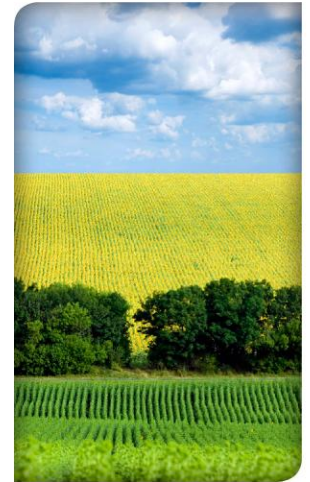
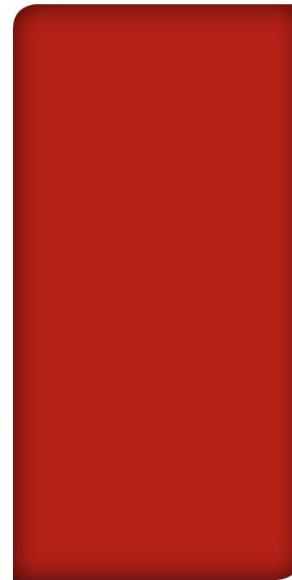




90TH



ANNUAL
STOCKHOLDER
MEETING

March 30, 2010
10:00 am



**Welcome to
the 90th HFB
Annual
Meeting**

Bob Fenton, CEO

Invocation

Harvey Elgersma

**Dorance Amos,
Chairman of
the Board**

Agenda

1. Introductions
2. Old Business
3. Bylaw and Article Amendments
4. 2009 and Beyond
5. Management Discussion on the Financials
6. Patronage Discussion
7. Question and Answer Session
8. Leadership Awards
9. Board Elections
10. Scholarship Recipients
11. Reading of the Minutes

HFB Board of Directors

Dorance Amos, Chairman, Dist 4

Paul Koeman, Vice Chairman, Dist 1

Bryan Kleinheksel, Executive Comm., Dist 1

Harvey Leep, Dist 3

Dan Wedeven, Dist 1

Garry Dreyer, Dist 2

John Norkus, At-Large Director

HFB Managers

- Wade Blowers – *Chief Operating Officer*
- Harvey Elgersma – *Chief Financial Officer*

- Mark Vander Werff – *Hamilton Agronomy South*
- Jeff Layman – *Hamilton Agronomy North*
- Sharon Fracalossi – *Hamilton Eggs*
- Kevin Kobbins – *Hamilton Energy*
- Gary Brinks – *Hamilton Feed*
- Bob Nienhuis – *West Michigan Mills*

Chairman's Remarks

Dorance Amos

Old Business

Harvey Elgersma, CFO

Bylaw and Article Amendments

Harvey Elgersma, CFO

Bylaw and Article Amendments

WHY?

- During the process of reviewing both HFB's and Fremont's Bylaws and Articles during due diligence, we discovered opportunities to strengthen and improve.
- In order to pay a return on certificates over a certain age, we need to change the capital structure.

Bylaw and Article Amendments

Changes to the Articles:

1. Series A and E Preferred Stocks

- The preferred stock liquidation rights are being moved in front of the common shareholders. This is normal and was missed when these classes of stock were added.

- Number of Series A Preferred shares increased from 50,000 to 150,000, and the number of Series E Preferred shares is being decreased from 150,000 to 50,000.

-On the Series A stock, a reverse stock split of 100 to 1 to raise the per share price from \$10 to \$1,000.

These changes are being done to accommodate the conversion of other forms of equity to Series A Preferred stock. This stock has the feature of being able to pay up to an 8% dividend.

Bylaw and Article Amendments

1. Series A and E Preferred Stocks, continued . . .

- The Company is being granted the right to redeem the Series E stock at a purchase price equal to its formula value. This right is in cash or Series A preferred stock.

2. A new Article is being added that allows the directors and officers to be indemnified to the fullest extent permitted by the law.

3. The redemption notice periods are being reduced from 60 days to 30 days.

Bylaw and Article Amendments

1. **Article II** - The Company's fiscal year is being changed from December 31 to September 30. This aligns better with the crop year and heating season.
2. **Article III** – Section 5 is being revised to require that common A shareholders respond to eligibility surveys within 30 days. This change is to assist the company with maintaining an exemption from federal antitrust laws. Section 7 is being amended to facilitate an easier switch between the common A and B stock based on changes in eligibility.

Bylaw and Article Amendments

- 3. Article V, Section 1** - The number of Board Members is being moved from “6 to 8” to “5 to 15” with up to 2 independent Directors. In Section 6, a shareholder vote to remove a Director is being moved from 2/3rds to simple majority.
- 4. Article VII** – Patronage allocation and distribution have been clarified. A section has been added that allows the equity of members who cannot be located to be reallocated to unallocated surplus. In addition, a right for the Company to pay patronage distributions in consideration other than cash has been added.

Bylaw and Article Amendments

- 5. Article XI** – This was added to prohibit the Company from marketing more than 50% of its agricultural products to non members. This will assist the Company in maintaining an exemption from certain federal antitrust laws.

Bylaw and Article Amendments

*The Board of Directors recommends
these amendments
be adopted by the shareholders.*

2009 and Beyond . . .

Bob Fenton, CEO

I

Statement of Operations



	<u>2009</u>	% to <u>Sales</u>	<u>2008</u>	% to <u>Sales</u>
Sales	\$ 140,766,404	100.0%	\$ 162,045,233	100.0%
Cost of Sales	<u>121,129,520</u>	<u>86.0%</u>	<u>145,316,565</u>	<u>89.7%</u>
Gross Margin	19,636,884	14.0%	16,728,668	10.3%
Service and other revenue	<u>3,611,650</u>	<u>2.6%</u>	<u>2,994,682</u>	<u>1.7%</u>
Gross Profit	23,248,534	16.5%	19,723,350	12.2%
Operating and administrative expenses	<u>17,715,217</u>	<u>12.6%</u>	<u>17,959,401</u>	<u>11.1%</u>
Income from operations	5,533,317	3.9%	1,763,949	1.1%
Interest expense	<u>1,150,845</u>	<u>0.8%</u>	<u>1,227,019</u>	<u>0.8%</u>
Income before other revenue (expenses)	4,382,472	3.1%	536,930	0.3%

Statement of Operations



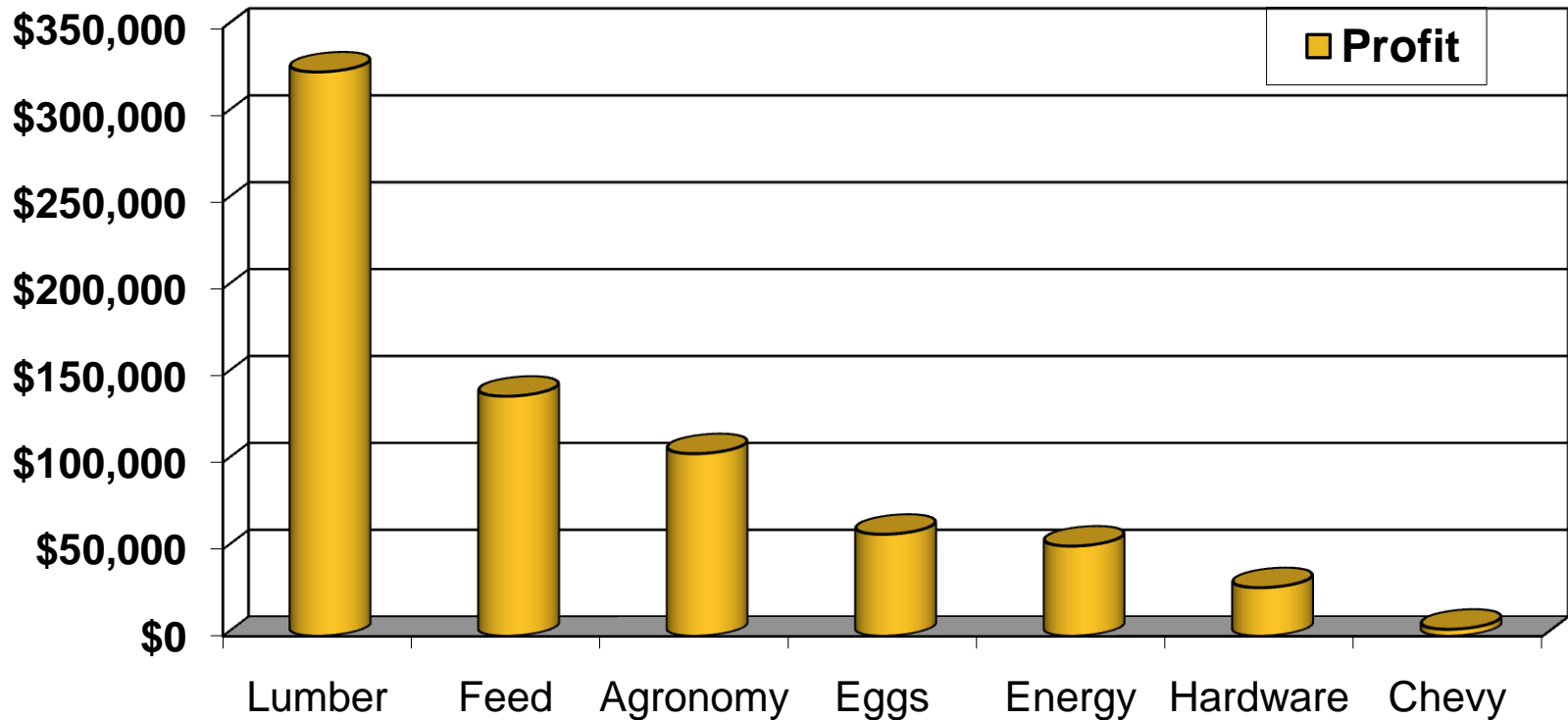
Other revenue (expense)				
Market gain (loss) on swap agreements	254,459	0.2%	(925,000)	-0.6%
Income from Zeeland Investment	100,000	0.1%		
Other revenue	<u>60,974</u>	<u>0.0%</u>	<u>30,674</u>	<u>0.0%</u>
Total other revenue (expense)	<u>415,433</u>	<u>0.3%</u>	<u>(894,326)</u>	<u>-0.6%</u>
Income (loss) before income taxes	4,797,905	3.4%	(357,396)	-0.3%
Provision for income taxes	<u>913,397</u>	<u>0.6%</u>	<u>(121,389)</u>	<u>-0.1%</u>
Income (loss) from continuing operations	3,884,508	2.8%	(236,007)	-0.1%
Loss from discontinued operations, (net of taxes of \$128,866 in 2009 and \$571,011 in 2008)	<u>(250,190)</u>	<u>-0.2%</u>	<u>(1,060,446)</u>	<u>-0.7%</u>
Net Income (loss)	<u>3,634,318</u>	<u>2.6%</u>	<u>(1,296,453)</u>	<u>-0.8%</u>

Balance Sheet

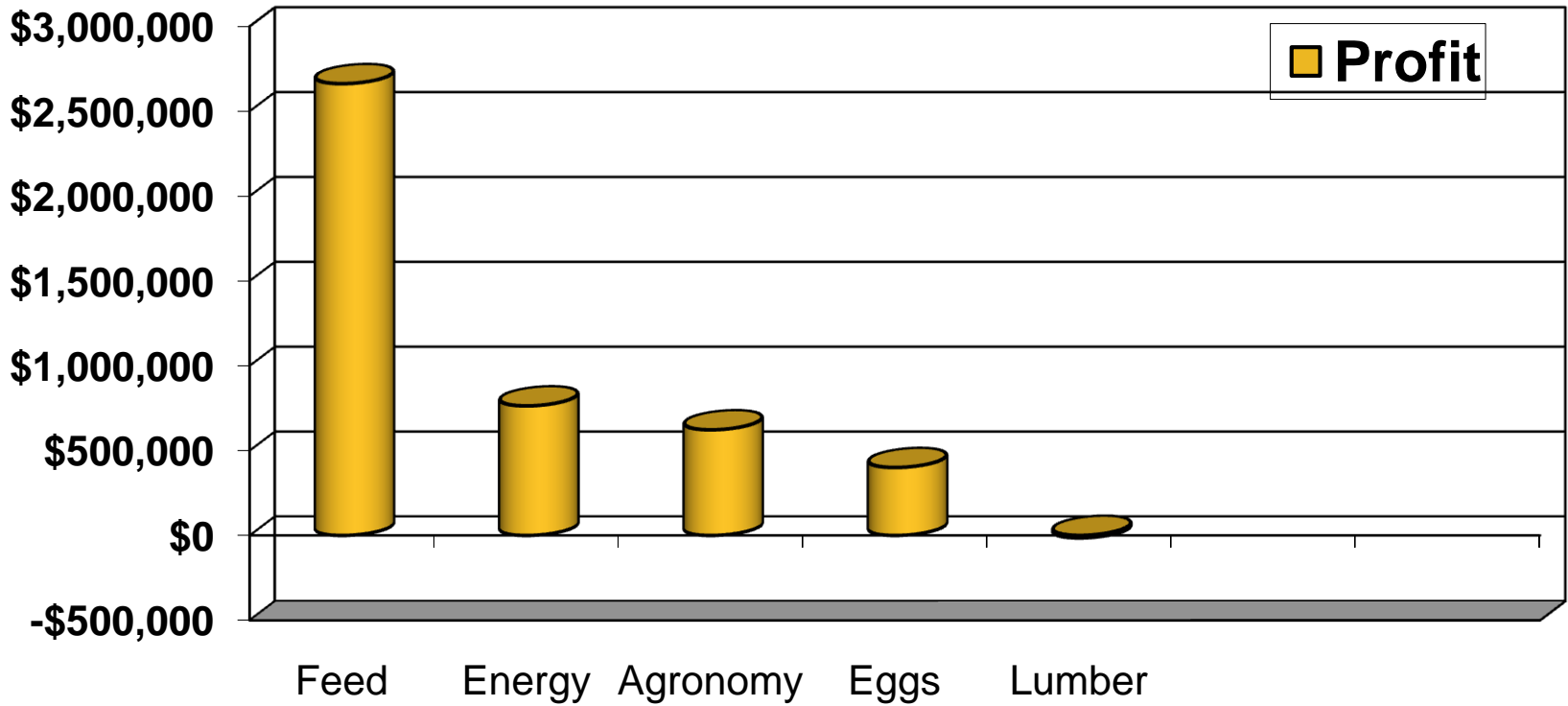
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets	\$ 47,862,422	\$ 47,498,089	\$ 45,609,862
Liabilities	\$ 37,920,549	\$ 39,549,931	\$ 36,354,852
Equity	<u>\$ 9,941,873</u>	<u>\$ 7,948,158</u>	<u>\$ 9,255,010</u>
Equity as Percent of Assets	21%	17%	20%

II

The Last Golden Year (1987)

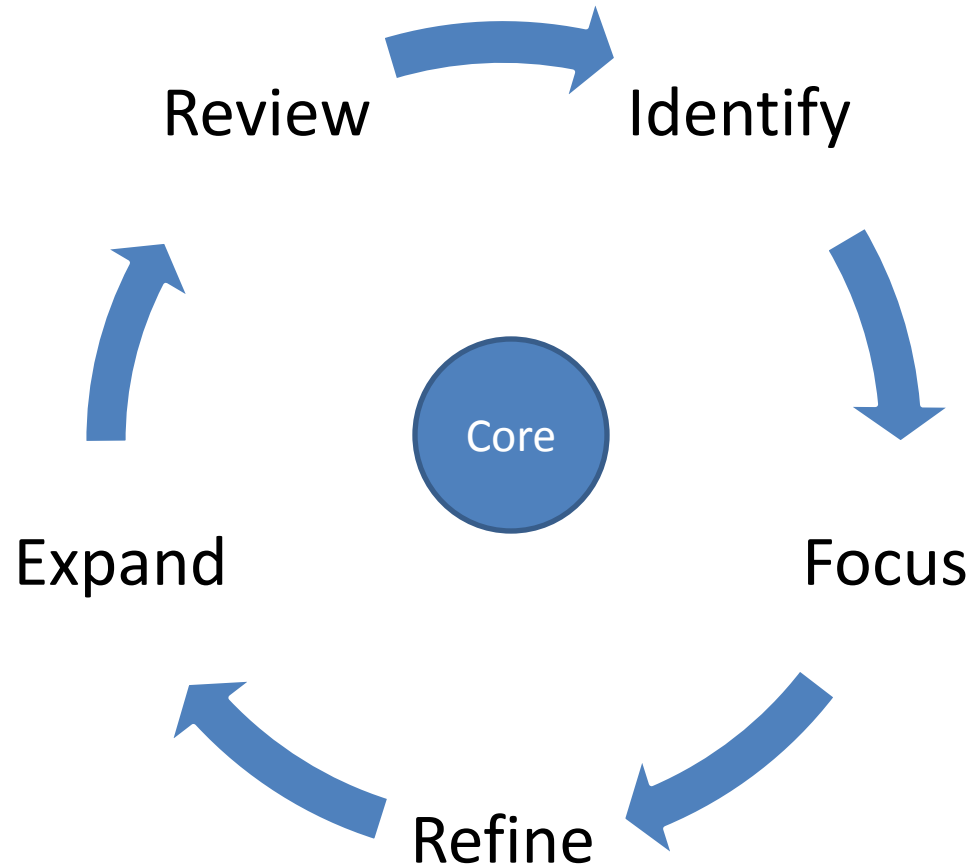


2009 – The New Gold Standard



III

Core Competency Strategy



selections
by Hamilton Lumber

ACE
The helpful place.



AGRICULTURAL
INNOVATIONS

**HAMILTON
LUMBER**
Plainwell Division

Country
Depot

2009

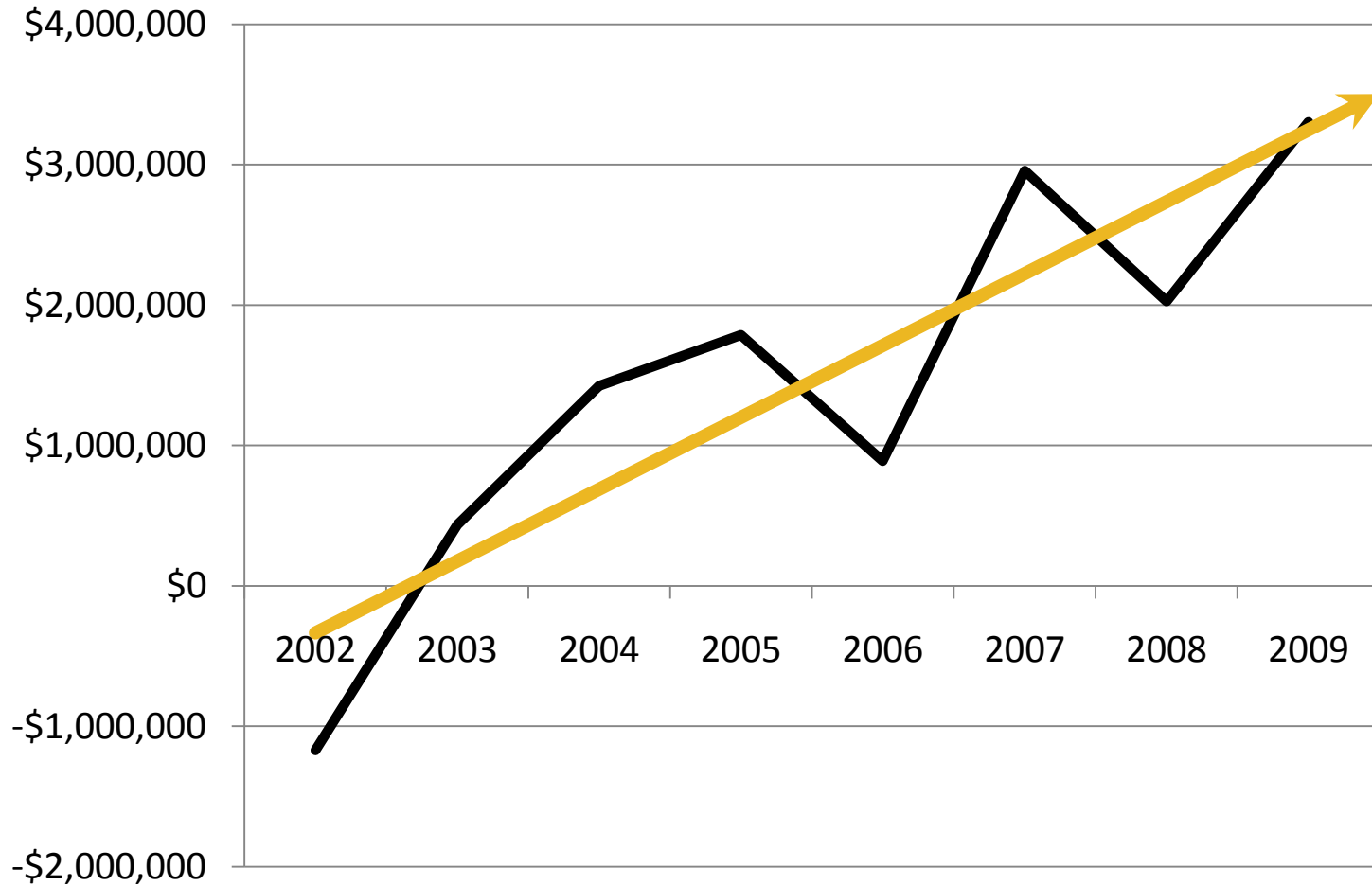
\$14.5 million in capital improvements in Core Competencies.

2002

**HAMILTON
FARM BUREAU**

90TH ANNUAL
STOCKHOLDERS MEETING

Operating Income



IV



HFB Mission:

With integrity and value, we provide solutions for our farmers, customers and communities.

**Our Mission requires that we look
ahead to strengthen our core.**



Successful Cooperatives Are Strengthening Their Core:

- Customer Service
- Efficiency
- Economies of Scale
- Buying Power





Management Discussion on 2009 Financials

Wade Blowers, COO

Statement of Continuing Operations

Divisional Summary

	<u>Sales</u>		<u>Net Profit Before Taxes</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Hamilton Feed	30,507,033	32,701,657	1,393,653	462,855
West MI Mills	38,708,726	50,698,560	1,458,678	932,387
Hamilton Energy	10,965,307	13,232,834	802,647	258,959
Traverse City Energy	2,552,058	2,838,851	(41,607)	10,478

Statement of Continuing Operations

Divisional Summary

	<u>Sales</u>		<u>Net Profit Before Taxes</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Agronomy South	20,460,166	19,779,682	500,754	(1,308,141)
Traverse City Agronomy	5,184,653	5,071,857	179,893	(14,085)
Eggs	35,831,938	40,432,672	465,970	399,888
Lumber	<u>126,000</u>	<u>-</u>	<u>(15,177)</u>	
TOTAL	144,337,890	164,758,121	4,746,820	744,349

Divisional Summary – General and Administration

	2009	2008	2007
Feed	360,000	410,000	336,000
West MI Mills	336,000	388,000	336,000
Hamilton Energy	600,000	615,000	445,000
Traverse City Energy	96,000	84,000	72,000
Agronomy South	312,000	294,000	216,000
Traverse City Agronomy	156,000	147,000	120,000
Eggs	336,000	288,000	288,000
Lumber	<u>-</u>	<u>450,000</u>	<u>390,000</u>
	<u>2,196,000</u>	<u>2,676,000</u>	<u>2,203,000</u>

Patronage

		Patronage 2009			
		West MI Mills	Eggs	Hamilton Feed	Total
Qualified Patronage		1,443,928	446,921	658,435	2,549,284
Cash	30%	433,178	134,076	197,530	764,784
Equity	70%	1,010,750	312,845	460,905	1,784,500

Patronage – Board Approved Changes for 2010

Two items that the equity committee reviewed and recommended and the Board approved as of February 2010.

1. Class A Shareholder guidelines to include both sales to or purchases from customer patrons that are \$15,000 in value over the previous three years in order to maintain Class A status.
2. Break out the profits earned in the three commodity profit and loss divisions by business activity and allocate profits (if any) to those patrons who participate in those activities.

Patronage – Equity Revolvment

	Revolvment
100% of 1989 Certificates	379,830
100% of 1990 Certificates	308,886
Total	688,716

Question and Answer Session

Leadership Awards

Dan Wedeven

Leadership Awards

**Alexander Hamilton Award for Annual
Sales Performance
(Gross Profit Improvement)**

**Hamilton Agronomy – Southern
Operations**

Mark Vander Werff

Leadership Awards

**G.J. Brower President's Award
(Most Profitable Location)**

West Michigan Mills

Bob Nienhuis

Leadership Awards

Andrew Lohman Award for Leadership

**Hamilton Agronomy – Southern
Operations**

Mark Vander Werff

Election Process and Districts

John Norkus

Election Process

Vote for one candidate from District 1:

- Ron J. Eding**
- Bryan Kleinheksel**

Vote for one candidate from District 3:

- Wayne Leep**
- Gary VanElst**

Other Business

Scholarship Recipients

❖ **Kelsey Steketee, Caledonia High School**

- Kelsey is the daughter of James and Karen Steketee of Caledonia.
- She will attend Michigan State University this fall and enroll in Animal Science with the hopes of becoming a veterinary technician.

❖ **Laura Bailey, Elk Rapids High School**

- Laura is the daughter of Ed and Marlene Bailey of Rapid City.
- She plans to attend Michigan State University in the fall majoring in Environmental Engineering with an emphasis on water preservation.

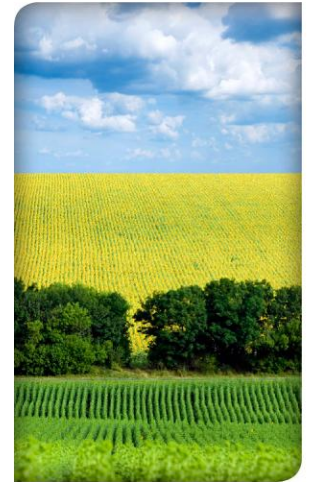
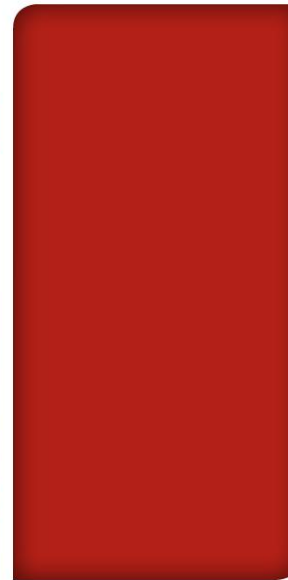
Reading of the Minutes

Harvey Elgersma

**Thank you for
your business!**



90TH



ANNUAL
STOCKHOLDER
MEETING

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10:00 am





Permits and Profits

