Joy Reznicek at 205/373-2269. Visit us on the web at cowcreekhunts.com.

The term Maverick originated before the Civil War when financier Sam Maverick took a herd of cattle in settlement of a debt. When his cows started calving, they went unbranded and came to be called Mavericks.

FOR SALE FROM COW CREEK RANCH

Private Treaty Bulls for Sale

We currently have private treaty bulls for sale (in Alabama and Arkansas). Bulls are thick topped, thick butted and downright good. Bulls are ultra-sounded and ready for the breeding pastures. Call **Joe** for more information at 205/373-2269 (office) or 205/367-7859 (cell) or Keith Cagle in Arkansas at 501/940-0299.

Registered Bred Brangus and Ultrablack Heifers for Sale by Private Treaty

Available August 2009, registered foundation Brangus and Ultrablack bred heifers available (eligible for Cow Creek Ranch alliance programs). Call **Joe** for more information at 205/373-2269 or 205/367-7859.

A Look Back at Past Issues of the *Ear Mark*

SPRING 2000 - Cow Creek Ranch Observes 15th Anniversary - A big thank you to all our many wonderful friends and customers.

SPRING 2003 - Cow Creek Sired Heifer Feeders Generate \$194.50 Net Profit - River Oaks Farm, Searcy, Arkansas, reported at net profit (after interest) of \$194.50 per head on 50 heifers. The cost of gain was .49996¢ (remember those days).

SPRING 2008 - Cow Creek Ranch Customers Command Highest Average in History at 13th Annual Commercial Bred Heifer Sale - 584 Cow Creek Ranch commercial bred heifers averaged \$1464; the highest average recorded for this sale.

COW CREEK RANCH EVENTS

SPRING '09

All Spring – Private Treaty Bulls for Sale. Call Joe at 205/373-2269 or 205/367-7859 (cell).

JUNE '09

June 1 – Deadline for committing heifers to the October 9, 2009, Commercial Bred Heifer Sale

June 6 – Cow Creek Ranch Joint Venture Bull Customer Meeting and Educational Day, Cow Creek Ranch, Aliceville, Alabama

AUGUST '09

Private Treaty Registered Bred Heifers for Sale. Call Joe at 205/373-2269 or 205/367-7859 (cell).

OCTOBER '09

October 9 – 600-Head Cow Creek Ranch Customer Alliance Commercial Heifer Sale, 1:30 pm, Cow Creek Ranch, Aliceville

October 10 – 300-Head Cow Creek Ranch Bull Sale, Cow Creek Ranch, Aliceville

The *Ear Mark* welcomes your inquiries and responses. The *Ear Mark* is produced and published by Cow Creek Ranch.



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Commercial Hunting

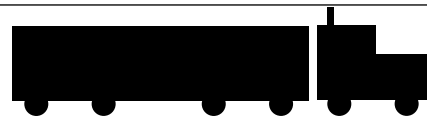
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Let us know about your change of address.

Pass the *Ear Mark* on to a fellow cattleman or neighbor. Let us know if you have a change of address or, if you no longer want to receive the *Ear Mark*.

We hope you enjoy the *Ear Mark*.



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HELP US SAVE THE ENVIRONMENT!

If you no longer want to receive our newsletter, please let us know! Email us at cowcreek@cowcreekbulls.com, call us at 205/373-2269, or write us (above address). We need your name and zip code as it appears on the label.

Cow Creek Ranch Bull Sale and Commercial Heifer Sale Set for October 9 & 10, 2009

COW CREEK RANCH 300-HEAD BULL SALE AND 600-HEAD COMMERCIAL BRED HEIFER SALE has been set for Friday and Saturday, October 9 and 10, 2009, at the ranch in Aliceville, Alabama.

“Our bread and butter is producing functional, profitable bulls for the commercial sector of our industry. These cattle have been developed over the years by our family with the same goals our customers have for their families: To prosper and preserve our family and industry heritages.

We have never lost sight of the fundamentals of the cow business. Efficiency and profitability drive our operation. Cows have to earn their living. Those facts makes our bull offering much more powerful.

I don't think you can travel the country and find a set of bulls like you'll see this fall. We think you'll like what you see in October,” says Joe Reznicek.

If you would like to receive a sale catalog, please call Cow Creek Ranch at 205/373-2269 or email to cowcreek@cowcreekbulls.com.

Consider making your room reservations early as area motels fill up early.

Voyager Inn, Aliceville, Alabama.....205/373-6344
8 miles from Cow Creek Ranch

Oak Tree Inn, Macon, Mississippi.....662/726-4334
20 miles from Cow Creek Ranch

Scooba Western Motel, Scooba, Mississippi662/476-5700
27 miles from Cow Creek Ranch

Cochrane Campground (RV Park)....205/373-8806
4 miles from Cow Creek Ranch

Days Inn, York, Alabama205/392-9675
40 miles from Cow Creek Ranch

Comfort Inn, Columbus, Mississippi662/329-2422
50 miles from Cow Creek Ranch

Comfort Inn, Livingston, Alabama...205/652-4839
38 miles from Cow Creek Ranch

11 Habits of High Return Producers

- Below average annual cow costs
- Lower than average calf breakeven prices
- Lower feed costs
- Lower interest expense (less debt)
- Lower general operating expense
- Higher average weaning weights
- Higher conception rates
- More pounds weaned per cow exposed
- High quality bulls with strong genetics
- Preventative herd health programs
- High-quality pasture (maintain nutritional requirement of the cow)

SOURCE: CATTLE-FAX

I believe that there is a subtle magnetism in Nature, which, if we unconsciously yield to it, will direct us aright.

~HENRY DAVID THOREAU