

CWT Update
Western United Dairymen
February 19, 2009



CWT's objective:

- Strengthen and stabilize producer milk prices

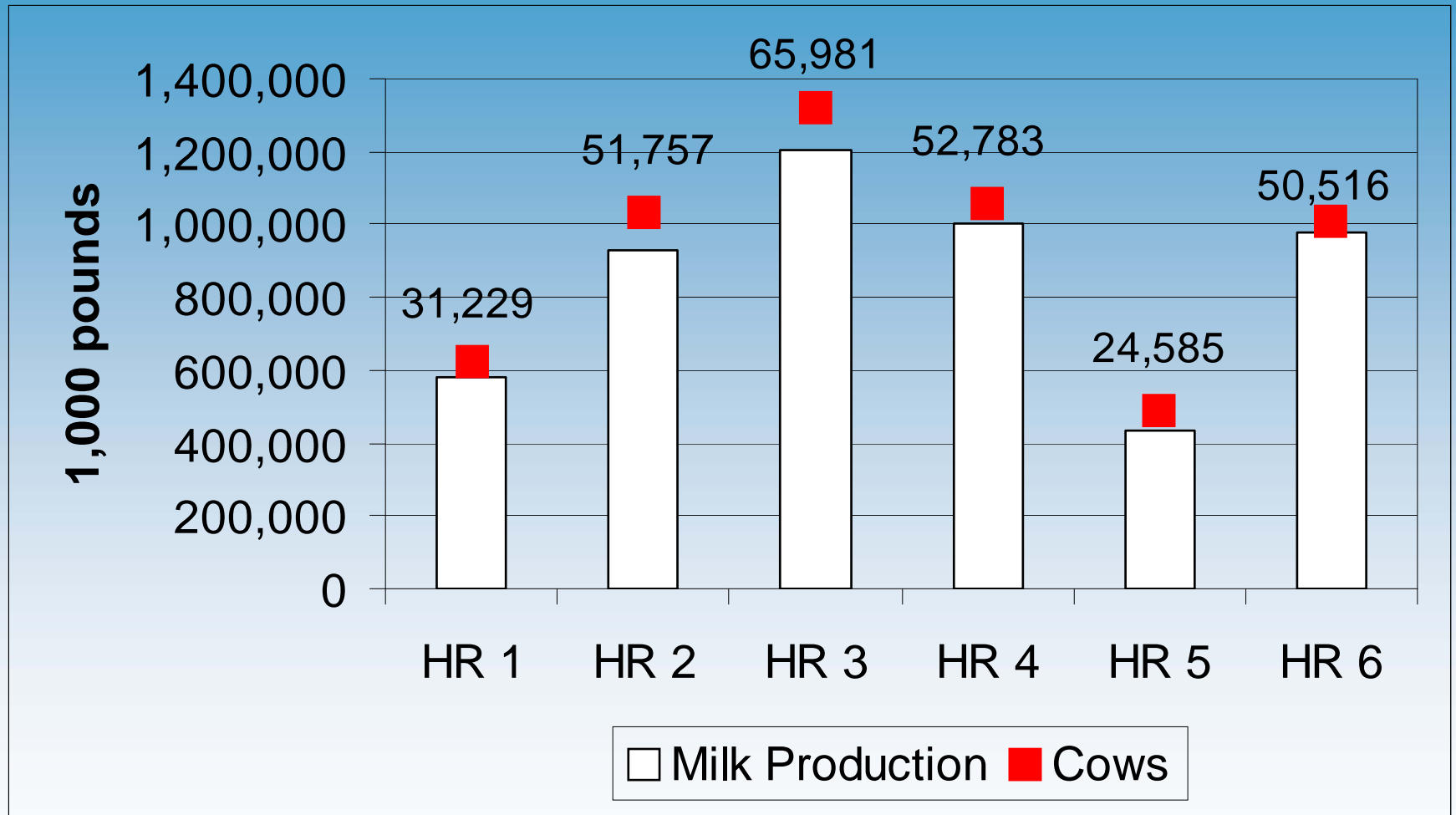
CWT uses two programs:

- Herd Retirement to impact supply
- Export Assistance to grow export demand

CWT Herd Retirement Programs Review

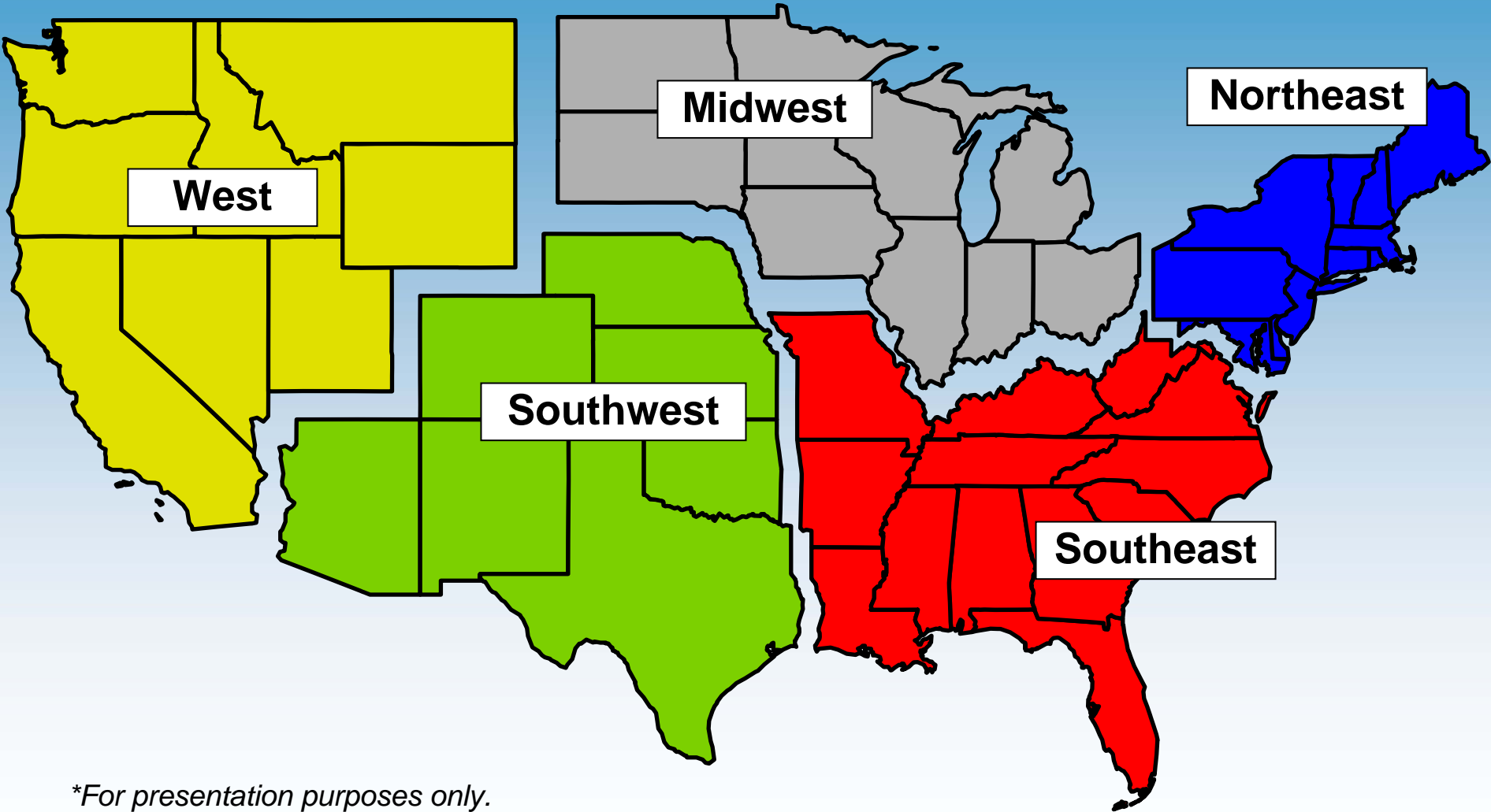


CWT's 6 Herd Retirements



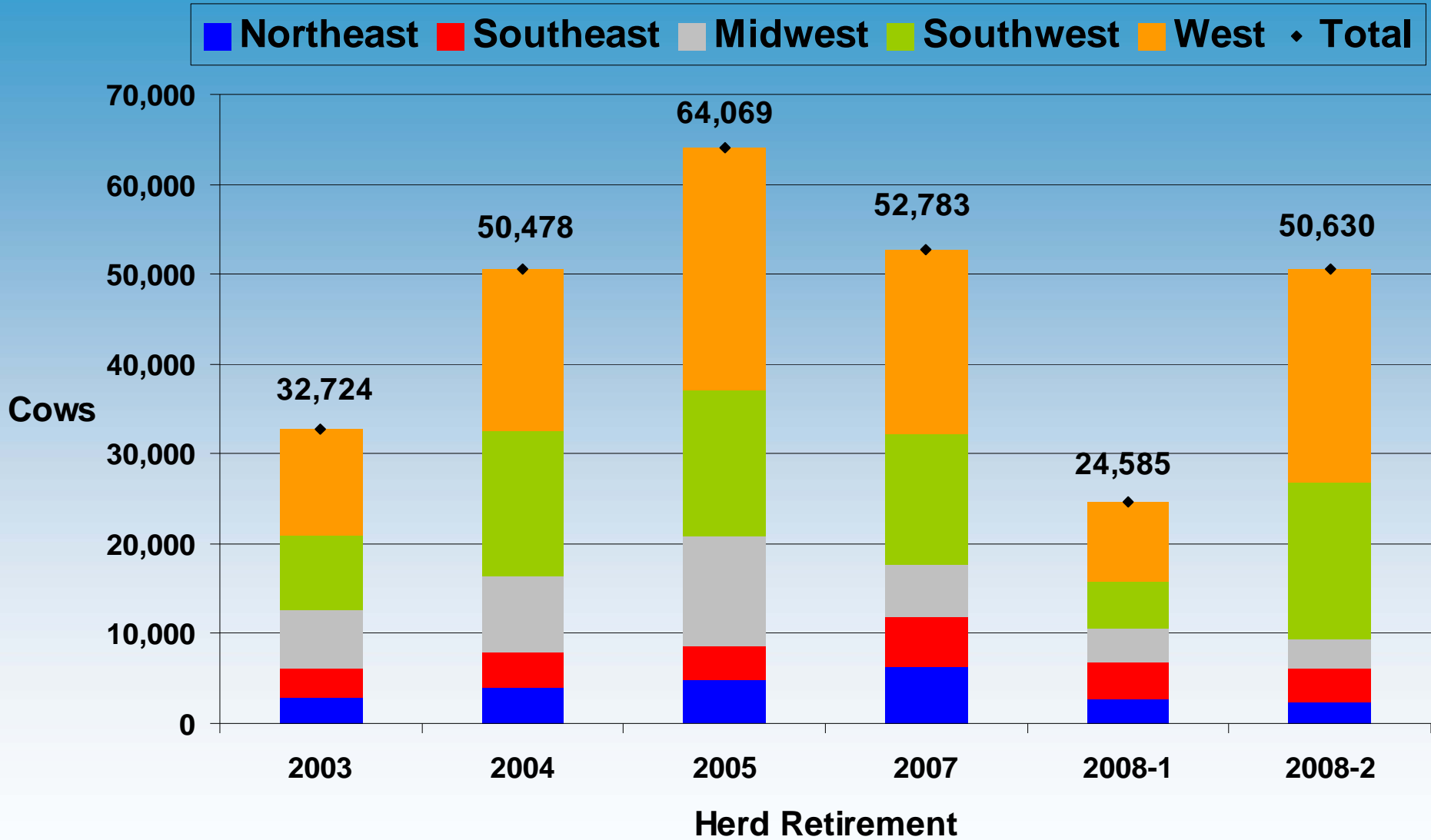
- 277,000 Cows
- 5.1 billion pounds of Milk

CWT Regions



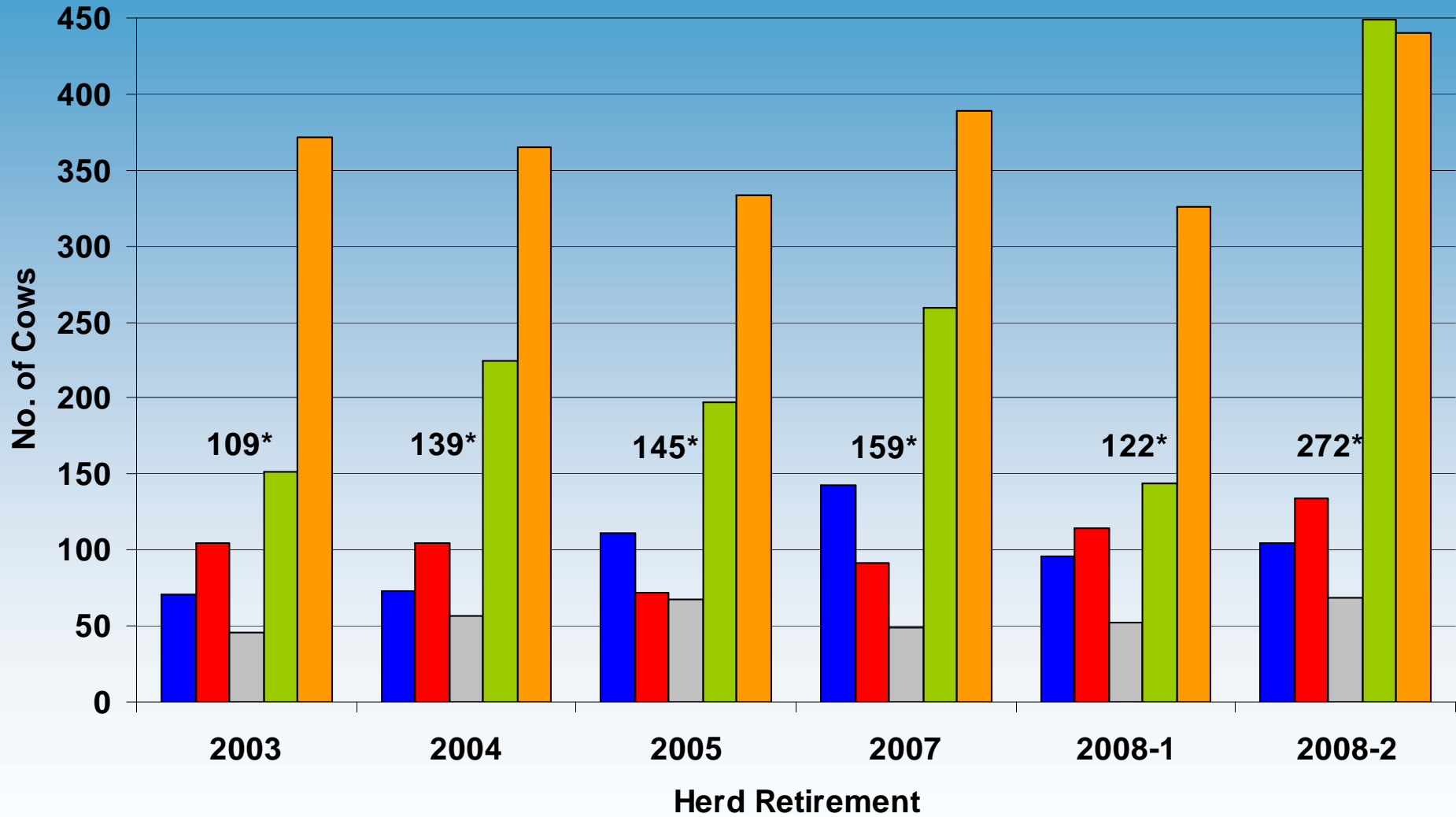
**For presentation purposes only.
Regional safeguards no longer in effect.*

Cows Removed by Region



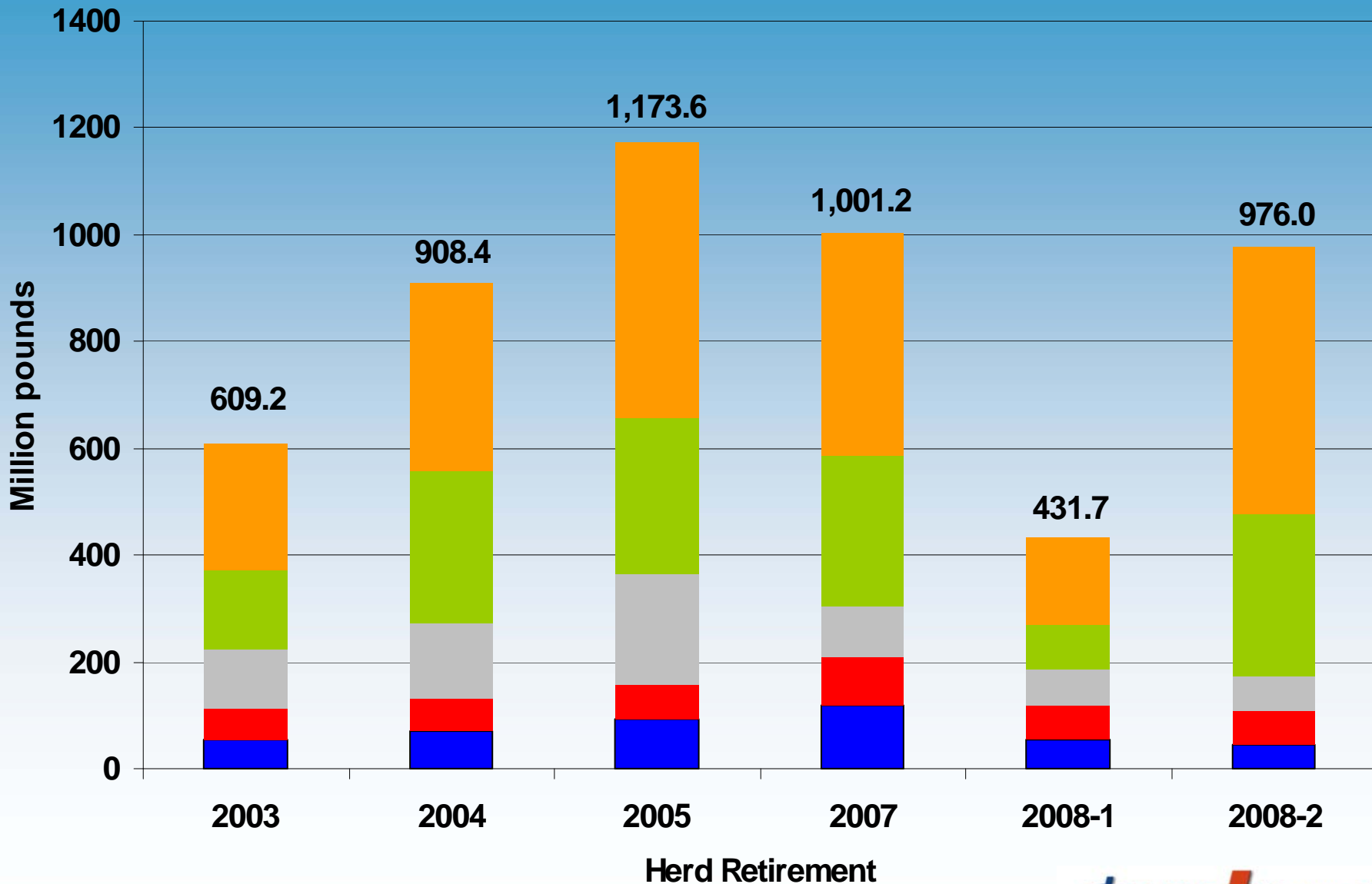
Average Herd Size Removed by Region

■ Northeast ■ Southeast ■ Midwest ■ Southwest ■ West Average All

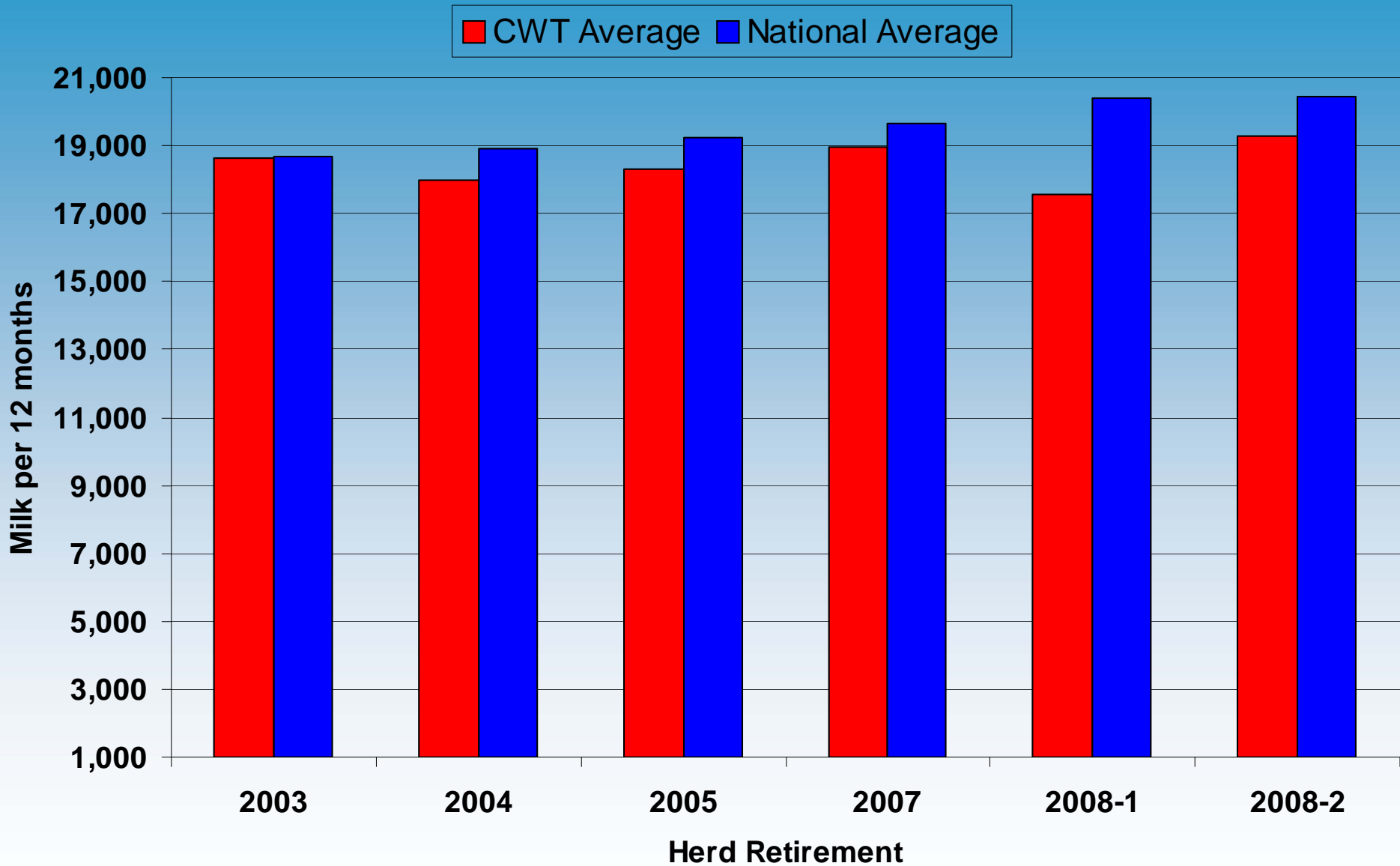


* Overall average herd size

Milk Production Removed

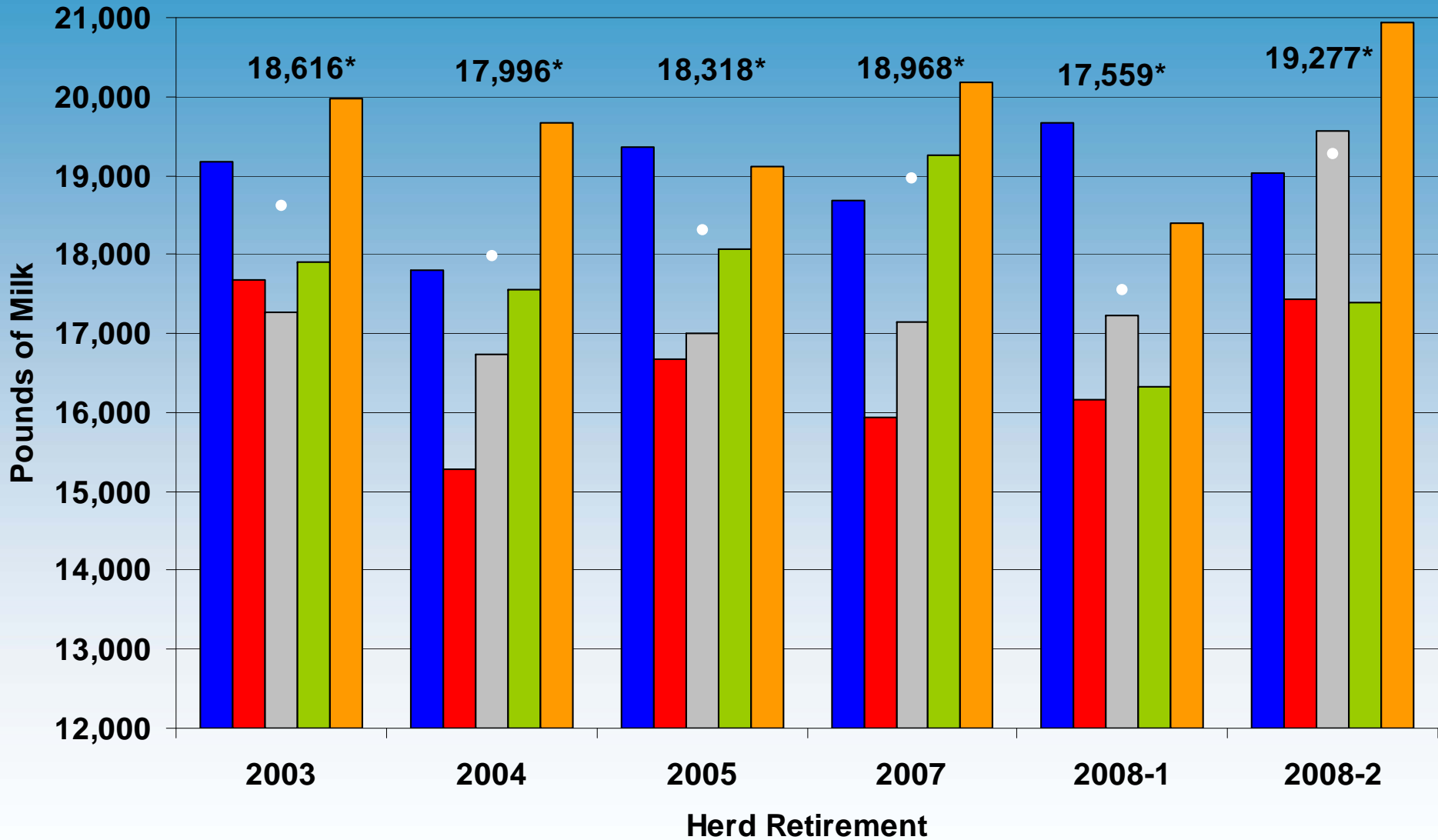


Comparison: Production Per Cow



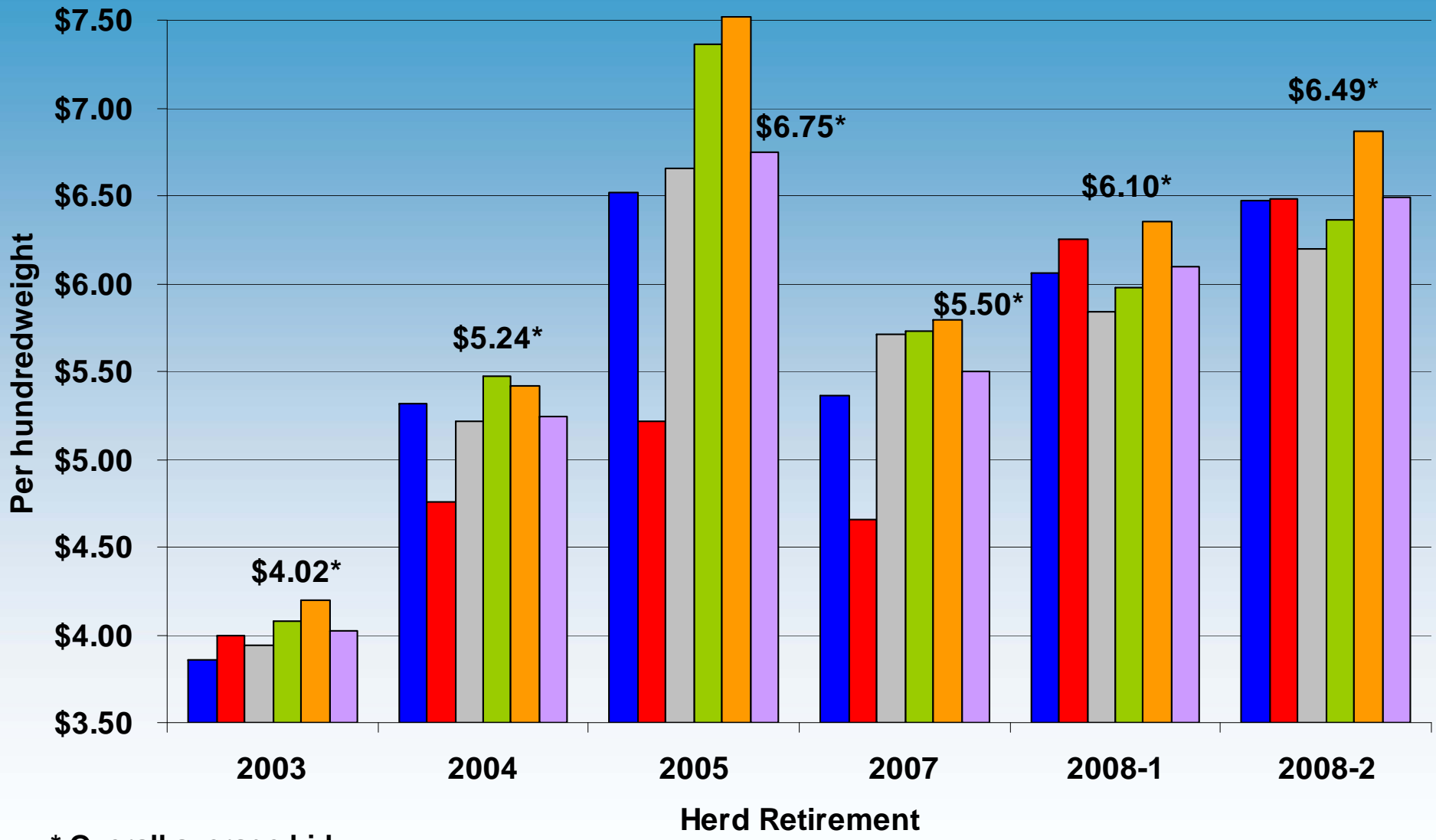
Production Per Cow

■ Northeast ■ Southeast ■ Midwest ■ Southwest ■ West • CWT Average



Average Bid Selected by Region

■ Northeast
 ■ Southeast
 ■ Midwest
 ■ Southwest
 ■ West
 ■ Program Average

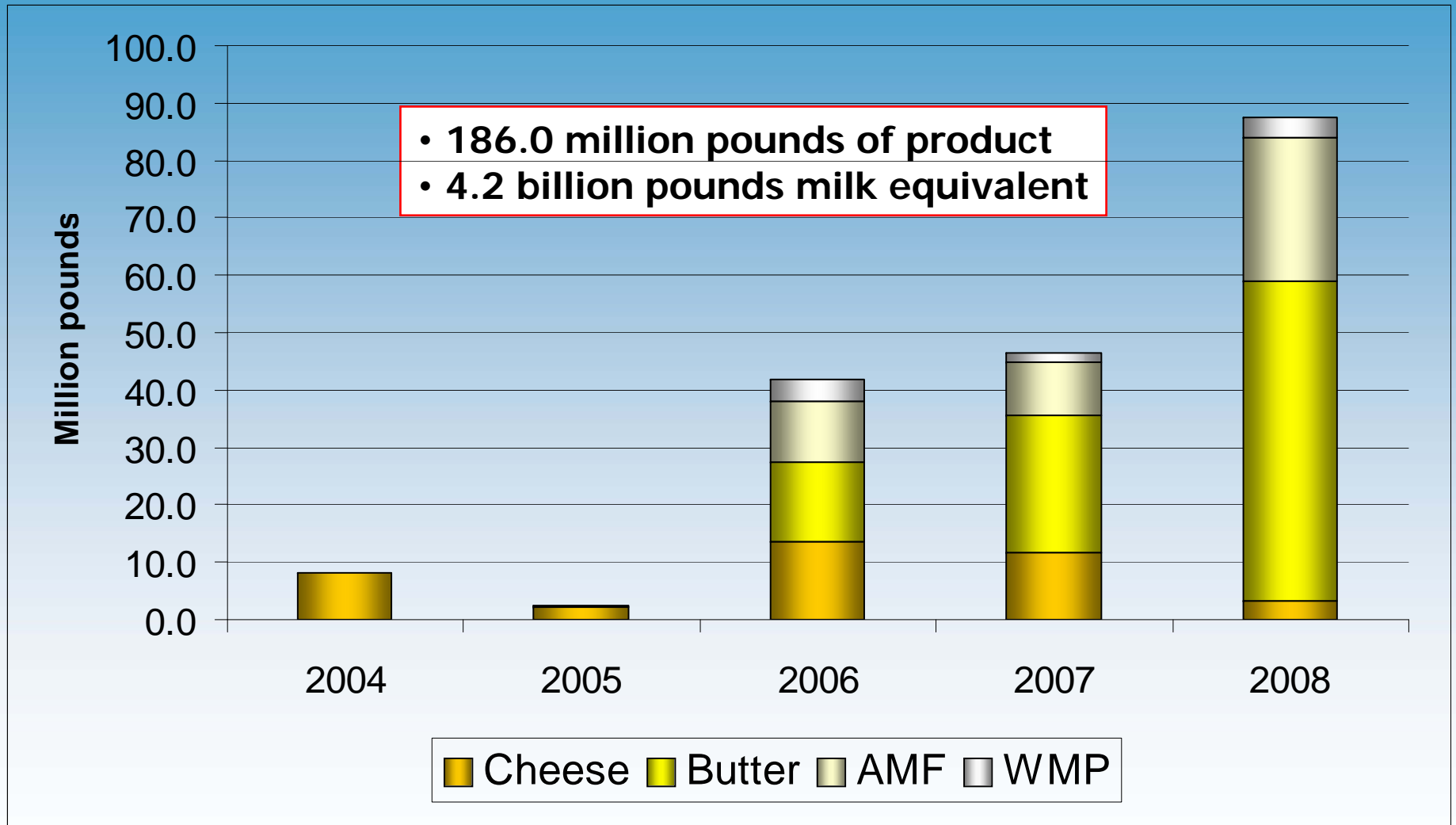


* Overall average bid

CWT Export Assistance Program Review

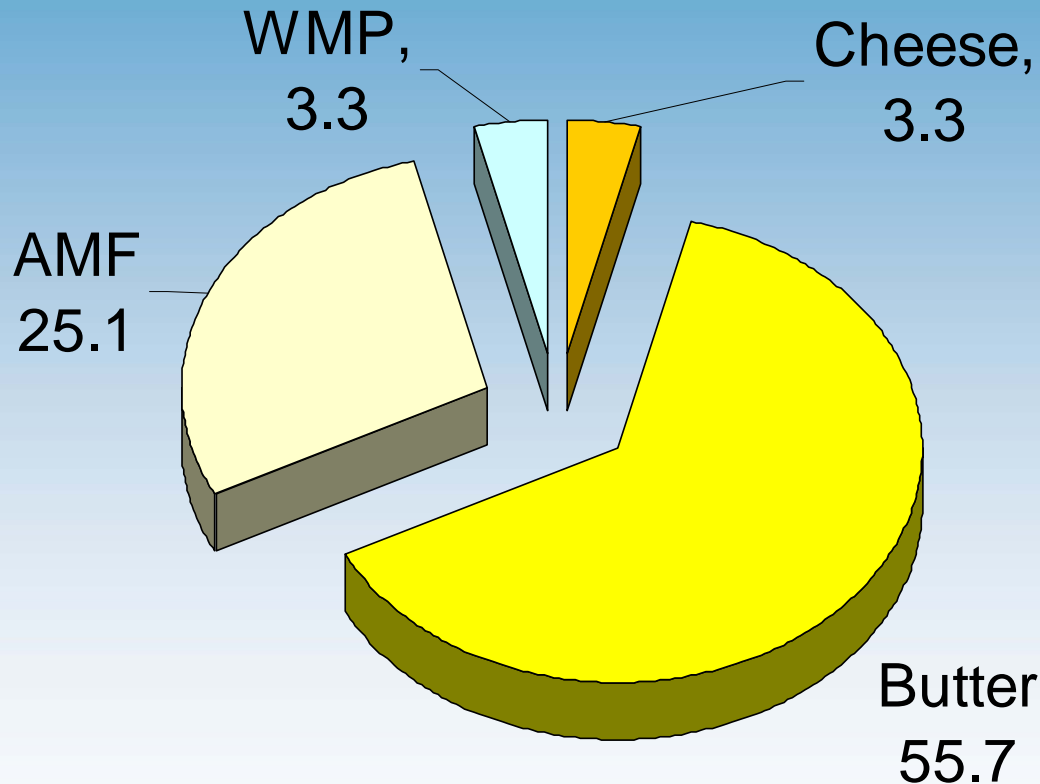


All CWT Assisted Exports



2008 CWT Assisted Exports

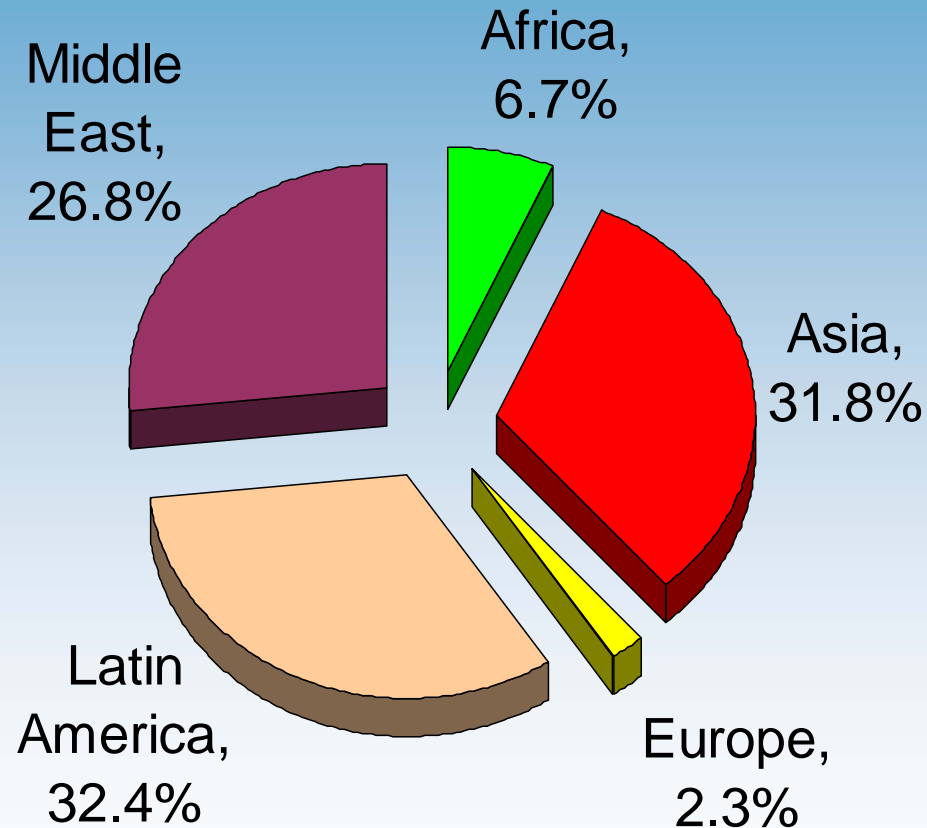
(Million pounds, YTD 12/29/08)



- Milk Equivalent = 2.0 Billion pounds
- Funds Committed = \$30.0 million

2008 Assisted Exports Destinations

(% of total pounds)



Impact of CWT Programs on Producers' Bottomline



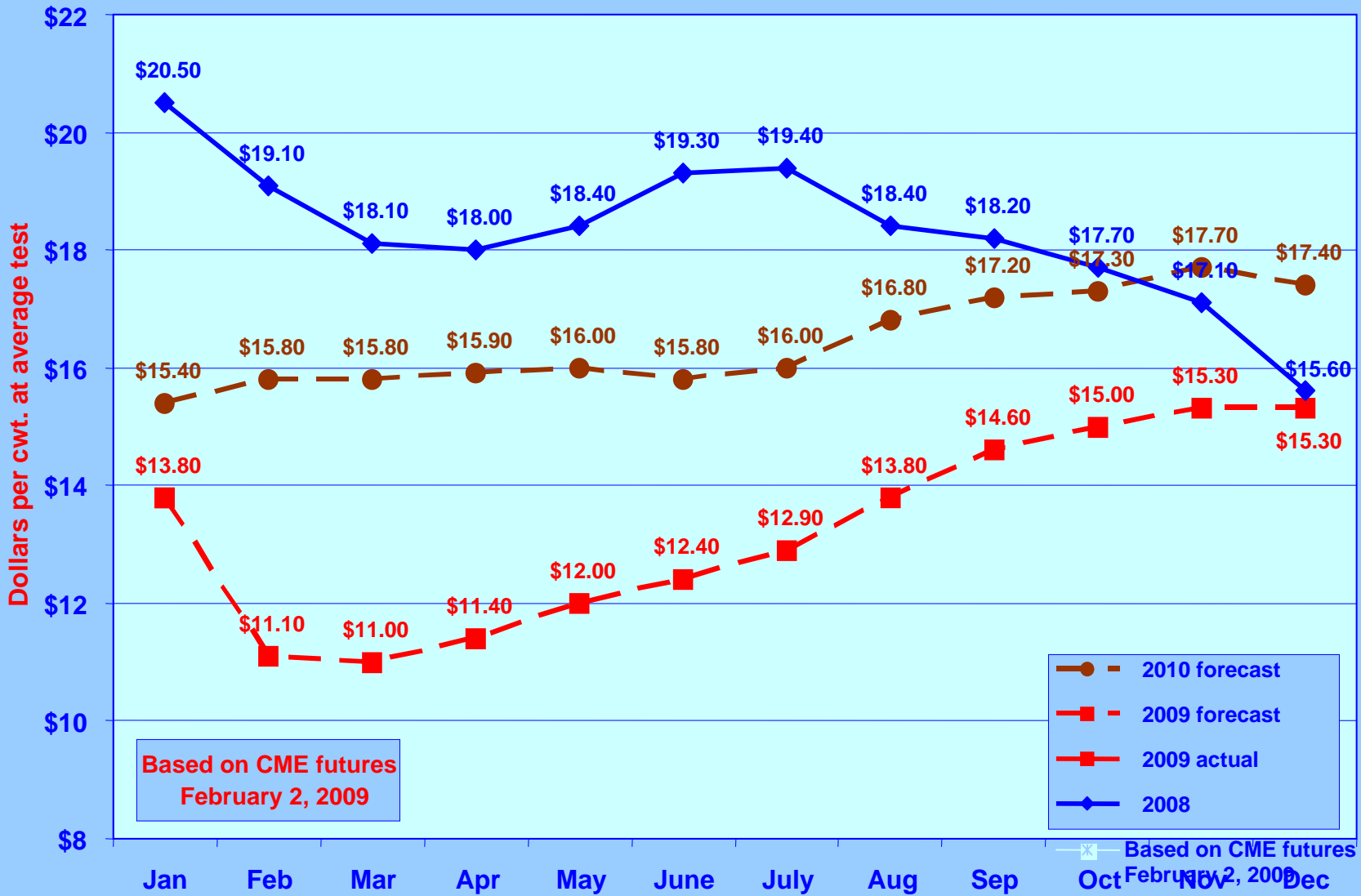
Effect of the CWT Program on the US All Milk Price

Year	2003	2004	2005	2006	2007	2008
Average US All-Milk Price	\$12.49	\$15.92	\$14.68	\$12.26	\$18.07	\$17.44
CWT Herd Retirement Impact	\$0.05	\$0.20	\$0.50	\$0.60	\$0.86	\$0.78
CWT Export Assistance Impact	NA	\$0.02	\$0.01	\$0.09	\$0.20	\$0.12
TOTAL CWT Impact	\$0.05	\$0.22	\$0.51	\$0.69	\$1.06	\$0.90

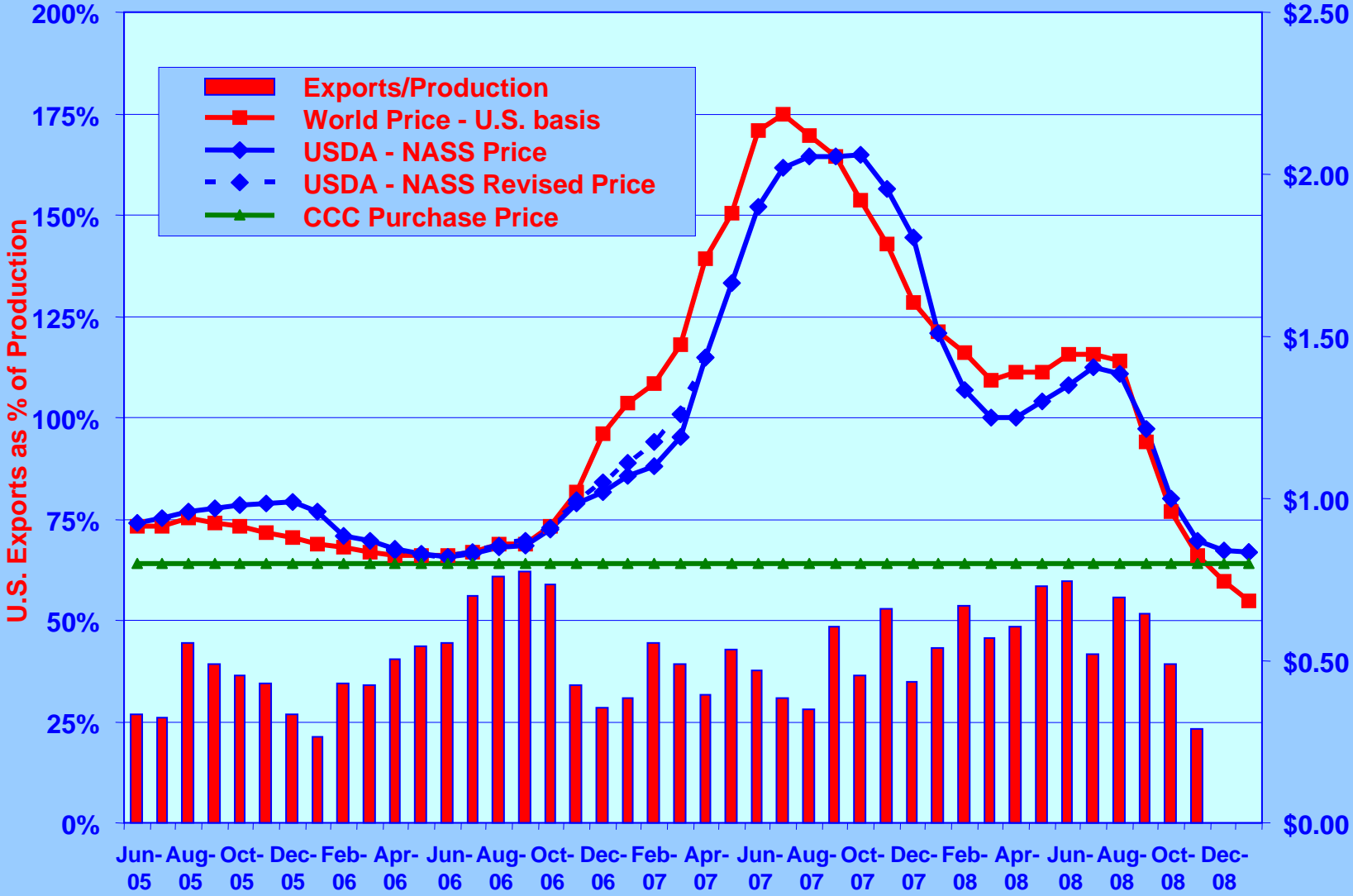
Looking Ahead



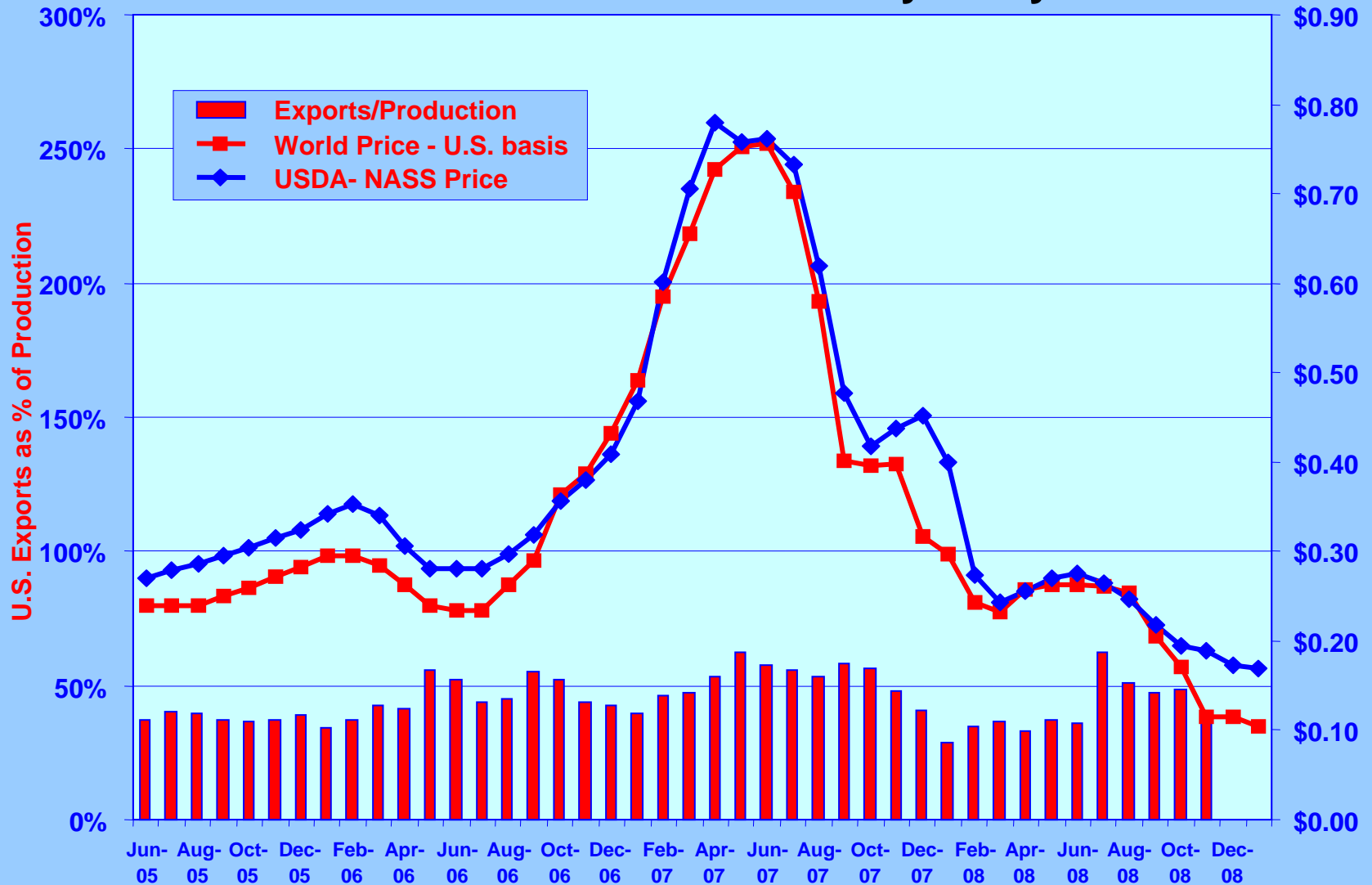
U.S. All-Milk Price: 2008 - 2010



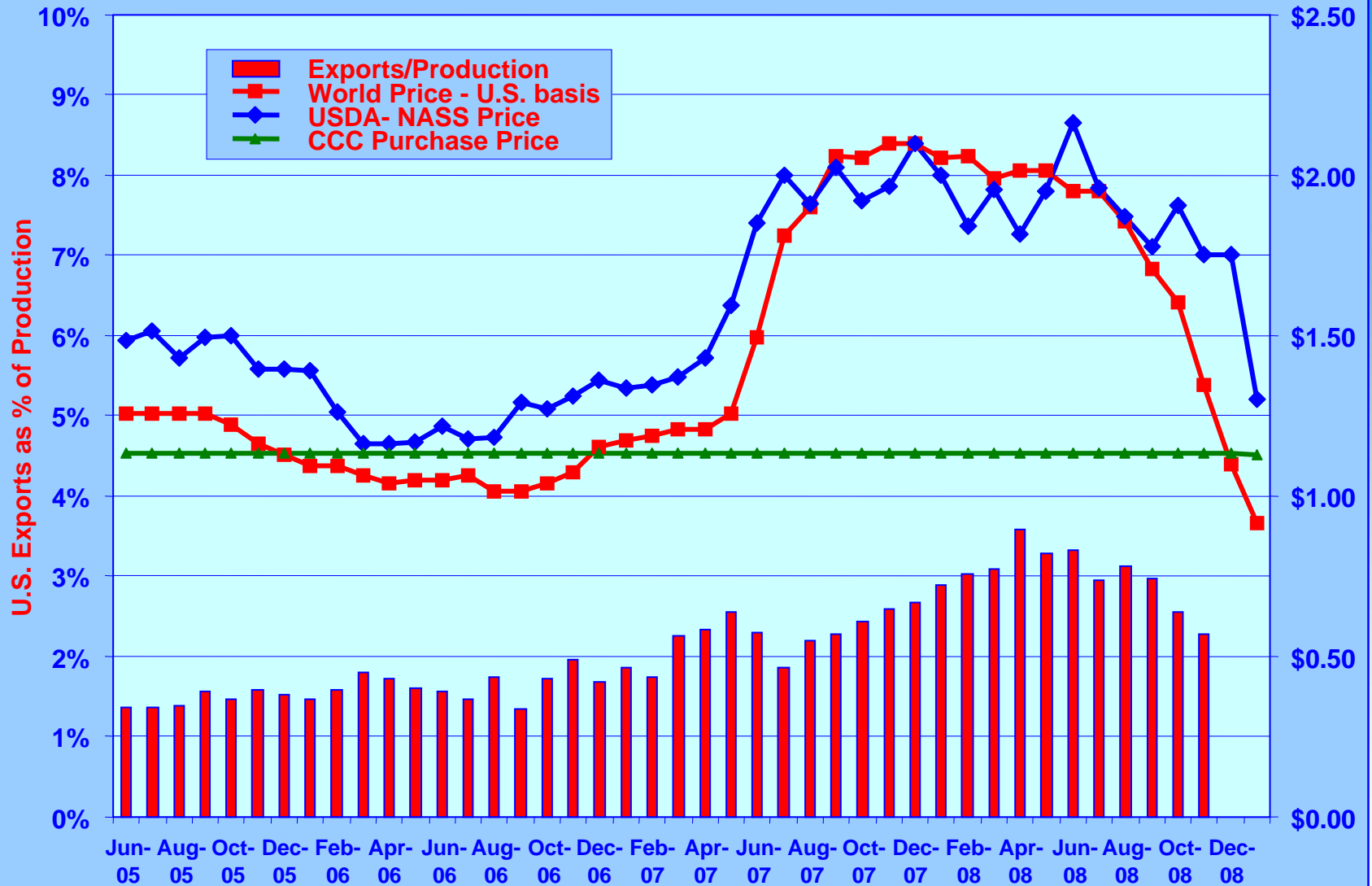
U.S. AND WORLD PRICES - SMP/NFDM



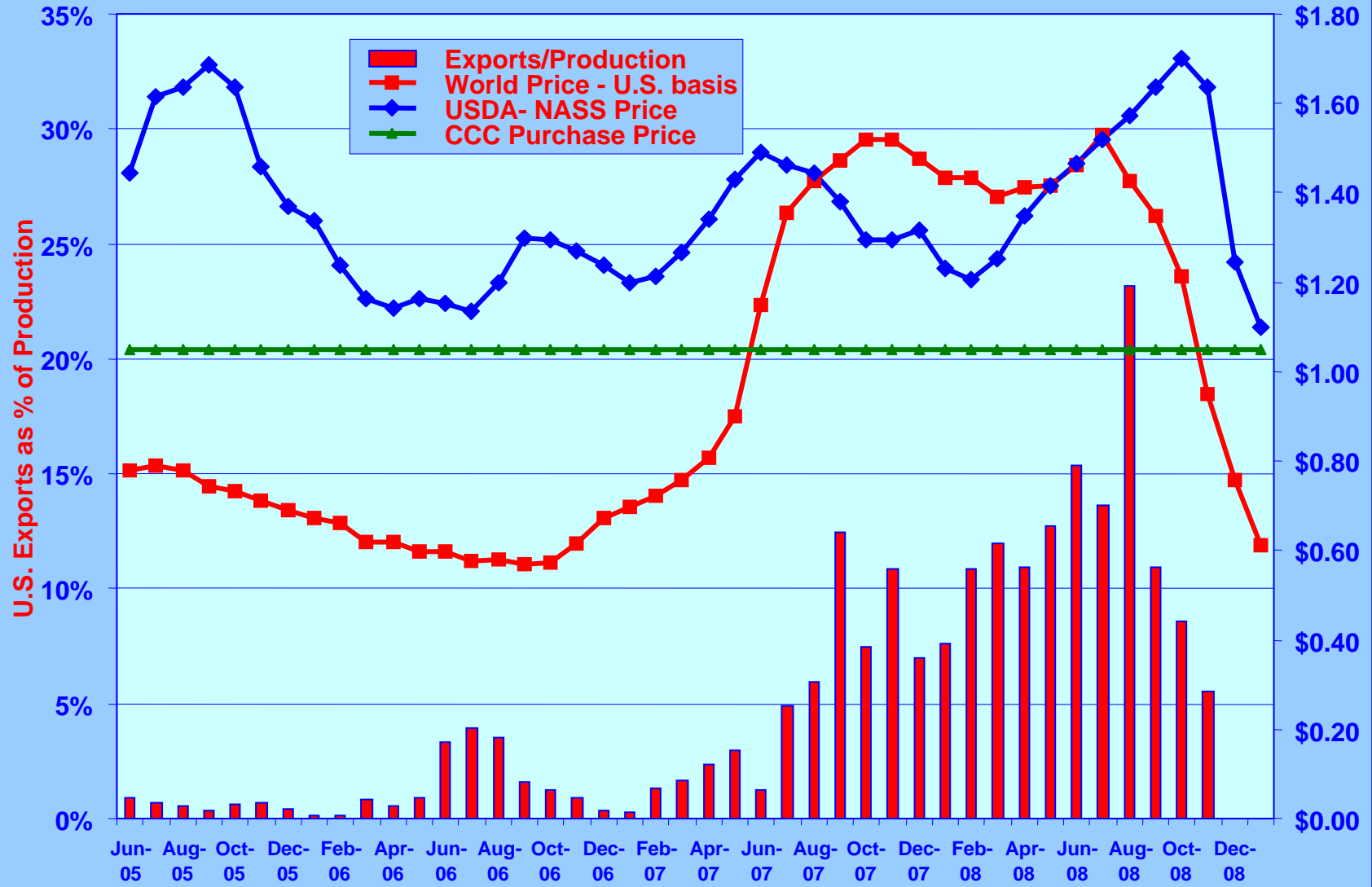
U.S. AND WORLD PRICES - Dry Whey



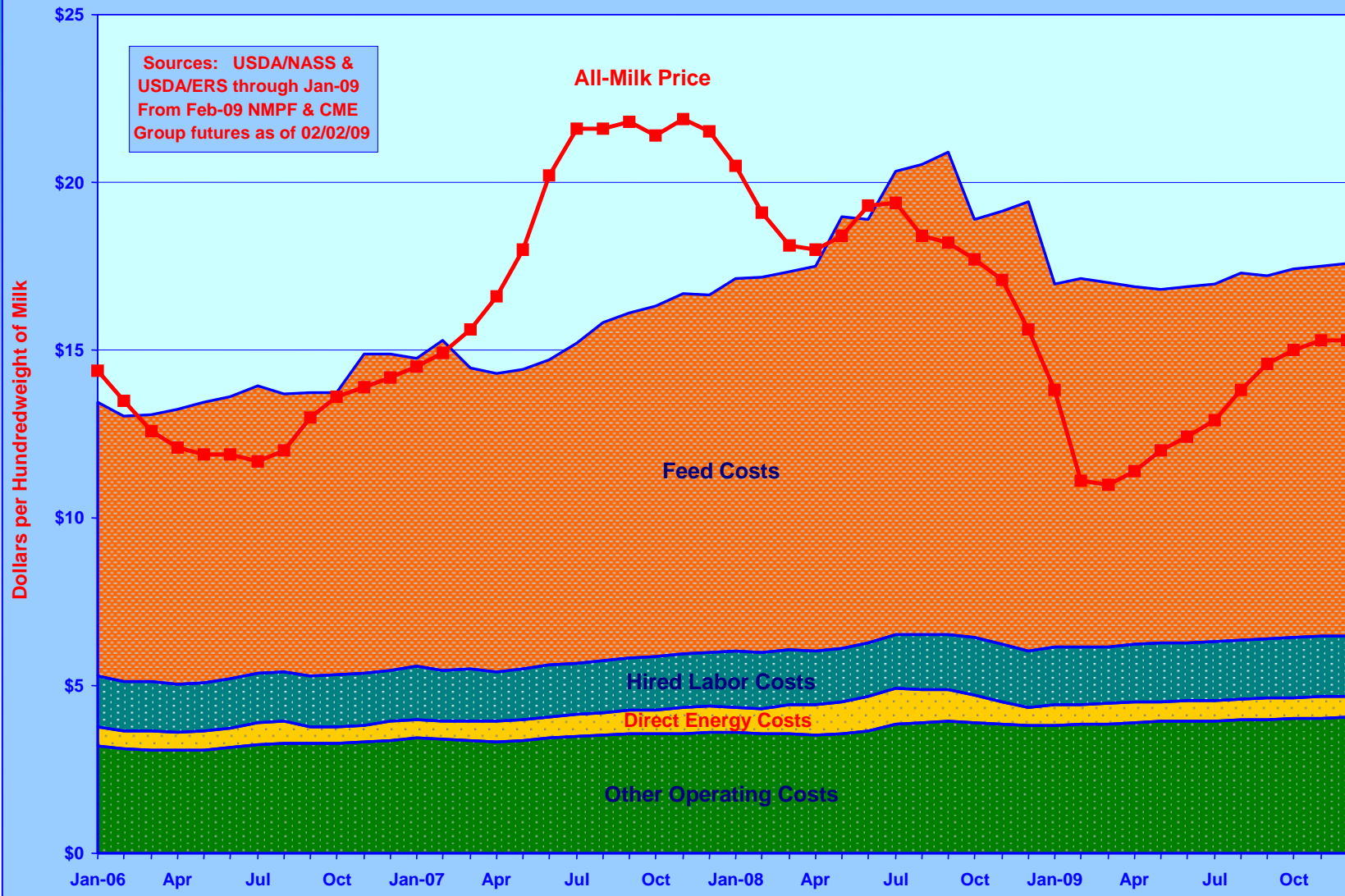
U.S. AND WORLD PRICES - Cheddar Cheese



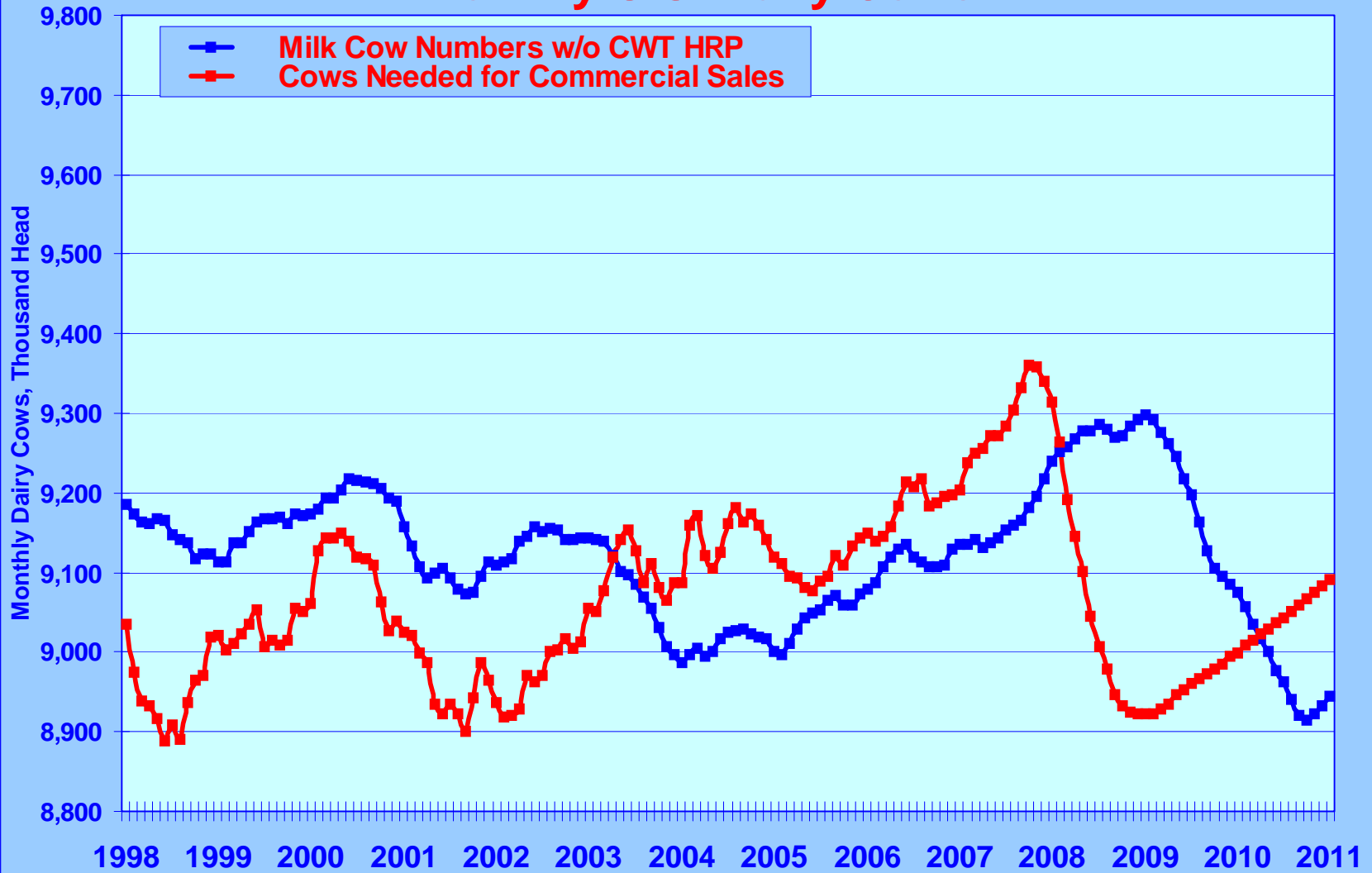
U.S. AND WORLD PRICES - Butter



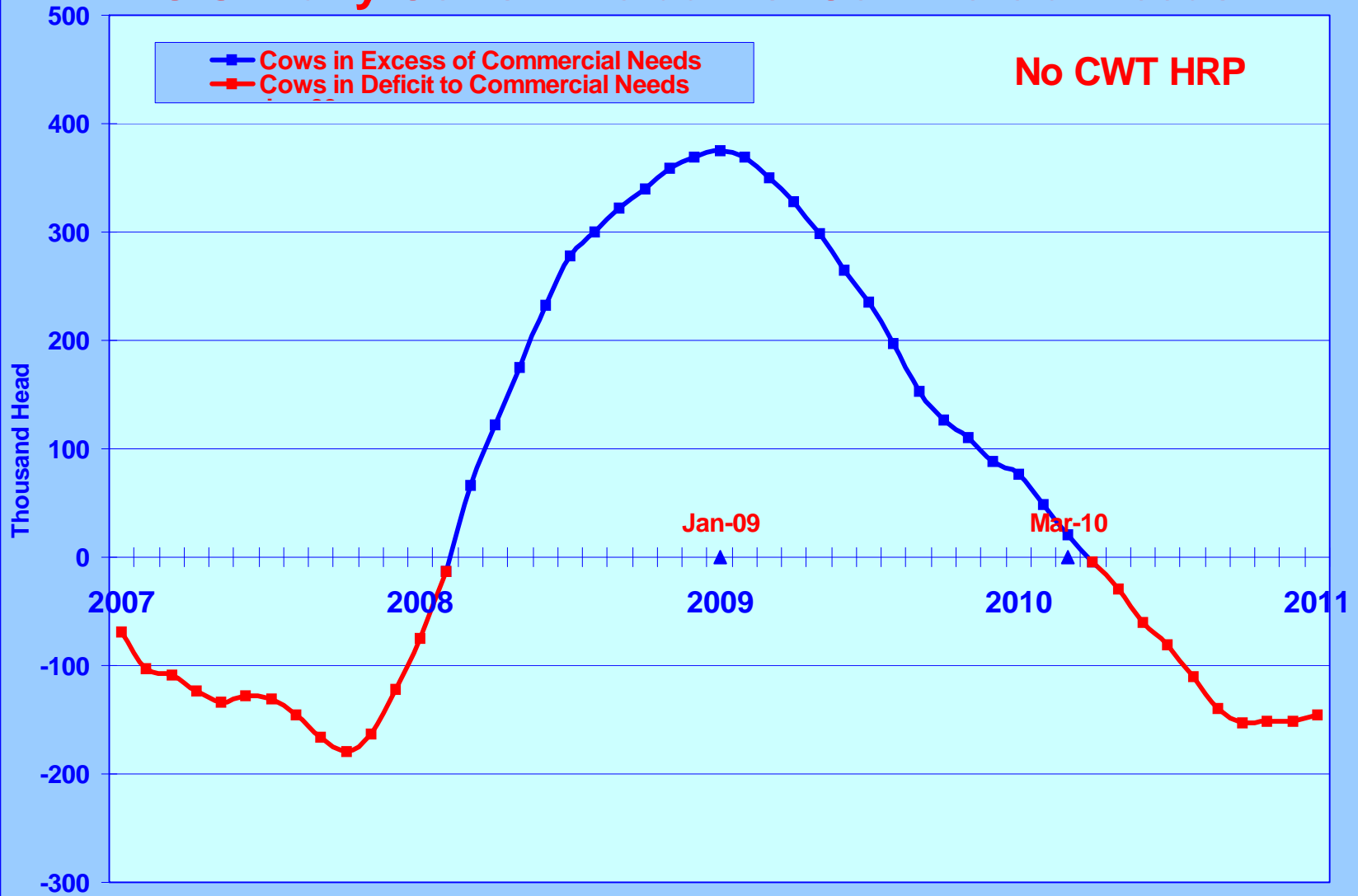
U.S. Milk Prices and Costs of Production, 2006-2009(f)



Monthly U.S. Dairy Cows

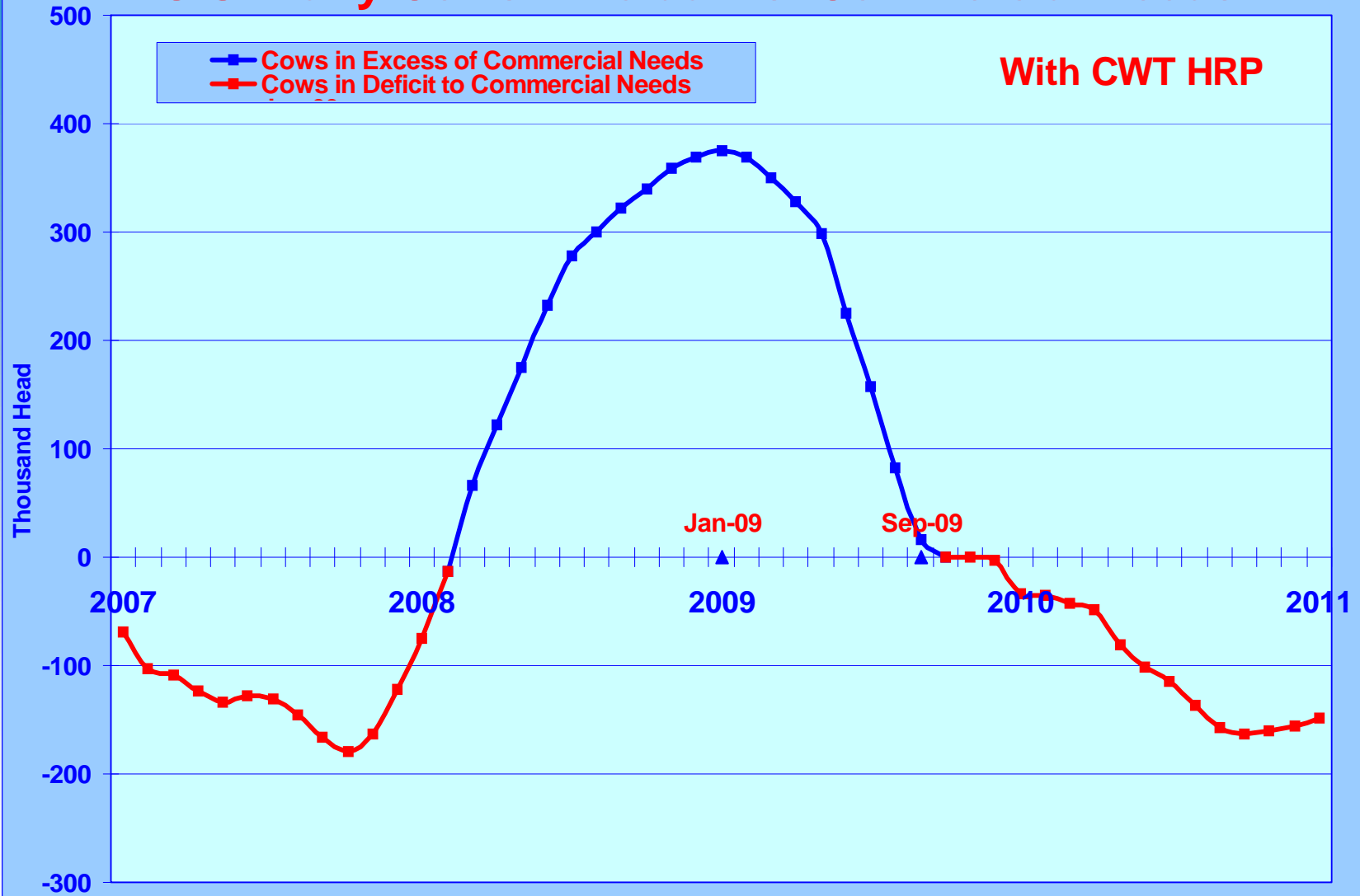


U.S. Dairy Cows -- Actual vs. Commercial Needs



U.S. Dairy Cows -- Actual vs. Commercial Needs

With CWT HRP



2008 Financials



CWT Financial Forecast

Estimated For the Period 1/01/08 – 12/31/08
- Unaudited -

Revenue

Carryover Funds (at 12/31/07)	\$ 62,954,000	
Contributions from 2007 (received after 12/31/07)	<u>\$ 12,560,000</u>	
Total Carryover from 2007		\$ 75,514,000
Contributions (Jan – Dec 2008 production)		\$ 122,000,000
Interest Income		<u>\$ 3,067,000</u>
Total		\$ 200,581,000

Expenses

Herd Retirement Program #1 (Producer Payout + Direct Program Costs)	\$ 27,376,000	
Herd Retirement Program #2 (Producer Payout + Direct Program Costs)	\$ 67,468,000	
Export Assistance Program	\$ 30,000,000	
Administration	<u>\$ 2,800,000</u>	
Total		\$ 127,644,000

Net Revenue

\$ 72,937,000

2009 Herd Retirement(s)

- Two year commitment at 10¢
- Minimum 67% of milk production participation
- Line of credit to allow CWT to take out a significant number of cows this year

Herd Retirement rule changes

- Producers taken in previous herd retirements may bid again in the first herd retirement of 2009.
- A producer selected in future herd retirements and their dairy facility must stay out of dairying for 12 months.

Now it is up to producers

- CWT can only act when at least 67% of production investing in CWT.
- However, every additional billion pounds of milk investing the the program is another 1,000 cows CWT can remove.
- Participating coops on website
- Most independents not in CWT
- CWT website www.cwt.coop

Questions?

