



US Price Mechanism

(Disclaimer Notified) Liverpool, June 06, 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 Value)

A) Friday/Thursday average 5 Middling Values	59.83	(58.44)
B) Fri/Thurs average 3 SLM values	54.92	(53.59)
E) Shipping, Loan Quality and Location differentials (52 week averages)	15.56	(15.56)
F) ADJUSTED WORLD PRICE (AWP) (A - E)	44.27	(42.88)
G) Coarse Adjustment (current values A-B-6)	- 3.42	(0.00)
H) Marketing Loan Gain (52.00 base loan minus AWP)	7.73	(9.12)

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 3.67

Treatment of Current/Forward Quotations during AWP transition:-

		Period expired		
		Now in use		
May 19 & 26 ((2 x Current+Forward)/3)				
June 2 & 9 ((Current+ Forward)/2)				
June 16 & 23 ((Current+ 2 x Forward)/3)	A) 60.60	B) NQ AWP)		45.04
Subsequent weeks (Forward)	A) 62.15	B) NQ AWP)		46.59

Step 2: (Marketing Subsidy)

AWP as percentage of basic loan (must not exceed 134%)		85.13%
A) Avg five N.Europe M.1-3/32" CIFs		57.50
L) Avg cheapest US M.1-3/32" CIFs		59.92
P) Theoretical value payable (L - A)		2.42
Official current rate payable through Thursday, June 08		1.91
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.		1
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 8		N/A