



Windy Bar RanchTM

Cattle for the Serious Cattleman

14305 East U.S. Hwy 290 Stonewall, Texas 78671

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2011 Sale Bulls & Females

On Saturday, April 2, 2011, at 11:00 a.m., Windy Bar Ranch will be offering for sale a select group of **25 registered Angus bulls and a few females** at the ranch at 14305 East U.S. Hwy 290, Stonewall, Texas. This is our thirteenth annual bull sale, and our twenty-eighth year in the registered Angus business. Our goal is simple: to breed cattle that will be profitable for our customers. We do this by focusing on traits that made Angus cattle famous: calving ease, maternal traits and carcass traits.

In this year's sale, we will offer many calving-ease bulls, two full two-year-old bulls (pictured below), three eighteen-month-old bulls and 20 yearling bulls. Many bulls are out of Pathfinder cows. We will also offer several females for sale.

Every year, I spend many hours preparing this sale catalogue. I hope that you will read it and feel free to contact me with any comments or questions.



Landmark Year for Windy Bar Ranch

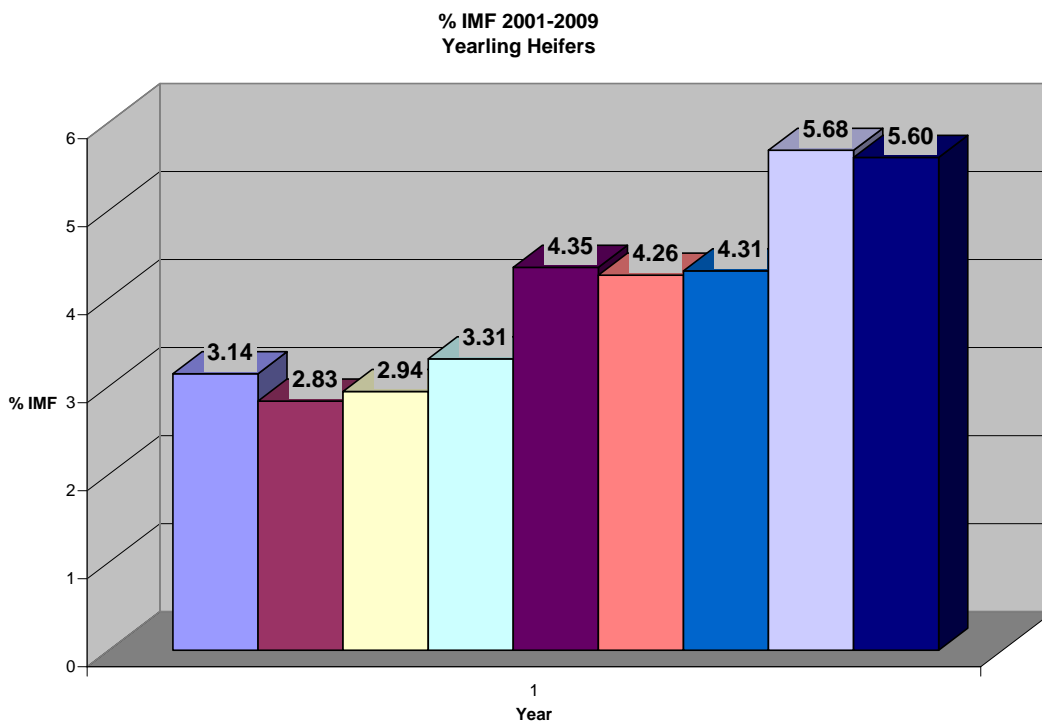
Last year was an historic year for Windy Bar Ranch. In January 2011, we concluded our first year of producing local, pasture-raised beef for nationally known resorts in San Antonio and Lake Travis, as well as a well known Austin grocery store. This beef is antibiotic free with no added hormones. These animals are harvested in Johnson City, then dry aged, professionally cut and

distributed exclusively out of Austin. All the beef sold is 100% traceable to the individual animal here at the ranch.

I could not be more proud of the dedicated professionals involved in every link of this chain. From the cowboys here at the ranch, to the meat cutters at our meat distributor and in the grocery stores, to the chefs at the restaurants and resorts, everyone involved has the single, over-arching goal of putting the best-tasting, most tender beef on the consumer's plate. This truly was a team effort. No one link in the production chain can be financially successful unless all the other links perform their functions properly. Importantly, all this was done totally outside the industrial food production system. And all the links in our production chain are locally owned and operated.

If you have followed our program for any length of time, you know that our part of this team effort did not occur overnight, or even in a year's time—indeed, not even in a decade. Instead, the foundation for our contribution to this effort was laid over the last 20 years. During that time, we culled hard and sent those “cull” steers and spays to feedlots in Kansas and the Texas Panhandle to collect carcass data. Using the results of this data, we selected for certain lines of cattle and culled others. We also used genetic tenderness tests to find the animals with the genetics most likely to produce tender steaks. These decades of carcass data collection and tenderness tests allowed us to breed a cow herd that is exceptional in carcass traits, while maintaining the maternal traits necessary to raise a calf in the dry, 100+ degree days of summer here in the Texas Hill Country. That cow herd, in turn, enabled us to produce the kind of consistent quality, tender beef that is necessary for the white-table-cloth trade.

Marbling, of course, is just one trait that is important to high quality beef. To give you an idea of our herd's progress in marbling over the past nine years, the chart below depicts the average marbling scores of our replacement heifers from birth years 2001 through 2009:



As this chart graphically illustrates, the average marbling genetics of our herd is on an upward trend. We believe this trend will continue. As our older cows with lower average marbling scores exit our herd and are replaced by younger cows with higher average marbling scores, the average carcass characteristics of our cow herd will continue to increase. This increase in average carcass traits will allow us to produce an increasingly higher-quality beef eating experience for the consumers of our beef. Also, we increasingly are using our own herd sires out of cows with exceptional traits for carcass and maternal.

The Bulls in the Sale

Because of all the extra work to accommodate the cattle on feed for our first year of the locally-raised beef program, time did not permit us to do a lot of the things we usually do with our yearling bulls. For one thing, the yearling bulls did not have a traditional warm-up period before the feed test began. Instead, they were started on feed test immediately after weaning. Because of this, the average daily gains are less than they otherwise might be.

Also, as you evaluate these bulls, there are a couple of points to remember. First, we feed a high-roughage ration designed to develop the bulls as breeding stock. The bulls are fed in large grass paddocks, not a dry lot. We do this because we are developing these bulls for breeding, not to maximize average daily gain. Secondly, we have not used any commercial fertilizer or made any hay in several years now. In our program, we do not use maximum inputs to produce maximum outputs. So we do not try to maximize weaning weights by maximizing the use of commercial fertilizer. Instead, we focus on efficiency of production and optimum production. In our system, these bulls are weaned off of cows that have grazed in paddocks with no commercial fertilizer. And the cows have been fed very little purchased hay in the winter. Instead, we supplement the cows with protein in winter, and, depending on forage conditions, they eat the “standing hay.” As someone once told me, “no one fed hay to the buffalos.” Obviously, cows and buffalos are not directly comparable. But allowing the cows to forage on the “standing hay” makes them much more self-sufficient than throwing out hay in front of them all winter. Because of these management protocols, you should not compare the weaning weights of our calves to those of producers who use traditional management practices in their herds.

Get on Board with Windy Bar Ranch Genetics

The demand for local, high-quality, pasture-raised beef is steadily increasing. In our past sale catalogues, we talked about a future of premiums paid for high quality beef. That future is now. Already, we are paying premium prices for weaned calves from our customers who purchased Windy Bar Ranch cows and bred them back to Windy Bar Ranch bulls. (Of course, these suppliers must certify that they have not administered any antibiotics or hormones to any of the calves.) We currently purchase only 100% genetics of Windy Bar Ranch cattle so that we can have confidence in the carcass quality of the calves we buy. We fully understand that our continued success is dependent upon superior quality. Our reputation depends on the exceptional quality of every single one of our steaks that hits the consumer’s plate. When the customer knows the name of the ranch that produced the steak, even a single dissatisfied customer is one too many. If you are interested in increasing the prices received for your calves, you can get started by purchasing Windy Bar Ranch females and breeding them to a Windy Bar Ranch bull.

Sale Procedures

Our sale is a little different than a typical auction. The cattle are offered at a “start price” or “floor price.” The auctioneer will take bids starting at the start price. The list of start prices will be available on sale day. If you are not able to be present for the sale, you can leave bidding instructions with one of the ring men that will be at the sale. Please contact me if you would like to leave bidding instructions with one of the ring men.

Any animals that do not sell in the sale will continue to be offered for sale at the “start price” or higher, with the exception of the animals we select to sell as two-year-olds in next year’s sale.

Discount for Repeat Buyers and Volume Buyers

This year, we again will offer a 5% discount to anyone who purchased a bull in last year’s bull sale. (Sales made after the sale do not qualify for the discount.) We also will offer a 5% discount to any

individual who purchases 3 or more animals in the sale. (All animals must be purchased for the same individual. Total discount is limited to 5%.)

Catalogue Terms Unique to Windy Bar Ranch

We have some terms and statistics to our sale catalogue that you may not be familiar with. We think these are important to the efficient and economical production of beef.

“REA/CWT”

This statistic is the bull’s ribeye area per hundred weight, which is basically the ratio of ribeye size to animal weight. You will find this listed as “REA/CWT,” right between the carcass and ultrasound EPDs. Specifically, this is the bull’s actual (not adjusted) ribeye area, as measured by ultrasound, divided by the actual (not adjusted) yearling weight. In general, the larger the number, the more muscling the animal should tend to have. As an indicator of muscling, it is important to know not only the ribeye size itself, but the ribeye size in relation to the size of the animal. One should not assume that an animal with a large ribeye is necessarily better muscled than an animal with a smaller ribeye. You really need to know the ratio because, as a general rule, larger animals tend to have larger ribeyes.

“Calf’s Weaning Weight as % of Dam’s”

This statistic is the actual weaning weight of the calf divided by the weight of the dam at weaning. Once again, the ratio is important. In general, the higher the percentage, the better. It can be misleading to look merely at the weaning weight of a calf. Please note that this statistic will not appear on embryo transfer animals, since they are raised on recipient cows.

“Dam’s Weight at Weaning”

This statistic is the actual weight of the calf’s dam at weaning. We weigh all our cows at the same time we wean and weigh the calves. Sometimes we miss a weight on an animal or group of animals, but we try to get them all. This year, our scale broke, and we missed weights on many cows. We think it is important to know how big the cows are that are producing these bulls. This figure also will not appear on embryo transfer animals, since they are raised on recipient cows.

The “Half-Moon K” Brand

Back on September 11, 1858, my great, great, grandfather, Christian Klein, registered his brand in Gillespie County. My Father tells me this brand was known as the “half-moon K,” and it was registered for the left hip. Our sale bulls are freeze branded with our version of this brand, which is the “half-moon K” with a circle around it. This is also the logo for Windy Bar Ranch.

The “Sea Change” in Cattle Size

It had to happen, and it finally did, on September 7, 2006. That’s when the board of directors of Certified Angus Beef voted to change the carcass specifications for Certified Angus Beef. The two most significant changes were to adopt a ribeye size bracket of 10 to 16 square inches, and to limit carcass weight to 1,000 pounds. Why? Because consumers simply don’t want an 18 inch ribeye, and a 1,100 pound carcass does not fit the packer’s box. And when consumers and packers speak, CAB listens.

According to Allan Nation, the editor of *The Stockman Grass Farmer*, CAB’s new carcass specifications mean the ever-upward progression in cattle size has been stopped. He described this “paradigm shift” as similar to “a squad of soldiers marching in a straight line. Suddenly the Sargent yells, ‘About face!’”

The good news for customers of Windy Bar Ranch is that you do not need to do an about face. Instead, you can keep marching forward. Windy Bar Ranch has never been in the “Frame Game.” We have always shunned the Black Elephants and stuck with a moderate-sized cow. As we explain below, this has positioned us and our customers for success in today’s beef business.

All Angus Are Not Created Equal

It has been said that there is as much variation within breeds as there is between breeds. In fact, in the November 2006 edition of *The Stockman Grass Farmer*, Allan Nation quotes Allan Williams, the Chief Operations Officer of Tallgrass Beef as saying “there is so much variation within breeds now that breeds are largely irrelevant.”

Really? How can this be, you ask? This can happen because there are Angus breeders across the United States with very diverse breeding objectives. In the March 2006 *Angus Journal*, a reader wrote an editorial about the Angus breed. He referred to the Angus “elephant” ads of the early 1990’s that made light of the size of the continental breeds. This reader went on to suggest that, now, Angus may be the next “elephant” breed. And that was in 2006. Since then, carcass weights have only increased.

While some Angus operations may be breeding “elephant” Angus, we are not doing that at Windy Bar Ranch. We try to run our program the way a profitable commercial producer would. That way, our cattle should be profitable for the commercial producer. Over the years, the things we thought made sense for the practical cattleman frequently were contrary to the fads of the times. For example, we focused our breeding program on things like calving ease, carcass traits and maternal traits, such as fertility and longevity. We never went to the frame-seven cow because we felt they were less fertile, hard-doing cattle. Instead, we stuck with moderate size cows. Our average cow weight at weaning time is usually around 1,050 to 1,150 pounds.

Sticking with moderate sized cows was hard to do when bull buyers were used to the continental breeds like Charolais and Limousine, and were buying bulls elsewhere because our frame score four and five bulls were “too short.” But we stubbornly stuck with it because we believed these were practical cattle that would work for us and our customers. Now that most people have figured out those frame-seven cattle are hard-feeding, slow-breeding, hard-grading and do not fit the packer’s box, the fad has pretty much ended.

Since we never followed the frame-seven fad, we have the kind of moderate framed cattle now recognized to be the most efficient beef producers. We are producing black Angus. We are not trying to produce “black Charolais” or “black Limousine.” If you want the traits of those or any other Continental breed of cattle, you do not want our cattle.

More Pounds or More Profit?

The Hidden Cost of Elephant Cows

As one Angus breeder is quoted as saying, “Never before has the cattle industry produced more pounds of beef and made less profit.” How could that be possible? How can you produce more pounds of beef and make less profit? Could it have anything to do with the current fad to maximize growth EPDs? In this fad, have commercial cattlemen been unknowingly robbing themselves of profit? Let’s consider a real-life example.

A few years ago, a bull customer told me that his grandfather used to run 140 cows on the “old home place.” But his grandfather’s cows were moderate sized cows, maybe 1,000 pounds, on average. Today, he runs only 100 cows on that same acreage because his cows now average about 1,400 pounds. He said he was interested in Windy Bar Ranch bulls to help reduce the mature size of his cows, while still maintaining growth and quality. In other words, he was seeing first hand that maximum production (i.e., maximum pounds) may not be the same as maximum profit. But how can this be?

Using this producer as an example, with 100 cows averaging 1,400 pounds, the “old home place” acreage would be supporting 140,000 pounds of cows. (100 X 1,400 = 140,000) If a 1,400 pound cow

weans a calf that is 45% of her weight, that would be a 630 pound calf. Thus, 100 cows averaging 1,400 pounds would wean a total of 63,000 pounds of calves.

But let's change the weight of the cow a little, while keeping the total pounds of cows constant at 140,000. If the cows average only 1,000 pounds, you could run 140 cows. Note this is the same total weight of cows (140,000 pounds) that you had with 100 cows weighing an average of 1,400 pounds. But 140 cows weighing 1,000 pounds would only have to wean a calf averaging 450 pounds to yield the same 63,000 pounds of calves. Note also that this 450 pound calf is 45% of the 1,000 pound cow's weight.

But that's not the end of the calculation. Lighter weight calves usually bring more dollars per pound. If the 450 pound calves averaged \$1.40 per pound, and the 630 pound calves averaged \$1.20 per pound, you would actually gross \$12,600 *more* with 140 head of 1000 pound cows than with 100 head of 1400 pound cows. In other words, the 450 pound calves from the moderate size cows actually gross *17% more* than the 630 pound calves from the larger frame cows. As this example demonstrates, weaning weight alone tells you nothing about profitability. So don't feel bad the next time someone at the local feed store brags about his 630 pound calves that he just weaned. You might be making more profit with your 450 pounders.

But wait, there's still more. So far, our example has made at least two critical assumptions: (1) the larger framed cows are as easy-keeping as the moderate framed cows, and therefore have the same maintenance costs; and (2) the larger framed cows are as fertile as the moderate framed cows, and therefore have the same conception rate. For anyone who has had both large and moderate framed cows, you will know from experience that both those assumptions are false. When you factor in the infertility and inefficiency of the larger framed cows, it is easy to see what the Angus breeder meant about producing more pounds of beef, but making less money. So let's look at maintenance costs. (Remember, the moderate frame cows are already 17% ahead.)

The EPD for Cow Energy Value (\$EN)

In 2005, for the first time, the American Angus Association added a new EPD to demonstrate the negative aspects inherent in certain traits, such as high milk EPDs, high yearling growth EPDs, and large mature size EPDs. That new EPD is called "Cow Energy Value," and is defined as follows:

A Cow Energy Value (\$EN) is available with the Spring 2005 EPD release to assess cow energy requirement differences in Angus cattle, expressed in dollars per cow per year, as an expected savings difference in future daughters of sires. Adjustments for computing the cow \$EN savings difference include maintenance requirements for lactation, not just mature size.

A larger value is more favorable when comparing two animals (more dollars saved on feed energy expenses). Components for computing the cow \$EN savings difference include lactation energy requirements and energy costs associated with differences in mature cow size.

Cow Energy (\$EN), Savings, \$/cow/year	+15.75	Cow Energy (\$EN), Savings, \$/cow/year	+3.03
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In the above example, the expected difference in cow energy savings per cow per year for future daughters of the two animals is +12.72 (15.75 - 3.03 = +12.72).

Basically, this EPD places a dollar value on the extra maintenance costs of daughters out of high-growth, high-milk sires that produce daughters with high mature weights. This new EPD merely confirms something commercial cattlemen have known for a long time: large-framed, heavy-milking cows are more expensive to maintain.

Continuing with the producer's example from above, if we use the Cow Energy numbers above in our example (which is totally arbitrary) and assume the 140 moderate size cows will save \$12.72 per

year in maintenance costs over the 1400 pound cows, the annual savings would be about \$1800 ($\$12.72 \times 140 = \1780.80). If we add this to the additional money from the 450 pound calves, we are now at an advantage of \$14,400 ($\$12,600 + 1800 = \$14,400$) for the moderate frame cows. Percentage wise, the moderate frame cows now have a 19% advantage over the large frame cows.

But there's *still more* to the story. What about reproductive efficiency? The ability to raise a calf and rebreed every year, year after year? This may be the most difficult number to quantify, but let's try.

The Importance of Longevity

Longevity is a key component of reproductive efficiency. One breeder put it as follows in the *Angus Journal*: "Of all the traits required to make a really great producing beef cow, vigorous longevity could be the least appreciated. Longevity is economically important."

It is easy to measure the value of pounds at weaning time. Not so with longevity. That is probably one reason why it is often overlooked. One way to measure the value of longevity is with the cost per year of the cow. For example, if you pay \$2,000 for a cow and she only produces for five years, then her average cost per year is \$400. On the other hand, if she produces for 10 years, then her average cost per year is \$200, or fifty percent less. When this gets multiplied by the total number of females in your herd, the cost can be huge.

Let's continue by applying an arbitrary longevity methodology to the example of 100 cows averaging 1400 pounds apiece. If 50% of those cows "fizzle out" after their fifth calf and have to be replaced at \$1500 apiece, that's a capital expenditure of \$75,000. On the other hand, if 25% of the 140 cows averaging 1000 pounds "fizzle out" after their fifth calf and have to be replaced, that is a cost of \$52,500. Comparing this to the 1,400 pound cows, those 1,400 pound cows have a hidden cost of \$22,500 ($\$75,000 \text{ minus } \$52,500 = \$22,500$) due to less longevity. Using cowboy math, that's about another \$4,500 annual savings for the moderate framed cows. Continuing with our example, the moderate frame cows now have an \$18,900 advantage, or a whopping 25% annual advantage over the large frame cows.

Now, how would you calculate the value of a herd bull that would leave moderate size daughters in your herd that produce an average of ten calves in their lifetime instead of five? It is easy to see how economically important moderate size and maternal strength really are. When operating margins get thin, that can make a big difference in the bottom line.

Is the quote making sense now? "Never before has the cattle industry produced more pounds of beef and made less profit."

Maternal Traits in Windy Bar Ranch Bulls

When we talk about maternal strength, we are not referring to a high milk EPD. The milk EPD tells you virtually nothing about maternal strength. We use maternal strength to refer to animals that have the ability to calve early in the calving season, raise a big soggy calf, rebreed on time, and then do that over and over again, year after year. Maternal strength is not just in the genes of cows. It is in the genes of bulls too.

LEONID OF WYE

Leonid of Wye is an example of maternal strength in a bull. Leonid is known for the productivity and longevity of his daughters. In my opinion, Leonid is one of the greatest bulls ever bred at the Wye Plantation.

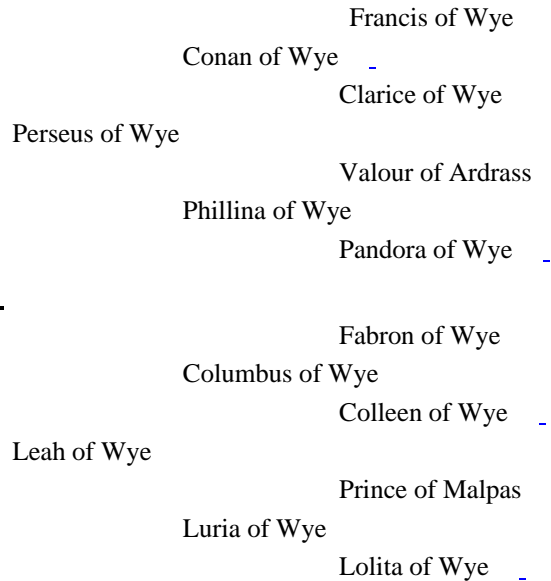
Leonid was born on March 15, 1981. He had a birthweight of 84 pounds. His adjusted weaning weight was 693 pounds, with a ratio of 118%. At weaning, his dam weighed 1,254 pounds. Leonid had an adjusted yearling weight of 1,248 pounds, with a ratio of 111%.



When you look at the cows in Leonid's ancestry (see below), it's easy to see why he is such a great maternal sire. First, the dam of Leonid, Leah of Wye, weaned 15 calves in the Wye herd at an average ratio of 106%. Going back one more generation is the dam of Leah, Luria of Wye. Luria of Wye is also a Pathfinder cow and weaned 10 calves in the Wye herd at an average ratio of 105%.

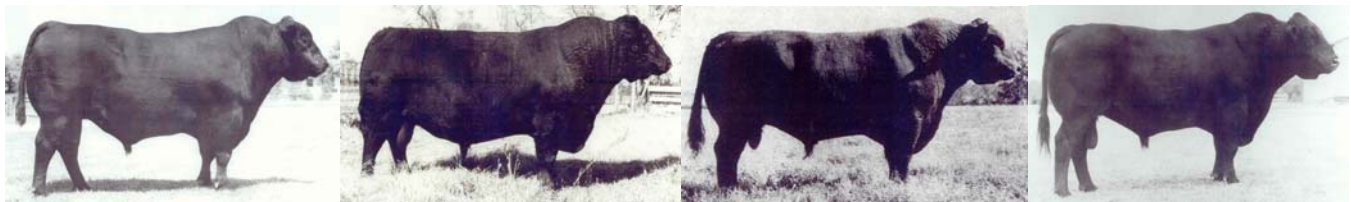
On the topside of Leonid's pedigree is Leonid's paternal grandam, Phillina of Wye. Phillina is also an example of maternal strength. She weaned 15 calves in the Wye herd at an average ratio of 101%.

Leonid of Wye



But the greatest cows in Leonid's ancestry may be three of his four great grandams: Clarice of Wye, Pandora of Wye and Colleen of Wye. Each of these cows is on the list of cows known as Wye's Mighty Seven. Those seven cows were at one time the leading cows at the Wye Plantation in pounds of progeny weaned. Clarice was number five out of the seven cows on the list. She weaned 15 calves in the Wye herd for a total weight of 8,167 pounds. That's an average weight per calf of almost 545 pounds. That's especially impressive considering Clarice was born in 1955. Next, look at Pandora and Colleen. Pandora is number six of Wye's Mighty Seven. Pandora weaned 16 calves in the Wye herd for a total weight of 8,093 pounds. Colleen is number seven on the list. She weaned 15 calves in the Wye herd for a total weight of 7,969 pounds.

Some of the other bulls in Leonid's pedigree:



Columbus of Wye
D/O/B: 10/15/1961

Prince of Malpas
D/O/B: 4/12/1956

Fabron of Wye
D/O/B: 1/10/1957

Conan of Wye
D/O/B: 4/19/1963

As birthdates of these bulls demonstrate, sometimes "old" genetics are still very good genetics. This is especially true for maternal traits, like longevity, disease resistance and hardiness.

Leonid was the top-selling bull in the 1982 Wye Sale, selling for \$16,500. Back then, that was a handsome sum to pay for a bull. Now that we have seen the maternal strength in Leonid's pedigree and analyzed the economic value of maternal strength, it is much easier to understand why someone would pay \$16,500 for a bull like Leonid.

Health Status

Windy Bar Ranch is a certified brucellosis free herd, no. 11295. In 2003, all our cattle tested negative for tuberculosis. These sale bulls were dewormed at weaning and vaccinated for IBR, BVD, P13, BRSV, haemophilus somnus, pasteurilla haemolytica, and 7-way Blackleg. There are no other guarantees of health, either express or implied.