

Nick Ridgeway

United Dairies, LLP

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Nick Ridgeway

- Grew up in Poultry Business
- Graduated from St. John's University
- Degrees in Accounting and German
- IDS now Ameriprise
- Investment Specialist and Banker at Center National Bank

Background

- 2001 Joined Dairyridge in Long Prairie, MN
- 700 Cow Dairy
- 2,500 acres farmland
 - Herdsmen
 - Rock picker
 - Maintenance
 - Manure Management Plan
 - Gopher

United Dairies

- 2003 Partnership formed to buy then KCC Dairy in Litchfield and Ashley Creek Dairy in Sauk Centre.
- 5 Dairy Farmers from West Central MN
- Currently Milking 5,900 Cows

Alpha Foods, LLP

- Purina/LOL farm started in 1996
- 1,400 Cow Dairy designed for 1,000 Milking
- Milking and breeding site only nothing freshens on site.
- 1st Lactation Cows only.
- Converted to sand in 2005
- Changed the name to Alpha Foods to remind us we are in the food production business.

Union Dairy, LLP

- Purina/LOL farm started in 1995
- 1,400 Cow Dairy expanded in 2004 to 2,000
- Fresh Cow facility
- 3rd Lactation Cows and hard transition.
- Dry Cow facility added in 2006
- Calfland added in 2010
 - 1,000 calves in hutches
 - 1,200 calves in barns

Westland Dairy, LLP

- Purchased Westland Dairy in 2004 adding new partner and cropping expertise.
- 1,000 cow dairy
- Mostly 1st Lactation Cows
- Heifer Lot for 1,000 heifers
- Currently farm 2,500 acres and does custom chopping

Cottonwood Dairy, LLP

- Purchased in 2008
- Purina/LOL Dairy
- 1,400 Cow Dairy currently milking 2nd Lactation

Prime Farms

- Management Company
- Vet Clinic
- Accounting Services for 13,000 cows

Management

- Each farm has it's own manager and P&L.
- Work with manager to solve problems.
- Generate budgets
- Market milk and procure feed.

MPP Participation

51% of milk produced by farms over 1,000 cows.

Largest producers will expand and enroll new cows in the program

Bankers will demand in their operating line covenants that farmers participate in the program

Will the banks allow farmers to jump in and out of coverage levels and percentage?

Many farmers will wait to participate until we have a year of negative margins before they buy higher levels

MPP Winners

Least cost producers

Traditionally you can make \$500 cow per year

According to Chuck Nicholson's projections that will reduce net income by \$280 per cow per year.

Farm the government program

Texas Hedge could become the new norm. Cash grain farmers have been doing this for years.

This will accelerate expansion for larger well capitalized producers who will have little risk expanding. Banks will be more than happy to fund new projects for proven operators.

MPP Losers

Small Scale Farmers

Pays less than MILC

Lower milk price will hurt smaller farms more. Make less per cow.

Political nightmare for Congress. Large farms are making money and expanding and smaller farmers are struggling.

Will program survive intact.

Midwest Farmers

Dairies with the lowest feed costs

BST

Corn basis will become even more important.

MN has \$-.68 basis on corn right now.

All feed is priced according to corn

Keystone pipeline delay is helping end users in the Corn Belt

Questions?