

Pricing Arrangements for Sugar Marketed by QSL - 2009



QUEENSLAND SUGAR

Overview

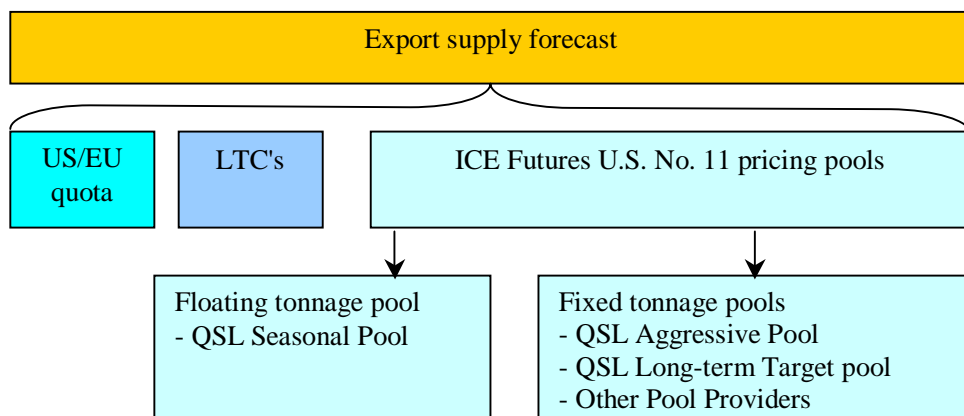
Under commercially negotiated Raw Sugar Supply Agreements (RSSA), Queensland Sugar Limited (QSL) undertakes the export marketing and pricing activity for contracted sugar milling companies, referred to as Suppliers. These Suppliers account for approximately 95 percent of all bulk raw sugar exports from Australia.

QSL offers Suppliers a combination of current and future seasons pricing options. For pricing purposes a season becomes 'current' on 1st December prior to crushing (around 7 months in advance of crushing).

How do Suppliers access the various pricing options?

Suppliers are required to 'declare' their forecast export tonnages. The declaration must be made by Suppliers to QSL by 30th November prior to crushing. This declared tonnage is then allocated to various pools. A portion of the declared tonnage from each Supplier is allocated to US/EU quota pools based on an individual Supplier's quota entitlement. Depending on Suppliers participation in Long-term Contracts (LTC), elected by Suppliers at the time of negotiation of the sale, a portion may also be allocated to LTC's. The remainder of their declared forecast tonnage is nominated into a range of ICE Futures U.S. No. 11 pricing pools. The following diagram illustrates the process of tonnage allocation to the various pricing pools for a season.

Figure 1: Allocation of tonnage to pricing pools



ICE Futures U.S. No. 11 pricing pools allow Suppliers to participate in short and long term pricing. Suppliers need to nominate participation in the various pools.

In-season ('current') pools

QSL Aggressive Pool - a fixed tonnage election by 30th November prior to crushing
 QSL Seasonal Pool - the 'default' pool. If no declaration is made by 30th November prior to crushing, tonnage is automatically allocated to the QSL Seasonal Pool.

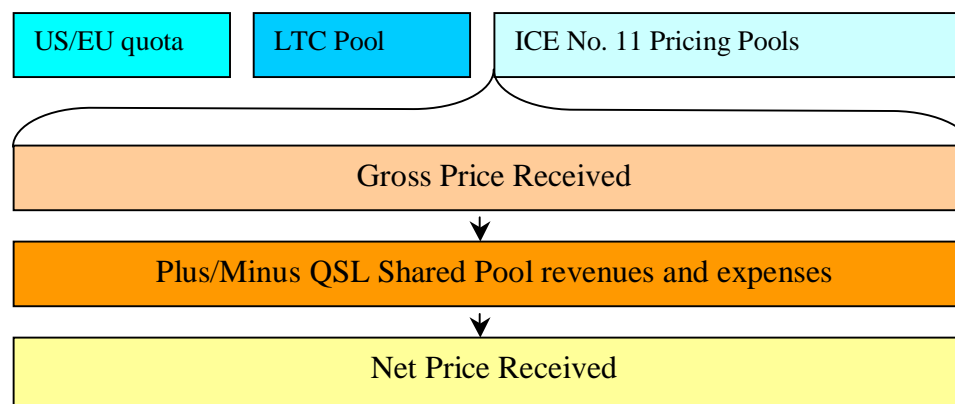
Future season pool

QSL Long-term Target Pool - pricing orders at any time up to 2 seasons in advance of the current season.

How is the price determined

Each Supplier will receive a profile based on the tonnage of sugar allocated to each pool. Each pool is allocated a range of other revenues and expenses from the QSL Shared Pool. The QSL Shared Pool includes items such as physical sales and quality premiums, direct and indirect selling costs, handling and storage charges and marketing services. Payments to suppliers for all pricing pools are made under a progressive advances scheme, determined by the Board of QSL.

Figure 2: Determining the final price



QSL offers a range of pricing options to Suppliers. Whether these options are offered to growers is a matter between Suppliers and growers.

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Commencing 2009 Season

	QSL Seasonal Price Pool	QSL Aggressive Price Pool	QSL Long-term Target Pool	External Pool Providers
Pricing Window	Starts - 1 st December 2008 Ends - 30 th June 2010	Starts - 1 st December 2008 Ends - 30 th April 2010	2010 and 2011 Seasons	N/A
Declaration Date to QSL for Participation	30 th November 2008	30 th November 2008	2010 Season 1 st July 2008 - 30 th November 2009 2011 Season 1 st July 2008 - 30 th November 2010	N/A
Minimum tonnage for pool to operate	N/A	30,000 tonnes 1:2:2:1 July/October/March/May	305 tonne increments 1:2:2:1 July/October/March/May	30,481.50 tonnes 1:2:2:1 July/October/March/May
Floating or Fixed tonnage	Floating	Fixed	Fixed	Fixed
Contractual commitment to supply	No	Yes	Yes	Yes
Pricing Policy	QSL Seasonal Pool pricing policy	QSL Aggressive Pool pricing policy	Supplier elected AUD price target	N/A
Pool Manager	QSL	QSL	QSL	External

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