

**First Pioneer Farm Credit
Statement on the
2009 Dairy Financial Situation in Connecticut
February 18, 2009**

On behalf of First Pioneer Farm Credit, I am pleased to submit comments regarding financial relief for Connecticut dairy farmers. Connecticut dairy farmers face the most difficult financial challenge in decades and we strongly urge your consideration of proposals to help support the dairy sector.

Dairy farmers in Connecticut operate efficient and productive farms, but a number of factors including reduced dairy product demand from weak economic conditions, reduced export markets for dairy products and increased production in 2007 and 2008 in other parts of the country have caused a dramatic decline in farm milk prices. A strong and prosperous production agriculture, especially dairy, is important to economic activity in Connecticut, creates employment opportunities on and off the farm and provides for open spaces and the related environmental benefits.

First Pioneer Farm Credit is a federally chartered lending cooperative that serves agriculture and rural communities in Connecticut, New York, Massachusetts, Rhode Island, New Jersey and New Hampshire. First Pioneer Farm Credit lends to farms of all sizes and types in our region. In Connecticut we have over 900 customer-members including approximately 150 dairy farmers and extend nearly \$224 million in credit. We are a farmer-owned lender, governed by a farmer board of directors and headquartered in Enfield, Connecticut.

First Pioneer Farm Credit is very concerned with the severity of the 2009 dairy farm milk price collapse and its impact on dairy farm businesses. Price projections indicate that farm milk prices will be significantly below the farmer's cost of production in 2009. This means major financial losses for Connecticut dairy farmers. Based on price projections we can expect that many dairy farms will see significant erosion in their equity position this year as income levels fall. While some expenses are moving downward, the level of these adjustments is not nearly as significant as the farm milk price decline.

First Pioneer is committed to supporting Connecticut agriculture and continues to work individually with dairy farmers on their credit needs. Without question the situation is very challenging as dairy farmers attempt to adjust and plan for this year. We urge consideration of all proposals, state and federal, that will assist dairy farmers during this challenging time. First Pioneer Farm Credit would be pleased to provide additional materials and information on the Connecticut dairy farm financial situation as legislation is further considered.

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