

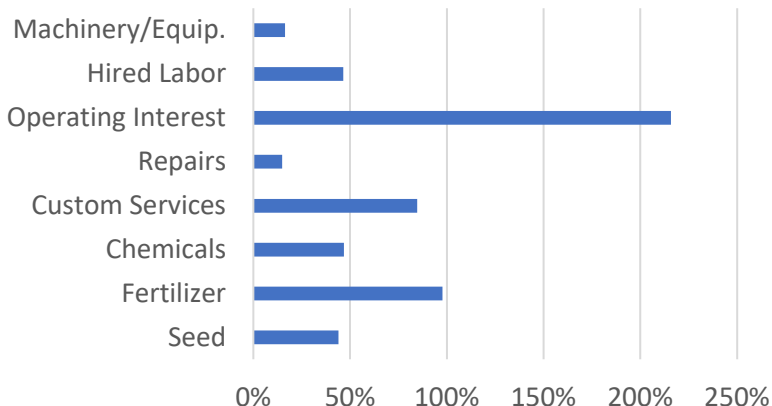
Cotton Industry Facing Increasing Economic Pressures September 2024

Since passage of the 2018 Farm Bill, cotton production costs are up by 27%.

Input costs are up for most major categories.

Interest expenses are up by more than 200% while fertilizer costs have almost doubled. Expenses for labor, seed, and chemicals are up by approximately 50%.

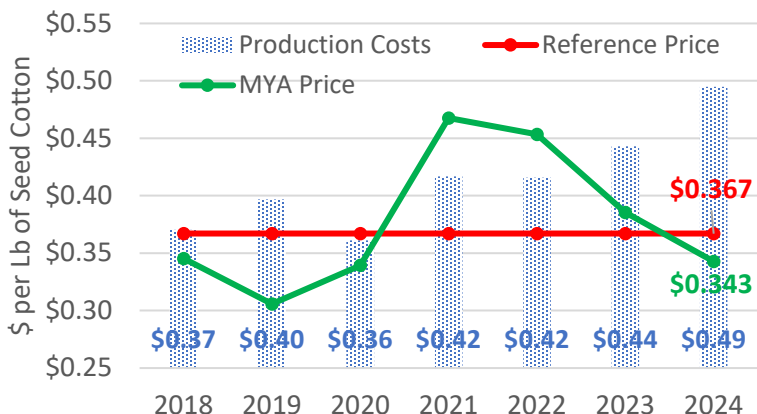
2024 Input Costs Up Substantially from 2018



Market prices are struggling as world cotton demand has fallen by 3.2 million bales since 2018 while Chinese polyester production is up by 35.5 million bales, and Brazil and Australia combined to add 10 million bales of cotton production.

The financial situation of U.S. cotton farmers continues to deteriorate as the farm bill safety net and current market prices are well below production costs.

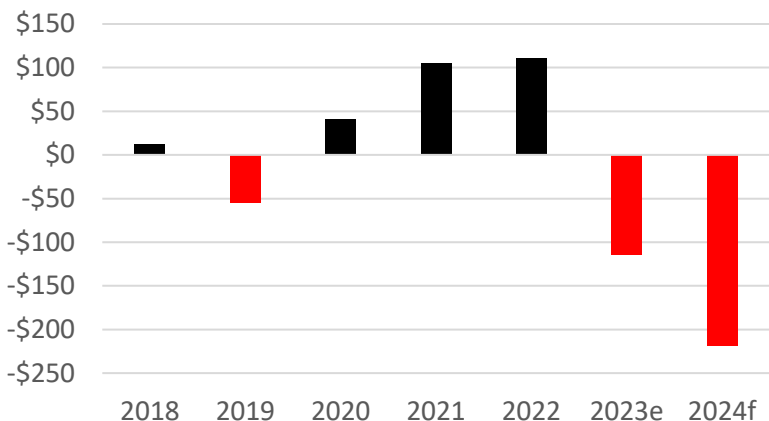
Second Year of Costs Exceeding Price



Many growers are suffering deep losses in 2023 and 2024, with USDA data indicating losses of more than \$200 per acre, or \$1.8 billion in total.

Congress must act before year's end to both address the immediate economic needs as well as strengthen farm policy for the years ahead. Without new assistance, some farmers will not be able to secure operating credit for the 2025 crop.

Cotton Net Income per Harvested Acre



Net Revenue = (USDA MYA Price * USDA Production) + ARC/PLC Payments + MLG/LDPs + Net Crop Insurance Indemnities – USDA Production Costs