

MILNOT

MILNOT HOLDING CORPORATION

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Scott W. Meader
PRESIDENT AND CEO

February 18, 2003

Mr. Richard M. McKee
Deputy Administrator, Dairy Programs
USDA-AMS-Dairy Programs
1400 Independence Avenue, SW
South Building – Room 2968
Stop 0225
Washington, DC 20250-0225

Re: Proposal to classify evaporated milk and sweetened condensed milk as Class IV products

Dear Mr. McKee:


This letter is in support of the proposal submitted by Mr. Marvin Beshore dated January 28, 2003 on behalf of O-AT-KA Milk Products Cooperative, Inc. to classify evaporated milk in consumer-type packages as a Class IV product. In addition to evaporated milk, Milnot Company hereby requests that sweetened condensed milk in consumer packages also be classified as a Class IV product (the existing language of 7 C.F.R. §1000.40 (c)(1)(iii) includes both evaporated milk and sweetened condensed milk in consumer-type packages).

Milnot Company is one of the largest manufacturers of evaporated and sweetened condensed milk in the U.S. In total, Milnot purchases over 200 million pounds of raw milk per year for use in these products.

Milnot is in agreement with the major points in Mr. Beshore's letter and proposal, specifically those related to i) the current mis-classification of evaporated and sweetened condensed milk as Class III products, ii) the expected impact of changing market conditions and recent USDA policy changes on the relative price movements of Class III and Class IV milk, and iii) the fact that an unfair competitive disadvantage exists for Federal Order manufacturers versus California manufacturers as a result of the preceding points, a disadvantage which will become more exacerbated in the very near future if reclassification is not approved.

Thank you for your timely consideration of this request.

Sincerely,



Scott W. Meader
President and CEO

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