



February 8, 2011

Dear Fellow Farmers and Industry Partners,

Greetings! I hope your 2011 is off to a productive and promising start.

I am writing to let you know that the United Soybean Board (USB) has been putting some of the hard work conducted at the biennial U.S. soy industry CONNECTIONS meeting into action.

First, allow me to take this opportunity to thank those of you who attended and participated in the CONNECTIONS 2010 meeting in St. Louis last December. All of the valuable input from more than 300 soy industry participants paved the way for a successful event. By the conclusion of the meeting, the group had identified top global soy opportunities and challenges and created eight specific projects for U.S. soy industry collaboration.

At this time, I ask that you take some time to review and consider the attached CONNECTIONS 2010 report that summarizes the outcomes.

USB started immediately following CONNECTIONS at our 2010 Annual Meeting to use the outcomes by making major investments in specific projects in the areas of soybean meal, soybean oil and freedom to operate. We also continue to use them in our effort to create a new long-range strategic plan and to determine our new priority issues.

Moving forward, please join us in making a commitment to utilize the CONNECTIONS outcomes and help make the ideas a reality. Feel free to contact me or any farmer-director on USB with additional ideas for U.S. soy industry collaboration on these important issues and projects. I look forward to visiting with you in the weeks and months ahead to continue this important work.

Sincerely,

Marc Curtis
USB Chairman
Leland, Miss., soybean farmer

UNITED SOYBEAN BOARD CONNECTIONS 2010 REPORT

More than 300 farmers, researchers, soybean processors, exporters, seed company representatives and others from the soybean industry gathered in St. Louis on December 6 and 7 for CONNECTIONS to develop areas of focus for collaboration. The group heard presentations on Meal, Oil, Distribution Channels and Freedom to Operate, and through breakout sessions and participant rankings, ultimately identified eight projects for industry collaboration.

The following report is provided for you to consider and incorporate into your organization’s checkoff activities. Over the next three to five years, these priority areas identified at CONNECTIONS should serve as a guide for your organization to create opportunities and leverage resources to grow the U.S. soy industry.

The presentations made at CONNECTIONS on the issues of Meal, Oil, Distribution Channels and Freedom to Operate can be found at <http://unitedsoybean.org/resources/connections-2010>. Links to the videos shown at CONNECTIONS are also provided.

TOP TRENDS IN AGRICULTURE	TOP TRENDS IN SOY
<ul style="list-style-type: none"> • Changes in Land Ownership • Oilseed & Grain Handling Changes • Increased Competition • Market Volatility • Biofuel Market Realignment • Shifts in Global Regulations • Water Availability • New Technical Innovations • Protectionism • Opposition to Modern Agriculture Practices • More Demand for Protein 	<ul style="list-style-type: none"> • China Continues to Be a Net Importer of Soy • Continued Challenge for Adequate Public Funding of Infrastructure • Federal Biodiesel Tax Credits Extended for Next Few Years • Strong Pressure to Reduce Federal Agriculture Spending, Specifically on Commodities • U.S. Soy Protein Challenges may be Offset by Amino Acid Traits • Edible Oil Market Remains Highly Competitive with Palm and Canola Easy Substitutes for Soy • Manufacturers Continue to Search for Substitutes for Petroleum-Based Feedstocks • Genetic Modifications in U.S. Soybeans Provide a Competitive Advantage Against Other Countries • Current Infrastructure Limits the Growth of Specialty Soybean • Opportunities to Diversify in Non-Agriculture Markets • Constituent Value for Both Protein and Meal Fractions Is a Major Market Shift

Ranked Top 9 Global Opportunities and Challenges

Following the presentations in each issue area, participants identified top global opportunities and challenges and then ranked the top nine on which the industry should focus. The top two in each area then provided the framework for breakout sessions to identify areas for investment. Here are the results for each area:

TOP 9 GLOBAL OPPORTUNITIES	TOP 9 GLOBAL CHALLENGES
<p>OIL</p> <ol style="list-style-type: none"> 1. Healthy Oil Traits 2. Global Demand 3. Biofuels 4. Sustainability of U.S. Soy 5. Increase Value with New Traits 6. Industrial Products 7. New Chemicals/Green Chemistry 8. Genetics 9. Quality 	<p>OIL</p> <ol style="list-style-type: none"> 1. Regulation/Biotech 2. Market Acceptance of New Traits 3. Need For Improved Oil Traits 4. Food vs. Fuel 5. Value Chain Profitability 6. Biofuels 7. Consumer Understanding of Vegetable Oil Source 8. Handling of IP Soybeans 9. Competitive Feed Stocks
<p>MEAL</p> <ol style="list-style-type: none"> 1. Amino Acid 2. Aquaculture 3. Enhanced Biotech Traits 4. High Protein 5. Expand Market Usage 6. Technology Advances 7. Measurement Technology 8. Animal/Pet Food Industry 9. Soy Flour 	<p>MEAL</p> <ol style="list-style-type: none"> 1. Pressure on Animal Ag 2. Trade Barriers 3. Need for Improved Traits 4. Low Protein 5. Optimize Farmers Returns 6. Amino Acids & Synthetics 7. Balance of Protein and Oil 8. New Uses for Meal 9. Measurement of Components
<p>DISTRIBUTION CHANNELS</p> <ol style="list-style-type: none"> 1. Competitive Infrastructure 2. Growing/Increasing Global Demand 3. Exporting More Value-Added U.S. Ag Products 4. Free Flow of Products through Trade Agreements 5. Improving Access to Developing Countries 6. Explore New U.S. Export Points 7. IP Soy Products for Export 8. Shipping U.S. Soy in Empty Containers to Europe 9. New Products / Specialties 	<p>DISTRIBUTION CHANNELS</p> <ol style="list-style-type: none"> 1. Improving U.S. Waterways 2. Funding for U.S. Infrastructure Improvements 3. Improving U.S. Ports 4. Improving U.S. Roads and Highways 5. Improving U.S. Rail 6. Handling/Shipping U.S. Soy 7. Jones Act 8. Shipping U.S. Soy East in Containers 9. Hedging of Soy
<p>FREEDOM TO OPERATE</p> <ol style="list-style-type: none"> 1. Consumer Acceptance – Coalition 2. Education of Influentials 3. Biotech 4. Sustainability 5. Exports 6. Demand 7. Farm Bill 8. Crop Insurance 9. Land Grant University’s Credibility 	<p>FREEDOM TO OPERATE</p> <ol style="list-style-type: none"> 1. Regulations 2. Market Access 3. Consumer Acceptance – Trust 4. Consumer Acceptance – Education 5. Biotech 6. Farm Bill 7. Demand 8. Consumer Acceptance – Financial Resources 9. Crop Insurance

Ranked Three to Five Areas of Investment and Collaboration

Based on the top two opportunities and challenges collected from participant feedback, each breakout group came up with three to five areas for investment and collaboration. Next, these recommendations were presented to all participants and ranked for consideration for project development. Here are the results for each area:

OIL
1. Continue to be cost-competitive, reliable supplier
2. Replace current commodity soybean with high oleic variety
3. Improve consumer perception
4. Promote biofuels
5. Drive consumer demand

MEAL
1. Standardized measurement of amino acids and necessary equipment
2. Targeted consumer education on animal ag that is based on trust
3. Development of intensive pond production technologies
4. Global regulator education related to trade barriers
5. Economic study of what trade barriers are costing toward lost exports

DISTRIBUTION CHANNELS
1. Comprehensive Farm to Customer Transportation Study & backhaul movements
2. Explore collaborative opportunities with other transportation stakeholders
3. Component pricing
4. Improving quality of raw soybeans to allow greater transportation efficiency

FREEDOM TO OPERATE
1. U.S. Farmers and Ranchers Alliance (youth, influencers, farmers as storytellers)
2. Prioritizing regulatory opportunities and threats
3. Influencing of rule making bodies
4. Access to export markets
5. Identify and bring recognition/visibility to regulations we can support

Projects for Collaboration

Based on the top two areas for investment and collaboration, each breakout group developed two projects for industry focus (one project for each area). Here are each breakout group's high-level plans for potential collaboration:

OIL – Project 1	
Area of Investment and Collaboration:	Continue to be cost-competitive, reliable supplier
Project :	Promote awareness of biodiesel's advanced biofuel status among thought leaders
Goal:	Eliminate excess supply of soybean oil while meeting RFS 2
Objective 1:	Define soy biodiesel as an advanced biofuel
Objective 2:	Reduce surplus to 2-3 of inventory
Objective 3:	Maximize soybean oil's greenhouse gas benefits
Partners:	USB, QSSBs, NBB, ASA
Estimated Budget:	\$9 million
Estimated Timeline:	3 years

OIL – Project 2	
Area of Investment and Collaboration:	Replace current commodity soybean with high oleic variety
Project :	Replace current commodity soybean with high oleic variety
Goal:	Establish new performance standards
Objective 1:	Create collaboration, measurement standard and consumer-friendly name
Objective 2:	Create demand for food and industrial products
Objective 3:	Pursue policy opportunities to create pull-through
Partners:	Entire supply chain, QUALISOY, government agencies, standards development organizations, trade associations, health & nutrition community, NGOs
Estimated Budget:	\$7–15 million per year
Estimated Timeline:	December 2010 – December 2020

Projects for Collaboration

MEAL – Project 1	
Area of Investment and Collaboration:	Standardized measurement of amino acids and necessary equipment
Project :	Investigate standardized measurement of amino acids
Goal:	Demonstrate that characteristics can be measured (digestibility, energy)
Objective 1:	Evaluate what has already been done
Objective 2:	Identify liaisons from each NIR company
Objective 3:	Use existing data to prove which improvements can be validated
Partners:	NIR companies, GIPSA, AOCS, USSEC, QSSBs, animal scientists, animal ag groups, global feed associations, NOPA
Estimated Budget:	\$2.5 million
Estimated Timeline:	2-3 years

MEAL – Project 2	
Area of Investment and Collaboration:	Targeted consumer education on animal ag based on trust and support
Project :	Consumer Education Campaign
Goal:	Protect and grow meal market (animal ag) by increasing trust
Objective 1:	Identify target audience
Objective 2:	Build upon work being done
Objective 3:	Target legislatively vulnerable states
Partners:	NGOs, QSSBs, USFRA, CFI, Grocers Association, nutrition community, health community, National Restaurant Association, animal ag groups
Estimated Budget:	\$ leveraging opportunity
Estimated Timeline:	Ongoing

Projects for Collaboration

DISTRIBUTION CHANNELS – Project 1	
Area of Investment and Collaboration:	Comprehensive Farm to Customer Transportation Study & backhaul movements
Project :	Transportation modal analysis and identifying critical issues and solutions
Goal:	Identify future chokepoints and identify solutions
Objective 1:	Project future demand; include opportunities for industry & other stakeholder collaboration; identify funding shortfall and potential funding mechanisms
Objective 2:	Determine increased storage needs; How can storage mollify transportation constraints?
Objective 3:	Include current & future migration of livestock industry
Partners:	Soy Transportation Coalition, food manufacturers, transportation providers, shippers
Estimated Budget:	\$3 million
Estimated Timeline:	18 months

DISTRIBUTION CHANNELS – Project 2	
Area of Investment and Collaboration:	Explore collaborative opportunities with other transportation stakeholders
Project :	Increased dialogue with other transportation stakeholders
Goal:	Promote a cost-effective, reliable, and competitive transportation system
Objective 1:	Identify funding shortfall and potential funding mechanisms (including foreign sources of funding)
Objective 2:	Increase and harmonize semi weight limits across state lines
Objective 3:	Support of Inland Waterways Capital Development Plan
Partners:	Ag groups, trade unions, other shippers, transportation providers
Estimated Budget:	\$2 million
Estimated Timeline:	18 months

Projects for Collaboration

FREEDOM TO OPERATE – Project 1	
Area of Investment and Collaboration:	U.S. Farmers and Ranchers Alliance (youth, influencers, farmers as storytellers)
Project :	Leverage the entire soy value chain to support the USFRA effort
Goal:	Enhancing consumer trust in modern ag production to allow U.S. soybean farmers to protect their freedom to operate
Objective 1:	Coordination with states and all other allied soy organizations
Objective 2:	Customer engagement
Objective 3:	Secure industry matching support
Partners:	Soy Value Chain
Estimated Budget:	\$3 million
Estimated Timeline:	Ongoing

FREEDOM TO OPERATE – Project 2	
Area of Investment and Collaboration:	Prioritizing regulatory opportunities and threats
Project :	Develop industry matrix that measures likelihood & impact of regulatory and legislative items of interest
Goal:	Identify regulatory and legislative pieces that have high likelihood and high impact for the US soy industry
Objective 1:	Prioritize items with high likelihood & high impact
Objective 2:	Identify and partner with parties who can impact those items
Objective 3:	Develop strategy and budget for advocacy and mitigation
Partners:	Soy Value Chain
Estimated Budget:	\$400K
Estimated Timeline:	12 months for initial matrix development and then ongoing

In conclusion, the United Soybean Board held its December Board meeting directly following the CONNECTIONS meeting. In support of work done at CONNECTIONS, USB took immediate action and made commitments to fund new biodiesel, aquaculture and consumer-focused initiatives.

“CONNECTIONS helps the industry as we farmers look at ways to cooperate with agribusinesses and others in the U.S. soy value chain,” said USB Chairman Marc Curtis. “One segment of the U.S. ag industry can’t be successful if another part of the industry suffers. We’re all in it together.”