

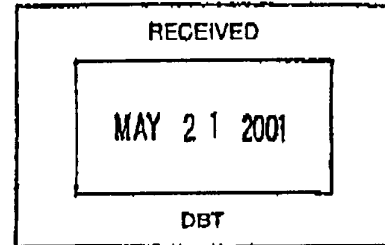


Cotton Board

871 RIDGEWAY LOOP - STE. 100 • MEMPHIS, TN 38120-4019

William P. Crawford  
President  
Chief Executive Officer

May 16, 2001



Mr. Dean B. Turner  
Vice President, Global Product Marketing  
Cotton Incorporated  
PO Box 8006  
Cary, NC 27513-8006

Dear Dean:

As you noted, the question of overhead costs charged by institutions involved in sponsored research is a concern. This letter is to clarify the policy we will follow on this question when considering sponsored research funded by the Importer Support Program. Our policy is as follows:

1. The maximum allowable overhead charge in a proposal shall not exceed 15%.
2. This charge is to be clearly identified in the proposal and included in the total budget.

Following this procedure will insure that proposals approved will be based on a total budget with a known limit. In other words, there will be no surprises.

We hope this answers your question and will help clarify this question with potential research organizations.

Sincerely,

William P. Crawford

WPC:es