

November 16, 2010

Market Outperform / Speculative Risk

AgFeed Appoints McGladrey & Pullen, LLP as New Independent Auditor

MARKET DATA	11/15/2010
Price	\$2.50
Exchange	NASDAQ
Target Price	\$6.00
52 Wk Hi - Low	\$5.70 - \$2.12
EV(MM)	\$177.7
Market Cap(MM)	\$128.4
Shares Out (MM)	51.4
Public Mkt Float (MM)	26.8
Avg. Daily Vol	894,440.0

BALANCE SHEET METRICS	
Cash (MM)	\$36.6
LTD (MM)	\$0.0
Total Debt/Total Equity	3.61%
Debt/Capital	NA
Price/Book Value	0.9x
Book Value/Share	\$2.81

EARNINGS DATA (\$)			
FY - Dec	2009E	2010E	2011E
Q1 (Mar)	0.08	0.02A	0.11
Q2 (Jun)	0.03	(0.07)A	0.12
Q3 (Sep)	0.07	(0.43)A	0.13
Q4 (Dec)	0.08	0.03	0.14
Full Year EPS	0.26	(0.44)	0.50

INDICES	
DJIA	11,202.0
SP-500	1,197.8
NASDAQ	2,131.5
Russell 2000	719.9



AgFeed Industries, Inc. has engaged McGladrey & Pullen, LLP as the company's independent auditor for the fiscal year ending December 31, 2010. The company was previously audited by Goldman Parks Kurland Mohidin, LLP. We understand the decision to change auditors was driven by the growing scope of AgFeed operations that now include M2P2, one of the largest commercial hog producers in the U.S.

We view the appointment of McGladrey & Pullen, LLP as a very positive step for the company. McGladrey & Pullen has approximately 7,000 professionals and 90 offices in the U.S serving primarily mid-sized and emerging growth companies - including more than 150 companies with publicly held securities. The company extends its international reach via membership of RSM International, the sixth-largest worldwide accounting and consulting organization with 736 offices in 76 countries. More important McGladrey & Pullen has significant experience in auditing agricultural companies making it an ideal choice for AgFeed. With recent reports of accounting deficiencies among US-listed Chinese companies, we believe this auditor upgrade is timely and will help strengthen investors' confidence in the company.

We Reiterate our Market Outperform rating and a 12-month price target of \$6

AgFeed is currently trading at 5x our FY11 our EPS estimate of \$0.50. We continue to view the AgFeed's valuation as attractive and reiterate our Market Outperform rating and a price target of \$6 based on the shares attaining a P/E level of 12x our FY11 EPS estimate.

Risks

(1) High feed costs (2) Persistently low hog prices (3) Weak consumer demand for pork (4) Swine disease (5) Execution risk (6) Regulatory Risk

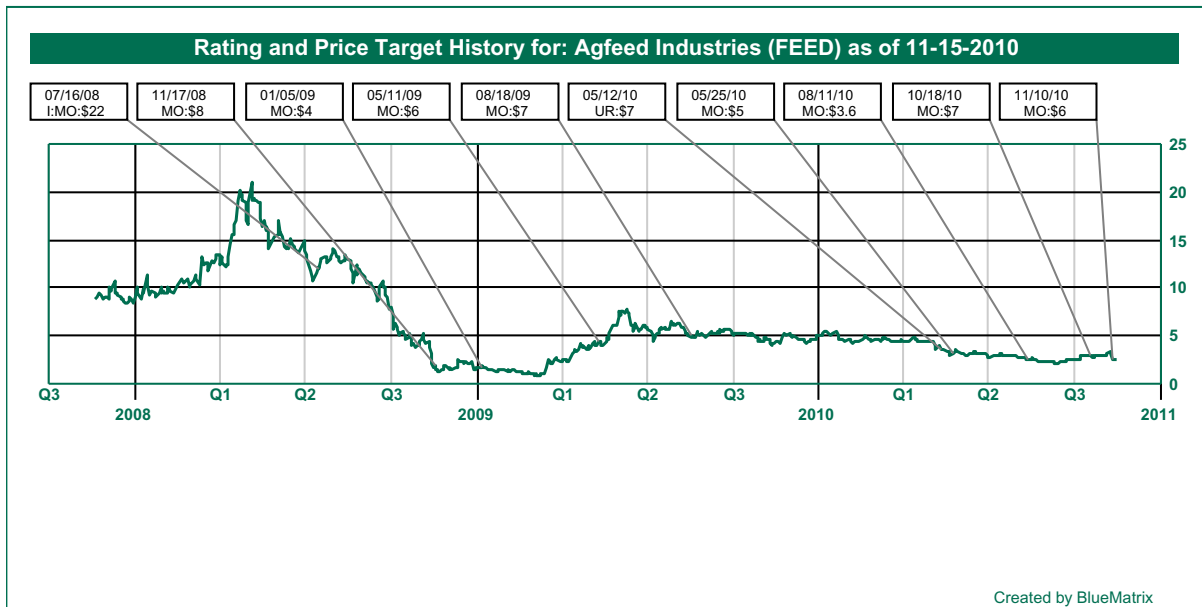
RODMAN & RENSHAW RATING SYSTEM: Rodman & Renshaw employs a three tier rating system for evaluating both the potential return and risk associated with owning common equity shares of rated firms. The expected return of any given equity is measured on a RELATIVE basis of other companies in the same sector, as defined by First Call. The price objective is calculated to estimate the potential movement in price a given equity could achieve given certain targets are met over a defined time horizon. Price objectives are subject to exogenous factors including industry events and market volatility. The risk assessment evaluates the company specific risk and accounts for the following factors, maturity of market, maturity of technology, maturity of firm, cash utilization, and valuation considerations. Potential factors contributing to risk: relatively undefined market, new technologies, immature firm, high cash burn rates, intrinsic value weighted toward future earnings or events.

RETURN ASSESSMENT

- Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.
- Market Perform (Hold): The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.
- Market Underperform (Sell): The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector, as defined by First Call.

RISK ASSESSMENT

- Speculative - The common stock risk level is significantly greater than market risk. The stock price of these equities is exceptionally volatile.
- Aggressive - The common stock risk level is materially higher than market level risk. The stock price is typically more volatile than the general market.
- Moderate - The common stock is moderately risky, or equivalent to stock market risk. The stock price volatility is typically in-line with movements in the general market.



RATING SUMMARY

Distribution of Ratings Table				
Rating	Count	Percent	IB Serv./Past 12 Mos	
			Count	Percent
Market Outperform(MO)	170	74.90%	48	28.24%
Market Perform(MP)	46	20.30%	4	8.70%
Market Underperform(MU)	5	2.20%	0	0.00%
Under Review(UR)	6	2.60%	1	16.67%
Total	227	100%	53	100%

Investment Banking Services include, but are not limited to, acting as a manager/co-manager in the underwriting or placement of securities, acting as financial advisor, and/or providing corporate finance or capital markets-related services to a company or one of its affiliates or subsidiaries within the past 12 months.

ADDITIONAL DISCLOSURES

Rodman & Renshaw, LLC. (the "Firm") is a member of FINRA and SIPC and a registered U.S. Broker-Dealer.

ANALYST CERTIFICATION

I, Katya Voronchuk, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities.

As of Oct 31 2010 neither the Firm nor its affiliates beneficially own 1% or more of any class of common equity securities of Agfeed Industries.

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