



PANHANDLE-PLAINS LAND BANK, FLCA

panhandle-plainsflba.com

Cooperative Business Model Proves Resilient

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 Panhandle-Plains Land Bank 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.



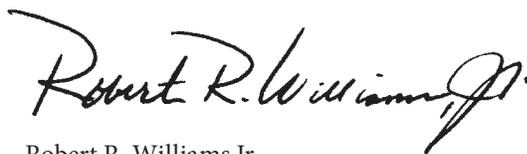
It was a good thing that, after more than 90 years in the business, we had experience weathering the ups and downs in the economy. We held steady, thanks in large part to the solid, conservative lending decisions by our board. The cooperative business model upon which Farm Credit is founded also proved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

The situation has improved for dairy producers, too. For a while, the price of milk was lower than the cost of production. Under those conditions, even the best dairy producers could not turn a profit. Fortunately, milk prices are on the rise, so there appears to be some improvement in the dairy industry, although it will be months before that improvement is fully realized.

At Panhandle-Plains Land Bank, 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 Panhandle-Plains Land Bank and for each of our customers.

Sincerely,



Robert R. Williams Jr.
Chief Executive Officer

PANHANDLE-PLAINS LAND BANK

AMARILLO OFFICE

5700 Southwest 45th Street
Amarillo, Texas 79109
(806) 353-6688
(806) 353-7389 fax

PAMPA OFFICE

2526 Perryton Parkway
Pampa, Texas 79065
(806) 669-1126
(806) 665-1310 fax

PERRYTON OFFICE

506 South Main Street
Perryton, Texas 79070
(806) 435-4319
(806) 435-4280 fax

PLAINVIEW OFFICE

629 Baltimore Street
Plainview, Texas 79072
(806) 296-5579
(806) 296-0464 fax



 Part of the Farm Credit System

SUCCESS

Success in a Challenge



If business reports presented at the 2010 Annual Stockholder's Meetings were summarized into a single idea, it would be this: Panhandle-Plains Land Bank has weathered the economic storms of 2009 successfully.

Attendance was good, as stockholders and guests gathered for sectional meetings on April 6 in Perryton and Pampa, and on April 8 in Amarillo and Plainview. Participants collected their cash patronage, conducted association business and enjoyed fellowship and a good meal. They also heard how well Panhandle-Plains Land Bank performed last year.

\$2.15 Million Patronage

Board Chairman Walter Henson explained one of the best indicators of the association's success — the 2010 cash patronage payment. The \$2.15 million payment this year almost doubled last year's payment of \$1.115 million. "Panhandle-Plains Land Bank pays its patronage in cash. This year, the return is 14 percent of the interest our customers paid," he said.

CEO Robert R. Williams Jr. provided a similar message from another perspective. His remarks pointed to a turnaround in

several key financial indicators for the association. He also described the aggressive position board and management took to address loan problems, primarily in our purchased participation portfolio.

Goal: Add Value to Membership

Both Chairman Henson and Williams emphasized that the association's goal is to add value to membership. This can only be accomplished by a financially strong association that provides a competitive rate, superior service and a cash patronage.

During the meetings, stockholders also re-elected board members Wayne Garrett, Dennis Babcock and Don James to three-year terms in their respective places.



nging Year



Top row, left to right: Danny Krienke, director, with Wes and Cindy Anderson; Blain Eubank, loan officer, with Bob Wood; Sandy Judice, loan officer, with Lovella and Floyd Thiesson; Don James, director, with Lisa and Kevin Wood. Bottom row, left to right: Rex and Susan McCloy with Wayne Garrett, director; Alan Eubank, loan officer, with Dub and Betty Womble; Gregg Lloyd, executive vice president, with Donnis and Don Oakley

In the News

After More Than 90 Years, Farm Credit System Remains Strong

What if you couldn't get a real estate loan with terms longer than five years?

That was the reality facing rural residents in the early 1900s. Until 1913, federal law prohibited national banks from making loans with maturities beyond five years. The short terms, combined with prohibitively high rates, created a crisis for the nation's rural population, particularly for farmers who could not readily secure loans on fair terms.

President Theodore Roosevelt called for an analysis of other nations' rural credit systems to find a solution. The research led to the 1916 Federal Farm Loan Act that created the national Farm Credit System.

Lawmakers chose a cooperative credit structure, in which the customers are also stockholder-owners. The law set up 12 Federal Land Banks, and the System was provided with \$125 million in government seed money but was financed by private capital from investors.

Since 1916, Farm Credit has undergone some significant changes. Mergers and consolidations have changed the lending landscape. The Farm Credit System now has five banks, one of which is the Farm Credit Bank of Texas, which provides funds to Panhandle-Plains Land Bank.

More important, however, are the factors that have remained unchanged. The System continues to be a reliable source of loans for creditworthy borrowers throughout rural America. Through many challenging events over the years, including the recent worldwide financial turmoil, Farm Credit has remained strong. American farmers, ranchers and other rural citizens have come to rely on Farm Credit associations like Panhandle-Plains Land Bank to be a reliable source of credit.

At Panhandle-Plains Land Bank, we strive to meet the financing needs of our customer-owners and are proud of our heritage as a part of the nationwide Farm Credit System.

Panhandle-Plains Land Bank customers are well known for superior management of their agricultural operations and leadership in their communities. Recently, three of our members were awarded high honors.

In March, Floydada producer **Eddie Smith** was elected chairman of the National Cotton Council for 2010. Eddie was the NCC vice chairman in 2009 and has been active in local and national organizations, serving the cotton industry for many years.

Bobby Byrd was named 2010 Conservation Farmer of the Year for Hale County. Bobby and his wife, Christy, have farmed in the Hale Center area since 1996.

Farmer-firefighter **Nathan Klatt** was honored as 2009 Firefighter of the Year for the City of Lubbock. He also farms in the Hale Center area with his wife, Ashley.

Panhandle-Plains Announces Promotions, Hires New Employee

Vice President **Cory Bruce** recently moved from the Amarillo credit office to the central team. Cory accepted the position of capital markets credit analyst, in which he manages the association's purchased participation portfolio, along with other credit duties.

The Amarillo office hired **Kay Lynn McLaughlin** as a loan officer. Raised on the family farm near Groom, Kay Lynn and her husband, Scott, and their 6-year-old son, Christopher, continue the farming tradition. They operate approximately 3,000 acres, on which they produce cotton, wheat and cattle. Scott also works at Pantex. Kay Lynn received her MBA from West Texas A&M University, and she brings a great deal of experience to the association, having worked for eight years in the mortgage department at Happy State Bank.

The Plainview office announced the promotions of **Jeff Taylor** to vice president and **Christine Haynes** to loan administrator.

Come and see us! Members are encouraged to visit the association at any time.



Expert Service for Rural Real Estate Lending

PANHANDLE-PLAINS LAND BANK

A Federal Land Credit Association

Amarillo (806) 353-6688 Pampa (806) 669-1126 Perryton (806) 435-4319 Plainview (806) 296-5579



Part of the Farm Credit System

