



News Release

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"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"



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THIRD CWT HERD RETIREMENT IN NINE MONTHS TO REMOVE 87,000 COWS, 1.8 BILLION POUNDS OF MILK; SECOND-LARGEST EVER

ARLINGTON, VA – Cooperatives Working Together announced today that it has tentatively accepted 294 bids in the third herd retirement it has conducted in the last nine months. The 86,710 cows and 1.8 billion pounds of milk accepted in this round, combined with CWT's previous two herd retirements, equal a total production capacity of 4.8 billion pounds of milk being removed since December 2008.

This is the second-largest herd retirement since the farmer-funded self-help program started in 2003. The previous retirement round completed in July removed a record 101,000 cows and 1.96 billion pounds of milk.

"These two summer 2009 herd retirements, combined with the USDA's recent price support increases, should result in very positive movement in dairy farmers' milk prices," said Jerry Kozak, President and CEO of NMPF, which administers CWT.

Farmers in 38 states submitted a total of 312 herd retirement bids last month to CWT. This eighth CWT herd retirement in the past six years was also the first to feature a maximum acceptable bid threshold of \$5.25 per cwt. It was also the quickest herd retirement following a previous round, which is an indication "that there is still an interest on the part of our members to use CWT to remove more cows, even though the program has been very active in 2008 and to date in 2009," noted Kozak. This round is removing 3,104 bred heifers.

Kozak said that "CWT stands ready to conduct yet additional herd retirements later this year in order to help address the severe supply-demand imbalance that has depressed farm-level milk prices. We intend to use all the resources at our disposal to help farmers deal with this severe economic crunch that they're confronting," he said.

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Starting next week, CWT field auditors will begin visiting the 294 farms whose bids were accepted, checking their milk production records, inspecting their herds, and tagging each cow for processing. All farmers will be notified no later than August 31, as to whether their bid was among those accepted.

Once CWT field auditors inspect and accept the herds offered as part of the bidding process, farmers have 15 days in which to send their animals to a processing plant. CWT will again provide each farmer the NMPF animal handling guidelines for the proper culling and transporting of dairy cattle, Kozak said.

Producers whose bids are accepted in this herd retirement will be paid in two installments: 90% of the amount bid times the producer's 12 months of milk production when it is verified that all cows have gone to slaughter, and the remaining 10% plus interest at the end of 12 months following the farm audit, IF both the producer and his dairy facility – whether owned or leased – do not become involved in the commercial production and marketing of milk during that period.

Cooperatives Working Together is being funded by dairy cooperatives and individual dairy farmers, who are contributing 10 cents per hundredweight assessment on their milk production through December 2010. The money raised by CWT's investment is being apportioned between two supply management programs that strengthen and stabilize the national all milk price. For more on CWT's activities, visit www.cwt.coop.