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[www.sd cattlemen.org](http://www.sd cattlemen.org)

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February 26, 2010

Paul Peterson  
Director, Commodity Research & Product Development  
CME Group  
20 South Wacker Dr.  
Chicago, IL 60606

FAX: (312) 930-4517

Dear Mr. Peterson:

I'm writing on behalf of our 1,000 cattle producer members to express concerns regarding CME Group's proposed changes to the October 2010 Live Cattle contract. With more than 15,000 beef producers and nearly 4 million head of cattle in South Dakota, these proposed changes could significantly impact our state and our region.

While we support the proposed change to expand the delivery area for Worthing, we oppose the other suggested changes. SDCA members believe it's premature to make such significant changes before an historical trend can be determined for the Worthing delivery point. It's simply too soon to tell if the extenuating circumstances leading to the large number of deliveries in October 2009 do indeed represent the "norm" for Worthing and we urge you to gather more information before making a determination regarding the efficacy of the current contract.

SDCA also believes that restricting the delivery of heavier cattle is unwarranted at this time. The producers making deliveries in Worthing have certainly learned from their October 2009 experience and we believe the process will be more seamless in the future.

Finally, SDCA members are most concerned about the proposal to implement a "freight allowance" for Worthing. This proposed change is viewed as prejudicial to the many producers in our region who rely on the Live Cattle Contract as a viable risk management tool.

On behalf of South Dakota's cattlemen, we appreciate this opportunity to provide input and urge you to carefully consider the impact the proposed changes to the Live Cattle Contract will have on the beef producers in our region.

Regards,

A handwritten signature in black ink that reads "Bryan Nagel".

Bryan Nagel, President  
Cattle Feeder, Avon, South Dakota