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## Weathering the Ups and Downs in the Economy

Dear Stockholder:

There's a common saying about the weather that also applies to the economy. If you don't like it right now, wait a while and it will change.

We're experiencing a little of that feeling right now. Last year presented Central Texas Farm Credit, ACA, with a lot of challenges, because of the worldwide financial crisis and volatile ag markets. After years of enjoying a positive lending environment and consistently solid earnings and loan volume, our progress slowed significantly last year. The negative lending environment took a toll on our bottom line. We recognize that, unfortunately, the economic conditions created hardship for some of our customers, too.



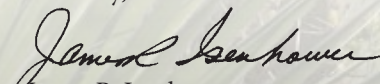
It was a good thing that, after more than 90 years in the business, we had experience weathering the ups and downs in the economy. We held steady, thanks in large part to the solid, conservative lending decisions made by our association. The cooperative business model upon which Farm Credit is founded also proved to be resilient during tough times.

Thankfully, several months into 2010, the situation shows signs of improvement. Industries that rely on grain prices, such as livestock feeding operations, dairies and ethanol, suffered from a tight financial squeeze caused by extremely high corn prices last year. Now, input costs have stabilized at manageable levels, and market prices have increased, bringing some much-needed relief for many producers. Pork, cattle, poultry and ethanol producers are looking up right now. Unfortunately, much of this relief will come at the expense of grain producers, but commodity prices should also remain at profitable levels.

Positive information this year includes the news that the Central Texas Farm Credit Board of Directors approved another cash patronage, distributed to eligible borrowers for fiscal year 2009. This year's \$2.5 million patronage was distributed on March 19 and amounts to more than a 0.75 percent reduction in the rate of interest borrowers paid on their loans during 2009.

At Central Texas Farm Credit, ACA, we look forward to better days ahead and the opportunity to share our success with you, our customer-stockholders. As always, we thank you for your business and will strive to meet all of your rural financing needs. We hope that 2010 will be a better year both for our association and for each of our customers.

Sincerely,

  
James R. Isenhower  
Chief Executive Officer

# Central Texas Farm Credit Makes Another Capital Distribution in 2010

For 17 consecutive years, Central Texas Farm Credit has paid a cash patronage distribution to eligible borrowers. In March, the association distributed \$2.5 million to borrower-stockholders based on the association's 2009 earnings. The patronage payment amounted to more than a 0.75 percent reduction in the rate of interest that borrowers paid on their loans during 2009.

The 2010 cash patronage payment brings the overall total to more than \$37.5 million in excess capital distributed to borrowers over the past 17 years. This capital has been distributed through patronage payments, dividends, stock reductions or stock equalizations. Patronage distributions alone have accounted for approximately \$27 million of the total amount of capital returned to association borrowers.

In announcing the patronage, Board Chairman Cody B. Richmond said, "We were delighted once again to reduce the cost of borrowing for stockholders. Patronage represents one of the many benefits of obtaining credit from Central Texas Farm Credit."

Richmond added that the association's financial strength, through an efficient and profitable organization, allowed the board and management to return excess earnings back to shareholders.

CEO James Isenhower also noted that, despite the adverse economic times many financial institutions experienced in 2009, Central Texas Farm Credit, ACA remains financially strong and was able to once again make a patronage distribution.



Jessica Halsell

## Jessica Halsell Interns in Brownwood Branch

This spring, Tarleton State University senior Jessica Halsell joined the staff at the Brownwood branch office. An ag economics major, Jessica is a participant in Tarleton's internship program and will graduate in May. She has received numerous scholarships, including the Richard Wallrath 4-H Scholarship, two Houston Livestock Show scholarships, the Jackie Laughlin scholarship, the Wichita Farm and Ranch scholarship and the Cattlewomen's Livestock scholarship. A native of Henrietta, Texas, she is active in and serves as an officer for the Agribusiness Club at Tarleton and the Erath County National Wild Turkey Federation.

Jessica lives on a ranch near Henrietta with her parents, Luke and Sherri Halsell, and her younger brother, Zeb. Her dad is a rancher, and her mom is the Extension Agent in Clay County. Her hobbies include volleyball, softball, horseback riding and spending time with her family and friends.

Jessica feels that her agricultural background helps her connect with many of the Central Texas Farm Credit borrowers. She also is thankful for the assistance of her co-workers in the Brownwood branch.

"I am amazed that I have been taught so much in such a short period of time and I am very grateful for everyone's willingness to help me learn," she says. "Travis, Marcus and Kay are great to work with, and I appreciate all their help."



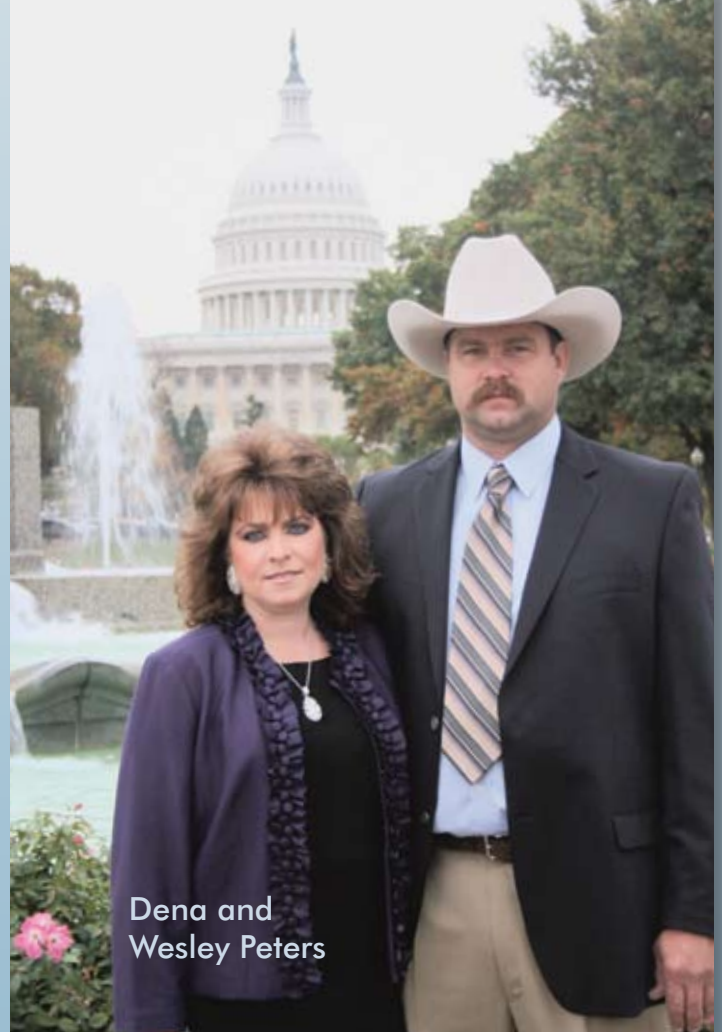
## Brownwood Borrowers Participate in Farm Credit Young Leaders Program

Wesley and Dena Peters of Mullin, Texas, heard firsthand how well the Farm Credit System is faring despite recent volatility in the financial markets, when they participated in the 2009 Farm Credit Young Leaders Program last fall. As member-borrowers of the Farm Credit System, and specifically Central Texas Farm Credit, ACA, the couple was given an opportunity to interact with decision-makers and Farm Credit System leaders and get a behind-the-scenes look at how the System operates. They were among 23 young agricultural producers selected to participate in the annual program.

During the four-day event, participants traveled to Washington, D.C., and New York City for tours, special briefings and meetings with government, System and financial leaders. Each affiliated lending co-op in a five-state territory — Alabama, Louisiana, Mississippi, New Mexico and Texas — was invited to select an individual or couple to participate in the program.

The trip included meetings with agriculture industry representatives, 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 and toured the financial district in New York City.

Wesley farms and raises cattle, sheep and goats in Brown County, and Dena teaches math in the Zephyr ISD. They have two sons,



Dena and Wesley Peters

Gatlin, 13, and Guthrie, 10. Wesley, Dena and Wesley's mother, Mildred Peters, own and operate The Feed Mill, a feed and fertilizer store in Priddy.

## McKinney Participates in Association Leadership Program



From left to right: Charles Gant from Texas Land Bank, Congressman Chet Edwards and Travis McKinney, from Central Texas Farm Credit, visit on Capitol Hill.

In addition to the Young Leaders Program, the Texas Farm Credit District sponsors the Association Leadership Program, a program for select employees that has the same format as the Young Leaders Program.

Travis McKinney, senior vice president of lending in Central Texas ACA's Brownwood office, was one of 16 district employees who participated in the second annual Association Leadership Program, held the week of Sept. 21, 2009, in New York City and Washington, D.C.

The Association Leadership Program was implemented to give employees a unique chance to learn about aspects of the Farm Credit System they otherwise might not understand. These "behind the scenes" operations are seldom observed by employees, but can affect their day-to-day jobs. Participants come away from the program with a better appreciation of Farm Credit and the people who work for the district.

## Referrals Are Still Best Source of New Business



Today's consumers have a wealth of information at their fingertips. It's never been easier to find out about companies and research options. For the same reason, it's never been harder to sort through the clutter and make the best decision.

Perhaps that's why, despite modern technology, people still say that the recommendation of someone they know is their No. 1 reason for choosing to do business with a particular company.

At Central Texas Farm Credit, ACA, we are proud that most of our business is generated by you. Your referrals keep new business coming in to the co-op. For that, we thank you. We place a high value on those referrals because it also shows us that we have satisfied customers. It is our goal to provide all of our customers with a positive lending experience, so that they each will recommend someone they know to our association.

These referrals benefit you, as well. As you continue to recommend creditworthy customers to Central Texas Farm Credit, ACA, the co-op grows stronger, earnings increase and the benefits are shared with you through our patronage program.

## Central Texas ACA Donates *Horse* to PAC Auction

A registered quarter horse filly donated by Central Texas Farm Credit CEO James Isenhower brought the winning bid of \$1,500 at a recent live auction benefitting the Farm Credit Political Action Committee (PAC).

Isenhower donated the horse on behalf of Central Texas Farm Credit, ACA. The buyer of the bay filly was a Farm Credit director from Premont, Texas.

The live auction and a silent auction were held in March at the Farm Credit Bank of Texas' annual meeting in San Antonio. The auctions raised \$32,000 for the PAC. This money will be used for campaign contributions to political leaders who support agriculture and the Farm Credit System.

