



CAYUGA

Quality Nutrition. Better Life.

Presentation for

2018 NEAFA Annual

Meeting

Introduction to the

Cayuga Companies

February 7th, 2018

Key figures



29 Milk Producing
Members of Cayuga
Marketing Inc.



42,000+ cows
(rBST-free)



65,000+ acres of
fertile land



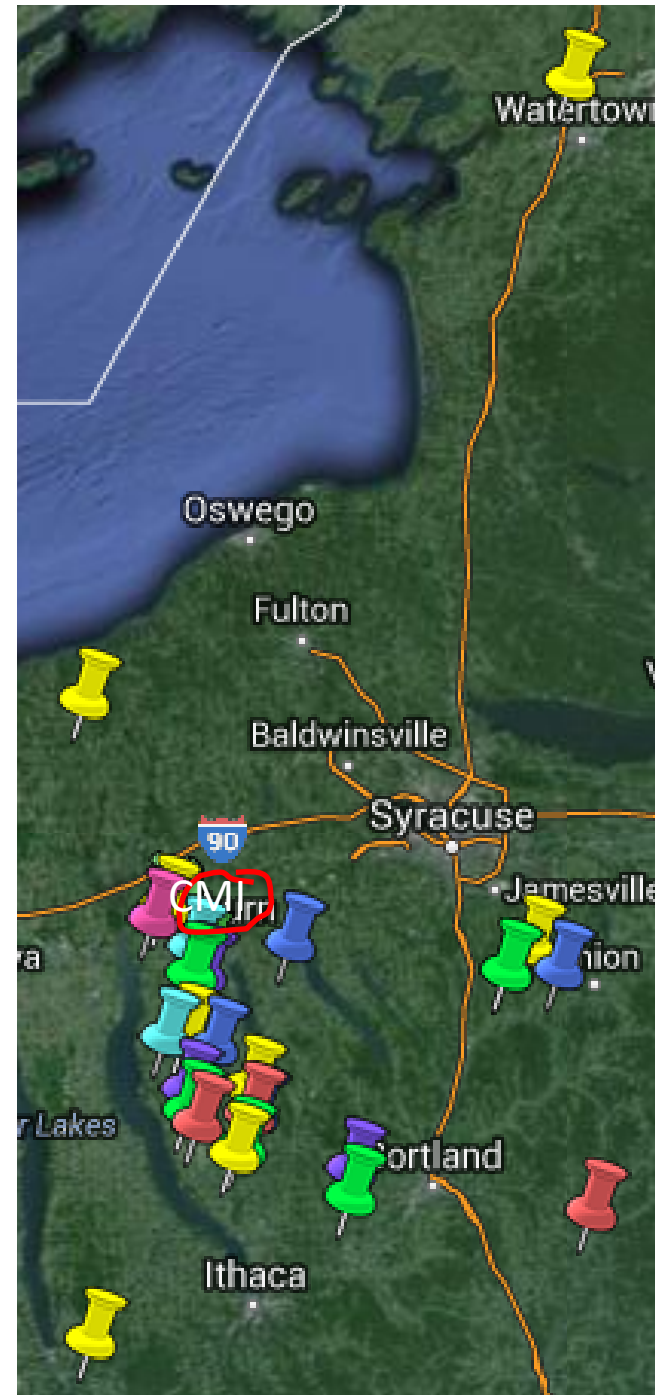
1.2 billion pounds
(543 M L) annual
milk production

Cayuga, located in the heart of Central New York

- 70% of milk collected within 25 miles (40 KM) of Auburn, NY
- Cayuga farms = 0.6% of farmers in NY
8.5% of NY state's milk production



Map showing
Cayuga's farms'
locations



Cayuga Marketing:

- 29 Members- Elected Board of 7
- Mid 1980's: Started marketing milk and purchasing farm supplies together
- Created Eagle Supply Company- Sold to Dairy Farmers of America in 2012
- 2007- purchased 50% of a regional milking equipment company
- Mix contract with CNY Feeds with Full-Time Nutritionists
- OSHA/ Milk Quality/ Animal Welfare Specialists
- 30 year history of working together
- Cayuga Marketing was the catalyst behind Cayuga Milk Ingredients
- 10% YOY milk growth



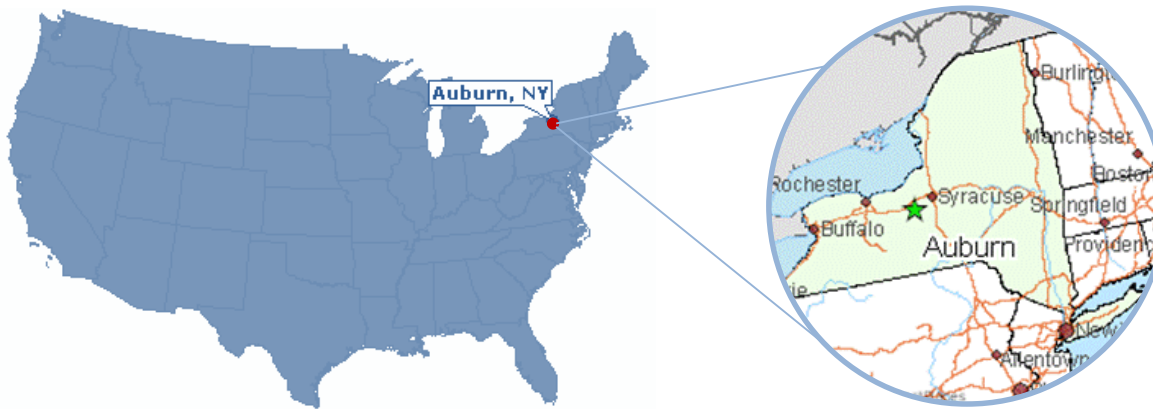
Milk Quality- Our Cornerstone

- As a farmer-owned company, **we are uniquely positioned to oversee milk supply, ensuring milk of the highest quality from start to finish**
⇒ In turn, means cleaner, purer and higher quality milk ingredients
- 2017 Averages on 1.2 billion lbs. of milk
 - SCC = 157,053
 - Bacteria = 4,504
 - PI = 13,393



Cayuga Milk Ingredients, LLC:

- **Majority farmer owned Initiative (21 of the 29 Cayuga Marketing Members)**
Limited Liability Company – 7 Board members (elected to 3-year terms)
Headquarters in Auburn, NY (USA), in the Finger Lakes region



- **Farmer Members who are Committed to producing the highest quality milk** and passionate about animal welfare, sustainability, continuing to increase traceability and adding family-owned farm value to every product
 - 157,000 SCC, 4500 SPC, .89 CFU/ml MSC, & .52 CFU/ml TSC

Decision to **build a local processing plant** as a solution to ever increasing hauling costs

Meeting Stringent Customer Standards



- Low Mesophilic and Thermophilic Powders
- Low to No Nitrates and Nitrites
- Low Iodine & Selenium
- Low chlorates
- Strict Traceability
- 100% Animal Welfare Compliant with Third Party Validation
- Sustainably Sourced Milk
- Supply of Non GMO Project Verified milk available

A state-of-the-art facility

New dairy processing plant

- Cutting-edge industry technologies
- Ultrafiltration and RO Technology
- 1 Compact Dryer
- 108,000 square-foot facility
- Designed to be easily expanded
- Production planned 7 days/wk, 20h/day
- Processing 1.9 M lbs. of milk processed per day
- 5S methodology to continually improve operations (reducing waste, increasing employee productivity, etc.)
- 70 permanent jobs



Introduction to Cayuga Milk Ingredients



HTST



Introduction to Cayuga Milk Ingredients



Separator

Introduction to Cayuga Milk Ingredients



UF on the left

RO on the right



Introduction to Cayuga Milk Ingredients



Evaporators

Introduction to Cayuga Milk Ingredients



Drying operations, fluidized bed in foreground

Introduction to Cayuga Milk Ingredients



Powder silos

CMI Product portfolio

Locally produced, high-quality and specialized dairy ingredients for use by the global food and nutrition industry:

- Liquid cream, whole, skim, and condensed milks (RO & evaporated)
- Milk Protein concentrates and Milk protein isolates (liquid & powder)
- Non-fat dry milk and Skim milk powder (standard and infant quality)
- Whole milk powder
- Liquid & Powder blends using an in-line standardizer
- All Ingredients are Grade A, OU Kosher and Halal
- 20,000 MT of Milk Powder capability/ 4,000 MT of MPI

Total Quality Management

Committed to quality assurance, from farm to plant to consumer

- **Guarantee and Traceability of Milk**

- All of CMI's milk suppliers are located within the Finger Lakes region, CMI can monitor all aspects of the integrity of their products, offering a higher level of product traceability than other milk product manufacturers
- Milk collection from less than 30 farms

- **Certifications**

- Cayuga is SQF certified Level 3, incorporating HACCP.
- Oversight from New York Ag and Markets, FDA, and the USDA.
- 100% Compliance with the NMPF FARM animal welfare program
- Farms and Processing Plant are OSHA compliant and CMI is SEDEX approved

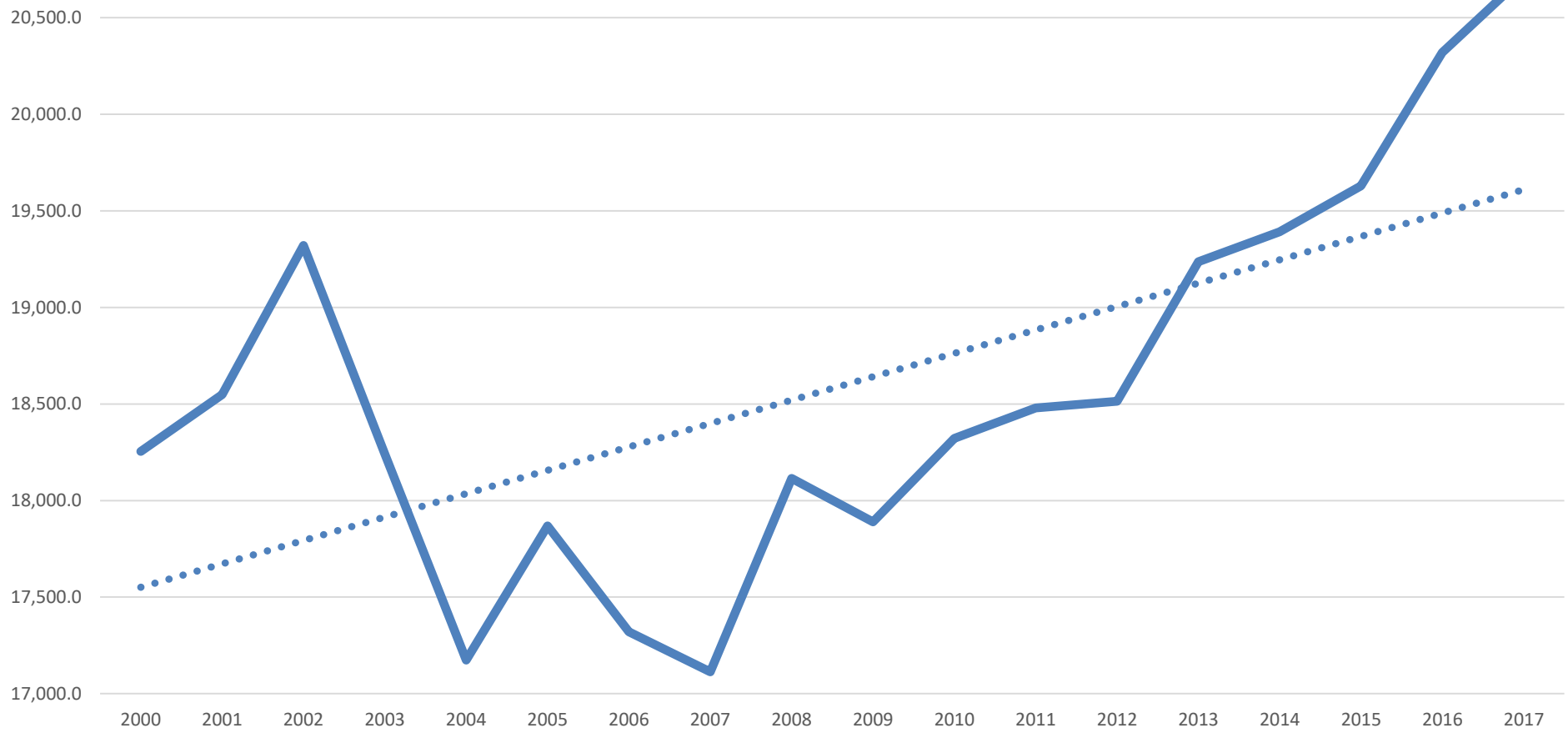
- **Quality Control**

- Internal and external third-party analytical laboratories certify rigorous controls throughout the milk chain.
- Testing for Beta Lactams, Sulfas, and Tetracycline drugs

Northeast US Milk Markets

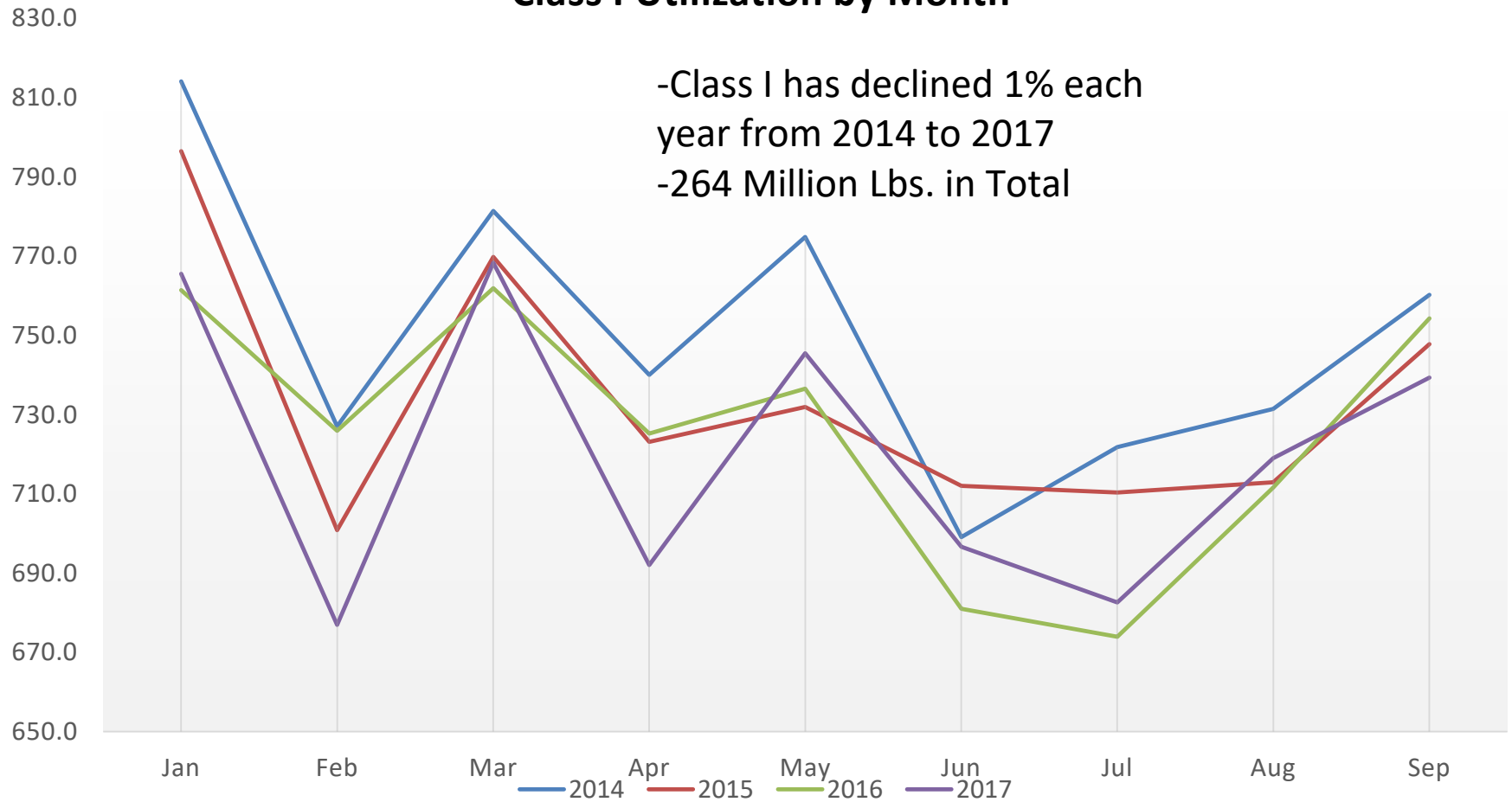


Total Milk Production in FMMO1- Jan to Sept. MM Lbs.

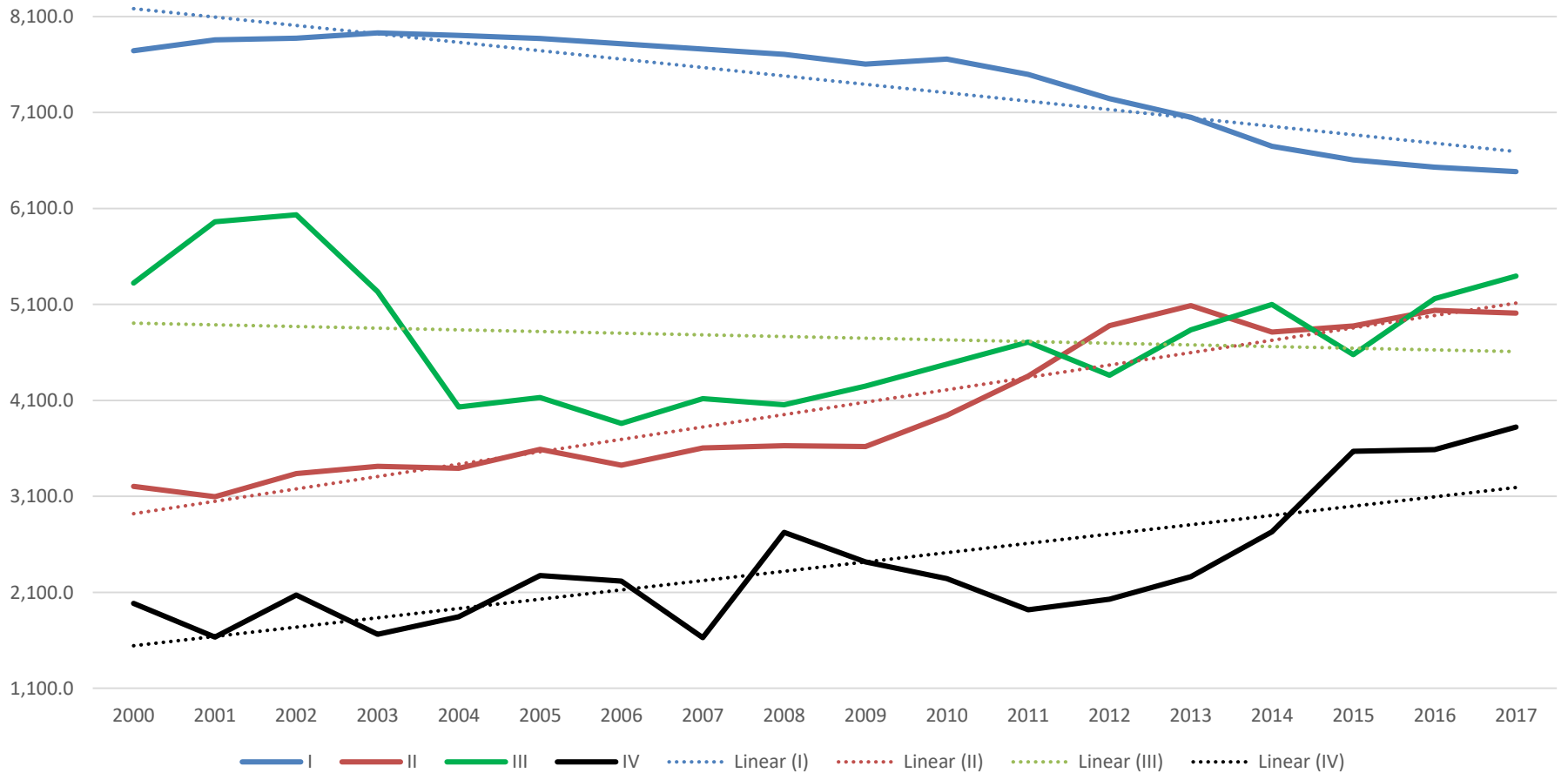


Class I Utilization by Month

-Class I has declined 1% each
year from 2014 to 2017
-264 Million Lbs. in Total



FMMO1 CLASS UTILIZATION- 2000 TO 2017





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Thank You