



Land O'Lakes, Inc.

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November 12, 2009

Mr. David Ikari, Branch Chief
Dairy Marketing Branch
California Department of Food and Agriculture
1220 N Street
Sacramento, California 95814
SENT BY FAX TO: Candace Gates, 916-341-6697

Re: Hearing on November 9, 2009 to Consider Amendments to the Stabilization and Marketing Plans for Marketing Milk for the Northern California and Southern California Marketing Areas

Dear Mr. Ikari:

Thank you for the opportunity to submit a post-hearing brief. We would like to correct an error in our testimony and respond to the panel's question regarding a temporary implementation of the Alliance's proposal.

Firstly, we want to correct an error in the written statement submitted for the hearing record. Specifically, the fifth paragraph on page 2 of our statement should read:

The average overbase price for the 12-month period October 2008 through September 2009 (\$11.02 per cwt.) compared to the average overbase price October 2007 through September 2008 (\$17.41 per cwt.) decreased by \$6.39 per cwt. representing a 36.7% decrease. This is just another Indication of how bad things are for California dairymen.

Secondly, the panel asked if Land O'Lakes would support a temporary increase in class prices.

Land O'Lakes would support an increase in the prices of milk used for Class 1, 2 and 3 on a temporary basis. More specifically, Land O'Lakes would support a six-month implementation of the Alliance of Western Milk Producers' proposal and a continuation of the increase beyond six months until the Department determines that the prices in neighboring markets have moved to levels that could put California's processors at a competitive disadvantage if the increase was continued beyond the initial six-month period. If neighboring markets milk prices moved to such levels, the resultant import of out of state milk could ultimately decrease California's dairy farmer's milk price by diluting the pool from out of state milk.

Thank you again for the opportunity to file a brief and for your consideration of this effort to offer California's dairy producers some badly needed price relief. These issues are of critical importance to the member owners of Land O' Lakes.

Sincerely,

Tom Wegner
Director of Economics and Dairy Policy