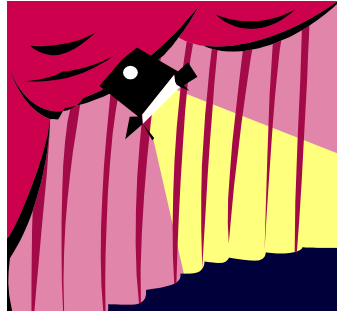


The Cooperative

In The Spotlight...



Chuck Lee — Cooperative Member President, Southern Cotton Growers, Inc.

BY: DARYL TYNDALL, COTTON FIELD REP.

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When asked to travel down to southern Bulloch County, Georgia to interview Mr. Chuck Lee, President of Southern Cotton Growers, Inc., I jumped at the opportunity. Having lived in Charleston, South Carolina during the first three years of the new millennium, I was quite literally taking a trip down memory lane as I traversed the South Carolina/Georgia low country taking in the scenery of the salt water marshes and century-old live oaks that exemplify this landscape. This area, once laden with rice plantations, has since

turned tourist destination. After making my way through Savannah, host of the 2004 Southern Southeastern, I headed west eventually finding my way to Bulloch County, and the home of Chuck and Lynn Lee, a.k.a. Boggy Branch Farm.

Chuck and Lynn have raised five children, four sons and a daughter, on the 325 acre farm they purchased from Lynn's grandparents back in 1978. They undertook this endeavor approximately two years after Chuck graduated from the University of Georgia with a Bachelor of Science in Agriculture Engineering. In addition to the family farm, the Lee's lease additional acreage on which they grow

corn, peanuts and roughly 1,000 to 1,200 acres of cotton.

Chuck has been a member of Cotton Growers Cooperative since 2001 and is an advocate of the Cooperative's Seasonal Pool marketing program. He is a delegate to the National Cotton Council and was selected in January 2005 to serve as President of Southern Cotton Growers, Inc. When asked what issues he felt would be most pressing during his upcoming two year term, he quickly turned to the U.S. Farm Bill and specifically to the issue of payment limitations. He pointed out the

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Special points of interest:

- Sign-In Period extended
- Upcoming May Progress Payment
- Fibermax Cotton Marketing

Premium Cotton Marketing

Our Seasonal Pool customers enjoy quality premiums for high grade cotton grown each year. This past year, we averaged paying approximately 130 points of premium to our Seasonal Pool customers. With this great quality cotton we were able to grow our export sales and received favorable premiums to the domestic market.

Each year we are asked about the possible additional

premiums available from growing Fibermax cotton. In response to our members' requests, we conducted extensive research to assess the potential need for creating a separate pool for Fibermax cotton. It is important to note that as a Cooperative we do not endorse any particular seed variety. We value the relationship we have with the various seed companies serving our members. Selecting a seed variety is a decision to

be made by the individual member producer based on their personal preferences and individual results. We will however strive to be involved in any market which may benefit our growers and their bottom lines, marketing each bale to receive the highest possible return. To the extent that we are able to market Certified Fibermax cotton and receive identifiable additional

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February Progress Payment

On February 28, 2005, the Cooperative issued a 2004 crop Seasonal Pool progress payment in the amount of three cents per pound. In addition, Seasonal Pool premium grade cotton has received an average quality

premium of approximately 1.30 cents per pound bringing the total paid to date for rule 5 Seasonal Pool premium cotton to 59.80 cents per pound (see table to left). Premiums ranged as high as 5.65 cents per pound for the 2004 crop. The next Seasonal Pool progress payment is scheduled for May 2005.

of March 31st, the sign-in period has been extended. With growing export sales, the Cooperative needs additional acreage to satisfy demand (see *Export Sales Update*). The Seasonal and Call Pools are currently open for new farms and new membership. Please call 800-662-7082 to sign up new acreage. We remain committed to providing quality service with competitive marketing options to enhance your return and earn your business. Thank you for your support.

The following illustrates the total paid to date for Seasonal Pool Rule 5 cotton:

	Base Grade	With Avg. Premium
Advance	55.50 c/lb.	55.50 c/lb.
Feb. progress payment	3.00	3.00
Average Premium	<u>n/a</u>	<u>1.30</u>
Payments to date	58.50 c/lb.	59.80 c/lb.

The marketing of the 2004 crop continues as discussed in our recent district marketing meetings. Although the sign-out period has ended as

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Spotlight...—Cont.

efforts of the National Cotton Council and other organizations that are currently lobbying to support the Farm Bill on behalf of producers.

Originally named Uplands Cotton Growers, Inc., Southern Cotton Growers, Inc., was founded in North Carolina in 1964 and represents cotton growers throughout Virginia, North Carolina, South Caro-

lina, Georgia, Alabama and Florida. The organization maintains a strong political influence in Washington, D.C. with its senate representation. Southern Cotton Growers furthers its influence by naming members to the Cotton Board, directors to Cotton, Inc. and producer delegates such as Chuck Lee to the National Cotton Council. With the current issues concerning

the U.S. Farm Bill and the cotton industry, that influence is as important now as anytime in recent memory.

We thank Chuck and Boggy Branch Farm for their patronage to Cotton Growers Cooperative and wish him well during his term as President of Southern Cotton Growers, Inc.

Export Sales Update

Export sales for the 2004 crop have been brisk and the sale basis has been extremely positive. When coupled with a step 2 program averaging 3.25 cents per pound since late October, exports sales will again be very successful for the Cooperative in 2004/05. We are continuing to refine our export marketing plan by targeting specific areas to promote your cotton while building the Cooperative's reputation as a quality supplier in the marketplace. The relationships we have cultivated over the last three years are evolving into solid partnerships with ever increasing demand.

We continue to negotiate favorable shipping rates and to eliminate redundant costs thereby adding value to each member's bottom line. The team effort by all Cooperative employees to learn and adapt to changes in the cotton industry domestically and abroad illustrates why the Cooperative has remained competitive in the marketplace since 1922. With this great reputation, demand for the Cooperative's cotton is beginning to outpace supply. Therefore, we are striving to add additional acreage in order for the Cooperative to meet the ever increasing demand from its export custom-

ers while continuing to support the needs of our current viable domestic customers.

Your Cooperative is committed to expanding export lines of business while maintaining domestic market share. We know we must meet the demands of the global cotton market in order for your Cooperative to remain at the forefront of the industry. Together we will continue to meet these challenges to ensure the success of the Cooperative and its members.



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Market Summary as of April 2005

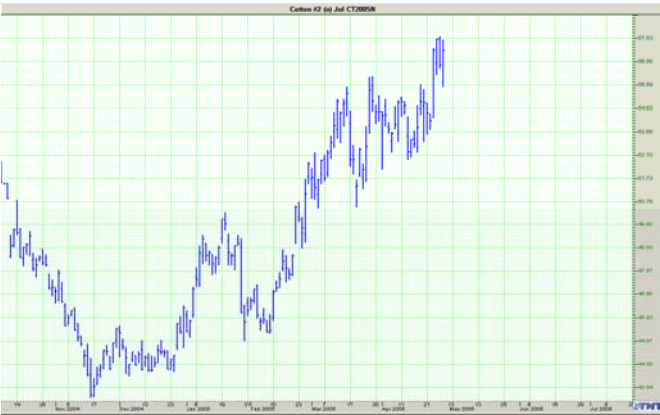
The cotton market has been full of surprises lately with the biggest surprise of all being a major merchant taking the May '05 contract. Most surprised of all were the mills with cotton left to price on May and other merchants who were expecting to roll shorts from May to July at full carry. The emergence of a taker for May caused the market to invert and the

July '05 contract rallied. At one point July '05 was trading over the new crop Dec '05 cover month. Spec buying also helped push the market higher as the trend turned bullish enticing the specs to add more longs. Another factor pushing the specs was the fact that commodity prices in general have been rising and index funds which buy all commodities have been gain-

ing in popularity. When shares of these index funds are purchased it creates buying in all commodities including cotton.

In reality, old crop may be getting overbought and we should start to look for a short term high on July '05 with a correction over the next few weeks. With the huge amount of open interest in July '05 it is doubtful there will be much spec buying. The only real buying left will be mill fixations and export sales on price breaks.

Large US ending stocks should encourage carry between old crop and new crop which would pressure July '05. New crop will probably be in a much tighter range until the crop is further along and we find out just how many acres were cut in China.



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Premium Cotton Marketing —Cont.

premiums, we want to pass these additional premiums on to those members who produce this cotton.

Therefore, we encourage our growers who produce Fibermax cotton to certify those bales through your gin and the Fibermax certification process. You then need to inform us at the Cooperative of the certified Fibermax bales by providing a listing of the farm number and permanent bale identification (PBI) numbers. We will market the Certified Fibermax cotton in a manner that may generate premiums in addition to the loan premiums disbursed in the initial advance. Our export agents in various countries will seek to obtain any additional premiums available. We have the ability to pool our members' cotton and offer larger lots by variety,

thus increasing our potential to maximize these additional premiums.

The additional premiums obtained, if any, over and above other varieties with the same quality, will be distributed to those member producers who delivered Certified Fibermax cotton with qualified premiums. Please remember the spot market and basis for each crop year is different based on supply and demand conditions. However, if the market is paying an additional premium for the certified variety, then we will make every effort to obtain it on your behalf.

From time to time you may hear of new marketing organizations being created for the purpose of marketing high quality cotton or particular cotton varieties. Similar at-

tempts have been made in the past and new attempts will be made in the future. We encourage you to maintain a healthy level of skepticism in evaluating these organizations and whose interests they represent. Cotton Growers Cooperative was created by the members, for the members, and remains conflict free. This is your company and our interest is to look out for your best interest.

We remain committed to developing markets in order to obtain the best possible price for your cotton while meeting the changing conditions of the marketplace.

If you are interested in being involved with the potential market for Certified Fibermax cotton, please call Keith Lucas or Cathy Kramer at 800-662-7082.

2004 Crop Premium Cotton Example

	<u>Premium</u>
31/3 grade/leaf	180
35 staple	175
30 strength	30
4.2 mic	25
No remarks	—
Total Additional Premium	410
Base grade Advance	55.50
Additional Premium	4.10
	59.60
February Progress Payment	3.00
Total to Date	62.60



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*See current and past newsletters
along with other great information on
our website!*

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The Cooperative's mission is to maximize our members' profitability by adding value to the cotton they produce through effective and efficient marketing in a manner that encourages integrity, trust and quality service.

Cooperative Calendar of Events

May

26th

Executive Board Meeting

27th

Board Meeting

30th

Memorial Day Holiday,

- Cooperative Offices Closed

31st

Seasonal Pool Progress Payment

June

6-8th

EFS Conference

- Memphis TN

9-10th

USDA Universal Cotton Standards Conference

- Memphis TN

15-17th

Cotton Board and Cotton Inc. Board Meeting