

Shatto Farms, Inc.

Dana Coale
Deputy Administrator
Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

February 23, 2009

Re: Response to the petition of the National Milk Producers Federation and new proposal related to such issues

Dear Ms. Coale,

While we are dairy farmers and not lawyers or professionals, this is our attempt to do two things: 1) provide a letter sharing our opposition to the National Milk Producer Federations (NMPF's) petition requesting that all milk marketing orders be amended to: end the producer-handlers exemption. This amendment would put our small family business and others like us in financial jeopardy and possibly out of business, and 2) offer our own proposal related to such issues.

Change as suggested in NMPF's proposal will negatively impact small family operations like ours as they will penalize us for taking the steps necessary to save our local family farm from bankruptcy. Their proposal will create new financial obstacles that will be impossible to overcome as we look to meet the goals of our business plan and ensure that our family farm is able to survive the infant years of its existence, not to mention remain something that my son and his family can enjoy for decades to come.

We are submitting our own proposal in response to the invitation for additional proposals. We are opposed to the elimination of the producer-handler exemption, however in the event the Department decides some change should occur we would propose:

- The producer-handler exemption be kept in place with a limit of the exemption to be set at 1 million lbs per month as we believe a small producer under this limit is not disruptive to the market. A small family farm producing under this amount would be unable to survive the financial impact of the proposed new regulation based upon their profit margin.
and
- If the producer-handler exemption is removed, we would propose the regulatory exemption for small distributing plants be increased to 1 million lbs per month as small producers under this limit are not disruptive to the market.

Thank you for your willingness to read and consider our proposal related to this issue. Please feel free to contact us anytime at the farm via phone at (816) 930-3862 if you have questions.

Sincerely,

Leroy, Barbara, Matt and Jill Shatto

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