



US Price Mechanism

(Disclaimer Notified) Liverpool, May 31, 2006

Quotations in US cents per lb CIF CAD N. European ports, inc. commission
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US PRICE MECHANISM - 2005/2006 SEASON

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

A) Friday/Thursday average 5 Middling Values	58.28	(56.58)
B) Fri/Thurs average 3 SLM values	53.50	(52.49)
E) Shipping, Loan Quality and Location differentials (52 week averages)	15.56	(15.56)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	42.72	(41.02)
G) Coarse Adjustment (current values A-B-6)	- 3.33	(0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	9.28	(10.98)

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 3.39

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) 58.28	B) NQ AWP)		42.72
June 16 & 23 ((Current+ 2 x Forward)/3)	A) 58.98	B) NQ AWP)		43.42
Subsequent weeks (Forward)	A) 60.38	B) NQ AWP)		44.82

Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%)	82.15%
A) Avg five N.Europe M.1-3/32" CIFs	56.17
L) Avg cheapest US M.1-3/32" CIFs	58.17
P) Theoretical value payable (L - A)	2.00
Official current rate payable through Thursday, June 01	1.59
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 June 1	N/A