

# SECURITIES AND EXCHANGE COMMISSION

## FORM DEF 14A

Definitive proxy statements

Filing Date: **2007-12-04** | Period of Report: **2008-01-10**  
SEC Accession No. **0001193125-07-258644**

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### FILER

#### **FCStone Group, Inc.**

CIK: **1297846** | IRS No.: **421091210** | State of Incorporation: **DE** | Fiscal Year End: **0831**  
Type: **DEF 14A** | Act: **34** | File No.: **001-33363** | Film No.: **071283177**  
SIC: **6221** Commodity contracts brokers & dealers

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934  
(Amendment No. \_\_ )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

**FCStone Group, Inc.**

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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December 7, 2007

Dear Stockholder:

You are invited to attend the annual meeting of stockholders of FCStone Group, Inc. to be held on Thursday, January 10, 2008, at 9:00 a.m. local time, in the Kansas City Airport Hilton located at 8801 N.W. 112<sup>th</sup> Street, Kansas City, Missouri.

The business to be conducted at the meeting is described in the accompanying notice of annual meeting and proxy statement. At this year's meeting, the agenda includes the election of four Class II directors and a proposal to ratify the selection of our independent registered public accounting firm. In addition, there will be an opportunity to meet with members of senior management and review the business and operations of our company.

Your vote is important. Whether or not you plan to attend the meeting, please cast your vote as soon as possible. Generally, you may vote by telephone, by Internet, or by completing, signing and returning the enclosed proxy card or voting instruction form. Specific voting instructions appear on the enclosed proxy card or voting instruction form.

I appreciate your continued interest in and support of our company.

Very truly yours,

FCSTONE GROUP, INC.

Paul G. Anderson  
*Chief Executive Officer*

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**FCSTONE GROUP, INC.**  
10330 N.W. Prairie View Road  
Kansas City, Missouri 64153

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JANUARY 10, 2008**

You hereby are notified that the annual meeting of stockholders of FCStone Group, Inc., a Delaware corporation, will be held on Thursday, January 10, 2008, at 9:00 a.m. local time, in the Kansas City Airport Hilton located at 8801 N.W. 112<sup>th</sup> Street, Kansas City, Missouri, for the following purposes:

1. To elect four Class II directors to hold office for a term expiring at the annual meeting of stockholders held after the end of our 2010 fiscal year and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal;
2. To consider and act upon ratification and approval of the selection of KPMG LLP as our independent registered public accounting firm for our 2008 fiscal year; and
3. To consider and act upon any other matters which may properly come before the annual meeting of stockholders or any adjournment thereof.

The proposals referred to above are more fully described in the accompanying proxy statement. Our board of directors has approved the proposals and recommends that you vote "FOR" the election of each nominee for director named in the accompanying proxy statement and "FOR" the ratification and approval of KPMG LLP as our independent registered public accounting firm. Before voting, you should carefully review all of the information contained in the accompanying proxy statement.

Our board of directors has fixed the close of business on November 21, 2007 as the record date for the determination of the holders of our common stock entitled to notice of, and to vote at, the annual meeting of stockholders or any adjournment thereof. Our board of directors solicits you to give your proxy to vote at the annual meeting by following the specific voting instructions appearing on the enclosed proxy card or voting instruction form, regardless of whether you intend to attend the meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

David A. Bolte  
*Secretary*

December 7, 2007  
Kansas City, Missouri

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE FOLLOW THE SPECIFIC VOTING INSTRUCTIONS APPEARING ON THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION FORM AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING.**

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**FCSTONE GROUP, INC.**  
10330 N.W. Prairie View Road  
Kansas City, Missouri 64153

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**PROXY STATEMENT**

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***QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING***

Although we encourage you to read this proxy statement in its entirety, we include this question and answer section to provide some background information and brief answers to several questions you might have about the annual meeting.

**Why am I receiving these materials?**

The board of directors of FCStone Group, Inc. is providing these materials to you in connection with our annual meeting of stockholders. This proxy statement, the notice of annual meeting of stockholders and the accompanying form of proxy or voting instruction form were first sent to our stockholders on or about December 7, 2007. As a stockholder of our company, you are entitled and encouraged to vote on the items of business described in these proxy materials. Your vote is very important. For this reason, our board is requesting that you allow your shares to be represented at the annual meeting by the persons named as proxies on the enclosed proxy card or voting instruction form.

**What information is contained in these materials?**

The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the compensation of directors and our most highly paid executive officers, and certain other required information. Our annual report on Form 10-K for our 2007 fiscal year, which contains our audited financial statements, a proxy card or voting instruction form, and a return envelope accompany this proxy statement.

**When and where will the annual meeting be held?**

The annual meeting of stockholders will be held on Thursday, January 10, 2008, at 9:00 a.m., local time, in the Kansas City Airport Hilton located at 8801 N.W. 112<sup>th</sup> Street, Kansas City, Missouri. You do not have to attend the annual meeting to be able to vote.

**What matters will be voted on at the annual meeting?**

Stockholders will consider and vote upon the following business items at the annual meeting:

The election of four Class II directors to hold office for a term expiring at the annual meeting of stockholders held after the end of our 2010 fiscal year and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal;

The ratification and approval of the selection of the accounting firm of KPMG LLP as our independent registered public accounting firm for our 2008 fiscal year; and

Any other matters that may properly come before the annual meeting.

**How does our board of directors recommend that I vote?**

Our board of directors recommends that you vote:

“FOR” the election of each nominee for director named in this proxy statement; and

“FOR” the ratification and approval of KPMG LLP as our independent registered public accounting firm.

## What shares can I vote?

The only outstanding voting securities of our company are the shares of our common stock, \$0.0001 par value, our Series 2 common stock, \$0.0001 par value, and our Series 3 common stock, \$0.0001 par value. Each share of each class or series of our common stock issued and outstanding as of the close of business on the November 21, 2007 record date for the annual meeting, including each share of our Series 2 and Series 3 common stock, is entitled to one vote on each matter submitted to a vote at the annual meeting. As of the record date, we had 27,434,243 shares of common stock issued and outstanding, of which 17,617,636 shares were common stock, 4,768,355 shares were Series 2 common stock, and 5,048,252 shares were Series 3 common stock. The common stock and the two series of our common stock - Series 2 and Series 3 common stock - collectively are referred to in this proxy statement simply as “shares” or “common stock.”

You may vote all shares of our common stock that you held as of the record date. This includes (1) shares held directly in your name as the stockholder of record, (2) shares held for you in our company benefit plans, and (3) shares held for you as the beneficial owner through a broker, trustee or other nominee, sometimes referred to as shares held in “street name.”

## How do I submit my vote?

*Shares held by the stockholder of record.* If you are the stockholder of record of your shares, you may vote them at the annual meeting in one of two ways. You may attend the annual meeting and vote your shares in person. Alternatively, you may vote your shares by following the specific voting instructions appearing on the enclosed proxy card. Generally, you may vote by telephone, by Internet, or by completing, signing and returning the proxy card in the enclosed postage prepaid envelope. If you vote by telephone or by Internet, you do not need to return the proxy card. The persons designated as proxies were selected by our board of directors and are officers and directors of our company.

*Shares held in our company benefit plans.* If your shares are held for you in our company benefit plans, such as our employee stock ownership plan or “ESOP,” you are receiving a voting instruction form from the plan trustee or administrator. To vote these shares, you will need to follow the specific voting instructions appearing on the enclosed voting instruction form. To the extent that you do not provide voting instructions prior to the deadline specified in such form, it is anticipated that our company, as the plan administrator, will direct the plan trustee to vote the shares credited to your account in accordance with the recommendation of our board of directors. You may attend the annual meeting, however, you may not vote these shares in person at the meeting unless you obtain a “legal proxy” from the plan trustee.

*Shares held in street name.* If you hold shares in street name, you are receiving a voting instruction card from your broker, trustee or other nominee. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote your shares by following the instructions on the voting instruction card. Although you may attend the annual meeting, you may not vote these shares in person at the meeting unless you obtain a “legal proxy” from your broker, trustee or nominee.

## Can I change my proxy vote?

If you are a stockholder of record, you may change your vote or revoke your proxy any time before your vote is used at the annual meeting by:

submitting a valid later-dated proxy;

notifying our company’s general counsel and corporate secretary in writing that you have revoked your proxy; or

completing a written ballot at the annual meeting.

Attendance at the annual meeting will not in and of itself constitute a revocation of your proxy.

You may revoke your voting instructions with respect to any shares of common stock you hold in our benefit plans by delivering a valid, later-dated voting instruction form prior to the deadline specified in the voting instructions furnished by the plan trustee or administrator.

If you hold shares as the beneficial owner in street name, you may change your vote by submitting new voting instructions to your broker, trustee or other nominee or, if you have obtained a legal proxy from your broker, trustee or nominee, by voting in person at the annual meeting.

### **How many votes are needed to conduct business at the annual meeting?**

A majority of all outstanding shares of our common stock entitled to vote at the annual meeting must be present or represented by proxy in order to satisfy the quorum requirement for the transaction of business at the annual meeting. Both abstentions and broker non-votes (described below under “What is the effect of a broker non-vote?”) are counted as present and entitled to vote for purposes of determining a quorum. If a quorum should not be present, the annual meeting may be adjourned from time to time until a quorum is obtained.

### **How are votes counted?**

If you are a stockholder of record and you give your proxy, the shares represented by the proxy will be voted in accordance with your instructions. However, if you are a stockholder of record and you give your proxy without providing voting instructions on one or more proposals, your proxy will be voted for those proposals in accordance with the recommendation of our board of directors (which recommendation is identified above under “How does our board of directors recommend that I vote?”).

If your shares are held in our company benefit plans, they will be voted in accordance with your voting instructions. If we do not receive voting instructions for shares held in our company benefit plans, it is anticipated that our company, as the plan administrator, will direct the plan trustee to vote those shares in accordance with the recommendation of our board of directors.

If your shares are held in street name through a broker or other nominee, they will be voted in accordance with the voting instructions that you provide. If you do not provide voting instructions, your broker or other nominee is permitted to vote your shares on proposals that are considered routine, including the election of directors and ratification of the appointment of KPMG LLP as our independent registered public accounting firm.

### **What vote is required to approve the proposals at the annual meeting?**

*Election of Directors.* Directors are elected by a plurality of the votes cast, in person or by proxy, by stockholders entitled to vote at the annual meeting for that purpose. This means that the four nominees receiving the highest number of votes at the annual meeting will be elected. Stockholders can withhold authority to vote for one or more nominees for director. Shares not voted, whether by specifically withholding authority to vote on your proxy card or voting instruction form or otherwise, will have no impact on the election of directors except to the extent the failure to vote for an individual results in another individual receiving a larger proportion of the total votes. No shares may be voted for more than four nominees at the annual meeting. Stockholders do not have cumulative voting rights in the election of directors.

*Selection of Accounting Firm and Other Matters.* Approval of the proposal to ratify and approve the selection of KPMG LLP as our independent registered public accounting firm and all other proposals that properly may come before the annual meeting require the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the particular proposal. Stockholders may abstain from voting on any proposal at the meeting. If you abstain from voting on any proposal, it has the same effect as a vote against the proposal.

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**What is the effect of a broker non-vote?**

A “broker non-vote” occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or other nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the annual meeting, if such shares are otherwise properly represented at the meeting in person or by proxy. Broker non-votes are not counted for purposes of determining the number of shares entitled to vote on any proposal for which the broker or other nominee lacks discretionary authority, and therefore would reduce the number of affirmative votes that are necessary to approve that proposal.

**Are there any other matters that will be considered at the annual meeting?**

The only items of business that may be properly brought before the annual meeting are the matters set forth herein or those brought before the meeting by or at the direction of our board of directors. We are not aware of any business to be acted upon at the annual meeting other than the items described in this proxy statement. Your signed proxy, however, will entitle the persons named as proxy holders to vote in their discretion for any other matter that is properly presented at the meeting unless you specifically withhold authority to do so.

**Who pays the cost of soliciting votes at the annual meeting?**

This proxy solicitation is being made by our board of directors. All costs of this solicitation will be borne by our company. In addition to the use of the mails, proxies may be solicited personally or by telephone by some of the regular employees of our company. Our company may reimburse brokers, banks and other persons holding stock in their names, or in the names of nominees, for their expenses incurred in sending proxy materials to their principals and obtaining their proxies. Our company requests that brokerage houses and other custodians, nominees and fiduciaries forward the soliciting materials to the beneficial owners of the shares of common stock held of record by such persons.

**Where can I find the voting results of the annual meeting?**

We will announce preliminary voting tabulations at the annual meeting and publish the final results in our quarterly report on Form 10-Q for the quarter ending February 29, 2008.

**What should I do if I receive more than one set of proxy materials?**

Each stockholder at a given address will receive a separate proxy card or voting instruction form. You may receive multiple sets of proxy materials if you hold shares in more than one brokerage account or if you are a stockholder of record and have shares registered in more than one name. Please vote the shares on each proxy card or voting instruction form you receive.

The Securities and Exchange Commission or SEC has adopted rules that permit companies and intermediaries (including brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for stockholders and cost savings for companies.

We have adopted a “householding” procedure that you may wish to follow. If you are receiving multiple sets of proxy materials and wish to have your accounts househanded, contact our corporate secretary, David A. Bolte, at (515) 223-3797, or send written instructions to our corporate secretary at FCStone Group, Inc., 10330 N.W. Prairie View Road, Kansas City, MO 64153. If you no longer wish to participate in householding, you must provide written notification to our corporate secretary to withhold your consent for householding.

Many brokerage firms participate in householding as well. If you have a householding request for your brokerage account, please contact your broker.

# MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

## ITEM 1: ELECTION OF DIRECTORS

### What am I voting on?

One of the purposes of this annual meeting is to elect four directors in Class II to serve for a three-year term expiring at the annual meeting of stockholders held after the end of our 2010 fiscal year and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal.

### What is the structure of our board and how often are directors elected?

Our board of directors currently consists of 12 persons. With the exception of Paul G. Anderson, each of our directors satisfies the independence requirements of the SEC, and the NASDAQ Global Select Market. Our certificate of incorporation divides the board into three classes of directors, with directors serving staggered terms of three years and until their respective successors are duly elected and qualified or until their respective earlier resignation or removal. The present terms of David Andresen, Jack Friedman, Daryl Henze and Eric Parthemore, the four directors in Class II, expire at this annual meeting. Directors in Class I (Paul G. Anderson, Kenneth Hahn, Dave Reinders and Rolland Svoboda) and Class III (Brent Bunte, Doug Derscheid, Bruce Krehbiel and Tom Leiting) have terms expiring at the time of the annual meeting of stockholders after the end of our 2009 fiscal year and 2008 fiscal year, respectively.

### Who are this year's nominees?

The nominating and corporate governance committee of our board of directors has designated David Andresen, Jack Friedman, Daryl Henze and Eric Parthemore as the four nominees proposed for election at the annual meeting. Each of these nominees currently serves on our board. Unless authority to vote for the nominees or a particular nominee is withheld, it is intended that the shares represented by properly executed proxies in the form enclosed will be voted for the election as directors of these four nominees. The following table sets forth certain information with respect to each person nominated for election as a Class II director at the annual meeting and each director whose term of office will continue after the annual meeting.

<u>Name</u>	<u>Age</u>	<u>Position With our Company</u>	<u>Director Since</u>
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### NOMINEES

#### Class II: Term to expire in 2008

David Andresen	53	Director	2005
Jack Friedman	50	Vice Chairman, Director	1996
Daryl Henze	64	Director	2006
Eric Parthemore	58	Vice Chairman, Director	1996

### DIRECTORS CONTINUING IN OFFICE

#### Class I: Term to expire in 2010

Paul G. (Pete) Anderson	55	President, CEO, Director	2006
Kenneth Hahn	55	Director	2002
David Reinders	51	Director	2001
Rolland Svoboda	48	Director	2004

**Class III: Term to expire in 2009**

Brent Bunte	51	Director	2000
Douglas Derscheid	58	Director	2003
Bruce Krehbiel	54	Chairman of the Board, Director	1988
Tom Leiting	53	Director	1997

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There is no arrangement or understanding between any director and any other person pursuant to which such director was selected as a director.

### **What is the business experience of the nominees and of our continuing board members?**

The business experience during the last five years of each person nominated for election as a director at the annual meeting and each director whose term of office will continue after the annual meeting is as follows:

*Paul G. (Pete) Anderson* has served as a director of our company since November 9, 2006. He has been employed by our company since 1987 and has served as president and chief executive officer since 1999. Prior to becoming president, Mr. Anderson was the vice president of operations. Mr. Anderson is the past president of the Kansas Cooperative Council and past founding chairman of the Arthur Capper Cooperative Center at Kansas State University. Mr. Anderson sits on the board of directors of Associated Benefits Corporation and is a member of National Council of Farmer Cooperatives, the National Feed and Grain Association and several other state associations.

*David Andresen* has served as a director of our company since January 6, 2005. Mr. Andresen is the general manager of 4 Seasons Cooperative and Petroleum Partners LLC in Britton, South Dakota and has served in that capacity for nine years. Mr. Andresen has served as the president of the South Dakota Managers Association, South Dakota Association of Cooperatives, Britton Area Chamber of Commerce and currently is the mayor of Britton, South Dakota.

*Brent Bunte* has served as a director of our company since 2000 and is the former chairman of our audit committee. Mr. Bunte is the manager of the NEW Cooperative in Fort Dodge, Iowa, and has been with NEW Cooperative for 22 years. Mr. Bunte has held directorships with First American Bank and Associated Benefits Corporation.

*Douglas Derscheid* has served as a director of our company since 2003. Mr. Derscheid is the president and chief executive officer of the Central Valley Ag Cooperative in O' Neill, Nebraska and has been with Central Valley, and one of its predecessors, Central Farmers Cooperative, for the past 15 years. Prior to his work with Central Farmers, Mr. Derscheid was the general manager of Farmers Cooperative Elevator in Plymouth, Nebraska for seven years. Mr. Derscheid is currently chairman of the board of Cooperative Mutual Insurance Company and is the treasurer for the O' Neill Airport Authority. Mr. Derscheid previously served as a board member of the Nebraska Propane Gas Association and a Trustee for the Nebraska Managers Association.

*Jack Friedman* has served as a director of our company since 1996 and is a vice chairman. Mr. Friedman is the chief executive officer of Innovative Ag Services in Monticello, Iowa and has been with that firm or its predecessor company for 31 years. For the past 15 years, Mr. Friedman had served as manager of Swiss Valley Ag Center in Monticello, Iowa. Mr. Friedman serves as a director of Western Dubuque Biodiesel LLC.

*Kenneth Hahn* has served as a director of our company since 2002. Mr. Hahn is the general manager of Planters Cooperative in Lone Wolf, Oklahoma and has been with Planters Cooperative for a total of 32 years, 24 years as manager and eight years as assistant manager. Mr. Hahn has held director positions with the Coop Retirement Board and Oklahoma Grain and Feed Association.

*Daryl Henze* has served as a director of our company since November 9, 2006. On that date he also was appointed to serve as the chairman of our audit committee. Mr. Henze is a consultant in the area of finance and accounting. He spent 36 years with the accounting firm KPMG LLP before his retirement in 2001, including 28 years as an audit partner. Mr. Henze serves on the board of directors of Wellmark, Inc., as well as the boards of two other private companies. He is a former president of the Minnesota State Mankato Alumni Association and on the Iowa State University Accounting Advisory Board. He is the past president of the Iowa Society of Certified Public Accountants and served on the Iowa Accountancy Examining Board for nine years.

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*Bruce Krehbiel* has served as a director of our company since 1988 and is our chairman. Mr. Krehbiel is the manager of Kanza Cooperative Association in Iuka, Kansas, and has worked for Kanza Cooperative Association since 1986. Mr. Krehbiel has held director positions on the boards of the Midwest Chapter of the National Society of Accountants for Cooperatives, CenKan, LLC, and Agri-Business Benefit Group.

*Tom Leiting* has served as a director of our company since 1997. Mr. Leiting is the manager of the River Valley Cooperative in Clarence, Iowa. He has been employed by River Valley or one of its parent companies for the past 19 years. Prior to his position with River Valley, Mr. Leiting was employed by Swiss Valley Farms Services for eight years. Mr. Leiting is currently a member of the Associated Benefits Corporation board of directors.

*Eric Parthemore* has served as a director of our company since 1996 and as a vice chairman of our company since January, 2007. He served as our secretary and treasurer until January, 2007. Mr. Parthemore is the president and chief executive officer of the Farmers Commission Company in Upper Sandusky, Ohio and has held that position since 1996. For the previous five years, he was the general manager of U.S. Commission Company. Mr. Parthemore was appointed in January 2004 to serve on the Ohio Agricultural Commodity Advisory Commission by the Secretary of Agriculture in the State of Ohio. Mr. Parthemore is a director on the Ohio AgriBusiness Association and serves as a trustee of the OABA Education Trust.

*David Reinders* has served as a director of our company since 2001. Mr. Reinders is the general manager of Sunray Co-op in Sunray, Texas and has held that position since January 2004. Prior to his service at Sunray Co-op, Mr. Reinders was general manager of United Farmers Coop in George, Iowa, for ten years. Mr. Reinders formerly was a director of the Iowa Institute of Coops, the Agribusiness Association of Iowa and Land O' Lakes.

*Rolland Svoboda* previously served as a director of our company from January 1999 to January 2002 and currently is serving a term as director that commenced in January 2004. Mr. Svoboda is the general manager of Pro Cooperative in Gilmore City, Iowa. He has been with Pro Cooperative since 1999. Prior to his current position, Mr. Svoboda served for five years as the general manager of Farmers Coop in Hemingford, Nebraska.

#### **What if a nominee is unwilling or unable to serve?**

Each of the nominees listed in this proxy statement has indicated his willingness to serve as a director if elected, and the board of directors has no reason to believe that any nominee will be unavailable for election. If, for some unforeseen reason, a nominee becomes unwilling or unable to serve, it is intended that shares represented by the proxies will be voted for the election of such substitute nominee as may be designated by our nominating and corporate governance committee, unless the authority to vote for all nominees or for the particular nominee who has ceased to be a candidate has been withheld.

#### **How does our board of directors recommend that I vote?**

Our board of directors recommends that you vote "FOR" the election of David Andresen, Jack Friedman, Daryl Henze and Eric Parthemore as Class II directors.

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## ITEM 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### **What am I voting on?**

Stockholders are being asked to ratify and approve the selection of KPMG LLP as our independent registered public accounting firm for our 2008 fiscal year. The selection of KPMG LLP was made by the audit committee of our board of directors. KPMG LLP has served as our independent auditors since 1980. In connection with the audit of our 2008 fiscal year financial statements, our company entered into an engagement agreement with KPMG LLP which sets forth the terms by which KPMG LLP will perform audit services for our company. That agreement is subject to alternative dispute resolution procedures. The ratification and approval by stockholders of the selection of KPMG LLP effectively would also be a ratification of that agreement.

### **What services do the independent registered public accountants provide?**

Audit services provided by KPMG LLP for our 2007 fiscal year included the examination of the consolidated financial statements of our company and services related to our periodic filings with the SEC. Audit-related services provided by KPMG LLP included services related to our registration statements for the initial public offering of our common stock and subsequent selling stockholder resale of common stock. KPMG LLP also provided corporate income tax compliance services related to the preparation of our federal and state income tax returns. The services provided by KPMG LLP are more fully described in this proxy statement under the captions “Audit Committee Report” and “Independent Auditor Fees and Services.”

### **Will a representative of KPMG LLP be present at the meeting?**

One or more representatives of KPMG LLP are expected to be present at the annual meeting. Any such representative will have an opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions from stockholders.

### **What if this proposal is not approved?**

Stockholder ratification and approval of the audit committee’s selection of KPMG LLP as our independent registered public accounting firm is not required by any statute or regulation or by our bylaws. Nevertheless, if the stockholders do not ratify and approve the selection of KPMG LLP at the annual meeting, the audit committee will reconsider the appointment. Submission of our selection of KPMG LLP to the stockholders for ratification and approval will not limit the authority of the audit committee to appoint another independent certified public accounting firm to serve as independent auditors if the present auditors resign or their engagement otherwise is terminated.

### **How does our board of directors recommend that I vote?**

Our board of directors recommends that you vote “FOR” approval of the selection of KPMG LLP.

## **Communication with the Board**

Our board of directors has established a process for stockholders to follow in sending communications to our board or its members. Stockholders who wish to communicate with our board or any of our directors may do so. Such communications must be addressed to our board or any such director in care of our corporate secretary at FCStone Group, Inc., 10330 N.W. Prairie View Road, Kansas City, MO 64153. Alternatively, such communications may be sent by e-mail to Board@fcstone.com. All such communications will be compiled by our corporate secretary and submitted to our board or the individual director, as applicable, on a periodic basis.

Neither our board of directors nor a specific director is required to respond to a stockholder communication. To avoid selective disclosure, our board or the individual director may respond to a stockholder's communication only if the communication involves information which is not material or which is already public. In such case, our board of directors, as a whole, or the individual director may respond, if at all:

Directly, following consultation with our corporate secretary or other advisors or without additional consultation, as our board determines appropriate;

Indirectly through our corporate secretary or other designated officer, following consultation with our corporate secretary or other advisors or without additional consultation, as our board determines appropriate; or

Pursuant to such other means as our board determines appropriate from time to time.

If the communication involves material non-public information, our board of directors or the individual director will not provide a response to the stockholder concerning such information. Our company may, however, publicly provide information responsive to such communication if (following consultation with our advisors, as our board determines appropriate) our board determines disclosure is appropriate. In that case, the responsive information will be provided in compliance with SEC Regulation FD and other applicable laws and regulations.

## **Consideration of Director Nominees**

In identifying and evaluating director nominees, the nominating and corporate governance committee of our board of directors may receive recommendations from management, from other directors and from stockholders. The committee reviews and considers information on each candidate and evaluates it in light of the needs and requirements of our company. The committee believes that our board and its committees should be comprised of persons who are of high character and integrity, who have a personal and professional reputation that is consistent with the image and reputation of our company, and who have expertise that may be useful to our company. The committee also considers various factors, including the independence of the candidate, as well as his or her education or special skills, areas of expertise, experience, age, business associations, reputation and other characteristics and qualities that the committee believes are likely to enhance the effectiveness of our board and its committees. In determining whether a director should be retained and stand for re-election, the committee also considers the director's past attendance at meetings and participation in and contributions to the activities of our board and each committee on which such director serves.

Stockholders who wish the nominating and corporate governance committee to consider their recommendations for nominees for the position of director should submit their recommendations in writing to the nominating and corporate governance committee in care of our corporate secretary at FCStone Group, Inc., 10330 N.W. Prairie View Road, Kansas City, MO 64153. All nominees, including those submitted by stockholders in accordance with these procedures, will be evaluated using generally the same methods and criteria described above, although those methods and criteria are not standardized and may vary from time to time. Stockholders also may submit director nominations to our company in accordance with the procedures described below under "Advance Notice of Stockholder Proposals."

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## Committees of the Board

Our board of directors has established an executive committee, an audit committee, a compensation committee and a nominating and corporate governance committee. There currently are no other standing audit, compensation, nominating or other committees of our board of directors, or committees performing similar functions of our board. Members of the executive committee, audit committee, compensation committee and nominating and corporate governance committee serve at the pleasure of our board of directors.

*Executive Committee.* The executive committee of our board of directors consists of the chairman of the board and the two vice chairmen of the board - Bruce Krehbiel, Jack Friedman and Eric Parthemore, respectively. Currently, Bruce Krehbiel serves as chairman of the executive committee. With certain exceptions specified in our bylaws, the executive committee is empowered to exercise all powers of our board of directors between regular board meetings. The executive committee met four times during our 2007 fiscal year.

*Audit Committee.* The audit committee of our board of directors currently is comprised of Daryl Henze, its chairman, Brent Bunte, Bruce Krehbiel and Eric Parthemore. Each member of the audit committee is independent as defined by NASDAQ' s independence standards. In addition, our board of directors has determined that Daryl Henze meets the SEC' s definition of an "audit committee financial expert." The audit committee is responsible for reviewing our financial statements, audit reports, internal financial controls and the services performed by the independent registered public accounting firm, and for making recommendations with respect to those matters to our board of directors. A more complete description of the audit committee' s functions is provided in its charter, a copy of which is available on our internet website ([www.festone.com](http://www.festone.com)) under "Investor Relations." The audit committee met 12 times during our 2007 fiscal year.

*Compensation Committee.* The compensation committee of our board of directors currently is comprised of Bruce Krehbiel, its chairman, Jack Friedman and Eric Parthemore. Each member of the compensation committee is independent as defined by NASDAQ' s independence standards. The committee is responsible for reviewing and making recommendations to our board of directors with respect to compensation of executive officers and other compensation matters and awards. Our chief executive officer assists the committee from time to time on a variety of compensation matters, including making recommendations for the appropriate salaries and bonuses of our executive officers (other than our chief executive officer). The committee has the authority to consult with management and to engage the services of outside advisors, experts and others to assist it in its efforts. For our 2007 fiscal year, the committee retained Riley, Dettmann & Kelsey LLC as compensation consultant to the committee with respect to compensation for our executive officers, including our chief executive officer. In September, 2007, the committee retained Hay Group, Inc. as compensation consultant to the committee with respect to the compensation for our chief executive officer and other executive officers for our 2008 fiscal year. The compensation consultant reports directly to the committee. All projects performed by the compensation consultant are reviewed, discussed and approved by the committee. A more complete description of the committee' s functions is provided in its charter, a copy of which is available on our internet website ([www.festone.com](http://www.festone.com)) under "Investor Relations." The compensation committee met four times during our 2007 fiscal year.

*Nominating Committee.* The nominating and corporate governance committee of our board of directors is responsible for the director nomination process, including evaluating and recommending director nominees and committee appointments. It also is responsible for various other governance related matters, including an annual board assessment. A more complete description of the committee' s functions is provided in its charter, a copy of which is available on our internet website ([www.festone.com](http://www.festone.com)) under "Investor Relations." The members of the nominating and corporate governance committee are Jack Friedman, its chairman, Doug Derscheid and Kenneth Hahn, each of whom is independent, as defined by NASDAQ' s independence standards. The committee met twice during our 2007 fiscal year.

## Meetings of the Board

During our 2007 fiscal year, our board of directors held ten meetings. Each director attended at least 75% of the total meetings of the board of directors and of the committees of the board on which he served during the fiscal year. Our company's directors discharge their responsibilities throughout the year, not only at such board of directors and committee meetings, but through personal meetings and other communications with members of management and others regarding matters of interest and concern to our company.

Directors are encouraged by our company to attend our annual meeting of stockholders if their schedules permit, but our company does not otherwise have a policy regarding such attendance. With the exception of Doug Derscheid, all directors were present at the annual meeting of the stockholders held on January 11, 2007.

## Code of Ethics

Our board of directors has adopted a code of business conduct and ethics applicable to all employees, officers and directors. A copy of the code of business conduct and ethics is available to any stockholder who requests it by writing to our corporate secretary at FCStone Group, Inc., 10330 N.W. Prairie View Road, Kansas City, MO 64153. It also is available on our internet website ([www.fcstone.com](http://www.fcstone.com)) under "Investor Relations."

## Director Compensation

Only outside (non-employee) members of our board of directors receive compensation for their service to our company as a director. Prior to November 8, 2007, members of our board of directors received a quarterly retainer, a per diem board meeting payment and a per diem committee meeting payment of \$3,750, \$1,000 and \$1,000, respectively. Per diem committee meeting payments are not made if the committee meeting is held on the same day as a board meeting and only one per diem committee meeting payment will be payable if more than one committee meeting is held on the same day. For our 2007 fiscal year, our board chairman received an additional \$2,500 per quarter retainer, and the two other members of our executive committee as well as the audit committee chairman each received an additional \$1,250 per quarter retainer. In addition, on March 15, 2007, our company granted stock options for a total of 236,250 shares of our common stock to our non-employee directors. On November 8, 2007, the quarterly retainer, per diem board meeting payment and per diem committee meeting payment were increased to \$12,500, \$1,500 and \$1,500, respectively. In addition, the board chairman's quarterly retainer, the audit committee chairman's quarterly retainer and the vice chairmen's quarterly retainer were increased to \$8,750, \$3,750 and \$2,500, respectively, and an annual grant of restricted stock having a fair value of \$50,000 will be made to each director on the date of our annual meeting of stockholders. Compensation earned in our 2007 fiscal year by our directors (other than those who are named executive officers in the summary compensation table under "Executive Compensation and Related Matters") for service on the board and its committees is presented in the table below.

Name	Fees Earned		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	or Paid in Cash	Stock Awards					
	(\$)(1)	(\$)	(\$)(2)	(\$)	(\$)	(\$)	(\$)
David Andresen	21,194	–	6,199	–	–	–	27,393
Brent Bunte	25,000	–	12,399	–	–	–	37,399
Doug Derscheid	20,194	–	6,199	–	–	–	26,393

Jack Friedman	32,694	-	16,738	-	-	-	49,432
Kenneth Hahn	23,194	-	6,199	-	-	-	29,393
Daryl Henze	20,278	-	6,199	-	-	-	26,477
Bruce Krehbiel	34,694	-	22,318	-	-	-	57,012
Tom Leiting	23,194	-	12,399	-	-	-	35,593
Eric Parthemore	27,194	-	16,738	-	-	-	43,932
Dave Reinders	23,194	-	12,399	-	-	-	35,593
Rolland Svoboda	23,194	-	12,399	-	-	-	35,593

- (1) The amounts in this column include quarterly retainer fees, meeting and activity fees and chairman and executive committee retainer fees received for service as a director, as follows:

Name	Quarterly Retainers (\$)	Meeting and Activity Fees (\$)	Chair/ Executive Committee Retainers (\$)	Total Fees Paid in Cash (\$)
David Andresen	13,194	8,000	–	21,194
Brent Bunte	13,194	10,000	1,806	25,000
Doug Derscheid	13,194	7,000	–	20,194
Jack Friedman	13,194	14,500	5,000	32,694
Kenneth Hahn	13,194	10,000	–	23,194
Daryl Henze	9,584	7,500	3,194	20,278
Bruce Krehbiel	13,194	11,500	10,000	34,694
Tom Leiting	13,194	10,000	–	23,194
Eric Parthemore	13,194	9,000	5,000	27,194
Dave Reinders	13,194	10,000	–	23,194
Rolland Svoboda	13,194	10,000	–	23,194

- (2) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended August 31, 2007, in accordance with SFAS No. 123R, of option awards granted in our 2007 fiscal year. Assumptions used in the calculation of this amount are included in footnote 11 to our consolidated financial statements for the fiscal year ended August 31, 2007 included in our Annual Report on Form 10-K for that fiscal year. The options were granted pursuant to our 2006 equity incentive plan. As of August 31, 2007, the aggregate number of vested and unvested stock options held by each named director was as follows: Mr. Andresen (29,250); Mr. Bunte (58,500); Mr. Derscheid (29,250); Mr. Friedman (78,975); Mr. Hahn (29,250); Mr. Henze (11,250); Mr. Krehbiel (105,300); Mr. Leiting (58,500); Mr. Parthemore (78,975); Mr. Reinders (58,500); and Mr. Svoboda (58,500).

#### Compensation Committee Interlocks and Insider Participation

During our 2007 fiscal year, Messrs. Krehbiel, Parthemore and Friedman served on the compensation committee of our board of directors. None of the members of our compensation committee is currently or was formerly a company officer or employee. There are no

compensation committee interlocks and no insider participation in compensation decisions that are required to be reported under the SEC' s rules and regulations. Each member of our compensation committee, Jack Friedman, Bruce Krehbiel and Eric Parthemore, has an interest in reportable transactions as set forth under "Related Party Transactions" below.

## Compensation Discussion and Analysis

### Overview

This compensation discussion and analysis or “CD&A” describes the material elements of compensation of our president and chief executive officer, our chief financial officer and each of our next three most highly compensated executive officers for our 2007 fiscal year, collectively referred to as our “named executive officers.” It also provides information on our compensation philosophy, our compensation policies and programs designed to achieve our compensation objectives and the compensation for the members of our board of directors. This discussion and analysis should be read in conjunction with the Summary Compensation Table, its accompanying footnotes and the additional tabular and narrative disclosure that follows the Summary Compensation Table.

### Objectives and Philosophy of our Executive Compensation Program

The overall goal of our compensation programs is to attract and retain the talented executives and employees needed to achieve our business objectives at an appropriate cost to our stockholders, as well as to ensure that an appropriate relationship exists between pay, our financial performance and the creation of long-term stockholder value. Our compensation program has four principal components:

Base salary:	Designed to compensate employees competitively relative to the market;
Performance bonus:	Designed to reward short-term performance, particularly the achievement of annual performance objectives;
Long-term incentives:	Designed to encourage creation of long-term stockholder value and reward long-term performance; and
Benefits:	Designed to provide competitive benefits.

Our company has a longstanding guiding philosophy that executive compensation should be based on the principle of “pay-for-performance.” Accordingly, a significant portion of executive compensation is directly related to our company’s performance, as measured by pretax return on equity, during the applicable fiscal year. Our company does not focus on the short-term performance of our common stock, whether favorable or unfavorable, based on our view that the price of our common stock will, in the long-term, reflect our operating performance and, ultimately, the management of our company by our executives. In pursuit of these objectives, our executive compensation program consists of two main elements, broadly categorized as “short-term compensation” and “long-term compensation.” The general elements of each, both of which are more thoroughly described in this CD&A, are as follows:

**Short-Term Compensation:** Our company attempts to pay our executives annual base salary and bonus compensation at competitive levels. Certain perquisites that have been judged to be reasonable and appropriate to provide competitive compensation for our senior executives.

**Long-Term Compensation:** Long-term compensation is provided primarily through grants under our 2006 equity incentive plan, which provides for grants of: incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, and performance and annual incentive awards. By granting equity awards in long-term compensation, executives are rewarded in relation to the increased share value resulting from long-term improved financial performance.

Our equity incentive plan was implemented in 2006. The compensation committee of our board of directors is in the process of formulating a program to systematized long-term incentive awards, but has not concluded that determination as of the date of this proxy statement. It is the intention of our compensation committee that once a process has been finalized, our board of directors will make award determinations beginning in 2008 and thereafter, at the board meeting held shortly after the conclusion of each fiscal year. There are 3,375,000 shares

of our common stock reserved for grants under our equity incentive plan, of which 2,925,000 shares have been allocated with respect to previously awarded equity grants, including those made in connection with our company's initial public offering of common stock.

We have established an employee stock ownership plan or "ESOP." An ESOP is a special type of qualified retirement plan described in and subject to requirements contained in the Internal Revenue Code of 1986, referred to as the "Code", and the Employee Retirement Income Security Act of 1974 or "ERISA." By definition, an ESOP must be designed to invest primarily in the capital stock of the sponsoring employer. Participants in our 401(k) retirement plan are eligible to participate in the ESOP. When the ESOP was established, each participant was given a one-time opportunity to transfer up to 33% of the assets in the participant's 401(k) plan account to the ESOP. Following the establishment of the ESOP, our company matching contributions under the 401(k) plan for all eligible ESOP participants were made to the ESOP, where they are invested in our common stock.

To ensure that our programs are reasonable and competitive, we target our total compensation and benefit opportunities at the median of our selected peer group. For more information on our benchmarking practices, we refer you to the discussion below under the caption "Benchmarking." Compensation or amounts realized by executives from prior compensation, such as gains from previously granted equity awards, generally are not taken into account in setting other elements of compensation, such as annual base salary and bonus.

Our compensation philosophy specifically does not permit:

repricing of stock options;

backdating of stock options; or

granting of personal loans to executives officers and board members.

#### *Description of Each Element of Compensation*

We target our overall compensation of executives at the median of the competitive market relative to each position's duties and level of responsibility. However, we weight the various elements differently in order to conform our overall compensation program to our principal philosophy of paying for performance. As a result, each of our compensation element targets will compare differently with our selected peer group members, but overall our compensation targets are designed to compensate our executives at levels that approximate the median of total compensation of our selected peer group. Upon review of competitive market data with our compensation consultant, Hay Group, Inc., it was determined that our existing executive compensation overall was significantly below the median of the competitive market as reflected by our selected peer group. At the same time, our company expects its executives to perform at levels that significantly exceed median performance. Many of the developments with respect to our company's executive compensation program discussed below reflect an intention to move executive compensation to median levels.

*Base Salary.* Our compensation philosophy has lead us to the practice of establishing base salary levels below the median of the competitive market relative to each position's duties and level of responsibility. By doing so, we can emphasize the performance-based aspects of our compensation program with performance-based bonuses and long-term incentive compensation. Following our 2007 fiscal year, we established a practice for annual reviews of the range of our base salaries based upon similar job duties and levels of responsibility in comparison with those of similar positions in the market. From this analysis, we establish a competitive range for each position that guides our analysis. Individual base salaries are based upon an evaluation of individual factors, such as past and current performance, experience in the position, potential for growth and development with our company, level and scope of responsibility, and internal fairness - how a position compares in scope and responsibility to other positions within our company.

Our compensation committee annually evaluates base salaries for the named executive officers. Following our 2007 fiscal year, the committee recommended to our board of directors, and our board approved, a base salary increase for our chief executive officer from \$400,000 in fiscal 2007 to \$550,000 in fiscal 2008, as well as

increases for each of the other named executive officers. The base salary earned by each of our named executive officers for our 2007 fiscal year is set forth in the Summary Compensation Table below.

*Performance Bonus.* Our executive short-term incentive plan is tied to our pre-established objective performance metric of our company's pretax return on equity. We believe compensating our management based on our company's overall achievement of return on equity supports our philosophy of pay-for-performance and the achievement of long-term stockholder value creation. Our board utilizes this metric (as well as others) in evaluating our company's performance.

For our 2007 fiscal year, our board utilized a 15% pretax return on equity target, but adjusted this metric to use after-tax return on equity in subsequent years. Pretax return on equity is defined as a percentage, calculated as the sum of pretax operating income plus interest expense on subordinated debt, divided by the sum of average combined monthly equity (including common stock held by the ESOP) plus average monthly subordinated debt. In prior years, our annual pretax return on equity target was established by our compensation committee, in consultation with a compensation consulting firm, as the performance metric for our executive short-term incentive plan. The attainment of payment for performance at target or above is intended to require significant effort on the part of our executives. For our 2007 fiscal year, our actual pretax return on equity was 45.4%, which exceeded our 15% pretax return on equity target by 30.4 percentage points.

To further align bonus compensation with company performance, a minimum target under our annual incentive plan was established. For our 2007 fiscal year, if our company's actual pretax return on equity fell below 10%, no bonuses would be payable to our named executive officers. Our company does not place a cap on the level of performance bonus that may be earned by a named executive officer. Our company determined early in its development that placing caps on performance-based compensation created retention issues and disincentives for top-performing executives. This philosophy is generally applied to all employees of our company.

Bonus opportunities are expressed as a percent of base salary for our named executive officers and depend on the pretax return on equity achieved. For our 2007 fiscal year, the performance bonus for our chief executive officer, chief operating officer and chief financial officer (referred to in the plan as "Tier I") was 50% of base salary if the 15% target level of pretax return on equity was realized. For all other participating officers of our company, including the remaining named executive officers other than the senior vice president - FCStone Trading (referred to in the plan as "Tier II"), the performance bonus was 40% of base salary if the target level was realized. The senior vice president - FCStone Trading does not participate in the performance bonus program and receives incentive compensation based upon commissions. The following table illustrates the percentage of base salary payouts in Tier I and Tier II for various pretax return on equity targets under the performance bonus program for our 2007 fiscal year:

Pretax Return on Equity Levels	Tier I		Tier II	
	Base Salary Percentages		Base Salary Percentages	
Under 10%	0	%	0	%
10%	25	%	20	%
15%	50	%	40	%
20%	75	%	60	%
25%	100	%	80	%
30%	126	%	101	%

35%	151	%	121	%
40%	176	%	141	%
45%	201	%	161	%

After our 2007 fiscal year, our compensation committee approved the bonuses for the participating named executive officers and for the other participating members of our management team for fiscal 2007 based on our company' s achievement of pretax return on equity of 45.4%. The bonus awarded to each named executive officer for our 2007 fiscal year is set forth in the Summary Compensation Table under the heading Non-Equity Incentive Plan Compensation.

For our 2008 fiscal year, our compensation committee approved a formula for calculating performance bonuses under the short-term incentive plan based upon advice from Hay Group, Inc. In their approval process, the committee considered competitive market data of performance bonuses for comparable positions with comparable scope and responsibilities. The committee also considered competitive market data to establish the target. Based upon the selected peer group, the committee determined that the median level of after-tax return on equity realized by peers in the group was approximately 17% for 2006, with a median short-term incentive for chief executive officers of approximately 169% of base salary. Having established our chief executive officer's annual base salary at 85% of the median annual base salary of the peer group, in order to approximate an overall median compensation level, the committee determined that the targeted performance bonus should be approximately 120% of the median. This equated to a performance bonus of approximately 200% of base salary payable if median performance of 17% after-tax return on equity is met. For performance above or below target, the bonus percentage would increase or decrease by 11.8% of base salary for each percentage point increase or decrease in after-tax return on equity. The committee decided to set the after-tax return on equity threshold at 10%. The committee believes that this approach will cause total compensation (base salary, performance bonus and long term incentive compensation) to approximate median total compensation levels in the competitive market. However, if our company exceeds median performance, as compared to the peer group, executives will receive significant short-term incentive bonuses. This is consistent with our company's philosophy to pay superior compensation for superior performance.

For our 2008 fiscal year, the performance bonus for our chief executive officer, chief operating officer and chief financial officer (referred to in the plan as "Tier I") was established at 200% of base salary if the 17% target level of after-tax return on equity is realized. For all other participating officers of our company, including the remaining named executive officers, other than the senior vice president - FCStone Trading (referred to in the plan as "Tier II"), the performance bonus will be 160% of base salary if the target level is realized. There is no cap on the level of performance bonus that may be earned by a named executive officer. The following table illustrates the percentage of base salary payouts in Tier I and Tier II for various after-tax return on equity targets under the performance bonus program for our 2008 fiscal year:

After-Tax Return on Equity Levels	Tier I		Tier II	
	Base Salary Percentages		Base Salary Percentages	
Under 10%	0	%	0	%
10%	118	%	94	%
17%	200	%	160	%
20%	236	%	188	%
25%	295	%	235	%
30%	354	%	282	%

Our compensation committee has discretion to make adjustments to the annual cash earnings performance target to reflect positive or negative effects of external events outside the control of our senior management, such as litigation or regulatory changes in accounting or taxation standards. Such adjustments may also reflect positive or negative effects of unusual or significant strategic events that are within the control of our senior management that were not contemplated at the time the metric was established and that were undertaken with an expectation of improving our long-term financial performance, such as acquisitions or strategic relationships. Our compensation committee has not utilized its discretion to modify our pre-established annual cash earnings performance target.

*Long Term Incentive.* Long-term incentive grants of equity are important to reflect an alignment with stockholder value creation and a competitive mix of long- and short-term incentives. Our program is designed to reward and encourage the success and contributions of our

employees, which leads to value creation for our company and our stockholders. Under our equity incentive plan, all officers are eligible for annual stock option and restricted stock grants. All non-officers are eligible for one-time grants based on length of service and annual discretionary grants based on individual performance. Grants are subject to a five-year vesting schedule with 20% vesting upon each one-year anniversary of the grant. There are 3,375,000 shares of our common stock

reserved for grants under our equity incentive plan, of which 2,925,000 shares have been allocated with respect to previously awarded equity grants, including those made in connection with our company's initial public offering of common stock.

Our compensation committee is in the process of developing a formal long-term incentive plan utilizing equity grants, but has not concluded that determination as of the date of this proxy statement. It is the intention of the committee that once a process has been finalized, our board of directors will make equity award determinations beginning in 2008 and thereafter, in a meeting of our board held shortly after the conclusion of each fiscal year.

*Benefits.* All eligible employees, including the named executive officers, participate in our benefit programs. We provide health and welfare benefits, including medical and dental coverage, disability insurance benefits based on two-thirds of base pay and life insurance benefits based on three times base pay. In addition our named executive officers are eligible to participate in our 401(k) retirement plan, the ESOP and our deferred compensation plans. Qualified and non-qualified retirement benefits provided to the named executive officers for our 2007 fiscal year are set forth in the Pension Benefits Table and the Non-Qualified Deferred Compensation Table.

#### *Benchmarking*

We target total compensation opportunities at the median level of peer companies. To ensure that our compensation programs are properly benchmarked, we review a number of sources of competitive compensation data and have established a peer group against which we benchmark compensation. We analyze compensation relative to market median levels, making adjustments for market conditions and special considerations as appropriate. In reviewing competitive published survey compensation data obtained from Hay Group, Inc., we most recently developed a list of 19 companies included in their proprietary database, consisting of three asset managers, one banking firm, 11 investment services companies, two life insurance companies, one property and casualty insurance company and one specialty finance company. This group of companies consists of:

AG Edwards

MF Global Ltd.

The Blackstone Group

National Financial Partners Corp.

CME Group, Inc.

Penson Worldwide Inc.

Corus Bancshares Inc.

Philadelphia Consolidated Holding Corp.

GFI Group Inc.

Raymond James Financial Inc.

Interactive Brokers Group, Inc.

SEI Investments Co.

Jefferies Group Inc.

StanCorp Financial Group Inc.

KBW Inc.

Universal American Financial Corp.

Knight Capital Group Inc.

Waddell & Reed Financial Inc.

Our compensation committee selected this peer group, after consultation with management and its consultant, in an effort to establish a group that could be comparable in many aspects with our company, when considering such factors as the type of services provided and the relative size of the organization as measured by number of employees, comparable market capitalization and revenues. However, we were unable to identify any company for inclusion in our peer group that is substantially identical to our company in terms of the size, scope and nature of operations.

*Role of Executive Officers in Compensation Decisions*

Our compensation committee approves base pay adjustments and annual bonus awards for each named executive officer based on individual performance reviews. Our chief executive officer discusses the

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performance reviews and make recommendations to the committee on annual base salary and performance bonus awards. The committee approves all equity grants made to the members of management and other employees in accordance with the terms of our equity incentive plan. The committee works with our chief executive officer and other senior management members in a collaborative nature with respect to substantially all compensation and benefit decisions.

#### *Hedging and Speculative Stock Transactions*

We prohibit our executive officers and members of our board of directors from engaging in hedging transactions relative to their ownership of our common stock. We believe this policy serves to further align the interests of our executive officers and directors with those of our company and its stockholders and ensures that such individuals share in the risks and rewards of the ownership of our common stock.

#### *Other Benefits and Perquisites*

We provide limited perquisites and other personal benefits to our executive officers that we believe are moderate and consistent with our overall compensation program.

#### *Compensation Committee and Board Review of Total Compensation*

Our compensation committee and board of directors annually review aggregate compensation for our chief executive officer and all other named executive officers. The components of aggregate compensation reviewed include, but are not limited to, annual base salary, annual performance bonus, long-term equity compensation, including the in-the-money value of all equity grants and monetized gains, and the value of all qualified and non-qualified retirement contributions.

#### *Employment Contracts and Retention Agreements*

Our company has entered into employment agreements with our chief executive officer and each of the other named executive officers. These agreements are discussed in more detail below under the caption "Employment Agreement." Our compensation committee currently is considering entering into a new employment agreement with our chief executive officer, whose current employment agreement will expire on August 31, 2008. The terms of the new agreement have not been finalized.

#### *Severance Benefits*

A description of our severance policies and practices and the estimated amounts that would be payable to our named executive officers under certain circumstances are set forth below under the caption "Change in Control Severance Plan."

#### *Board of Directors Compensation*

Similar to our philosophy on executive compensation, we target the median of the competitive market for compensation of our board of directors. The primary components of our director compensation package consist of an annual retainer, committee and board meeting fees, annual retainers for the chairman, the vice chairmen and audit committee chairman, and annual equity grants.

The compensation of our board members is set forth below in the table entitled "Director Summary Compensation Table."

#### *Compensation Committee Responsibilities*

Our compensation committee currently consists of three directors, each of whom is independent, as defined by NASDAQ's independence standards, and each of whom is a non-employee director, as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934. The primary responsibilities of our compensation

committee are to review and approve compensation arrangements for senior management, review and recommend compensation arrangements for our board of directors, adopt compensation plans in which senior management is eligible to participate and oversee matters relating to employee compensation, employee benefit plans and employee incentive programs. A more complete description of the committee's responsibilities is presented above under the caption "Corporate Governance and Board Matters - Committees of the Board - Compensation Committee." The committee typically meets in executive session without management present for a portion of each meeting.

#### *Use of Outside Consultants*

Our compensation committee retains Hay Group, Inc., an outside compensation and benefits consulting firm, from time to time to respond directly to the committee and its inquiries regarding management pay, compensation design and other related matters. The committee may ask that management participate in these engagements. Management has retained Vedder, Price, Kaufman & Kammholz, P.C. to provide legal advice and consultation with respect to management pay, compensation design and other related matters. The committee has approved the reimbursement of management for the cost of these services.

#### *Tax and Accounting Implications*

*Limit on Tax-Deductible Compensation.* Section 162(m) of the Internal Revenue Code or the "Code" imposes a \$1 million limit on the deduction that we may claim in any tax year with respect to compensation paid to any of the Named Executive Officers. However, the Internal Revenue Service or "IRS" allows for certain types of performance-based exemptions to this \$1 million limit, provided that the compensation plan meets certain IRS requirements. Compensation payable solely on account of attainment of one or more performance goals is not subject to the deduction limit if: (i) the performance goals are objective, pre-established and determined by a committee comprised solely of two or more outside directors; (ii) the material terms of the performance goals under which the compensation is to be paid are disclosed to the stockholders and approved by a majority vote; and (iii) the committee certifies that the performance goals and other material terms were in fact satisfied before the compensation is paid.

*Non-Qualified Deferred Compensation.* Our company claims tax deductions on company contributions made on behalf of plan participants, including the named executive officers, under our non-qualified plans at the time of benefit payment.

*Accounting for Share-Based Compensation.* Effective September 1, 2006, our company adopted Statement of Financial Accounting Standard No. 123R, "Share-Based Payment" using the modified prospective transition method, which requires the measurement and recognition of compensation expense based on estimated fair values beginning September 1, 2006 for all share-based payment awards made to employees and directors.

#### **Compensation Committee Report**

The compensation committee of our board of directors has reviewed and discussed with management the above Compensation Discussion and Analysis required by Item 402(b) of the SEC's Regulation S-K. Based on such review and discussions, our compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

Bruce Krehbiel

Jack Friedman

Eric Parthemore

## Summary Compensation Table

The following summary compensation table summarizes the compensation paid or accrued by our company in our 2007 fiscal year with respect to our chief executive officer, our principal financial officer and our three other most highly compensated executive officers. In this proxy statement, these individuals are referred to as our “named executive officers.”

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	Change in Pension Value and Nonqualified Deferred	All other Compensation (\$)(4)	Total (\$)
						Compensation Earnings (\$)(3)		
Paul G. (Pete) Anderson, President & Chief Executive Officer	2007	400,000	–	136,385	942,771	375,768	24,526	1,879,450
Stephan Gutierrez, Executive Vice President & Chief Operating Officer	2007	240,000	–	61,993	553,199	21,036	9,960	886,188
Jeff Soman, Executive Vice President - FCStone, LLC	2007	210,000	–	61,993	399,111	27,293	9,150	707,547
Robert V. Johnson, Executive Vice President & Chief Financial Officer	2007	185,000	–	–	426,424	346,612	9,178	967,214
Eric Bowles, Senior Vice President - FCStone Trading, LLC	2007	140,000	–	37,196	444,255	9,494	9,881	640,826

- (1) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended August 31, 2007 in accordance with SFAS No. 123R, of option awards granted in our 2007 fiscal year. Assumptions used in the calculation of this amount are included in footnote 11 to our consolidated financial statements for the fiscal year ended August 31, 2007 included in our Annual Report on Form 10-K for that fiscal year. As of August 31, 2007, the aggregate number of stock options held by each named executive officer was as follows: Mr. Anderson (675,000); Mr. Gutierrez (270,000); Mr. Soman (270,000); Mr. Johnson (202,500); and Mr. Bowles (112,500).
- (2) The amounts in this column reflect compensation under our executive short-term incentive plan for each named executive officer other than Mr. Bowles, incentive compensation based upon commissions for Mr. Bowles, and contributions under our deferred compensation plans being credited to each named executive officer in our 2008 fiscal year based upon incentive bonus, annual base salary or total personal cash compensation, as specified under the applicable deferred compensation plan, for each such officer with respect to our 2007 fiscal year.
- (3) The amounts in this column reflect the actuarial increase in the present value of the named executive officer’s benefits under all qualified and non-qualified pension plans established by our company, determined using interest rate and mortality rate assumptions consistent with those used in our consolidated financial statements and include amounts which the named executive officer may not currently be entitled to receive because such amounts are not vested.

- (4) The amounts in this column for our 2007 fiscal year reflect life insurance premiums and ESOP contributions paid by our company for each of the named executive officers and, in the case of Mr. Anderson, club membership dues paid by our company and our incremental cost of his personal use of a company vehicle.

## Grants of Plan Based Awards

The following table sets forth information concerning grants of plan based awards to each named executive officer during our 2007 fiscal year.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)(1)	Exercise or Base Price of Option Awards (\$ / Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(2)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
Paul G. (Pete) Anderson	3/15/07	-	-	-	-	-	-	247,500	16.00	136,385
Stephan Gutierrez	3/15/07	-	-	-	-	-	-	112,500	16.00	61,993
Jeff Soman	3/15/07	-	-	-	-	-	-	112,500	16.00	61,993
Robert V. Johnson	-	-	-	-	-	-	-	-	-	-
Eric Bowles	3/15/07	-	-	-	-	-	-	67,500	16.00	37,196

(1) These options were granted under our 2006 equity incentive plan.

(2) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended August 31, 2007, in accordance with SFAS No. 123R, of option awards granted in our 2007 fiscal year. Assumptions used in the calculation of this amount are included in footnote 11 to our consolidated financial statements for the fiscal year ended August 31, 2007 included in our Annual Report on Form 10-K for that fiscal year.

## Option Exercises and Stock Vesting

None of the named executive officers exercised any stock options, or acquired shares on vesting, during our 2007 fiscal year.

## Outstanding Equity Awards at Fiscal Year End

The following table sets forth information with respect to each named executive officer concerning equity awards held as of August 31, 2007.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#) Unearned	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights

									That Have Not Vested (#)	Rights That Have Not Vested (\$)
Paul G. (Pete) Anderson	427,500	-	-	5.50	6/13/16	-	-	-	-	
	-	247,500	(1)	-	16.00	3/15/17	-	-	-	
Stephan Gutierrez	157,500	-	-	5.50	6/13/16	-	-	-	-	
	-	112,500	(1)	-	16.00	3/15/17	-	-	-	
Jeff Soman	157,500	-	-	5.50	6/13/16	-	-	-	-	
	-	112,500	(1)	-	16.00	3/15/17	-	-	-	
Robert V. Johnson	202,500	-	-	5.50	6/13/16	-	-	-	-	
Eric Bowles	45,000	-	-	5.50	6/13/16	-	-	-	-	
	-	67,500	(1)	-	16.00	3/15/17	-	-	-	

(1) These options vest in equal annual installments over the five-year period commencing March 15, 2008.

## Nonqualified Deferred Compensation

The following table sets forth information with respect to each named executive officer concerning contributions, earnings and distributions under nonqualified deferred contribution and other nonqualified deferred compensation plans in our 2007 fiscal year, as well as the fiscal year-end balance as of August 31, 2007.

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate Balance
	Contributions in Last Fiscal Year	Awards/Contributions in Last Fiscal Year	Earnings in Last Fiscal Year	Withdrawals/Distributions	at Last Fiscal Year-End
	(\$)	(\$)	(\$)	(\$)	(\$)
Paul G. (Pete) Anderson (1)	–	129,843	14,197	1,951	328,789
Stephan Gutierrez (2)	–	65,443	–	–	207,425
Jeff Soman (2)	–	57,262	–	–	163,396
Robert V. Johnson (2)	–	50,445	538	11,323	178,220
Eric Bowles (2)	–	89,871	–	–	238,400

(1) For this individual the amounts shown include amounts under our CEO deferred compensation plan, which plan is described below under the caption “Employment Agreements - CEO Agreement.”

(2) For this individual the amounts shown include amounts under our mutual commitment compensation plan, which plan is described below under the caption “Employment Agreements - Agreements of Other Executive Officers.”

## Pension Plans

We have a qualified noncontributory defined benefit pension plan. The company’s defined benefit pension plan covers all compensation subject to the regulatory limit of annual compensation, which for the 2007 fiscal year was \$225,000. Our chief executive officer and chief financial officer also have a supplemental non-qualified pension plan that has the same provisions as the defined benefit pension plan except that it covers all compensation above the regulatory limit. The monthly benefit formula for our company’s defined benefit pension plan is 1.25% times the highest consecutive five year average monthly earnings times the number of years of credited service.

The table below shows the present value of accumulated benefits payable to each of the named executive officers and the change in such present value for the 2007 fiscal year, determined using interest rate and mortality rate assumptions consistent with those used in our consolidated financial statements, and the number of years of service credited to each such named executive officer under the plans.

Name	Plan Name	Number of Years Credited Service (#)	FY 2007 Change in		Payments During Last Fiscal Year (\$)
			Present Value of Accumulated Benefit (\$)	Present Value of Accumulated Benefit (\$)	
Paul G. (Pete) Anderson	Qualified noncontributory defined benefit plan	20	35,718	290,003	–
	Supplemental non-qualified pension plan	20	340,050	711,718	–

Stephan Gutierrez	Qualified noncontributory defined benefit plan	5	21,036	79,251	–
Jeff Soman	Qualified noncontributory defined benefit plan	7	27,293	111,183	–
Robert Johnson	Qualified noncontributory defined benefit plan	26	47,277	347,168	–
	Supplemental non-qualified pension plan	20	299,335	397,901	–
Eric Bowles	Qualified noncontributory defined benefit plan	3	9,494	26,281	–

### Employment Agreements

*CEO Agreement.* Our chief executive officer, Paul G. (Pete) Anderson, has entered into an employment agreement with our company having a three-year term ending on August 31, 2008. Under the agreement Mr. Anderson is entitled to receive a minimum annual base salary of \$350,000, which is reviewed annually by our board of directors and was increased to \$400,000. In addition, Mr. Anderson is eligible for an annual bonus under our executive short-term management incentive plan, payments under our CEO deferred compensation

plan, use of a company vehicle, payment of club membership dues and such other benefits as are provided to our executive employees, including health, disability and life insurance coverage, 401(k) retirement plan matching contributions, defined benefit retirement plan participation and supplemental non-qualified pension plan participation. Under our CEO deferred compensation plan, deferred compensation is credited Mr. Anderson each year in an amount equal to 15% of his annual incentive bonus for the preceding fiscal year. Each contribution to the deferred compensation plan vests over a five-year period. If Mr. Anderson leaves our company due to his total disability, death or retirement (which continues for a period of at least one year), his deferred compensation will fully vest. If he leaves our company for any other reason, he will be entitled only to the vested portion of his deferred compensation and will lose the right to any unvested amounts. The agreement provides that, prior to September 1, 2008, Mr. Anderson's employment may be terminated only by reason of his death, by our board of directors for cause (which includes incapacity or disability lasting at least 90 days), or by Mr. Anderson for good reason. On that date, he becomes an "at will" employee and may be terminated for any or no reason. Mr. Anderson is not entitled to receive any severance benefits upon the termination of his employment other than those to which he may be entitled under our change in control severance plan discussed below. The agreement prohibits Mr. Anderson from competing with our company or soliciting away our customers and employees during the term of his employment and until September 1, 2008 after any termination of his employment. In addition, the agreement requires Mr. Anderson to maintain the confidentiality of our confidential information during the term of his employment and for three years thereafter.

*Agreements of Other Executive Officers.* Each of our four other named executive officers, Messrs. Gutierrez, Soman, Johnson and Bowles, has entered into an employment agreement with our company. Each of these agreements provides that the officer's employment is "at will" and may be terminated for any or no reason. The compensation provided for under the agreements is subject to change by us at any time. Generally, each officer is eligible for an annual bonus under our executive short-term management incentive plan, payments under our mutual commitment compensation plan and such other benefits as are provided to our employees, including health and disability insurance coverage, 401(k) retirement plan matching contributions and defined benefit retirement plan participation. Under our mutual commitment compensation plan, deferred compensation is credited to each executive officer each year in an amount targeted to equal 15% of his annual base salary for the preceding fiscal year or, in the case of brokers compensated primarily on a commission basis, 10% of the broker's total personal cash compensation. This targeted amount is realized if our company's pre-tax return on equity is 25% or greater, and is proportionately reduced if it is positive but less than 25%. Each contribution to the deferred compensation plan vests after five years. If an executive leaves our company due to his total disability, death or retirement, and he is not in violation of his employment agreement, his deferred compensation will fully vest. If an executive leaves our company for any other reason, he will be entitled only to the vested portion of his deferred compensation and will lose the right to any unvested amounts. The officer is not entitled to receive any severance benefits upon the termination of his employment. However, our chief operating officer, executive vice president - FCStone, LLC and chief financial officer may be entitled to severance benefits under our change in control severance plan discussed below. Each agreement prohibits the officer from competing with our company or soliciting away our customers and employees for one year (eighteen months in the case of Mr. Soman) after any termination of his employment. In addition, each agreement requires the officer to maintain the confidentiality of our confidential information.

### **Change in Control Severance Plan**

Certain of our management and executive officers, including Messrs. Anderson, Gutierrez, Soman and Johnson, are participants in our change in control severance plan or "Severance Plan". The Severance Plan provides that if, during a change in control period, a participant terminates his employment for "good reason," or our company terminates the participant's employment other than for "cause" or on account of death or disability, we will pay the participant, in a lump sum, as follows:

salary through the date of termination, bonus calculated as the average of the prior two fiscal years' bonus allocated for the portion of the year in which the participant was employed with us, and any accrued unpaid vacation pay;

an amount equal to the product of the participant's multiple (which is 36 months in the case of Mr. Anderson and 24 months in the case of other participants) times:

the participant's highest monthly base salary during the 12 month period prior to the date of termination of employment, plus

the quotient of (a) the participant's average annualized annual incentive compensation awards to the participant during the three fiscal years immediately preceding the fiscal year in which employment is terminated, divided by (b) 12;

an amount equal to the value of any unvested employer contributions under any qualified defined contribution retirement plan; and

an amount equal to 50% of the average annualized equity compensation expense that has been recognized by our company for financial reporting purposes for awards granted to participant under the long-term incentive plans during the two immediately preceding fiscal years.

In addition, for a period following the termination of employment of 36 months in the case of Mr. Anderson and 24 months in the case of other participants we will continue to provide the participant and his dependents with such medical, accident, disability and/or life insurance coverage as we provided him prior to the date of such termination. Finally, we will pay the participant a tax "gross-up" for excise tax payable by the participant under section 4999 of the Internal Revenue Code in connection with the severance benefits.

If, during a change in control period, a participant terminates his employment without "good reason," or our company terminates his employment for "cause," we will pay the participant, in a lump sum, his salary through the date of termination, any unpaid bonus and other compensation and benefits for the most recently completed fiscal year, any accrued unpaid vacation pay, and any other amounts or benefits to which the participant is entitled through the date of termination under any other plan, policy, or agreement.

The change in control period is defined as the two year period following the earlier of the date (1) we enter into an agreement that would result in a change in control, (2) we announce our intention to take actions, or consider taking actions that would result in a change in control, (3) any person becomes a beneficial owner of 10% or more of the voting power of our then-outstanding securities, or (4) our board of directors adopts resolutions approving any of the foregoing or any change in control.

Under the Severance Plan, a change in control is deemed to have occurred if:

any person becomes the beneficial owner of our securities (excluding securities acquired directly from us or held by any of our employee benefit plans) representing 50% or more of the combined voting power of our then outstanding securities, excluding any person who becomes such a beneficial owner pursuant to a merger or consolidation resulting in our voting securities outstanding immediately prior to such merger or consolidation continuing to represent, together with the holdings of any of our employee benefit plans, at least 50% of the combined voting power of the surviving entity immediately after the merger or consolidation;

a majority of the number of directors serving on our board no longer consists of individuals who were serving on our board on the effective date of the Severance Plan and any new directors whose appointment or election was approved or recommended by a vote of at least two-thirds of the directors then still in office who were either directors on the effective date of the Severance Plan or whose appointment or election was previously so approved or recommended;

there is consummated a merger or consolidation of our company with any other corporation, other than:

a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger or consolidation continuing to represent, together with the holdings of any of our employee benefit plans, at least 50% of the combined voting power of the surviving entity immediately after such merger or consolidation; or

a merger or consolidation effected to implement a recapitalization in which no person becomes a beneficial owner of our securities representing 50% or more of the combined voting power of our then-outstanding securities; or

our stockholders approve a plan of complete liquidation or dissolution of our company or there is consummated an agreement for the sale or disposition of all or substantially all of our assets, other than a sale or disposition of all or substantially all of our assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by our stockholders in substantially the same proportions as their ownership immediately prior to such sale.

Our termination of a participant's employment with us will be for "cause" if, (1) it would be a termination for "cause" under the participant's employment agreement with us, (2) the participant intentionally engages in an act of misconduct that materially impacts the goodwill or business of our company; (3) the participant willfully breaches a fiduciary trust for personal profit; or (4) the participant intentionally violates any law, rule or regulation.

A participant may terminate his employment with us for "good reason" during a change in control period if, without the participant's consent, (1) he resigns for good reason under any employment agreement, (2) there is a reduction in his base salary as in effect immediately prior to the change in control period, (3) there is a diminution of the participant's position, authority, duties or responsibilities in effect immediately prior to the change in control period that is not cured, or (4) he is required to relocate.

The following table shows the potential payments upon certain termination events, including termination events following a change of control of our company, for each of the named executive officers (excluding Mr. Bowles, who would not be eligible for such payments) if the termination and change of control had occurred on August 31, 2007. Fully vested benefits are not included in the table unless the form, amount or terms of the benefit would be enhanced or accelerated by the termination event.

Benefit	Termination due to Disability, Death or Retirement	Termination w/o Cause or for Good Reason After Change in Control
<i>Paul G. (Pete) Anderson</i>		
Salary and bonus severance payment (1)	–	\$ 3,270,130
50% of equity compensation payment (2)	–	68,192
Continuation of insurance coverage (3)	–	40,000
Tax gross-up (4)	–	1,475,844
Unvested deferred compensation (5)	\$ 328,789	0
<b>Total for Mr. Anderson (6)</b>	<b>\$ 328,789</b>	<b>\$ 4,854,166</b>

*Stephan Gutierrez*

Salary and bonus severance payment (1)	–	\$ 1,366,133
50% of equity compensation payment (2)	–	30,996
Continuation of insurance coverage (3)	–	27,000
Tax gross-up (4)	–	0
Unvested deferred compensation (5)	<u>\$ 207,425</u>	<u>0</u>
Total for Mr. Gutierrez (6)	<u><u>\$ 207,425</u></u>	<u><u>\$ 1,424,129</u></u>

*Jeff Soman*

Salary and bonus severance payment (1)	–	\$ 1,011,002
50% of equity compensation payment (2)	–	30,996
Continuation of insurance coverage (3)	–	25,000
Tax gross-up (4)	–	0
Unvested deferred compensation (5)	<u>\$ 163,396</u>	<u>0</u>
Total for Mr. Soman (6)	<u><u>\$ 163,396</u></u>	<u><u>\$ 1,066,998</u></u>

Benefit	Termination due to Disability, Death or Retirement	Termination w/o Cause or for Good Reason After Change in Control
<i>Robert V. Johnson</i>		
Salary and bonus severance payment (1)	–	\$ 1,008,749
50% of equity compensation payment (2)	–	0
Continuation of insurance coverage (3)	–	25,000
Tax gross-up (4)	–	0
Unvested deferred compensation (5)	\$ 161,288	0
<b>Total for Mr. Johnson (6)</b>	<b>\$ 161,288</b>	<b>\$ 1,033,749</b>

(1) Represents the amount calculated pursuant to the Severance Plan equal to the product of the participant' s multiple (36 months in the case of Mr. Anderson and 24 months in the case of the other participants) times the sum of:

the participant' s highest monthly base salary during the 12 month period prior to termination, and

one month of the participant' s average annualized incentive compensation award during the three preceding fiscal years.

- (2) Represents the amount calculated pursuant to the Severance Plan equal to 50% of average annualized equity compensation expense for long-term incentive plan awards granted during the two preceding fiscal years.
- (3) Represents the amount calculated pursuant to the Severance Plan equal to our estimated incremental cost for medical, accident, disability and/or life insurance continuation coverage following termination of employment for 36 months in the case of Mr. Anderson and 24 months in the case of the other participants.
- (4) Represents an estimate of the amount calculated pursuant to the Severance Plan for the tax gross-up based upon the following assumed tax rates: Section 280G excise tax–20%; federal income tax–35%; state income tax–6%; and Medicare tax–1.45%.
- (5) Represents the amount calculated pursuant to our deferred compensation plans equal to the value of any unvested employer contributions made on the participant' s behalf under such plans.
- (6) With the exception of the continuation of insurance coverage, all amounts would be paid to the participant in a lump sum.

### **2006 Equity Incentive Equity Plan**

We have adopted the 2006 Equity Incentive Equity Plan or “Equity Plan” for the purpose of encouraging employees of our company, its affiliates and subsidiaries to acquire a proprietary and vested interest in the growth and performance of our company. The Equity Plan also is designed to assist our company in attracting and retaining employees and non-employee directors by providing them with the opportunity to participate in the success and profitability of our company. Equity-based awards also are intended to further align the interests of award recipients and with the interests of our stockholders.

*Eligible Participants.* The eligible participants in the Equity Plan are all key employees of our company, its affiliates and its subsidiaries whose judgment, initiative and efforts is important to the successful conduct of our business, including employees who are officers or members of our board of directors, and members of our board who are not employees of our company. Currently, there are approximately 374 officers and employees of our company, its affiliates and its subsidiaries.

*Equity Plan Administration.* The Equity Plan may be administered by our board of directors or a committee consisting of two or more directors. The executive committee of our board of directors currently administers the Equity Plan and has the sole discretion to administer and interpret the Equity Plan and determine who will be granted awards under the Equity Plan, the size and types of such awards and the terms and conditions of such awards.

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*Shares Subject to the Equity Plan.* The Equity Plan permits the issuance of up to 3,375,000 shares of our common stock pursuant to awards granted under the Equity Plan such as stock options, restricted stock awards, restricted stock units and performance share awards, as well as awards such as stock appreciation rights, and performance unit and performance share awards payable in the form of common stock or cash.

*Stock Options.* Both incentive stock options and nonqualified stock options may be granted under the Equity Plan. The per-share exercise price of an option is set by the committee and generally may not be less than the fair market value of a share of our common stock on the date of grant. Options granted under the Equity Plan are exercisable at the times and on the terms established by the committee. The maximum term of an option is ten years from the date of grant.

*Stock Appreciation Rights.* A stock appreciation right or “SAR” is the right to receive payment of an amount equal to the excess of the fair market value of a share of common stock on the date of exercise of the stock appreciation right over the grant price of the stock appreciation right. The Equity Plan permits the grant of two types of SARs: freestanding SARs, tandem SARs, or any combination of the two. A freestanding SAR is a SAR that is granted independently of any stock option. A tandem SAR is a SAR that is granted in connection with a related stock option, the exercise of which requires a forfeiture of the right to purchase a share under the related option (and when a share is purchased under the option, the SAR is similarly canceled). The committee has complete discretion to determine the number of SARs granted to any participant and the terms and conditions pertaining to such SARs.

*Restricted Stock and Restricted Stock Unit Grants.* The Equity Plan permits the grant of restricted stock or restricted stock unit awards. Restricted stock and restricted stock units may be issued or transferred for consideration or for no consideration, as determined by the committee. The committee may establish conditions under which restrictions on shares of restricted stock or restricted stock units lapse over a period of time or according to such other criteria as the committee deems appropriate, including the achievement of specific performance goals.

*Performance Unit and Performance Shares.* The Equity Plan permits the grant of performance units and performance share awards which are bonuses payable in cash, common stock or a combination thereof. Each performance unit and performance share will represent the right of the participant to receive an amount based on the value of the performance unit/share, if performance goals established by the committee are met. A performance unit will have a value based on such measurements or criteria as the committee determines. A performance share will have a value equal to the fair market value of a share of our company common stock. When an award of these are granted, the committee will establish a performance period during which performance will be measured. At the end of each performance period, the committee will determine to what extent the performance goals and other conditions of the performance units/shares are met.

*Restrictions on Transfer.* Awards under the Equity Plan generally are not transferable by the recipient other than by will or the laws of descent and distribution and generally are exercisable, during the recipient’s lifetime, only by the recipient. Any amounts payable or shares issuable pursuant to an award generally will be paid only to the recipient or the recipient’s beneficiary or representative.

*Changes in Capital or Corporate Structure.* If, without the receipt of consideration by our company, there is any change in the number or kind of shares of our common stock outstanding by reason of a stock dividend or any other distribution upon the shares payable in stock, or through a stock split, subdivision, consolidation, combination, reclassification or recapitalization, the maximum number of shares of our common stock available for grants, the maximum number of shares of our common stock that any individual participating in the Equity Plan may be granted in any year, and the number of shares covered by outstanding grants may be appropriately adjusted by the committee to reflect any increase or decrease in the number of issued shares of our common stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under such grants. Any fractional shares resulting from such adjustment will be eliminated. Adjustments determined by the committee are final, binding and conclusive.

If our company undergoes a “change of control,” each option, share of restricted stock and other grant held by a non-employee director will, without regard to any vesting schedule, restriction or performance target, automatically become fully exercisable or payable, as the case may be, as of the date of the change of control.

Under the Equity Plan, a “change of control” is deemed to have occurred if:

any person becomes the beneficial owner of our securities (excluding securities acquired directly from us or held by any of our employee benefit plans) representing 50% or more of the combined voting power of our then outstanding securities, excluding any person who becomes such a beneficial owner pursuant to a merger or consolidation resulting in our voting securities outstanding immediately prior to such merger or consolidation continuing to represent, together with the holdings of any of our employee benefit plans, at least 50% of the combined voting power of the surviving entity immediately after the merger or consolidation;

a majority of the number of directors serving on our board no longer consists of individuals who were serving on our board on the effective date of the Equity Plan and any new directors whose appointment or election was approved or recommended by a vote of at least two-thirds of the directors then still in office who were either directors on the effective date of the Equity Plan or whose appointment or election was previously so approved or recommended;

there is consummated a merger or consolidation of our company with any other corporation, other than:

a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger or consolidation continuing to represent, together with the holdings of any of our employee benefit plans, at least 50% of the combined voting power of the surviving entity immediately after such merger or consolidation; or

a merger or consolidation effected to implement a recapitalization in which no person becomes a beneficial owner of our securities representing 50% or more of the combined voting power of our then outstanding securities; or

our stockholders approve a plan of complete liquidation or dissolution of our company or there is consummated an agreement for the sale or disposition of all or substantially all of our assets, other than a sale or disposition of all or substantially all of our assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by our stockholders in substantially the same proportions as their ownership immediately prior to such sale.

### **Directors’ and Officers’ Insurance**

We currently maintain a directors’ and officers’ liability insurance policy that provides our directors and officers with liability coverage relating to certain potential liabilities.

**RELATED PARTY TRANSACTIONS**

With the exception of Paul G. Anderson and Daryl Henze, each of our directors is an executive officer of a cooperative that is a stockholder of our company. Each of these cooperatives uses the services of our company. The following table sets forth the amounts paid by these stockholder cooperatives for our services during our 2007 fiscal year.

<b>Board Member</b>	<b>Board Member' s Cooperative</b>	<b>Amounts Paid by Cooperative to the Company for Services</b>
David Andresen	4 Seasons Cooperative	\$ 17,720
Brent Bunte	NEW Cooperative	\$ 141,498
Doug Derscheid	Central Valley Ag Cooperative	\$ 484,013
Jack Friedman	Innovative Ag Services	\$ 103,629
Kenneth Hahn	Planters Cooperative	\$ 59,906
Bruce Krehbiel	Kanza Cooperative Association	\$ 80,675
Tom Leiting	River Valley Cooperative	\$ 148,729
Eric Parthemore	Farmers Commission Company	\$ 47,962
Dave Reinders	Sunray Co-op	\$ 109,831
Rolland Svoboda	Pro Cooperative	\$ 247,525

Tamra Alexander, the sister of Paul G. Anderson, our chief executive officer, has an ownership interest in an office supply company to which we paid approximately \$145,000 in our 2007 fiscal year for office furniture and supplies.

Our company' s policy is that all transactions between us and our officers, directors and/or five percent stockholders will be on terms no more favorable to those related parties than the terms provided to our other customers.

**INDEPENDENT AUDITOR FEES AND SERVICES**

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of our company' s annual financial statements for our 2006 and 2007 fiscal years, and fees billed for other services rendered by KPMG LLP during such fiscal years. All audit and non-audit services provided to our company by KPMG LLP were approved by our audit committee.

<b>Type of Fee</b>	<b>Fiscal 2006</b>	<b>Fiscal 2007</b>
--------------------	--------------------	--------------------

Audit Fees (1)	\$421,955	\$528,549
Audit-Related Fees (2)	2,500	359,500
Tax Fees (3)	43,900	54,225
All Other Fees	<u>34,950</u>	<u>—</u>
<b>Total</b>	<u><b>\$503,305</b></u>	<u><b>\$942,274</b></u>

- (1) Audit Fees, including those for statutory audits, include the aggregate fees paid by us during our 2006 and 2007 fiscal years for professional services rendered by KPMG LLP for the audit of our annual financial statements and the audit of internal control over financial reporting, as well as the review of financial statements included in our quarterly reports on Form 10-Q.
- (2) Audit Related Fees include the aggregate fees paid by us during our 2006 and 2007 fiscal years for assurance and related services rendered by KPMG LLP that are reasonably related to the performance of the audit or review of our financial statements and not included in Audit Fees, including services provided with respect to the filing of our Form S-1, Form S-8 and Form S-3 registration statements with the SEC.
- (3) Tax Fees include the aggregate fees paid by us during our 2006 and 2007 fiscal years for professional services rendered by KPMG LLP for tax compliance, tax advice and tax planning.

In making its determination regarding the independence of KPMG LLP, our audit committee considered whether the provision of the services for which we incurred the “Audit-Related Fees,” “Tax Fees,” and “All Other Fees” was compatible with maintaining such independence.

## **Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services**

Pursuant to its charter, the audit committee of our board of directors is responsible for reviewing and approving, in advance, any audit and any permissible non-audit engagement or relationship between our company and its independent auditors. Our engagement of KPMG LLP to conduct the audit of our company for our 2007 fiscal year was approved by the audit committee on November 9, 2006. Additionally, each permissible non-audit engagement or relationship between our company and KPMG LLP entered into since September 1, 2006 has been reviewed and approved by the audit committee. All audit-related, tax and all other fees were pre-approved by the audit committee. We have been advised by KPMG LLP that substantially all of the work done in conjunction with its audit of our financial statements for the most recently completed fiscal year was performed by permanent full time employees and partners of KPMG LLP.

The audit committee of our board of directors has adopted the following guidelines regarding the engagement of our independent registered public accounting firm to perform services for our company:

The audit committee will pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for our company by its independent registered public accounting firm, subject to the exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 which must be approved by the audit committee prior to the completion of the audit.

### ***AUDIT COMMITTEE REPORT***

The audit committee of our board of directors currently is composed of four members of our board of directors, all of whom meet the independence requirements of the SEC and the NASDAQ Global Select Market. The audit committee operates under a written charter adopted by our board of directors, and assists the board in fulfilling its responsibilities with respect to accounting and financial reporting practices and the scope and expense of audit and related services provided by our independent registered public accounting firm. The audit committee also selects our company's independent registered public accounting firm, which selection is then submitted to our stockholders for ratification.

Management is responsible for our company's internal controls and the financial reporting process. Our independent registered public accounting firm, KPMG LLP, is responsible for performing an independent audit of our company's consolidated financial statements and issuing an opinion on the conformity of those audited consolidated financial statements with U. S. generally accepted accounting principles. The audit committee's responsibility is to monitor and oversee these processes and to report to our board of directors on its findings.

In this context, the audit committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the audit committee that our company's August 31, 2007 consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. The audit committee has reviewed and discussed these consolidated financial statements with management and the independent registered public accounting firm. The audit committee discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, *Professional Standards*, and the SEC's Rule 2-02 under Regulation S-X.

Our company's independent registered public accounting firm also provided to the audit committee the written disclosures and letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and the audit committee discussed with the independent registered public accounting firm that firm's independence. The audit committee has considered whether the services provided under other non-audit services are compatible with maintaining the independence of KPMG LLP.

Based upon the audit committee's discussion with management and the independent registered public accounting firm, and the audit committee's review of the representation of management and the report of the independent registered public accounting firm to the audit committee, the audit committee recommended that our

board of directors include the audited consolidated financial statements in our company' s annual report on Form 10-K for the fiscal year ended August 31, 2007 for filing with the SEC.

The Audit Committee

Brent Bunte

Daryl  
Henze

Bruce  
Krehbiel

Eric  
Parthemore

**PRINCIPAL STOCKHOLDERS**

The table below sets forth information, as of October 15, 2007 (unless otherwise indicated below), with respect to the beneficial ownership of shares of all series of our common stock by:

each person known to us to own beneficially more than 5% of the aggregate number of the outstanding shares of our common stock;

our chief executive officer, our principal financial officer and our three other most highly compensated executive officers for our 2007 fiscal year;

each of our directors and director nominees; and

our executive officers and directors as a group.

Each of the persons, or group of persons, in the table below has sole voting power and sole dispositive power as to all of the shares of our common stock shown as beneficially owned by them, except as otherwise indicated.

Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Percent of Shares Outstanding
<b>Principal Stockholders:</b>		
Bamco, Inc. (1)	2,014,050	7.3 %
FCStone Group Employee Stock Ownership Plan (2)	1,583,674	5.8 %
<b>Directors and Executive Officers:</b>		
<b>Directors:</b>		
Brent Bunte (3)	276,628	1.0 %

Jack Friedman (4)	208,988	*	
Bruce Krehbiel (5)	213,600	*	
Tom Leiting (6)	78,905	*	
Eric Parthemore (7)	121,512	*	
Dave Reinders (8)	288,204	1.1	%
Rolland Svoboda (9)	220,434	*	
Doug Derscheid (10)	190,296	*	
Dave Andresen (11)	50,197	*	
Kenneth Hahn (12)	84,548	*	
Daryl Henze	1,500	*	
<b>Executive Officers:</b>			
Paul G. Anderson (13)	480,380	1.7	%
Stephen Gutierrez (14)	183,063	*	
Jeff Soman (15)	186,670	*	
Robert V. Johnson (16)	258,591	*	
Eric Bowles (17)	46,978	*	
All directors and executive officers as a group (18 persons) (18)	3,036,333	10.5	%

\* Less than 1%.

(1)

The ownership reported is based upon a Form 13F of Bamco, Inc., filed with the SEC on November 14, 2007. Baron Capital Management, Inc. is identified as a reporting manager in the Form 13F. The Form 13F reports that as of September 30, 2007, Bamco, Inc. held 2,014,050 shares of our common stock. Bamco, Inc.

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is reported as having shared investment power over all of these shares, sole voting power over 75,000 shares and shared voting power over 1,682,850 shares. The address of Bamco, Inc. is 767 Fifth Avenue, 49<sup>th</sup> Floor, New York, NY 10153.

- (2) The address of the FCStone Group Employee Stock Ownership Plan is 10330 N.W. Prairie View Road, Kansas City, MO 64153.
- (3) Includes 36,000 shares issuable upon the exercise of currently exercisable stock options and 237,628 shares held by NEW Cooperative, of which Mr. Bunte is manager.
- (4) Includes 48,600 shares issuable upon the exercise of currently exercisable stock options and 152,888 shares held by Innovative Ag Services, of which Mr. Friedman is manager.
- (5) Includes 64,800 shares issuable upon the exercise of currently exercisable stock options and 148,800 shares held by Kanza Cooperative Association, of which Mr. Krehbiel is manager.
- (6) Includes 36,000 shares issuable upon the exercise of currently exercisable stock options and 41,405 shares held by River Valley Cooperative, of which Mr. Leiting is manager.
- (7) Includes 48,600 shares issuable upon the exercise of currently exercisable stock options and 72,012 shares held by The Farmers Commission Company, of which Mr. Parthemore is president and chief executive officer.
- (8) Includes 36,000 shares issuable upon the exercise of currently exercisable stock options and 250,704 shares held by Sunray Coop, of which Mr. Reinders is general manager.
- (9) Includes 36,000 shares issuable upon the exercise of currently exercisable stock options and 183,684 shares held by Pro Cooperative, of which Mr. Svoboda is general manager.
- (10) Includes 18,000 shares issuable upon the exercise of currently exercisable stock options and 169,296 shares held by Central Valley Ag Cooperative, of which Mr. Derscheid is president and chief executive officer.
- (11) Includes 18,000 shares issuable upon the exercise of currently exercisable stock options and 32,197 shares held by 4 Seasons Cooperative, of which Mr. Andresen is general manager.
- (12) Includes 18,000 shares issuable upon the exercise of currently exercisable stock options and 66,548 shares held by Planters Cooperative, of which Mr. Hahn is manager.
- (13) Includes 427,500 shares issuable upon the exercise of currently exercisable stock options and 46,880 shares held in Mr. Anderson's employee stock ownership plan account.
- (14) Includes 157,500 shares issuable upon the exercise of currently exercisable stock options and 13,563 shares held in Mr. Gutierrez' s employee stock ownership plan account.
- (15) Includes 157,500 shares issuable upon the exercise of currently exercisable stock options and 27,670 shares held in Mr. Soman' s employee stock ownership plan account.
- (16) Includes 202,500 shares issuable upon the exercise of currently exercisable stock options and 51,591 shares held in Mr. Johnson' s employee stock ownership plan account.
- (17) Includes 45,000 shares issuable upon the exercise of currently exercisable stock options and 478 shares held in Mr. Bowles' employee stock ownership account.
- (18) Includes 1,462,500 shares issuable upon the exercise of currently exercisable stock options.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Our company has only one equity compensation plans for its employees pursuant to which options, rights or warrants may be granted. The following is a summary of the shares reserved for issuance pursuant to outstanding options, rights or warrants granted under equity compensation plans as of August 31, 2007:

<u>Plan category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,925,000 *	\$ 9.54	450,000
Equity compensation plans not approved by security holders	- 0 -	- 0 -	- 0 -
Total	<u>2,925,000</u> *	<u>\$ 9.54</u>	<u>450,000</u>

\* Consists of shares reserved for issuance pursuant to outstanding stock option grants under our company's 2006 equity incentive plan.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of any class of equity securities of our company registered pursuant to Section 12 of the Exchange Act, to file with the SEC initial reports of ownership and reports of changes in ownership in such securities and other equity securities of our company. SEC regulations require directors, executive officers and greater than 10% stockholders to furnish our company with copies of all Section 16(a) reports they file.

To our company's knowledge, based solely on review of the copies of such reports furnished to our company and written representations that no other reports were required, during our 2007 fiscal year, all Section 16(a) filing requirements applicable to its directors, executive officers and greater than 10% stockholders were complied with on a timely basis.

### STOCKHOLDER PROPOSALS FOR 2009 ANNUAL MEETING

It is anticipated that our 2009 annual meeting of stockholders will be held on January 14, 2009. Stockholders may propose actions for consideration at the 2009 annual meeting either by presenting them for inclusion in our company's proxy statement or by undertaking the solicitation of votes independent of our proxy statement. Any stockholder who intends to present a proposal at the 2009 annual meeting must deliver the proposal to our company at FCStone Group, Inc., 10330 N.W. Prairie View Road, Kansas City, MO 64153, Attention Secretary by the applicable deadline below:

If the stockholder proposal is intended for inclusion in our proxy materials for that meeting pursuant to SEC Rule 14a-8, our company must receive the proposal no later than August 9, 2008. Such proposal must also comply with the other requirements of the proxy solicitation rules of the SEC.

If the stockholder proposal is to be presented without inclusion in our proxy materials for that meeting, our bylaws require that our company receive notice of the proposal no later than August 9, 2008. In addition, the stockholder must comply with the other advance notice provisions of our company' s bylaws. See "Advance Notice of Stockholder Proposals" below.

Proxies solicited in connection with our 2009 annual meeting of stockholders will confer on the appointed proxies discretionary voting authority to vote on stockholder proposals that are not presented for inclusion in the proxy materials unless the proposing stockholder notifies our company by August 9, 2008 that such proposal will be made at the meeting.

### ***ADVANCE NOTICE OF STOCKHOLDER PROPOSALS***

Our bylaws provide that advance notice of stockholder nominations for the election of directors or other business must be given. Notice of nominations or other business to be brought before our annual meetings of stockholders must be delivered to our company at FCStone Group, Inc., 10330 N.W. Prairie View Road, Kansas City, MO 64153, Attention Secretary not less than 120 calendar days prior to the date of our company's proxy statement released in connection with the preceding year's annual meeting of stockholders. In the event that the date of the annual meeting of stockholders is changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, such notice instead must be so delivered by the close of business on the later of (i) the 120th day prior to such annual meeting or (ii) the 10th day following the date on which public announcement of the date of such meeting is first made. The stockholder's notice must contain the information required by Section 2.12 of our bylaws, including the name and address of the stockholder and, if applicable, of each person to be nominated, a description of any other business proposed for consideration at the meeting and of any material interest of the stockholder in such business, a description of the class and number of shares of our company's common stock owned beneficially and of record by the stockholder, and all other information regarding each nominee or other business proposed by the stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC, as then in effect, if our board of directors were soliciting proxies for such proposal. We urge you to examine our bylaws for the advance notice provisions, including a complete listing of the information required to be included in any such notice. You may request a copy of our bylaws by following the instructions for obtaining exhibits to our annual report below under "Additional Information."

### ***ADDITIONAL INFORMATION***

We filed our annual report on Form 10-K for our 2007 fiscal year with the SEC on November 29, 2007. A copy of the annual report, including audited financial statements and the report thereon by KPMG LLP, accompanies this proxy statement.

**Our company will provide without charge to each stockholder as of the record date for the annual meeting a copy of our annual report on Form 10-K for our fiscal year ended August 31, 2007, including the financial statements and the schedules thereto but excluding exhibits. A request for such report should be sent in writing to Paul G. Anderson, Chief Executive Officer, FCStone Group, Inc., 10330 N.W. Prairie View Road, Kansas City, MO 64153. Such request must set forth a good faith representation that the requesting party was a holder of record or a beneficial owner of common stock of our company on the November 21, 2007 record date for the annual meeting. Our company will provide a copy of any exhibit to the Form 10-K report to any such person upon written request and the payment of our reasonable expenses in furnishing such exhibits. You may read and download our Form 10-K, including exhibits, as well as our other SEC filings over the internet from several commercial document retrieval services as well as from the SEC's internet website ([www.sec.gov](http://www.sec.gov)).**

BY ORDER OF THE BOARD OF DIRECTORS,

David A. Bolte  
*Secretary*

Kansas City, Missouri  
December 7, 2007



▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼



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**Proxy — FCSTONE GROUP, INC.**

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**ANNUAL MEETING OF THE STOCKHOLDERS OF FCSTONE GROUP, INC.  
January 10, 2008**

The undersigned hereby appoints Bruce Krehbiel and Paul G. Anderson, and each of them, jointly and severally, the agents and proxies of the undersigned, each with full power of substitution, to attend the annual meeting of the stockholders of FCStone Group, Inc. to be held in the Kansas City Airport Hilton located at 8801 N.W. 112th Street, Kansas City, Missouri, on Thursday, January 10, 2008, commencing at 9:00 a.m., local time, and any adjournment thereof, and to vote all of the stock of our company, standing in the name of the undersigned on its books as of the close of business on November 21, 2007, and which the undersigned would be entitled to vote, if present, with the same force and effect as if voted by the undersigned and especially to vote said stock with respect to the matters specified on the reverse.

The undersigned hereby acknowledges receipt of the notice of annual meeting and proxy statement, dated December 7, 2007, and hereby revokes all proxies heretofore given with respect to the matters being considered and voted upon at the annual meeting.

This proxy will be voted as directed, but if no instructions are specified, this proxy will be voted FOR the election of the four persons listed on the reverse as Class II directors and FOR the ratification and approval of the selection of KPMG LLP as our independent registered public accounting firm. Our board of directors recommends approval of all such proposals. In their discretion, the appointed proxies and agents are authorized to vote upon such other business as may properly be presented at the annual meeting. This proxy is solicited on behalf of our board of directors and may be revoked prior to its exercise.

NOTE: PLEASE DATE, SIGN, AND RETURN THIS PROXY TO THE TABULATOR USING THE ENCLOSED POSTAGE PREPAID RETURN ENVELOPE.



Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.



## Annual Meeting Proxy Card

▼ PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

### A Proposals — The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposal 2.

	For	Withhold		For	Withhold		For	Withhold	
01 - David Andresen*	<input type="checkbox"/>	<input type="checkbox"/>	02 - Jack Friedman*	<input type="checkbox"/>	<input type="checkbox"/>	03 - Daryl Henze*	<input type="checkbox"/>	<input type="checkbox"/>	+
04 - Eric Parthemore*	<input type="checkbox"/>	<input type="checkbox"/>							

\* Each to be elected as a Class II director to hold office for a term expiring at the annual meeting of stockholders held after the end of our 2010 fiscal year and until his successor is duly elected and qualified or until his earlier resignation or removal.

2. Proposal to ratify and approve the selection of KPMG LLP as our independent registered public accounting firm for our 2008 fiscal year.

	For	Against	Abstain
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### B Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

Sign exactly as your name appears on your stock certificate. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in full partnership name by authorized person.

Date (mm/dd/yyyy) — Please print date below.

Signature 1 — Please keep signature within the box.

Signature 2 — Please keep signature within the box.





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▼ PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼



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**Proxy — FCSTONE GROUP, INC.**

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**ANNUAL MEETING OF THE STOCKHOLDERS OF FCSTONE GROUP, INC.  
January 10, 2008**

The undersigned hereby appoints Bruce Krehbiel and Paul G. Anderson, and each of them, jointly and severally, the agents and proxies of the undersigned, each with full power of substitution, to attend the annual meeting of the stockholders of FCStone Group, Inc. to be held in the Kansas City Airport Hilton located at 8801 N.W. 112th Street, Kansas City, Missouri, on Thursday, January 10, 2008, commencing at 9:00 a.m., local time, and any adjournment thereof, and to vote all of the stock of our company, standing in the name of the undersigned on its books as of the close of business on November 21, 2007, and which the undersigned would be entitled to vote, if present, with the same force and effect as if voted by the undersigned and especially to vote said stock with respect to the matters specified on the reverse.

The undersigned hereby acknowledges receipt of the notice of annual meeting and proxy statement, dated December 7, 2007, and hereby revokes all proxies heretofore given with respect to the matters being considered and voted upon at the annual meeting.

**This proxy will be voted as directed, but if no instructions are specified, this proxy will be voted FOR the election of the four persons listed on the reverse as Class II directors and FOR the ratification and approval of the selection of KPMG LLP as our independent registered public accounting firm. Our board of directors recommends approval of all such proposals. In their discretion, the appointed proxies and agents are authorized to vote upon such other business as may properly be presented at the annual meeting. This proxy is solicited on behalf of our board of directors and may be revoked prior to its exercise.**

NOTE: PLEASE DATE, SIGN, AND RETURN THIS PROXY TO THE TABULATOR USING THE ENCLOSED POSTAGE PREPAID RETURN ENVELOPE.



December 7, 2007

Dear Fellow Participant in the FCStone Group Employee Stock Ownership Plan:

As described in the accompanying materials, the board of directors of our company has called for the annual meeting of stockholders to be held on Thursday, January 10, 2008, at 9:00 a.m. local time, in the Kansas City Airport Hilton located at 8801 N.W. 112<sup>th</sup> Street, Kansas City, Missouri. At the annual meeting, our stockholders will be asked to elect four Class II directors for a three-year term. Stockholders also will be asked to consider and vote on a proposal to ratify the selection of our independent registered public accounting firm for our current fiscal year. Enclosed you will find the following important items pertaining to your ESOP interests:

1. Notice of Annual Meeting and Proxy Statement, dated December 7, 2007;
2. Annual Report on Form 10-K for the fiscal year ended August 31, 2007; and
3. Voting Instructions for the Annual Meeting.

The enclosed Notice of Annual Meeting and Proxy Statement describes the matters to be considered and voted upon by stockholders at the annual meeting. The enclosed Voting Instructions allow you to direct the ESOP Trustee on a confidential basis as to how you wish the shares credited to your ESOP account to be voted at the annual meeting. The completed Voting Instructions should be sent to:

Associated Benefits Corporation  
2929 Westown Parkway, Suite 220  
West Des Moines, IA 50266  
Attention: Susan Dyer Risser

Associated Benefits Corporation will forward your completed Voting Instructions to the ESOP Trustee, Wells Fargo Bank, N.A. If the Trustee does not receive these voting instructions before 5:00 p.m. CST on January 9, 2008 (or to the extent that you fail to provide voting instructions for any of the proposals), our company, as the ESOP plan administrator, intends to direct the Trustee to vote all shares credited to your ESOP account in accordance with the recommendation of our board of directors as described in the Proxy Statement. **Your vote is important, so please return your Voting Instructions prior to the January 9, 2008 deadline. The specific manner in which you direct the Trustee to vote the shares allocated to your account will be maintained in confidence by Associated Benefits Corporation and by the ESOP Trustee.**

Thank you for the confidence you have expressed in our company by joining me as an ESOP participant. As your CEO, I look forward again to working with you to move our company toward even greater success. On a personal note, best wishes to you and your families for the holiday season and in the coming year.

If you have any questions, please contact me, Dave Bolte, or Bob Johnson.

Very truly yours,

FCSTONE GROUP, INC.

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Paul G. Anderson  
Chief Executive Officer



3. Such other matters, related to the foregoing or otherwise, as properly may come before the annual meeting or any adjournment thereof (the Company's board of directors has advised that at present it knows of no other business to be presented by or on behalf of the Company's or its management at the annual meeting).

GRANT                       WITHHOLD

Dated: \_\_\_\_\_, 200\_\_

\_\_\_\_\_  
(Sign exactly as your name appears on the address label affixed to these voting instructions.)

No. of common shares of all classes and series: \_\_\_\_\_

**The Trustee will vote in accordance with these voting instructions. However, if the Trustee does not receive these voting instructions before 5:00 p.m. CST on January 9, 2008 (or to the extent voting instructions are not provided for any of the proposals referred to above), the Company, as the ESOP plan administrator, intends to direct the Trustee to vote in accordance with the recommendation of the Company's board of directors as described in the Proxy Statement. The Company's board of directors has recommended the election of the four persons listed above as Class II directors and the ratification and approval of the selection of KPMG LLP as the Company's independent registered public accounting firm. Unless otherwise indicated above, the Trustee is authorized, in its discretion, to vote upon such other business as may properly be presented at the annual meeting.**

NOTE: PLEASE DATE, SIGN, AND RETURN THESE VOTING INSTRUCTIONS TO ASSOCIATED BENEFITS CORPORATION, 2929 WESTOWN PARKWAY, SUITE 220, WEST DES MOINES, IA 50266, ATTENTION: SUSAN DYER RISSER, ON OR BEFORE 5:00 P.M. CST ON JANUARY 9, 2008 BY THE ENCLOSED POSTAGE PREPAID RETURN ENVELOPE. THE SPECIFIC MANNER IN WHICH YOU DIRECT THE TRUSTEE TO VOTE THE SHARES ALLOCATED TO YOUR ESOP ACCOUNT WILL BE MAINTAINED IN CONFIDENCE BY ASSOCIATED BENEFITS CORPORATION AND BY THE ESOP TRUSTEE.