



US Price Mechanism

(Disclaimer Notified) Liverpool, May 24, 2006

Quotations in US cents per lb CIF CAD N. European ports, inc. commission
subscription & transmission enquiries to:

Fax : +44 151 644 8550 Tel : +44 151 644 6400

E-Mail: editor@cotlook.com World Wide Web <http://www.cotlook.com>

US PRICE MECHANISM - 2005/2006 SEASON

- cents per lb -
Week to date (Official Values)

A) Friday/Thursday average 5 Middling Values	56.50	(57.42)
B) Fri/Thurs average 3 SLM values	52.38	(53.30)
E) Shipping, Loan Quality and Location differentials (52 week averages)	15.56	(15.56)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	40.94	(41.86)
G) Coarse Adjustment (current values A-B-6)	- 3.35	(0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	11.06	(10.14)

US PRICE MECHANISM (2) COMPETITIVE ADJUSTMENT PROVISIONS

Step 1: (*inoperative if the AWP is above 115 percent of the Basic Loan, or 59.80 cents*)

Maximum permissible reduction of AWP 2.42

Treatment of Current/Forward Quotations during AWP transition:-

	Period in use			
May 19 & 26 ((2 x Current+Forward)/3)				
June 2 & 9 ((Current+ Forward)/2)	A) 57.23	B) NQ AWP)		41.67
June 16 & 23 ((Current+ 2 x Forward)/3)	A) 57.96	B) NQ AWP)		42.40
Subsequent weeks (Forward)	A) 59.43	B) NQ AWP)		43.87

Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%)	78.73%
A) Avg five N.Europe M.1-3/32" CIFs	55.03
L) Avg cheapest US M.1-3/32" CIFs	56.63
P) Theoretical value payable (L - A)	1.60
Official current rate payable through Thursday, May 25	2.61
No. of completed qualifying weeks	4

Step 3: (Import quota trigger) :-

R) USDA's estimated stock-to-use ratio	29.70%
S) To trigger a Step 3 quota, if (R) is greater than 16%, (L) must exceed (A) and the value of the previous week's Step 2 payment for four consecutive weeks. If (R) is less than 16%, the formula is (L) - (A).	
Number of qualifying weeks to date.	0
Number of purchase quotas declared 2005/06:	
Available purchase quota (bales of 480lbs)	

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote C/F Far East (week to date average)	118.25
P2) P1 adjusted for quality and transportation	112.80
P3) P2 value must be less than 134% of basic loan (82.45)	136.81%

Payment Calculation

P4) Friday/Thursday US Pima C/F Far Eastern Average	136.00
P5) Average cheapest competing foreign quote C/F Far East (adjusted for quality)	126.36
P6) Theoretical value (P4-P5)	N/A
P7) No. of completed weeks. P4 must exceed P5 for four consecutive weeks.	0
P8) Official current rate payable through Thursday May 25	N/A