



Flue-Cured Tobacco...

SCOOP

...A newsletter from
 Flue-Cured Tobacco Cooperative
 Stabilization Corporation
www.ustobaccofarmer.com

Cooperative Holds 60th Annual Meeting

Flue-Cured Tobacco Cooperative Stabilization Corporation hosted its 60th Annual Meeting on Friday, June 9, 2006 at its US Flue-Cured Tobacco Growers, Inc. (USFCTG) facility in Timberlake, NC at 10:00 a.m. The Board of Directors wanted to host the annual meeting at the USFCTG facility to give growers an opportunity to visit the impressive facility and see what the cooperative is doing on their behalf.

President Albert Johnson introduced Kirk Miller, USDA Foreign Agricultural Service, General Sales Manager for comments. Mr. Miller presented information explaining the importance of foreign trade and exports to our agricultural economy. Mr. Miller stated that as you travel through the country side and notice a corn or soybean field, the yield from every third row is exported. He went on to say that most trade agreements help agricultural exports.

Then President Johnson introduced our next speaker, Harso Wardono. Mr. Wardono worked for British American Tobacco for 21 years with his last position as Head of Leaf and served on the Board of Directors. Mr. Wardono talked about international markets. His thoughts are that the US tobacco industry is poised for growth. Indications are that more growth in production is needed. Many companies are sourcing US flue-cured tobacco for their cigarette blends to improve their quality.

Mr. Wardono especially talked about Asia. He stated that as incomes rise in these countries consumers demand a higher quality cigarette. The consumer likes the taste of this higher quality blend that includes US leaf. This forces other competitors to increase their purchases of US flue-cured tobacco to include in their blend.

President Johnson gave the annual President's report. His speech focused on change: change in tobacco production, change in the way we are going to buy tobacco this year, change in the Board of Directors, even change in the location of the annual meeting. President Johnson challenged all tobacco farmers to make every effort to produce the highest quality, ripest tobacco crop possible. Our competitors are not letting up and neither are we.

President Johnson then presented Mr. Claude French a plaque for his 15 years of dedicated service to the Board

of Directors of Flue-Cured Tobacco Cooperative Stabilization Corporation.

General Manager/CEO, Arnold Hamm gave his General Manager's report. He discussed the value of the Dollar against the Brazilian Real. The current exchange rate makes US tobacco very competitive against Brazilian tobacco. He went on to discuss the dynamics of the world tobacco trade that are undergoing significant change.

Mr. Hamm said that the number of US tobacco farmers is shrinking but that tobacco production is increasing as farmers continue to find economies of scale. He also mentioned that the regulatory environment for manufactured tobacco products in developed countries is increasing.

At the conclusion of the annual meeting, factory tours were available for all in attendance followed by a catered lunch.



President Johnson presenting his address at the 60th Annual Meeting of Flue-Cured Tobacco Cooperative Stabilization Corporation in Timberlake, NC

Flue-Cured Tobacco Cooperative Stabilization Corporation is the grower owned and supported cooperative that serves flue-cured tobacco growers in Virginia, North Carolina, South Carolina, Georgia, Alabama and Florida.

President

Albert Johnson

Vice Presidents

Kenneth Dasher
D. Lamar DeLoach
Andrew Q. Shepherd
Jimmy Pate

General Manager

Arnold Hamm

DIRECTORS

District 1	Kenneth Dasher Live Oak, Florida
District 2	D. Lamar DeLoach Statesboro, Georgia
District 3	Albert M. Johnson Galivants Ferry, South Carolina
District 4	James C. Pate Rowland, North Carolina
District 5	Keith Beavers Mt. Olive, North Carolina
District 6	Blythe H. Casey Kinston, North Carolina
District 7	Keith Parrish Benson, North Carolina
District 8	Richard J. Jenks Apex, North Carolina
District 9	Richard Renegar Harmony, North Carolina
District 10	Andrew Q. Shepherd Blackstone, Virginia
Public Director	James T. Hill, Jr. Kinston, North Carolina

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Board approves price increase

On June 8, 2006, the Board of Directors, after reviewing cost of production data for flue-cured tobacco and market conditions, voted to increase the price paid for advance grades delivered to Marketing Centers under the 2006 Exclusive Marketing Agreement this upcoming marketing season. The price for each grade on the 2006 Advance Grade Schedule will be increased by two cents (2¢) per pound. The Board of Directors realizes that tobacco production costs have increased due to higher energy costs and the resulting ripple effect on the price of agricultural chemicals and fertilizer since the Board set prices in December of 2005.

A brief explanation of the program:

- Packets to eligible producers were mailed on Friday, June 30, 2006.
- Eligible producers read and follow all directions for returning properly signed and dated forms. We will not call you to correct missing information.
- Postmark deadline to return to the Cooperative is July 31, 2006.
- Absolutely no late forms will be accepted.
- The funds are intended to be disbursed as soon as all properly completed and postmarked applications are processed. Target date is mid-September, 2006.

Important Notice No Net Cost Rebate Program

The Fair and Equitable Tobacco Reform Act of 2004 provides for the following mechanism for distributing remaining importer "no net cost funds" to producers of quota tobacco. Flue-Cured Tobacco Cooperative has been granted authority to distribute the remaining funds left in the No Net Cost account at USDA to producers of flue-cured tobacco. The funds will total approximately \$7 million.

You should have received a letter from your Cooperative explaining the program. USDA provided the Cooperative with a list of eligible flue-cured tobacco producers. To be eligible to receive funds you must have produced flue-cured tobacco in 2002, 2003 and/or 2004. If you received a producer payment from the tobacco quota buyout you are eligible for this program.

Coop to offer Sales Agreements

The Cooperative is going to offer Sales Agreements to farmers who did not sign either the Exclusive or Non-Exclusive Agreements. These agreements will enable growers to sell tobacco at the Non-Exclusive auction sales. The sales agreement will not give voting rights or potential dividend eligibility but does allow opportunity to sell excess tobacco at the Non Exclusive auctions every three weeks.

Current Exclusive Marketing Agreement growers with the Cooperative are automatically included in the Non Exclusive sales if they choose to offer excess tobacco for sale at auction. The new sales agreement will allow producers that missed or were unaware of the Non Exclusive Agreement deadline an opportunity to sell tobacco at the Non Exclusive auction sales.

The Sales Agreements will be available in the near future.

2006 Marketing Centers

<u>Mkt Ctr #</u>	<u>Location</u>	<u>Contact</u>	<u>Telephone</u>
262	Planters Whse. 300 Watson Street Nashville, GA 31639	Jamie Brannen	912-682-2660
287	Brannen's Whse. 17156 Hwy 301 N Statesboro, GA 30459	Jamie Brannen	912-682-2660
340	Planters-Growers Golden Leaf 847 W Main St. Lake City, SC 29560	Carlyle Chandler	843-374-8821
365	Big L Whse. 901 NE Front Street Mullins, SC 29574	Johnny Shelley	843-421-2444
503	Sampson Tobacco Whse. 343 Pugh Road Clinton, NC 28329	Carlton Barefoot	910-592-8933
623	Rogers Whse., Inc. 114 W. Blvd. Williamston, NC 27892	Greg Ray	252-792-2254
865	Old Belt Coop 1395 Old Belt Way Rural Hall, NC 27045	Dean Denny	336-462-3586
917	Motley's Whse. 144 Wilborne Ave Danville, VA 24540	Nancie Motley	434-836-1119
975	Exchange Whse. 408 West Danville St. South Hill, VA 23970	Bunky Warren	434-917-4418

Coop welcomes new Directors

District 6

Flue-Cured Cooperative would like to welcome Mr. Blythe H. Casey as the new director for District 6 which includes the North Carolina counties of Beaufort, Bertie, Carteret, Craven, Dare, Jones, Lenoir, Martin, Pamlico, Pitt, Tyrell, and Washington.

Mr. Casey has been involved with tobacco all of his life. He currently grows tobacco, cotton, corn, and soybeans. Mr. Casey worked for Dupont in Kinston for 30 years in addition to his farming activities.

Mr. Casey is married to Gwendolyn C. Casey. They celebrated 50 years of marriage on June 1, 2006. They have one son, two daughters and seven grandchildren.

We would also like to thank Mr. Dan Wynne for his faithful service to Flue-Cured Tobacco Cooperative, Board of Directors, for six years as director for District 6.

District 9

Flue-Cured Cooperative would also like to welcome Mr. Richard Renegar

as the new director for District 9 which includes the North Carolina counties of Alamance, Alexander, Cabarrus, Caldwell, Caswell, Catawba, Cleveland, Davidson, Davie, Forsyth, Gaston, Guilford, Iredell, Mecklenburg, Person, Randolph, Rockingham, Rowan, Stokes, Surry, Wilkes, and Yadkin.

Mr. Renegar is a fifth generation farmer and has also been involved with tobacco all of his life. He currently grows tobacco, corn, wheat, and hay. Mr. Renegar and his family are partners in a hunting preserve on their farm as well as Renegar Equipment in Harmony. Mr. Renegar is currently on the North Carolina Department of Agriculture Commissioners Circle, State Farm Bureau Board and Chairman of the Iredell/Alexander Farm Service Agency Board. Mr. Renegar is also past President of the Tobacco Growers Association of North Carolina.

Mr. Renegar is married to Jeannie W. Renegar. They have one son and one daughter.

We would also like to thank Mr. Claude French for his faithful service to Flue-Cured Tobacco Cooperative, Board of Directors, for the last 15 years as director for District 9.

Reminders....

Mail or Fax in FSA form 578 to Flue-Cured Tobacco Cooperative P.O. Box 12300, Raleigh, NC 27605 **by July 15, 2006** as required by the 2006 Exclusive Marketing Agreement.

Return the signed and dated W9 in the return envelope **postmarked by July 31, 2006** with your completed tax identification number for the No Net Cost Rebate Program. **Absolutely no late W9's will be accepted.**

Attend Stabilization warehouse grower meeting of your choice. **Important** information will be presented. Topics include unloading schedules, details about Non-Exclusive sales and other general information regarding the 2006 marketing season.