

November 19, 2009

Mr. Charles P. Carey
Vice Chairman
CME Group
141 W. Jackson Boulevard
Executive Offices 600-A
Chicago, IL 60604

Dear Charlie:

The undersigned organizations represent a broad group of U.S. production agriculture and agribusiness. Our members – grain and oilseed producers and the grain elevator operators with whom they work to manage risk and market their crops – rely on a predictable and consistent relationship between cash and futures. The lack of convergence in the CBOT wheat contract over the past two years has limited producers' marketing opportunities and contributed to financial stress on commercial grain hedgers.

Our organizations agree that implementing a Variable Storage Rate (VSR), as proposed by the CME Group, is the next logical step to help re-establish convergence. However, we are disappointed that the CME's amended proposal to the Commodity Futures Trading Commission (CFTC) does not accelerate the timetable for implementation more aggressively than the July 2010 contract. We favored implementation on the December 2009 contract, as recommended by the CFTC's Subcommittee on Convergence. We still believe March 2010 or May 2010 would have been preferable if December 2009 was not possible.

The reason for our sense of urgency: Some industry experts expect it could be up to a full year before the VSR contributes to reliable and predictable convergence as storage rates ratchet up gradually. We are concerned that waiting to implement the VSR on the July 2010 contract could prolong convergence problems. Earlier implementation would have been a major step toward reestablishing convergence and beginning to restore effectiveness of the contract's price discovery and risk management functions.

We understand that quick adoption of new terms on contracts with open interest is not the usual process and the reasons why. However, we believe that the situation with the wheat contract is extraordinary and merits urgent action.

To date, the most marked lack of convergence has occurred in the CBOT wheat contract. However, corn and soybean contracts are not immune to similar problems. Because properly functioning futures markets are vitally important to all the members of our organizations, we believe it is critically important to restore performance of the wheat contract. It will be instructive to observe the effectiveness of the VSR on the wheat contract to gauge possible application to corn and soybean contracts in the future.

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We stand ready to assist the CME Group at any time in pursuit of our mutual goal of ensuring efficient price discovery and effective risk management in agricultural futures markets.

Sincerely,

American Farm Bureau Federation
American Soybean Association
National Association of Wheat Growers
National Corn Growers Association
National Grain and Feed Association

cc: Chairman Gary Gensler, Commodity Futures Trading Commission
Commissioner Michael V. Dunn
Commissioner Jill Sommers
Commissioner Bart Chilton
Commissioner Scott O'Malia
David Lehman, CME Group