



CAYUGA

The Cayuga Milk Ingredients Story

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March 20th 2014



Our Beginnings

- Cayuga Marketing was the catalyst behind Cayuga Milk Ingredients
- 8 original members.
- 29 Members today
- Mid 1980's: Started marketing milk and purchasing farm supplies together
- Partnered with Dairylea to create Eagle Supply Company
- 2007- purchased 50% of CIDEK
- Mix contract with CNY Feeds with Full-Time Nutritionist
- OSHA/ Milk Quality/ Animal Welfare
- 30 year history of working together




Cayuga Marketing

- Guidance and oversight from an elected board of 7 Directors
- 3 year terms & no term limits.
- Annualized milk growth rate of 7%.
- 70% of milk concentrated within 11 miles of Auburn
- Industry leadership
 - Founding member of NYAAC
 - Cayuga Members serve at NEDPA, DMI, Dairylea, DFA, DairyOne, & NYAAC




Cayuga Members are located in the Heart of Central New York

- 36,000+ cows
- 55,000+ acres of fertile land.
- 960+ million pounds of annual milk production
- Representing .6% of the farmers in NY and 8.5% of the milk production






Cayuga Milk Ingredients

- Limited Liability Company
- Board of 7 elected to 3 year terms
- Spin-out from Cayuga Marketing
- 21 of the Cayuga Marketing Members
- Looking for a LT solution ever increasing hauling costs, which have increased 230% since 2000
- Looking to add value to a high quality milk supply
 - 175,000 SCC, 3500 SPC, .89 CFU/ml MSC, & .52 CFU/ml TSC



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Where Does Cayuga Milk Go?

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Transportation Savings


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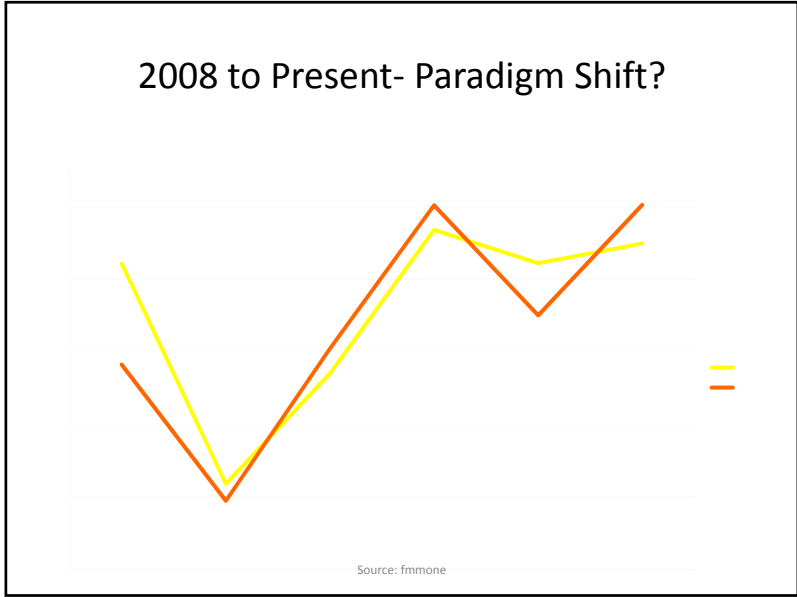
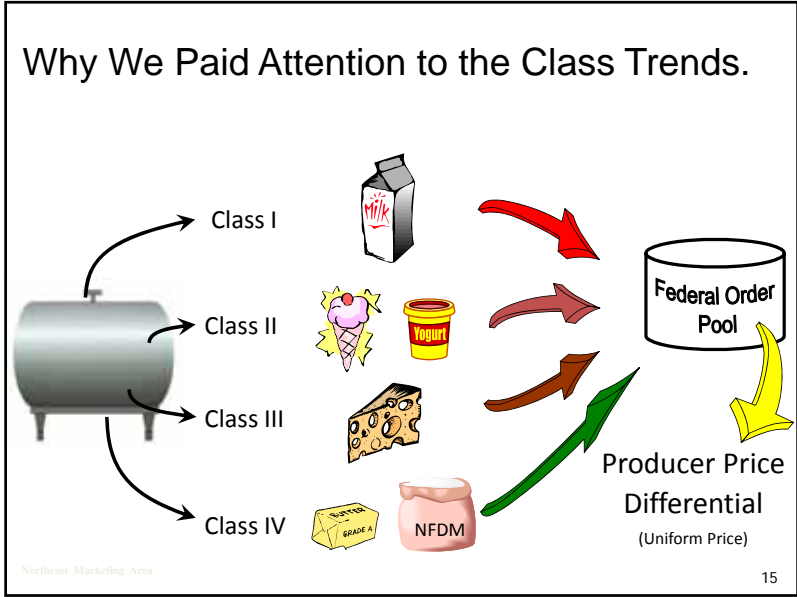
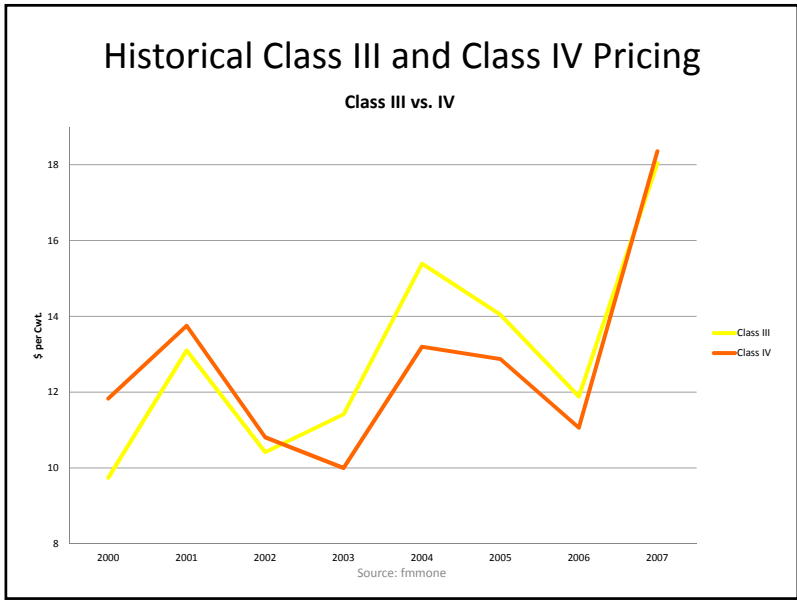
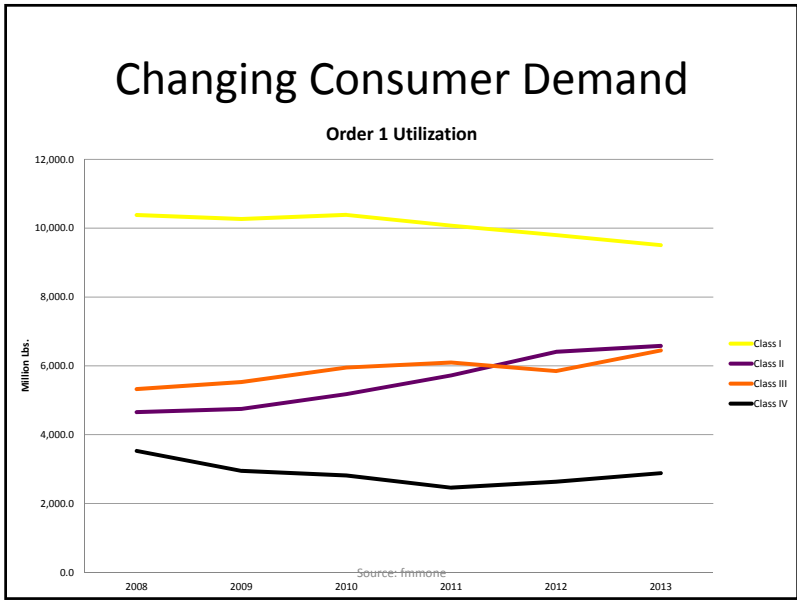
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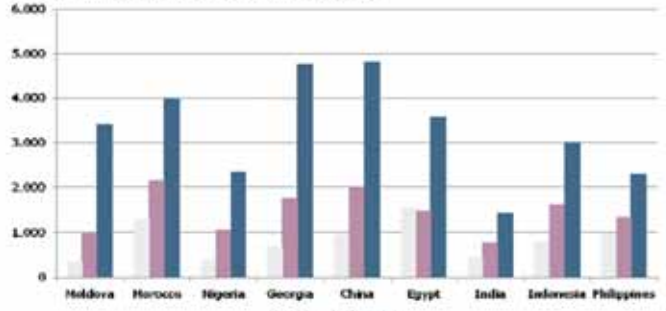
Chinese Milk Scandal



China's thirst for milk gives U.S. dairy farms a boost

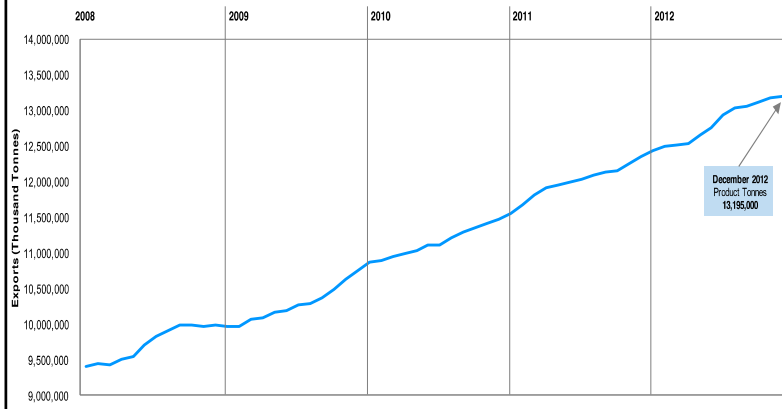


Development of average GDP/capita 2000-2012

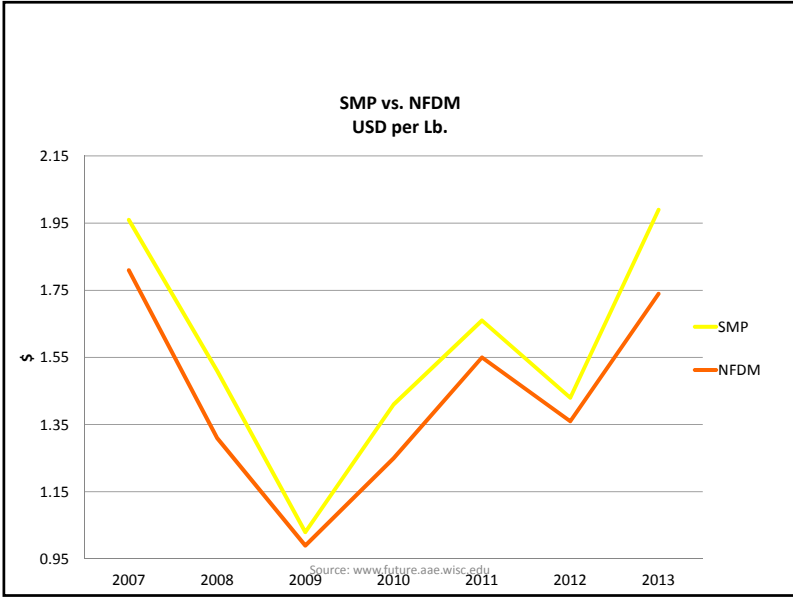
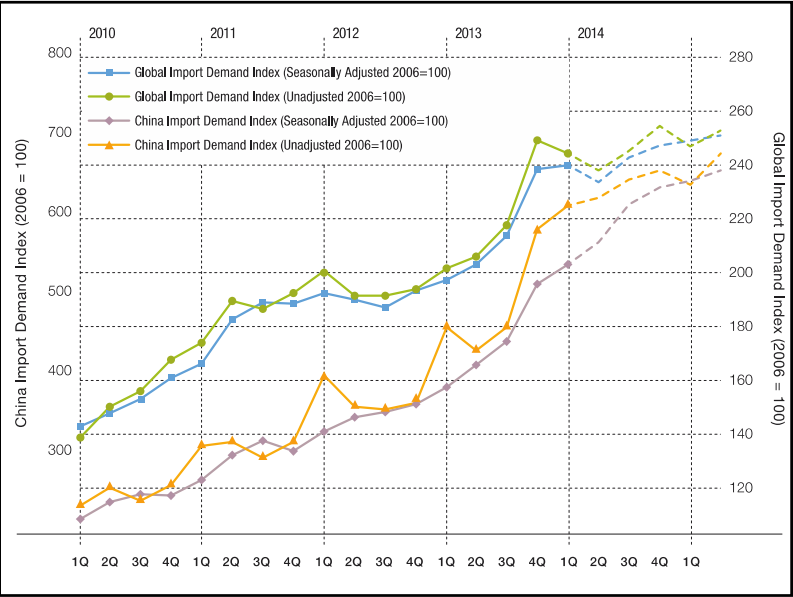
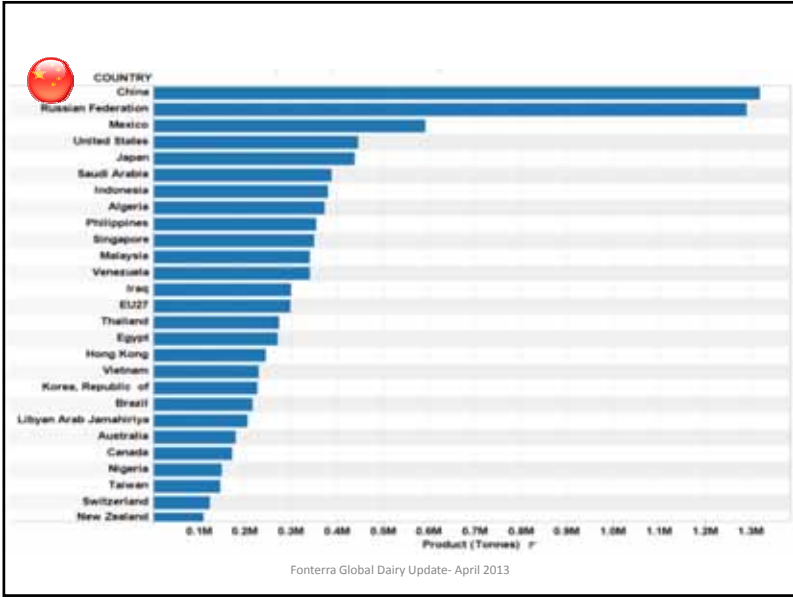
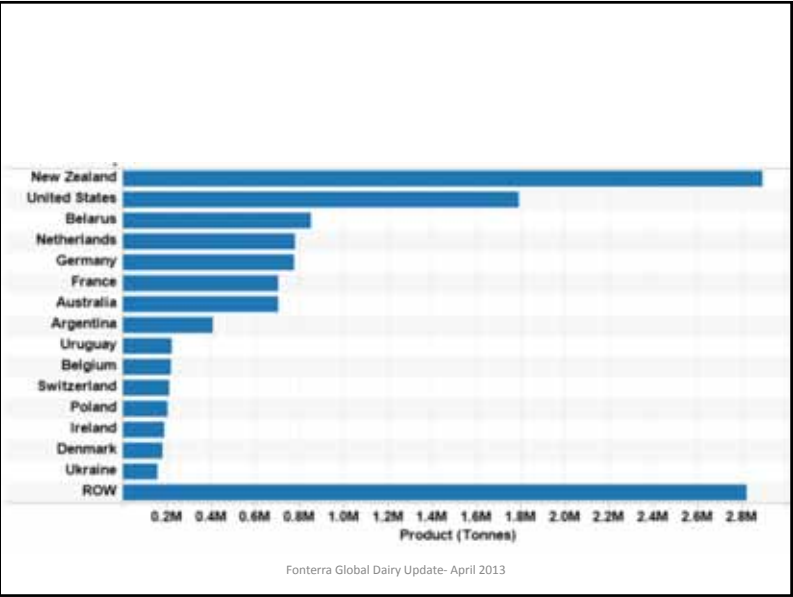


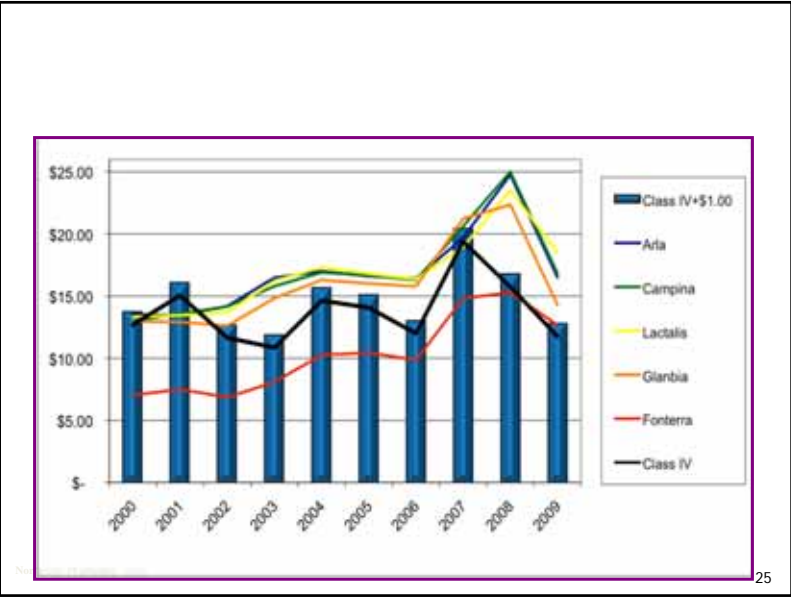
- Above USD 2,000 people start consuming dried dairy products
- Above USD 5,000 people start consuming liquid milk, yoghurts and cheese

Source: IMF, 2008



Fonterra Global Dairy Update- April 2013





When you come to a fork in the road, take it. -Yogi Berra



Our Tagline:
Quality Nutrition. Better Life.™



Nailing Down the Big Stuff Before Construction

- ✓ Finalize the Business Plan
- ✓ Select a Capable Design Build Firm
- ✓ Select a Site and Negotiate a PILOT Agr.
- ✓ Negotiate Marketing and Technology Transfer Agreements with Ingredia
- ✓ Finalize Phase I Engineering
- ✓ Organize a New Company and Execute an Operating Agreement
- ✓ Put Together a Private Placement Memorandum and Raise Seed Capital
- ✓ Negotiate and Finalize Construction to Permanent Loan
- ✓ Apply for Federal and State Grants
- ✓ Hire Key Employees



The Point of No Return- October 2012



Lots of Work Underground- October to April 2013



May 2013 onward- A wet year for farming and construction.....



Progress Continued though



The 300 Ton Crane at Work



60,000 Gallon Milk Silos Arrive



Getting Ready to Pour the 40 foot level of the dryer building



Offices Taking Form



Equipment Manufacturing on site



Equipment being Manufactured all Over the World



Equipment being Manufactured all Over the World



Coming Together



Wet Processing



UltraFiltration



Evaporation



Dryer Tower Going Up.



New Dairy Powder Processing Plant

- \$100 Million USD capital investment
- \$38 Million in Farmer Equity
- \$5 Million in Grants
- 55 to 60 permanent jobs
- 285 construction jobs
- Cutting-edge industry technologies
- 600 to 840 million pounds of annual milk production capacity
- Designed to be easily expanded



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- Technology transfer
- Marketing arrangement on powders

We are Assembling a Great TEAM!

- Keven Bucklin, COO
- Tim Gaul, Controller
- Dustin O’Hara- EHS Manager
- Joel Herring- QA Supervisor
- Michelle Hubbard- HR/Exec Assistant
- Jody Wells- WWTP Supervisor
- Katie Lawson- Operations Supervisor
- Doug Clark- Plant Engineer
- Duane Fox- Team Leader
- Bob Kerrick- Team Leader



Global-Standard Powdered Milk Products

- Milk protein concentrates
- Milk protein isolates 85% & 90%
- Cream, skim, and whole milk powder
- Low micro & medium heat



Top Quality Dairy Ingredients = Top Quality Products

- High quality, low spore, & fully traceable milk supply
- Low spore plant design
- Quality focused SOP's from the cows to the customers
- Will be HACCP and SQF level 3 Certified
- Kosher and Halal
- Sold throughout the World
- Primary focus on North America with emphasis on NAME, and China



We are Focused on Spores.





Farmer Benefits

- Reduce milk hauling costs
- Add value to a high quality milk supply
- Ability to react to customer wants and needs
- Be positioned to capitalize on market opportunities



Coming July 2014



Coming July 2014



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