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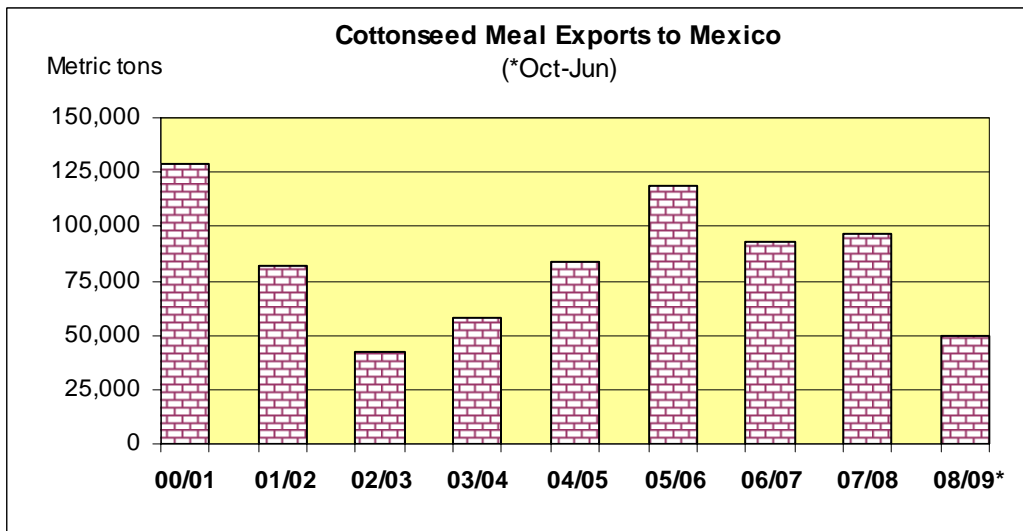
Special points of interest:

- Cottonseed meal shipments to Mexico may reach their 10-year average of 70,000 metric tons.
- NCPA's 114th Annual Convention set for The Ritz Carlton, Amelia Island, Florida
- Cottonseed hull stocks stand at just under their five-year average for July 31.
- Commodity Specialists Company vs Hollybrook Cottonseed Processing arbitration bulletin

COTTONSEED MEAL SHIPMENTS SLOW BUT STILL STRONG TO MEXICO

Cottonseed meal shipments to Mexico have slowed during the 2008/09 marketing season, reflecting the reduction in production. Still, exports could reach 70,000 metric tons, nearly average over the past ten years. NCPA and Cotton Council International have worked to ensure customers are well educated about feeding practices using cottonseed meal, with expanded cottonseed meal

use in rations across the country. Dairies now regularly include cottonseed meal in the rations where the previously did not. More nutritionists in Mexico now recommend cottonseed meal in rations than ever before, with uses showing up in rations ranging from bullfighting stocks to the ever-expanding goat industry across the Pacifico Sur and Altiplano regions of Mexico.



114TH ANNUAL CONVENTION SET FOR RITZ CARLTON, AMELIA ISLAND, FLORIDA

NCPA has confirmed The Ritz Carlton, Amelia Island, Florida as the site of the 114th Annual Convention, May 2-5, 2010. The convention schedule has been condensed and special rooms rates of \$179/night have been negotiated for this world class resort. NCPA's annual meeting in 2010 will begin with an Opening Reception on Sunday evening,

May 2, followed by the Rules Committee meeting on Monday morning, May 3. The Association's General Business session will be held on Tuesday morning, May 4, with the annual golf tournament Tuesday afternoon and closing dinner on Tuesday evening. Additional details of the meeting will follow in the coming months.

E- Newsletter

The NCPA Newsletter will only be available online & via e-mail. Sign up by sending your e-mail address to ssstine@cottonseed.com.

WHAT'S NEW @ COTTONSEED.COM

Cottonseed crushings for the week ending August 23 were 21,378 tons vs 23,331 tons the previous week.....NCPA's monthly summary of cottonseed crushings and stocks reported the crush for July 2009 at 129,982 tons, bringing crushings for the 2008/09 season to 2.229 million tons, compared to 2.76 million tons the previous year.....NCPA's Mexico Consultant, Ricardo Silva, reports that LALA-NUPLEN, Mex-

ico's largest dairy coop, has a new director of its feed plant. See his complete report on page 4 of this Newsletter and in the **Mexico Consultant's Report** section of the web site.....Although estimates for cottonseed oil production and consumption continue to be quite "fluid" from USDA for 2009/10, an increase of 15-20% in domestic consumption is expected. Monthly updates can be found in the **Statistics**

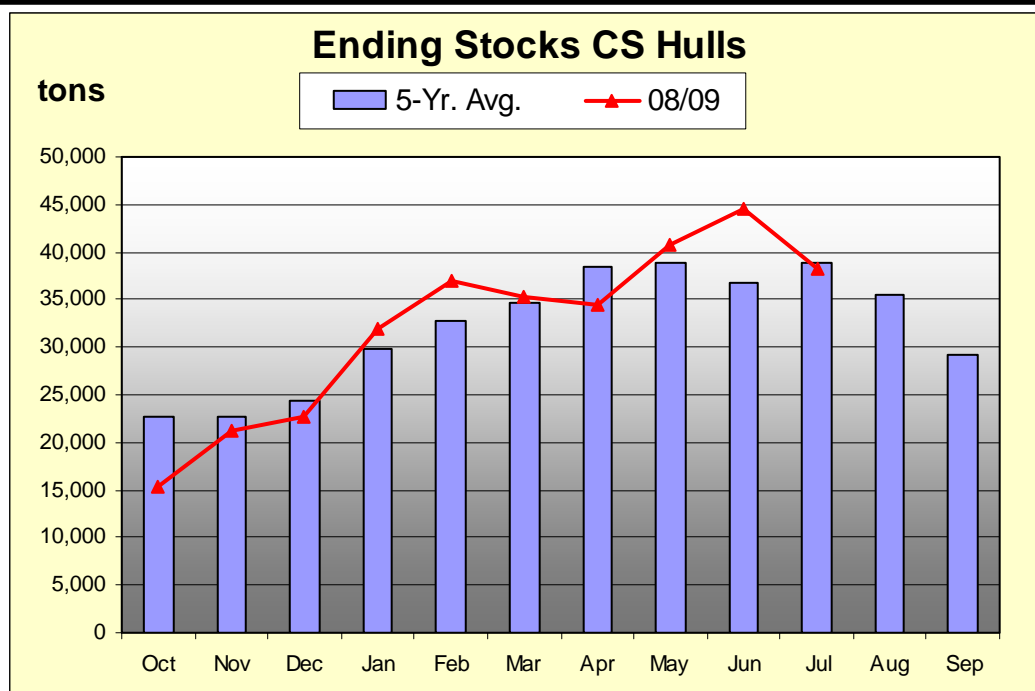
section of the web site.....Mid-South Farmer, Southeast Farm Press and Southwest Farm Press have carried articles about cottonseed oil. The High Plains Journal and Progressive Farmer/DTN have also expressed an interest in cottonseed oil as a trans-free solution. Updates and press releases can be found for following www.CottonseedOilTour.com.

COTTONSEED HULL STOCKS UPDATE

Stocks of cottonseed hulls stood at 38,303 tons at the end of July 2009, according to the Association's latest survey of member mills. That is nearly equal to their five-year average for July of 38,826

tons. Cottonseed hull stocks at the end of June were 44,495 tons and fell as off-take exceeded production by 6,192 tons. Hulls stocks at the end of July 2008 were 37,023 tons. Stocks at the end of

August are expected to be lower still as down-time for some plants will limit production and consumption reportedly remains brisk.





NCPA

NATIONAL COTTONSEED PRODUCTS ASSOCIATION

Established 1897

September 1, 2009

NOTICE OF ARBITRATION FINDINGS

In accordance with NCPA Trading Rule 84, Section 5, notice is hereby given of the following arbitration decision:

In the case of Commodity Specialists Company (Kansas City office), as complainant and Hollybrook Cottonseed Processing, as defendant;

An ex parte arbitration was held in the above case and an arbitration panel rendered the following decision, based on the facts presented by the complainant:

The Committee found that:

1. Hollybrook Cottonseed Processing violated NCPA Trading Rule 7: Refusal or Failure to Pay Draft Invoice.
2. Commodity Specialists Company properly canceled the contract and followed the procedures for Breach of Contract in accordance with Rule 50, Section 2, Item 3.
3. The panel hereby awards CSC the amount of \$703,508.28 plus interest. The applicable rate of interest shall be the Prime Rate as published in the Wall Street Journal on the date the case was filed (NCPA Rule 84, Section 5), in this case 3.25% as of April 23, 2009.

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*Representing the cottonseed
processing industry*



**114th Annual
Convention**
May 2-5, 2010
The Ritz Carlton
Amelia Island, Florida

MEXICO CONSULTANT'S REPORT

General Summary: The Mexican peso closed the month of July at 13.16 pesos to one U.S. dollar, the same as a month earlier, according to the Unica Casa de Cambio (Dollar Exchange Agency). The Central Bank of Mexico reports a drop of 7.5% for the Gross Domestic Product for 2009 and forecasts some recovery in the economy for the third trimester of this year. A 4% inflation rate is projected for 2009 by the Central Bank of Mexico; for 2010 inflation is projected to be between 3.0% - 3.5 %.

Market Summary: NCPA/CCI met a number of key customers and dealers of U.S. cottonseed meal, including LALA-NUPLEN in the Durango/Torreón region, the Union Ganadera de Chihuahua, the Alcodesa Feed Plant in Delicias, Chihuahua and dairymen in the Mennonite Region, also in the state of Chihuahua. NCPA relayed information about the outlook for the 2009/10 US cotton crop, cottonseed supply and demand factors and the outlook for US cottonseed meal production....The Jalisco Region was also visited to monitor the quality of U.S. cottonseed meal being imported to the area. This area represents one third of Mexican imports of U.S. cottonseed meal of approximately 30,000 metric tons for this ending fiscal year....LALA-NUPLEN, the largest dairy cooperative in Mexico with over 250,000 dairy cows in production, has a new director for their feed plant, Mr. Gamio Chipi Gomez. He had met NCPA officials and staff during previous cottonseed oil trade missions when he was a director in the GAMESA cookie company, now part of

NABISCO. He mentioned that they started using US cottonseed oil then and are still using it in GAMESA with good results. Currently, LALA-NUPLEN is importing about 7,000 metric tons of whole cottonseed and 800 metric tons of U.S. cottonseed meal per month. The amount of U.S. meal used represents about 3% of their dairy cow feed rations. NCPA advised they could easily increase that percentage from a nutrition and milk production standpoint. The market value of U.S cottonseed meal being used by LALA-NUPLEN is in the range of 3 million dollars over a year's period....ALCODESA is another major feed plant in Mexico and part of a dairy cooperative that milks over 50,000 dairy cows. They have begun to use U.S. cottonseed meal at a level of 700 metric tons per month, according to Marco Antonio Guerrero, General Director. Its market value is at the moment close to 3 millions dollars for one year. This change in their nutrition management in their dairy rations is the result of CCI-NCPA promotion strategies in the last few years through seminars, visits and publications sponsored by CCI-NCPA.....**Mexican Cotton Production Estimate:** According to Fernando Novoa in his recent estimate, of the Confederation Algodonera of Mexico, the production of cotton in Mexico for the cycle 2009-2010 will be 393,345 bales and 149,470 metric tons of cottonseed compared to the previous report of 388,217 bales and 147,522 MT of cottonseed.