

## Your Brand "1839" Launched

The much anticipated launch of **1839** is here! U.S. Flue-Cured Tobacco Growers, Inc. was assigned the task to showcase your hard working efforts to produce, unquestionably, the finest smoking quality tobacco in the world.

Why the name **1839**? In the year 1839, a farmhand in Caswell County, North Carolina accidentally discovered what was called "bright leaf tobacco" through a process that imparted a distinctive golden color and mild flavor and aroma to the tobacco but left a residual charcoal taste. After the Civil War, U.S. growers standardized the use of flues in their barns to remove the charcoal taste and called the result "flue-cured tobacco." Today, the tradition lives on in our new tobacco products' brand name, **1839**.

The **1839** Roll Your Own products were introduced in July, 2006. We currently have five wholesalers that purchase **1839** RYO. The RYO market is growing and **1839** is showing steady growth. **1839** RYO brand is offered in three styles: full flavor, mild, and menthol.

The **1839** cigarette product line has taken approximately one year to

develop for sale. A marketing firm was hired to work and exchange ideas with our management/sales team. Our blenders skillfully combined aged U.S. flue-cured tobacco with U.S. burley tobacco to give our

consumers a premium U.S.A. quality blend with a rich flavorful taste. Consumer and smoking panels were established to receive feedback concerning your **1839** tobacco product. Our R&D Department has worked and will continue to work closely with our management/sales team to insure the consistency and integrity of the product to consumers.

In addition, U.S. Flue-Cured Tobacco Growers, Inc. is a member of the MSA (Master Settlement Agreement) and the brand is currently registered for sale in three states: Virginia, North Carolina, and South Carolina. Both **1839** product lines have been well received as the sales team has visited numerous trade shows to introduce and promote your **1839** tobacco product lines. The available styles are full flavor (filter and non filter), light, ultra light, and menthol full flavor and light. **1839** is available in box and softpack,



*1839 cartons stream out awaiting shipping orders*

and king and 100 size.

The success of **1839** will ultimately benefit our members. Inquire about **1839** at your local retail outlets.

### Mark Your Calendar!

**Annual Membership Meeting:** Flue-Cured Tobacco Cooperative Stabilization Corporation annual meeting will be held:

**Date:** Friday, June 8, 2007

**Time:** 10:00 AM

**Place:** U.S. Flue-Cured Tobacco Growers, Inc., 250 Crown Blvd., Timberlake, NC

A barbeque lunch catered by Ron's Barbeque of Angier, NC, will be served after the meeting at noon.

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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## COOP ADDRESSES NTRM IN TOBACCO

A major issue confronting your Flue-Cured Tobacco Cooperative Stabilization Corporation is NTRM or non-tobacco related material. What is NTRM? Any material(s) found in a bale of tobacco other than tobacco. NTRM is broken down into two groups: organic and non organic material. Some examples of organic NTRM are grasses, tobacco stalks, paper, and cotton strings. Examples of non organic NTRM are styrofoam, plastics, metals, hydraulic fluid, and nylon.

We are asking each farm member to revisit your **2007 FLUE-CURED TOBACCO MARKETING AGREEMENT**, paying particular attention to **Schedule B, number 6 and number 8 (c)**. Any NTRM found in your bales is a yield loss which equates to a financial loss and increases the cost of your tobacco to a potential customer. Any rejection of processed tobacco due to NTRM is a financial loss to Stabilization and your bottom line.

All Stabilization customers and consumers demand a clean, high quality product. Your new cigarette brand **1839** will be coming soon to a local retail site. Your tobacco is a major component contained in **1839**. Ask yourself, "What will our consumers demand from **1839** tobacco products?" All consumers want high quality. **1839** is a premium quality, 100% US tobacco product that our farmers can be proud of. The quality

of this product begins with our member/growers on the farm. Nothing can be achieved without your support and diligent effort concerning NTRM.

Stabilization has implemented a product integrity program to help member/growers understand some of the problems we all face with NTRM. A staff member of the Leaf Operations Department will be contacting you to request a visit to your farm. The intent is **not** to embarrass or chastise any farmer, but to assist in understanding what can be done on the farm to minimize NTRM. The effort is to insure product integrity to our customers. Following is a list of areas on the farm where NTRM can become a problem and recommendations on correcting or preventing the problem:

### 2007 Marketing Centers

Planters Warehouse  
Nashville, Georgia

Brannen Tobacco Warehouse  
Statesboro, Georgia

Planters Growers Golden Leaf  
Lake City, South Carolina

Big L Warehouse  
Mullins, South Carolina

Sampson Tobacco Warehouse  
Clinton, North Carolina

Rogers Warehouse  
Williamston, North Carolina

Old Belt Coop  
Rural Hall, North Carolina

Motley's Warehouse  
Danville, Virginia

Exchange Warehouse  
South Hill, Virginia

**TOBACCO BARN & SHELTER****AREA:****Problems:**

- Foam Insulation (inside and outside edge)
- Box and rack pins
- Bird nesting (feathers and grasses)
- Barn door insulation strips (around edge of doors)

**Recommendations:**

- Cover or remove foam insulation
- Check racks for loose pins prior to use
- Count box pins before and after use
- Remove nests in barn and shelter area
- Replace or inspect insulation strip each year
- Place a trash can in the area

**BALING AREA:****Problems:**

- Drink cans/plastic bottles
- Candy wrappers or cellophane
- Cigarette butts and packs
- Many other items too numerous to mention
- Hydraulic leaks and fluids
- Latex or plastic gloves

**Recommendations:**

- Designate a break area to eat and drink away from the barn and baler
- Have trash cans in designated break area; empty trash cans regularly
- Inspect baler regularly for leakage
- Do not use gloves
- Keep non-related items away from the baling area
- Keep this area clean

**HARVESTERS / TRAILERS:****Problems:**

- Belt rollers (Dry rotted, worn out)
- Mesh curtains (torn or frayed)

- Hydraulic leaks, excessive grease and oil
- Cutter bar for tipping (stalks, suckers, grass)
- Unclean trailers (trash and residues)

**Recommendations:**

- Replace or inspect rollers each year
- Replace or inspect mesh curtains each year
- Check and inspect for leakage
- Proper field and sucker control management
- Keep trailers free of trash and residues

**GENERAL:****Problems:**

- Nylon covers (torn or frayed)
- Chemical containers, excess fertilizer bags
- Hydraulic oil containers
- Non-related items in storage area
- Excessive grass weeds and suckers in the bale

**Recommendations:**

- No nylon covers (blue nylon covers)
- Storage area for bales should be clean and free of non-related items
- Proper field and sucker control management

Stabilization understands the consequences of the NTRM issues from our member/grower base to our customer base, and to our **1839** consumer base. Foreign matter can be greatly reduced through member/grower participation and cooperation with Leaf Operations in support of the NTRM program.

## Pending FDA Legislation

The current form of the pending Food and Drug Administration legislation (S.625; HR 1108) is a punitive bill for any post June 1, 2003 tobacco product manufacturer. While Flue-Cured Tobacco Cooperative Stabilization Corporation is aware of the significance and importance of FDA's role in the regulatory process of tobacco in the United States, Stabilization understands S.625 will effectively reduce or eliminate any opportunity for small tobacco manufacturers to compete in the U.S. cigarette market.

Stabilization sent letters to the Chairman of the Senate Committee on Health, Education, Labor and Pensions and the Chairman of the House Energy and Commerce Committee expressing our concerns with bill S.625. In the letters to Senator Edward Kennedy and Congressman John D. Dingell, we identified the following concerns:

- S.625 gives the Secretary of H.H.S. unprecedented authority over the manufacturing, sale, marketing, and distribution of tobacco products.
- Definitions contained in S.625 are vague and could be subject to a wide range of interpretation.
- The proposed Scientific Advisory Panel includes one individual representing tobacco product manufacturers and one individual representing the interests of

tobacco growers, but neither of these proposed members has a vote in panel recommendations.

- The provisions in S.625 allow for the absolute FDA regulation of tobacco products, with the exception of reducing nicotine levels to zero, that could in fact render tobacco products unmarketable. This alone could lead to a sizable black market for undocumented tobacco products.
- S.625 contains language that exempts certain major brands that entered the market prior to 1997 from the product packaging requirements mandated for new brands.
- S.625 allows the Secretary far reaching powers regarding advertising and the illicit trade of tobacco products. Is it wise to remove the current authority from other agencies such as the Federal Trade Commission and the Justice Department?
- The reporting and testing requirements of S.625 are

onerous and expensive. Small tobacco manufacturers have limited resources and personnel and compliance with these provisions would be burdensome.

Additionally, Arnold Hamm, General Manager/CEO of the Flue-Cured Tobacco Cooperative Stabilization Corporation, states, “While the Board of Directors is generally amenable to some form of regulation of tobacco products, we believe that any such regulations should restrict tobacco product marketing from minors and contain provisions so that adult tobacco consumers can be afforded the same protections under law as consumers of other products. I can only stress that Stabilization opposes S.625 in its current form because it would virtually eliminate any opportunity for our growers/members to participate in the future tobacco market in the U.S.”

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*Director Jenks was instrumental in the development of 1839*

## Coop Director Richard Jenks Retires

After 24 years service as Stabilization Director for flue-cured tobacco farmers in District 8 (Middle Belt-N.C.), Richard Jenks announced his retirement from the board at his district meeting on April 30, 2007.

Mr. Jenks was born in Wake County on November 9, 1937. He now resides on his farm in Apex, N.C. with his wife Monnie. They have 3 children and 8 grandchildren.

Mr. Jenks never missed a Stabilization Board of Directors meeting in his 24 years of service, .