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In Agriculture, Hope Springs Eternal

Dear Stockholder:

The humorist Will Rogers said, "The farmer has to be an optimist or he wouldn't still be a farmer."

Farmers and ranchers are some of the most optimistic professionals anywhere. They might grumble about taxes, government policy and weather conditions, which are seldom ideal, but they persevere through all kinds of adversity, always confident that better days lie ahead.



Last year proved the truth in Rogers' observation. The year 2011 was challenging for many farmers, ranchers and agribusiness firms throughout our area, as the general economy remained sluggish and the weather created difficult operating conditions for some customers.

Nevertheless, AgTexas customers remained committed to meeting their financial obligations, and that diligence contributed to the association's strong financial performance in 2011. In turn, AgTexas was able to pay a patronage to stockholders based on the previous year's earnings, as has been the case for the last 16 years.

For the most part, much of our trade area began with better pastures and planting conditions than we experienced last year; interest rates remain relatively low, and the agricultural sector is one of the bright spots in the nation's economy. But come what may, AgTexas is not a fair-weather lender.

The Farm Credit System was established in response to difficult conditions that farmers and ranchers faced more than 95 years ago. Over the years, AgTexas has financed producers through all kinds of adversity, from wildfires and flooding to drought and economic depression. We have expanded our financing options and services to include cash management products to help our customers to be successful, and we will continue to support agriculture through all its ups and downs.

We wish you good weather and good markets. Whatever 2012 brings, may 2013 be even better.

Sincerely,

Mitchell Harris
Chief Executive Officer



Part of the Farm Credit System

From *Dream* to *Reality*

THE AMERICAN MUSEUM *of* AGRICULTURE OPENS IN LUBBOCK

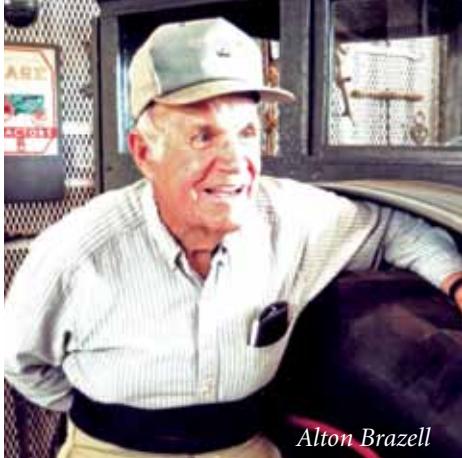
When one man's passion for the past is matched with a vision for the future, great things can happen. This was the case on the windswept plains around Lubbock, Texas, when, in the late 1960s, Alton Brazell served as a Lubbock County commissioner.

"For years I observed everything from rusting equipment on turn rows to individuals with personal collections of antique equipment in all conditions," Brazell explains. "I felt the need to preserve a record of the area's agricultural heritage in the form of tools and equipment utilized in the daily lives of people here on the plains."

And preserving these artifacts is exactly what he has done. Thanks to Brazell's passion and vision, antique farm equipment and much more is being preserved for present and future generations at the recently opened American Museum of Agriculture, located in Lubbock.

A Museum Is Born

In 1969, under Brazell's leadership, the Lubbock County Commissioners' Court allocated



Alton Brazell

five acres of land near Shallowater to serve as a central repository for donated equipment. As a result, the Lubbock County Historical Collection was officially chartered. For more than 30 years, local farmers donated all types of equipment, including tractors, harvest machines, irrigation equipment and tillage tools. Countless small tools, household utensils and shop items were donated, too. Eventually, a Lubbock warehouse was

procured to serve as a storage facility for household and shop items and as a secure home for 23 restored tractors.

As years passed, it became apparent that a treasure trove of memorabilia had been accumulated, but almost no one knew it existed. In 2001, an informal group met to discuss what to do with the collection. The group included David Langston, a local attorney, and Waylon Carroll, then principal of the Texas Tech University High School. Experts from the Texas Tech University museum offered advice on how to structure both the physical plant and the financial and business aspects of a museum. Eventually, the City of Lubbock agreed to designate a 25-acre tract adjacent to the city's windmill museum, conditional upon the procurement of funding commitments for future growth and ongoing maintenance of the museum exhibits.

Funding the Museum

Efforts to obtain a financial foundation were initiated through contacts with individuals, foundations and area businesses. The board's vision fired the imagination of supporters, and the American Museum of Agriculture was founded.

In 2002, the Lubbock County Historical Collection permanently lent its exhibits to the American Museum of Agriculture. An unused windmill museum shop building was lent for the initial agricultural museum display area. Although the site was relatively small compared with the dream of those supporting the museum project, the museum now had a physical presence.

With hard work by the founding members, funds were gradually accumulated, allowing construction to begin on the 25-acre museum site. First to be built was a brick and steel boundary fence on which plaques were hung to acknowledge initial sponsorships. This was followed by a machinery shed, which is now filled with harvest equipment and antique tractors.



Pictured from left to right are Waylon Carroll, a former AgTexas Farm Credit director, Alton Brazell, the museum's founder and visionary, Mitchell Harris, AgTexas CEO and Dan Taylor, museum board chairman.

American Museum of Agriculture

1501 Canyon Lake Drive
Lubbock, TX 79403
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Finally, in 2011, builders started the official first phase of the 200-foot by 120-foot museum. Recently completed, the giant red museum building sits atop a focal high point overlooking downtown Lubbock. It houses harvest equipment, tractors and household items. A turn-of-the-century replica town street spans one end of the building and features a blacksmith shop, a tractor repair shop, a tool and farm artifacts display, and a pedal and model tractor exhibit. Another highlight of the museum was the brainchild of museum Board Chairman Dan Taylor, a local cotton farmer, former owner of Buster's Gin and history buff. Dan coordinated the construction of a display depicting the advancement of the cotton industry over the last 150 years.

Still to Be Developed: The Next Phases

With the main facility complete, the founders of the American Museum of Agriculture have an abundance of ideas for the future. Phase 2 includes the planned construction of two steel silos patterned after area grain bins — one, 96 feet in diameter, and the second, 72 feet in diameter. The first silo will be used as a meeting room with full kitchen facilities for museum activities that will be available for public and private



Lacey Hoelting, museum executive director, with the site model.

functions. The second silo will house additional permanent exhibits, a help desk and rotating exhibits shared with other museums. The two silos should be completed in midyear 2013. As with Phase 1, all construction is being funded on a cash basis from the generous donations of supporters.

Even before ground is broken for Phase 2, Phase 3 is being planned and will include storage, archives and an agricultural literacy wing, with hands-on interactive exhibits that will target school-agers on field trips. A fourth phase, a Cotton Heritage Center, is also planned. It will feature the collection of cotton-related items personally acquired and restored by Dan Taylor. Watch for an article on the cotton center in a future issue of Landscapes.

Volunteers Make It Happen

Although it would be impossible to recognize everyone's contribution of time and money in bringing this project to fruition, Mitchell Harris, AgTexas CEO and museum board member, praises the untiring efforts of Waylon Carroll, former AgTexas Farm Credit director. "Waylon continues to be an active part of the Lubbock community and the American Museum of Agriculture, even after his retirement. He continues to inspire us all to a higher level of diligence, labor and passion. It is a pleasure to serve on the board with Waylon and the rest of the board members," Harris says.

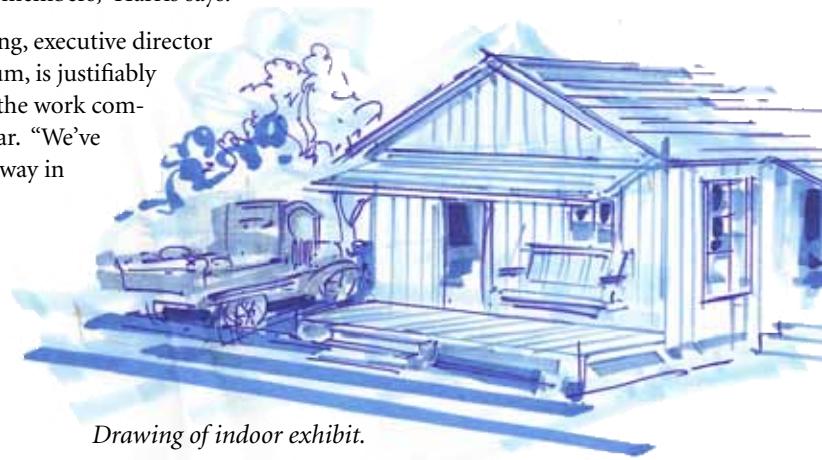
Lacey Hoelting, executive director of the museum, is justifiably proud of all the work completed thus far. "We've come a long way in

a relatively short period of time," she says. "People have been very generous with their time and resources, which has allowed the museum to reach this point. Now that we are open and have plans for expansion, the board and I would encourage anyone with an interest in the museum to contact us."

"It takes a lot of volunteer effort to maintain this facility, from hosting guests on tours to maintaining the displays and equipment. And of course, we always welcome those who would join us financially in preserving our agricultural heritage," Hoelting says.

AgTexas is a proud supporter of the American Museum of Agriculture and its efforts to preserve the heritage of rural America. As an agricultural lender for 78 years, we want to be an integral part of the effort to recognize those who have done so much to make rural America the world's leading food and fiber producer.

For additional information, please visit the museum website at www.agriculturehistory.org.



Drawing of indoor exhibit.



A Shift in Focus

Joe Huddleston Named Head of Correspondent Lending

After 30 years of direct lending, Joe Huddleston is starting a new career with AgTexas. He recently was named senior vice president of correspondent lending, a newly created position, in which he will work primarily with agribusiness customers and other lending institutions.

"I am excited about this opportunity to learn new disciplines in the world of finance, while continuing to serve our customers," he says.

Huddleston began his career in agricultural finance at Stephenville Production Credit Association (PCA) in 1981, after graduating from Tarleton State University. It would be the perfect complement to the practical training he received growing up on his family's agricultural operation in Comanche County.

Hired by Mitchell Harris, then credit manager of Stephenville PCA and now CEO of AgTexas, Huddleston joined the PCA's Fort Worth branch as a loan officer, working with AgTexas' current chief operating officer, Alan Watson. "I worked with Alan for about two years and learned a great deal about extending credit," he recalls. In 1983 he transferred to Stephenville, and over the next nine years, he was instrumental in growing the business in the Stephenville credit office. He was named Stephenville branch manager in 1992 and regional vice president of lending for the Cross Timbers region in 2004.

"When I started working for the cooperative, Jack Pettit was our president. Mr. Pettit retired in 1992, and Mitchell took over as CEO, where he continues to serve today. I've been fortunate to have great bosses in my career, who have been excellent to work for. They both have excellent people skills and a sound credit philosophy, and they have given me a great deal of latitude to learn about the lending profession," Huddleston says.

"Amazing" is how Huddleston describes AgTexas Farm Credit's growth and financial progress over the years. "We always believed that the association would only be as successful as our customer base, and we wanted to build a first-class organization," he says. And in his opinion, the association has accomplished this goal largely because of first-class customer-stockholders.

"I've have had some of the best customers a loan officer could wish for in the lending business," Huddleston says. "Our entire AgTexas team has worked diligently to earn their business and their respect, and I have enjoyed watching these success stories over the past three decades, knowing all the hard work and dedication they have put forth to achieve their goals."

Noting that many farmers and ranchers work without a day off, Huddleston says his

appreciation for his customers runs deep. "I have the utmost respect for those engaged in agriculture," he says. "My customers have made coming to work every day a pleasure."

He also gives credit to his colleagues. "We have a great group of people working for AgTexas, and I consider them to be a part of my extended family. We have had many dedicated employees who have contributed to the success story of AgTexas, both past and present," he says.

Huddleston's new job role with AgTexas will entail working in the capital markets of the nationwide Farm Credit System on participation loans and working more closely with the Farm Credit Bank of Texas and commercial lenders.

Please join AgTexas in congratulating Huddleston on his new position.

"My customers have made coming to work every day a pleasure."

