

## BOARD OF DIRECTORS

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## LOCATIONS

**Amarillo Central Office**  
5701 I-40 West  
Amarillo, TX 79106  
(806) 376-4669

**Dimmitt Office**  
112 E. Jones  
Dimmitt, TX 79027  
(806) 647-3169

**Dumas Office**  
1315 E. First St.  
Dumas, TX 79029  
(806) 935-6851

**Friona Office**  
1602 W. Highway 60  
Friona, TX 79035  
(806) 250-2758

**Olton Office**  
210 N. Main Street  
Olton, TX 79064  
(806) 285-2651

**Plainview Office**  
919 Broadway  
Plainview, TX 79072  
(806) 296-2782

[www.greatplainsagcredit.com](http://www.greatplainsagcredit.com)



## Your Trusted Lender in Uncertain Times

Dear Stockholder,

At Great Plains Ag Credit, you are more than just a customer — you are a stockholder, an owner and the reason for our existence. We always work to keep that top of mind, and it's never been more important than right now. During uncertain times, it is important to stay focused on the fundamentals and remember to put first things first. At Great Plains, our first priority is you, our customer.

Since Farm Credit was established in 1917, we have always had a mission to provide creditworthy agricultural producers and rural Americans with reliable access to competitive credit. We are as focused on that mission today as we were in the beginning. We believe that fulfilling that mission requires a dedication to the people who use our services and own our business.

We are committed to making sound business decisions that are in your best interest. For example, we are paying close attention to credit analysis and review, pricing and structuring loans to the market, and closely servicing our existing portfolio. By staying true to these basics of lending, we feel confident that we will successfully navigate through today's stormy financial waters.

Great Plains' commitment to our customers also was reinforced recently by the board of directors' decision to distribute patronage to our member-stockholders. The board reserved a portion of the earnings, so that we can continue to serve our members well into the future. The remainder was returned as patronage. Great Plains Ag Credit was pleased to allocate \$3.5 million in patronage to borrowers based on our 2008 financial results, of which approximately \$2.4 million was distributed in cash this spring.

Doing business with Farm Credit is about more than just getting a loan; it is entering into a relationship with your lender. We recognize that, for many borrowers, times are tough right now. Some customers will face financial hardships in the year ahead; others might have questions about the stability of your co-op association.

Fortunately, the Farm Credit System is still strong, despite the recent downturn in the financial markets. Also, we are blessed to live in Texas. So far, our state has fared better than many other areas of the nation. However, we are not immune to the effects of a recession of large magnitude. It will undoubtedly impact our regional economy and many of our borrowers in 2009.

We want to encourage you to call us if you have any questions or concerns. It is important that we maintain communication with you in order to best serve you at this time.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim McDonald".

Tim McDonald  
President & CEO



Part of the Farm Credit System

# Meet the Friona Staff

*“There are more cattle on feed within a 50-mile radius of Friona than in any other location in the world.”*

The Friona area leads the nation in agriculture production. Farming and feedyards for beef cattle are core industries, with other agriculture-related ventures supporting these businesses. There are more cattle on feed within a 50-mile radius of Friona than in any other location in the world.

In addition, the dairy industry has just begun to grow in the Friona area. Several dairies are in operation, providing more markets for locally grown and manufactured products and also providing employment for citizens of Friona and Parmer County.

Although many of the larger industries in and around Friona are tied to agriculture, the diversity provided by these businesses provides a climate for entrepreneurs who are interested in the benefits of living in a small community and doing business with neighbors.

Source: Friona Chamber of Commerce

## Mary Ford

Friona has been Mary Ford’s home for most of her life. She and her husband, Kenny, are members of Calvary Baptist Church, where Mary has served as treasurer and taught Sunday school. They have two daughters, four granddaughters and two grandsons. More than anything, she enjoys watching her granddaughters play ball, but she also spends her summers gardening and landscaping at their home. She is an avid walker, a pastime that she considers vital because of a family history of heart disease.

Mary has worked for Farm Credit for 30 years. As the administrative assistant for the Friona branch, she has the opportunity to develop relationships with customers. The Friona office is conveniently located, and the staff enjoys frequent visits with a group of regulars. She appreciates the fact that their office also serves customers from surrounding communities.

“Working here at Great Plains has given me the opportunity to meet lots of people,” says Mary.

## Tommy St. Clair

Although Tommy St. Clair hit that “certain age” — the half-century mark — recently, he proudly states that he is still able to water ski barefoot and plans to continue to do so every year. He’s also mighty proud of his kids and grandkids. Tommy and his high school sweetheart, Jana, have three sons, who are all



married, and four darling grandchildren who refer to Tommy as “Pops.”

Tommy majored in agricultural economics at Texas Tech University, after which he spent 20 years farming and raising pasture cattle in Parmer and Bailey counties. He began his career with Great Plains in January 2001 and was assigned to the Friona office in September 2002 as assistant vice president. He is proud to be a part of the GPAC organization, where he has enjoyed making friends with employees and customers alike.

“Working for Great Plains has been both enjoyable and challenging,” says Tommy. “Each customer has his or her own set of plans, ideas and goals for the future. The greatest satisfaction of my job is seeing their plans come to fruition and helping them realize their goals.”

## Tamara Garcia

After attending South Plains College in Levelland, Tamara worked in Lubbock, Texas; Logan, N.M.; and Tucumcari, N.M. before coming to Farm Credit in 1999. She started in the Muleshoe office and later transferred to the Friona office, where today she serves as a loan administrator. She enjoys working with the staff and the members.

“There are no better people than the farmers and ranchers in our rural areas,” Tamara says.

Tamara was born and raised in Muleshoe, so she was happy to reconnect with the people she had known as a child. Growing up, she spent most of her time on her grandparents’ farm in the Y-L community, named for the YL Ranch. Today, she and



her husband, Danny, own a trucking and custom feed grinding business near Clovis, N.M. A devoted sports fan, she enjoys NASCAR and tries to go to at least one race each year, as well as an occasional Denver Broncos game. Most weekends, however, you can find her at her house on Ute Lake.

## Robert Jones

If life is measured in moments and memories, then one meeting with Robert Jones will leave you with a moment of humor and a memory to share with others. He is known for doing anything to bring humor to a situation, whether it's making a human bar graph at a customer meeting or shaving his head for an office challenge. With Robert around, things are seldom dull.



Robert is a graduate of Texas Tech University with a bachelor's degree in agricultural economics. He has also attended the Southwestern Graduate School of Banking. He and his wife, Rebecca, have two daughters, Allison and Abigail. He spends his free time golfing and helps out at Friona's Cheeseburger Festival and many other community projects in this busy corner of the Texas Panhandle.

The folks in Parmer and Bailey counties appreciate Robert's dedication and benefit from his 20 years of Farm Credit experience. As branch manager of the Friona office, he is committed to the success of his customers and takes his role as their lender seriously. He also has the respect of his employees and his peers, who look to him for advice and judgment.

"I like the people I work for and with, but most of all I like the people we serve," says Robert.

## Our Patronage Story

Friona Branch Manager Robert Jones frequently uses stories to get his message across, including this one about the association's patronage program. His correlation begins with the fact that our customers are the owners of Great Plains Ag Credit.

Imagine that you hold stock in a bank. When that bank makes a profit, you might earn a dividend, based on the amount of stock you own, but the majority of the profit goes to the principal owner. However, when Great Plains is profitable, all of our stockholders are paid a patronage based on the amount of business they do with the association.

In essence, a portion of the interest you pay is returned to you. Cash back can make a big difference to the bottom line of any operation, especially since the loan was priced to the market from the start. So you get competitive rates and money back. That's what we mean when we refer to the cooperative advantage.

When was the last time your banker did that?



## Great Plains Ag Credit Provides WTAMU Scholarship

In recent years, Great Plains Ag Credit (GPAC) has developed a mutually beneficial relationship with West Texas A&M University. Through sponsorships and programs, such as our GPAC Student Board and internship opportunities, our staff has worked closely with the university's students, staff and instructors.

Given the high quality of the educational programs at WTAMU and attendance by local students, Great Plains has partnered with the Farm Credit Bank of Texas Scholarship Committee to fund a \$3,750 annual scholarship. The scholarship will benefit students in the School of Agriculture, the School of Business and also the College Assistance Migrant Program (CAMP), which provides assistance to students from migrant and seasonal farm worker families.



# MEALS in the Fields

In 2008, Great Plains Ag Credit (GPAC) offices urged farmers to “Take a Break” to draw attention to National Farm Safety Week.

The National Safety Council lists farming as one of the most dangerous occupations in the United States. Mechanical, chemical and environmental hazards may increase the risk of accidents for agricultural workers. However, most farm and ranch accidents are preventable. Rest is a must when pushing your body to the limit. Farmers who overwork run the risk of making mistakes. Not only will your muscles ache, but also fatigue may cause you to hesitate when seconds count.

In Friona, GPAC employees Tommy, Mary, Tamara and Robert broke out the grill and served sausage wraps and beverages to busy folks. Harvest time in rural Texas towns means hard work, but many hands contributed to make it a community event. People of all ages took pleasure in the time off from their chores in the field. In addition, staff delivered meals to some too busy with harvest to drive into town.

“Rural communities in the Texas Panhandle depend on agricultural production,” said Friona Branch Manager Robert Jones. “Each one of the farmers and their families contribute to the



*Kenneth Frye, stockholder*



*Left to right: Stockholder Ronnie Gfeller; Mark Kleman, Dimmitt branch manager; Charles Springs, and stockholder Pammie Millican*



*Left to right: Tommy St. Clair; stockholders Wesley and Doris Barnett, and Jayson Grimsley; and Robert Jones*

quality of life in every small town we serve; we care about their well-being.”

The Dimmitt office staff stretched the program out even longer, serving approximately 135 farm customers and their employees, beginning Sept. 25 and winding up on Dec. 2. Farm safety isn't just an issue in September, especially when the harvest can last for months in this region.

“Each of our customers is a member of our Great Plains family,” said Mark L. Kleman, manager of the Dimmitt office. “We enjoyed spending time with each of them and hope they enjoyed this short break from their daily routines as well.”



*Out-of-town grandchild of stockholders Tom & Sherri Alger*



*Left to right: Mary Ford, Tamara Garcia and stockholder John Gurley*

From the NSC website:

## Staying Safe on the Farm: Tips for Successful Safety Management

Successful farmers and ranchers know that how well they use their heads at the desk is just as important as how they use their hands in the field. There is no substitute for good management. They also know how accidents and work-related illnesses can cost time, money and sometimes lives. There is no substitute for making safety and health a top management goal.

- Develop a safety and health plan tailored to your operations, family and employees. Such plans include a hazardous communications program for family and employees; a lock-out, tagout program for equipment; a fire protection plan; a chemical storage plan; farm safety rules and regulations; an emergency field communications plan; and a plan in the event a serious farm injury or death occurs. All plans should be committed to writing and reviewed annually.
- Train your help; inform them of your written plans and rules; enforce farm safety rules; and see that personal protective equipment is cared for and worn.
- Carry out regular safety inspections of equipment and facilities. Make necessary repairs and keep guards and shielding on.
- Buy quality products; then use them and care for them as directed in product manuals, on labels or as instructed by product suppliers.
- Keep children off of and away from machinery. Give youngsters chores they can safely handle based on their ages and abilities.
- Take care of your health and respect the limitations of mind and body. Take action to reduce stress. Resolve to get enough rest, and take work breaks to help reduce fatigue.
- Keep informed about safety, health and environmental issues. Attend local events about them.

For more information on agricultural safety, visit the National Safety Council Web site:  
<http://www2.nsc.org/issues/agrisafe.htm>



## 2009 GPAC Student Board

For the second consecutive year, Great Plains selected five students from West Texas A&M University to serve on a student board. The leadership development program and scholarship opportunity have proven to be popular among students with ag-related majors. Once again, the student board completed a case study throughout the fall and spring semesters and reported their findings to members of the Great Plains board and management. This year's topic was of special interest to these young people who are involved in agriculture. We asked them to tell us: How to Keep Them UP on the Farm.

As the average age of farmers climbs, up to 57.1 years in 2008, the Young, Beginning and Small Farmer and Rancher programs at Great Plains Ag Credit are more crucial than ever. Our lenders take pride in offering special assistance to members in these categories, while also taking care to not over-leverage them with unmanageable debt. The views of these young people who see their future in agricul-



Left to right: Mitch Meyer, Johnna Gonzales, Kayla Kelley, Lara Davis and Seth Hoelscher.

ture are of immense value to our association. Their insights will be helpful as we work to achieve our YBS mission: To provide ongoing assistance to Young, Beginning and Small farmers and ranchers in starting and maintaining viable operations.

## Farm Credit Young Leaders Visit Nation's Capital

The nation's financial situation was a key topic of conversation for 15 young Farm Credit borrowers who had an opportunity to interact with decision makers and Farm Credit System leaders in Washington, D.C., as part of the third annual Farm Credit Young Leaders Program last October.

Great Plains Ag Credit customers Justin and Stephanie Crownover of Dumas attended the four-day event, which was sponsored by the Tenth District Farm Credit Council. The program was designed to give young Farm Credit stockholders an up-close look at the Farm Credit System. The trip included meetings with officials of the Farm Credit Council and congressional leaders in Washington, D.C. The group also had a briefing at the Federal Farm Credit Banks Funding Corporation in Newark, N.J., and toured a Wall Street brokerage firm in New York City.

"This event was a great opportunity for these young people, who are the future leaders of the agriculture industry and their respective communities throughout our five-state territory. It gave them a firsthand look at the Farm Credit System and provided insight into our nation's financial network and legislative process," said Jimmy Dodson, chairman of the district council.

The Tenth District Farm Credit Council is the trade association that represents the legislative and regulatory interests of the Tenth Farm Credit District.



Farm Credit Bank of Texas Board Chairman Buddy Cortese presents a leadership award to Justin and Stephanie Crownover during the Young Leaders Program.

"Great Plains was well represented by this young couple," said Tim McDonald, CEO. "We are excited about the benefit this program brings to our stockholders and the association."

Justin and Stephanie have been stockholders of Great Plains since 2000. The couple has two sons, Cole and Conner. Together with Justin's mom, Kay, and brother, Adam, Crownover Farm operates over 16,000 acres in Moore and Sherman counties. The family plants dryland and irrigated crops, including corn, seed milo, wheat and cotton.

# Co-ops Are an Attractive Choice

When times get tough, people start looking for security, and co-ops offer a place they can find it. Following the Great Depression, credit unions — another type of cooperatively owned business — grew exponentially. Experts, including Ivy League finance professors, agree that credit unions will most likely see a similar surge in the near future. The same could be true for Farm Credit lending co-ops.

It is estimated that 70 out of every 100 adults in America are co-op members, and there are 800 million co-op members worldwide. U.S. co-ops include Fortune 500 businesses such as Land O'Lakes and Sunkist, as well as the Associated Press. According to a comprehensive, USDA-funded study by the University of Wisconsin, co-ops hold over \$1 trillion in assets, and have more than 125 million members.

Here are a few reasons people find co-ops so comforting and appealing:

## **Co-ops represent “business with a face.”**

Because most co-ops are locally owned and operated, people know who they are doing business with. And, because revenues stay local, a co-op's income represents gains for the community. People are drawn to co-ops because they offer advantages, such as strength, good deals, self-reliance and community focus.

## **The highest priority of a co-op is to provide value for its stockholder-members.**

Co-ops are owned by the people who use the business, not by outside stockholders. Therefore, co-ops can focus on providing better service at a better cost.

## **As owners, co-op customers have the right to have a say in the business's governance.**

When a co-op's members exercise this right, there is a culture of transparency, a far cry from the culture of many investor-owned corporations.

## **Many co-ops have remained stable despite other bank failures.**

Farm Credit organizations and credit unions have remained stable in the current wave of bank failures. These co-ops have made less risky moves than commercial banks and were not involved in subprime lending. Because every member is an equal owner, there's no incentive for anyone — president, CFO or CEO — to try to manipulate stock price. No single person stands to gain more than another.

To find out more about cooperatives and to find co-ops in your community, visit [www.go.coop](http://www.go.coop).

# Market Risk Drives Shorter Loan Terms

Next time you are shopping for a loan, you may find that many lenders are hesitant to offer long terms. And if they do, they'll probably charge significantly higher rates for the longer terms. As you might expect, this change in lending practices is the result of the volatility that has occurred in the global financial markets since the summer of 2008.

Loans are priced based on the amount of risk or uncertainty involved in the loan. Longer-term loans are inherently more risky than shorter-term loans. With a 30-year loan versus a five-year loan, there is more time for market conditions to change and for the borrower to default on the obligation. Given the fact that nobody can predict the market's future, lenders today are generally less willing to risk making long-term loans.

A lender's cost of funds is also a factor in loan pricing. In the case of Great Plains, we obtain our funding from the Farm Credit Bank of Texas, which receives its funds from the sale of bonds and securities in the nation's money markets. The bank's cost to issue this debt is more expensive for longer yields. To the extent that the loan terms can be shortened, the cost of the debt moves down the pricing curve, resulting in lower interest rates on the loan. This shortening can be in the form of a shorter fixed-rate period, a long-term amortization with a short balloon payment or a shorter amortization period.

Shorter terms often work to a customer's advantage. Over time, the interest charges are significantly less for a shorter- than a longer-term loan, because the loan amortizes more quickly. The shorter the term, the quicker the borrower accumulates equity and gains the ability to withstand adversity. For example, a five-year amortizing loan that starts off with a loan-to-value ratio of 80 percent will improve to a level of approximately 50 percent after two years of payments. With a 30-year loan, it will take more than 20 years to achieve that same level of collateral protection.

As a lending cooperative that is owned by our customers, Great Plains Ag Credit must stay focused on the long-term viability of the organization. We have an obligation to price loans appropriately so we can weather the risks involved, in order to maintain our earnings performance. Then, in the future, we can pay back our customer-stockholders through patronage.

At Great Plains, you and your loan officer choose the loan characteristics that are best for you — level principal or standard amortization term, interest-only payments, payment frequency, balloon payments, etc. While we need to ensure that loan pricing is commensurate to the risk present in the transaction, you can rest assured that we always consider your best interests when structuring your loan.

## Good Coverage with Great Products and Services

In addition to loans, did you know that Great Plains has many related services that can maximize the profit and manage the risk in your operation? If you're interested in any of the products you see on this page, contact your lender or a member of the Related Services team for more information.

# Manage Your Risk with Insurance

*Farmers and ranchers face more risks than most business owners, which is why insurance can play an integral part in their business plan.*

Great Plains Ag Credit (GPAC) knows that your business represents a huge financial investment, and we offer a comprehensive line of insurance services to help protect it if an unforeseen event occurs. For a reasonable cost, you can get the coverage you need. A little peace of mind goes a long way, especially when it is easy and affordable to obtain.

If you would like more information about the specific types of insurance coverage we offer, please contact your local branch office or one of our insurance specialists today.

### Life Insurance

GPAC partners with Minnesota Life Insurance Company to offer a variety of life insurance products at very competitive rates. These policies are designed to protect your investment and your family in the event of an unforeseen loss.

Minnesota Life combines more than 50 years of experience with Farm Credit associations to bring you insurance coverage that's affordable and flexible. Loan protection plans are offered at a reduced rate for Farm Credit members. For more information on Minnesota Life Insurance Company, visit [web1.flifenet.com](http://web1.flifenet.com).



*Insurance specialists Don Dixon and Rachel Myers and Farm Credit Leasing rep Brad Thacker*

### Loan Protection Insurance

Loan protection insurance, also known as credit life insurance, will pay off your loan in the event of your death. The amount of the insurance policy would be similar to the amount needed to provide coverage for loan balances owed. Renewal options include both level and decreasing coverage, depending on your loan type.

Optional disability coverage provides additional protection if you're under age 60 and become totally disabled for more than 90 days. The disability coverage will help you make your loan payments for up to three years.

### Term Life

GPAC offers two types of term life products through Minnesota Life. These products are individually underwritten, so your premium is based on personal factors. One of the products offers a specific attribute not found in many plans — the coverage is guaranteed renewable as long as you pay the insurance premiums. To obtain coverage, a medical exam is required, but the expense associated with the exam is paid for by the insurance carrier. With term life, your coverage can continue even after your loan balance is paid.

### Crop Insurance

Farmers face risks that can be managed through crop insurance. Adverse weather, damaging insects, foraging wildlife and plant diseases are some of the factors that can ruin a crop — and your income. GPAC offers a variety of crop insurance options to protect you against both production and revenue losses on your farm.

### Multi-Peril Crop Insurance

Drought, flood, wind, lightning, tornadoes, winterkill, frost, fire, insect infestation, problems in transit — the list of things that can damage your crop is long. The remedy is short: multi-peril insurance.

The insurance will protect your financial well-being from nearly all natural disasters. Multiple levels of coverage allow you to match your coverage and cost to the level of risk with which you are comfortable.

### Crop Hail Insurance

This insurance is useful for producers who want to supplement their multi-peril coverage or carry hail insurance independent of multi-peril.

## Is Leasing Right for You?

In this uncertain economy, monitoring your cash position is more important than ever. Leasing offers a number of financial and business benefits that are worth considering. Ask your Great Plains loan officer about leasing.