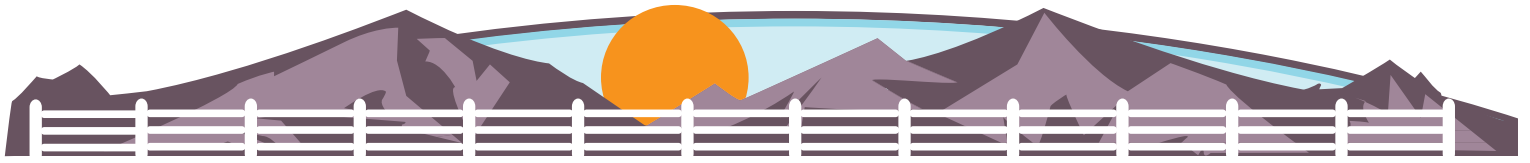


FenceLines



WESTERN
AgCredit

Summer 2007



President's Message

Dear Western AgCredit Stockholders and Friends,

I hope this issue of FenceLines continues to find you and your family doing well. The operating performance of Western AgCredit continues to be favorable and from an operational standpoint, we are on track to have one of the best years in our history. Through the first six months of the year, we are ahead of our business plan projections in the areas of loan growth, credit quality, delinquencies, income, capital and liquidity. From a negative standpoint, our largest concerns lie with the ongoing drought that we are encountering and the widespread impact on the livestock, poultry, and dairy industries of utilizing corn in the production of ethanol. Fortunately, most commodity prices in our area are relatively strong which is negating some of the impact of the high corn and feed prices for the near-term.

We are very concerned with the long-term financial impact on our producers and consumers of increasing the amount of corn that is used to produce ethanol. If we produced more corn locally, our outlook may be different. Since our area uses more corn than we produce, our service area is a net loser when corn is converted into ethanol.

At first glance, it would seem to make sense to utilize a renewable resource such as corn to produce ethanol in an attempt to reduce our dependence on imported

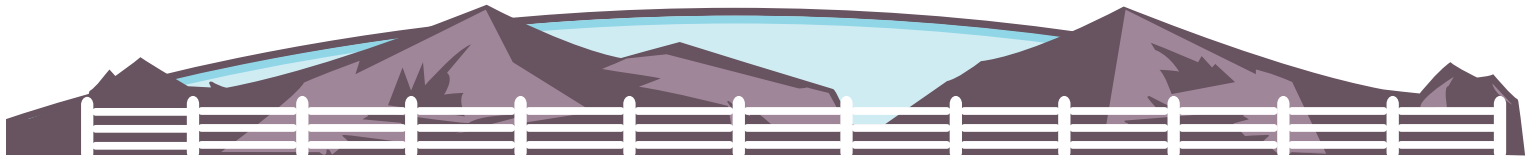
oil. The statistics published on ethanol production are often confusing and conflicting, so it's hard to know what the true situation is. On June 21, 2007, the United States Senate approved an energy bill which required significant increases in the amount of renewable feed grain products (such as ethanol) that must be produced annually within the United States. Specifically, the legislation calls for the production of 15 billion gallons from renewable feed grain products by 2015. For a current reference point, in November 2006, there were 107 ethanol plants operating with an annual production of 5.12 billion gallons per year and 57 plants under construction or expansion with a future capacity of 3.78 billion gallons per year for a total of 8.9 billion gallons annually after the new/expanded plants are brought on line. If the ethanol industry doesn't find other viable sources of cellulose based feedstock's (grasses, woods, etc.) which can be used in it's production, then large amounts of additional corn will have to be used to reach the new Federal standards. The only way to meet the increased demand for corn is to plant additional acreage into corn which will only compound the high feed price situation that our producers are facing today, because the additional acreage will have to come from other crops such as soybeans, wheat, etc. Without the current Federal subsidy of \$.54/gallon, it

wouldn't be economically feasible to produce ethanol from corn. Using current technology, it takes about as much energy to produce a gallon of ethanol as the ethanol itself will produce. Ethanol produces a third less energy than gasoline. Even though there are some benefits resulting from using ethanol (renewable resource, lower levels of carbon monoxide emissions, etc.) there are overwhelming negatives associated with this initiative. It appears that the special interest lobbying groups have been successful in promoting corn ethanol at the expense of the American Taxpayer.

It is becoming more and more apparent that ethanol production won't solve our Country's energy problem by itself, so we must invest in other technologies to improve our energy independence. Our livestock, dairy and poultry industries are paying too high of a price (high feed costs) as the result of our Country's insistence on producing ethanol from corn, even though it isn't efficient or economical. Ultimately, the Consumer will have to pick up the tab via higher food prices for this misdirected effort.

Together in Agriculture

Richard Weathered
President



Mortgage Equity Revolving Line of Credit (MERLOC)

Western AgCredit offers a unique mortgage loan product that provides customers with flexibility similar to what is found in home equity or real estate equity lines of credit. It is available to eligible borrowers for the financing of eligible business purposes.

How can you benefit from a MERLOC loan from Western AgCredit?

A Western AgCredit MERLOC loan may be a good solution for the customer who:

- Likes to prepay loans in advance of the normal loan term, but then have funds available for future needs.
- Has ongoing expansion and improvement projects such as, additional corrals, manure management systems, irrigation systems or other farm improvements.
- Wants to use the equity in the real estate to expand the production cow herd and have interest only payments allowed during the Draw Period.
- Wants to use the equity that has been built in the farm real estate to invest in other business properties or opportunities.
- Needs customized loan repayments requirements for special financing needs.

How does a MERLOC loan work?

- A MERLOC loan has a revolving Draw Period during the first 5 years of the loan. As loan principal is repaid, those funds may be re-borrowed from time to time during the Draw Period.
- Interest Only payments are

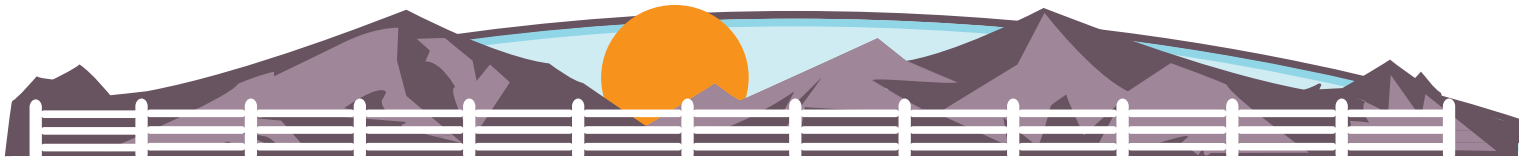


- required during the Draw Period.
- A MERLOC loan can have a term up to 25 years, including the 5 year Draw Period. Amounts outstanding at the end of the Draw Period are repaid over the balance of the loan term.
- MERLOC loans are secured with a first lien position on real estate. (A MERLOC loan can be secured by real estate already pledged for another Western AgCredit loan.)
- The minimum loan size is \$50,000.
- Funds will be disbursed during the Draw Period as requested by the customer, with minimum draws of \$5,000 for each individual disbursement.

The MERLOC loan product has proven to be a useful tool to help Western AgCredit customers achieve and meet a variety of financing needs.

As with all Western AgCredit loans, loan approval is dependent on the borrower's overall financial strength, repayment capacity and history of loan repayment as well as the intended use of the borrowed funds and the available collateral.

Please contact your nearest Western AgCredit loan officer to learn more about the Mortgage Equity Revolving Line of Credit (MERLOC).



That's Some Cow!

Grand Champion is a prize that is sought after by many but attained by a few. Years of raising and showing quality livestock are never a guarantee that the grand champion prize will be earned within a lifetime.

For the Buttars family from Lewiston, Utah, this dream was achieved twice this year. With a cow that had never quite been ready to show before this year, conditions lined up and their four-year old cow took the Grand Champion Award, first, at Weber County Dairy Days, and again at Black and White Days in May of 2007.

Brothers Kent and Craig Buttars knew they had a good cow going into the show, but they didn't realize she was, "that good." Craig said, "It was pretty exciting to have Grand. The show draws a lot of people so it was great to do so well."

Black and White Days in Richmond, Utah has become a premier show,

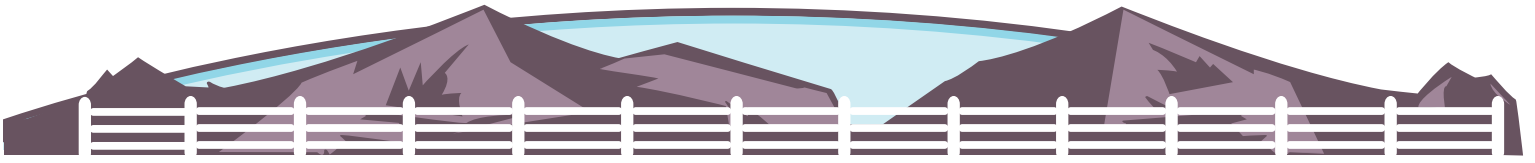


attended by participants from across the nation. What started as a contest between local producers and their best animals has now become a highly anticipated and well attended show. The extremely competitive contest has been given national status by the Holstein-Friesian Association.

Since 1945 when their grandfather brought the first load of registered cattle from Wisconsin, the Buttars have been raising registered Holsteins in Lewiston, Utah. They work together with their families to raise a quality herd. The first 60 acres of their farm was bought 100 years ago by their grandfather. Since then, Kent and Craig, as well as their father before them, have been able to purchase neighboring farms to expand their operation.

Kent and Craig have relied on cooperation to make their dairy work. They split duties and are willing to cover for each other when the need arises. Craig spent ten years as a member of the Utah State Legislature, which required some time away from the farm. Kent on the other hand, is more involved in showing the cattle which also takes him and his kids away from the farm. Through a good working relationship, the Buttars have been able to meet the challenges of having a successful dairy while being involved in outside activities.





Craig, Sharon, Robyn and Kent Butters

In an effort to improve their herd quality, Kent and Craig were some of the first in their area to utilize embryo transfer work as part of their breeding practices. They work with a vet from Fresno, California who comes out to their dairy once a month.

A Family Way of Life

It is evident that Craig and Kent take great pride in their dairy. It is a lifestyle that they love. Kent says, "My father passed away at a young age and I often look at my life and think that my father would have loved to live this way." He continues, "We've been able to spend time on the farm, but more importantly, we have been able to spend time with our family."

Kent, his wife Robyn, and their six children as well as Craig, his wife Sharon, and their three children have all been part of the dairy. Although some have stayed more involved than others, they have all grown up working (and playing) on the farm.

As they raised their children, the highlight of the summer would be when the Country Magazine Big Sky Tour visited their dairy. People would come from all over the country to participate in

these tours and one of their stops was the Butters' Dairy. Their families would work hard to get the dairy ready for the tours to come through and they were all involved once the people started coming. Robyn says, "It was a great time and we all really enjoy those memories."

It is evident that both Robyn and Sharon have embraced the dairy lifestyle that their husbands love. Sharon laughs though as she says, "My father was a beef rancher and I swore I would never marry a man with cows." Both of these women however talk fondly of the life they have been able to live and the great family relationships they have had while raising their families on the farm. Robyn says, "I love that my children and husband have something in common. Our dinner conversation usually revolves around the cows, but I enjoy listening to my family share a passion."

Telling Her Story

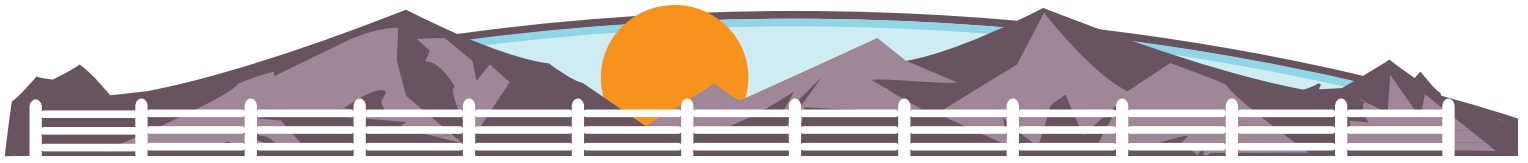
Recognizing the great role that agriculture has played in helping her raise incredible children, Robyn has

taken the backdrop of her life and transformed it into a story to be shared with others. This fall, Robyn's story will be available as a young adult novel that is set in Cache Valley. The book, titled, "Simply Jenny" tells the story of a sixteen year old girl growing up on a dairy in Cache Valley. With aspirations of becoming a vet, Jenny experiences life on a farm with the usual and the *unusual* situations that come up. She gains strength from the farm as she learns to cope with the challenges placed before her.

Robyn says, "There were no stories like this available for kids involved in agriculture. Watching my children and the experiences they have gone through, I decided I would write something that they could relate to." Robyn has written music for years and has also worked on other book projects. She decided that writing books was something she wanted to get into so she worked hard to break into a business that is very difficult to enter.

Time with family, quiet country roads, hard work, dedication, respect for the industry, pride, and strong relationships are all things that the Butters family strives for. They are good people who know how to work. They are quick to compliment others and even five minutes spent on their operation shows their strong work ethic and pride in a quality product. They truly love what they do.





THE OFFICIAL PLACINGS: 2 3 4 1



The Official Judge for the class of market hogs featured in the Spring 2007 issue was Dennis Worwood. Dennis is a Utah State University Extension Agent stationed in Emery County. He and his wife Sherry are the parents of six sons who have showed hogs for over twenty years. They began breeding show pigs twelve years ago and were among the first show pig producers in Utah to make extensive use of artificial insemination. In the past six years, Dennis has produced over sixty Grand or Reserve Champion market hogs in four western states. He regularly teaches classes on Swine Artificial Insemination and Show Pig Selection.

Reasons

Barrow 2 places over gilt 3 in a close placing. Barrow 2 is the most complete and “modern” market hog in the class in terms of bone, base width, and spring of rib. He has more lower ham, is wider between the blades and has a more youthful appearance than gilt 3. I grant that gilt 3 is longer bodied and has a more

expressive loin than hog 2.

Gilt 3 is perhaps the leanest, most expressively muscled hog in the class, as might be expected from a gilt in a class of barrows. When compared to barrow 4 she is deeper bodied, heavier boned and wider based.

Barrow 4 is the longest bodied hog in this market class and has more spring of rib than the gilt that stands above him. However, barrow 4 is the lightest boned hog in the class. He is narrow

based and is simply out-horsed by the stouter, heavier muscled hogs that stand above him.

Barrow 1 is the lightest muscled, narrowest-based hog in this market class, and easily sorts to the bottom. I grant that barrow 1 stands on larger bone and has a more correct hip and hind leg than barrow number 4. However, barrow 1 does not have enough product to compete with the other hogs in this class.

Congratulations to the Winners!!

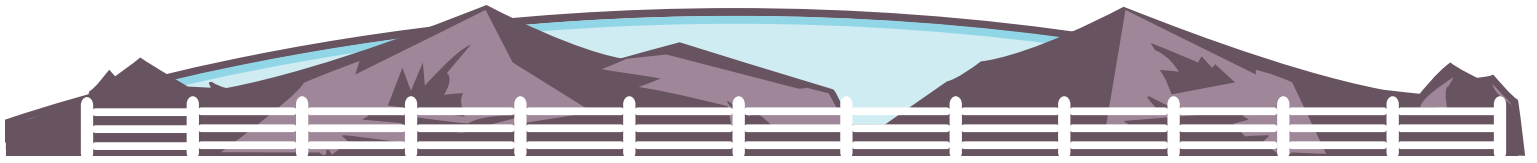
A drawing was held from the correct entries to determine the first and second place winners. The official placing for the class of market hogs is 2, 3, 4, 1 with cuts of 1-2-4

**First Prize: \$40.00 Gift Card to Cabela's
Dan Peart, Randolph, Utah**

**Second Prize: \$25.00 Gift Card to Cabela's
Deena Iorg, McKinnon, Wyoming**

Would you like to be a winner?

Watch for future judging contests in upcoming FenceLines Issues!!



Browning® 22 Awarded

Alma Adams from Parowan, Utah was awarded a Browning® 22 from Branch Manager Daren Lovell. Those responding to a customer survey sent out in the Spring FenceLines Issue were entered into a drawing for the Browning® 22. Alma's name was drawn as the winner.

These surveys will help Western AgCredit meet the needs of our customers. We value our customers and want to provide services that benefit them and their operations. We appreciate all of those who took the time to return the survey.



Ground Breaking Ceremony

On July 19, 2007, the Western AgCredit Board of Directors conducted a groundbreaking ceremony for the new Administrative Office in South Jordan. The South Jordan Credit and Administrative Staff will move into the new building in January 2008.



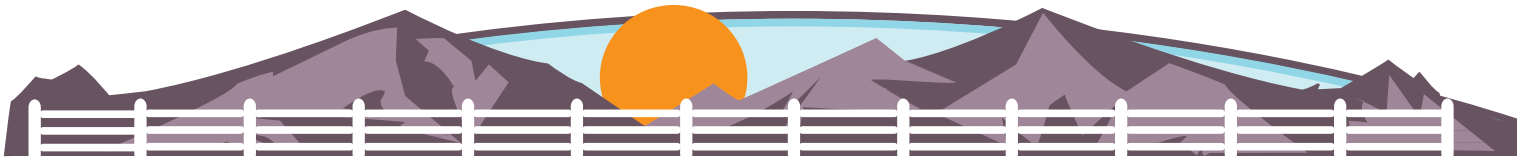
Board of Directors Election Results

On Friday June 22, 2007, the Tellers Committee announced the following election results:

Region 2 Director: Robert Johnson, re-elected to a three-year term.

Region 4 Director: Gayle Wood, re-elected to a three-year term.

Congratulations to these directors on their re-election.



Chris Mershon, Leon Nelson and Rick O'Brien

South Jordan Branch

Despite being located in the center of the busy hustle and bustle of Salt Lake County, the Loan Officers at the South Jordan Branch have deep agricultural roots and are very dedicated to serving the agriculture industry. Housed in an office building that also serves as the Administrative Office, the South Jordan Branch services Weber, Davis, Summit, Morgan, Wasatch, Salt Lake, and Tooele counties as well as part of Utah County.

Of the South Jordan Loan Officers, Area Manager Leon Nelson says, "Chris and Rick are extremely dedicated to all of their customers. They have a great ability to meet their customers' needs and would do anything for anyone." He continues, "They consistently go the extra mile and are available at any time to do whatever they can to meet the needs and deadlines of their customers. I

admire their understanding and knowledge of the agricultural industry and their ability to analyze financial information to assist customers in meeting their financial needs."

Working in the Administrative Office provides a unique relationship with the Administrative Staff. Nelson explains, "Although her job is part of the Loan Documentation Department, Christine Hunt (*Previously featured with the Loan Documentation Department*) does a great deal to help our branch." He says, "She is an integral part of our team and we really appreciate everything she does for us."

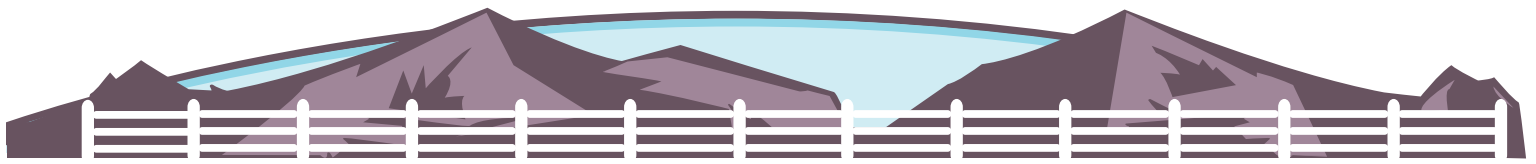
Many of the customers the South Jordan Branch works with are facing the challenges that come with Urban

Sprawl. The Loan Officers from this branch are dedicated to meeting the needs of their customers despite these challenges. They appreciate their customers and the relationships they have with them.

Nelson goes on to say, "It is a pleasure to work with people that have such a strong work ethic and a commitment not only to their customers but to their families and the community as well."

Name: Chris Mershon

Years at WAC: 14 years. I started with WAC in August 1993. Prior to that, I was with Fresno-Madera Farm Credit Services from May 1983 to August 1993. I started with the Federal Land Bank of Sacramento in the training program in January 1982.



Position: Sr. Loan Officer—South Jordan Branch

Hometown: Born and raised in Southern California, I currently reside in American Fork with my wife Lynette and 3 children, Cynthia, Leslie and Scott.

Hobbies and Interests: I enjoy both road and mountain biking, running, snow skiing, water sports and spending time with my children and wife.

Please share a great memory you've had while working at WAC:

Perhaps one of the greatest memories comes with the development of the personal relationship with our customers. We are so much more than just customers and loan officers. These relationships bridge to a level of sharing personal exchanges and experiences in which we share an understanding of who we truly are, why we are here and what life is all about.

Ag Background: Worked with my grandparents on their citrus and tree fruit orchard East of Fresno in the thriving metropolis of Orange Cove. While going through college at Cal State—Fresno, I had the opportunity to work for a variety of tree fruit and table grape packing plants in Reedley, CA. Coupled together, these provided first-hand experience of the relationship between both producer, packer and marketer of fresh fruit products which were shipped worldwide. The oddest part was later, working for Fresno-Madera Farm Credit, having many of these same former employers as clients of the Association.

Name: Leon Nelson

Years at WAC: 27 years. In January of 1980 I began working as a trainee with the Federal Land Bank of Sacramento. After training, I was employed by the Federal Land Bank Association of Central Utah in Provo. The 27 plus years with Farm Credit

have all been in Utah.

Position: Area Manager for the South Jordan, Roosevelt and Evanston branches.

Hometown: I was born and raised in Fremont (Wayne County) Utah and currently reside in Highland, Utah.

Hobbies and Interests: I enjoy spending time with my wife Becky and our family. We have 5 children (two married) and 3 grandchildren. I enjoy hunting, fishing, boating, camping, four wheeling, traveling and working in the garden and on the farm.

Please share a great memory you've had while working at WAC:

In the early years of my career, employees of all three Farm Credit Associations in Utah would spend 3-4 days traveling around the state looking at the "Benchmark Farms and Ranches." This was a great opportunity to see the different areas of the state and develop long lasting relationships.

I often think of lessons I have learned from the great customers at WAC. When there has been a hay barn fire, flooding, health concerns or other catastrophic events I have witnessed not only neighbors but associates in the industry and agricultural community come from miles around to offer assistance and support.

One of the things I enjoy most about working at WAC is the lasting friendships I have developed with my customers and co-workers.

Ag Background: I grew up on a family cow/calf and sheep operation in Fremont, Utah. The farm consisted of 170 acres of cropland with BLM and FS permits. Calves and lambs were fed through the winter and sold in the spring. To supplement the livestock income we had some laying hens, raised seed potatoes, and spent time shearing sheep in the spring. I graduated with a degree in Agricultural Economics from BYU. While attending college, I spent the summers working for the Forest Service in Loa and working on the

farm. After graduation, I was employed with the Soil Conservation Service for 5 years in Fillmore, Richfield and Coalville. I still have an interest in and spend time on the four generation family farm in Fremont.

Name: Rick O'Brien

Years at WAC: Starting with Utah Livestock PCA in 1986, I completed the training program in Sacramento California before returning to Utah. Leaving Utah Livestock PCA in 1989, I worked for Key AgCredit before returning to Western AgCredit in 1997. I work with a wide variety of livestock operators in Utah, Nevada, Idaho, Wyoming and Colorado.

Position: Senior Loan Officer

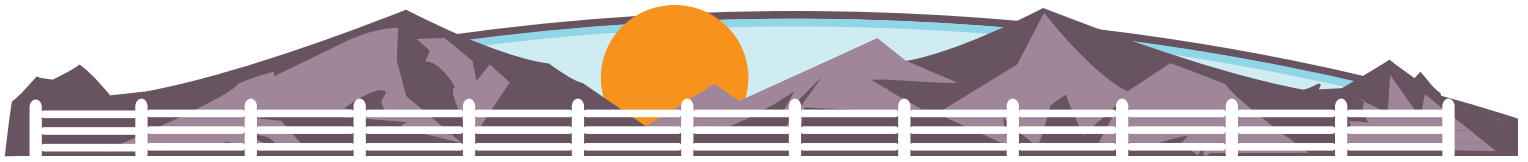
Hometown: I was born and raised in Coalville, Utah. I now live in South Jordan, Utah with my wife Shana and 3 children.

Hobbies and Interests: I enjoy raising cattle and riding good saddle horses.

Please share a great memory you've had while working at WAC:

The experience with Western AgCredit and the livestock producers that I have dealt with over the past 21 years has been a big part of my life. I would not trade the opportunity to work with the Western AgCredit staff and customers for any other employment.

Ag Background: I was raised on a fifth generation cow/calf operation in Coalville, Utah. I continue this tradition with my own cow/calf operation and my children.

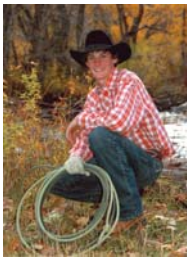


2007 Western AgCredit Scholarships Awarded

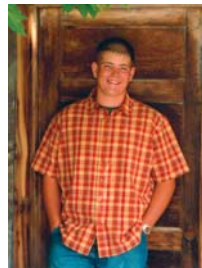
Three individuals were selected from a strong group of applicants to receive \$1,000 scholarships from Western AgCredit for the 2007-2008 school year. It is our sincere hope that these scholarships will not only benefit the recipients and their families, but become a great investment in the future of agriculture. Applications for next year's scholarships will be available in January 2008.

Congratulations to this year's winners:

Evan Whitworth is the son of Jack and Judy Whitworth. Evan is from May, Idaho and graduated from Challis High School. He has been active in track and rodeo as well as FFA and Student Government. Evan has also served in every leadership position available in his 4-H Club. He has raised livestock for shows and has had multiple grand champions. Evan plans to attend the University of Idaho and receive a degree in Range Livestock Management.



Kyle Olsen is the son of Allen and Brenda Olsen. Kyle graduated from North Sanpete High School and is from Mt. Pleasant, Utah. He has been very involved in the FFA and served as the 2006-2007 Chapter Vice President. Kyle has participated in Future Business Leaders of America, Education Talent Search and the National Honor Society. He also serves as a volunteer with the Fountain Green Volunteer Fire



Department as a Captain and Wildland Training Officer. Kyle will be attending Westminster College this fall, pursuing a degree in Aviation.

Nathaniel Richins is the son of Kirt and Raegan Richins of Henefer, Utah. Nathaniel graduated from North Summit High School. He was a member of the football team



where he served as a captain and also achieved 1st team All-State Football and Academic All-State Football. He played Varsity basketball and achieved Academic All-State in this sport as well. Nathaniel was involved in track and theater. He was the recipient of the Frederick Douglass and Susan B. Anthony Award in Humanities and Social Science. Nathaniel plans to attend Utah State University and receive a degree in Biology.

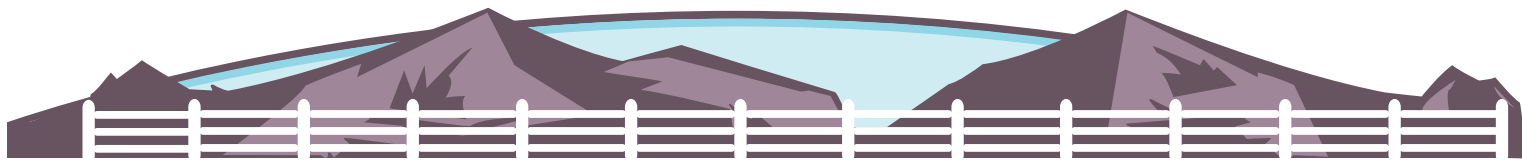
Utah FFA Scholarship Awarded

In conjunction with the State FFA Convention that was held in Logan, Western AgCredit awarded Diana Rowley from the Payson FFA Chapter with a \$1,000 scholarship. Selected from a group of qualified candidates, Diana exemplifies the qualities of premier leadership, personal growth, and career success that the FFA encourages through its programs and education.

While in high school, Diana was very involved in the FFA. She served as Chapter Vice President. She competed at the National FFA Convention as a member of the state winning livestock judging team as well as the state winning meats judging team. The meats judging team placed 5th overall. Diana was a State Finalist for the Trade and Technical Education Sterling Scholar.



Marketing Coordinator Melissa Hartley presents Dianna Rowley with a \$1000 scholarship.



The Laughing Pen

Difficult Diagnosis

A WEEK AFTER Dave had been in to see the doctor, the two met on the street.

“Dave,” said the doctor, “your check came back.”

“Well, then we’re even,” said Dave. “So did my arthritis.”

That’s Some Pig

A guy is driving through the countryside and suddenly develops car trouble. The highway is deserted, and having no other choice, he pulls his car over. Fortunately he sees a farmhouse a little ways up, and walks there in hope of using a phone to call for help.

At the house a farmer answers the door, and hearing the man’s plight, welcomes him in to use the phone. While the man is on the phone calling a towing service, he notices something odd in the farmer’s backyard - a pig with a wooden leg. Waiting for the tow truck, the two strike up a conversation.

The man can’t help his curiosity and asks the farmer, “Was that a pig with a wooden leg I saw in your yard?” “Sure was,” the farmer replies. The man

says, “I have to know, why does the pig have a wooden leg?”

“Well, that’s a very special pig,” the farmer says. “One day, I tripped and sprained my ankle near the highway. That pig pulled me from harm’s way and went to the house, got my wife, and let her know I was in trouble.”

“Wow,” the man said. “I don’t know of many dogs that could do that. That is a special pig. But, please tell me, why does the pig have a wooden leg?”

“Well, as I was saying,” the farmer replied, “that’s a very special pig. One day me and the Mrs. were asleep in bed, when the house caught on fire. That pig ran upstairs, jumped on the bed, woke the both of us up, and sure as I’m talking to you today, saved our lives.”

“I understand that pig is very special,” the man says, getting a little frustrated, “But, please tell me. Why does the pig have a wooden leg?”

“Well,” the farmer replied, “a pig as special as that, you wouldn’t want to eat him all at once now, would you?”

A young ventriloquist is touring through the southern United States and stops to entertain at a small bar

in Texas. He’s going through his usual stupid Redneck jokes, when a big burly guy in the audience stands up and says, “I’ve heard just about enough of your smart-aleck hillbilly jokes. We ain’t all stupid here in the South.”

Flustered, the ventriloquist begins to apologize, when the big guy pipes up, “You stay out of this mister, I’m talking to the smarty pants little fella on your knee.”

Q: When is a farmer like a magician?

A: When he turns his cow to pasture.

Q: Why did the farmer call his pig “Ink”?

A: Because it was always running out of the pen.

Q: What do you call cattle with a sense of humor?

A: Laughing stock.

Q: Why can’t the bankrupt cowboy complain?

A: He has got no beef.

Whether it’s something funny that happened on the farm or a good joke you heard at the local café send it to us at Western AgCredit, Attn. Melissa Hartley, PO Box 95850 South Jordan, UT 84095. Your joke just may end up in the next Laughing Pen.

Western AgCredit
P.O. Box 95850
South Jordan, UT 84095-0850

PRSRT STD
U.S. POSTAGE
PAID
Salt Lake City, UT
Permit #7148

FenceLines is published for the reading enjoyment of customers and friends of Western AgCredit.

Efforts are made to insure the accuracy and completeness of information printed. However, the Association assumes no liability for inadvertent or unintended errors or inaccuracies. Servicing the Intermountain West for 85 years, customer service is our commitment.



How to Reach Us:
Whether you want to praise us, complain, ask our advice or just let us know what's on your mind, we'd like to hear from you.

Write:
Western AgCredit, PO Box
95850, South Jordan, UT
84095-0850.
Melissa Hartley
(801) 571-9200.
westernagcredit.com