



Message from the CEO



I am pleased to report your membership dollars were put to good use over the past year. Working as your advocate in Washington, D.C., the American Soybean Association (ASA) enjoyed one of its most productive years in recent history.

Here are some key examples of what we have achieved recently with the power of your grassroots support.

- ASA successfully convinced Congress to extend until 2008 the critically important biodiesel tax incentive as part of the Energy Bill signed into law last summer. The Energy Bill also included a 7.5 billion-gallon Renewable Fuel Standard, of which biodiesel is a qualifying fuel, and a small biodiesel producer tax incentive. As demand for biodiesel continues growing, so will the need for its primary feedstock, soybean oil. Soybean prices should rise at least \$0.10/bushel as a result.
- ASA members scored a victory when the President signed into law the Dominican Republic, Central American Free Trade Agreement. This trade agreement will solidify our position as the preferred supplier of soy to those Central American countries. It also opens-up those markets to U.S. pork, chicken and other meats that are fed soy products.
- Working as part of a key coalition of interests that included agriculture, energy producers and labor unions, ASA helped pass legislation in the U.S. House of Representatives that authorizes funding to construct new locks on the Mississippi and Illinois Rivers. The locks and dams along these two great rivers, which transport nearly 75 percent of soybean exports, are over 70 years old and desperately need to be replaced.
- ASA has successfully boosted federal investment in vital soy research. The U.S. Department of Agriculture (USDA) announced it would provide up to \$5 million for genomics work on legume crops like soybeans. This work will help scientists improve the nutrition, yield, and disease-resistance of soybeans. Also, at ASA's request, Congress increased funding for soybean rust research that is aimed at developing varieties of soybeans resistant to the disease. And, ASA convinced USDA to provide the resources necessary to continue its soybean rust monitoring and surveillance program in 2006.

While you should be proud of what your association accomplished on your behalf, this list of policy initiatives barely scratches the surface. You would be amazed at the volume of legislative and regulatory challenges affecting soybean farming that we confront on a daily basis. But thanks to our aggressive lobbying efforts, these are addressed just as soon as they emerge. This is why your membership in the American Soybean Association is so important. We manage these issues so that you can manage your farm.

Much work remains for the ASA, particularly with respect to biodiesel, trade and the Farm Bill. I personally look forward to tackling these issues under your direction and leadership.

Thank you for your support.

Sincerely,

Stephen Censky
Chief Executive Officer

Members Set the Policy Direction

Soybean Growers Provide Policy Direction

Voting Delegates to the American Soybean Association (ASA) include 134 soybean farmers elected to represent 25 state soybean associations. These soybean growers from across the United States participate in the annual process of reviewing and revising the policy direction of ASA. This process guides ASA as it pursues future initiatives to improve U.S. soybean farmer profitability.

The Farmer-Member Role In The ASA Policy Process



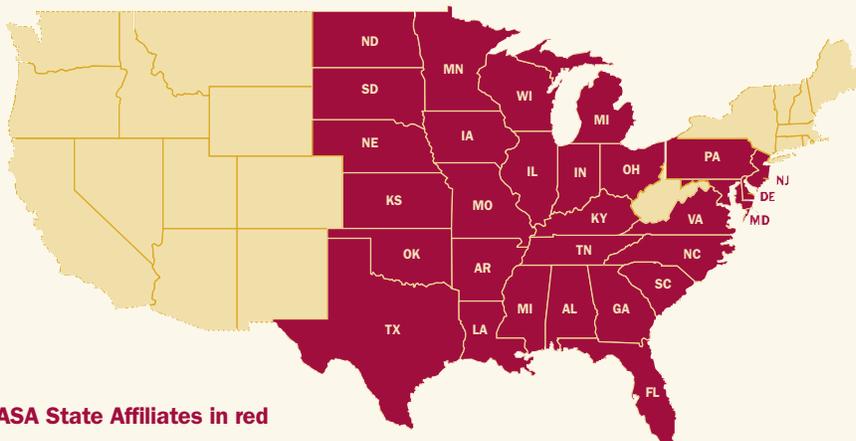
ASA Powered by Grassroots Support of Members

Membership is the core of the American Soybean Association (ASA), which provides domestic and international policy representation for soybean growers. Soybean farmer members provide the grassroots spirit and foundation that drives ASA's national soybean policy accomplishments.

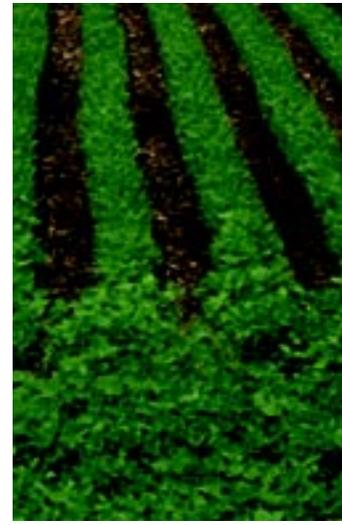
Membership is a cooperative program between the state soybean associations and ASA. There are 25 state associations affiliated with ASA.

State Soybean Associations

- Alabama Soybean & Corn Association
- Arkansas Soybean Association
- Georgia/Florida Soybean Association
- Illinois Soybean Association
- Indiana Soybean Growers Association
- Iowa Soybean Association
- Kansas Soybean Association
- Kentucky Soybean Association
- Louisiana Soybean Association
- Michigan Soybean Association
- Mid-Atlantic Soybean Association
- Minnesota Soybean Growers Association
- Mississippi Soybean Association
- Missouri Soybean Association
- Nebraska Soybean Association
- North Carolina Soybean Producers Association
- North Dakota Soybean Growers Association
- Ohio Soybean Association
- Oklahoma Soybean Association
- South Carolina Corn & Soybean Association
- South Dakota Soybean Association
- Tennessee Soybean Association
- Texas Soybean Association
- Virginia Soybean Association
- Wisconsin Soybean Association



ASA State Affiliates in red





Policy Achievements and Top Issues

Tallying Success Recent ASA Victories

- ★ **Congressional Passage of CAFTA Trade Agreement**
- ★ **Extension of Biodiesel Tax Incentive**
- ★ **House Passage of Funding for New Locks and Dams**
- ★ **Continued Funding for Soybean Rust Management System**
- ★ **New Funding for Soybean Genomics Research**

Trade

Passage of Central American Free Trade Agreement

ASA lobbied hard to gain Congressional approval of an historic trade agreement between the United States, the Dominican Republic, and the Central American countries of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua (CAFTA-DR). Economists estimate the agreement could boost U.S. agricultural exports by \$1.5 billion when fully implemented. This is great news for U.S. soybean farmers because CAFTA-DR will solidify the U.S. position as the preferred supplier of soybeans and soybean products to these Central American nations.

Once ratified by the CAFTA countries, CAFTA-DR will immediately eliminate tariffs on all soybeans and soy products with the exception of refined soy oil, where the tariff will be phased out over 15 years in equal annual cuts. CAFTA-DR will also benefit U.S. livestock and poultry producers because it provides the U.S. with sizeable quotas for exporting pork duty-free. Quotas will increase each year until duties are eliminated in year 15.

The six CAFTA-DR countries represent a growing region of 45 million people that imported \$264 million in U.S. soy product in 2004.

ASA Inks Soybean Cooperation Agreement with China

ASA signed a cooperation agreement with representatives of the China Chamber of Commerce of Import and Export of Foodstuffs, Native Produce &

Animal By-Products in support of continued U.S. soybean exports to China. The agreement will begin a wide range of mutually beneficial activities, including the exchange of delegations between the two organizations.

U.S. soy export companies and Chinese customers also signed agreements for 2.5 million metric tons (91.8 million bushels) of U.S. soybeans. The Chinese trade representatives said they intend to buy another 2.5 million metric tons of U.S. soybeans in the future if the price is competitive. Last year, China purchased nearly 12 million metric tons (435 million bushels) of U.S. soybeans worth over \$2.5 billion.

Biodiesel

Biodiesel Tax Incentive Extended to 2008

Congressional passage of the Energy Bill was a crucial step forward in establishing biodiesel as a long-term component of the nation's energy supply. The legislation contained major ASA-supported provisions, including an extension of the federal excise tax credit for biodiesel and the small agri-biodiesel producer credit through 2008, provisions for alternate fuel infrastructure, and establishment of a 7.5 billion gallon Renewable Fuels Standard (RFS).

The tax incentive, established originally as part of the American JOBS Creation Act of 2004, would have expired at the end of 2006. Two top ASA leaders were among the invited guests that witnessed the signing of the Energy Bill by President Bush.

Thanks to the biodiesel tax incentive, biodiesel production in 2005 tripled to over 75 million gallons. This has increased demand for soybean oil and raised prices paid to farmers for their soybeans.

Farm Policy

Strengthening the Safety Net

ASA's top priority in the 2002 Farm Bill was to ensure that soybean farmers and soybean production were not disadvantaged relative to other program crop planting opportunities. Thanks to an aggressive lobbying effort,



ASA is often called upon to provide testimony on issues such as soybean production, market access, food aid and agriculture, to name a few. In this photo, ASA Past-President Bart Ruth (right) provides testimony urging the U.S. government to support nutrition-focused global food assistance programs.

(ASA photo)



Red River Network Broadcaster Mike Hergert (right) interviews ASA CEO Stephen Censky at the World Trade Organization ministerial in Hong Kong. (Red River Farm Network photo)

ASA achieved the goal of making soybeans a program crop. As a result, soybean farmers are now eligible for direct and counter-cyclical payments. Congress will soon begin developing the 2007 Farm Bill. ASA worked hard to strengthen the safety net for producers choosing to grow soybeans, and it will fight to preserve this protection.

ASA has created a Farm Bill Task Force to examine a variety of farm policy options. What emerges from this process will help shape ASA priorities and determine what programs ASA will support as part of the 2007 Farm Bill. In the meantime, ASA continues to support full funding of the 2002 Farm Bill.

Infrastructure

House Passage of the Water Resources Development Act

ASA's work to expand foreign markets for soybean producers would be pointless without the means to deliver the product. Accordingly, ASA has made improving our transportation infrastructure a top priority, and played a key role in convincing the U.S. House of Representative to pass H.R. 2864, the Water Resources Development Act (WRDA) of 2005.

This legislation authorizes \$1.72 billion for construction of seven new 1,200-foot locks and small-scale navigation improvements, and \$1.58 billion for ecosystem restoration on the upper Mississippi and Illinois Rivers. The bill overwhelmingly passed the House in July 2005, by a vote of 406-14. This was a great victory for the ASA and for all water resources stakeholders.

WRDA has been reported out of the Senate Environment and Public Works Committee, and is awaiting floor action. ASA is placing a high priority on Senate passage and final enactment of WRDA this year.



The Mississippi and Illinois River Systems transport nearly 75% of soybean exports. ASA supports the construction of seven new navigation locks to address problems with outdated and deteriorating infrastructure on these two rivers.

Soybean Rust

Soybean Rust Education

Preparing soybean producers to combat Asian soybean rust was a top ASA priority years before the disease arrived in the United States. As part of its efforts to educate members on the facts of soybean rust, ASA has hosted 18 separate rust workshops throughout the country, from Georgia to South Dakota.

ASA also launched an online rust information center, SoyRAP.com, to enable members to stay current on soybean rust news and understand what treatment options are available for their crop.

Continuation of Soybean Rust Management System

ASA worked with the Department of Agriculture to design and secure over \$2 million to fund a system that will provide for the early detection, diagnosis and tracking of the spread of Asian soybean rust in the 2006 growing season. This nationally coordinated network also will help producers in making crop management decisions that cut pesticide input costs, reduce environmental exposure to pesticides, and improve the effectiveness of pesticide applications.

Research

Funding Secured for Soybean Rust Research

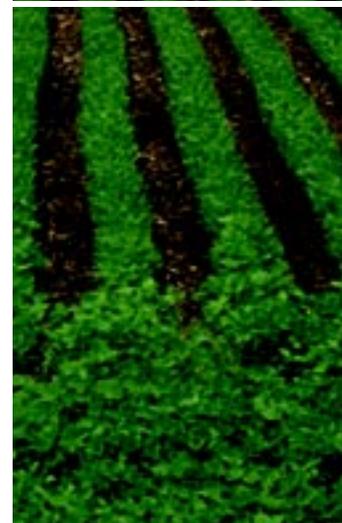
The long-term solution to soybean rust is the development of rust-resistant or rust-tolerant soybean varieties. ASA has worked with Congress to secure over \$2 million for soybean rust research over the past two years. These projects aim to identify and develop soybean varieties that can withstand soybean rust.

New Funding Provided for Legume Genomics

ASA celebrated a decision by the USDA's National Research Initiative Competitive Grants Program to provide up to \$5 million for functional genomics and bioinformatics on legume crops such as soybeans. This announcement was the culmination of a four-year cooperative effort led by ASA. ASA Board members have chaired the Legume Crops Genome Initiative from its inception. The new funding will help researchers better understand disease resistance in general, and identify genes that can be useful in protecting the soybean crop.



ASA started education and other efforts aimed at addressing soybean rust well before its arrival in the U.S. in 2004, and has been a leader in working with the U.S. Department of Agriculture and Environmental Protection Agency on issues related to the disease.



Programs, Training and Services

Education Programs

“Preparing for Rust is a Must”

The industry-leading series of soybean rust seminars that keep growers on the frontline of must-know information about the disease and expands their knowledge of how to grow better crops while combating soybean rust.

Regional Exchange and Awareness Program

A premiere agriculture exchange event that builds relationships among diverse soybean growers by allowing them to see firsthand the issues and strengths of different growing areas in the United States.

Leadership Training

Young Leader Program

An innovative, inspiring, results-oriented leadership training program

that reaches out to farm couples or individuals who are “young” in thoughts and goals, with leadership aspirations for their state and national soybean organizations.

Environmental Leadership Program

A Washington-based training program that develops a select group of soybean farmers into a corps of leaders who can confidently and knowledgeably communicate with regulatory agencies and Congress on environmental policy issues.

Leadership At Its Best Program

A distinguished and specialized training program that develops a key group of state and national leaders that can effectively address Congress and the media on policy issues impacting soybean farmers.

Soybean Leadership College

A dynamic education program that develops new leaders, increases current leader skills, enhances state and national interaction, fosters mutual understanding and facilitates common knowledge.

Special Programs

Commodity Classic

The premier, largest agricultural convention and trade show designed specifically for corn and soybean growers.

Conservation Legacy Awards Program

A widely respected recognition program that acknowledges ASA members dedicated to environmentally responsible practices that make them good stewards and protectors of the land.

World Initiative for Soy in Human Health

A soybean farmer-led market development program that is on the cutting edge of technology transfer in the use of U.S. soy for human nutrition in developing nations.

Publications and Services

ASA Today

The official newsletter of the American Soybean Association (ASA), with 10 issues distributed each year exclusively to ASA members to keep them well informed about ASA policy work, programs and issues of interest.

ASA Weekly Leader Letter

A timely and soy-focused electronic newsletter that is e-mailed to ASA members, grower leaders and industry leaders to provide the latest news and information about ASA activities, policy issues and achievements.

Bean Beat

A regular feature in *The Corn and Soybean Digest* magazine, targeted to reach U.S. soybean growers with ASA awareness messages, policy updates and membership information.

Soy Stats

The established annual reference guide to important soybean facts and figures that is distributed throughout the soybean industry, to soy customers and to policymakers in capitols around the world. Also available online at www.SoyStats.com



The Commodity Classic Trade Show provides soybean growers with direct access to information and contacts for hundreds of agricultural products and services. (Photo by Steve Dolan)



ASA farmer members from nine northern states participated in the southern tour of ASA's Regional Exchange and Awareness Program. The Kentucky Soybean Association hosted the southern tour. Participants spent several days on an agricultural tour of Kentucky, including a visit to the Perdue Feed Mill. (Kentucky Soybean Association photo)



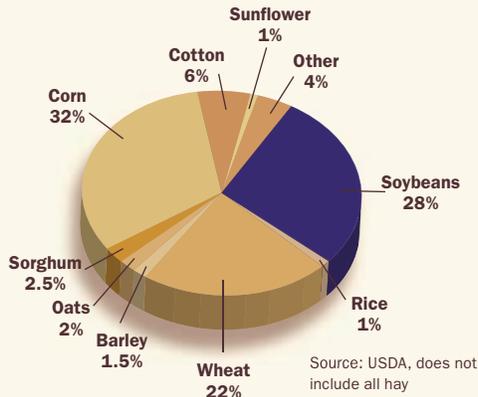
U.S. Agriculture Secretary Mike Johanns greets participants in ASA's Soybean Leadership College as he makes his way to the podium to address the group. (Photo by Steve Dolan)

Soybean Facts and Figures

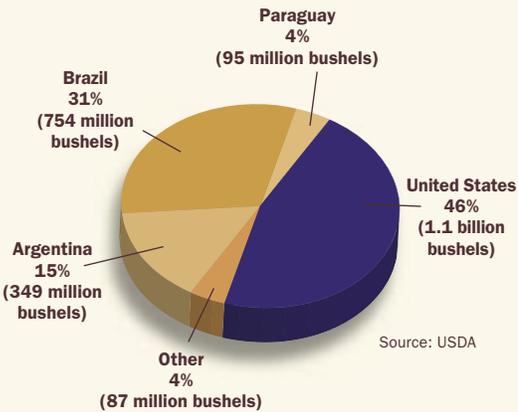
Soy Facts

- U.S. farmers first grew soybeans in 1829.**
- The soybean is the highest natural source of dietary fiber.**
- A bushel of soybeans weighs 60 pounds.**
- A bushel of soybeans yields about 48 pounds of meal and 11 pounds of oil.**
- One bushel of soybeans yields 1.5 gallons of biodiesel.**

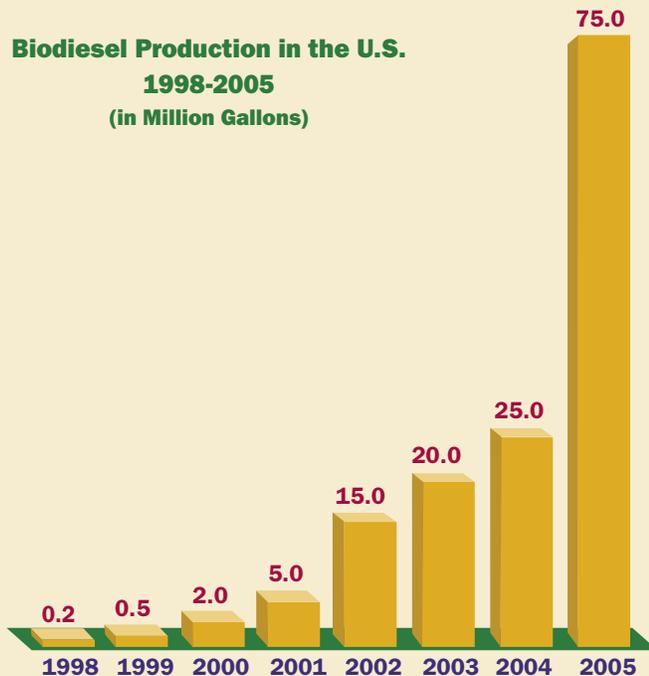
U.S. Crop Area Planted 2005



World Soybean Exports 2005



**Biodiesel Production in the U.S.
1998-2005
(in Million Gallons)**





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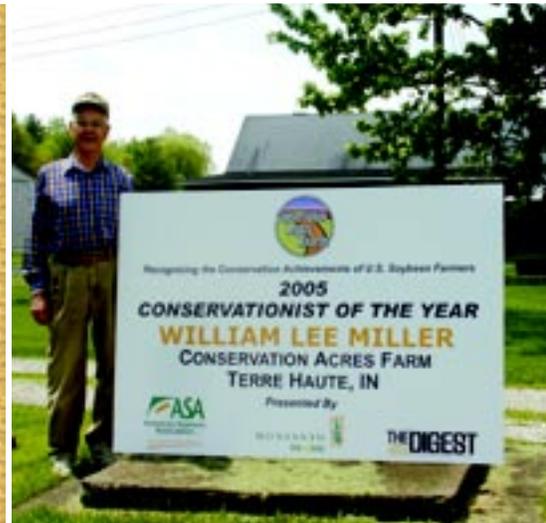
Web Sites:

American Soybean Association: www.SoyGrowers.com

Soy Stats: www.SoyStats.com

Commodity Classic: www.CommodityClassic.com

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The National Oilseed Processors Association (NOPA) is a member-driven organization representing U.S. crushers of soybean, sunflower, canola, flaxseed, and safflower seed. NOPA's mission is to assist these industries to be the most competitive and profitable oilseed processing industries in the world. NOPA is actively involved in developing domestic and international policies and programs in areas such as international trade policy; environment and resource management; domestic farm programs; and health and safety.

NOPA's priorities are to support a healthy and growing domestic livestock sector, promotion of market access, and the consumption of U.S. meat overseas. NOPA supports efforts in the World Trade Organization (WTO) Doha Round of agricultural negotiations to increase market access for U.S. oilseeds, oilseed products, and livestock and meat. NOPA advocates constructive international policies that open markets, maintain access, and improve the competitive position of the U.S. oilseed industry.

NOPA member companies operate plants in 21 states that produce more than 1.63 billion bushels of oilseeds annually. U.S. soybean processors are the largest customers of U.S. soybean farmers, purchasing roughly 52 percent of their soybean production. A critical component of NOPA's activities is working with the American Oilseed Coalition (AOC) to

create a united industry, with oilseed growers and processors partnering to attain mutual goals and to meet the domestic and international challenges of the future. The AOC's focus is to provide key policymakers in Congress and government agencies with a unified voice on policy matters affecting the U.S. oilseed industry. The AOC strives to influence international trade policies through bilateral and multilateral trade negotiations and the WTO.

NOPA is proud to partner with the ASA to work collaboratively on the development of unified positions that promote a healthy domestic oilseed industry for growers, processors and the livestock industries. Through collective efforts, the U.S. oilseed industry is poised to meet the challenges and opportunities that lie ahead.



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