



2009

Annual Review



Enhancing

PRODUCER PROFITABILITY

through integrated services

NorthStar Cooperative
INC.



AntelBio

DHI

Steady in unsteady times



NorthStar Cooperative achieved positive results in challenging times, thanks to stockowner confidence, employee dedication, and a business strategy that focused on cost containment, maximizing buying power, and making vital growth investments for the future. First and most important: thank you for the opportunity to earn your business and for your confidence in the Cooperative.

With over 200 employees, NorthStar offers the most comprehensive on-farm approach to reproduction, dairy information management and general dairy farm management than any other company that drives in your driveway. Working collectively, our employees strive to meet and exceed the needs of your operation. We have talented people who are committed to helping you enhance profitability through integrated services.

This past year, we made further progress in the pursuit of surrounding you with the knowledge, products and services you require to achieve your goals. Our employees have actively engaged in expanding their knowledge through completion of over 3,800 on-line courses. The launch of our on-line learning center has proven to be a successful and meaningful step for our organization, and is essential to our future.

In a challenging environment, NorthStar is poised to perform and capture new growth. We are dedicated and driven to build partnerships which will enable NorthStar and you to meet the unique challenges of the times.

On behalf of the NorthStar team,

Gary A. Smith
Executive Vice President and General Manager

Cary Dairy



Cary Dairy Farm
Battle Creek, Michigan

“We have a good support team and we wouldn’t want to take any one of them out of the equation. Without NorthStar’s help it’s not as productive. NorthStar is a part of our team. Ed and Julie (NorthStar) treat our farm like it’s their own, they help us make good decisions.”

Financial Highlights

Year Ended September 30, **2009** 2008 % chg
(in thousands)

Summary of Operations

Total Sales	\$19,856	\$21,309	-7%
Operating Profit	\$450	\$1,386	-68%
Net Profit	\$618	\$1,273	-51%
Return on Sales	3.1%	6.0%	-48%
Return on Equity	7.8%	17.5%	-55%

Other Data

Net Cash provided by			
operating activities	\$769	\$274	181%
Inventories	\$1,431	\$1,572	-9%
Trade Receivables	\$2,311	\$2,257	2%
Capital Spending	\$468	\$526	-11%
Total Assets	\$10,130	\$10,557	-4%
Patronage to be paid in cash	\$168	\$431	-61%
Preferred Stock Dividends	\$13	\$21	-38%
Total Equity	\$8,067	\$7,685	5%
Long Term debt	\$ -	\$ -	n/c

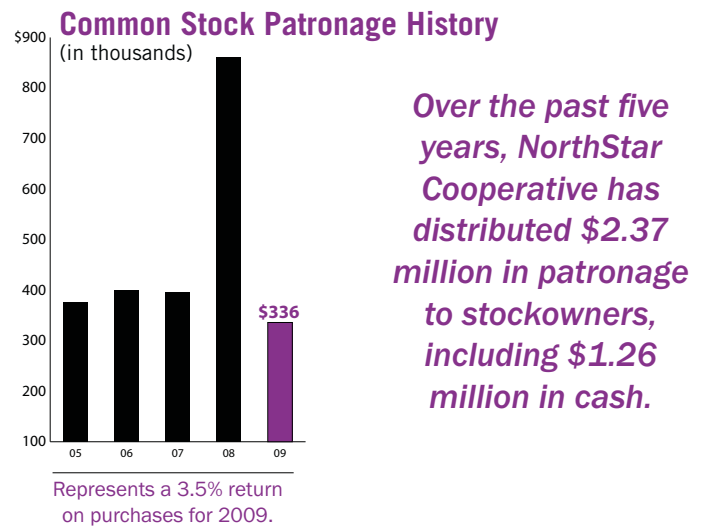
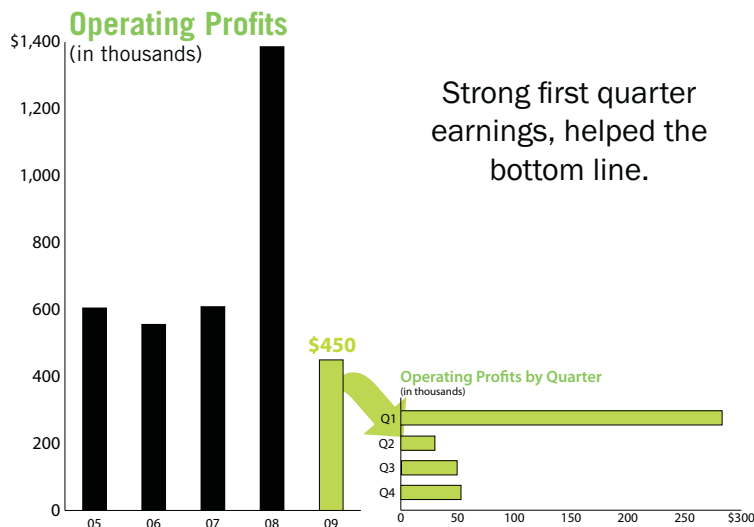
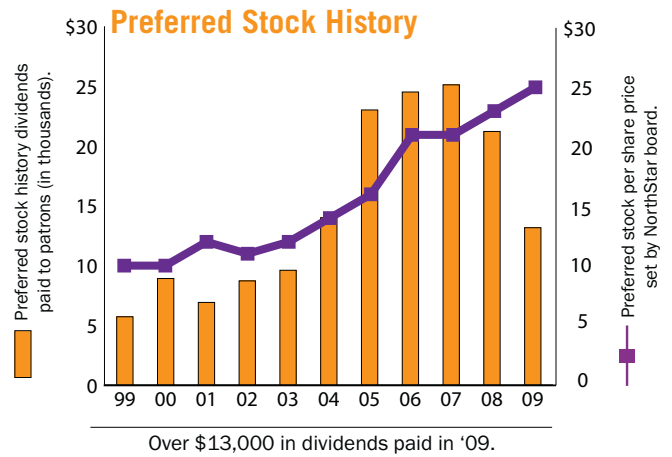
Complete Financial Statements available by calling 800.631.3510.

Fred Beer Farm

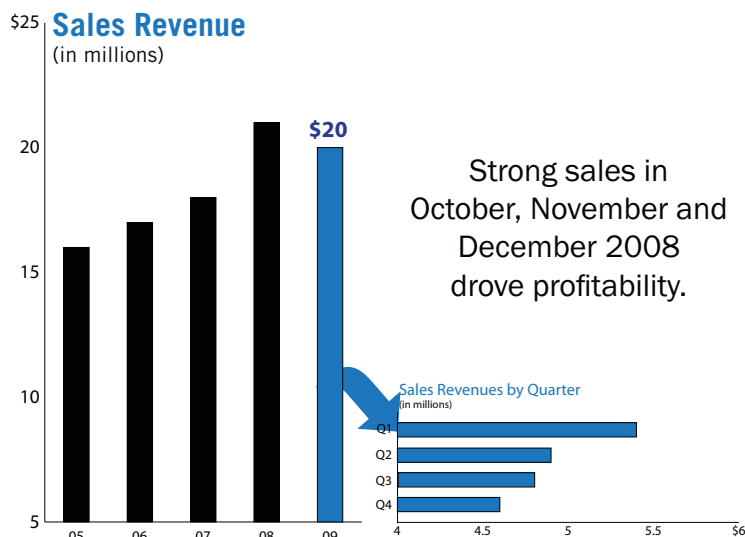
“We rely on Richey and Jessica (NorthStar) to keep us on track with bull selection; and Marla (NorthStar) to provide accurate DHI test information. NorthStar has really focused on making DHI a management tool and it's a real benefit to us.”



Fred Beer Farms
Milford, Indiana



Our business is a **reflection** of your business



Our Strategies Include:

- Unrelenting focus to lower prices. Average per unit semen price rolled back below '07 levels.
- Maximize your buying power. Prepay and Patronage programs provided more than \$22,600 in matching funds.
- Cost containment.
- Invest in vital growth opportunities.
 - Expanded professional technician service areas.
 - Widened circle of friends, providing new products, services and financing options.

Enhancing producer profitability through integrated services

- A member-owner of Select Sires, the world's largest A.I. Federation, we offer breed-leading genetics and proven reproductive management services.
- Partnering with leading agriculture suppliers, we offer quality, time tested, brand-name herd management products.
- Internationally recognized testing options on milk samples (Johne's, leukosis, BVD), allows you efficient and reliable diagnostic choices, which are easier and more economical than traditional testing methods.
- A member of the largest records processing center, DRMS, we provide the most extensive support network available to measure and manage vital herd information.
- Progressive, innovative, and poised to meet and exceed your needs, we are committed to enhancing your profitability through integrated services.

Krueger Dairy

“We’ve had a long standing relationship with NorthStar and we believe it’s important to work with a cooperative. We appreciate NorthStar’s quality people and products and their progressive attitude. We count on Brad (NorthStar) to give us above average numbers and provide consistent results in generating pregnancies and he does.”



Brad and Vicki Krueger, and Brad Herzog, A.I. technician Shawano, Wisconsin

Providing premier services and products for agriculture producers to enhance their business and well being by:

- **Expanding** current and new services through support of technology, research and development;
- **Collaborating** and investing in strategic alliances with other business entities, and
- **Promoting** a work environment that enhances knowledge, creativity, innovation and personal growth.



NorthStar Cooperative Board of Directors
Lyle Ott, Jeff Horning, Terry Nugent, Bob Cnossen, Ken Gasper, Dave Goodrich, Dan Mielke, Mike Heckaman, Dana Sue Kirk, Mark Ziel, Dick Piechowski. (Not pictured: Kim Barta, Henry Wender)



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