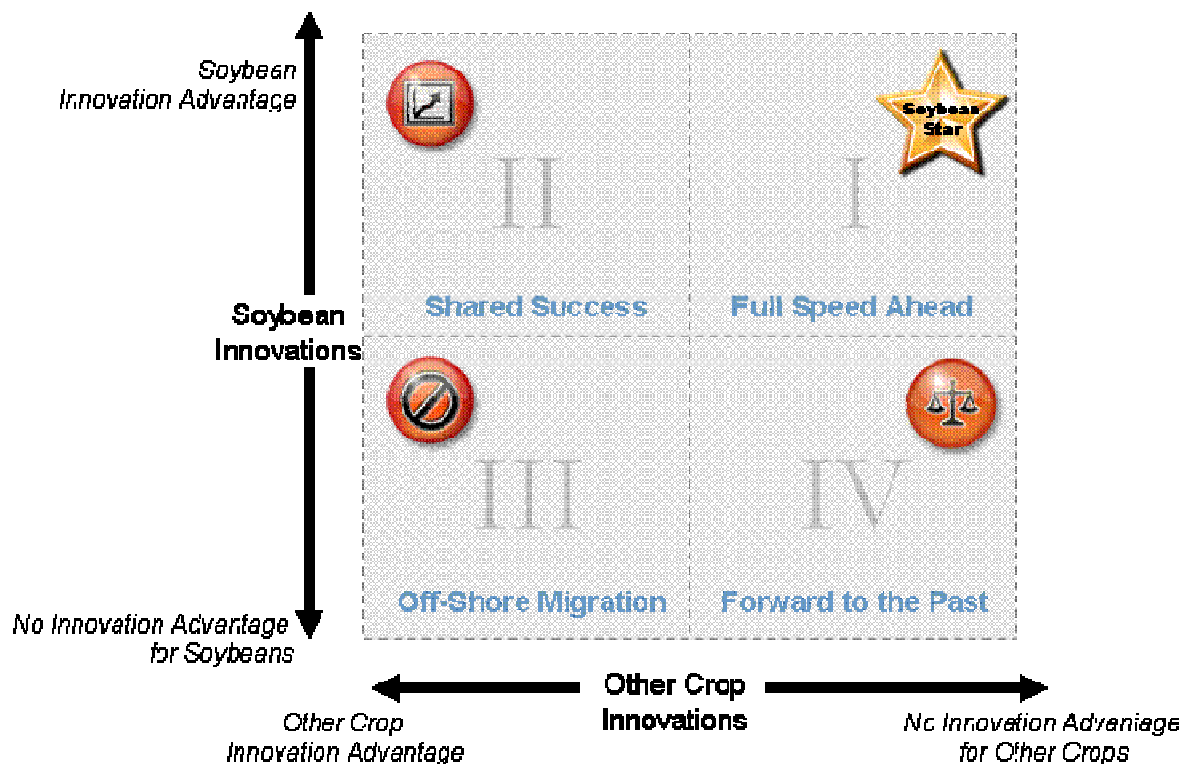


Soy 2020 Scenario Overview

Through a careful analysis and discussion of the driving forces and key factors in the soybean value chain, critical uncertainties were identified based upon their relative level of importance and relative uncertainty. While certainly there are many key drivers that will influence the soy value chain in the future, the following were identified as the most important and most uncertain:

- Soy's ability to maintain a sustainable technology innovation advantage relative to other competing technologies combined
- Other crops' ability to maintain a sustainable technology innovation advantage relative to other competing technologies

A two-dimensional matrix was constructed with the critical uncertainties on each axis. Each quadrant in the matrix forms a future scenario for US soy. The matrix for the Soy 2020 process is as follows:



The following table represents a summary of potential scenarios developed for Soy 2020 from the above matrix. The scenarios represent four “potential” future worlds that could exist based upon the critical uncertainties of soy’s and other crops’ ability to maintain a sustainable technology innovation advantage relative to other competing technologies.

<p><u>Full Speed Ahead</u> The ideal scenario of sustainable soy technology innovation advantages, while such technology does not advance for competing crops</p>	<p><u>Shared Success</u> Sustainable technologies exist for soy and other crops, with numerous benefits challenging competitiveness</p>	<p><u>Off-Shore Migration</u> Soy struggles to compete as there are no soy-specific technology innovation advantages. Other crops have sustainable advantages</p>	<p><u>Forward to the Past</u> No sustainable technology or innovations for soy or other crops creates a constant state</p>
<ul style="list-style-type: none"> • Integrated and specialized channel • Increased investment dollars for output technologies • Sustainable, balanced portfolio of soybean technology innovations • Strong animal ag industry as a primary market for improved soy meal, which helped deal with odor problems • Consumers benefit from soy’s new nutritional and pharmaceutical benefits • Soy continued to be preferred feedstock for biodiesel • Dual marketing system compensates specialty soy and allows U.S. to compete with global commodity soy 	<ul style="list-style-type: none"> • Technology innovations have enhanced corn, soy and other crops • Integrated distribution channel • Largest share of research dollars aims to improve logistics and infrastructure • Commercialization of higher energy corn and DDGs with higher protein content, which compete with soybean meal as feed sources • Increased commodity prices and the expansion of ethanol and biodiesel production have boosted the rural economy • Consumers and producers have multiple appealing choices 	<ul style="list-style-type: none"> • Soybeans produced in and for traditional commodity markets, with channel shifting to off-shore resources • Research and capital investment are growing rapidly outside the U.S. • <u>South America adapts similar recognition of intellectual property rights as in North America</u> • Other crops compete with soy oil as a feedstock for biodiesel • New technologies in corn have been developed and adopted, reducing need for soy in crop rotations • Producers find increased profits in crops other than soybeans, and research and processing innovations do not focus on soy 	<ul style="list-style-type: none"> • Little change over the last 15 years in growth or new technology • Production and distribution support traditional commodity world: soybeans, corn and other crops are produced domestically for efficiency • Investment dollars focus primarily on agronomic traits • Biodiesel production enhanced the U.S. soy industry, but newer technologies put a ceiling on demand on growth potential for biodiesel production • Consolidation along each step of the distribution channel has continued, reducing the number of producers and ag input suppliers