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What is "CWT"?

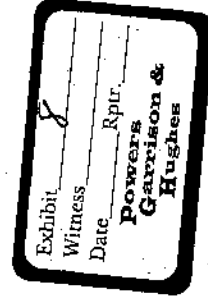
CWT (Cooperatives Working Together) is a program designed by dairy farmers for the benefit of dairy farmers. It is a multi-dimensional, voluntary, producer-funded national program developed by National Milk Producers Federation (NMPF), and is intended to strengthen and stabilize milk prices by better aligning milk supply with demand. There is no government involvement in CWT at any level and all dairy farmers share equally in the financial rewards of the program.

How long has CWT been in place?

CWT started in July 2003, when producers representing approximately two-thirds of the nation's milk production pledged five cents per hundredweight to the effort. Since that time, CWT membership has grown to 70 percent of the nation's milk production. The money raised by CWT members has funded programs that have reduced national milk supplies by 3.3 billion pounds in the past three years. Responding to CWT's success and to surging milk production, the membership investment was increased to 10 cents per hundredweight on July 1st, 2006.

Who's participating in CWT?

Dairy farmers across the country have joined together to make CWT an effective force in what



would otherwise be a volatile market. More than 35 cooperatives have joined the program, and that number has increased each year as more come on board. Visit Names of CWT Member Cooperatives for a list. In addition, hundreds of independent dairy farmers are also contributing the dime assessment on their milk output.

Who serves on the Committee managing the CWT program?

CWT is managed and administered under the present structure of NMPF, but a "CWT Program Committee" consisting of the NMPF Board of Directors, representatives from each participating cooperative, and regional representatives from the independent producer community, help direct the program's activities. Such a structure reduces administrative costs and also keeps direct program (operational) costs to an absolute minimum. As an entity operating within the current structure of NMPF, CWT is, in effect, a federation of cooperatives and producers acting in association for a specified purpose (achieving strong and stable milk prices for all producers).

What have been the results of CWT's activities through December 2005?

The combined effect of CWT's three herd retirements plus the export assistance program helped strengthen cheese, butter, and ultimately farmers' milk prices from 2003 through 2006. CWT has generated an estimated \$2 billion in additional producer income since the beginning of 2004, with more to come. On average, producer pay prices have been 40 cents per hundredweight higher since CWT began its activities.

How do individual dairy producers benefit from CWT?

CWT began operation in the summer of 2003 and the all-milk price has been at above average levels

since that time. Visit [CWT's Impact](#) to see how CWT has helped raise producer prices. Also notable is the stability CWT has brought to dairy markets. By removing cows when growing production threatens to hike industry output above consumer demand, and by removing occasional gluts in finished product markets, CWT has effectively created a floor for milk prices.

How much are individual producers investing in CWT?

Beginning in July 2003, participating dairy producers have invested 5 cents per hundredweight. For the year beginning July 1, 2004, these assessments raised an estimated \$60 million. The assessment has been reauthorized twice; first in the summer of 2004, and then again in the summer of 2005. Responding to CWT's success and to a surge in milk production, the CWT Committee increased the membership investment to 10 cents on July 1st, 2006.

How does the Herd Retirement program work?

Once the decision to conduct a Herd Retirement program has been made, CWT administrators set a timeline for accepting and reviewing individual producer bids. Bids are accepted from any producer who has contributed, either directly or through his/her co-op, to the CWT assessment. Selected bidders are then required to commit their entire herds to slaughter. They are not, however, discouraged from future dairy production.

Under the Herd Retirement program, what will prevent a particular geographical region from suffering the adverse effects of significant herd retirements?

Under the CWT herd retirement program, the 48 contiguous states are grouped into five regions. In order to guard against a disproportionate loss of production capacity in the five regions, regional

safeguards are placed on the volume of milk production to be removed through the program. The limits are tightest in the East, South and Midwest, and more lenient in the West and Southwest, where production is expanding fastest.

How can a dairy plant participate in the Export Assistance Program?

- Only Cooperatives who are fully participating members of CWT may apply for assistance in connection with export sales.
- CWT will provide assistance only in connection with export sales of Butter, Butteroil and Anhydrous Milkfat, Whole Milk Powder, Cheddar, Colby, Monterey Jack, Gouda, Swiss, Mozzarella, Asiago, Parmesan and Romano cheeses.
- No bids will be accepted for cheese export sales to Mexico to reduce the possibility of exported products finding their way back into the U.S. marketplace.
- No bids will be accepted for any product sales to Canada.

Cooperatives Working Together

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