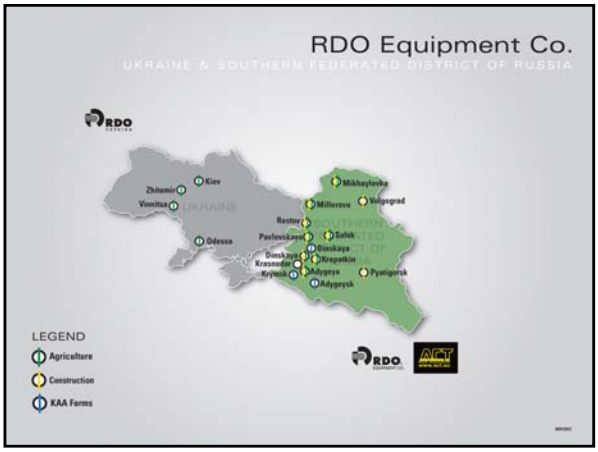
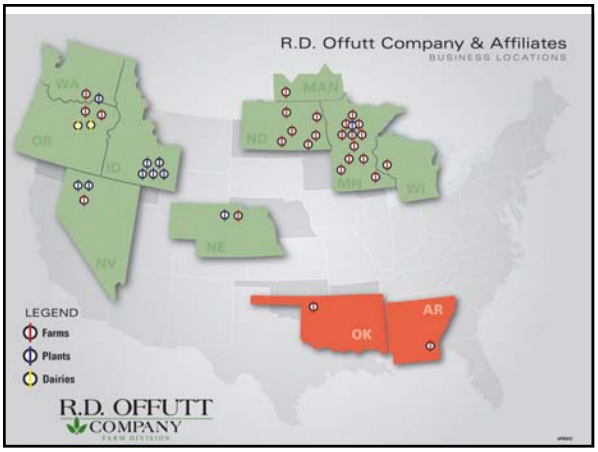
Threemile Canyon Farms, LLC

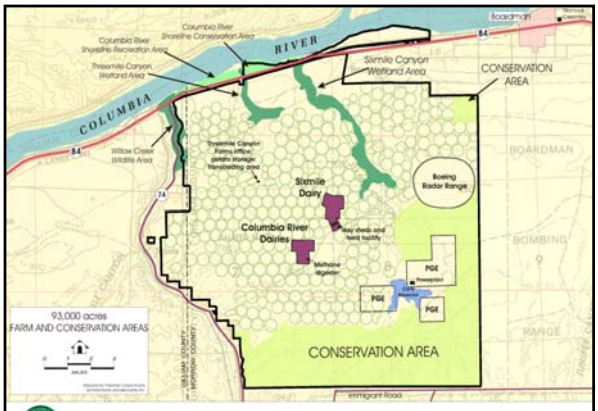
presentation to

Washington State University

March 21, 2013







Threemile Canyon Farms, LLC

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Threemile Canyon Farms By The Numbers

- 93,000 Total Acres
- Approximately 145 square miles
- 23,000 acres in Conservation Area
- 39,500 acres of irrigated farm land
- 1,500 acres of future irrigated farm development
- 29,000 acres of range land, open spaces and roads.

Threemile Canyon Farms, LLC

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Threemile Canyon Farms By The Numbers

- 7,400 acres potatoes
- 7,600 acres organic crop
- 3,000 acres onions
- 8,000 acres alfalfa
- 7,000 acres corn/wheat
- 2,000 acres wheat
- 1,200 acres mint
- 500 acres carrots
- 2,800 acres rental

39,500 Total acres farmed

Threemile Canyon Farms By The Numbers

- Three free-stall dairies
- 32,000 milk cows
- 21,000 Jerseys; 11,000 Holsteins
- 35,000 replacement heifers
- 1.9 million pounds of milk per day

Threemile Canyon Farms By The Numbers

- New methane digester under construction.
- Total capital cost of $26 million.
- Qualifies for approximately $7 million in federal grants in lieu of tax credits.
- Qualified BETC of approximately $2 million.
- Electrical capacity of 4.8 MW
- Capital investment of approximately $1,080 per cow.
- Provides operational and environmental efficiencies.

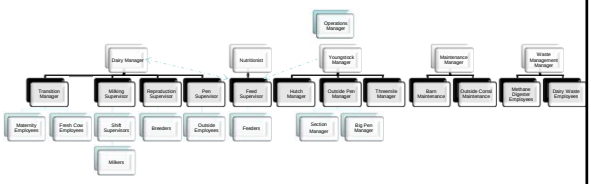
RCF (RDO/Calbee Foods)

- Joint venture potato processing plant in Boardman
- Calbee Foods is largest snack food company in Japan.
- Plant in Boardman produces dough that is manufactured into snack food in Japan.
- Plant is expanding facility to install fry line to produce finished product for distribution in US.
- Plant will begin production of retail product in 2013.
- TMCF presently grows 1,000 acres of potatoes for RCF. This will double by 2017.

CRT (Columbia River Technologies)

- Joint venture whey/lactose plant in Boardman
- Partner with Tillamook Cheese
- Plant will export most of the product
- Marketing agreement with Fonterra, a New Zealand company
- Capital investment of $95 million
- Target completion in first quarter 2014

Livestock Operations Management Structure



GOALS AND EXPECTATIONS

- Goals must be beneficial to both animals and financials.
- Goals based on our own expectations, not industry standards.
- Goals must be verifiable.
- Section leaders must be part of setting goals and must buy in.
- Goals must be achievable and workers must have tools to achieve goals.
- My job is to set the goals, provide training and tools to achieve goals, set critical control points **(CCPs)** and monitor progress.

CRITICAL CONTROL POINTS

- Identify CCPs within each area of operation and for every potential problem.
- Establish 5 box system within each CCP.
- Critical control points are continuously monitored by area supervisors, quality technician, vets and myself.
- If problem occurs or we are not meeting goals, we first check our boxes.
- Only after we are satisfied that our 5 boxes have been checked, we start looking for zebras.

HERD HEALTH

- Our focus is on prevention (vaccines, cow comfort, nutrition, CCP's)
- It is not normal for cows to get sick or to die.
- Its about nutrition and management.
- We undergo a twice a year animal welfare audit.
- Antibiotics and hormones are not looked upon well by the general public and are a risk to our operation.

PROFITABILITY

- We are a business and must not only show a profit but must be in the top 10% of dairy operations.
- All programs that are implemented must show a clear financial benefit and\or a clear animal health benefit.
- All managers are responsible for cost in their respective areas.
- All cost centers are important but must be prioritized (ex. Feed=$9.00\CWT, vets=$.02\CWT).
- Every $1.00\CWT = 400K per month.

HURDLES FOR VETS AT LARGE DAIRY OPERATIONS

- 90% of veterinarian's time is spent palpating.
- Our focus is on prevention, any problem is a failure of management.
- Most veterinary functions require the veterinarian to be at the dairy.
- Nutrition is not only our biggest cost center, but also is the main driver of animal health.
- Availability of veterinary consultants.
- Our ability to be job specific and train our own people to perform veterinary tasks.

FUTURE OF VETERINARY MEDICINE IN THE DAIRY INDUSTRY

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