Spring 2015

StaplReview



Recovery **Begins**

Our Leaders in the **U.S. Cotton Industry**

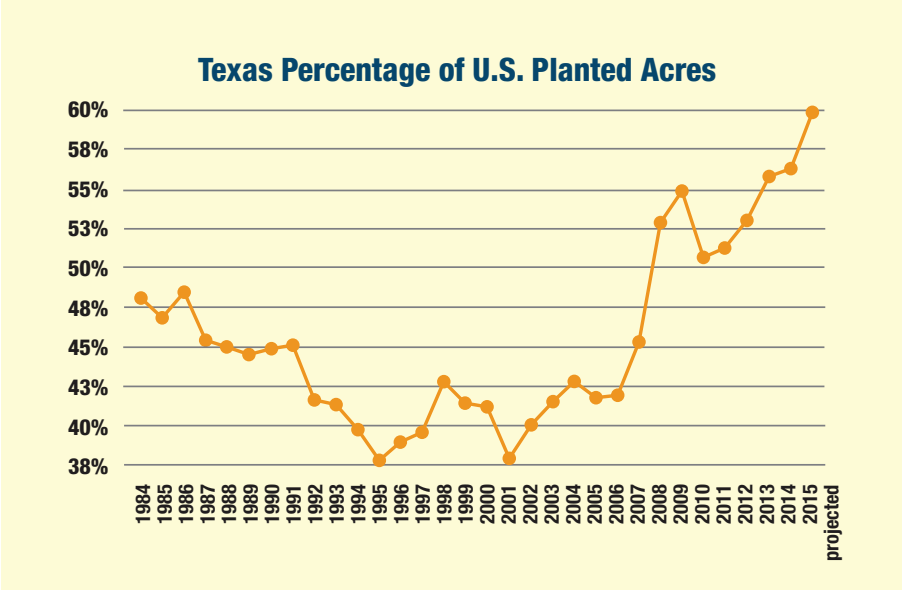
A Message from the President

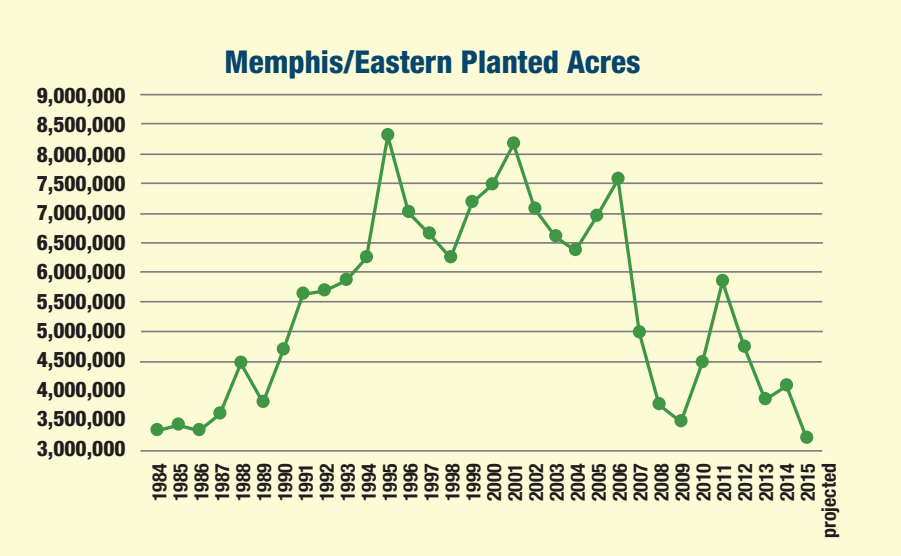
Recovery Begins



By almost any measure, overall cotton fundamentals have been in a terrible recession. The light at the end of the tunnel is beginning to brighten. We won't get to the end of the tunnel overnight, but as the old saying goes "you have to start somewhere." That "somewhere" is beginning to take shape with the first glimpse of 2015's projected supply and demand numbers provided by USDA during their annual outlook conference in February.

After five consecutive years of world production outpacing world consumption, the 2015 marketing year is currently projected to bring a refreshing change in course. At the Agricultural Outlook Forum in Washington, DC, this past February, USDA projected that world consumption will outpace world production by three million bales. While this would represent a much needed drawdown of global stocks, coupled with the USDA March 31 planting intentions, things definitely get more interesting. The projected Mid-South planted acres are the lowest ever, and when you combine the Mid-South and the Southeast, the total acreage projection is the lowest in over 30 years. The state of Texas alone will account for over 60% of the U.S. acreage for the first time ever. The growing season on the Texas High Plains will be even more critical in determining cotton prices this season.





When we consider the demand around the world for better quality, machine harvested cotton, the statistics show a much tighter situation than the overall global cotton balance sheet. The U.S., Brazil, and Australia produce the majority of the world's low contamination, machine harvested cotton. 2015 production in Brazil is projected to remain relatively flat at around seven million bales, down 12% from 2013. The drought in Australia continues and the early projection there for 2015 is a production number around 2.5 million bales, which is almost 50% below their 2011-2013 average. With strong demand globally for better machine harvested fibers and less competition, there should be excellent demand for all of the higher grades from the Memphis/Eastern region, which makes the weather on the High Plains even more important. The typical uncertainties that always surround the High Plains production will need to resolve themselves before we know if enough high quality cotton will be produced to meet the anticipated demand.

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Staplcotn Leaders in the U.S. Cotton Industry

Staplcotn members and staff continue to provide extraordinary leadership and representation in the U.S. cotton industry. We congratulate them and are sincerely thankful for their service.

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Hank Reichle - Greenwood, MS

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2014 Horace Hayden National Cotton Ginner of the Year
Richard Kelley - Burlison, TN



Office Administrators–Valuable Team Members

During one of Staplcotn's grower meetings in January, one long-time member was commenting on how helpful and beneficial his Cotton Services Office Administrator was to him. He relayed the fact that he depended on her greatly and she was a definite asset to the Staplcotn team. "She has kept me straight for a long time. She's so helpful and organized and makes my job as a member easy. For that reason, I can concentrate on what I like to do, and that's the actual farming part!"

This was not the first time that praises have been sung for this talented group of Staplcotn employees. As assistants to the Cotton Specialists who are out in the "field" working with the grower/members, their responsibilities are great. Office Administrators assist in administering marketing agreements and option notices from the members and landlords. They are responsible for monitoring the members' accounts closely and correcting problems should they occur. They are involved in obtaining gin waivers, lienholder releases, and claim forms. They keep the data up to date on all of the acre surveys and farm serial numbers. They make sure the members in their region are aware of grower meetings and advisory board meetings. And that's just to name a few of their duties.

A few of the Office Administrators are responsible for more than one region. This was done for several reasons. First and foremost, Shane Stephens, VP – Cotton Services and Warehousing, knew these very capable people could handle it. Additionally, the increase in cotton acres and membership in the Southeast constituted developing new regions and moving Cotton Specialists there, while consolidating a couple of regions in the Mid-South territories. Another reason for assigning multiple territories to a few of the Office Administrators was to keep costs down for the membership.



Cotton Services Office Administrators staff are as follows: (seated from left to right) Paula Deweese, based in Tallulah, LA – Region 3 and also covers Andalusia, AL – Region 12 , and Valdosta, GA – Region 16; Debby Rooks, Brownsville, TN – Region 11; Anita Jackson, Athens, AL – Region 8; Sharon Nichols, Yazoo City, MS – Region 2; Christie Williams, Blytheville, AR – Region 5. (Standing from left to right): Dana Smith, based in Greenwood, MS – Region 1 and also handles North Carolina, South Carolina, and Virginia – Region 15; Lauren Fondren, Clarksdale, MS – Region 6; Teresa James, based in Greenwood, MS and covers Greenville, MS – Region 4; Ginger Davis, Albany, GA – Region 10; Susan Craig, based in McGehee, AR – Region 7, and also covers Statesboro, GA – Region 14; Shane Stephens, VP – Cotton Services and Warehousing.

Dana Smith, who works out of the main office in Greenwood, Mississippi, is Chris McClain's assistant in Region 1, but she also handles James Fratesi's territory, Region 15 in North Carolina, South Carolina and Virginia. Susan Craig, Staplcotn's Senior Office Administrator, is responsible for her original territory in McGehee, Arkansas, (Region 7) where she assists Ross Girtman, but also takes care of the Statesboro, Georgia, (Region 14) territory by assisting Jeff McPhail. Paula Deweese, works out of the Tallulah, Louisiana, office (Region 3) and assists Ross Girtman there, but also takes care of Tom McKee's accounts in Andalusia, Alabama, (Region 12) as well as Todd Windham's accounts in the newest territory, Valdosta, Georgia (Region 16).

Ross Girtman, who also handles multiple territories as a Cotton Specialist, commented, "From the field staff's perspective, it's all about signing up our members and servicing their accounts year round, and the Cotton Services Administrators are a vital part of that process. 'Dependability' is the first word that comes to mind when I think of our Administrators. I have the pleasure of working with several of them on a daily or weekly basis, and with technology and the tools our main office provides us, I can literally call on any of them, at any time during business hours, and get any help

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Moffatt Named CFO

On January 1, 2015, Mike Moffatt was promoted to Vice President and Chief Financial Officer of Staplcotn and Stapldiscount, replacing Charles Robertson who retired in December.

Moffatt, a certified public accountant, joined Staplcotn in December 2013 and brought with him a wealth of experience. After graduating from the University of Memphis in 1994 with a Bachelor of Business Administration Degree with a focus in Accounting, Moffatt began his professional career with Fouts and Morgan, LLP in Memphis, Tennessee, as an audit and tax accountant. In 1997, he transferred to Deloitte & Touche, LLP in Memphis, where he began as a staff accountant in the audit division and was promoted to Senior Accountant in 1999. Moffatt's leadership and management skills were rewarded further with promotions to Manager in 2002 and Senior Manager in 2005.



Mike Moffatt

In 2009, Moffatt opted to make a career change and joined Wright Medical Technology, a publicly traded global medical device company, as Senior Manager in the Finance/Accounting department.

Moffatt returned to Deloitte & Touche in 2011 as Senior Manager and remained there until accepting the position of Assistant to the Chief Financial Officer at Staplcotn in December of 2013. Meredith Allen, President and CEO, commented, "Staplcotn is very fortunate that Mike agreed to join Staplcotn. Charles Robertson, our former CFO, enthusiastically recommended Mike for his replacement. The fact that he was in charge of our annual audit while at Deloitte made him a perfect fit. I'm extremely confident that Mike will excel in his new position as CFO."



Staplcotn Cotton Specialists are as follows (seated from left to right): Chris McClain, based in Greenwood, MS – Region 1, and also covers Yazoo City, MS – Region 2; Stan McMikle, Albany, GA – Region 10; James Fratesi, NC/SC/VA – Region 15; Chip Upchurch, Cotton Services Coordinator, and serves Greenwood, MS – Region 1 and Greenville, MS – Region 4; Gerald Allison, Brownsville, TN – Region 11; Todd Windham, Valdosta, GA – Region 16. (Standing from left to right): Rich Vinson, Blytheville, AR – Region 5; Ross Girtman, based in Tallulah, LA – Region 3, and also serves Greenville, MS – Region 4, and McGehee, AR – Region 7; VP – Cotton Services and Warehousing, Shane Stephens; Whit Keasler, Blytheville, AR – Region 5; Tom McKee, Andalusia, AL – Region 12; John Chrestman, Clarksdale, MS – Region 6; Cullen Lovell, Athens, AL – Region 8; and Tom Pinson, Albany, GA – Region 10. Not Pictured: Jeff McPhail, Statesboro, GA – Region 14.

Office Administrators continued

I may need. I think that's a unique asset that Staplcotn members can take pride in." Shane Stephens added, "Staplcotn has been successful in attracting capable and industrious staff throughout the entire company, and our Cotton Services Administrators are certainly no exception. Each one of these ladies is extremely conscientious and readily assumes the responsibility of making sure each grower's account is set up correctly and ready for prompt processing of payments. They work with growers, landlords, lienholders, FSA personnel, gins, warehouses, Cotton Specialists, and other SCCA staff to ensure all the "I"s are dotted and "T"s are crossed while representing Staplcotn with professionalism. We have all heard the saying 'the devil is in the details;' well, the Office Administrators make sure the details are handled and the devil is nowhere to be found!"

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President's Letter continued

Further, from a New York futures perspective, the quality or tenderability of the Texas crop becomes very important. Given that Memphis/Eastern production will likely fall 1.5 to 2 million bales and the excellent demand for this growth, the price of the Memphis/Eastern tenderable qualities should remain above the tender price for most of the 2015-2016 season. Therefore, as we progress through the next marketing year, the extent of rallies in the futures market and the differences between each futures month will be highly dependent on the quality of the Texas crop.

In conclusion, we are optimistic that Memphis/Eastern cotton producers will have opportunities throughout the coming season to sell cotton at better prices than are available today. I hope all of our producers are having a successful planting season, and Staplcotn looks forward to marketing your cotton in 2015-2016.

Meredith Allen

Staplcotn

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