

BERNARD SANDERS  
VERMONT

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# United States Senate

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July 20, 2009

Gregg L. Engles  
Chief Executive Officer  
Dean Foods  
2515 Mckinney Avenue, Suite 1200  
Dallas, Texas 75201

Dear Mr. Engles:

The dairy industry has been, and remains, a vital part of Vermont's economic engine and a central part of the fabric of our communities. All Vermonters understand that if family based dairy farming is to continue in any significant way in our state and throughout the country, America's dairy farmers must receive fair prices for the products they produce.

As you no doubt know, the dairy industry is in crisis now as record-low milk prices are forcing family-based dairy farmers out of business or into financial ruin. In Vermont, we are seeing farms that have been family owned for generations sell off their cows and go out of business. Other farmers are going deeply into debt as they struggle to stay afloat.

As the largest processor and distributor of milk and other dairy products in the United States, the market practices of Dean Foods have a significant impact on the well-being and long-term viability of family dairy farmers. As the owner of such well-known brands as Dean's, Garelick Farms and Horizon Organic, and as a provider to such retailers as Wal-Mart Supercenters, Sam's Club, Giant, and Stop 'n Shop, Dean Foods' market presence is felt by every American. As a company that controls approximately 70% of the dairy market in New England and 40% nationally, I believe that it is both your responsibility and in your best interest to ensure that America's family dairy farms continue to thrive.

It is therefore of great concern to me that, according to the USDA, the All Milk Price paid to dairy farmers dropped over the last year from \$19.30 per hundredweight to \$11.40 per hundredweight – in other words, in June 2008 farmers were receiving nearly 70% more per gallon of milk than they were in June 2009. In fact, incredibly, the prices that dairy farmers are receiving today are at the same level as they were three decades ago, even though the costs of production and every other expense facing farmers has gone up many times over that period. Further, the drop in prices paid to farmers has not coincided with a drop in prices for consumers - while New England dairy farmers receive just \$1.00 per gallon of milk, Americans are paying on average \$3.01 per gallon at their local store.

In the midst of this, your company had profits of \$76.2 million in the first quarter of 2009, up 147.4% from the \$30.8 million in profits in the first quarter of 2008. In other words, while milk prices for dairy farmers are plummeting, the profits of Dean Foods are soaring.

I would like to take this opportunity to invite you to Vermont at your earliest convenience to meet with Vermont dairy farmers, other interested parties and me to discuss how we might work together to ensure that dairy farmers in Vermont receive a fair price for their product and are able to stay in business.

I will be calling your office to see what the earliest mutually convenient date for that meeting might be.

Sincerely,



BERNARD SANDERS  
United States Senator