

Cotton Incorporated
11th Annual Engineered Fiber Selection® Conference
Memphis, TN

Opening Remarks

by

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June 9, 1998

GOOD MORNING LADIES AND GENTLEMEN. ON BEHALF OF EVERYONE AT COTTON INCORPORATED I'D LIKE TO WELCOME YOU AND THANK YOU FOR ATTENDING THE 11TH ANNUAL EFS CONFERENCE.

AS I LOOK AROUND THE ROOM I SEE ALOT OF FAMILIAR FACES AND, OF COURSE, THERE ARE MANY NEW ONES AS WELL. I LOOK FORWARD TO MEETING MANY OF YOU DURING THE CONFERENCE.

BEFORE I UPDATE YOU ON WHERE COTTON MARKET SHARD IS TODAY, AND WHY THIS CONFERENCE ON PARTICULAR OS SO IMPORTANT TO THE INDUSTRY, I'D LIKE TO TAKE A MOMENT TO TELL YOU WHO WE ARE AR COTTON INCORPORATED, AND WHAT WE DO.

COTTON INCORPORATED IS THE RESEARCH AND MARKETING COMPANY REPRESENTING UPLAND COTTON, THE WORLD'S NUMBER ONE SELLING FIBER. WE ARE FUNDED BY PER BALE ASSESSMENT FROM THE MORE THAN 30,000 GROWERS OF U.S. UPLAND COTTON. IN IMPORTERS OF RAW COTTON, YARN, FABRIC, AND PRODUCTS CONTAINING COTTON THAT ARE MANUFACTURED OUTSIDE THE UNITED STATES.

THESE FUNDS ARE COLLECTED BY THE COTTON BOARD, AN AGENCY RESPONSIBLE TO THE UNITED STATES DEPARTMENT OF AGRICULTURE.

THESE FUNDS ARE UTILIZED BY COTTON INCORPORATED, UNDER CONTRACT WITH THE COTTON BOARD.

IN 1997, COTTON INCORPORATED'S BUDGET WAS SLIGHTLY MORE THAN \$61,000,000. THESE FUNDS ARE USED FOR AGRICULTURAL RESEARCH, FIBER QUALITY, FIBER PROCESSING, TEXTILE RESEARCH AND DEVELOPMENT, AS WELL AS MARKETING AND ADVERTISING PROGRAMS.

IT'S CLEAR TO SEE THAT WHETHER ON THE FARM IN THE MILL, OR AT THE RETAIL STORE WHERE THE MAJOR DECISION AFFECTING COTTON IS MADE, COTTON INCORPORATED HAS A MAJOR AND INFLUENTIAL PRESENCE.

THE BOARD OF DIRECTORS OF COTTON INCORPORATED IS MADE UP OF 59 DIRECTORS AND THEIR ALTERNATES, ALL OF WHOM ARE U.S. COTTON PRODUCERS.

NOW THAT I'VE DESCRIBED WHO WE ARE, I'D LIKE TO UPDATE YOU ON MARKET SHARE.

COTTON'S MARKET SHARE IS CURRENTLY NEARING SIXTY PERCENT IN THE UNITED STATES -- -- -- ITS HIGHEST LEVEL IN 30 YEARS.

EXPORTS OF U.S. COTTON HAVE ALSO GROWN DRAMATICALLY, IN FACT, WE ARE THE LEADING PLAYER IN THE INTERNATIONAL COTTON ARENA.

FROM A QUALITY STANDPOINT, UPLAND COTTON IS LONGER AND STRONGER THAN IT'S EVER BEEN. THIS IS CRUCIAL BECAUSE IT HAS HELPED OPEN NEW MARKETS FOR COTTON -- -- -- AND EXPAND EXISTING ONES.

HOWEVER, AS ALL OF YOU IN THIS ROOM KNOW, OWNING THE LEADERSHIP POSITION DOES NOT GUARANTEE FUTURE SUCCESS.

WITH OUR DOMINANT MARKET SHARE POSITION ALSO COMES THE PERSISTENT CHALLENGE OF SYNTHETIC FIBER PRODUCERS.

IT WOULD BE WONDERFUL IF THE DUPONTS, WELLMANS., AND TEVIRAS OF THE WORLD WOULD STOP DEVELOPING NEW FIBERS AND REFINING EXISTING ONES, BUT WE ALL KNOW THAT IS NOT GOING TO HAPPEN.

COTTON HAS A POWERFUL WEAPON WE CAN USE AGAINST THE COMPETITION.

AND THAT WEAPON IS THE TREMENDOUS BOND BETWEEN THE COTTON PRODUCER AND THE TEXTILE MILL.

IT IS YOU, OUR TOP CUSTOMERS, WHO ARE ON THE FRONT LINES EVERY SINGLE DAY, PRODUCING SOME OF THE FINEST, MOST INNOVATIVE FABRICS AND TEXTILE PRODUCTS IN THE WORLD. ONE OF

OUR JOBS IS TO HELP YOU DO THAT.

THIS CONFERENCE OF AN EXCELLENT ILLUSTRATION OF HOW IMPORTANT THIS BOND IS AND WHAT WE S COTTON PRODUCERS CAN DO TO HELP YOU.

AS MANY OF YOU KNOW, EFS WAS CREATED BECAUSE THE TEXTILE MILLS NEEDED TO HAVE A BETTER UNDERSTANDING OF THE COTTON THEY WERE PROCESSING.

NATURALLY IT WAS IN OUR BEST INTEREST TO WORK WITH OUR MILL CUSTOMERS TO PROVIDE THEM THE INFORMATION THEY NEEDED.

THUS THE IDEA FOR EFS WAS CONCEIVED AND THE RESULTS -- -- -- BOTH FROM A COST EFFICIENCY AND A QUALITY STANDPOINT -- -- -- HAVE BEEN NOTHING SHORT OF ASTOUNDING. GINNET, MILNET, CALNET, QRNET, AND CI-EDI ARE NOW IMPORTANT NAMES BACKED BY MEANINGFUL APPLICATIONS.

LAST YEAR, MORE THAN 11.5 MILLION BALES WERE PROCESSED AT THE MILL LEVEL UTILISING THE EFS SYSTEM.

WHEN THIS CONFERENCE WAS FIRST HELD IN 1988, FEWER THAN 2 MILLION BALES WERE PROCESSED THROUGH EFS.

BASED ON THOSE NUMBERS ALONE, IT'S SAFE TO SAY THAT THE RELATIONSHIP BETWEEN THE COTTON PRODUCER AND THE TEXTILE MILL CONTINUES TO BE STRONG. TODAY THERE ARE 225 USERS OF THE EFS SYSTEM. ALMOST A 20 PERCENT INCREASE OVER LAST YEAR.

AND AS WE CONTINUE TO BUILD OF THIS SYSTEM, THAT CUSTOMER BASE WILL EXPAND EVEN MORE.

AS THE COMPANY REPRESENTING COTTON PRODUCERS, OUR RESPONSIBILITY OF TO YOU, THE TEXTILE MILLS -- -- -- OUR CUSTOMERS. AND WE NEVER LOSE FIGHT OF THAT.

IT DOESN'T MATTER OF THE CONSUMER CONTINUES TO DEMAND COTTON OF THE COTTON PRODUCTS CANNOT BE PRODUCES EFFICIENTLY.

YOU WILL LOOK TO OTHER FIBERS FOR PROFIT. ANY SMART BUSINESS PERSON WOULD.

THAT'S WHY IT IS VERY IMPORTANT THAT WE STRENGTHEN OUR PARTNERSHIP WITH YOU.

YOU ARE THE MAIN REASON OUR MARKET SHARE OF THERE IT IS, AND YOU ARE THE DRIVING FORCE THAT WILL HELP US REACH OUR GOAL OF 62 PERCENT MARKET SHARE OVER THE NEXT FEW YEARS.

EVEN THOUGH CONSUMERS LOOK FOR OUR TRADEMARKED COTTON SEAL ON THE PRODUCTS THAT YOU MADE, AND AS STRONG AS THE FABRIC OF OUR LIVES ADVERTISING CAMPAIGN IS. THE TRUTH IS, WITHOUT YOU WE WOULD NOT BE NEARLY AS SUCCESSFUL.

I ALSO WANT TO ENCOURAGE YOU TO BECOME MORE AWARE OF WHAT U.S. COTTON PRODUCERS ARE DOING ON THEIR FARMS, AND WORK WITH THOSE PRODUCERS TO MAKE SURE THAT THE COTTON YOU NEED OS BEING GROWN AND GINNED IN A MANNER THAT MAKES IT MOST SUITABLE FOR YOU.

IN JUST A FEW MINUTES THE CONFERENCE WILL BEGIN WITH A DISCUSSION OF THE OUTLOOK FOR COTTON BOTH FROM A DOMESTIC

AND INTERNATIONAL STANDPOINT. AND TOMORROW WE'LL END IN-
DEPTH DEMONSTRATIONS OF EFS AT WORK.

SO, AS YOU CAN SEE, THE TOPICS WE'LL COVER OVER THE NEXT TWO
DAYS ARE DIVERSE, AND WE HOPE THEY'LL BE BOTH HELPFUL AND
MEANINGFUL TO YOU.

SOME SAY WE'VE BEEN EXTREMELY LUCKY TO HAVE OUR STRONG
POSITION IN THE MARKET. BUT, AS THE RENNAISANCE MAN OF
BASEBALL, BRANCH RICKEY, ONCE SAID, 'LUCK IS THE RESIDUE OF
DESIGN."

OTHERS SAY IT ANOTHER WAY.-- -- -- IN BUSINESS THERE IS NO SUCH
THING AS LUCK.

I HOPE YOU ENJOY THE CONFERENCE AND THAT IT IS TRULY
BENEFICIAL TO YOU. IF YOU KNOW OF ANY WAY THAT WE CAN MAKE
THIS CONFERENCE MORE MEANINGFUL IN THE FUTURE PLEASE LET US
KNOW.