



Achieving Our Mission

**The 2009 Annual Report
of the North Carolina
Soybean Producers Association**

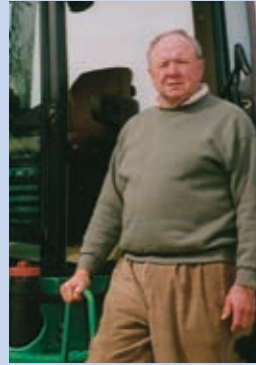
 **NORTH CAROLINA
SOYBEAN
PRODUCERS ASSOCIATION, INC.**

Annual Report To The Membership

Thank you for taking the time to read your soybean association's Annual Report. For most North Carolina soybean farmers, 2009 was a year filled with big expectations. We planted enough soybean acres to produce nearly 60 million bushels, and we will likely equal the state average yield record of 34 bushels to the acre established in 2004. The year was not without challenges. During the summer, some of us experienced too little rain. Then the rains came too often in the fall and we could not get the beans harvested. Our neighbors in the livestock industry faced their own challenges. Production costs destroyed profits for our hog producer neighbors, and some integrators fell into bankruptcy. We should remember that the livestock industry is the biggest customer for our soybean meal. Our basis will erode if animal production is lost in North Carolina.

The soybean association took a fresh look at strategic directions and adopted a new strategic plan in 2009. Foremost in the plan is a goal and set of strategies to increase the state average soybean yield by a half bushel per acre per year. Equally as important is a goal and set of strategies to maintain and enhance markets for our product. Because the livestock producers are so important to us, the board of directors added a strategic goal of supporting animal agriculture. The plan also incorporates strategies to advocate for policy issues dear to soybean farmers, to support increased state and federal funding for applied agricultural research, and to do the best possible job communicating to farmers and the agricultural industry about soybean checkoff investments.

Our strategic partnerships with North Carolina



State University to conduct research and extension projects, and with the North Carolina Department of Agriculture & Consumer Services for marketing and promotion, were as strong and beneficial in 2009 as ever. Our investment in practical agricultural research at N.C. State is set to expand in 2010 to include soybean research projects spanning four departments at the College of Agriculture & Life

Sciences, plus the College of Textiles and the N.C. Sea Grant Program. The partnership with NCDA&CS was crucial to the successes earned by two trade missions to China and Taiwan in 2009. Soybean farmers representing the association conducted marketing work targeting Chinese and Taiwanese customers, and helped create new orders for export sales of high quality soybeans originating in North Carolina.

Please take some time to review the information in this report. I am sure it will leave you feeling confident that your association is strong in leadership and strategic direction, and is doing the best job possible to increase soybean profitability in North Carolina. If you have any questions, please ask me, the board director that represents your county or hometown, or any of the staff at our association office.

Warmest Regards,

Bobby Joe Fisher
President

Board of Directors – 2009

Bobby Joe Fisher (President)- Nash

Jimmy Thomas (Vice President)- Person

Bernard Lennon (Secretary)- Columbus

Jacob Parker (Treasurer)- Tyrrell

Wyatt Whitford (ASA Director)- Craven

Floyd Peed (USB Director)- Beaufort

Kenneth Bartlett (USB Director)- Lenoir

Lon Beasley - Duplin

Terry Blalock - Stanly

Elbert Dixon - Greene

John Fleming - Halifax

Bryan Foster - Washington

Matt Grissom - Vance

Glen Ipock - Craven

Steve Mayes - Iredell

Phillip McLain - Iredell

Randy McCullen - Wayne

Carrol Mitchem - Lincoln

Landon Moore - Robeson

Carey Parrish, IV - Chowan

Jeff Parks - Wayne

Jeff Peed - Beaufort

Derek Potter - Pamlico

Jay Revelle - Hertford

Cliff Rountree - Camden

Dave Sawyer - Pitt

Morris Shambley - Alamance

Brian Stallings - Pasquotank

Travis Starnes - Union

Reginald Strickland - Wayne

Charles Tooley - Hyde

Jeff Tyson - Nash

Sam Walton - Robeson

John Weaver, Jr. - Johnston

Craig West - Wayne

Allen Wooten - Pender

Practical Agricultural Research is Association's Biggest Checkoff Investment

Research and Extension Projects Improve Yields

Supporting research efforts that will increase average yield and ultimately, lead to higher profits, is one of the North Carolina Soybean Producers Association's highest strategic priorities. Because it can take years to refine research to the point where results are ready to be applied in the field, the NCSPA supports many important, ongoing research projects, all the while addressing research issues of a timely nature and building the diversity of the projects researched. Most of the studies funded by the NCSPA are long-term and the researchers involved in overseeing them are committed to providing reliable data to support their findings.

"There is often a lot of continuity in research, mostly because single-year data can be so dramatically influenced by seasonal conditions," says Dr. Jim Dunphy, professor of Crop Science at N.C. State's College of Agriculture & Life Sciences. "So looking at two, three, four years of data is more useful. These studies extend for more than one year because it makes the data more reliable."

This deliberate approach pays off with solid research findings that ultimately help soybean farmers boost profits through higher crop yield and better use of resources.

New varieties are "continuing improvements," Dunphy explains, with advancements such as the 1996 introduction of Glyphosate-resistant soybean plants offering growers more powerful options for weed control. Scientists are currently looking to develop soybean plants with resistance to other broad-spectrum chemicals that would be useful in fighting Glyphosate-resistant weeds such as Palmer amaranth.

NCSPA-sponsored studies have also helped guide agricultural practices to conserve resources and avoid unnecessary expenditure. For example, research into population of soybean plants in the field has led to the more efficient use of costly seed. Between 2001 and 2006, Dunphy notes, farmers following new



recommendations lowered their seed usage from an average 68.1 pounds per acre to 51.4 while still maintaining profitable crop yield—savings averaging \$9.69 per acre. Statewide, that comes to \$13



million in savings. Not a bad return on \$38,771 in checkoff dollars!

Research-driven changes in other practices have helped boost farmers' profits as well. Checkoff dollars have been used to fund row-width studies that documented yield advantages in moving from the traditional 36-40" apart to a more profitable 7" apart, while corresponding

improvements in equipment and technique have given farmers the opportunity to practice no-till, eliminating the expense of tillage and also conserving moisture and soil fertility. Technological advancements such as GPS-guided "precision ag" allow farmers to gather more precise information about their fields and take steps to improve drainage, soil quality, and other factors that affect crop performance.

Of critical importance to farmers has been tracking the spread of soybean rust, first documented in the United States in 2004. The NCSPA Board's lightning-fast approval of research funding helped lead the way nationally, and today an Internet database of affected areas—with continuous, real-time updates available online—allows North Carolina soybean farmers to determine whether they need to invest in fungicide to protect their crops from the disease.

All of these advancements have been funded in part through farmers' checkoff dollars, and additional NCSPA research programs are discussed elsewhere in this report.

Dunphy stresses that the partnership between farmers and N.C. State, facilitated by the NCSPA, is essential to continued progress in agriculture. "The university gains the money invested by farmers and, equally important, the moral support implied by those dollars—that the farmers believe enough in this research to put their own money into it," he says. "Farmers gain by having a say in what research gets done and in getting access to useful information to improve their crop production."

"I think both groups have benefitted from it," he concludes. "It has been a very productive relationship."

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Soybean Breeding Program Pays Off For Farmers



Anyone who has worked a field from planting to harvest knows that it's possible to get big results from small beginnings. Such is the case with the soybean breeding program at N.C. State University, funded in part by North Carolina Soybean Producers Association checkoff dollars. Dr. Andrea Cardinal, associate professor in the Crop Sciences Department at N.C. State, remembers the humble origins of the program she started in 2001. "I started the program from nothing, except for some populations developed by Dr. Isleib (an NCSU peanut breeder) that had the Roundup Ready gene," she recalls. "Dr. Joe Burton very generously shared germplasm, genetic populations, and other resources with the NCSU program. Other Southern public breeders shared germplasm as parents for my new crosses."

This sharing of resources has been an essential component to the program's survival. Privately run technology companies such as Monsanto and DuPont restrict access to their varieties for the purpose of development. "I am not allowed to use their varieties as parents in my breeding program, so I can only license their transgenes if they are available and if they are desirable," Cardinal explains. But she also sees a clear upside to working in a university setting. "I have the freedom to take risks in my program and have a long-term vision that would be impossible in a for-profit, short-term environment," she says.

Cardinal's core mission is the development of new varieties of soybean plants adapted to the particular growing conditions of North Carolina, and it is indeed a long-term process. "It takes a minimum of seven years from the time you make a cross [of two lines containing desirable characteristics] to the time you release a line as a variety," she notes. It's a complex, resource-intensive process, as multiple generations are grown and evaluated for agronomic performance (including lodging, disease resistance, and maturity) and soybean cyst nematode resistance.

"Then two more years are needed to increase the seed of the released line so that a sufficient supply is available to farmers," she adds.

Fortunately, USDA and USB grant funding and the continued support of NCSIPA have allowed Cardinal to grow her vision into success. "The breeding program...has managed to develop lines that today are performing well in the Southern Uniform Test and the TN and NC OVTs," she concludes. "[We] have a few promising conventional high yielding lines that...are being considered for release in 2010."

Other projects of the breeding program stand to create new markets for the product. "In order to be competitive with other oils, such as palm, sunflower and canola oils, we need to change the composition of soybean oil to reduce the production of trans-fatty acids during the hydrogenation process," Cardinal explains. "The breeding program at NCSU has been participating in a USB-funded project that aims to increase the oleic acid content and reduce the linolenic acid content of the soybean oil. We have been backcrossing genes that increase high oleic content into high yielding varieties in several public breeding programs from different states." Identifying new genes that increase the oleic acid content will allow researchers to incorporate them into new varieties in the future.

Ultimately, the goal of the breeding program is to ensure farmers' access to varieties with proven performance in North Carolina. "N.C. farmers invest in the NCSU program because they want soybean varieties adapted to their growing conditions. They want stable, good yields," Cardinal concludes. "I can... breed for traits that may be important for them in the future. In addition, they can directly affect the outcome of this breeding program by contacting me." If you are interested in learning more about Dr. Cardinal's work or in seeing specific traits researched in the plant breeding program, contact Dr. Cardinal at 919-513-0913 or andrea_cardinal@ncsu.edu.

Soybean Farmers And Animal Producers Are In It Together

The animal industry is important to North Carolina's rural economy, providing jobs and income at the farm and in the processing industries. Animal agriculture is also the biggest customer for soybean meal. When the farmers who lead the North Carolina Soybean Producers Association drafted their new strategic directives recently, they included support for animal agriculture as a top priority. Animal ag producers nationally are facing relentless pressures as some favor limiting their opportunity to produce. Such a limitation would ultimately lead to an eroding basis for soybean farmers. Thus, it is in the best interests of the soybean industry, and more broadly, agriculture itself, to maintain the vitality of animal production in North Carolina.



Much can be accomplished by setting the tone for how the public perceives animal agriculture. Establishing the facts and building trust based upon them are more important than ever. At the national level, the NCSPA is engaged with the United Soybean Board (USB) and the American Soybean Association (ASA) to support animal agriculture. At the state level, the NCSPA and its partners including the N.C. Pork

Council, N.C. Poultry Federation and the N.C. Cattlemen's Association are exploring new ways to promote a positive animal ag message together. This collaboration is similar to coalitions that have developed in several other states to support animal farmers and their livelihood.

At the 2009 North Carolina State Fair, the NCSPA exhibited an animal agriculture game that required contestants to answer questions about animal production and soybean production to win prizes. A correct answer resulted in a specially printed t-shirt, soynuts or a keychain with an animal ag message. The most surprising response was to a question about the percentage of non-family, corporate-owned farms in the U.S. Most state fair goers thought 90% or more of farms are large, (non-family) corporate-owned farms. This is far from the truth. As an indicator, it shows that commodity organizations and the industries they represent have a challenge to stay abreast of, and preferably ahead of, public perception of what farmers do and how they do it. This is especially true when it comes to animal agriculture, which often comes under fire and is the biggest customer for soybean products.

Soybean Farmers Build Export Successes in China, Taiwan

North Carolina soybean association representatives traveled to China and Taiwan twice in mid-2009 to sell importers on high quality North Carolina soybeans. The two trade missions resulted in some initial offerings that continue to build. The first loads of beans resulting from these contacts shipped in November 2009. The two biggest challenges in this business are originating and loading enough beans to meet the demand, and attention to protein content and overall quality. The NCSPA is working with its partners at the N.C. Department of Agriculture & Consumer Services and in private industry to address the first challenge. Producers are confident that soybean quality in the state will rival anything offered in the U.S. export trade.

The idea that North Carolina, a net grain importing state, could offer soybeans for export is nothing new. Many loads of soybeans have shipped from North Carolina in recent years. The primary reasons for this are the availability of ocean shipping containers, close proximity to ports at Norfolk and Wilmington and numerous ship sailings bound for Asian ports making soybean exports attractive. The NCSPA commissioned a logistics study in 2007 and began to promote North Carolina to Asian customers as a preferred origin for U.S. soybeans. The key is that soybeans loaded in ocean shipping containers at the elevator and delivered on schedule are a cost-effective alternative to selling bulk vessel loads of beans.

In May 2009, North Carolina soybean farmer Reggie Strickland and association CEO Charles Hall traveled

with N.C. Department of Agriculture & Consumer Services marketing staff to the Chinese cities of Shanghai and Qingdao, and to the Taiwanese cities of Taipei and Kaohsiung. Soybean farmers Reggie Strickland, Jimmy Thomas and Morris Shambley returned to China in August as part of Commissioner Steve Troxler's first Asia trade mission. North Carolina soybean promotions took the form of half-day seminars targeted at the local crushing trade and feed mill managers. The farmers traveled to visit crushers and importers at their businesses. The investment is paying off. In Fall 2009, representatives from Chinese and Taiwanese company contacts made visits to North Carolina to see soybean production and elevators first hand. A local export trading company is fielding sales orders and purchasing North Carolina soybeans for export at elevators in northeast and southeast North Carolina. The next step for the association is to engage more farmers directly in originating and loading soybeans for export. When these partnerships are more fully operational, the result will be a more diverse base of business on which North Carolina soybean producers can rely.



NCSPA Begins Series Of Meetings In Local Communities

The NCSPA began a pilot program in 2009 for what will become a series of meetings with producers in local communities across the state. The goal of these regional meetings is to communicate important information to help producers increase their yield and profitability, as well as to provide an opportunity to engage with one another and celebrate successes.

The pilot meeting, named the “Soy Summer Festival”, was held in Iredell County on August 13, 2009 at the Iredell County Extension Center. Topics for the meeting included an update on research findings, marketing, health and safety on the farm, and a segment on Global Positioning Systems available to improve productivity, as well as how technology is expected to improve over the next decade. The new video showing many North Carolina soybean farmers at work was also viewed. This video is available for producers to share with community and civic organizations.

The meeting format was designed to be interactive, and true to its name, also included an opportunity for fun and fellowship. Producers’ families were invited to dinner following the business meeting, at which they were treated to a delicious country-style meal and entertained with live bluegrass music. In addition, a variety of exhibits were on hand for producers and

their families to enjoy, including an exhibit on soy foods, complete with a chef on hand preparing soy food samples.

Other exhibits featured the Agrisafe-NC program and the policy and advocacy programs of the American Soybean Association (ASA).

The pilot meeting was a great success and participants appreciated the opportunity to meet in person, in their own communities to learn more about timely topics for soybean producers. The program will be rolled out in additional communities in early 2010, including a special lunch meeting at the Southern Farm Show in Raleigh to reach the many attendees from across North Carolina, as well as a meeting in Duplin County, Robeson County and Washington County. A second meeting will also be held in Iredell County, once again during the summer with dates to be determined.



2010 Regional Meeting Schedule

Southern Farm Show
Kerr Scott Building,
NC State Fairgrounds
February 4, 2010
12:30 pm

Duplin County
Duplin County Extension
Center
February 11, 2010
5:30 pm

Washington County
Vernon James Center
February 18, 2010
5:30 pm

Robeson County
Robeson County Extension
Center
February 22, 2010
6:00 pm

Iredell County
TBD in Summer

Promoting Soy In Human Nutrition



Beginning more than 25 years ago, the North Carolina Soybean Producers Association has promoted soy in human nutrition through outreach programs in the community, primarily in schools. The effort continues to expand, and in 2009, included presentations to schools, 4H and other extension center groups, hospital nutrition groups (e.g.,

diabetic education) and local health departments.

The program has grown to three or four presentations each month, often at the invitation of community

organizations.

The programs are tailored to

each audience, but all teach participants about the health and nutrition benefits of including soy in their diet through health education, demonstrate the ease of cooking with soy and provide the opportunity to sample delicious soy foods. Laura Rogers of the NCSPA manages the programs and educates the audience on nutrition, while Chef Alex Forde prepares the soy foods. Typical foods served include stir-fry made with tofu and vegetables, soy noodles, soy brownies and soy milk smoothies.

In the school programs, a soybean producer also educates students about soybean farming, including the plants themselves, harvesting beans, what a combine looks like and more. Students are also educated on the extensive variety of products made from

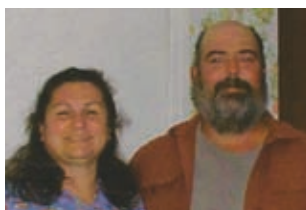
soy, such as paint, biodiesel fuel, hand sanitizers and artificial turf. Producer participants have included Earl Hendrix of Hoke County and NCSPA Board President, Bobby Joe Fisher of Nash County.

Participants are often unaware of how simple dietary changes can promote healthy eating and amazed by how delicious healthy eating with soy products can be. Laura Rogers said, “I am so excited and passionate about these programs. The NCSPA is providing a valuable resource to participants that can really make a difference in their lives, and increasing the use of soy in the process.” If you know of an organization that would benefit from a soy nutrition program or would like to participate as a producer, please contact Laura Rogers at 919-839-5700.



Charles and Windy Lennon, North Carolina ASA/ DuPont Young Leaders for 2010

The North Carolina Soybean Producers Association has participated in a program by the American Soybean Association and DuPont to identify and recognize prospective agricultural leaders for twenty-seven years. The association is proud to recognize this year's North Carolina Young Leader Award recipients, Charles and Windy Lennon of Evergreen. Charles Lennon farms with his father on their 1,500 acre farm, with crops including corn, soybeans, peanuts and small grains. They also raise registered Gelbvieh cattle.



The Lennons are active in the community through organizations including the West Columbus Band Boosters and the Chadbourn Baptist Church. Charles Lennon is a member of the Columbus County Cattlemen's Association and served on the North Carolina Gelbvieh Association Board of Directors from 2006-2008.

As a young agricultural leader, Charles Lennon recommends supporting agricultural research at all levels in order to ensure a prosperous future. He also feels it is important to inform the public about the positive developments and uses of soybeans.

"I just completed the first session of the program at Pioneer Headquarters in Iowa and I thoroughly enjoyed it," said Lennon. "It was an interesting learning experience and I am looking forward to attending the second session in the Spring."

Landon Moore, Syngenta Leadership At Its Best Participant 2009-2010

Beginning in 2009 and continuing through 2010, Landon Moore of Robeson County is the North Carolina Soybean Producers Association participant in the Syngenta Leadership At Its Best program. Moore was nominated because of his leadership abilities and his commitment to the soybean industry.



He has found the experience to be very beneficial thus far. "It is a real learning opportunity to be able to meet people from across the country, learn how to be a leader and how to speak about causes you support, and the importance of doing that," Moore said. "It was a week well spent."

Moore and his father farm 1,800 acres, 800 of which are soybeans. They also grow corn, wheat and cotton. He graduated from North Carolina State University with an Associates Degree in Agriculture Business. He is the Chief of the Prospect, N.C. Volunteer Fire Department, and he and his wife, Rachel, are actively involved in the Prospect United Methodist Church. Moore has served on the Board of Directors of the North Carolina Soybean Producers Association since 2006, and is just beginning to serve his second term. He also serves on the Advisory Committee for the Lumberton Branch of Cape Fear Farm Credit.

The top issues facing the soybean industry are managing the continuing increase in input costs, as well as the lack of stabilization in the market, Moore says. He thinks it will be important for farmers to present a more united front, especially on policy issues.

Annual Report of the Treasurer

Jacob Parker, Treasurer

FISCAL YEAR 2008-09 Ended August 31, 2009	AMOUNT
REVENUE	
Assessments – Net	1,268,305
Investment Income	59,899
Other	96,662
TOTAL REVENUE	1,424,866
TOTAL EXPENSES	861,314
NET INCREASE	563,552
NET ASSETS – AUGUST 31, 2008	1,447,376
NET ASSETS – AUGUST 31, 2009	2,010,928
CURRENT ASSETS	
Cash on hand in banks	1,691,494
TOTAL CURRENT ASSETS	1,691,494
PROPERTIES AND ACCUMULATED DEPRECIATION	
Automobile	24,012
Office Furniture and Equipment	45,499
Office Building	67,649
Total Property	137,160
Less Accumulated Depreciation	-103,055
Total Property - Net	34,105
OTHER ASSETS (INVESTMENTS)	519,724
TOTAL ASSETS	2,245,323
CURRENT LIABILITIES	
Accounts Payable	124,494
Assessments Payable	109,901
TOTAL CURRENT LIABILITIES	234,395
TOTAL NET ASSETS	2,010,928
TOTAL LIABILITIES & NET ASSETS	2,245,323



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**Now that's using
our bean.**



Soybeans are already one of North Carolina's most important crops, and it's the NCSPA's job to keep thinking of and uncovering new ways to keep them growing and profitable. Through investing in research to exploring new market opportunities for you, our growers. Together we can keep the industry moving forward and your profits rising. To our way of thinking, that's a pretty big job, and we're glad we can help make it happen.

www.ncsoy.org

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