



Cotlook Cottonquotes

US Price Mechanism © Cotlook Limited

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US PRICE MECHANISM - 2006/2007 SEASON

- cents per lb -

Week to date (Official Values)

| | | |
|--|-------|---------|
| A) Friday/Thursday average of 5 N.Europe Middling 1-3/32" values | 61.32 | (60.35) |
| B) Friday/Thursday average of 3 N.Europe SLM 'coarse count' values | N/A | (0.00) |
| C) Friday/Thursday average of cheapest US M.1-3/32" CIFs | 65.90 | (64.95) |

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

| | | |
|--|-------|---------|
| Shipping Differential 52 wk avg | 11.36 | |
| Loan Quality Differential (at average location) between: | | |
| Middling 1-3/32" | 56.65 | |
| SLM 1-1/16" | 52.00 | 4.65 |
| Location Differential between:- | | |
| SLM 1-1/16" Loan | 51.96 | |
| (spot market avg) | | |
| SLM 1-1/16" Loan | 52.00 | |
| (at average location) | | -0.04 |
| D) Total Adjustment Factor | 15.97 | (15.93) |
| E) ADJUSTED WORLD PRICE (AWP) (A - D) | 45.35 | (44.42) |
| F) Coarse Adjustment Factor (must be above zero) (current values A-B-6.55) | N/A | N/A |
| G) Marketing Loan Gain (52.00 base loan minus AWP) | 6.65 | (7.58) |

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 (C-A) | 4.58 |
|--|------|

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

| | |
|--|---|
| P1) Cheapest competing foreign quote C/F Far East (week to date average) | 0 |
| P2) P1 adjusted for quality and transportation | 0 |
| P3) P2 value must be less than 134% of basic loan (82.45) | 0 |

Payment Calculation

| | |
|--|--------|
| P4) Friday/Thursday US Pima C/F Far Eastern Average | 126.60 |
| P5) Average cheapest competing foreign quote C/F Far East (adjusted for quality) | NQ |
| 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 August 10 | N/A |