

APRIL 2013

THE OFFICIAL MAGAZINE OF ACCELERATED GENETICS

GENETIC TRENDS®



OUR VISION

TO BE THE PRODUCER'S TRUSTED FIRST CHOICE

The Value of
TEAMWORK

Sire Summary
Updates

The Avila Dairy in
Washington

The Future Markets
of the Dairy Industry



GENETIC TRENDS®

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ON THE COVER

Dry cows at the Avila Dairy on a sunny spring day in Washington. For more on this story, turn to page 11.



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SERVICE AND SUPPORT:

WHAT CONSTITUTES THE BEST?

In today's society bigger doesn't necessarily mean better. Just being THE biggest, will not make you the best. So how does a company get to a point where it's considered THE best?

Well for us, it's all about attitude. A company doesn't last over 70 years by standing on the outside waiting to be invited to the party. It perseveres by reinventing itself, striving to meet the needs of its customers, and by continuing to offer innovative solutions. That's the story of Accelerated Genetics. We began as a small cooperative, but our unwavering spirit and customer focus has led us to become a worldwide force in the A.I. industry, today.

Accelerated Genetics is by no means the largest A.I. stud in the business, and we know that for a fact. So why continue to do business with us? Because we try harder. When you're not the biggest fish in the pond you simply cannot afford to approach customers

with sub-par service. Our vision is to be your trusted first choice, and we hope to maintain our relationship with you by offering products and services designed to raise your bottom line and ensure the sustainability of your business, as well as ours.

Our focus remains to be a contributing partner in the success of your operation, no matter the size, no matter the complexity, no matter the location. As you read through this issue of Genetic Trends you will notice the variety of areas we can help along your path to greater efficiency and profitability. Echoing the encouragement of Gary Sipiorski's article on page 14, I challenge you to utilize our programs, products and services to improve your efficiencies by just 5%—a small step forward with big rewards.

These are exciting times for us as a company. We have great dairy and beef genetic lineups as well as a unique animal

health product offering that specializes in improving the reproduction and overall well-being of your herd. To top it off, Accelerated Genetics takes pride in employing only the best people in the industry to work with and support you, our valued customer.

Probably the most exciting news we have to share is the recent acquisition of Nebraska Bull Service in McCook, Nebraska. This bold step is the first of its kind for Accelerated Genetics and we are proud to take on this facility as we pave our own path for continued efficiencies and profitability.

So you see, it's all about attitude. We won't be satisfied unless our good is better, and our better is our best. We have a clear and defined vision of where we're headed and we couldn't be happier to have you along with us on this journey.



JOEL GROSCKREUTZ
President & CEO

**OVER 72 PEOPLE-DRIVEN,
PRODUCT-FOCUSED,
PRIDE-FILLED YEARS.**

AND WE'RE NOT GOING ANYWHERE.



APRIL 2013

SIRE SUMMARY

HIGHLIGHTS

Story by Dave Erf, Sire Analyst

According to the calendar, spring has sprung. In this transition between the two seasonal extremes, it seems like every part of the country is experiencing a different season. With the advent of warmer weather, there are a variety of exciting activities, especially more time spent outdoors. In addition to spring, April also brought a new sire summary full of excitement. A nice blend of second crop improvements and a bundle of new releases made this sire summary as promising as the coming of the new season.

Heading the impressive list of bulls and adding new exciting data is perennial lineup headliner, 014HO05434 TRUMP. With the addition of 250 daughters, this popular sire once again improved, adding nearly 50 TPI points to solidify his status as a production and type superstar.

Other sires making significant improvement in their information this summary included 014HO05647 DAVIS, 014HO05980 MERLIN, 014HO06018 HAZELNUT, 014HO06107 KIEFFER and 014HO06054 RAE. Another impressive rise occurred with 014HO06047 FAVRE increasing his already staggering type proof to +3.34, making him a bull for any breeder wanting great type and production.

Diversity is the term describing the offering of the nine new Holstein PACE graduates. Different pedigrees abound as the nine bulls are represented by seven different sires and eight

unique maternal grandsires. They also display a combination of production, type and longevity along with elite ratings for TPI and net merit.

Two Boliver sons headline this summary's graduating class. 014HO06170 LEHMAN enters the active lineup as a sire already ranking among the top 100 of the breed for TPI. He is from an 87-point O Man daughter and then an 87-point full sister to former active lineup bull 014HO03913 HARRY. He will improve production and is a calving ease sire. 014HO06196 PISTOL is a Boliver out of an 86 point Toystory. He is close behind LEHMAN for TPI at +2002. PISTOL is above two points for type and UDC while being a calving ease sire. He has great ratings for longevity and reproduction.

014HO06173 VERNAL is the highest PACE graduate based on Net Merit. At +574 NM\$, he is among the best in our lineup. His sire stack of Armstead, Wizard and Dutch Boy is as unique as his ability to sire high milk production (+1221 milk) while still siring great reproduction (+3.0 DPR). He is also a calving ease sire and is over +2000 TPI.

Another high TPI sire combining type, production and great reproduction is 014HO06080 BUILDING. A Billion son, he is over +1000 PTAM, +56 Fat, +2.15 Type and +1.2 DPR. He is definitely a sire that can improve a variety of traits all at once.

Looking for type? 014HO06133 DENALI can deliver. He is +2.53 type, nearly +2.00 UDC and +2.42 FLC. He is a full brother to popular proven sire 014HO06132 DIGGER, but sires more strength and frame than his brother. DENALI is backed by three generations of high scoring, Excellent cows.



TRUMP

014HO05434 TRUMP added 250 daughters and nearly 50 TPI points to solidify his status as a production and type superstar. Trump daughters are known for high production, their combination of strength and dairiness and positive health traits. Pictured above are two cows from Midway Dairy in Cloverdale, OR. Left: Midway Trump Denver, Right: Midway Trump Dallas. Photo by Frank Robinson.

014HO06120 COPPER can provide production. He is a Socrates out of a Finley dam. He is rated at +1633 milk, +56 fat and +42 protein. He is a calving ease sire and has a great somatic cell score at 2.69.

014HO06056 RAMBLE provides a unique pedigree and much more. He is a Ramos out of a Lookout and has plenty of bells and whistles in his information. He is a great source of components (+.15% fat, +.04% protein), longevity (+3.8 PL), reproduction (+1.1 DPR) and transmits outstanding feet and legs (+1.56 FLC).

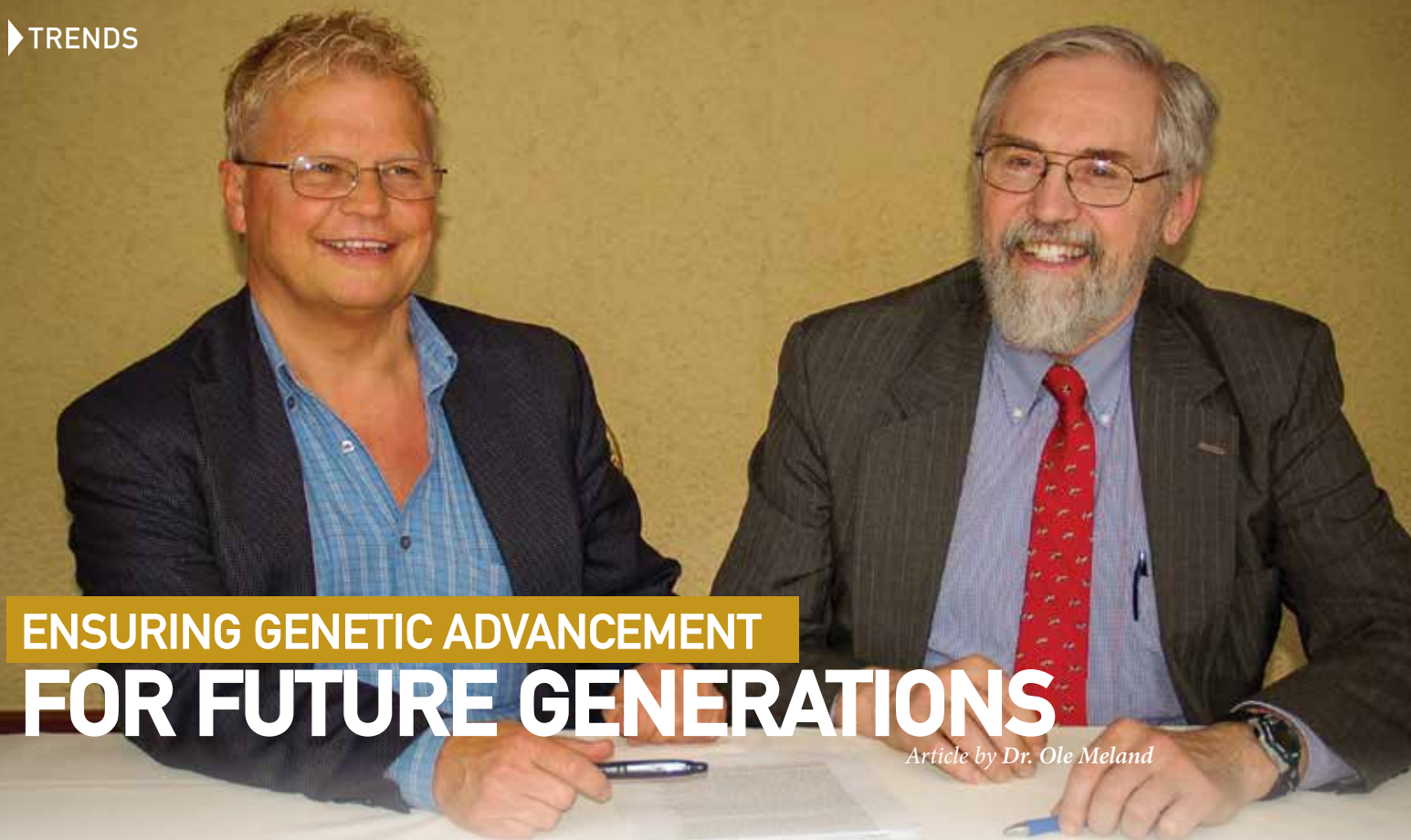
Finally, two Pronto sons from Durham dams round out our new releases. Both hail from well-known and proven cow families. 014HO06158 ATOMIC comes from the same family as former active lineup sire Airraid. ATOMIC is a great foot and leg bull, (+2.52 FLC) that has great health traits and is a calving ease sire. 014HO06177 ACTION comes from the same family that gave us 014HO03751 Air-Time and current GeneForce sire 014HO06809 AIRLIFT. ACTION brings production (+1147 milk), calving ease and great health traits.

In the Red and White breed, 014HO07175 DUCATI-RED is the highest available Red and White sire for TPI and descends from an exceptional type family that is very well-known.

New in the Brown Swiss breed is 014BS00370 FAUST. This udder specialist brings to the table what many Swiss breeders desire: fancy udders and silky, dairy cows. FAUST is a Camelot out of an Excellent Jetway and is backed by the 94-point Jade that is a well-known World Dairy Expo show cow. FAUST sires breed-leading udders (+1.79), high type and great components.

In Jerseys, 014JE00544 DAZZLE brings great production and more. He is a Dale son out of a Rescue and is rated at +1774 milk and +51 protein. At +163 JPI, he ranks among the top 30 active sires of the breed.

Overall, this summary brought many new choices for you to use in your herd. Whether it be production, type, health traits or a unique pedigree, look to Accelerated Genetics to be your trusted first choice.



ENSURING GENETIC ADVANCEMENT FOR FUTURE GENERATIONS

Article by Dr. Ole Meland

► Council on Dairy Cattle Breeding (CDCB) Chair Dr. Ole Meland and Animal Improvement Programs Laboratory (AIPL) Research Geneticist Dr. George Wiggans, representing the Agriculture Research Center (ARS), at the signing of the non-funded cooperative agreement that transfers dairy cattle genetic evaluations from AIPL to CDCB and provides data for AIPL to do research.

The increase in US dairy cattle production is one of the greatest success stories in agriculture. In the 1960's, the average US dairy cow produced around 7000 lbs. of milk per year, while today's average dairy cow produces in excess of 21,000 lbs., equating to a reduction of the industry's carbon footprint by approximately 40%. The genetic and management tools provided to dairy producers have significantly contributed to increased milk production and improved traits of economic importance and type.

There has been a cooperative effort between the dairy industry represented by the Council on Dairy Cattle Breeding (CDCB) and USDA's Animal Improvement Programs Laboratory (AIPL) for many years to provide the dairy industry with superior estimates of genetic merit. The USDA has provided genetic evaluations for dairy producers for three-quarters of a century and has now decided it is time for AIPL to focus more of its resources to research. Recognizing the need to transition this service elsewhere to ensure the sustainability of the genetic system in the US, the CDCB formed the Dairy Data Working Group (DDWG) in October 2009.

The DDWG was charged with the task of assuring high quality genetic evaluations for the US dairy industry will be available well into the future. They were also responsible for developing a course

of action to transition away from obtaining genetic information from AIPL. Their overall goal was to determine the best service structure for securing data, calculating and distributing genetic evaluations and management benchmarks and to determine the best method of allocating financial responsibilities.

The DDWG comprised of representatives from Dairy Herd Information Association (DHIA), Dairy Record Processing Centers (DRPC), National Association of Animal Breeders (NAAB), Purebred Dairy Cattle Association (PDCA) as well as representatives from academia. This group met several times over an 18-month period and made progress reports to the CDCB. A Business Plan Working Group (BPWG) and several other working groups also considered specific projects and made recommendations to the CDCB board. As a result of the efforts of these various entities, a Non-Funded Cooperative Agreement (NFCA) and the CDCB Business Plan were made available to the public on websites and other outlets in June and July of 2012, to provide maximum transparency and opportunities for industry review and comment.

On March 27, 2013, the CDCB signed the NFCA between the CDCB and the Agricultural Research Service [(ARS) (the main research branch of the USDA)]. The agreement provides up to

two years for complete transition of the service work to the CDCB, thus allowing AIPL to once again focus on world-class research to make genomic evaluations more accurate than they are today.

In addition to the expressed interest of AIPL to transition away from the service functions of the industry, it made sense to transition the database to the industry as it continues to grow exponentially. The U.S. dairy industry has rapidly adopted this new technology to take advantage of the increased accuracy; this fact is exhibited by approximately 125,000 female and 25,000 male genotypes that were added to the database last year alone.

The CDCB realizes the need to invest in more data collection and servicing the needs of the individuals and organizations supplying these genotypes. This will allow AIPL the opportunity to concentrate on research using the cooperator database and gives greater improvement to the genetic evaluation programs.

One of the objectives of the DDWG was to determine the best method to allocate financial responsibilities. The CDCB has established a fee schedule structured to reward those who are providing the most data or information of the greatest value to the cooperator database. This fee schedule encourages growth in the data needed to improve genomic estimates. The CDCB board approved the fees at its February 18, 2013 board meeting.

The CDCB board has indicated the fees will apply to all genotypes received after March 1, 2013. These fees will be used to employ staff to manage the affairs of the CDCB, assist in receiving data, calculate and deliver evaluations, perform other service work, establish the capability for the CDCB to maintain the database and to encourage producers to supply quality data so new traits of economic importance can be evaluated.

The sustainability of the US system and the opportunity to maintain our gold standard around the world is in a much better position today than it was when this journey began in 2009. This being said, there is more work to be done.

As an industry, we need to continue to work on what the DDWG has identified as 'low-hanging fruit.' One such example is the data currently stored on producer computer systems that we need to encourage and provide opportunities and incentives to insure this data finds a way into the cooperator database. Further, we need to look for new sources and types of data to enhance and improve the current system. In the era of genomics, it is the quantity and quality of data that will drive genetic accuracy and allow producers to become even more profitable.





Jim and Bob interacting with long-time customers, the Rademacher Family.



The best teams are comprised of players willing to go above and beyond for the greater good of everyone. The players have the ability to be superstars, but make sacrifices to help the entire team achieve greatness. As technicians, the incredible effort Jim Modaff and Bob Lange put into supporting each other and customers makes them valuable members of the Accelerated Genetics team.



JIM MODAFF

Not only do colleagues value Modaff, so do his customers. Rademacher Farm, in Sun Prairie, Wisconsin, has had the pleasure of working with Modaff for nearly twenty years. “The conception rate has been very good,” confirms Alan Rademacher. “He takes his time and gets the cows bred. He does an exceptional job.”

Since starting as a sales and service intern in 1976, Modaff has proudly represented Accelerated Genetics in a technician service role. All but four of those years were spent as a relief technician.

“I think Jim holds the record for the most years of doing relief for Accelerated Genetics,” said Regional Sales Manager, Dave Calvert. “He is a true team player. He often gives up his own days off to help someone else. Whether he is helping a team member or taking pictures at a local fair, he always does his best.”

Modaff is an optimist, stating he enjoys exploring Wisconsin and experiencing many unique sights during his travels. “I drive all over the state covering for other guys,” says Modaff. In his career with Accelerated Genetics, he has driven about 2.25 million miles and worn out eleven company vehicles.

A natural charisma and technical competency have helped Modaff build customer relationships despite not regularly working with the same herds. The National Association of Animal Breeders annually honors high achieving members of the A.I. industry. This year, Modaff was recognized for successfully inseminating 100,000 first service cows. He is one of few relief technicians at Accelerated Genetics to earn this elite Cow Club Milestone.

While he was a student at Benedictine University Illinois, with pre-vet intentions, his family relocated the farm to Edgerton, Wisconsin. Consequently, Modaff transferred to the University of Wisconsin-Madison in the years before the pre-vet program existed. He graduated with a Dairy Science Bachelor of Science Degree and is an alumnus of the Alpha Gamma Rho Iota Chapter.

Although his education ambitions were adjusted, Jim did find a new passion in the area of dairy cattle genetics. Being blessed with a forward thinking attitude, Modaff is enthusiastic about the potential technology holds for the genetics industry. “I am especially interested in genomic testing,” he says.

In addition to his career, Modaff has a wide range of interests and hobbies to channel his abundant energy. A proud member of the Columbus Lions, he is a Grand Knight for the fifth time of St. Paul’s Council and a Scribe for the Fourth Degree. He is further involved as a volunteer catechism instructor for St. Paul’s Catholic Church in Evansville, Wisconsin.



BOB LANGE

Consistency and dedication have helped Bob Lange reach an impressive 175,000 successful first service inseminations. He was recognized by the National Association of Animal Breeders at their annual banquet for achieving this prestigious milestone.

Lange began his career with Accelerated Genetics as a response to a call for help. At the time, available and qualified technicians were in short supply. He received prompt training and has been with the company ever since.

“[Accelerated Genetics] has been a good company to work for,” says Lange. “They have always stuck to their word.”

An Accelerated Genetics representative for four decades, Lange’s territory covers south central Wisconsin, from Columbus to Arlington to Cambridge. He has served customers in this same area for thirty-seven of his forty years.

In addition to increasing herd sizes, Lange confidently says the biggest change he has seen in the dairy industry is the semen packaging. He remembers when semen was being packaged in glass ampules. Technology is playing a tremendous role in the genetic progress of dairy breeds across the world.

Bob believes owner involvement is crucial. Financial management continues to be vital and dairy farmers need to avoid becoming complacent. Feed prices and milk markets can be discouraging, but careful management can alleviate some of the stress.

“When describing Bob, the first things that come to mind are consistency and longevity,” says Regional Sales Manager, Dave Calvert. “He is very loyal to his customers. They know exactly what time Bob will arrive each day when they call him. Bob is very motivated to perform well.”

Many associate Lange with consistency. Rademacher, a long-time customer, knows this firsthand.

“[Bob] is always on time and easy to work with,” says Rademacher. “We are grateful to have known Bob for almost forty years and he has been like family. He has seen our four daughters grow up on the farm and is now working with our daughter, Heidi, the third generation. Accelerated Genetics and Bob have been very good to me.”

Lange grew up working alongside his parents on their Holstein farm in Menomonie, Wisconsin where he developed a deep love for the dairy industry. It is this love that drives him to provide outstanding service so his customers can thrive for years to come. Lange says, “I really enjoy what I do. I especially enjoy serving customers and taking care of their herd’s reproductive needs.”

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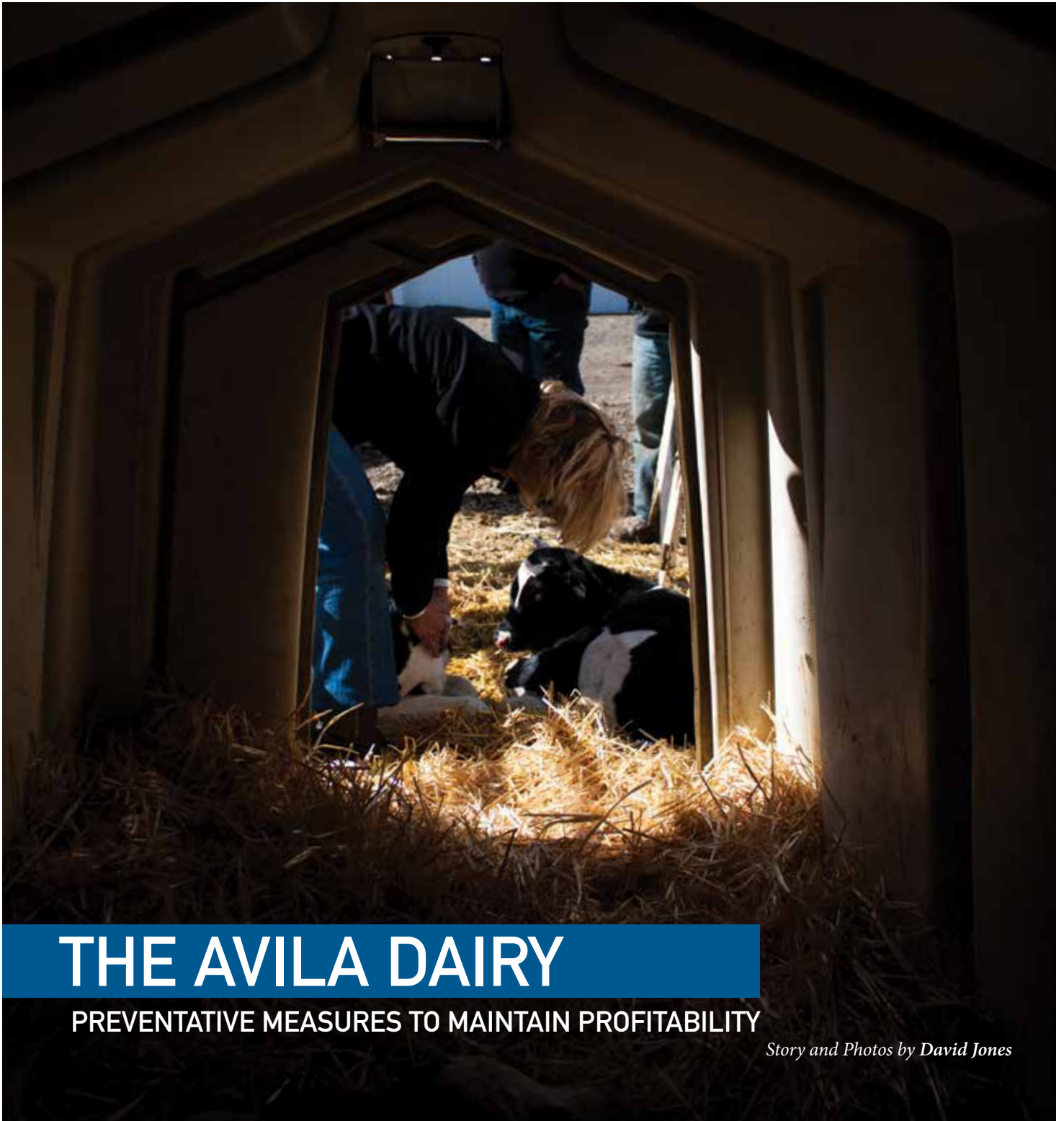


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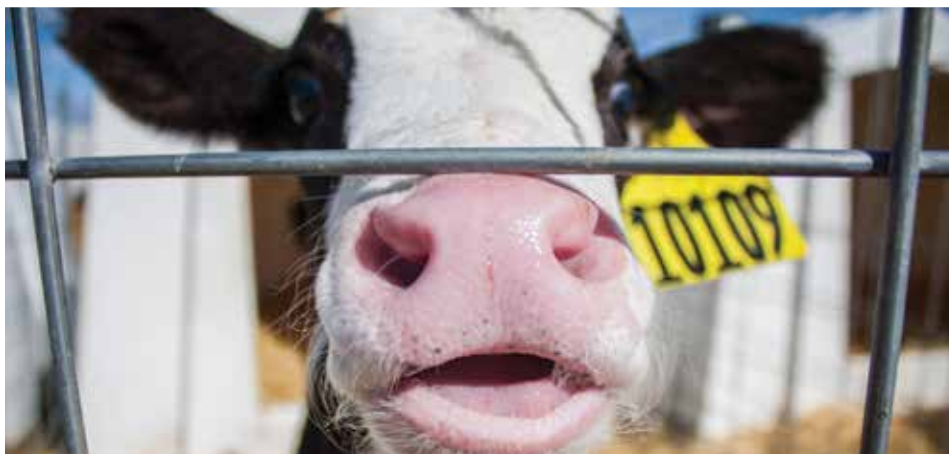


THE AVILA DAIRY

PREVENTATIVE MEASURES TO MAINTAIN PROFITABILITY

Story and Photos by David Jones

Washington is one of the thriving dairy states in the western part of the United States; in fact as of 2009 it ranks number ten in total milk production. While farmers in The Evergreen State face their share of daily challenges, dairymen have become stewards of the viable land and discovered it to be a favorable environment for raising cattle. One such family who now call Washington home is the Avila Family.



Originally from Hanford, California, the Avila family migrated to the Moses Lake region of Washington in 1990. The dairy is owned and operated by John and his son Edward. While the financial state of the dairy industry is somewhat questionable at the moment, due in part to environmental struggles and rising input costs, the Avila family believes in the value of hard work, cow comfort and aggressive preventative measures to maintain profitability.

Upon entering the enclosed facility in which 2500 cows reside, the quiet is immediately noticeable. The dairy utilizes a rail feeding system, the fresh pen is the only pen to utilize lock-ups. The freestall barn and the parlor are all under one roof, allowing the temperature to be consistent throughout the entire facility and keeping the amount of walking done by the cows to a comfortable minimum. The dry stock is housed in dry lots outside the enclosed barn.

With all of these proactive measures in place, the cows perform very well. The Avila family believes comfortable cows are

profitable cows. The reproduction rate in the herd stays fairly consistent throughout the year, in spite of the warm summer temperatures.

“It can get up to 100 degrees where we’re at,” Co-Owner John Avila said. “In August we get a dry heat, but our ventilation keeps the temperature between 73-75 degrees. This helps our reproduction stay pretty constant. Accelerated Genetics has great service and breeding and they get cows pregnant, so they do a good job.”

The Avila Dairy has been with Accelerated Genetics for over twelve years.

“Since Cesar Silveira started with Accelerated Genetics we’ve been with them,” John said.

John’s son and co-owner Edward echoes this response: “Cesar has been our representative for as long as I can remember, and we’ve established a good working relationship. It’s the people who



Photos (clockwise from top left): Trainees gather for a calf care demonstration at the Avila Dairy, Farmground on the Avila's property, Minnie Ward demonstrates proper IV techniques, John and his grandson (Edward Jr.), The fans that help control the temperatures inside the barn, Edward Avila and Minnie Ward discussing calf care, Front of the Avila Dairy, A healthy and eager calf on the dairy.

represent the company that encourages us to do business with Accelerated Genetics."

In order to be the producer's trusted first choice, Accelerated Genetics constantly seeks opportunities to provide outstanding service and support to help producers maximize herd health, reproduction and ultimately profitability.

"One day Edward and I started discussing the calf program at Avila Dairy and we decided to invite Accelerated Genetics' Calf and Heifer Consultant, Minnie Ward, out for some training," Cesar said. "My goal is not to make a sale, my goal is to build relationships with my customers and provide the tools they need for their business and that includes opportunities like helping with employee training."

In addition to being a consultant, Minnie and her husband Randy own their own custom calf-raising business. With years of personal experience added to her time working with producers in the field, Minnie is a walking encyclopedia when it comes to calf

rearing and the products on the market.

The training program at Avila Dairy consisted of a comprehensive review on calf raising, some tips for troubleshooting and diagnosing illness and demonstrations with employees for proper treatment and feeding procedures. Several area producers and their employees participated in the training, held at Avila's dairy.

"Calf care training is another service Accelerated Genetics provides to customers," Minnie says. "We want to help raise your bottom line and figure out how we can help. We are absolutely not here to be critical, we're here to support and enhance what dairies are already doing."

"I'm glad our employees were able to participate in some training," Edward said. "Employees aren't always receptive when you ask them to make changes without knowing why; they'll just go back to doing what they usually do. But if they see someone else demonstrating what works and explaining why things should be done a certain way, I think it makes an impact."

FOLLOWING THE FLOW OF YOUR MILK

DOMESTICALLY AND GLOBALLY

Article by Gary Sipiorski

Have you ever wondered where your milk goes once it leaves your dairy? No question about it, a lot of work and decisions happen before that precious ivory fluid is pumped into a stainless steel transport truck. Once it hits the road it's in the hands of your cooperative or processor to begin the distribution to the glass or dinner plate. Many additional steps and handling happen beyond the farm, and you have no idea how far around the corner or globe your day's work (and that of your cows) may end up.

The dairy industry will continue to face economic issues in 2013 and beyond. To be a part of this dynamic business it is important you understand the financial side. It is easy to look back and rethink past decisions; it is always tougher to forecast business long-term when making decisions today.

Looking forward is a good business practice for those planning to take on the future. There are more total opportunities for the demand of high-quality milk moving ahead. There is no question we will continue to see the consolidation of milking herds, but for those who embrace the future and remain in the business, the personal, family and financial rewards will outweigh the challenges.

Don't misunderstand, the years to come won't be a cakewalk and no one is going to hand money over to you. You will have to be very good. You will have to continue to do all the seemingly insignificant day-to-

day things right. Danny Klinefelter, a professor at Texas A&M, has stated top dairy producers do two things right. The first: they do the important things first each day before they get distracted on the easy or little things, meaning they do "first things first." The second: top dairy producers do everything just 5% better. Their fresh cows are 5% healthier 30 days before and after freshening. They save 5% more baby calves. Their breeding and genetics are 5% better. Their forage is 5% better because they harvested it correctly, inoculated it, covered it, packed it and they have less shrink and waste. They get 5% more cows bred. They get 5% more milk. You get the picture.

You have to be very good at what you do because as good as our dairy products are, they are competing with many other food choices available to domestic consumers. A good example of product competition is fluid milk. The per capita consumption of fluid milk

Chart 2: Cheese Price vs. Change in Cheese Exports

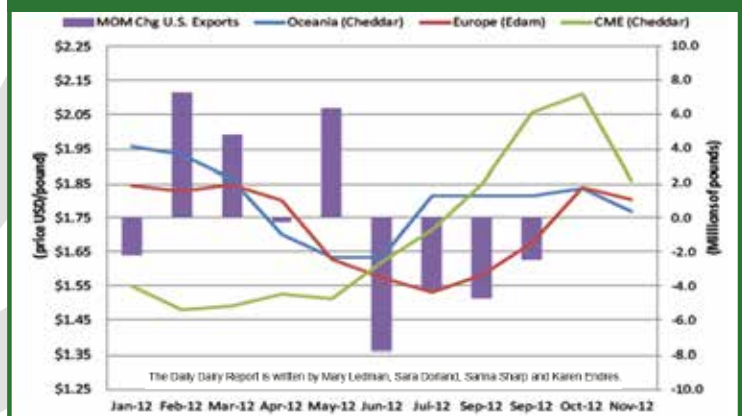


CHART 1: U.S. DAIRY EXPORTS: TOP 10 MARKETS



in the U.S. has decreased from 30 gallons to 20 gallons since 1970. This is largely due to the fact milk now competes with soft drinks, fruit beverages, and of course bottled water. Generally a person only has one beverage during a meal, milk is not always that choice any more.

The good news is cheese consumption has nearly doubled since 1980. Pizza, Mexican-food dishes and a foodie culture have all helped to push cheese consumption higher. Americans are also discovering the nutritional value and taste of yogurt. One of the biggest forces introducing more people to this great dairy food is the Greek yogurt discovery. It appears cheese and yogurt consumption will continue to increase. Will you be there to supply the milk?

We have to remember as Americans 95% of the people in this world live outside the United States. This presents a great opportunity for the milk that leaves your farm. Household incomes in many parts of the world are improving, and the first thing a family does when they have more disposable money is to move up the food chain of protein quality. Right at the top of the list are dairy products. Shipping fluid milk overseas is not very practical, but making cheese, milk powder, butter and whey protein available is a home run. The good news is 13.5% of the U.S. milk supply is being exported. There are many reasons why that will continue. Exporting milk products is adding to your milk check. Estimates are that your milk check is \$2.00 to \$3.00 higher because of exports. That value can only grow as long as processors keep asking the world's customers what kinds of dairy products they demand. Chart 1 shows who our foreign customers are. There is no reason why the number of international customers can't keep growing.

The good thing about exports is there are a lot more customers out there and they will add to your milk check. The bad thing about exporting milk products is there are other countries competing with us for the market. Chart 2 shows what happened in fall of 2012 when the Chicago Mercantile Exchange (CME) cheese price reached \$2.11. The global market was much lower, and therefore to compete globally, the U.S. cheese price had to get in line with the world market price. Milk producers in other countries may not have to deal with some of the challenges we've seen here domestically, like the drought, which contributes to a shorter forage supply and higher grain prices. That is the down side to competing in the global market. U.S. producers have the technology, services and knowhow to compete worldwide. The question is, are you ready to sell your milk globally?

The future business of milking cows has never been brighter. There is a tremendous opportunity for those who are ready to meet the needs of the growing international community. Are you getting yourself ready? Are you going to take advantage of all of the places in the world your milk can flow?

About the author: Gary Sipiorski is the Vita Plus dairy development manager. He grew up on his family's dairy farm in eastern Wisconsin and attended the University of Wisconsin-River Falls. Gary has served on the advisory committee on agriculture and industry for the Federal Reserve Bank of Chicago. He is also an advisor for the Professional Dairy Producers of Wisconsin and a regular contributor to *Hoard's Dairyman* and other agricultural publications.



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