

Leader

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1-800-348-4813

Central Kentucky Branch Offices

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Danville, KY 40422
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Jackie Jackson

Country Mortgage Loan Originator

Kim Elliott

Senior Loan Assistant

Tina Roney

Loan Assistant

Lisa Yeager

Loan Assistant

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Loan Officer

Linda Haley

Loan Assistant

Elizabeth M. Bryant

Loan Assistant

REGIONAL MANAGER

Shane Turner

Northern Section
1-888-820-3270

Ag Credit's Web Site Address: www.ckaca.com

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Paris, KY 40361
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Allen Johnson

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Margie Roe

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Loan Assistant

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Pamela Johnston

Loan Assistant

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Principal Appraiser

Bud Burdette

Appraiser

The **Leader** is published quarterly for stockholders, directors, business associates and friends of the Central Kentucky Ag Credit Association.

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Lionel Williamson

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Robert Anderson

ADDRESS CHANGES

Address changes, questions or comments should be directed to Central Kentucky Agricultural Credit Association by calling 1-859-253-3249, or by writing P.O. Box 1290, Lexington, KY 40588-1290.

FINANCIAL INFORMATION

The Farm Credit Administration does not require the association to distribute its quarterly financial reports to stockholders. However, copies of its complete report are available on request. Contact Marcus Barnett, chief financial officer, by writing to Central Kentucky Agricultural Credit Association, P.O. Box 1290, Lexington, KY 40588.

The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank and copies of its quarterly financial report are available by writing Patti Trotter, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202-1499.

PRIVACY POLICY

Your online privacy is always a top concern at Ag Credit. For a complete copy of the latest version of the online privacy policy, please visit our web site and click on the homepage link. Review our Privacy Policy



Holiday Closings

President's Day

Monday

February 18

Good Friday

Friday

March 21

Memorial Day

Monday

May 26

President's Message



Larry K. Stone
*President and
Chief Executive Officer*

Central Kentucky Agricultural Credit Association (Ag Credit) continues to dedicate itself to be the premier provider of all types of agricultural credit to eligible borrowers in the central Kentucky region. As the market place demands, changes have been made and will continue to be made to assure that Ag Credit improves its viability and ability to serve its member/borrowers.

Despite a late-spring freeze and summer drought last year, overall farm cash receipts totaled an estimated \$4.22 billion (University of Kentucky), a record amount. Livestock led the way with a 10.9% increase. Net farm incomes have been dampened by drought, declining government transfer payments and higher production expenses.

Gross cash receipts in Kentucky for cattle were up in 2007, in part because some were sent to market due to poor pasture conditions. Outlooks for 2008 are for higher costs, lower revenues due to lower pregnancy rates and the need to hold heifers back to replace cows that went to the market during the drought period. On the positive side, total beef supply, meat demand and prices are expected to be favorable for farmers who are making investments in cows as a reasonable business decision.

With three years of post-buyout production mostly behind them, Kentucky tobacco farmers have seen many changes. Tobacco

acreage and production has not recovered to pre-buyout levels. The 2007 crop was expected to be slightly lower than 2006, and production continues to shift to western portions of the state. Given favorable growing conditions, confidence in the labor supply and acceptable production/price incentives from tobacco companies, the value of tobacco production in Kentucky could approach \$350 million in 2008.

In this changing economic landscape, Ag Credit still experienced loan volume growth during 2007. Our goal is to generate earnings sufficient to fund operations, adequately capitalize the association and to achieve an adequate rate of return for our members. The Board of Directors continued its commitment to the cooperative way of doing business by continuing a patronage program for 2008. The patronage distribution that will occur in the spring of 2008 (for 2007) will be improved by increasing the amount of the distribution that is paid in cash. For most members, 100% of the distribution will be in the form of cash. See the articles elsewhere in this issue of the LEADER for more information about our patronage programs.

We thank all of our customers for the opportunity to serve you.

Larry K. Stone
President

Attend Your Ag Credit Annual Meeting

**Please return your reservation card.
It is enclosed in this issue of the Leader.**

Kentucky Cattlemen's Convention: *Ag Credit was There*



The Kentucky Cattlemen's Association (KCA) held its annual convention at Heritage Hall in Lexington, January 10-12. The event was among the largest ever held, with over 500 people pre-registered.

Over 66,000 sq. ft. was utilized by the annual convention exhibit section, which was staged in Heritage Hall. Ag Credit was an exhibitor at the cattlemen's meeting, along with about 70 other ag-related companies.

Twelve (12) industry organizations held meetings in conjunction with the Kentucky Cattlemen's Annual Convention. Included were:

- Kentucky Allied Industry, of

which Ag Credit is an active member and participant.

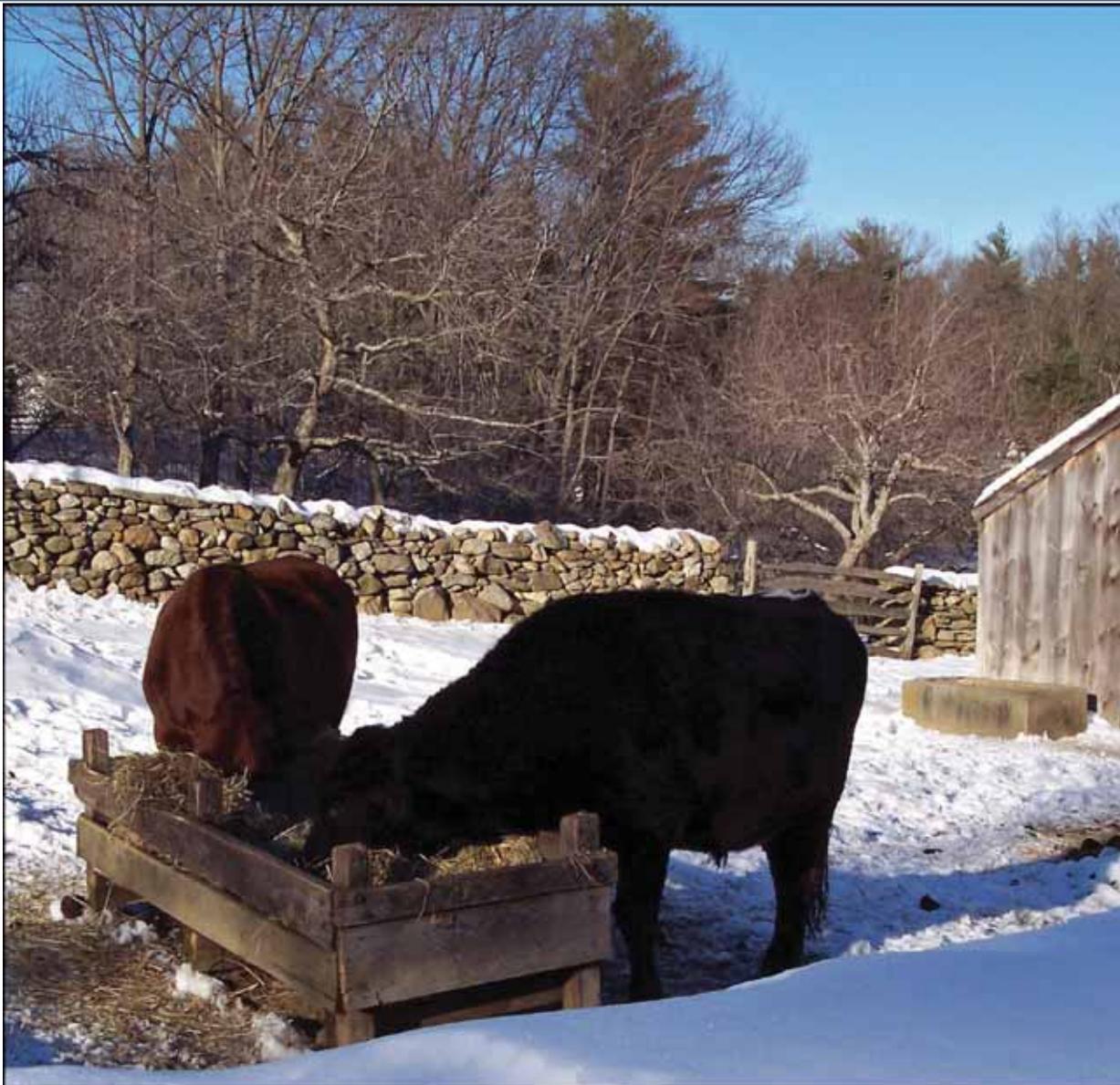
- County KCA Chapters, and Ag Credit's Chris Cooper is president of the Madison County KCA Chapter.
- Kentucky Cattlemen's Leadership Program, whose participants include Ag Credit's Richard Medley of the Lebanon Branch; Chris Cooper of the Richmond Branch; and Steve Downs, who is a member of the Central Kentucky Ag Credit Board of Directors.

David Sparrow was chairman of the KCA Annual Convention and his activity in both agriculture and education spans several decades.

David currently serves on the Ag Credit Board of Directors and

Shane Turner is shown here in conversation with a visitor at the Ag Credit exhibit at the January Kentucky Cattlemen's Convention. Shane is assistant vice president and regional lending manager for Ag Credit and his office is at the Lexington Branch. Ag Credit professionals like Shane believe that one-on-one visitation with members and others who are involved in agriculture keeps the association and its professional management in touch with day-to-day activities and concerns of farmers and rural residents. Ag Credit is always present when events of importance take place in the association's 17-county service area.

remains actively involved in many other organizations, including his executive responsibility as superintendent of the annual North American International Livestock Exposition. He noted that, "KCA has had a great year. We've had a large turnout (at the annual convention) and we've had more business participation than ever before." ■



Central Kentucky's Agricultural and Rural Home Lender



Country Mortgages

by AgCREDIT

www.ckaca.com



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Loan Originator



Diana McDowell
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Don Coffey
Appraiser

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Brad Godbey
Loan Officer

Lexington 888-820-3270



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Lebanon 800-264-0402



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Branch Manager



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Paris 800-613-4292



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Branch Manager



Allen Johnson
Loan Officer

Richmond 888-820-3221



John Thomas
Branch Manager



Chris Cooper
Loan Officer

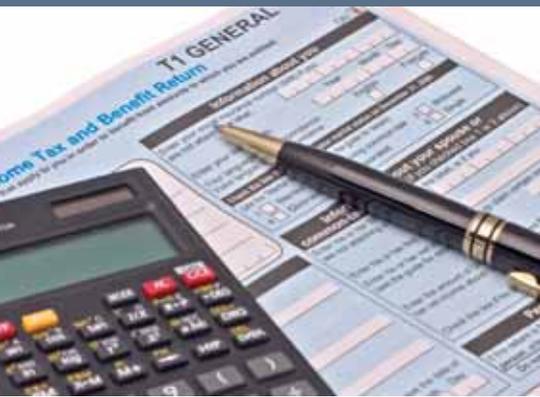
Stanford 800-467-0039



Jonathan Noe
Branch Manager



John Peek
Assitant Manager



Tax Advice

Due to changes in the Ag Credit patronage program, individuals' personal income tax situations will be affected.

The type of patronage paid to a member determines when income taxes are to be paid. Some patronage requires all income taxes be paid up front. Other types of patronage require that taxes be paid only when the member receives the cash.

The 2007 patronage that is being paid to most members in the spring of 2008 is being paid in all cash (see other news stories in this issue of the LEADER regarding this new patronage payment advantage for members.)

To help members avoid confusion on their potential tax liabilities, Ag Credit supplies IRS 1099 forms that provide the exact amount of each type of patronage that is taxable for that particular year. However, as always, check with your tax professional on the correct treatment of this income in your personal situation.



AccountAccess

Tax Time Help

Your personal AccountAccess privilege is private and no other person can access the account. It is an excellent way to keep track of business that you conduct with Ag Credit. It is available online at ckaca.com. If you need assistance in signing up for AccountAccess, just call your Ag Credit office and they will be pleased to help you with this free Ag Credit Service.

Ag Credit branch offices are at six locations for your convenience, including Danville, Lebanon, Lexington, Paris, Richmond and Stanford. Phone numbers and address for all offices can be found in this issue of the LEADER on page 2. Services that you can expect through AccountAccess include:

- IRS 1098* and 1099** tax forms will be available through AccountAccess. Forms should be available online before customers receive them in the mail.
- Your annual year-end statement showing calendar year transactions with beginning and ending balances for all loans.
- A customer is able to go online and schedule a payment up to 35 days in advance.
- AutoDraft customers are now able to make "Special Principal Payments." Special Principal Payments are "extra" payments made to accounts in addition to normally scheduled payments on a loan.
- A "Funds Held" history screen will allow customers to view transactions (deposits and withdrawals.)
- An account download feature allows customers to download transactions into another software product such as Microsoft Money.®

* The 1098 tax form provides mortgage payment information.

**The 1099 tax form provides patronage payment information.

DID YOU KNOW

- Total farm income in Kentucky during 2007 was \$4.22 billion.
- Total farm income in Kentucky during 2007 set an all-time record.
- Livestock receipts in Kentucky during 2007 led the way at \$3 billion.
- Crop cash receipts in Kentucky during 2007 totaled \$1.215 billion.
- Assuming normal growing conditions and no major disease outbreaks, total farm cash receipts in 2008 are expected to set an all-time record of near \$4.294 billion.

Why Choose Ag Credit

Ag Credit has financed land, rural homes, farms and equipment for over 71 years. Experienced lenders at Ag Credit are aware of the many unique situations that can face borrowers who reside on farms and in rural areas. Ag Credit professionals are the experts in rural finance.

All Ag Credit loan officers are experienced with agriculture, rural properties and living in the country. You can count on Ag Credit's professional lending staff to understand your unique borrowing need, and to arrange loans that are distinctly tailored to your needs.

Patronage Program

Ag Credit shares profits with its customers. A patronage program rewards you for doing business with Ag Credit and lowers the cost of borrowing money. Ag Credit has distributed over \$7.9 million in patronage to its customers during the past eleven years. In addition,

the Ag Credit Board of Directors voted to pay all 2007 patronage as a lump sum to members, a sure sign of association financial health and a sign that the association understands the financial preferences of members.

Personal and Local Service

Ag Credit has a branch office near you. The association operates six, full-time offices in the 17-county central Kentucky service region. Ag Credit professionals also welcome the opportunity to come to your home, farm or office when you want to do business or discuss your financial need. The association only employs the finest professionals who understand and are educated in the special lifestyle that exists in the country, on the farm and in rural communities. When you call Ag Credit, you'll talk to a real person who lives in the community.

Cooperative Business

As a financial cooperative, Ag Credit is owned by its customers. The association's board of directors is elected by the membership and serves to meet the financial program needs of all members. Ag Credit works to satisfy the modern needs of farmers and rural residents, because those people are the member-owners of the cooperative.

Choose Wisely

Your wise choice of a lender who can serve your full financing needs at reasonable and predictable interest rates is important. That choice becomes critical during uncertain economic times. All types of rural residents, full- and part-time farmers and hobby farmers can remain economically healthy with a good financing program that is backed up by a reliable lender and good planning. As events of 2008 begin to unfold, review your options and choose your lender wisely.

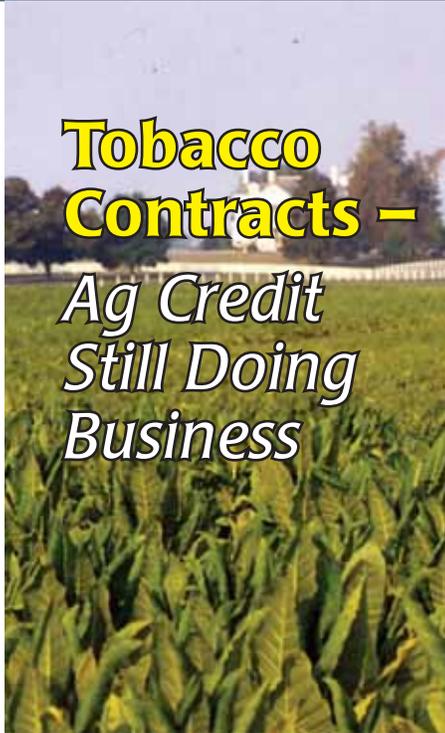
Annual Report Availability



www.ckaca.com



The 2007 Annual Report will be available on the association's web page by March 15, 2008, which is 75 days after the 2007 year-end. To access financial statements on line, go to the association's web page at www.ckaca.com and select the annual report link. The printed hard copy of the 2007 Annual Report will be mailed to shareholders on or before March 30, 2008, which is 90 days after the 2007 year-end.



Tobacco Contracts – Ag Credit Still Doing Business

Long after other institutions have closed up and moved on, Ag Credit is still in the business of helping tobacco quota owners and growers in the association's 17-county service region. Ag Credit helps by working with owners and growers to cash in their Successor-in-Interest Contracts (SIIC).

Ag Credit paid out over \$3.8 million in 2007, and the association's financial professionals are still available anytime to work with farmers who need buyout assistance. Unlike financial opportunists who worked for a short time to obtain contracts from owners and growers, Ag Credit is always in the financial picture for the long-term. That's just another reason why Ag Credit has continued to grow in service to its member borrowers for over 71 years.

2007 Successor-in-Interest Contract purchases were closed by USDA in November 2007, but are expected to reopen in February 2008. Ag Credit is committed to agriculture. Make your nearby Ag Credit office your first stop to financial progress. ■



100% Cash Payout - Only at Ag Credit

The Board of Directors of Ag Credit has confirmed that payment of 2007 patronage refunds will take place as 100% cash payments. The board's vote marks a major step forward in the financial success of Central Kentucky Ag Credit and the manner in which the association provides financial services to members.

The 2007 patronage refund will be paid to members of the association in March/April of this year (2008).

Jim May, Chairman of the Board, noted "Ag Credit is committed to improving the value that members receive when they use financial services of our cooperative." Continuing, May said "in the past the Board of Directors has increased immediate patronage payments from 30% cash to 50% cash. The board has now

authorized that a full 100% of the 2007 patronage be returned to members as a single cash payment."

For this year's patronage (2007), there is NO WAITING of five years for a "rollout" of the remaining portion of patronage.

Jim May confirmed that, "directors have heard members' requests to improve the value and simplicity of the patronage program. And, Ag Credit directors (who are members-owners, too) have responded on behalf of all members who do business with Ag Credit in the central Kentucky region."

"You don't see that type of immediate financial return to borrowers at other financial institutions," said May. "You see it only at Ag Credit," he concluded.

Insurance Protects Your Loan: Wise Equity Protection

Central Kentucky Agricultural Credit Association loan agreements stipulate that borrowers obtain and maintain insurance on property that is pledged as security for loans, with the association named as mortgagee or loss payee as appropriate.

This notice is a reminder that the minimum amount of coverage required to be maintained is the lesser of your loan balances(s), the actual cash value of the property, the replacement cost of the property or the amount stipulated by your loan officer. Since the amount required could be less than the amount for which the property is insured, you are encouraged to consider higher limits where applicable to adequately protect your equity interest in the property.

If the property securing your loan consists of improved real estate, unless otherwise advised, at a minimum your policy must insure against the following perils: Fire and lightning, wind, hail, aircraft or vehicle damage, riot or civil commotion, explosion, smoke damage, water damage (other than flood), falling objects, weight of snow, ice or sleet and vandalism. Loss of damage from flooding is also required if your loan was made after October 4, 1996, and at the time the loan was made the property was located in a government mandated Special Flood Hazard Area and flood insurance was available.

Patronage Refund at Eleven Years and Counting

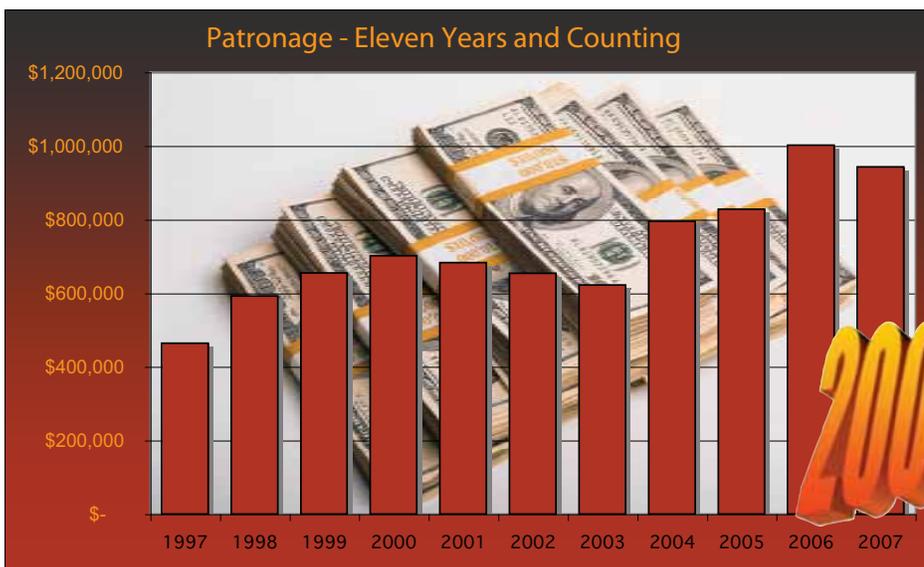
Central Kentucky Ag Credit has returned a portion of its annual profits back to member-owners for the eleventh straight year. The payment of a portion of profits is called patronage payment and is a defining characteristic of a cooperative. During the past eleven years, Ag Credit has returned over \$7.9 million to association members.

When the association has a good year financially speaking, then those good financial results can usually be shared with member-owners through the patronage program. Ag Credit's best evidence of our commitment to this way of doing business is evidenced by our track record. Our patronage refund return to members is now at eleven years

and counting. The Association Board of Directors remains committed to the patronage program, and has declared that it will be continued in 2008.*

Competitive interest rates, experienced staff who are experts in rural agricultural financing and new facilities, all combine to make Ag Credit the place to do business.

** Patronage payment is not guaranteed. Actual payout amounts from 2008 earnings will depend on the Board of Directors actions at the end of 2008, after their review of the Association's financial performance.*



Again
Ag Credit IMPROVES
 Again

Ag Credit is dedicated to improving the value that its member-borrowers obtain when they use our services.

WE HAVE PAID Every year since 1997 Ag Credit has distributed a portion of its profits back to members who did business with us. That's 11-years and counting.

WE GIVE BACK MORE Ag Credit has increased the portion of the association's annual profits that we pay to members.

WE PAY MORE IN CASH Ag Credit has increased the portion of patronage payment that is paid in cash.

Only At AG Credit!



GOOD THINGS TO EAT

Tasty-Recipes from the Ag Credit Family

Artichoke Dip

- 2 - 8 Oz. Cans artichoke hearts packed in water. (I use marinated and rinse them very well.)
- 2 or 3 Cloves Garlic cloves, minced
- 1 Cup Mayonnaise
- 1 Tspn. Worcestershire sauce
- 2 Cups Grated Parmesan cheese
- Pepper to taste

Drain water from artichoke hearts (rinse if necessary) and finely chop. Add garlic. Stir in mayonnaise and Worcestershire sauce. Mix thoroughly, Add parmesan cheese and mix thoroughly. Pepper to taste. Bake at 350 degrees until brown on top (about 20 minutes.) Serve with tortilla chips or crackers.

Linda Haley
Ag Credit
Lexington
Branch



Chicken/Stuffing Casserole

- 1 Can Cream of chicken soup
- 8 Oz. Sour cream
- 4+ Cooked and cut-up chicken breasts
- 1 Lb. Package frozen broccoli (cooked/drained - barely tender - because you do not want it to become overcooked when you bake it). No stems.
- 1 Stick Melted butter
- 1 Box Stuffing mix

Mix together soup and sour cream in a large mixing bowl. Add chicken and broccoli. Put into a 13" x 9" dish sprayed with Pam or similar product. Prepare stuffing per instructions on box. Top your casserole with the stuffing. After you have put the stuffing on top of the dish, pour the melted butter over the entire dish. Bake for 30-minutes at 350 degrees. Let stand for 5-minutes before serving.

Janet "Boots" Lowery
Ag Credit Central Office,
Lexington (Retired)



Country Fried Potatoes

- 3 Tblspns. Margarine or butter
- 3 Medium potatoes (1 pound) thinly sliced
- 1/4 Tspn Salt
- 1/8 Tspn. Garlic powder (I put in more because I love garlic.)
- 1/8 Tspn. Pepper
- 1 Small onion, thinly sliced and separated into rings.

In a large skillet melt margarine or butter (if necessary add additional margarine or butter during cooking.) Layer potatoes into skillet. Sprinkle with salt, garlic powder and pepper. Cook covered over medium heat for 8-minutes. Add onion rings. Cook uncovered for 8-10 minutes more, or until potatoes are tender and browned, turning frequently. Makes 4-servings.

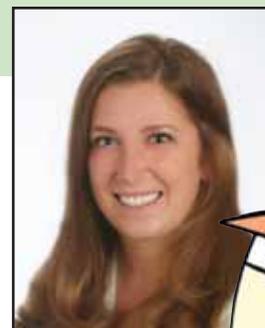
Baked Parmesan Cottage Potatoes

(A yummy option to the Country Fried Potatoes recipe)

- 3 Tblspns. Margarine or butter
- 3 Medium potatoes (1 pound) thinly sliced
- 1/4 Cup Grated parmesan cheese
- 1/8 Tspn. Garlic powder (I put in more because I love garlic.)
- 1/8 Tspn. Pepper
- 1 Small onion, thinly sliced and separated into rings.

Prepare as the **Country Fried Potatoes recipe**, except arrange potatoes and onion in a thin layer in a greased 15" x 10" x 1" baking pan. Melt margarine or butter. Drizzle over potatoes. Omit salt. Combine garlic powder, pepper and 1/4 cup grated parmesan cheese. Sprinkle over the potatoes. Bake in a 450-degree oven about 25-minutes, or until browned.

SaraVard L. Von Gruenigen
Ag Credit
Richmond Branch



Shake Off the Winter Blues ...

Attend the Ag Credit Annual Meeting with Your Friends!



The Ag Credit team is getting the grill ready for the Ag Credit Annual Meeting. The food is great and the folks who attend are outstanding.

Shown in this photo cooking for an annual meeting are Ag Credit professionals Shane Turner, Lexington Branch; Dale Cinnamon, Danville Branch; Chris Cooper, Richmond Branch; Jackie Jackson, Danville Branch; and Allen Johnson, Paris Branch.

Members Can Choose from Two (2) Sectional Meetings

Tuesday, March 11
Lexington, KY

Thursday, March 13
Danville, KY

- Complete annual meeting details are in the cover wrap in this issue of the Leader.
- Please Return Your Reservation Card – It helps Ag Credit to prepare for meals and seating. The reservation return card is also included in this issue of the Leader.

enter our
“LUCKY U”
TACK ROOM
MAKEOVER GIVEAWAY

Is your tack room looking a little...tacky?

Enter “Lucky U,” our tack room makeover giveaway. Five prizes will be awarded, including the Grand Prize...

A Tack Room Makeover Valued at \$5,000!

Visit www.tackroommakeover.com for official rules & entry form.

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- Land purchases for hunting, fishing and other recreational purposes
- Lake and pond construction



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