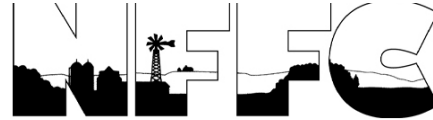




**NATIONAL  
FARMERS  
UNION**



April 5, 2006

The Honorable Arlen Specter,  
Judiciary Committee, Chairman  
United States Senate  
711 Hart Office Building  
Washington, D.C. 20510

The Honorable Patrick Leahy  
Judiciary Committee, Ranking Member  
United States Senate  
433 Russell Senate Office Building  
Washington, D.C. 20510

Dear Chairman Specter and Ranking Member Leahy:

On behalf of the family dairy producers of National Farmers Union and the National Family Farm Coalition, we write to urge your committee to immediately hold hearings to investigate alleged anti-competitive trading of (cheddar) block cheese on the Chicago Mercantile Exchange (CME).

The Chicago Mercantile Exchange sets the price dairy farmers receive for their milk, despite the fact that a very small percentage of dairy products are traded on the market. Dairy producers across the country are very concerned that the lack of federal oversight and transparency at the CME has led to market manipulation, which may be resulting in a highly volatile market, negatively impacting producers.

Historically, the CME trades an average of 20-25 loads of block cheese per week. However, USDA's Dairy Market News reports that over the past 80 days, only 26 loads of block cheese have moved on the market -- despite an alleged surplus of cheese across the country. If a surplus of cheese does exist, why is the CME only trading 26 loads in 80 days? Due to the lack of transparency at the CME, producers that may be economically impacted by anti-competitive trading practices, have no recourse to independently inquire or investigate why situations like this arise. If the CME was a more open and honest market, more businesses would trade and increase the volume to create a more accurate and reliable market that better reflects the actual milk production in the United States.

The economic situation for dairy farmers warrants immediate attention. With rapidly skyrocketing production inputs and deteriorating market prices, it is urgent the Senate Judiciary Committee take immediate action to investigate the alleged anti-competitive trading practices of the CME.

Thank you for your immediate attention to this situation. We look forward to working with you and your staff to schedule a hearing. We would be more than happy to provide witness testimony from our dairy producers.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Buis".

Tom Buis, President  
National Farmers Union

A handwritten signature in black ink, appearing to read "George Naylor".

George Naylor, President  
National Family Farm Coalition