

*“Serving the Dairy Industry for More Than 50 Years”*

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September 18, 2008

Mr. Charles Beckendorf  
Chairman, CWT Committee  
2101 Wilson Blvd., Suite 400  
Arlington, VA 22201

**RE: A Second CWT Herd Retirement Program in 2008**

Dear Chairman Beckendorf,

On behalf of the board of directors of Milk Producers Council and the California dairy families we represent, we are writing to strongly urge the CWT Committee to authorize another Herd Retirement Program (HRP) in 2008.

There has been much discussion throughout the dairy industry about the recently-completed HRP in which approximately 25,000 cows were removed from the national dairy herd (which currently consists of about 9 million milking cows). Given the grim economic outlook of the dairy industry by most experts, it is clear that retiring only 25,000 cows fell significantly short of the supply management our industry needs.

This letter is not meant to imply that more cows should have been retired in the recent HRP. Due to limitations in the program, it would have been imprudent to continue buying cows at higher bids. That is why another HRP must be announced. Based on the very simple “Financial Update” on your website, following the recent HRP, CWT still had more than \$100 Million in cash available (as of July 31<sup>st</sup>) – with that amount growing as monthly member contributions are deposited into your accounts.

The struggling dairy families we represent believe it would be a grave mistake to sit on the sidelines at this point in time. American dairy families have entrusted you with a tremendous amount of money and the responsibility to utilize that money in times of need. We are in the midst of possibly the worst economic times for dairy families in recent history, and CWT is the only tool we have to manage our national milk supply.

Our board also shares the concern expressed by Gary Genske in a recent letter to the CWT program which asks for a more detailed accounting of how CWT funds are expended, both for program and overhead costs. The dairy industry deserves a full financial accounting of this program that transfers more than \$10 million per month of the producers’ money into your hands.


For these reasons, we are making two formal requests. **First, that the CWT Committee authorizes an additional Herd Retirement Program in 2008. Secondly, that you provide Milk Producers Council with a comprehensive and current financial report of CWT's activities, including a detailed breakdown of CWT's administrative costs.**

Please feel free to contact us if you have any questions regarding these requests. Sybrand can be reached at (909) 553-4301 and Robert can be reached at (909) 992-9529.

Sincerely,



Sybrand Vander Dussen  
President



Robert VandenHeuvel  
General Manager

Cc: Jerry Kozak, National Milk Producers Federation  
Jim Tillison, National Milk Producers Federation