

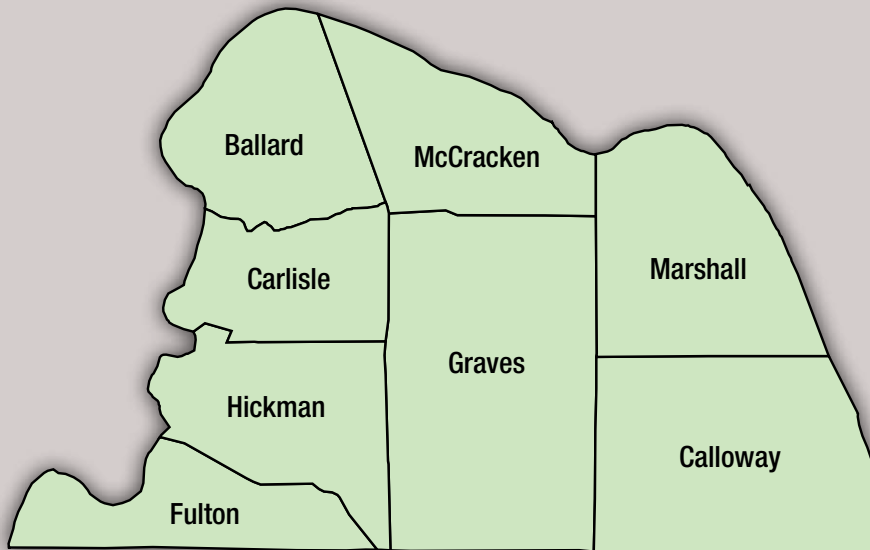
RURAL LIVING YOUR WAY

LEADER

Jackson Purchase ∞ Autumn 2011

**2011 Annual Stockholders'
Meeting Official Notice**

Customer Appreciation Events



Office Locations

Bardwell Office

196 US Highway 51 North
Bardwell, KY 42023
270-628-5418

Clinton Office

102 North Washington
Clinton, KY 42031
270-653-4307

Hickman Office

1514 Union City Highway
Hickman, KY 42050
270-236-2531

Kevil Office

12350 Highway 60 West
Kevil, KY 42053
270-462-2155

Murray Office

1401 North 12th Street
Murray, KY 42071
270-753-5602

Marshall County Office

2730 US Highway 641 N
Benton, KY 42025
270-527-8600

Mayfield Office

545 Dick Castleman Bypass
Mayfield, KY 42066
270-247-5665

Lone Oak Office

3565 Lone Oak Road, Suite 2
Paducah, KY 42003
270-534-1219

Administrative Office

328 East Broadway
Mayfield, KY 42066
270-247-5613



LEADER

is published quarterly for stockholders,
directors and friends of Jackson Purchase ACA.

PRESIDENT

Stan Brunston

BOARD OF DIRECTORS

Curtis Hancock Jr., Chairman
Joe F. Campbell, Vice Chairman
Darren Grogan
Randall Heath
Dr. Buddy Ray, Outside Director
Aaron Wilson
Eddie Workman

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AgFirst Farm Credit Bank

PUBLISHING DIRECTOR

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Athina Eargle
Darren Hill
Amanda Simpson
Travis Taylor

PRINTER

Spectra True Colour

CIRCULATION

Kathi DeFlorio

Address changes, questions, comments or requests for copies of our financial reports should be directed to Jackson Purchase, ACA by writing P.O. Box 309, Mayfield, KY 42066 or calling 270-247-5613. Our quarterly financial report can also be obtained on our Web site: www.jacksonpurchaseaca.com





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Holiday Schedule

The Jackson Purchase ACA offices will be closed for the following holiday:

Veteran's Day—Friday, November 11

Thanksgiving—Thursday, November 24, and Friday, November 25

Christmas—Friday, December 23, and Monday, December 26

New Year's—Monday, January 3



Jackson Purchase ACA 2011 Annual Stockholders' Meeting Official Notice

Annual Meeting Statement

The annual meeting of the Jackson Purchase Agricultural credit Association will be held on Monday, November 7, 2011 at Graves County High School.

We will begin serving the meal at 4:45 p.m. in the cafeteria. The business session will begin at 7:00 p.m. in the gymnasium.

As of August 31, 2010 there were 2253 voting stockholders of the Jackson Purchase ACA. All C stockholders will be eligible to vote on candidates for director positions from Carlisle and Calloway/Marshall counties. They will also vote for candidates for the 2012 Nominating Committee from the Bardwell, Clinton, Hickman, Kevil, Murray and Mayfield offices. Nominees for both director and nominating committee positions are selected from specific geographical areas in order to achieve fair representation of stockholders in the Association's territory.

Nominating Committee Report

The 2011 Nominating Committee of the Jackson Purchase Agricultural Credit Association consisting of Jerry Bell-Graves County, Roy Dillard Jr.-Hickman County, Ralph Wayne Adams-Fulton County and Tripp Furches-Calloway/Marshall Counties met at the ACA Office in Mayfield at 8:30 a.m. on Tuesday,

August 16, 2011. Eric Hayden-Carlisle County and Tyler Powell-Ballard/McCracken Counties were unable to attend. The purpose of this meeting was to make nominations for directors from Carlisle and Calloway/Marshall counties. The Committee also made nominations for the 2012 Nominating Committee members all of which are to be elected at the 2011 Annual Stockholders Meeting to be held on November 7, 2011. Jerry Bell was elected as Chairman and Tripp Furches was elected as Secretary.

The Corporate Secretary of the Association explained the duties and responsibilities of a director. The Nominating Committee then went into Executive Session. A motion was then made, seconded and carried by the Nominating Committee to list the candidates in the following order on the ballot. It must be noted the Nominating Committee exhausted all efforts to find two possible nominees for each director position but only one nominee could be obtained for each.

CARLISLE COUNTY: Darren Grogan

CALLOWAY/MARSHALL COUNTIES:
Eddie Workman

Any stockholder of the Association may make additional nominations by mail, in person at the Administrative Office or from the floor at the meeting. It was noted by the Nominating Committee that all nominees

had been contacted personally by a committee member from the respective counties.

Also during the Executive Session, a motion was made, seconded and carried to nominate the following candidates for the 2012 Nominating Committee. A motion was made, seconded and carried to list the nominees for the 2012 Nominating Committee in the following order on the ballot:

CARLISLE COUNTY:

Calvin Curtsinger and Brad Reddick

HICKMAN COUNTY:

Caleb Deweese and Paul Stahr

FULTON COUNTY:

Lynn Major and Paul Williams

BALLARD/MCCRACKEN COUNTIES:

Jeff Sullivan and Cheryl Taylor

CALLOWAY/MARSHALL COUNTIES:

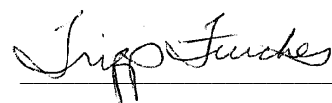
Kelly Overbey and Greg Workman

GRAVES COUNTY:

Jan Miller and Keith Lowry

There being no further business, the meeting was adjourned.

Respectfully submitted,



Tripp Furches, Secretary

Annual Meeting Information Statement

In accordance with FCA regulations 620.21, the following information must be provided to stockholders:

1. The following are the present members of the Jackson Purchase Agricultural Credit Association Board of Directors:

- **Joe Forrest Campbell**, age 60, serving a three-year term expiring in 2013. Joe Forrest has served on the Board since 2000.
- **Darren Grogan**, age 38, serving a three-year term expiring in 2011. Darren has served on the Board since 2008.
- **Eddie Workman**, age 64, serving a three-year term expiring in 2011. Eddie has served on the Board since 2005.
- **Curtis Hancock**, age 64, serving a three-year term expiring in 2012. Curtis has served on the Board since 1991.
- **Randall Heath**, age 60, serving a three-year term expiring in 2013. Randall has served on the Board since 2006.
- **Dr. Buddy Ray**, age 59, serving a three-year term expiring in 2013. Buddy has served on the Board since 2003.
- **Aaron Wilson**, age 36, serving a three-year term expiring in 2012. Aaron has served on the Board since 2009.

2. No incumbent director attended fewer than 75 percent of the total of board meetings or any board committee on which he served during the last fiscal year.

3. No director has resigned or declined to stand for re-election during the last fiscal year due to a policy disagreement with the Board.

4. The employee and director loans of the Jackson Purchase ACA are regulated by the Employee and Director Conduct policy as adopted by the board of directors in January 1995.

5. The Jackson Purchase ACA has had loans outstanding during the last fiscal year-to-date to its senior officers, directors and nominees for directors that:

- a. were made in the normal course of business;
- b. were made on the same terms, including interest rate, amortization schedule and collateral as those prevailing at the time from comparable transactions with other persons; and,
- c. had not been the subject of any order, judgment or decree which suspended, permanently or temporarily, their engagement in any type of business practice.

6. As referenced in the Nominating Committee Report, nominations can be made from the floor at the meeting. Any nominees from the floor will require disclosure in accordance with FCA regulation 620.5(j) and (k) in writing at the meeting. Copies of these regulations can be obtained at the administrative office, upon request.

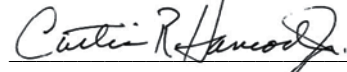
7. In accordance with Section 510 of the bylaws in the event of a tie, the tie will be broken by the "flip of a coin."

8. The enclosed second quarter financial statements ending June 30, 2011 are provided for supplemental information to your 2010 Annual Report provided to the membership on March 31, 2011.

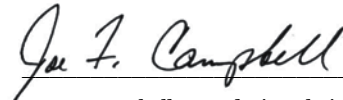
9. We, the undersigned, certify this statement has been prepared in accordance with applicable statutory and regulatory requirements and the information contained herein is true, correct and complete to the best of our knowledge.



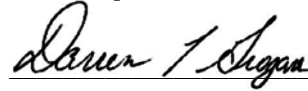
Stan Brunston, Chief Executive Officer



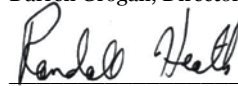
Curtis Hancock, Jr., Board Chairman



Joe F. Campbell, Board Vice Chairman



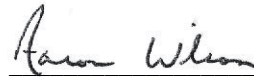
Darren Grogan, Director



Randall Heath, Director



Dr. Buddy Ray, Outside Director



Aaron Wilson, Director



Eddie Workman, Director

Director Candidates

Carlisle County:



Darren Grogan

Darren Grogan, age 38, and his wife, Misty, reside in Arlington. They have two children, Conner, age 12, and Camryn, age eight. Darren has been an ACA member for 10 years and has served on the ACA Board of Directors for three years.

Darren is a native of Carlisle County. He graduated from Carlisle County High School in 1991 and graduated Suma Cum Laude from Ashford University with a degree in economics with a specialization in finance and a minor in accounting.

Darren and his dad, Bobby, and brother, Brian, operate Triple G Farms. This

family farming operation grows corn, soybeans and wheat in Carlisle, Hickman, and Fulton counties.

Darren is a member of New Harmony Baptist Church in Clinton, where he serves as assistant Sunday school teacher of the Young Married class, serves on the Building Committee, and is also a Team Kid teacher. He presently serves as President of the Carlisle County FFA Alumni chapter.

Calloway/Marshall Counties:



Eddie Workman

Eddie Workman, age 64, has been an ACA member for 39 years. Eddie and his son, Greg, are partners in Southwest Farms. Southwest Farms' farming program consists of 2,000 acres of row crop, primarily white corn, wheat, and beans. They also grow 38 acres of dark tobacco. Eddie began farming in 1963 and operated a "Grade A" dairy for 13 years, along with tobacco, corn and soybeans.

Eddie and his wife, Linda, reside on Workman Road in Calloway County. They have two children, Lisa McDougal and Greg Workman, and four grandchildren. Eddie

attended Calloway County High School and Murray State University.

Eddie has served on the ASCS Committee and Fair Board. He presently serves on the Farm Bureau Board of Directors and has for the past 18 years. Eddie is a deacon of the Antioch Church of Christ and also serves as a Calloway County NRCS supervisor. ∞

Capitalizing on the Megatrends

By: Dr. David M. Kohl



Dr. David Kohl

One of the most powerful books that I was assigned to read during graduate school at Cornell University a number of years ago was

Megatrends, by John Naisbitt. In his original book and later editions, Naisbitt was keen at identifying trends that would shape our businesses and lives. Recently a number of people have asked me what megatrends will evolve in agriculture throughout the remainder of the decade. Observations and interaction with players in the industry have allowed me to not only identify trends but more importantly see how individuals and businesses are empowered to capitalize on them.

A New Wave of Players

In the past two years of globetrotting with agricultural audiences, one observation comes to mind. More young people under 40 years of age, women active in management and ownership, and minorities are attending educational events in agriculture. These people see agriculture as an opportunity, rather than “you can’t do” or “why would you want to”, which is frequently a comment from the senior generation. These groups in particular are empowered, lifelong learners, hungry for information and new ideas that can be implemented and executed. They emphasize business, financial, and risk management skill sets in their education, and are very willing to be mentored or have a peer advisory group to assist them. In seminars, this group brings a whole new energy to the

table, with diverse experiences, education, and backgrounds.

Man Versus Machine

A major megatrend in business, particularly in agriculture, is automation replacing the human element. This is a global megatrend that threatens employment opportunities across many disciplines. A recent visit to a Canadian dairy producer found the implementation of robotic milkers. This not only allowed him to cut labor costs, but provided a means to attract a highly skilled labor force, empowered by the data output to operate and manage the business. Output quality skyrocketed, meeting the needs of a changing consumer marketplace, but implementing the technology also allows him flexibility for his family, and the opportunity to operate the business at a later stage of life.

On two separate visits, an apple grower and processor and soybean producer and processor had both implemented automation because of high minimum wage requirements. Again, quality increased; however, from a risk management standpoint, labor

and personnel challenges, and possible legal issues were substantially curtailed. Many segments of agriculture are automating not only as labor reduction, but increasing yields and efficiency, as well as a means to attract younger talent who enjoys working with and using technology.

A Global Mindset and Volatility

The phrase “think globally, act locally” has never been more relevant than it is today. However, with a global mindset comes increased volatility in revenues and costs. The empowered agribusiness person sees greater volatility as an opportunity rather than just a challenge. An eye on emerging global trends, while focusing on sound business planning and risk management, provides the financial and management shock absorber as well as a means to capitalize on opportunity.

Domestic and Global Consumers

Relating to domestic and global consumers, the 50-100-70 rule applies. This rule was

CONTINUED ON PAGE 13



Customer Appreciation Days

At Jackson Purchase ACA, we can't thank our members enough for making us who we are!

We hope you were able to enjoy the wonderful food and fellowship at your local offices' Customer Appreciation Day this year! These events were held through the Summer months and were a great time for each office to enjoy a time of appreciation for their customers with a meal and door prizes. ∞





2011 Scholarship Recipients

Austin Joseph is the recipient of the “Eldon Heathcott” scholarship in the amount of \$1,500. Austin is pursuing his master’s degree from Murray State University in Ag Systems Technology. He is the son of Dennis and Ronecca Joseph. Austin is very involved in their family farming operation in Marshall County. He serves as the Treasurer for the Young Adult Agriculture Program in Marshall County and is a member of the New Zion Baptist Church.

Cassie Hendon is a senior at the University of Kentucky majoring in Ag Education. Cassie is the recipient of a \$1,500 Jackson Purchase ACA scholarship. Cassie serves on the UK Meat Judging Team and Livestock Judging Team. Her Meat Judging Team from UK recently placed first in the Southeastern Collegiate Meat Judging Contest. Cassie is the daughter of Billy and Barbara Hendon.

Cody Gibson is the recipient of a \$1,500 Jackson Purchase ACA scholarship. Cody is a graduate of Graves County High School and will be attending Murray State University in the fall majoring in Agribusiness. Cody was the regional champion on Turf Grass Management Proficiency. Cody is also the co-owner/operator of C & J Lawn-care. Cody is the son of Gary Gibson and Patty Gibson.

Colby Foster is a recipient of a \$1,000 Jackson Purchase ACA/Murray State University Scholarship. Colby is a senior at Murray State majoring in Ag Systems Technology. He has been involved at MSU as a member of Alpha Gamma Rho. Colby is involved in the Foster Family farming operation. He is

the son of Alan and Kandi Foster and he is a member at Antioch Baptist Church.

Ezekiel “Zeke” Green is the recipient of the David Leonard Memorial Scholarship in the amount of \$1,500. Zeke is a Graves County High School graduate and will be attending the University of Kentucky majoring in Biosystems and Ag Engineering. Zeke was a member of the GCHS FFA and was the Purchase Regional President. He was most recently elected to serve as a Kentucky FFA State Officer. Zeke is the son of Scott Green.

John Michael Puckett is a sophomore at Murray State University majoring in Agbusiness and Ageducation. John Michael is a member of the MSU Collegiate FFA Debate Team and is a member of the Marshall County Young Farmer Association. He placed second place in regionals and third place in the state of Kentucky Dark Tobacco Contest. John Michael is a recipient of a \$1,000 Jackson Purchase ACA/Murray State University scholarship. John Michael is the son of Jeff and Kim Puckett.

Samia O’Bryan is the daughter of Freddie and Nadia O’Bryan and is the recipient of a \$500 Jackson Purchase ACA/Murray State University scholarship. Samia is a sophomore at MSU majoring in biology/pre-veterinary. She has been involved in the past year in the Murray State University Honors Program and is a member of the MSU racquetball club.

Morgan Dillard, daughter of Roy and Laura Dillard, received a \$1,000 ACA scholarship. Morgan is a graduate of Hickman County High School where she was a member of the

FFA chapter, most recently serving as Reporter. She was also involved in the FCCLA, Spanish Club, Science Club, BETA, FCA, and FBLA. Morgan will be attending West Kentucky Community and Technical College this fall beginning her major in Ag Economics.



Austin Joseph



Cassie Hendon



Cody Gibson



Colby Foster



Ezekiel “Zeke” Green



John Michael Puckett



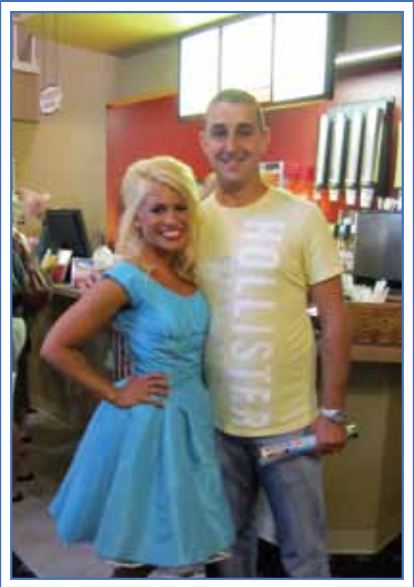
Samia O’Bryan



Morgan Dillard

ACA Employee Outing

The Jackson Purchase ACA employees enjoyed a fun day together away from the office in August. The day began with bowling, followed by lunch at Patti's and a variety show at the Badgett Playhouse in Grand Rivers. A great time was had by all! Here are a few shots from the day.



ACA Golf Scramble Helps to Fund Scholarships

Jackson Purchase ACA hosted the first Annual Carlisle Classic golf scramble in early September. This tournament was organized with the Carlisle County FFA Alumni Chapter to raise money for the Carlisle County FFA (CCHS FFA) Chapter Alumni Scholarship Program. With everyone's help, support and participation our organization was able to raise \$1,000 for the scholarship fund. CCHS FFA Advisor, Mr. Hargrove, was so excited that his goal for the students was reached with our support.



ACA Men's Outing

The male employees of ACA traveled to Eminence, Missouri, where they enjoyed kayaking on the Jack's Fork River and went zip lining at Eagle Falls Tours. Although the weather was a little chilly on the water, everyone seemed to enjoy the outing. The men spent the night at the Rivers Edge Motel and enjoyed lunch the next day at the Hickory Log Restaurant in Dexter, Missouri, before traveling home. ∞



CONTINUED FROM PAGE 7

drawn from a futuristic paper written by one of my former students at Cornell University, Jeff Simmons, President of Elanco. In the year 2050, the world's population will require 100 percent more food, and 70 percent of this food must come from efficiency-enhancing technologies. He further discusses that access to safe, proven efficiency-enhancing technology requires protecting three rights. The first right is ensuring the human right of access to affordable food. The second is protecting a consumer's right to food choice. The third is creating a sustainable food production system, which is an environmental right.

Agriculture in the future will be empowered by the fact that some will profit with operations that are local, natural, or organic, while for others the mid-sized traditional operation will work well, and for many, operating a large complex business often comprised of multiple family members or outside partners will lead to success. The skill set needed regardless of the model is one that is observant, business-minded, and networked with key players inside and outside of the industry.

People

Is your business a talent magnet? This question is being heard across the agricul-

ture and agribusiness horizon. Developing a business culture that attracts and retains talented people, who are emotionally intelligent, regardless of the skill or the position, will be critical for financial success. A new trend of advisory teams is emerging in the agricultural landscape. They can take an average or good business to a great business.

While there are many other megatrends, these are five that are most prominent and are having a tremendous impact on North American and global agriculture. ∞

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	June 30, 2011 <i>(unaudited)</i>	December 31, 2010 <i>(audited)</i>
Assets		
Cash	\$ 1,392	\$ 1,926
Investment securities:		
Held to maturity (fair value of \$3,421 and \$4,693 respectively)	3,420	4,702
Loans	255,210	273,790
Less: allowance for loan losses	2,321	2,436
Net loans	252,889	271,354
Loans held for sale	116	250
Other investments	1,731	2,312
Accrued interest receivable	2,985	3,106
Investments in other Farm Credit institutions	5,583	6,001
Premises and equipment, net	1,619	1,665
Other property owned	719	669
Due from AgFirst Farm Credit Bank	1,239	3,273
Other assets	818	1,100
Total assets	\$ 272,511	\$ 296,358
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 220,301	\$ 242,185
Accrued interest payable	507	540
Patronage refund payable	23	1,902
Advanced conditional payments	3,053	2,429
Other liabilities	2,688	4,085
Total liabilities	226,572	251,141
Commitments and contingencies		
Members' Equity		
Capital stock and participation certificates	2,003	2,010
Retained earnings		
Allocated	18,767	19,973
Unallocated	25,169	23,234
Total members' equity	45,939	45,217
Total liabilities and members' equity	\$ 272,511	\$ 296,358

Consolidated Statements of Income

(UNAUDITED)

<i>(dollars in thousands)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2011	2010	2011	2010
Interest Income				
Investment securities	\$ 14	\$ 23	\$ 36	\$ 52
Loans	3,291	3,277	6,405	6,473
Other investments	21	29	43	58
Total interest income	3,326	3,329	6,484	6,583
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	1,514	1,700	2,968	3,363
Other	7	6	16	14
Total interest expense	1,521	1,706	2,984	3,377
Net interest income	1,805	1,623	3,500	3,206
Provision for loan losses	281	—	505	—
Net interest income after provision for loan losses	1,524	1,623	2,995	3,206
Noninterest Income				
Loan fees	41	55	89	119
Fees for financially related services	36	16	87	73
Equity in earnings of other Farm Credit institutions	763	844	1,389	1,560
Gains (losses) on other property owned, net	(1)	1	26	(2)
Gains (losses) on sale of rural home loans, net	48	48	82	74
Gains (losses) on sales of premises and equipment, net	—	(3)	—	(3)
Insurance Fund refunds	—	—	—	647
Other noninterest income	6	6	26	26
Total noninterest income	893	967	1,699	2,494
Noninterest Expense				
Salaries and employee benefits	1,018	950	2,092	1,913
Occupancy and equipment	81	93	174	176
Insurance Fund premium	28	2	54	45
Other operating expenses	295	264	618	528
Total noninterest expense	1,422	1,309	2,938	2,662
Income before income taxes	995	1,281	1,756	3,038
Provision for income taxes	4	5	4	5
Net income	\$ 991	\$ 1,276	\$ 1,752	\$ 3,033



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