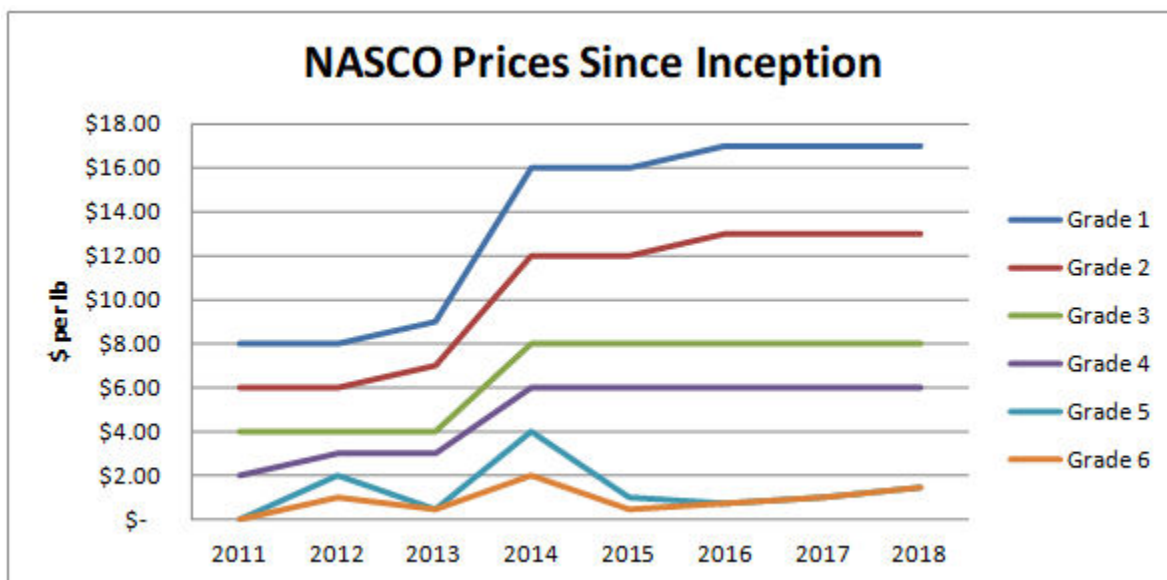


NASCO Prices – A Historical Perspective



Each May 1st, we evaluate the past year's purchases, our inventory levels, and where we see growth for the coming year. A few comments on these historical prices and where we see pricing going in the future:

2011 – Our first year. We purchased only Grades 1-4 in our first year as we knew we had some markets when we started out, but didn't know what we might do with the coarser grades.

2012 – We started to get some positive signs on the coarser grades as rug makers began buying. As such, we began paying for Grades 5 and 6.

2013 – The interest level in the coarser grades was weak, and while we felt there was still a market to be made, we had to lower the price per lb and we had a good amount in stock and little movement. On the finer grades, we began to see more interest – particularly for white and black, and as such, we nudged up the price to see encourage farms to sell their fiber. We also made a big push for product development for some of the grades and colors that weren't moving, and we came up with some outstanding products. Lastly, we made a market in staple lengths greater than 8 inches. By the end of 2013, we had made a market in every grade, color, and length.

2014 – Interest in Grades 1 and 2 increased dramatically, and we tested the market early on with higher pricing to buyers. The pricing took, and we were able to move our purchase price up as well! Additionally, the products developed using the higher grades took hold, and as such, we were also able pass on better pricing to our growers. We also began to take neck fiber from some of our growers who had sold us fiber in the past, thereby bringing more dollars per animal.

2015 – While we found new outlets for the high grade fiber - including one international buyer – and added a category for leg and belly fiber, we realized that the prices that buyers are willing to pay for Grades 5 and up are more in line with World Market Prices for these grades. As such, we have adjusted prices for these grades downwards for the next 12 months. This should be a reminder to all of us that the greatest vulnerability in price fluctuation lies with grades of fiber that have to compete directly with wool. As such, running histograms and culling those animals that aren't able to cover even your shearing cost will be critical to moving our industry forward!

2016 – The rug project started to take shape, and we launched our yarn lines at TNNA, selling into traditional yarn stores and moving away from selling to alpaca farm stores. We were able to raise prices on the finest grades, but mid-level grades held steady.

2017 – The rug project really took off, as did our knitting yarns. The rugs sold into Europe and they also began selling in the United States. The yarns got traction with some large retailers and we began getting news articles and named designers interested in our yarns. Prices on the coarsest fiber came up a bit, but otherwise, prices remained stable.

2018 – We have begun working with a new commercial customer making felted products in the U.S., we were able to raise the pricing on coarse fiber based on the success of the rugs, and we are starting to work on garment and home goods proto-types to take to manufacturers in an effort to get Suri fiber into the hands of more textile designers. Prices for Grades 1-4 remained stable.