

February 15, 2011

Market Outperform / Speculative Risk

AgFeed Appoints New Chairman and Interim President and CEO.

MARKET DATA		2/14/2011
Price		\$2.39
Exchange		NASDAQ
Target Price		\$6.00
52 Wk Hi - Low		\$5.43 - \$2.12
EV(MM)		\$172.0
Market Cap(MM)		\$122.7
Shares Out (MM)		51.4
Public Mkt Float (MM)		26.8
Avg. Daily Vol		690,819.0

BALANCE SHEET METRICS	
Cash (MM)	\$19.1
LTD (MM)	\$15.7
Total Debt/Total Equity	NA
Debt/Capital	NA
Price/Book Value	0.9x
Book Value/Share	\$2.81

EARNINGS DATA (\$)			
FY - Dec	2009A	2010E	2011E
Q1 (Mar)	0.08	0.02A	0.10
Q2 (Jun)	0.03	(0.07)A	0.11
Q3 (Sep)	0.07	(0.43)A	0.13
Q4 (Dec)	0.08	0.02	0.14
Full Year EPS	0.26	(0.45)	0.49

INDICES	
DJIA	12,268.2
SP-500	1,332.3
NASDAQ	2,385.6
Russell 2000	825.9



Agfeed announced yesterday that its Board of Directors appointed John Stadler, formerly an independent director of AgFeed, as the new Chairman and interim President and CEO of AgFeed Industries, Inc. Mr. Stadler takes over from Mr. Songyan Li and Mr. Junhong Xiong, two of the five original founders of Agfeed. Mr. Song, who served as the Chairman of AgFeed since July 2004, will remain with the company as Vice Chairman of AgFeed's hog production business. Mr. Xiong stepped down as President and CEO of AgFeed to focus on his role as the Chairman of AgFeed Animal Nutrition, Inc. (AANI), Agfeed's animal feed business. We remind that AANI has filed an F-1 registration statement with the SEC and is currently awaiting SEC approval for an initial public offering. In addition to the above-mentioned management changes, Mr. Edward Pazdro, AgFeed's interim CFO since November 2010 was confirmed as the permanent CFO of the company.

We believe the transition from founders-managers to professional management with international experience, substantial industry expertise and financial savvy is an important step in building a sustainable and profitable business and increasing shareholder value. Moreover, we believe Mr. Stadler's substantial senior management experience in hog production in the U.S. will be highly beneficial to AgFeed as it executes on its growth and operating strategy. Notably, Mr. Stadler's past experience includes working as the President of Premium Standard Foods, a subsidiary of Premium Standard Farms, acquired by Smithfield (SFD, Not Rated), Chairman of the Board and CEO of Pine Ridge Farms, LLC (Private), a fully integrated pork producer located in Iowa, U.S., and board membership of BMI Ag Services, LLC., a U.S. agriculture consulting company. He is also one of the founders of Mariah Foods and a founder and former Chairman of M2P2, a U.S. based pork production company acquired by AgFeed in September 2010.

Reiterating Market Outperform rating and \$6 price target

AgFeed is currently trading at 5x our FY11 fully diluted EPS estimate of \$0.49. Given the company's efficiency initiatives, pending completion of western style farms, improving pricing environment for hogs, and the positive impact of M2P2 acquisition, we believe the company's shares warrant higher valuation. We reiterate our Market Outperform/Speculative Risk rating and a price target of \$6 based on the shares attaining a P/E level of 12x our FY11 fully diluted EPS estimate. Our current price target does not include the impact of western-style farms under construction in Xinyu and Dahua that will more than double the number of hogs available for sale in China by FY12.

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 (7) Commodity hedging (8) Client concentration (9) Nonrenewal of M2P2 long-term hog procurement agreements.

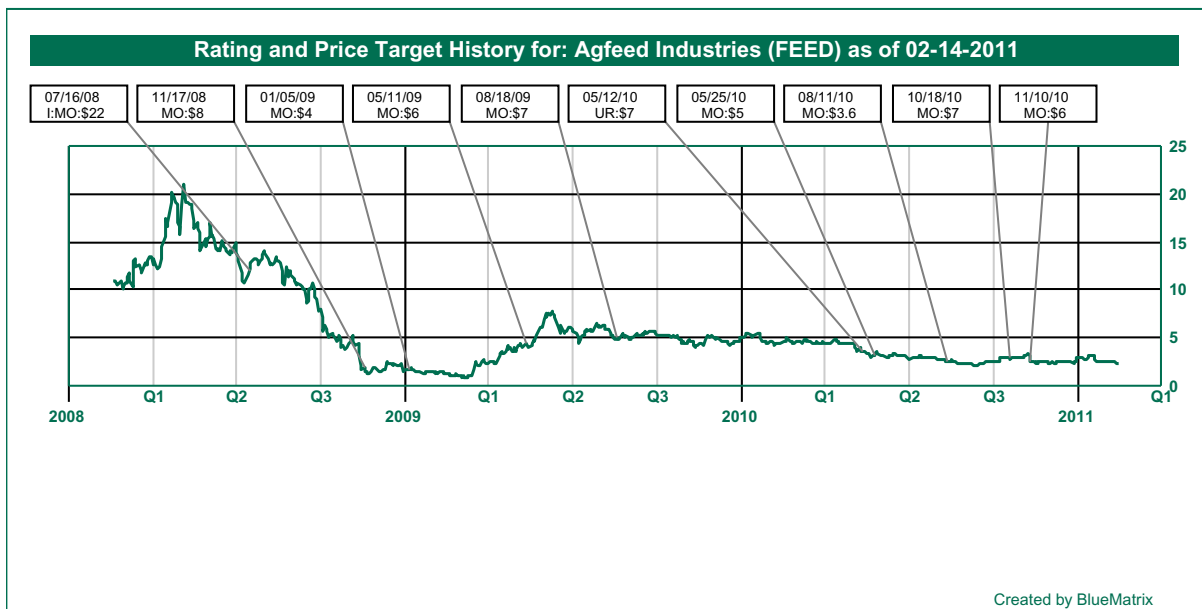
RODMAN & RENSHAW RATING SYSTEM: Rodman & Renshaw employs a three tier rating system for evaluating both the potential return and risk associated with owning common equity shares of rated firms. The expected return of any given equity is measured on a RELATIVE basis of other companies in the same sector, 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)	187	76.60%	46	24.60%
Market Perform(MP)	45	18.40%	4	8.89%
Market Underperform(MU)	8	3.30%	0	0.00%
Under Review(UR)	4	1.60%	1	25.00%
Total	244	100%	51	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 Jan 31 2011 neither the Firm nor its affiliates beneficially own 1% or more of any class of common equity securities of Agfeed Industries.

Neither the research analyst nor the Firm has any material conflict of interest with Agfeed Industries, of which the research analyst knows or has reason to know at the time of publication of this research report.

The research analyst principally responsible for preparation of the report does not receive compensation that is based upon any specific investment banking services or transaction but is compensated based on factors including total revenue and profitability of the Firm, a substantial portion of which is derived from investment banking services.

The Firm or its affiliates did not receive compensation from Agfeed Industries for any investment banking services within twelve months before, but intends to seek compensation from the companies mentioned in this report for investment banking services within three months, following publication of the research report.

Neither the research analyst nor any member of the research analyst's household nor the Firm serves as an officer, director or advisory board member of Agfeed Industries.

The Firm does make a market in Agfeed Industries securities as of the date of this research report.

Any opinions expressed herein are statements of our judgment as of the date of publication and are subject to change without notice.

Reproduction without written permission is prohibited. The closing prices of securities mentioned in this report are as of Feb 14 2011. Additional information is available to clients upon written request. For complete research report on Agfeed Industries, please call (212) 356-0500.

Readers are advised that this analysis report is issued solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy. The information contained herein is based on sources which we believe to be reliable but is not guaranteed by us as being accurate and does not purport to be a complete statement or summary of the available data. Past performance is no guarantee of future results.