

Ludlow Coop 2009-2010 Crop Policies

CORN

Unless you notify us otherwise, corn will be placed into storage 5 days after first day of delivery by farm I.D. Moisture averaged by delivery sheet. Corn deliveries to different Ludlow Coop facilities cannot be averaged together. DRY corn (below 15.0%) will not be averaged with WET corn (over 15.0%).

Shrink - ("MO" on Delivery Sheet)

1.4% each 1% to 15.0% for Contract
1.4% each 1% to 15.0% for Delayed Price
1.4% each 1% to 14.0% for Storage or Warehouse Receipts.

Drying - ("DR" on Delivery Sheet)

1.875 cents each ½ % moisture over 15.0% Drying charges are based on wet bushels, will be billed after harvest, and are payable by January 10th, 2010. Service charges will be assessed on unpaid drying bills as of January 11th, 2010.

Storage Charges -

15 cents day of delivery plus 1/10 per bushel per day

Delayed Price Charges -

17 cents day of delivery plus 1/10 cent per bushel per day

Corn remaining in Storage or Delayed Price as of 9/01/2010 will be assessed the new 2009-2010 minimum charges plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2010.

DP charges subject to change due to market conditions.

BEANS

Unless you notify us otherwise, beans will be placed into storage 5 days after first day of delivery by farm I.D. Moisture averaged daily 2:00 p.m. to 2:00 p.m. by farm. No loads over 14.0% are averaged. We reserve the right to reject loads over 16.0% moisture. Bean deliveries to different Ludlow Coop facilities cannot be averaged together.

Shrink - ("MO" on Delivery Sheet)

1.0% each ½ % moisture 13.1% to 15.0%
2.0% each ½ % moisture over 15.0%

Storage Charges -

17 cents day of delivery plus 1/10 cent per bushel per day

Delayed Price -

13 cents day of delivery plus 1/10 cent per bushel per day

Soybeans remaining in Storage or on Delayed Price as of 9/01/2010 will be assessed the new 2009-2010 minimum plus daily storage rate and any applicable carryover charges in effect at that time. Any accumulated and unpaid storage charges as of that date are payable and due by September 25, 2010.

DP charges subject to change due to market conditions.

Warehouse receipts available upon request.
Contact us on the internet at ludlowcoop.com

CONTRACTED GRAIN – IF NOT SPECIFIED PRIOR TO HARVEST OR AT TIME OF SALE WILL BE APPLIED BY THE OLDEST CONTRACT DATE!



SOME EXPLANATION OF PATRONAGE EQUITY

- Ludlow Coop fiscal year is July 1st - June 30th.
- Grain settled and service charges (drying & storage) paid during these dates is eligible for patronage.
- Grain must be settled in the patrons name to receive patronage.
- The board of directors decides how much patronage will be paid and how it will be paid based on the fiscal year end results. EXAMPLE 40% in cash and 60% goes into patron's account as equity (allocated earnings). Patrons receive a check for "40% CASH REFUND - VOUCHER #" and this check can also include any stock dividends. It may also include "TOTAL CASH REFUND-VOUCHER #" "EQUITY PAYBACK"-this is a redemption of previous year's equity (allocated earnings), a 1099 would have been mailed to the patron at that time.
- Patrons will receive a 1099 after the first of the next year for 100% of the patronage equity (allocated earnings) that was issued for this fiscal year.
- Patronage equity (allocated earnings) are redeemed by issue date by board action. Current policy is to redeem within 10 years of being issued.
- Investment stock can be redeemed upon request of the shareholder after it has been held for 5 years or longer.
- In the event of a patron's death, a copy of the death certificate should be submitted to the company. All equity (allocated earnings) and all investment stock can be redeemed to the estate at that time.

September 2009

2008-2009 Financial Highlights

Grain Bushels	20,964,585
Net Income before taxes	\$4,186,148

Distribution of Income

Dividends paid	\$27,203
Income taxes	\$1,036,875
Added to retained earnings	\$1,668,708
Patronage - cash	\$580,661
Patronage - allocated	\$872,701
Patronage - total paid	\$1,453,362

Patronage Rates

LUDLOW COOP PATRONS & PIPER CITY PATRONS RECEIVED

Corn/Beans/Wheat	4 cents per bushel
<u>LUDLOW COOP PATRON'S RECEIVED</u>	
Storage	10% of Charges
Drying	20% of Charges

Redemption of 2000 & 2001

Allocations	\$370,505
Total Cash Paid Back	\$978,369

THE GRAINERY FOR LUDLOW COOP ELEVATOR COMPANY

Patron Grain Statements

Enclosed with this brochure is your patron grain statement. The information on this statement pertains to your grain account as of 2:00 p.m. SEPTEMBER 14, 2009. We are sending this information to you in order for you to double check your records to ours. The statement details your grain that is on open storage/delayed pricing/hold etc. Also included on the statement are the open contracts of grain you have sold through Ludlow Coop for future deliveries or to be applied to your bushels that are in the elevator already. The dates are shown by month and year for the delivery period of the contract in which the grain was sold. For example, if you have sold grain for 2009 harvest delivery the dates are shown as 10/1/09-11/30/09. For location number references please look at the back page.

GRAIN IN THE ELEVATOR AND OPEN CONTRACTS.

When you look at your grain statements the bushels in storage or on delayed pricing are NOT reduced by any existing contracts for future delivery periods. We cannot apply grain sold for a future delivery period until the 1st day of that delivery period. For example, if you put 10,000.00 bushels in storage at harvest and have 5,000.00 bu sold for JANUARY 2010 your statement as of today will show 10,000.00 bushels storage and an open 5,000.00 bushel JANUARY 2010 contract.

We are asking that patrons please look over the statements and if you find any errors please contact our Buckley/Ludlow/Danforth/Piper City offices immediately! Please do not wait until a later date.

Thank you for your assistance,

Office Staff

Reference to statement location numbers:

Ludlow #100	Clarence #200	Perdueville #300
Buckley #400	Loda #500	DelRey #600
Danforth #610	Gilman #620	LaHogue #630
Piper City #640	Direct Shipments #800	
Paxton #900		

Ludlow Coop's Stockholders Meeting - August 22, 2009

MESSAGE FROM YOUR BOARD PRESIDENT, RICK NELSON

It's been a great year to be in the grain business! Ludlow Co-op generated \$4 Million of Net Income! Volume, merchandising, drying, and storage - all four facets of our income operations hit "home-runs" this year. That never happens! 2009 was clearly a record year for Ludlow Co-op.

And this is when one of the big benefits of being a cooperative comes into play: instead of the profits from this outstanding year being put in the personal pockets of investors in Chicago or New York, or buying someone's second home in the Ozarks, those profits are being used to improve the service capability and financial strength of your co-op for the benefit of you, its members ...or they are being distributed to you, the users of the co-op as patronage. This is what being a cooperative is all about!

But there's more to talk about regarding this record year: there has been a lot of growth and change in the structure of our company. Effective August 1, 2008 - a year ago - Danforth-Gilman became part of Ludlow Co-op, bringing three elevator locations and access to the TP&W railroad to the Ludlow Co-op operation. The TP&W gets us to the Peoria/Pekin markets, and also to markets in the east. And this summer, after a strong vote of approval by their shareholders, Farmers Grain Company of Piper City merged into Ludlow Co-op on June 30. Piper City has one location with excellent facilities and also has rail loading capability on the TP&W railroad. This gives us a larger pool of grain to leverage into that TP&W marketing arena and a greater presence as a grain purchaser and service provider to farmers in that area. The merging of these two cooperatives into Ludlow is a good fit: with similar cultures and our common historical focus on farmer service, these mergers have helped create a larger, stronger, more efficient, and more market effective Ludlow Co-op. They have brought 4 M bu of storage space and a loyal patron base into the new combination. With our new balance sheet now showing almost \$11M of Net Worth and Working Capital of \$3.5 M, your company is positioned for long-term success both financially and geographically. This is truly a win-win-win situation.

There are also some expansion changes and opportunities coming at our merchandising company - Midwest Grain LLC. We are joint owners of Midwest Grain with Evergreen FS and have been since we formed it in the year 2000. On September first, we added the first new member to Midwest Grain. Assumption Cooperative Grain of Assumption, Illi-

nois brought their 12M bushels of grain volume to our joint merchandising company along with direct access to the Decatur processor markets and also access to the St. Louis grain markets as well. Assumption has 6 elevator locations in Christian and Shelby counties. As a result of this expansion, Midwest Grain will have a more geographically diversified grain origination base, broader market access with more arbitrage opportunities, and will market an annual volume in excess of 50 M bushels.

In another area, Ludlow Co-op has a significant investment in One Earth Energy, the new ethanol plant in Gibson City. It began operations this past June and was able to report a profit for its first month of operation - and that is no small achievement for a start-up ethanol plant, especially in today's ethanol market environment. We continue to believe that our investment in a local ethanol plant is good diversification for our company, is good for the local farmer, and is good for the local economy. Our manager, Bruce Bastert, represents Ludlow Co-op on the One Earth Board of Directors.

In late August you should have received a check for the cash portion of this year's patronage. That check also included the redemption of any of the company's allocated earnings issued to you in the years 2000 and 2001. This redemption totals \$370,000. Our goal continues to be that we have no allocations over 10 years old. With this redemption today, our oldest outstanding allocations were issued in 2005 - only 4 years ago! I would also remind you that we continue to offer Ludlow Co-op stock for sale. Our First Preferred stock has a \$50 par value and pays an 8% non-cumulative dividend. Our Second Preferred stock has a \$100 par value and pays a 6% non-cumulative dividend. Our stock redemption policy continues to be that either class of stock is redeemable upon request of the shareholder after it has been held for at least 5 years. There is a limit of 80 total shares of stock per common shareholder. If you are interested in investing in Ludlow Co-op preferred stock, please contact the Ludlow Office.

I would like to thank the employees and management staff for their dedication and hard work this past year. Without them, we would not have such a great cooperative and we would not have this wonderful story to tell. And on behalf of the Board of Directors, I want to thank you for your past support, and we look forward to continued success as we work together with you as a cooperative team for many years to come. Thank-you!

**ARE YOU FARMING NEW
GROUND THIS YEAR?
DID YOUR GRAIN SPLITS
CHANGE?**

**If so we need to know prior
to harvest!**

Once again we would like to remind all of our patrons that we would appreciate it if you would inform us of any NEW accounts we need to set up for you prior to harvest! This would include any new or changed grain splits. We should have your grain splits set up the same as the FSA offices have them. We can also add your FSA farm numbers to your existing farm splits or set up different 100% grain ID's with your farm numbers on them. Please let the location you settle grain with know of the additions/changes PRIOR TO HARVEST! Or you may email one of the offices with your information! Thank you in advance for your cooperation!!

