



"For **SMART** Management"

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MARGINSMART®
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MARGINSMART® Sample Farm Profitability Changes From Last Week

| | Apr. '14 | May '14 | June '14 | July '14 | Aug. '14 | Sep. '14 | Oct. '14 | Nov. '14 | Dec. '14 | Jan. '15 | Feb. '15 | Mar. '15 |
|-------------------------------|----------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|
| Change From Prior Week | +05 | +52 | +40 | +78 | +51 | +41 | +31 | +24 | +30 | +08 | +01 | -04 |

Welcome to MARGINSMART®

The weekly newsletter will keep you up-to-date on various topics such as market news, upcoming events, and getting the most out of MARGINSMART®.

MARGINSMART® Tip of the Week

This week we will visit the "Projected Feed Ingredient Usage" Report. With the new crop season coming, now is good time to access your cow numbers and projected feed usage. This report breaks down cow numbers by ration, pounds fed/animal/day, and total lbs. fed in tons for each ingredient. You can easily compare tons to be fed with current inventories to see if your supply will be enough until 2014 harvests, or to see what excess levels you anticipate. For customers who have their forages set up on a Dry Matter Basis, those ingredients will be listed in Dry Matter tons. One other note is that this report also takes into consideration the shrink levels set for each ingredient. Call us with any questions.

Market News

Milk: This week we will hit a couple key highlights:

- Base Class I price for May 2014 is \$24.47 per cwt.
- New Zealand Feb '14 milk production was reported up 11.8% from Feb '13 and 5.3% higher than Feb '12
- Cheese in storage at 3/31/14 is down approx. 8.6% from 3/31/13, Butter down 30% over the same time
- Combined milk prod in top 23 States for Jan-Mar 2014 is up 1.0% from Jan – Mar 2013

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- Corn plantings released today indicates a slower start to the planting year with 19% planted versus the 5 year avg. of 28%. Most every other crop is also behind the 5 year avg.

USDA released its monthly Beef Cattle on Feed:

- Placements for Mar '14 were 95.3% of Mar '13
- Heifer placements are lowest since 2005 (as a % of placements) as the industry tries to rebuild the herd

YTD Dairy cattle slaughter through 4/5/14 was 824K head versus 902K head for the same period in 2013.

Overall cow slaughter (beef & dairy) is down 8.9% YTD

Contact Curtis Gerrits at 920-217-7255 to become a MARGINSMART® customer!

MARGINSMART® Insight

Let MARGINSMART® help you navigate decisions around the MPP of the new Farm Bill to help you make informed decisions!

Visit us on the Web at:

www.marginsmart.com

www.facebook.com/MarginSmart

Market Update (As of 4/25/2014 Close)

| | Apr. '14 | +/-* | May. '14 | +/-* | Jul '14 | +/-* | Aug. '14 | +/-* | Sep. '14 | +/-* | Nov.'14 | +/-* | Dec '14 | +/-* |
|-----------------------|----------|------|----------|------|---------|------|----------|------|----------|------|---------|------|---------|------|
| Class III Milk | 24.29 | +08 | 22.70 | +56 | 20.23 | +75 | 19.83 | +55 | 19.68 | +47 | 18.80 | +25 | 18.58 | +28 |
| Class IV Milk | 23.30 | +07 | 21.99 | +28 | 20.50 | +37 | 20.44 | +46 | 20.47 | +57 | 19.70 | +20 | 19.50 | +38 |
| Corn | | | 5.07 | +12 | 5.13 | +13 | | | 5.09 | +11 | | | 5.06 | +09 |
| Soybeans | | | 14.98 | -16 | 14.94 | -08 | 14.28 | +08 | 13.02 | +04 | 12.40 | +01 | | |
| Soybean Meal | | | 491 | +3 | 481 | +3 | 454 | +7 | 423 | +4 | | | 389 | +3 |

*Change from the Previous Week Price

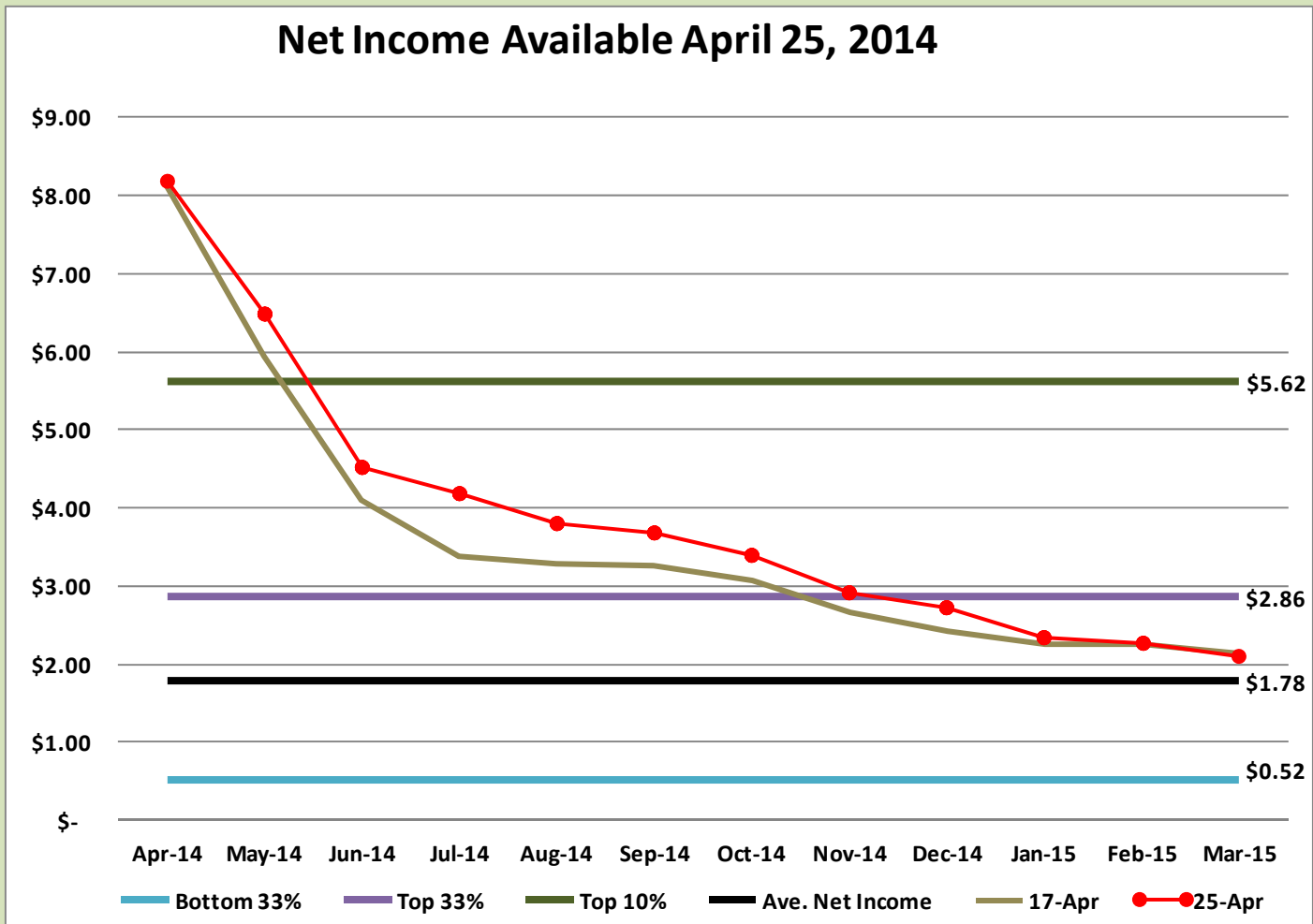
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 85 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based on 100% market prices for milk and feed, and full operating activities.

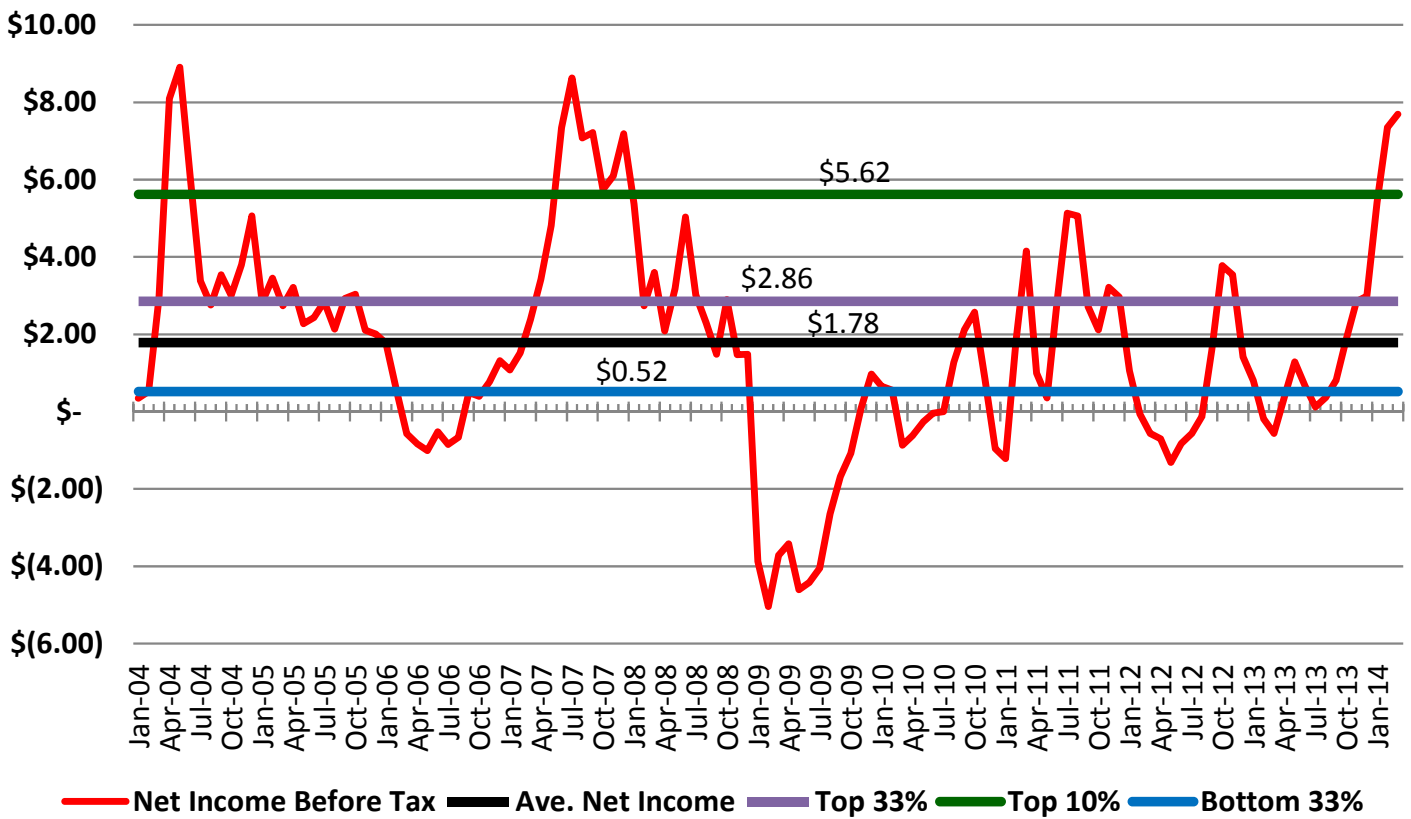
Net Income Available April 25, 2014





MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 85 #s (current level – this has increased over the past 10 years) of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. We calculated the past 10 years’ results (with adj. milk / day). The red line on the chart below shows the net income before tax for the last 10 years WITHOUT ANY contracting, and completely subject to market prices. It also shows the Top 10% (90th percentile), top 33% (67th percentage), the average and bottom 33% (33rd percentile.)

2004-2014 Historical Net Income Before Tax





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Historical Yearly Average Net Income Before Tax

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------|------|------|------|------|-------|------|------|------|------|
| 4.04 | 2.67 | 0.07 | 5.21 | 2.89 | -2.79 | 0.44 | 2.52 | 0.60 | 0.95 |

Historical Quarterly Average Net Income Before Tax

| | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. |
|------|----------|----------|----------|----------|
| 2004 | 1.27 | 7.70 | 3.22 | 3.95 |
| 2005 | 3.01 | 2.64 | 2.64 | 2.38 |
| 2006 | 0.58 | -0.79 | -0.34 | 0.83 |
| 2007 | 1.66 | 5.19 | 7.64 | 6.34 |
| 2008 | 3.90 | 3.43 | 2.27 | 1.95 |
| 2009 | -4.22 | -4.15 | -2.79 | -0.01 |
| 2010 | 0.11 | -0.30 | 1.13 | 0.82 |
| 2011 | 1.58 | 1.42 | 4.30 | 2.76 |
| 2012 | 0.15 | -0.95 | 0.30 | 2.92 |
| 2013 | 0.02 | 0.77 | 0.43 | 2.57 |
| 2014 | 6.82 | | | |