

RISING to the Challenge

November-December 2009



Commentary on the business and future of the Aurora Cooperative

CEO and Chairman: Remarkable earnings a tribute to owners, patrons

The true value of leadership is discovered in times of true challenge. – Anonymous

The Aurora Cooperative's 102nd year of operation will be recorded as one of the most challenging, learning, and opportunity-filled times in the history of the company.

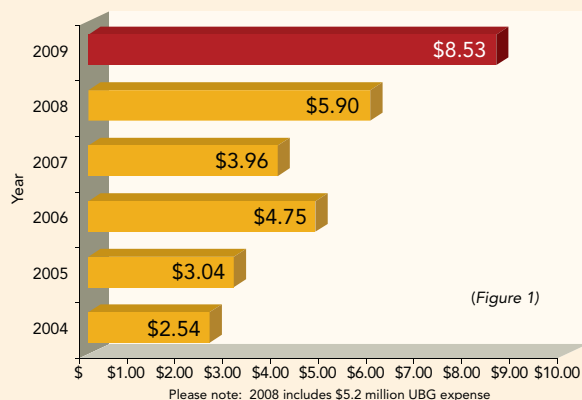
It's true that we – and every agri-business and family farm – have functioned in a global financial reset and have dealt with unprecedented movements in the U.S. agriculture markets. Yet we are pleased to report to the owners and stakeholders of the Aurora Cooperative that fiscal year 2009 local earnings are recorded as the best in our history, and total earnings are the second highest in history.

These are remarkable results that are a lasting tribute to the remarkable owners/patrons of this venerable, market-leading entity...the Aurora Cooperative. We have included some details below.

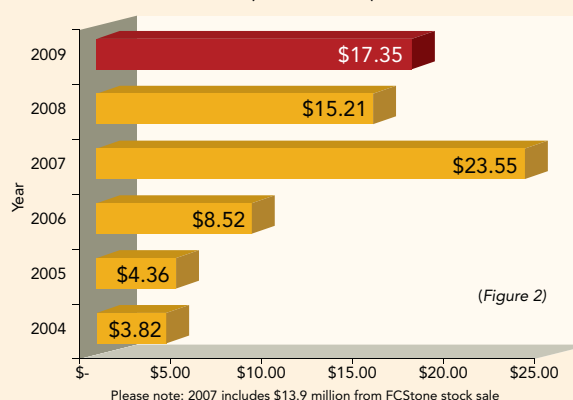
Your Board of Directors and management team have dealt with today's business environment realities in a proactive and responsive manner. Major decisions proven to be wise include:

- Liquidating the company's FCStone stock position in a most opportune time, leading to a \$13.9 million gain to the company.
- Stabilizing the long-term retirement program for our employees past, present, and future by recognizing the long-term challenges of the legacy defined-benefit plan (United Benefits Group), fully funding the plan's calculated shortfall, and exiting the legacy plan – while at the same time enhancing the go-forward 401(k) plan for our employees.
- Strategic growth through mergers and acquisitions with financially strong and market savvy partners.
- Approving, constructing, and operating new facilities like Aurora West, Minden Agronomy, and others that are now viewed as class-leading and profit-generating.
- Amending the company's Articles of Incorporation and By-laws to allow the Board of Directors more flexibility in dealing with capitalization issues.
- Reforming the company's Member's Equity revolvment system to meet membership and stakeholder expectations now and in the future.

Local Earnings before Taxes/Distribution
(\$ x 1 million)

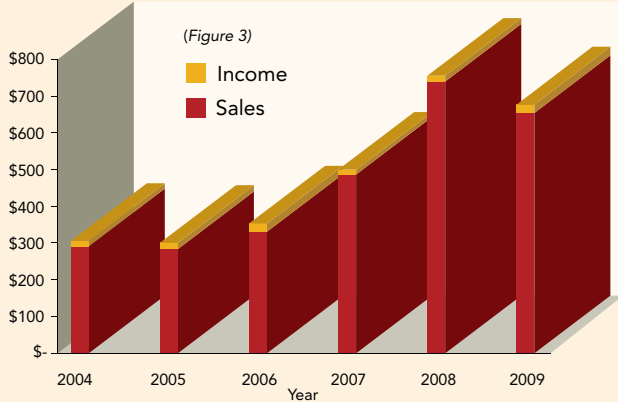


Total Earnings before Taxes/Distribution
(\$ x 1 million)

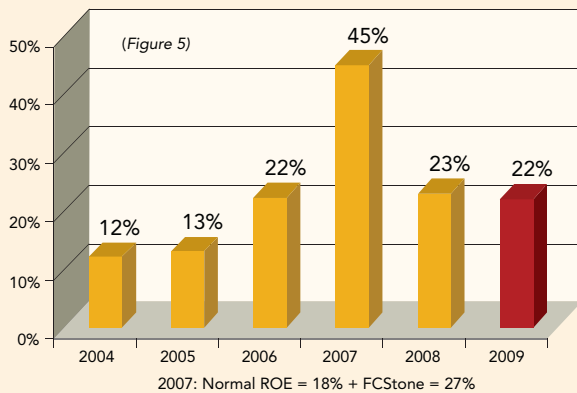


Sales + Other Income (Company)

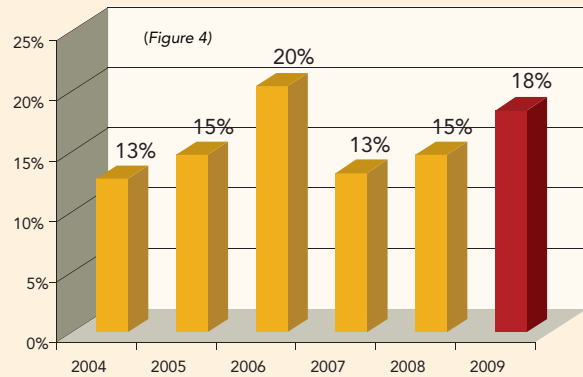
(\$ x 1 million)



Total Earnings to Total Equity

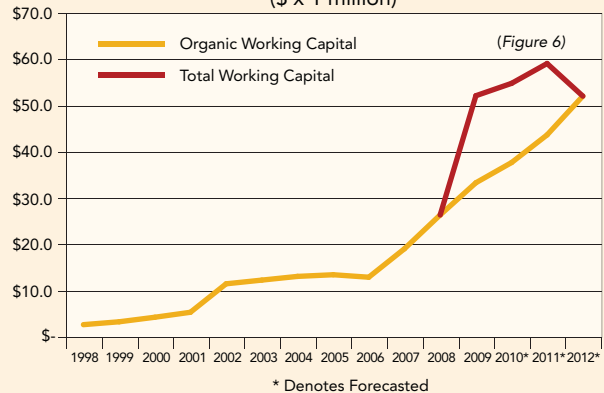


Local Earnings to Members Equity



Aurora Cooperative Working Capital

(\$ x 1 million)



With this solid foundation, the Aurora Cooperative displayed market leadership, discipline, and strength in 2009.

Local earnings before taxes/distribution totaled \$8.53 million (Figure 1), while total earnings before taxes/distribution totaled \$17.35 million (Figure 2). The total sales/related income for 2009 was \$677 million (Figure 3).

A critical financial measure to gauge organization-health is the financial return on the equity that is invested back into the company. When viewed both on a local platform (Figure 4) and a total company platform (Figure 5), the Aurora Cooperative has demonstrated a remarkable ability to perform in varying business climates.

As the Board of Directors and management forecasted its capital needs to operate the company, we worked with our primary creditor, CoBank, and secured a supplemental term credit note (\$18.7 million) to enhance the company's own "organic" working capital of \$33.0 million. When combined, the company now posts more than \$51.7 million of total working capital that can be levered to access a robust line of credit for daily company operations (Figure 6). The supplemental credit line is expected to be vacated within three years. In a related matter, the company paid down more than \$6 million in long-term debt during 2009.

Leadership can be lonely when a position is taken without the luxury of past history or precedent as a guide – but leadership is expected by the members of the Aurora Cooperative and is demonstrated by the financial results of 2009.

Because of the reported results, the Aurora Cooperative is in a unique position to strengthen its market leadership platform. Be watching for future announcements by the company as it demonstrates this position of strength.

Finally, a genuine "thank you" goes out to all patrons of the Aurora Cooperative. You own a great company. May your holiday season be filled with joy.

Bill Schuster

Bill Schuster
Board Chairman

George Hohwieler

George Hohwieler
President and CEO



605 12th Street • Aurora, NE 68818
402-694-2106 • 800-642-6795
www.auroracoop.com