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**FRIONA INDUSTRIES, L.P.**

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P.O. Box 15568  
Amarillo, Texas 79105-5568  
806-374-1811  
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COMMENT

November 7, 2002

Jean A. Webb, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre, 1155 21<sup>st</sup> NW  
Washington, DC 20581

Dear Ms. Webb,

I am sending this letter to support the Chicago Mercantile Exchange's (CME) decision to decrease from 600 to 300 contracts the speculative position limit applicable to positions held in the spot month of the live cattle contract.

I am President and CEO of Friona Industries, L. P., a 40-year old commercial cattle feeding and feed manufacturing company located in the Texas Panhandle. Friona owns five feedyards with a one-time capacity of 235,000 head as well as a feed manufacturing company that services 5,000 farm, ranch, and dairy customers in Texas, New Mexico, Colorado, and Oklahoma. We use feeder cattle, live cattle, and grain futures extensively on both company owned cattle and cattle fed for our many customers.

It is critically important to the beef industry that an efficient, accurate, responsible, dependable, and consistent mechanism for risk control and price setting be available to all segments of the industry. As in all volatile commodity/asset markets that are capital intensive, money flows to opportunity where dependable and consistent tools exist to create an element of certainty in a volatile market place. To fill that role, CME's live cattle contract has even more importance today than every before.

I was pleased by the CME's steps to "fire the first shot" in the on-going dialogue with beef producers to make the live cattle contract more dependable, more aligned to the industry's product, and more useable in a commercial setting. I believe the CME has sent a signal to the industry that positive change is at hand, and every employee and customer of Friona Industries both applauds and appreciates their action.

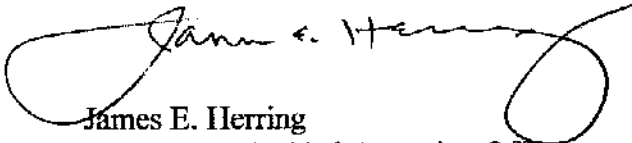
It is now the job of all of use in the beef industry to take advantage of this signal from the CME. Our goal should be simple: create a live cattle contract that everyone, including cattlemen, processors, speculators, bankers, as well as all those aligned to support and sustain the beef industry, can depend on.

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We intend to be an active part of that new creation, and we hope you will assist us by approving the CME's first move.

Sincerely,

A handwritten signature in black ink, appearing to read "James E. Herring". The signature is fluid and cursive, with a large loop at the end.

James E. Herring  
President and Chief Executive Officer

JEH:gw