



CapitalFarmCredit.com  
877-944-5500



Dear Stockholder,

I'm pleased to report that stockholders voted overwhelmingly to approve the merger with First Ag Credit, which has made Capital Farm Credit an even stronger lender for agriculture and rural communities in Texas.

Now, as a \$5 billion organization that is one of the largest in the nationwide Farm Credit System, we have more capacity to serve an even broader territory in the state. We look forward to meeting the financing needs of agricultural producers and other rural Texans with competitive rates, flexible loan programs and a strong patronage program.

Our commitment to agriculture is especially important in today's volatile economic times. We understand the ups and downs faced by agricultural producers and related agribusinesses. Our mission is to be a stable source of financing for creditworthy borrowers throughout rural communities. We are as focused on that mission now as when it was first given to the Farm Credit System by Congress in 1916. We hope that fact alone makes you proud to be affiliated with Capital Farm Credit.

Additionally, Capital Farm Credit offers many other benefits to its customers. For example, as we continue to grow and be successful, you will share in our success. We will continue our longstanding patronage program to share our earnings with our customer-stockholders. When you add up what both associations have distributed to stockholders in the last decade, the total amounts to more than \$195 million. We expect that number to continue to grow, and as a result, you will benefit.

We also encourage you to continue to refer potential customers to us. As we generate more business, our earnings increase, and we can return more in patronage. Also, if we can help you in any way, call or come in for a visit today. We look forward to serving you.

Sincerely,

*Ben R. Novosad*

Ben Novosad  
Chief Executive Officer



Part of the Farm Credit System

# New Territory Covers Most of Texas

The merger between Capital Farm Credit and First Ag Credit became official October 1. Now, Capital Farm Credit has twice as many offices and a territory that serves most of the state. The association is headquartered in Bryan.

With more than \$5 billion in assets, Capital Farm Credit is one of the largest Farm Credit associations in the country.



**Area served by Capital Farm Credit**

## Merger Increases Portfolio Diversity

As a result of the merger, Capital Farm Credit greatly increased the geographic and commodity diversity in its loan portfolio. Diversity in the portfolio adds to the strength of the association, because a negative event in one area or in a particular commodity will not impact the entire association. We are proud to support a variety of agricultural endeavors across the great state of Texas!

# Customers Benefit From Patronage Program

Capital Farm Credit strongly supports the cooperative principle of sharing earnings with our stockholder-customers. In recent years, we have distributed almost \$200 million in combined cash patronage to our customers and have allocated additional equity available for future disbursement.

We look forward to continuing our patronage and allocated equities program. It is an important benefit of doing business with Capital Farm Credit.



## Management Team Focused on Efficiency, Profitability and Service

The new Capital Farm Credit management team is up and running, following the Oct. 1 merger. The team includes:

**Ben Novosad**

chief executive officer

**Rick Rothe**

chief credit officer

**Don VandeVanter**

chief financial officer

**Mark Hiler**

senior vice president  
and chief operations officer

**Chris Boutwell** (*not pictured*)

senior vice president

**Kenny Brown**

senior vice president,  
policy and compliance

**Patti Gonzales**

senior vice president,  
accounting and  
administration

**Mark Loveland**

senior vice president, credit

**Glenn Trant**

senior vice president,  
operations

**Roy West**

senior vice president, credit



Back row, left to right: Kenny Brown, Don VandeVanter and Roy West. Middle row, left to right: Rick Rothe, Ben Novosad and Mark Loveland. Front row, left to right: Glenn Trant, Patti Gonzales and Mark Hiler. Not pictured, Chris Boutwell.

## Acclaimed Conservationist Speaks at Wildlife Banquet



*Capital Farm Credit sponsored the Texas Wildlife Association Foundation's Opportunity for All Luncheon. Shane Mahoney, second from left, was the luncheon's keynote speaker. Pictured from left to right with Mahoney are Capital Farm Credit employees Bob Hart, Matt Seymour and Joe Patterson.*

**S**hane Mahoney, internationally renowned biologist and conservation writer, was the keynote speaker June 27 at the Texas Wildlife Association Foundation luncheon, sponsored by Capital Farm Credit.

Mahoney is a very strong spokesman for conservation, has authored or co-authored more than 120 scientific and popular articles and research reports, and is a recognized expert on the North American Model for Wildlife Conservation. He is a committed hunter and angler who lectures frequently in the United States and Canada on the future of hunting and sport fishing and the role that hunters and anglers have played in conserving our wildlife legacy.

During his keynote address, Mahoney challenged the audience to think deeply about their conservation beliefs. He drew a parallel between a football quarterback and a hunter, describing how they share the same thoughts while preparing for a game or a hunt.

As an ongoing supporter of the Texas Wildlife Association (TWA), Capital Farm Credit welcomed the opportunity to sponsor the luncheon, which was a new addition to the annual TWA convention.

Because Capital Farm Credit and TWA both exist to help land-owners, Capital has encouraged customers to join TWA and has developed a pilot project to provide some new customers with a complimentary one-year membership.

Joe Patterson, Capital Farm Credit vice president and branch manager in New Braunfels, spoke during the TWA business meeting. "Our passion is one that we share with all of you — a love of this great state of Texas," Patterson told the meeting attendees. "We are devoted to preserving rural lifestyles and trying to make land ownership possible."



*Mark Hiler, chief operations officer, right, receives an award of appreciation from Randy Rehmann of the Texas Wildlife Association. Capital Farm Credit was a gold-level sponsor of the 2008 TWA WildLife Convention.*

# Cattle Producers Learn Strategies to Cope With High Input Costs

More than 1,500 people attended the 54th Annual Texas A&M Beef Cattle Short Course, the largest event of its kind in the nation. Capital Farm Credit was the title sponsor for the event, which was held Aug. 4-6 at Texas A&M University.

The annual short course, coordinated by the Texas AgriLife Extension Service, addressed many timely issues affecting beef producers. The theme for the conference was “The New Era of High Input Costs.”

“Feed, fuel and fertilizer costs have nearly doubled in the past two years and are pressuring cattlemen to look for new ways to produce a pound of beef more economically,” said Dr. Jason Cleere, conference coordinator and beef cattle specialist with Texas AgriLife Extension.

The general session focused on the future of the beef industry and what producers can do to maintain profitability. Other topics discussed during the conference ranged from the latest in breeding and reproductive management, to the impacts of ethanol, to the current feral hog situation in Texas affecting cattle ranchers. The conference also included live demonstrations of low-stress cattle-handling principles and techniques, and beef-carcass evaluations.

Capital Farm Credit is proud to support the Beef Cattle Short Course, which helps cattle producers across Texas to stay up to date with cutting-edge technology and offers strategies for them to maintain profitability.



*Capital Farm Credit was a proud sponsor of the Texas A&M Beef Cattle Short Course.*



*Capital Farm Credit was given a warm reception by the Hangar Hotel, the site of Hill Country Region Shareholder Appreciation Meeting June 26. From left to right are Capital Farm Credit employees Dedra Henrich, Greg Durbin, Jeri Langehennig, Steven Ahrens, Sarah Cortese, Beverly Vlasek, Will Slaughter, Denise Crawford, Trae Ottmers and Jay Stewart.*

# Capital Farm Credit Celebrates Two New Offices



*Capital Farm Credit opened a new office in Livingston in March. Capital loan officer Blake Pipes cut the ribbon. Standing next to him were Capital employees Christine Brasher, Brad Luedke and Matt Bathe.*

*The Katy Area Chamber of Commerce officially welcomed the Capital Farm Credit Katy branch office at the ribbon-cutting in May. Capital's Mike Tippit, vice president/lending, cut the ribbon. Other Capital employees present were Steven Jackson, Dixon Ashorn, Victoria Greer, Tommy Kolwes, June Redus, Denise McBride, Cindy Hengst and Jenny Stork.*



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# A TALL Order

## Capital Employee Completes Ag Leadership Program

In June 2006, Capital Farm Credit Assistant Vice President Trae Ottmers accepted a huge challenge: to enroll in TALL (Texas Agricultural Lifetime Leadership), an intensive, two-year course on agriculture worldwide that is designed to prepare students to lead others in the industry.

The leadership program is conducted by the Texas AgriLife Extension Service for men and women across Texas. Each TALL class is made up of approximately 25 individuals associated with agriculture in some way. To participate, each candidate must meet strict qualifications and requirements, be involved in agriculture and be committed to the two-year program.

The program includes the following activities:

- **Seminars with experts**, and group discussions that enhance participants' knowledge and understanding of key subjects for today's agricultural leaders
- **On-site tours** and studies of agriculturally related businesses and industries
- **Meetings with leaders** of government and business, which complement seminars on local, state and national issues
- **International study**, the highlight of the program's second year

Ottmers' class, the 10th since the program started, traveled to China as part of its examination of the impact of agriculture worldwide.

While taking on the program might seem a tall order, Ottmers says the two years of instruction have been well worth the effort.

"The experience and knowledge gained from the eight sessions in various regions of Texas, the U.S. and beyond our nation's borders was invaluable," he says. "It opened my eyes and mind to the present and future issues agricultural industries are faced with, as well as different ways we can and should work together to ensure the sustainability of agriculture for future generations, and it all begins with the communities in which we live."



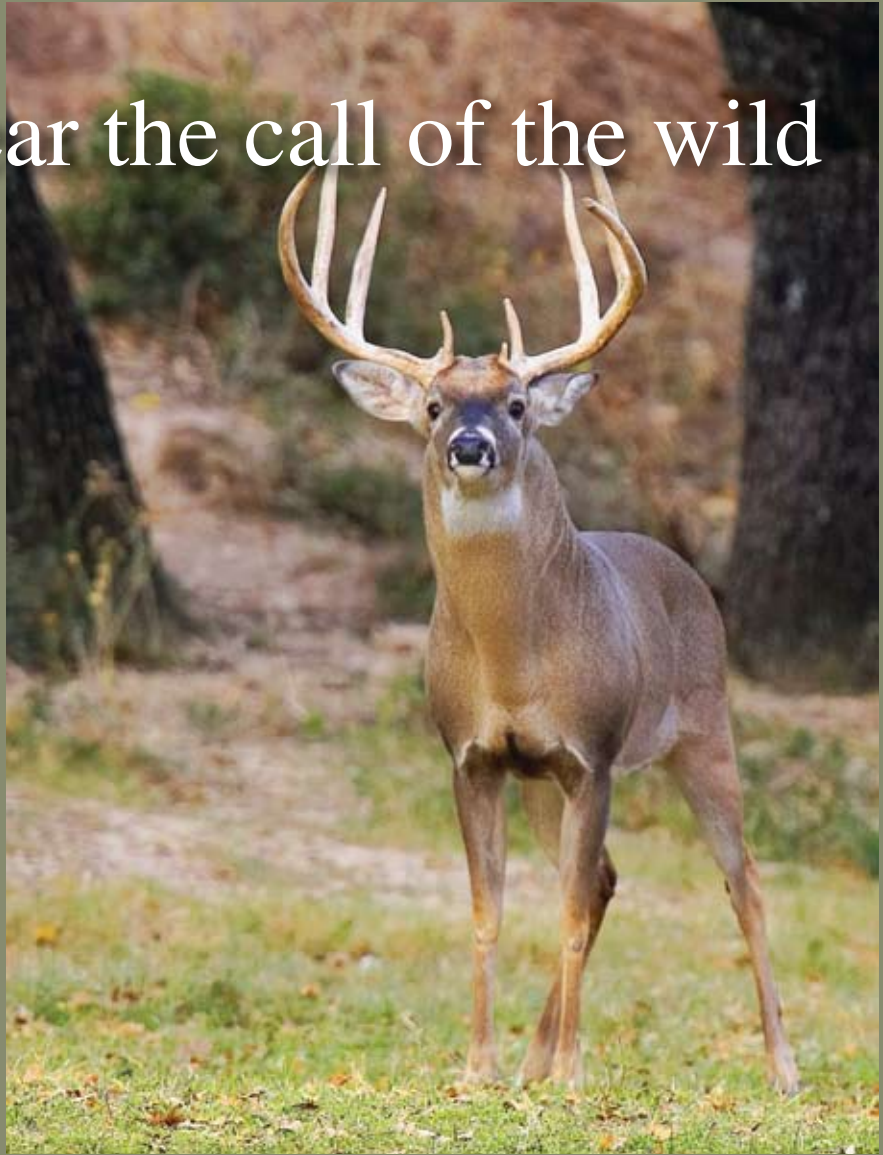
*Trae Ottmers*

## Watch for Capital Farm Credit on TV!



Capital Farm Credit is now advertising on television. The association has signed a two-year contract with Bob Phillips, host of Texas Country Reporter television series. Watch for us where you live, and tell your friends about Capital Farm Credit.

# When you hear the call of the wild



## We're the answer.

*Buy hunting land.  
Enjoy nature.  
Improve habitat.*



No matter what you want to do, we can finance it. And Capital Farm Credit also shares its earnings — we've returned almost \$200 million to our customers.

FINANCING FOR

Rural Land • Country Homes • Farms and Ranches • Livestock and Equipment • Operating Capital

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