

December 21, 2004

Dear Friends,

For twelve years we have struggled to keep the cost of the JUAN ANA COFFEE at \$5.00 per bag. We no longer can keep the coffee at that price. Starting with the 2005 crop we will have to charge \$7.00 per bag. We still cover only costs. We still make available coffee to you at no profit made on the coffee you receive. The only costs are:

- * price paid to the producer (still about twice that paid on the world market)
- * cost of processing (salaries paid to the workers processing - cost of equipment used in processing)
- * cost of packaging / shipping to Minnesota

Where our cost increase comes is in:

- * cost of cloth used for packaging bags
- * cost of electricity
- * cost of freight
- * increase in number of workers in processing

The biggest cost increase is found in the devalued American dollar. As you have noted in publications the dollar has lost value in relation to other currencies (e.g. Japanese Yen - European Euro). The same has happened with the Guatemalan Quetzal. Since we pay in Quetzals ... and we receive in dollars ... we now get considerably fewer quetzals for the dollar. Thus, we must increase the dollar amount to meet the amount of quetzals we pay.

Thus, adding together the cost increase in processing / packaging as well as the cost of the devalued dollar,

(over)

our cost per 17 ounce bag is \$7.00. We charge only the cost of purchase / processing / shipping. There is no profit made by the Mission of San Lucas in this Coffee Program. It remains a completely Sustainable Development Program. The small farmers producing this coffee still get their very good price for their highest quality coffee. They remain the primary beneficiaries of this Sustainable Development Program.

It is true that we have been able to hold the original price for many years. We are pleased and proud of that. However, in no way do we want to decrease the price paid the producer. That would destroy the Sustainable Development Program for the people working so hard to produce a high quality product. The other cost increases (processing / packaging / shipping) are beyond our control.

We trust you will be able to continue to purchase this high quality coffee from a people hard working and proud of what they produce.

Gratefully,

A handwritten signature in cursive script, appearing to read "Fr. Greg". The signature is written in black ink and is positioned below the word "Gratefully,".