

**FCStone**

2007 ANNUAL REPORT

**FCStone**<sup>®</sup>  
UNDERSTAND • SIMPLIFY • SUCCEED

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Kansas City, Missouri 64153  
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[www.fcstone.com](http://www.fcstone.com)

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FCStone is a broad-based commodity risk management and trading company headquartered in Kansas City, Missouri. We currently have 12 offices in the United States, plus four international locations.

In 2000, the company acquired Saul Stone, a well-respected futures commission company that was instrumental in the commodities markets for more than 75 years. The merged companies became FCStone Group, Inc.

FCStone offers proven commodity risk management programs, including our comprehensive IRMP, to clients dealing with the following commodities and financial risks:

Bean Oil • Biodiesel • Bunker Fuel • Canola • Carbon Credits • Cocoa • Coffee • Corn • Cotton • Cottonseed Meal • Cottonseed Oil • Crude Oil • Dairy Products • Diesel Fuel • Distillers Grains • Edible Beans • Electricity • Ethanol • Fertilizer • Financial Instruments • Foreign Exchange • Gasoline • Home Heating Oil • Jet Fuel • Livestock & Meats • Lumber • Natural Gas • Orange Juice • Propane • Pulp • Soybeans • Soy Meal • Sugar • Weather Derivatives • Wheat

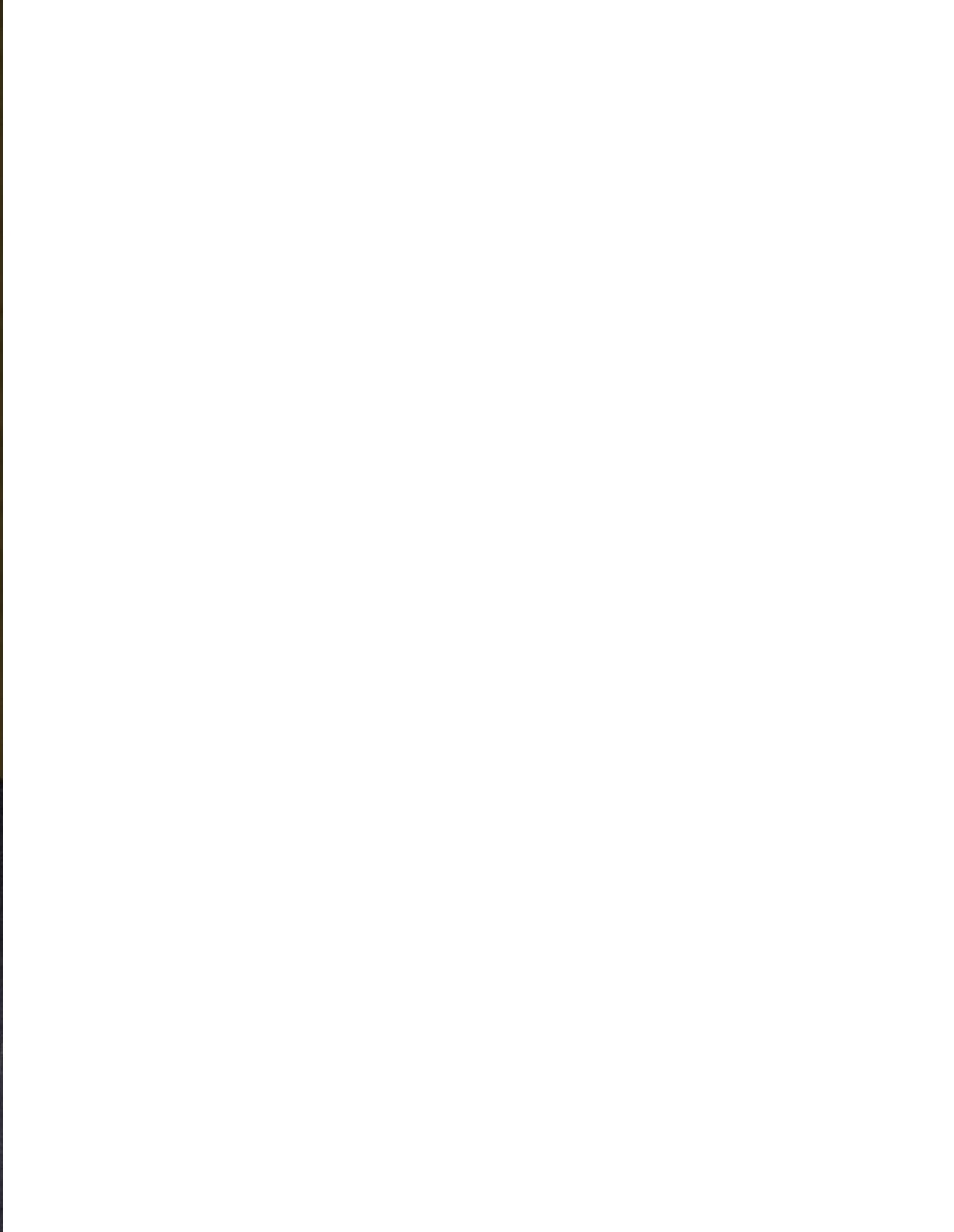
FCStone's mission is to improve bottom-line results for our clients. We do that with utmost professionalism, with specific and actionable programs and strategies, and accountability.

For more than 75 years, FCStone has been a recognized industry leader because we consistently deliver: Unmatched expertise • Superior commodity risk intelligence • Successful commodity risk management programs • Improving results to your bottom line



BRUCE KREHBIEL  
CHAIRMAN

PETE ANDERSON  
CEO



## Letter to Shareholders

*By Bruce Krehbiel and Pete Anderson*

In 1978, FCStone was organized for the direct benefit of its cooperative members. The company's purpose was to provide education, services and products in the development of risk management programs for the bottom-line benefit of its clientele. The advancement of this philosophy, mission and goal is what has defined FCStone from its inception and will continue to be our pledge going forward.

Throughout FCStone's history, when a service or program was needed, the company has focused its resources to meet that need. In every case, the need for innovation to manage our clients' risk has brought about a new milestone in the company and has been a defining moment in the growth of the organization. As a result of this ongoing focus on innovation, we are proud to say that FCStone has played a significant role in the evolution, growth and sophistication of the grain and energy industries over the past 30 years.

The success of taking FCStone's philosophy and commitment to new customer segments, industries and commodities that have been identified and developed in recent years is reflected in the significant growth and profitability experienced this past year. It was a year of both record revenue and earnings.

We saw revenues, net of the cost of commodities sold, increase 42% from \$182 million in 2006 to \$257 million in 2007, as well as net income of \$33.3 million compared to \$15.3 million in 2006, an increase of 118%. Furthermore, total assets increased from \$1.057 billion at year-end 2006 to \$1.420 billion at the end of fiscal 2007.

Translating this strong momentum into the public markets, FCStone's initial public offering was also one of the major highlights of the company's fiscal year in 2007. The initial public offering took place on March 15, 2007, with the stock trading on the NASDAQ Exchange. The net proceeds of the IPO amounted to approximately \$130 million and were used to redeem 15% of the previous outstanding shares of common stock, to reduce subordinated and corporate debt, to increase regulatory capital and for general corporate purposes, which may include future acquisitions and additions to working capital. Utilizing this additional capital, FCStone has accelerated the growth initiatives that have been developed over the past few years, as the company has made significant gains in the past year to further penetrate new customer segments and to diversify our revenue streams. ▶



**Photo – left to right:**

Dave Andresen

*4 Season Cooperative, Britton, SD*

Eric Parthemore

*Second Vice Chairman,  
Farmers Commission  
Company, Upper Sandusky, OH*

Kenneth Hahn

*Planters Cooperative, Lone Wolf, OK*

Rolland Svoboda

*Pro Cooperative, Gilmore City, IA*

Jack Friedman

*Vice Chairman, Innovative Ag Services,  
Monticello, IA*

Doug Derscheid

*Central Valley Ag Cooperative, O'Neill, NE*

Paul (Pete) Anderson

*CEO, FCStone Group, Inc., Kansas City, MO*

Daryl Henze

*Financial Consultant/Retired Partner, KPMG, LLP  
Des Moines, IA*

Dave Reinders

*Sunray Cooperative, Sunray, TX*

Brent Bunte

*New Cooperative, Fort Dodge, IA*

Bruce Krehbiel

*Chairman, Kanza Cooperative, Iuka, KS*

Tom Leiting

*River Valley Cooperative, Clarence, IA*



This growth has been led by the rapid expansion of the renewable energy industry in both ethanol and biodiesel. With FCStone's expertise in agricultural commodities as well as the energy industry, we believe we are well positioned to assist ethanol and biodiesel producers in managing their commodity input and production risk. Other areas of opportunity and expansion include natural gas and energy producers and consumers, fuel surcharge risk, weather derivatives, forest products, food products and carbon emissions. FCStone's risk management consultants continually react to the changing needs of the customer by identifying new products, structures and solutions to manage their commodity risk.



With the continued volatility and demand for commodities on a worldwide basis, we have experienced significant growth in virtually all regions internationally. The company currently has four international offices located in Campinas, Brazil; Beijing, China; Winnipeg, Canada; and representation in Dublin, Ireland, all of which were strengthened during the past 12 months. One of the fastest-growing segments in FCStone is the Campinas, Brazil, office where the focus is on production agriculture, our core strength throughout the organization. The other commodities that have demonstrated significant growth in Brazil include sugar, ethanol, coffee, foreign exchange and consulting. Brazil represents the production side of agricultural and energy commodities, and China represents the consumption side of world demand. It is this demand in all industries, commodities and regions that has accelerated the need for the commodity risk management services and products that FCStone provides. This same demand for commodities and continued volatility, combined with the rapid growth in electronic trading, has led to continued strong growth in our clearing and execution segment.

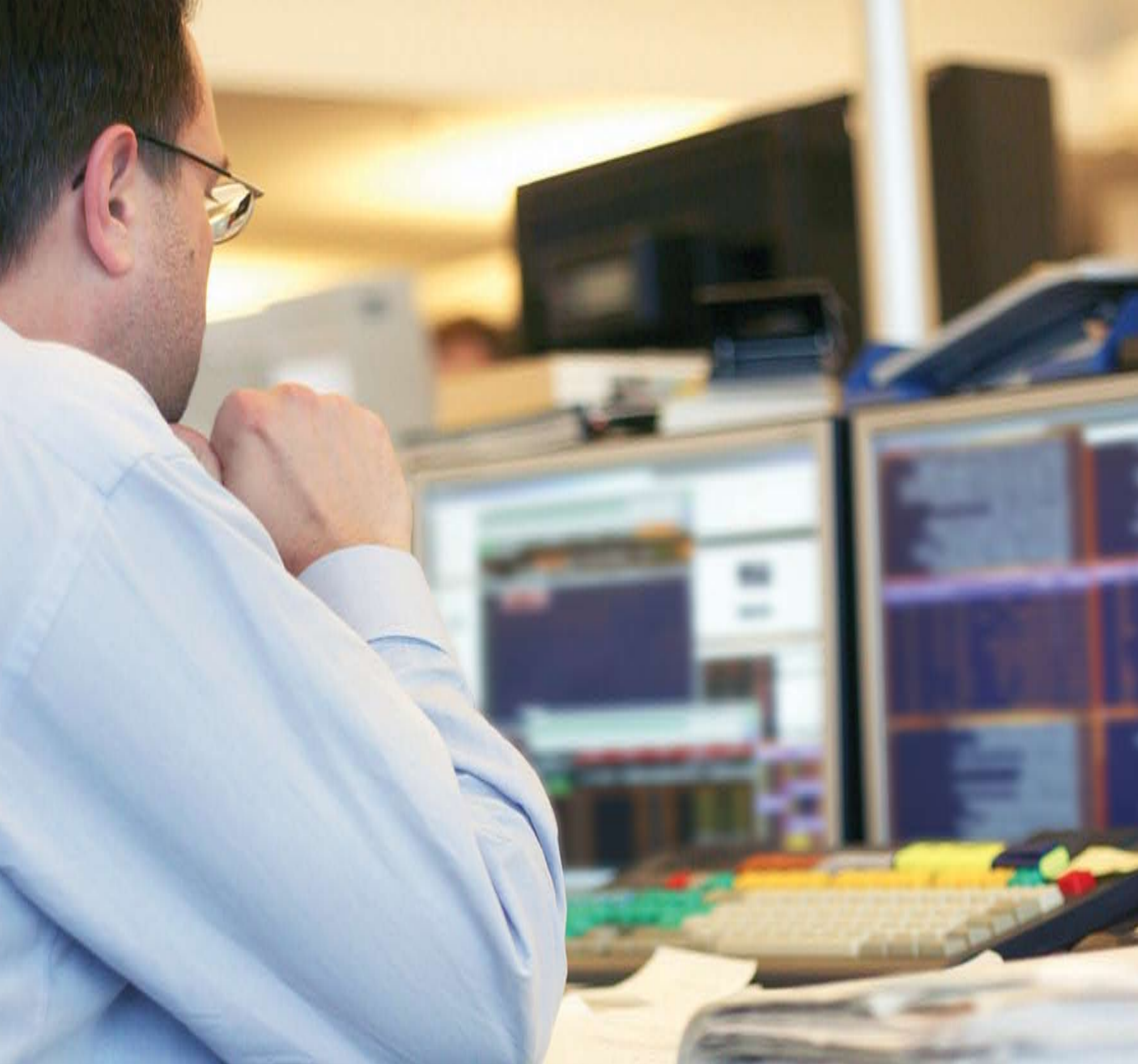


Growth in all of the business segments, both mature and new, is driven by FCStone's network of risk management consultants. Our goal is to continue increasing the number of new risk management consultants that we hire and then do our best to train them on our processes and risk management strategies. We find these consultants in various industry segments, our customer base and through an aggressive training program. This network of commodity risk management consultants enables FCStone to deliver our value-added products and services to our clientele.






Our consultants are responsible for developing customer relationships, analyzing the commodity risk of our customers, developing strategies to mitigate this risk and executing these strategies at the direction of the customers. Furthering our growth avenues, we continue to reassess and develop our training programs to address new and developing products and industries that have growth potential. In fiscal 2005, we hired 10 new commodity risk management consultants to develop through a two-year training program. Today, nine of those trainees have become respected consultants working in various industries and market segments throughout the company. In fiscal 2007, we hired and placed in the training program an additional 14 trainees and are excited about the opportunity to help bring them to the next level. In the past fiscal year, our total number of consultants and trainees has increased from 102 at the end of fiscal 2006 to 118 at the end of fiscal 2007. As the company continues to grow, we will increase the number of consultants in order to service the various market segments around the world.



The experience and expertise of FCStone's network of risk management consultants enable them to offer the most appropriate alternative to manage our customers' risk utilizing the various platforms that the company provides. The most effective strategy or instrument might be a traditional exchange-based structure, a customized or engineered derivative product or in the physical cash markets. The most effective strategy could be a combination of the various platforms or instruments or to do nothing at all. It is the risk management consultant's skill and experience that will drive the relationship with our client and, in turn, generate continued growth for FCStone Group, Inc.

Looking at the changes in our industry, we believe that the shift to electronic trading will result in lower administrative costs, higher trading volume, increased productivity of our consultant network and more efficient communication with our customers. This demand for electronic trading will also accelerate the pace of industry consolidation, which is necessary given the current fragmentation in the market. FCStone will be in a position to facilitate and capture additional business through this consolidation. This same demand for commodities and continued volatility, combined with the rapid growth in electronic trading, has led to continued strong growth in our clearing and execution segment.



The company has gone through a spectacular pace of growth over the past few years. More importantly, utilizing our network of experienced risk management consultants focused on delivering relationship-oriented, independent, consultative risk management services to our clientele will enable FCStone to maintain that same aggressive pace of growth going forward, facilitated by our mature client base, the underserved markets we have already identified both domestically and internationally, and through new markets that we know will present themselves in the future. The company will continue to leverage its agricultural and energy experience into renewable energy, food service, manufacturing and processing, commodity consumers, transportation, weather and international market participants.

We recognize that the success of FCStone is dependent on remaining focused and committed to our customers and our longtime mission, goal and vision:

- Our mission is to improve bottom-line results to our customers.
- Our goal is to provide the platforms, instruments, information and strategies that enhance the profitability of our customers and increase the value for our stakeholders.
- Our vision is to be the acknowledged leader in commodity risk management worldwide.

In addition to executing these broader strategies, we know that our long-term as well as recent success would not have been possible without the hard work and dedication of all our employees. We'd also like to thank our customers and shareholders for their continued support and look forward to updating you on our progress in fiscal 2008.

## FINANCIAL HIGHLIGHTS

Years Ended August 31

(in thousands, except per share amount)

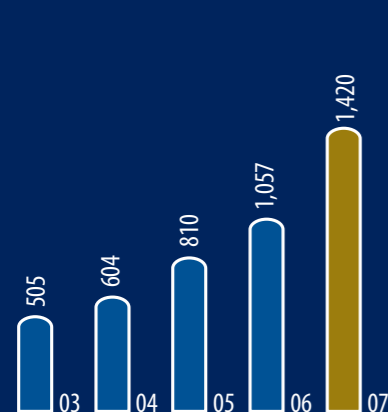
	2005	2006	2007
Revenues, net of cost of commodities sold	\$ 126,753	\$ 181,856	\$ 257,446
Income before income taxes	\$ 10,530	\$ 24,757	\$ 53,277
Net income	\$ 6,580	\$ 15,257	\$ 33,277
Total assets	\$ 809,584	\$ 1,057,207	\$ 1,420,194
Stockholders' equity	\$ 45,185	\$ 58,895	\$ 173,668
Common stock shares outstanding	21,727	21,806	27,417
Diluted earnings per share	\$ 0.34	\$ 0.70	\$ 1.30

Reflecting  
on the past.

Focusing on  
the future.

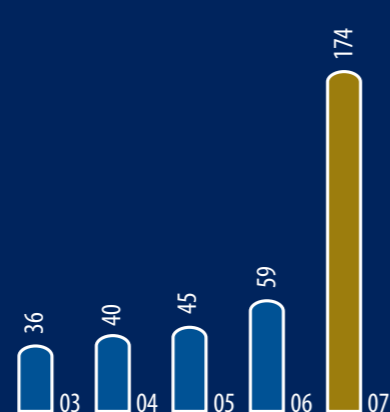
### TOTAL ASSETS

(in millions)



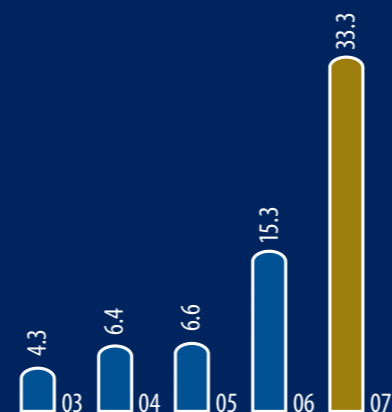
### STOCKHOLDERS' EQUITY

(in millions)



### NET INCOME

(in millions)





■ CUSTOMERS    
 ■ OFFICES    
 ★ HEADQUARTERS

**Kansas City, Missouri**  
800.255.6381

**Chicago, Illinois**  
312.780.6700

**Omaha, Nebraska**  
800.228.2316

**Indianapolis, Indiana**  
866.825.7942

**Atlanta, Georgia**  
800.241.8074

**Dublin, Ireland**  
011.353.167.01740

**West Des Moines, Iowa**  
800.422.3087

**New York, New York**  
212.766.0100

**Bloomington, Illinois**  
800.313.6448

**Spirit Lake, Iowa**  
800.854.6490

**Winnipeg, Manitoba, Canada**  
866.634.7392

**Campinas S.P., Brazil**  
+55 19 2102 1300

**Minneapolis, Minnesota**  
800.447.7993

**Bowling Green, Ohio**  
800.238.4146

**St. Louis, Missouri**  
800.888.4254

**Beijing, China**  
0086.10.651.30855

## STOCKHOLDER INFORMATION

### CORPORATE HEADQUARTERS

FCStone Group, Inc.  
10330 NW Prairie View Road  
Kansas City, MO 64153  
Phone: 816-891-7000

### STOCK LISTING

FCStone Group, Inc. common stock is traded on the NASDAQ exchange under the symbol FCSX.

### COMPANY INFORMATION

To receive company material, including additional copies of the annual report filed with the Securities and Exchange Commission on Form 10-K, or to obtain information on other matters of investor interest, please visit our website at [www.fcstone.com](http://www.fcstone.com).

### ANNUAL MEETING

The annual meeting of stockholders will be held on January 10, 2008, in Kansas City, Missouri.

### SHAREHOLDER RELATIONS

Direct inquiries to:  
Investor Relations  
10330 NW Prairie View Road  
Kansas City, MO 64153  
Phone: 866-522-7188  
E-mail: [billd@fcstone.com](mailto:billd@fcstone.com)

### STOCK TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A. is the transfer agent and registrar for FCStone Group, Inc. Inquiries about stockholders' accounts, address changes or certificates should be directed to Computershare.

To contact by mail:

Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078

Phone: 800-884-4225 or 781-575-4706  
(An automated voice response system is available 24 hours a day. Please have your account number or Social Security number available. Live customer support is available 8:00 a.m. to 5:00 p.m. Central Time on weekdays.)

E-mail: [web.queries@computershare.com](mailto:web.queries@computershare.com)

## FORWARD-LOOKING STATEMENTS

This document may include forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. All statements other than statements of current or historical fact contained in this document are forward-looking statements. The words "believe," "expect," "anticipate," "should," "plan," "will," "may," "could," "intend," "estimate," "predict," "potential," "continue" or the negative of these terms and similar expressions, as they relate to FCStone Group, Inc., are intended to identify forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. They can be affected by inaccurate assumptions, including the risks, uncertainties and assumptions described in the Company's filings with the Securities and Exchange Commission. In light of these risks, uncertainties and assumptions, the forward-looking statements in this document may not occur, and actual results could differ materially from those anticipated or implied in the forward-looking statements. When you consider these forward-looking statements, you should keep in mind these risk factors and other cautionary statements in this document.

Our forward-looking statements speak only as of the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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