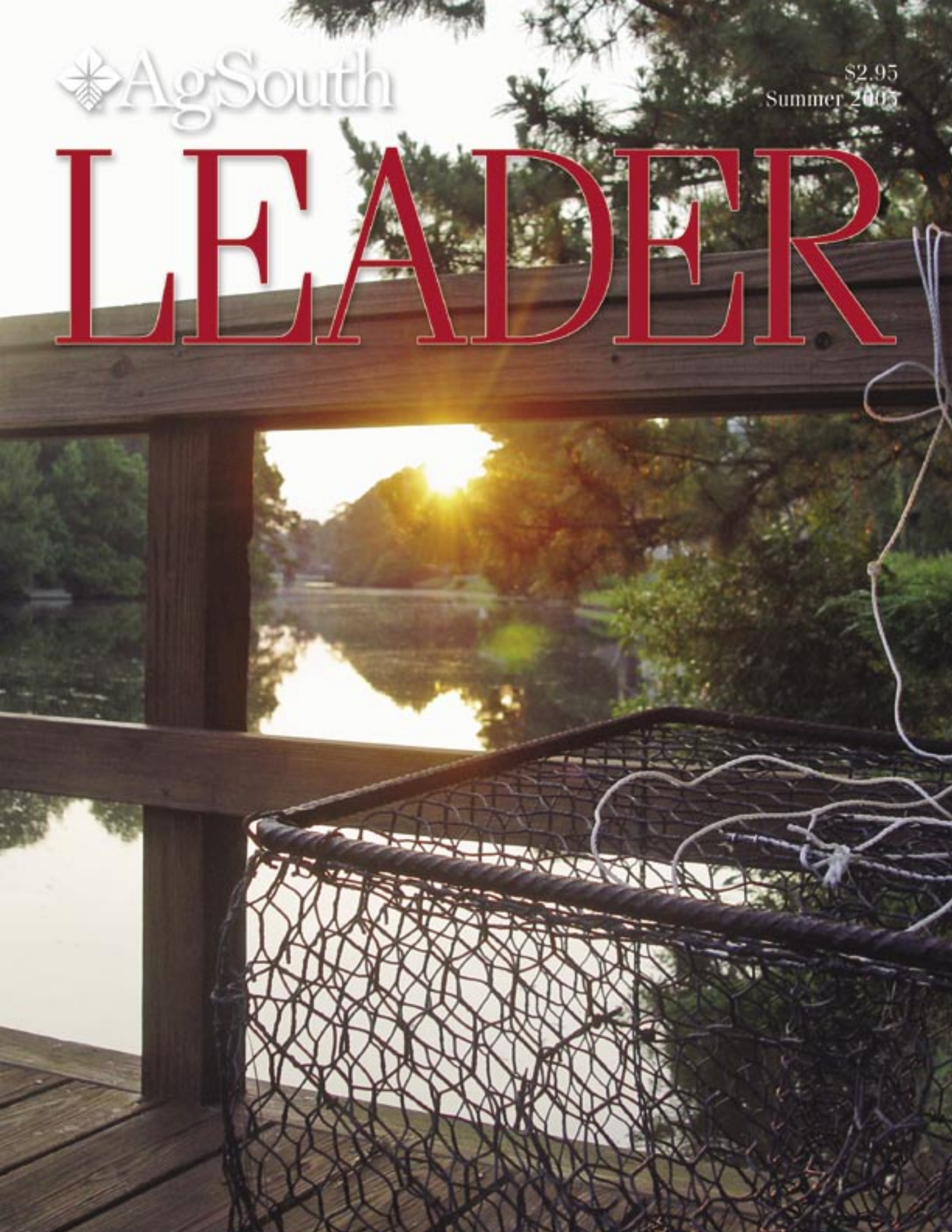




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Leader

AgSouth's *Leader* is published quarterly for stockholders and friends of AgSouth.

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Don't Forget to Attend the Annual Meeting of Your Choice!

As owners of the association, your voice is very important to your elected directors and the management of the association. Please be sure to watch for your annual meeting information and attend the meeting of your choice. Your voice counts!

Tuesday, September 27

Anderson Civic Center, Anderson, SC

Thursday, September 29

Orangeburg First Baptist Family Life Center, Orangeburg, SC

Tuesday, October 4

Thomaston Civic Center, Thomaston, GA

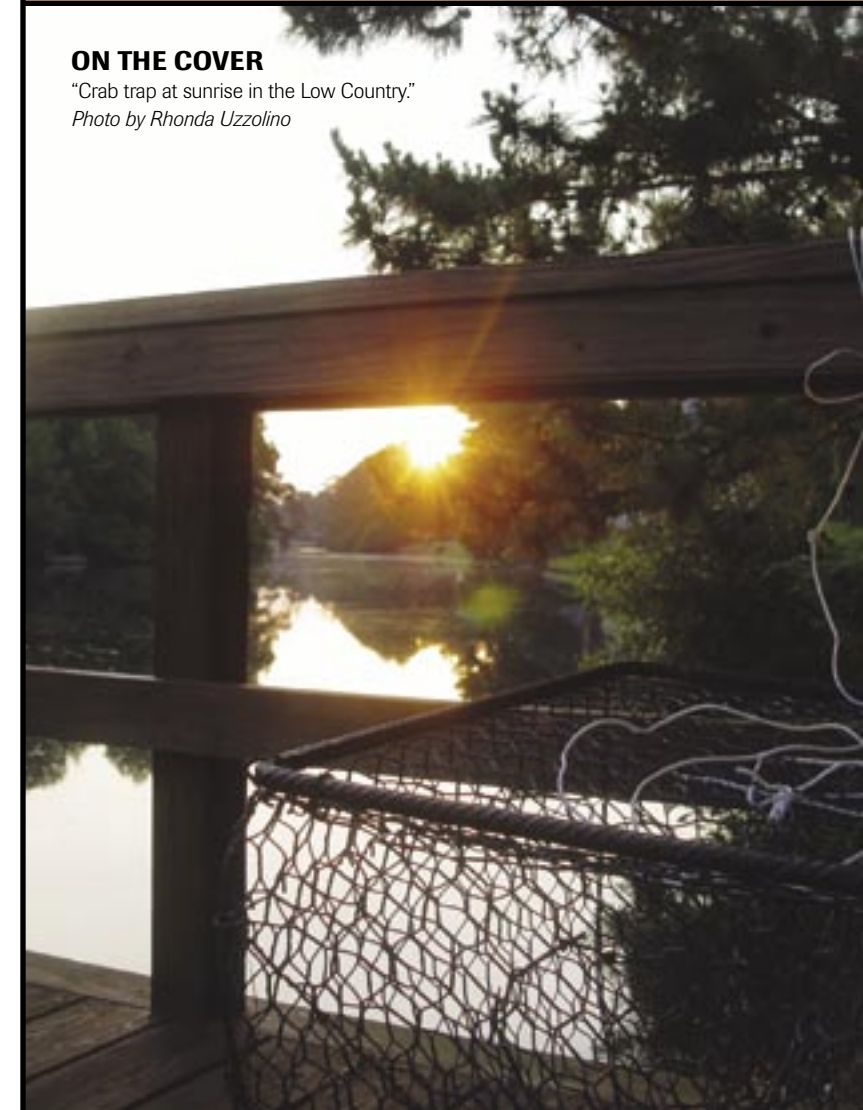
Thursday, October 6

First United Methodist Activity Center, Vidalia, GA

ON THE COVER

"Crab trap at sunrise in the Low Country."

Photo by Rhonda Uzzolino



Important Crop Insurance Dates

- 08-31-05 Sales Closing Date—Onions (GA)
- 09-30-05 Sales Closing Date—Nursery (Transfers) (GA & SC)
- 09-01-05 Plant Inventory Reporting Date—Nursery (GA & SC)
- 09-30-05 Sales Closing Date—Small Grains (GA & SC)
- 10-15-05 Production Reporting Date—Onions (GA)
- 11-01-05 Initial Planting Date—Onions (GA)

If you know of someone who needs crop insurance or would like more information about our products, please contact one of the insurance agents listed below:

- | | | |
|--|----------------|--------------|
| Jimmy Dockery | Douglas, GA | 800-334-1224 |
| jdockery@agsouthfc.com | | |
| Sandra Crews | Blackshear, GA | 800-522-0596 |
| skcrews@agsouthfc.com | | |
| Mary Hutcheson | Vidalia, GA | 800-633-4887 |
| mhutcheson@agsouthfc.com | | |

This notice is for informational purposes only. Policy provisions will prevail.



More Member Discounts Available through AgSouth

AgSouth is pleased to extend our discount promotion for Sprint products to our current members and their family members. Receive special offers on Sprint products and up to 10% off your monthly bill when you sign up for select Sprint PCS Plans.

If you are not a current Sprint user, call 800-853-7001 or go to www.farmcreditpcs.com and use discount number 0552997018. Existing Sprint customers may call 866-853-4931 to receive the AgSouth Farm Credit discount.

Note: This discount is available exclusively to AgSouth Farm Credit employees, members and family members. Sign up now for a two-year term and receive a \$150 credit on your first invoice.

By providing discounted communication services and other items of interest to our members, AgSouth is helping rural America grow!

AgSouth Offers Convenient Payment Options that Save You Time and Save Your Association Money

By: Alisa Gunter, Chief Financial Officer

AgSouth Farm Credit is proud to offer our customers several payment options for your convenience. Each has its own merits, and you are sure to find one that meets your needs. By using any of these automated services, you are saving the association money, bettering the chances of a higher profit margin, which means putting more of our profits in your pocket.

AUTODRAFT

With our AutoDraft payment option, the customer designates a checking or savings account to be drafted electronically by the association on the 1st, 5th, 15th or 20th day of the month. The customer also determines the amount of the draft. AgSouth members may elect to pay just the installment amount or make an extra principal payment. As with LockBox processing, customers who utilize the AutoDraft option help keep the association's operating expenses low because this is such a cost-efficient payment option. Currently, AgSouth processes 14% of our payments through AutoDraft. If you are interested in using AutoDraft to make your installment payments, contact your local branch office for an AutoDraft Authorization Form. We can get you set up quickly and easily, and you can check off one less item on your "to do" list.

AutoDraft

LOCKBOX

AgSouth, in conjunction with our district bank, AgFirst Farm Credit Bank, utilizes a payment processing center in Tampa, FL. Regulus, our vendor, is a leader in payment processing, completing over 1.5 billion transactions per year. Thirty-five percent of AgSouth's customers utilize this payment service each month. Sending your payment and accompanying coupon to the Tampa address on your billing notice ensures prompt and accurate processing.

IN THE OFFICE

Of course, we love to see our customers any time. If you just want to stop by, you can make your payment at any of our active 27 branch offices. If you visit, ask our friendly staff about the LockBox, AutoDraft or AccountAccess payment options. They will be glad to assist you and answer any questions you may have about these cost-saving payment options.

The more efficient our payment processing becomes, the better we are able to control operating costs. When the association is able to control costs, it benefits the patronage pool, which in the end benefits our customers.

ONLINE PAYMENT PROCESSING

AgSouth customers who use our Internet-based AccountAccess system may pay installments or make extra principal payments via the Internet. Online customers control the date and frequency of payments. A customer may establish up to three accounts from which to make payment(s) of a specified amount. *One important note: online payment processing is a two-day process and requires careful planning to ensure processing by the due date.* If you are interested in AccountAccess and/or online payment processing, please contact your local branch office. AccountAccess is another cost-efficient option that helps your association control operating expenses.



AccountAccess
Your loan information. **A click away.**

Ronnie Summers Elected to Serve on S.C. Ag Committees



Ronnie Summers
S.C. Divisional President

Ronnie Summers, AgSouth's S.C. divisional president, has been elected to serve on the board of directors of several important South Carolina agricultural organizations. Earlier this year, Ronnie replaced retiring AgSouth Regional Vice President Lessie Snead on the S.C. Cooperative Council board. He also filled the vacated seat of AgSouth director Gary Alexander as a board member of the S.C. Poultry Federation. Mr. Alexander's term expired after serving as a board member and past president of this trade organization.

Most recently, Summers was elected president of the newly formed S.C. Advocates

for Agriculture, a non-profit organization organized to promote agriculture in connection with the S.C. Department of Agriculture. The organization's board includes representatives from Farm Credit, the S.C. Farm Bureau Federation, Clemson PSA, and Palmetto Agribusiness Council, as well as the S.C. FFA President, the Chairman of the Commissioner's Ag Advisory Board, and three representatives from South Carolina production agriculture.

We are proud of Ronnie and his endeavors to ensure that agriculture maintains a strong voice in South Carolina. ■

Help Support Our Troops and South Carolina Agriculture!

From the South Carolina Department of Agriculture

As part of the "America Supports You" effort established by the Department of Defense, the South Carolina Department of Agriculture (SCDA) has joined forces with South Carolina Advocates for Agriculture (SCAA) in support of a project to honor the men and women who protect our freedom.

Together, the SCDA and SCAA have created a project to assist families of those who have been wounded in action or who are seriously ill. Similar to the Ronald McDonald House program for the families of seriously ill children, the houses are located on military installations and medical centers around the world. Over 95% of foundation revenue goes to program expenses, with the remaining 5% covering administration costs and fundraising.

To show support for our troops and bring awareness to the importance of freedom and

agriculture as essential parts of life, SCAA is selling HeART of AGRiculture note cards, produced from the department's South Carolina Art and Agriculture Watercolor Collection. The collection consists of 49 watercolors painted by South Carolina artists depicting various aspects of the state's agriculture. Four of the paintings were reproduced into sets of 12 note cards and envelopes and made available for sale to the public.

SCAA is a non-profit organization designed to improve the marketing and promotion of South Carolina agriculture. In support of the project, Ronnie Summers, President of SCAA and AgSouth S.C. divisional president, said, "This project not only supports our troops, but it also brings awareness to the fact that the safe production

of food is vital to the security and freedom of our country." Added South Carolina Ag Commissioner Hugh Weathers, "We deeply appreciate all of the patriotic citizens of South Carolina for supporting our troops through this project and other worthy endeavors. And we thank those who provide the food, fiber and shelter essential for sustaining life."

If you would like to help support South Carolina's ag economy and our troops by ordering these note cards, please send a check or money order for \$5 per set made payable to SCAA, PO Box 754, Columbia, SC 29202. For more information about SCAA, contact Reggie Hall, Secretary-Treasurer, at 803-936-4409 or rmoulder@scfb.com. ■



Free tax check-up

Avoiding taxes through financial planning and proper investment selection is legal, responsible and beneficial to you and your family. Here's how Judge Learned Hand, federal judge (1924 - 1951), summed it up:

"Over and over again courts have said that there is nothing sinister in so arranging one's affairs as to keep taxes as low as possible. Everybody does so, rich or poor; and all do right, for nobody owes any public duty to pay more than the law demands. Taxes are enforced exactions, not voluntary contributions."

Are you concerned about:

- * the increased tax liability of your investments?
- * paying taxes on short-term gains?
- * how much your investment gains are diminished by increased taxes?
- * accounting for numerous 1099s each year?

If so, schedule a quick "tax check-up" to learn how you may be able to avoid some taxes and free up more of your investment gains for you and your family.

Schedule your FREE tax check-up today - there's no cost or obligation to learn how you may be able to reduce your investment-related tax liability.

Woodbury Financial Services, Inc. and its representatives do not offer tax or legal advice, and recommends that investors consult with their personal tax or legal advisor for guidance.



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Student Bikes across the U.S. to Promote Agriculture and Healthy Living

By: Miriam Pflug, Marketing Manager

Earlier this summer Erskine College student Alex Gleason of Calhoun Falls, S.C., began a 3500-mile bicycle trip across the U.S. to promote awareness for a healthy diet and the importance of maintaining a healthy lifestyle. He calls his mission "Expedition Nutrition."

According to Alex, "If you look at our country as a whole, we have an epidemic on our hands—we eat fast food, we vegetate on the couch. No other country in the world has this problem except ours, so why aren't we doing something about it?"

Alex began his trip from the State Capitol building in Olympia, Washington, on June 22. The trip will carry him through fifteen states: Washington, Idaho, Montana, North Dakota, South Dakota, Nebraska, Iowa, Kansas, Missouri, Illinois, Indiana, Kentucky, Tennessee, North Carolina and South Carolina. Alex will travel the Lewis and Clark Trail, which is celebrating its bicentennial this year, and complete his journey in Charleston, S.C., sometime in August. He estimates that he will average 85–120 miles and burn 8,000–10,000 calories each day.



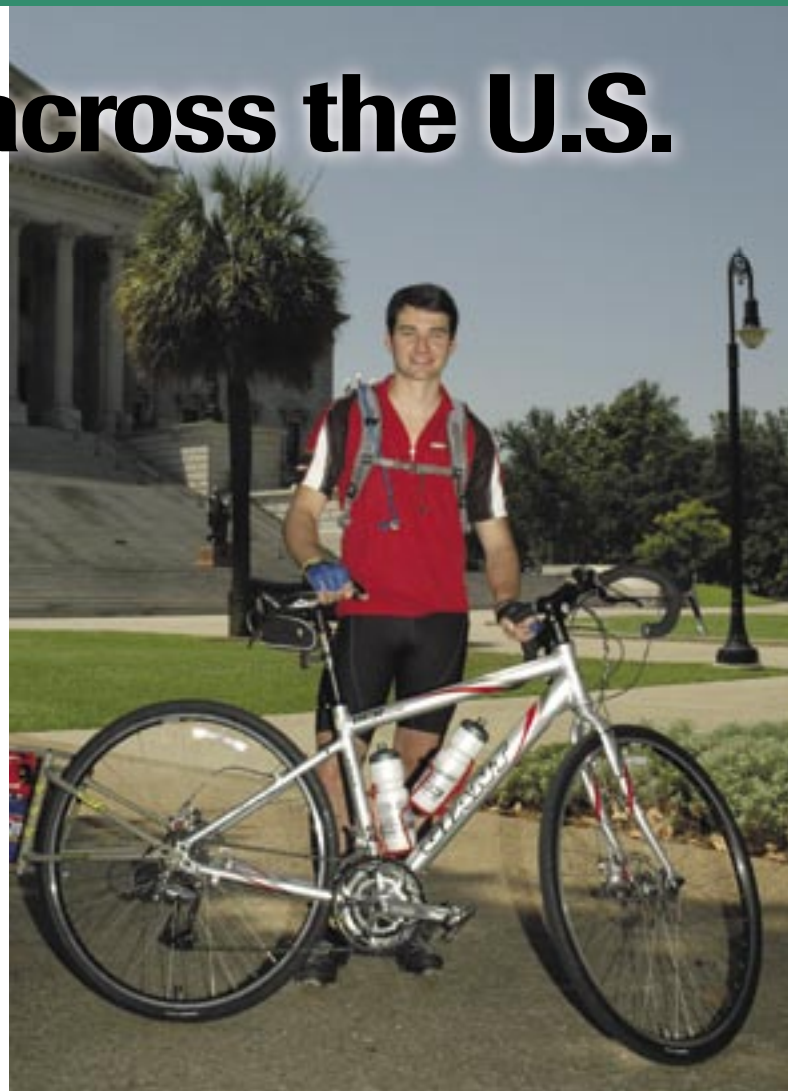
Alex addresses the media in Columbia, S.C., before beginning his trip.

Alex is bringing awareness to his campaign by scheduling media events along the way and hopes to speak to interested groups once his journey is complete. "Maybe I can reach people," he said. "Maybe they'll see that this young guy cares so much about this that he's riding across America on a bike."

An active member of the FFA, Alex is a former state vice president of the South Carolina FFA and is a member of the state champion envirothon team, the state FFA agricultural issues team, and the highest scoring member on the state FFA land judging team. While still in high school, Alex was selected to conduct a leadership forum at the 2002 National FFA Convention, and in 2004, served as the S.C. Young Farmers state spokesman for agriculture, where he addressed the national Young Farmer conference in Orlando, FL. This fall Alex will receive the American FFA Degree, the highest award presented to an FFA member at the national level.

A biology major on a full scholarship, Alex is on the Dean's List, a Collegiate All-American scholar and secretary of the Erskine College student body. He is considering pursuing a Ph.D. in international food science and human nutrition.

AgSouth is a proud sponsor of Alex's trek and campaign for a healthier lifestyle.



Alex will be taking his 3500-mile journey on a bicycle donated by AgSouth Farm Credit.

In fact, at least one AgSouth director, S.C. Ag Commissioner Hugh Weathers, and one AgSouth employee, Chief Lending Officer Owen Smith, plan to join him on the home stretch in South Carolina. We wish Alex good luck on his journey, and we salute his efforts to promote agriculture and healthy living. To follow Alex's progress, go to www.scaged.org and click on "Alex Gleason's Travel Log." ■



AgSouth Welcomes New Employees

We are Growing to Better Serve You

By: Lisa Peden, Director of Personnel

Please join us in welcoming the following individuals to AgSouth:



Mark Fisher
Mortgage Originator
Batesburg-Leesville, SC



Sarah Hyder
Auditor
Spartanburg, SC



Denise Johnson
Executive Assistant
Spartanburg, SC



Nedra Kendrick
Associate Accountant
Statesboro, GA



Phil Long
Mortgage Originator
Spartanburg, SC



Tammy Stevenson
Credit Analyst
Blackshear, GA

Attention Young Couples— Interested in Learning More about Cooperatives?

By: Miriam Pflug, Marketing Manager

November 11–13—Ocean Creek Resort, Myrtle Beach, S.C.

If you are 35 years of age or younger and want to learn more about the cooperatives with which you do business, the cooperative councils in Georgia, South Carolina and North Carolina are sponsoring a conference just for you—the 2005 Youth Leadership Conference.

Not only will you have the opportunity to learn more about the cooperative businesses represented at the meeting, but you will learn about the economic and service benefits of cooperatives in general and how they differ from other businesses. You'll also have the chance to exchange ideas and experiences with other young couples and cooperative leaders, as well as strengthen your relationships with the cooperatives you do business with every day.

The three-day conference will be held at the 57-acre Ocean Creek Resort and Conference Center in Myrtle Beach, S.C. Overnight accommodations will be in one-bedroom villas situated near the conference center, with an indoor pool nearby. The resort is directly across the street from Barefoot Landing, one of the area's most famous

shopping and entertainment areas, and is just a short walk to the sandy beaches of the Grand Strand.

Free time is scheduled for Saturday afternoon, providing plenty of opportunity for you to stroll through the nature trails of the resort, walk on the beach or visit one or more of the hundreds of specialty shops and outlet stores located in the area. On Saturday night, the group will enjoy a country buffet and attend a concert at the House of Blues

If you are interested in applying for a sponsorship to attend the 2004 Young Couples Conference, please complete the attached form and forward it to Miriam Pflug, Marketing Manager, AgSouth Farm Credit, PO Box 4966, Spartanburg, SC 29301 or call 1-800-310-4805 for more information. Applications must be received by Friday, August 26, 2005. ■

Schedule of Events

Friday, November 11

3:00 Arrival and Check-in
Conference Registration
5:00 Couples Meetings (by State)
6:30 Welcome Reception and Banquet

Saturday, November 12

7:00 Breakfast Buffet
8:00 Opening General Session
*Cooperative Principles and Practices
*Electric Cooperatives
10:00 Small Group Sessions with Cooperative Leaders
12:30 Group Photos
1:00 Lunch Buffet
1:30 Free Time
6:00 Board Buses for House of Blues
6:30 Reception, Dinner and Show

Sunday, November 13

8:00 Breakfast Buffet
9:00 Devotion and Closing General Session
11:00 Adjourn

2005 Young Couples Cooperative Conference Sponsorship Form

Return to Miriam Pflug, Marketing Manager, AgSouth Farm Credit, PO Box 4966, Spartanburg, SC 29301, by Friday, August 26, 2005

Name of Husband _____ Age _____ Name of Wife _____ Age _____
Mailing Address _____ City _____ State _____ Zip _____
Home Phone _____ Work Phone _____ Email _____

Cooperatives with which you are or have done business: Dairy Farm Supply Telephone Electric Farm Credit
 Other _____

Community Leadership and Development
Organization _____ Positions Held _____
Accomplishments and Awards (If necessary, continue on attached pages) _____

Description of Agricultural Operation, if applicable: _____

Husband's Occupation: _____ Wife's Occupation: _____

2005 Youth Leadership Conferences Draw Dozens of High School Leaders

The South Carolina and Georgia Cooperative Councils hosted youth leadership camps this summer, which focused on helping rising high school juniors and seniors de-
White Lake, N.C., and Covington, Ga.

Jenna Griner, an attendee from Pauline, S.C., writes:

When I left for the Cooperative Youth Leadership Conference in White Lake, NC, I really had no idea what to expect. This was mostly due to the fact until my experience at camp, I knew very little about what a cooperative really is, and even less about the things they do and the way they work.

On the trip to White Lake, I had the privilege of riding with Marie Stiles, who was gracious enough to take me and the other sponsored kids from South Carolina. We all became acquainted very quickly, as you would expect for seven people traveling in a tightly-packed van. By the time we arrived, it was like we had known each other much longer than the few hours it took to get to camp.

Once we were there and got settled in, it became increasingly apparent what the week would be like. The counselors and other campers were great, and the seminars were fun and interesting. Throughout the week, we learned to work as teams and to develop and combine our ideas in order to be more successful in whatever we do. At the beginning of the week, we were broken up into groups with whom we stayed during all group activities. One of my personal favorite activities was "the contest." For the contest, each group was placed at different stations that included challenges such as water balloon tosses, cup stacking, and other activities designed to promote cooperation among us as a team.

Another great thing about camp was the sessions we had with guest speakers. I learned about cooperatives, why they're good for those who use them and the economy as a whole, and possible careers involved. The Youth Leadership Conference was amazing. It was a wonderful experience that I will remember forever.

Thank you, AgSouth, for your sponsorship.



Jenna Griner (right), daughter of AgSouth Regional Vice President Daryl Griner, attended the banquet with newly made friends from the Carolinas.



Richard Hunter Cooper (center), sponsored by AgSouth Farm Credit, received the award for Outstanding Youth and will be attending the National Institute of Cooperative Education at the University of Kentucky in Lexington later this summer.



AgSouth Mortgages vs. Traditional Mortgage Lenders

Homes with Large Acreages not a Problem at AgSouth!

By: David Montgomery, Mortgage Originator

Rural communities in AgSouth's counties love what AgSouth Mortgages brings to the table: competitive mortgage rates and a variety of loan programs!

Traditional mortgage lending institutions will not typically finance more than ten acres through conventional financing. In the past, those who wanted a home with larger acreage had to settle for a balloon payment or an adjustable rate loan.

For more than eight years now, AgSouth Mortgages has allowed those interested in living a more relaxed lifestyle on larger acreages to break out of the "non-conventional financing" mold and have access to the same types of conventional financing as their

suburban neighbors. AgSouth allows those who want to live in our rural communities to choose appropriate, competitive financing without being "penalized" for choosing to live in the country. Our wide variety of programs makes a decision much easier for a family seeking solitude and the ability to stretch their legs.

Usually when you're thinking of financing a 20-acre piece of property with a house, barn and equipment shed, you're talking about taking on a pretty sizeable loan. As a former "typical lender" with more than 10 years' experience behind me, I can tell you that most lenders would normally require a customer to bring 20% of the purchase price to the table in order to qualify for a conventional loan.

Twenty percent of a large purchase price is, well, quite a lot. AgSouth can take that same piece of property and finance 95% of the purchase price at a 30- or even 40-year fixed rate.

If you are interested in purchasing, building or refinancing a home in the country, stop by your local AgSouth office and ask the mortgage originator about our wide array of home loan programs. AgSouth Mortgages has dedicated and knowledgeable employees available to guide you through the mortgage process. Our experienced mortgage originators will use all of their resources to obtain the best loan product for you at a very competitive rate.



County	Contact	Phone	Toll Free
In Georgia:			
Baxley	Cae Cauley	912-367-7006	800-222-7006
Blackshear	Stacy Anderson	912-449-4701	800-522-0596
Brunswick	Jeanene Phillips	912-279-0400	877-278-0400
Carrollton	Mark Herring	770-834-3319	888-327-3969 x2
Douglas	Lee Johnson	912-384-3200	800-334-1224
Greenville	Lynn Smith	706-672-4285	888-327-3969 x3
Griffin	Wanda Smith	770-228-8958	888-327-3969 x1
Hinesville	Danny Brant	912-271-1715	
Jesup	Stacy Anderson	912-530-7777	888-200-1619
Madison	Crystal Harton	706-342-2352	888-327-3969 x6
Midway	Rhonda Brant	912-884-5644	
Rincon	Sherrie Odom	912-826-1464	
Statesboro	Deidre Nelson	912-764-9091	800-633-9091
Sylvania	Polly Sherrod	912-564-2468	800-424-2651
Thomaston	Lynn Smith	706-647-8991	888-647-8991
Vidalia	Polly Sherrod	912-537-4135	800-633-4887

In South Carolina:			
Anderson	David DeFranco	864-226-8507	800-675-8507
Batesburg	Mark Fisher	803-532-3841	800-238-7447
Camden	David Montgomery	803-438-2464	800-499-2786
Greenwood	Lisa Crawford	864-227-2561	800-922-1435
Laurens	Laura Gar Campbell	864-984-3379	800-521-6697
Lexington	Dennis Guerriero	803-960-9123	
Orangeburg	Chris Brown	803-534-6546	800-868-6546
Rock Hill	Angela Childers	803-324-1131	877-488-2642
Spartanburg	Phil Long	864-585-0344	800-462-5819
Summerville	Quincy Miller	843-821-6758	800-868-6758



Carolyn Johnson Retires after 24 Years of Service

By: Al Baldwin, Regional Vice President

On August 1, 2005, the Anderson Branch and AgSouth will say "goodbye" to someone I have always considered a valuable friend and great asset to the association. After 24 years of service, Carolyn Johnson will pass into the golden era of retirement.

Knowing that this day was coming, I have tried to think of a single word to describe Carolyn. The one word that kept drawing me back was "dedicated." Without a doubt, Carolyn is dedicated to her faith, her family and her job. Those of us who work with her here in Anderson have watched her traverse a series of personal hardships in the past years, while maintaining her allegiance to the association. I remember a phone conversation I had with Lisa Gunter when we were discussing how to cover Carolyn's responsibilities during a leave of absence and Lisa asked, "How long will Carolyn be out?" I replied, "The doctors say six weeks, but this is Carolyn we're talking about." Sure enough, just two weeks later, Carolyn walked back in our doors.

It has been my pleasure to work next to her for the past 13 years. When I was put in charge of managing the daily operation of the Anderson office, it was Carolyn who helped me learn all the details of running a branch. I have always said that she knows the accounting systems like the back of her hand, and I wish I had a nickel for every time she has explained patronage to someone.

On behalf of AgSouth and the Anderson Branch, I would like to say, "Thank you, Carolyn, for your years of dedication and hard work to the association." All of us here in the branch will miss you, but I guess it's time for those grandchildren to get a larger portion of your time and dedication. From all of us at AgSouth, good luck in your retirement! ■

Georgia Real Estate Values on the Rise

By: Charlie Hyder, Georgia Chief Appraiser

According to the U.S. Department of Agriculture's National Agricultural Statistics Service, Georgia real estate values continue to be influenced by the strong demand for recreational tracts and the continuing pressures from the rapid residential development taking place in suburban counties. This trend is expected to continue.

The United States Department of Agriculture's National Agricultural Statistics

Service posts the following information to their website.

"The U.S. farm real estate values, a measurement of the value of all land and buildings on farms, averaged \$1,360 per acre on January 1, 2004, up 7.1% from 2003.

This is the largest percentage increase since 1994, when farm real estate values rose 8.0% from the previous year. Cropland and pasture values in the U.S. rose by 7.2% and 6.4%,

respectively, from January 1, 2003. Cropland values averaged \$1,780 per acre and pasture values averaged \$644 per acre on January 1, 2004, compared with \$1,660 and \$605 per acre, respectively, a year earlier. The value of other land and buildings rose 7.5%." ■

Farm Real Estate: Average Value per Acre

Year	2001	2002	2003	2004	Change (03-04)
48 States*	1,150	1,210	1,270	1,360	+7.1%
Southeast	2,030	2,140	2,270	2,420	+6.6%
Georgia	1,900	2,050	2,200	2,350	+6.8%

Cropland: Average Value per Acre

Year	2001	2002	2003	2004	Change (03-04)
48 States*	1,510	1,590	1,660	1,780	+7.2%
Southeast	2,090	2,240	2,350	2,480	+5.5%
Georgia	1,780	1,970	2,150	2,270	+5.6%

Pasture: Average Value per Acre

Year	2001	2002	2003	2004	Change (03-04)
48 States*	557	577	605	644	+6.4%
Southeast	1,760	1,870	2,010	2,150	+7.0%
Georgia	2,280	2,500	2,750	2,950	+7.3%

The increase in farm real estate values was driven by a combination of factors, including low interest rates, high commodity prices and a strong demand for nonagricultural land uses.

AgSouth's Georgia Land Values Per County (2004 Data)

Information compiled from Crumpton Reports from 01-01-04 through 12-31-04 for all land types 50 acres and above, including improvements.

County:	Avg. Size:	Avg. \$/Acre:	County:	Avg. Size:	Avg. \$/Acre:
Appling	50-895	\$1,484	Jasper	50-416	\$3,229
Atkinson	50-282	\$1,225	Jeff Davis	51-1,013	\$1,187
Bacon	60-347	\$1,308	Jenkins	60-2,927	\$1,020
Brantley	52-1,081	\$1,794	Lamar	58-3,000	\$3,774
Bryan	63-321	\$9,142	Liberty	53-1,395	\$4,300
Bulloch	50-2,817	\$3,113	Long	61-225	\$1,023
Butts	51-322	\$3,813	McIntosh	56-1,160	\$7,034
Camden	100-2,304	\$5,425	Meriwether	50-3,909	\$3,188
Chandler	50-1,715	\$1,408	Monroe	50-1,949	\$4,627
Carroll	N/A*	N/A*	Montgomery	53-906	\$1,514
Charlton	54-1,824	\$1,754	Morgan	51-1,047	\$6,614
Chatham	N/A*	N/A*	Muscogee	N/A*	N/A*
Clayton	N/A*	N/A*	Newton	50-241	\$11,389
Clinch	50-886	\$813	Oconee	51-529	\$11,769
Coffee	50-403	\$1,748	Pierce	50-1,914	\$1,841
Coweta	50-1,187	\$8,760	Pike	58-1,300	\$5,244
DeKalb	N/A*	N/A*	Putnam	57-733	\$4,676
Douglas	N/A*	N/A*	Rockdale	N/A*	N/A*
Effingham	50-1,197	\$5,854	Screven	50-960	\$1,842
Emanuel	50-490	\$1,193	Spalding	50-268	\$8,102
Evans	71-1,767	\$1,753	Talbot	55-2,200	\$1,594
Fayette	N/A*	N/A*	Tattnall	50-1,214	\$1,425
Fulton	N/A*	N/A*	Toombs	50-1,113	\$1,698
Glynn	N/A*	N/A*	Troup	65-407	\$3,179
Greene	50-1,880	\$4,876	Upson	50-10,000	\$2,548
Gwinnett	N/A*	N/A*	Walton	50-263	\$12,181
Haralson	N/A*	N/A*	Ware	50-1,658	\$1,440
Harris	50-1,145	\$4,399	Wayne	55-530	\$1,354
Heard	52-335	\$3,203	Wheeler	53-704	\$1,033
Henry	N/A*	N/A*			

* Information not available for some suburban counties.

* According to Hyder, the values in some coastal counties are heavily influenced by very rapid residential development along the coast and marshlands, and the suburban counties are heavily influenced by very rapid residential development and proximities to interstate systems and major metropolitan areas.

Director Gene Merritt: Growing to Meet the Needs of a Changing America

By: Daryl Griner, Regional Vice President

AgSouth Director Gene Merritt, of Anderson County, S.C., has been a director of the association since it was Anderson PCA in 1970, and a long-time director of our district bank, AgFirst Farm Credit Bank, so he's very familiar with the ins and outs of agricultural finance. As a farmer who has cultivated and changed his crops to coincide with the needs and desires of a growing America, he knows the ins and outs of agriculture as an industry as well. His knowledge and experience combine to make one savvy business owner.

Merritt lives on what was once a 300-acre dairy farm that has seen many changes under his ownership. He has grown hay, cotton and various row crops, and raised cattle, layers, pullets and hogs. If it can be grown or raised on a farm, chances are, Merritt has tried it. He says it has been a natural progression from one crop to another as the needs and wants of the area changed. When dairy was no longer a profitable venture for his farm, he converted it to a poultry facility and later to a hog farm, as the economy changed once again.

In the 1970s, as property values increased and the farm's facilities became in need of

repair and updates, the farm transitioned into its current operation as a tree farm. Making the evolution was easy for Merritt, who had the foresight to determine that as local people moved away from city centers and onto larger properties, there would be a growing need for landscaping plants. As Merritt jokes, "You can grow trees in the middle of town and not offend anyone. Besides," he adds, "my brother and I already had a small landscaping business. We decided that we could use the farmland to grow trees for our business instead of purchasing them elsewhere. And, while we were at it, we decided that we could grow trees for

developers and others in the area, as well."

Merritt and his brother became co-owners of Merritt Brothers Tree Farm, now one of the area's largest tree farms. Most of the company's business is done within a 100-mile radius, but Merritt Brothers also sells its trees in Georgia, North Carolina, Florida and as far away as Virginia. The company

raises trees indigenous to the South Carolina area, including ornamentals like crab apple, maple oak, cherry, crepe myrtle, river birch, and evergreens such as hollies. Everything on Merritt Brothers Tree Farm is field-grown on the 300-acre farm.

Merritt also owns another tree farm with a partner near Lone Star, S.C., which specializes

**"The key to
AgSouth's success is
in its people."**

in coastal area plants, like wax myrtle and palms. In the South Carolina mountains, he owns yet another farm, where the trees grow faster due to the higher elevation and cooler temperatures. On still another farm, he grows pines. Merritt says that growing things is natural to him. He likes growing trees because, he jokes, "Once you plant them, you can just sit back and watch 'em grow for the next five to seven years."

Merritt encourages this same laid-back atmosphere at the office. When Merritt is not out supervising the running of the farms or taking care of the landscaping needs of his business, you can find him in his office, which is situated front and center of the 300-acre

farm. Right next door is the house where he was born and in which his grandparents raised 21 children. His children were the fourth generation to be born in the 100-year-old house, and all three have homes on property adjoining the farm. At the Merritt house, the slogan is "the more the merrier," and Merritt and his wife Lynn have opened their home and hearts to children, grandchildren, employees, fellow churchgoers and anyone else who happens to need a place to stay for awhile. And Merritt can watch all the comings and goings from his office window without being a part of the chaos, although you never know when a grandchild might pop in for a quick hug before heading to the pool or an employee might stop by with an invitation to supper. This is a man clearly in his element and loving his life. "The secret," he slyly whispers, "is to find something you enjoy doing every day and then do it!"

Merritt is an astute businessman who says that the first key to staying in the tree business is simple: Plant now what people will want in five to seven years—not quite as simple as it may sound. The tree business is as changing as fashion. Merritt has seen a big increase in the number of river birches and crepe myrtles in the past decade, and right now, the most popular trees are maple and oak, but that can change. People use trees to decorate their yards just as they use furniture to decorate their homes. This year the trend may be maples and oaks, but next year, Japanese maples. The second key to staying in business, according to Merritt, is to hire the right people. As you might expect, Merritt says he has the best around. "My employees are my second family," he insists.

Along with changes in his own business, Merritt has gone from being a director of a \$30 million operation with Anderson PCA to being a director of a \$1.2 billion organization with AgSouth. "It blows my mind when I think about the changes the association has made since I became a director. We have gone from taking three to four weeks to get an answer on a loan to having an almost immediate response, and it's pretty hard to argue with patronage," he claims. "I believe AgSouth employees and directors have an ingrained desire to serve those we were meant to serve while staying competitive in this ever-changing financial environment. The key to AgSouth's success is in its people." ■



Selected river birches are readied for shipping.



Director Gene Merritt (r) talks about the changes in ag with AgSouth Regional Vice President Daryl Griner, pictured here in front of 5-year-old Nelly Stevens hollies.



A perfect blossom shows itself on one of the hundreds of Bracken magnolias grown on the Merritt farm.



Merritt's granddaughter, Tomy John, stops by the office for a quick hug on a visit to the farm.



AgSouth directors and employees, along with representatives from AgGeorgia Farm Credit, discuss agricultural issues with Senator Chambliss (l to r): Ronny Ledford, Guy Daughtrey, Senator Saxby Chambliss, AgSouth Farm Credit Director Jimmy Metts, Dan Raines and Ed Beckham.

Senator Chambliss Listens to AgSouth Concerns

By: Jimmy Dockery, Related Services Manager

In June, a group of AgSouth Farm Credit representatives visited Senator Saxby Chambliss to talk about issues centered on agriculture and agribusiness. The group discussed the importance of Farm Credit to people living in both rural and urban areas

across America. They also discussed the advantages the cooperative gives it members through the patronage program.

On January 1, 2005, Senator Chambliss, a strong supporter of the Farm Credit System, was selected by colleagues to serve as

Chairman of the U.S. Senate Committee on Agriculture, Nutrition and Forestry. He hopes to help strengthen the voices of Georgians as Congress works on issues important to agriculture. ■



Left: Mayor Jim Wiszowaty (with scissors) cuts the ribbon signaling the official opening of the new Batesburg–Leesville office, surrounded by members of the Chamber of Commerce, area business leaders and AgSouth representatives, including (back row, far left): AgSouth Director Thomas H. Coward and former ACA Director, T.W. Buzhardt and (front, far left): AgSouth Chairman Harry S. Bell and Regional Vice President Tom Sawyer, along with Amber McDaniel of Congressman Joe Wilson's office (to the right of Mayor Wiszowaty).



Right: AgSouth's newest office at 109 East Church Street in Batesburg–Leesville, S.C.

Batesburg–Leesville, S.C., Opens New Office

By: Tom Sawyer, Regional Vice President

On Thursday, June 16, AgSouth Farm Credit officially opened its newest office at 109 East Church Street in Batesburg–Leesville, S.C. Officials from the Batesburg–Leesville Chamber of Commerce, local business leaders and AgSouth Farm Credit directors and employees attended the ribbon cutting ceremony and open house.

In the past five years, the Batesburg office has increased its membership by 12% and

nearly doubled its loan volume. As of May 31, 2005, the office served more than 325 customers with loan volume in excess of \$72.6 million. The new space is more conveniently located and affords better parking facilities and easier office access, which will allow branch staff to better serve its growing membership. Additionally, the larger facility has allowed AgSouth Mortgages, a subsidiary company of AgSouth Farm Credit, to provide an office for a

home mortgage originator. Mark D. Fisher will be serving the Batesburg–Leesville community as AgSouth's home loan originator.

For any questions about the relocation or for a tour of AgSouth's newest office, please contact Tom Sawyer at 803-532-3841 or 800-238-7447. ■

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Kingston Attends Dean Showcase

By: Jerri Lynn Taylor, Regional Vice President

Georgia's first community poultry litter management facility officially opened on June 1, 2005. The facility is located on the Jeff Dean Farm in Appling County, Ga. The stack barn is a 40' x 200' building and can hold up to 1000 tons of litter. Expectations are that the house will be at capacity by summer's end.

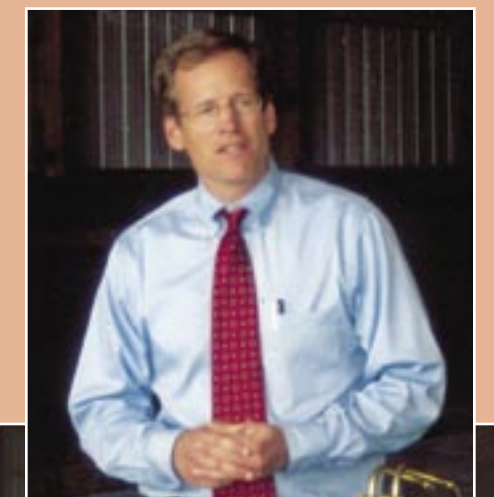
Jeff Dean was named Georgia's 2004 Conservation Farmer of the Year, and was featured in the spring 2005 edition of AgSouth's *Leader*.

Among those on hand to celebrate this milestone in Georgia conservation farming were Congressman Jack Kingston, David Ferrell, assistant state conservationist for field operations (USDA), David Bennett, executive director of the Georgia Soil & Water

Conservation Commission, and Joey Futch, district conservationist, Natural Resources Conservation Service.

Congressman Jack Kingston helped celebrate the opening of Georgia's first community poultry litter management facility.

Owner Jeff Dean (checked shirt) and his wife Michelle (white shirt) welcome everyone at the ceremony.





Above: Till (left) and wife Susan surrounded by children and grandchildren on their front porch. Son John is to the far right.
Right: Till and son John, now an AgSouth loan officer, plow the fields in the early 1980s.

John Till— Keeping “Family” in “Family Farm”

By: Rhonda Uzzolino, Marketing Manager

Dr. John Earl Till, of Neeses, S.C., is working to help discover ways to understand and reduce environmental hazards. In 1979, Dr. Till put together a team of eighteen independent scientists to study radiological and chemical hazards in the environment around the world. Risk Assessment Corporation (RAC) works with companies and governments to detect such hazards and find ways of managing risks to people when these materials are released to the environment. Using state-of-the-art equipment, this group of scientists work together to inform industries and educate the public on the dangers of environmental hazards and creating solutions to the hazards that exist. Till is not only a scientist, but also an avid farmer and environmentalist, who uses strip till farming on his 950-acre farm.

The farm has been in the family for more than 70 years. His grandfather, John David Bates, and three sons worked together to develop one of South Carolina’s earliest and largest commercial dairies. When two of his

uncles died in the 1970s, Till felt that he had no choice but to leave his scientific career behind and bring his wife and family to help his grandfather with the farm. It was a move he never thought he’d be making years earlier when he graduated from the United States Naval Academy. Till promised his wife Susan that if they didn’t make it work in two years they would return home. As Till remembers, “We had three children at the time and no idea what we were getting into. We had 350–400 cows. I was working from sunup to sundown, trying to maintain my career as an independent scientific consultant and manage the farm. My grandfather did his accounting on scrap pieces of paper like everyone else in those days, and hadn’t progressed much with implementing new technology at the time.”

Till’s background in people management skills and computer technology helped, and he soon had a proper accounting system in place. The Dairy Heard Improvement Association (DHIA) also offered advice that helped the dairy stay profitable well into the late 1980s,

even while the price of milk was on the decline. After his grandfather, grandmother and uncle died, Till sold the herd, sold off a small portion of the property to pay off some debts and turned the operation into a row crop farm. “My family had put so much into this farm,” he said. “I would never have sold the dairy while they were still alive. It was their life.”

Like most farmers, Till has experimented with crops through the years, and today grows corn and soybeans on 450 acres of the property. He says that in the 1950s, his grandfather installed one of the state’s first irrigation systems. Most importantly, Till’s grandfather recognized the importance of having access to readily available sources of water. He created a system of wells, ponds and ditches for irrigation still being used today. Till eventually improved the irrigation to center pivots and now about 300 acres of the crops are under irrigation. In an effort to better enhance his conservation practices, Till recently completed the digging of a large pond from which he draws water for the irrigation pumps. He says

that working with environmental hazards has given him a deeper appreciation for the land, a love that was first instilled in him by his grandfather. Till well remembers his grandfather’s commitment to preserving the land for his family, and he strives to do the same.

Till’s grandfather was a Farm Credit member back when the company was just beginning. Dr. Till has been a member since Tom Welsh, now a chief officer of the AgFirst district bank, was a loan officer in the Orangeburg, S.C., office. Tom was instrumental in reorganizing the financing of the dairy. As Till puts it, “I learned early on that you could put your trust in Farm Credit. The loan officers there know this operation as well as I do. Through my grandfather’s first contact with them to my current operation, we have only dealt with four loan officers. That’s a kind of commitment and continuity that is rarely seen in commercial banking.”

Farming has changed since Till first traversed his farm as a young boy. For one thing, it has gone from being labor-intensive to being more management-driven. But, Till says, “One thing that hasn’t changed is the farming community’s efforts to help one another and its focus on personal relationships. Without help

from neighbors like Al Dannely and Harvey and Dan Garrick, I know I would not be here today. Neighbors often share equipment and help with each other’s crops. It’s what gets us through the tough times in the market and what gets us through personal emergencies. We can count on our neighbors, and we can count on AgSouth Farm Credit. Those are two important reasons for our success today.”

Till’s son, John, helps his father part-time on the farm, especially in the marketing side of the operation. He has the same love for the farm and respect for the land inherent in his father. Because of conservation farming, computer programs that help manage the business side of the farm and modern equipment that has made planting and harvesting more manageable, an operation that what would have taken dozens of people to work during Till’s grandfather’s time can now be handled on a part-time basis. John often fills in for his father when he travels on scientific business throughout the world.

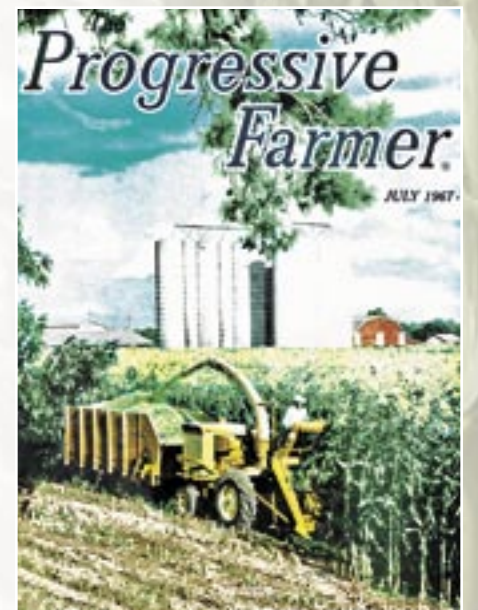
John is a loan officer with AgSouth Farm Credit in Orangeburg, S.C. He graduated with honors in 2003 with a degree in finance from the University of South Carolina. Shortly after graduating, he went to see Rick Moore at what was then Edisto Farm Credit to seek advice

on where to look for a job. After reviewing his credentials and talking with the honors graduate, Rick hired him soon after their meeting. John and his father were very excited about John coming to work for a company that had been, and continues to be, instrumental to the success of the family farm. “Farming is not just a business,” says John. “It’s a way of life, and I’m proud to be a part of an organization that supports it.”

John will one day inherit the farm, along with his three sisters, but he knows that the ultimate continued success of the farm will be in his hands. With experience, first-hand knowledge of the operation, a lot of hard work and AgSouth behind him, we’re sure that this family farm will remain in the hands of the Till family for generations to come. ■



“I learned early on that you could put your trust in Farm Credit. The loan officers there know this operation as well as I do. Through my grandfather’s first contact with them to my current operation, we have only dealt with four loan officers. That’s a kind of commitment and continuity that is rarely seen in commercial banking.”



The Till Farm was featured on a 1967 cover of *Progressive Farmer*.



Soybeans are one of the crops the Tills grow using strip till farming.



Roy and Zeke Lambert of Morgan County, Ga.

Father and Son Believe in Giving Back to the Community

By: Ricky Cochran, Regional Vice President

Roy Lambert of Madison, Ga., is a charming mixture of both the Southern gentleman, with all of his genteel manners and graces, and the hard-working family breadwinner, putting in long hours running a law firm and managing a farm that has been in his family for three generations—never mind that he just celebrated his 80th birthday. Needless to say, Mr. Lambert attributes his robust health to staying busy and keeping his mind occupied.

Roy and his son Zeke are co-owners with other family members of an 850-acre timber, cattle and row crop operation in Morgan County, Ga., called Briar Creek Farm, Inc. Although Roy no longer actively farms, Zeke plows the fields with the best of them. When we visited, Zeke was fast at work in the 90-degree heat harvesting 600+ acres of wheat.

In the past few years, the Lamberts have turned to no-till farming and expanded their cattle and row crop operation to include alfalfa and millet. Millet, a small seed, is often used to make bread for those who are allergic to the glutens found in white bread, and because of its high protein content, is a key ingredient in

replacing corn in some types of poultry feed. According to Zeke, using no-till methods and conservation farming has led to “a consistent increase in yields and a decrease in input cost on our farm.”

Although the Lamberts have shifted from conventional farming methods to conservation farming and experimented with different types of row crops, Roy is not usually big on change. He still lives in the house he was born and raised in, the same 1823 colonial his parents and grandparents lived in before him. With the exception of three years in the United States Navy during World War II, followed by some time spent obtaining his college education,

Roy’s life has been centered in that house and focused on serving Morgan County.

Roy obtained his business and law degree from the University of Georgia. When he passed the bar in 1950, he moved back to Madison, “hung a shingle like I knew what I was doing,” he says, and set up what is now a thriving law practice. In his 55 years of practicing law, Roy has relocated the office only three times. He moved to his current location in the early 1960s. In keeping true to character, Roy has been married to his wife Chris for more than 50 years. They met on a blind date in college, and it’s been wedded bliss ever since.

“Everyone wants to move to the country these days, and they all want 35 acres with a pasture for their horses.”

Roy’s father purchased the original family farm in the 1920s for \$100 an acre. By the 1950s, the farm was the second largest dairy in Morgan and Putnam Counties, counties that even today have a prosperous dairy business. Roy, a general practitioner who handles a lot of real estate closings in the area, says that even with the consolidation of farms, computer programs and new equipment, by far the biggest change he’s seen in agriculture over the years is the price of land, especially recently. “The value of land now is incredible,” he says. “In the Atlanta area, the growth used to be in the north, but now it’s all moving south and east thanks to the interstates and nearby universities. Everyone wants to move to the country these days, and they all want 35 acres with a pasture for their horses.”

Like his father, Zeke, a vice president and loan officer with the Bank of Madison, has seen a big resurgence to the country, and he understands it. He has worked on the family farm since college and loves the sense of freedom country life can bring. “I truly believe farming and the love of agriculture is a deeply imbedded part of my soul. I enjoy being productive and providing for others,” he declares. “I’ve seen many people who live in the larger cities looking to incorporate some

small part of this lifestyle into their hectic schedules.”

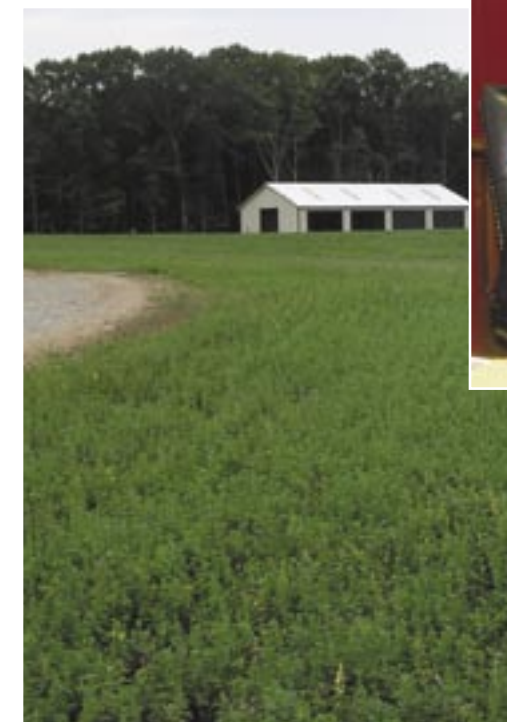
Zeke was recently honored as the 2005 U.S. Junior Chamber Outstanding Young Farmer. Nominated by Morgan County Extension Agent Bobby Smith, the award was based, in large part, on Zeke’s efforts in conservation farming. He uses organic material instead of harsh fertilizers that do damage to the environment; decreases erosion of the soil through no-till and strip till farming; built ponds for irrigation; manages the timber for wildlife preservation; and immediately replants any timber harvested from the land—all good, solid conservation methods to preserve the land for future generations. Roy is very proud of his son for his conservation practices and accomplishments. He also believes in giving back to the community and spent many years supporting agriculture and economic development through his work in government.

Roy served two terms as a Georgia state senator and was a member of the State House of Representatives from 1962–1986, when he officially retired from politics. During his political career, Roy served as chairman of the House Democratic Caucus, chairman of the House Rules Committee and spent eight years as floor leader.

In 1985 Roy was elected president of the Bank of Madison, where he served until four years ago, when he stepped down to become the vice chairman of the bank’s board of directors. During that time, he was instrumental in bringing economic resources and jobs into the community. Roy was honored last year by the Madison–Morgan County Chamber of Commerce by becoming the first-ever recipient of the Business Legend award for his “many years of efficient, effective, unselfish, and dedicated public service.”

A long-time member of the association, Roy served on the association’s board of directors from 1953–1985. He has seen Farm Credit through name changes and mergers and remembers well the days of Madison PCA, South Atlantic PCA, The Federal Land Bank and West Georgia Farm Credit. He is proud of the policies and procedures he helped implement during his days on the board and equally proud of what the Farm Credit System has done for farmers. In summing up his career, Roy says, “I hope that I have made a contribution to help improve our community and prepare it for the next generation. Farming has been a rewarding part of my life, and it’s been a pretty fast trip.” ■

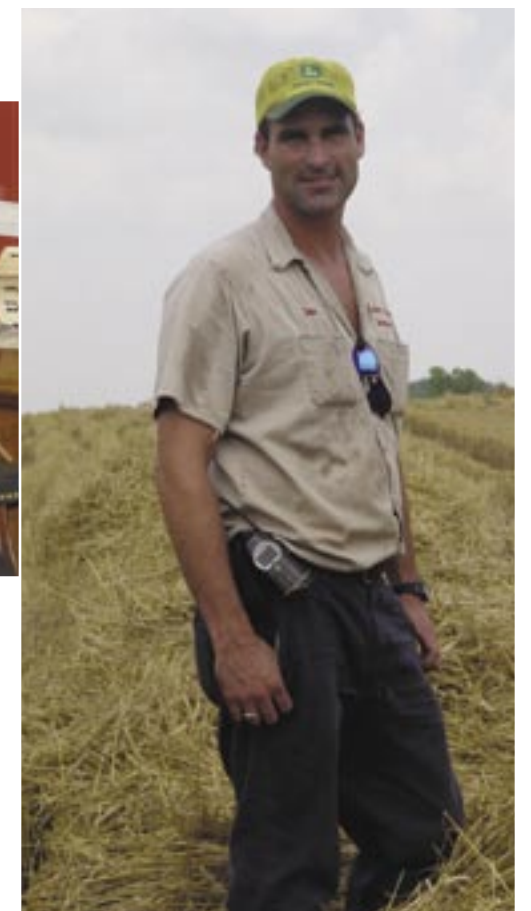
Opposite Page: Lambert and his son were both born in this 1823 colonial home in downtown Madison that was once a dairy farm.



Left: Briar Creek Farms is experimenting with a new crop of alfalfa.

Above: Roy Lambert, a lawyer since 1950, still comes to work in a suit and tie every day.

Right: Zeke Lambert, the 2005 U.S. Junior Chamber Outstanding Young Farmer.



AgSouth's Market

Don't forget to browse our website for more items and properties. To add or delete something from AgSouth's Market, please contact ruzzolino@agsouthfc.com. If you find what you're looking for, don't forget to contact your local AgSouth office for your financing needs!

REAL ESTATE:

LOOKING FOR:

Broiler farm w/10 houses 43' x 500' or larger. Land must be 40+ acres. Contact kieth26@yahoo.com.

5-15 acres in Emmanuel or Toombs Co, Ga., for house and mini farm. Contact jic1997@cox.net.

FOR SALE:

4000 sq ft home on 40 acres in west Georgia. Master BR suite, office, exercise room, formal LR, formal DR, 3 BR and 4 BA. 1-1/2-acre pond. Asking \$649,000. Contact Carson Selph @ 770-358-3211 or 770-584-5410.

100-1000 acres off Hwy 99 in south Georgia. Track backs up to Oak Grove Island, Ga. Contact T Causey @ shy_steel@hotmail.com.

Horse farm in Brooks, Ga (south Fayette Co). 11.5 acres, 5-stall barn, large lit riding ring. Property backs to stocked lake. Home is 3600 sq ft Victorian w/1200 sq ft basement. Contact 678-817-7080 or kandplussix@integrity.com.

7 acres beautiful rolling land, some wooded, excellent new well pumping 35 GPM of clean water, septic tank, 3000 gallon tanks of propane. The only Monolithic Dome (50') in Lake Oconee, Ga., area. Ideal for 3500 sq ft home or a barn. Potential for lake near the dome structure. Just off of I-20 @ Exit 121 (Buckhead)/Seven Islands Road and Bonner Lane. Contact Joe Gora @ 678-581-3750 or joegora@mindspring.com.

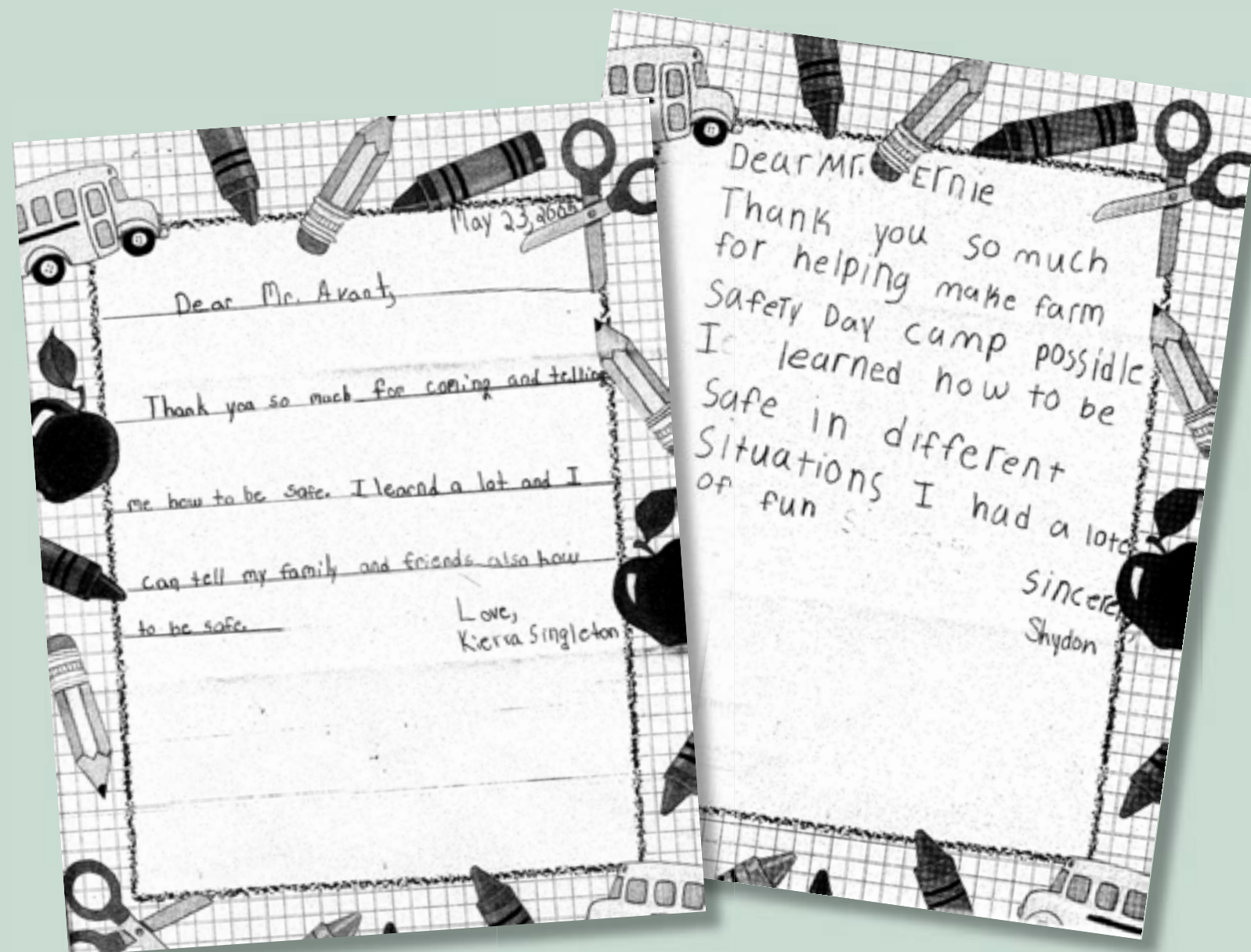
Very nice cabin on 300-acre tract w/225 acres in hardwood, 40 acres in planted pine, 4-acre stocked lake, 10-acre dove field in Upson Co, Ga., on the Pine Mountain Range area. Road system throughout the property. Asking \$6500/acre. Call Butch @ 770-468-3077 or Mark @ 770-975-8888 for more information.

480 acres w/4400' of paved road frontage. Several creeks run throughout the property. This property is loaded with timber @ an approximate value of \$3500 to \$5000/acre. Approximately \$150,000 ready to cut now with the remainder being ready for harvest within a 60-month period. Asking \$6,000/acre. Call Butch @ 770-468-3077 for more information

Farm Safety Day Camp



Dozens of elementary school children attended the Allendale County Farm Safety Day Camp, co-sponsored by AgSouth Farm Credit.



Consolidated Balance Sheets

<i>(dollars in thousands)</i>	June 30, 2005	December 31, 2004
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Cash	\$ 2,143	\$ 6,048
Loans	1,165,539	1,144,637
Less: allowance for loan losses	3,975	4,021
Net loans	1,161,564	1,140,616
Accrued interest receivable	13,870	11,023
Investment in other Farm Credit institutions	15,700	15,492
Premises and equipment, net	10,062	8,543
Other property owned	1,908	403
Prepaid retirement expense	13,921	14,862
Due from AgFirst	4,051	11,666
Other assets	4,928	3,853
Total assets	\$1,228,147	\$1,212,506
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$1,014,284	\$ 996,763
Accrued interest payable	3,660	3,154
Patronage refund payable	680	7,091
Postretirement benefits other than pensions	9,941	9,444
Other liabilities	10,498	7,299
Total liabilities	1,039,063	1,023,751
Commitments and contingencies		
Members' Equity		
Protected borrower equity	973	1,197
Capital stock and participation certificates	6,013	6,010
Retained earnings		
Allocated	68,439	81,401
Unallocated	113,659	100,147
Total members' equity	189,084	188,755
Total liabilities and members' equity	\$1,228,147	\$1,212,506

Consolidated Statements of Income

(unaudited)

<i>(dollars in thousands)</i>	For the three months ended June 30, 2005		For the six months ended June 30, 2005	
	2005	2004	2005	2004
Interest Income				
Loans	\$ 20,647	\$ 17,704	\$ 40,223	\$ 35,516
Interest Expense				
Notes payable to				
AgFirst Farm Credit Bank	10,703	8,525	20,359	17,150
Other	6	—	22	—
Total interest expense	10,709	8,525	20,381	17,150
Net interest income	9,938	9,179	19,842	18,366
Provision for (reversal of) loan losses	186	—	347	—
Net interest income after provision for (reversal of) loan losses	9,752	9,179	19,495	18,366
Noninterest Income				
Loan fees	681	658	1,252	1,463
Fees for financially related services	38	65	94	124
Equity in earnings of				
other Farm Credit institutions	2,282	2,004	4,464	4,075
Gains (losses) on				
other property owned, net	(202)	82	(141)	74
Gains (losses) on				
sale of rural home loans	350	299	545	529
Other noninterest income	73	(26)	247	146
Total noninterest income	3,222	3,082	6,461	6,411
Noninterest Expense				
Salaries and employee benefits	4,727	4,655	8,717	8,942
Occupancy and equipment	466	403	881	760
Insurance Fund premium	110	267	216	538
Other operating expenses	1,320	1,132	2,478	2,153
Restructuring charge	—	2,785	—	3,592
Total noninterest expense	6,623	9,242	12,292	15,985
Income before income taxes	6,351	3,019	13,664	8,792
Provision (benefit) for income taxes	6	19	10	23
Net income	\$ 6,345	\$ 3,000	\$ 13,654	\$ 8,769

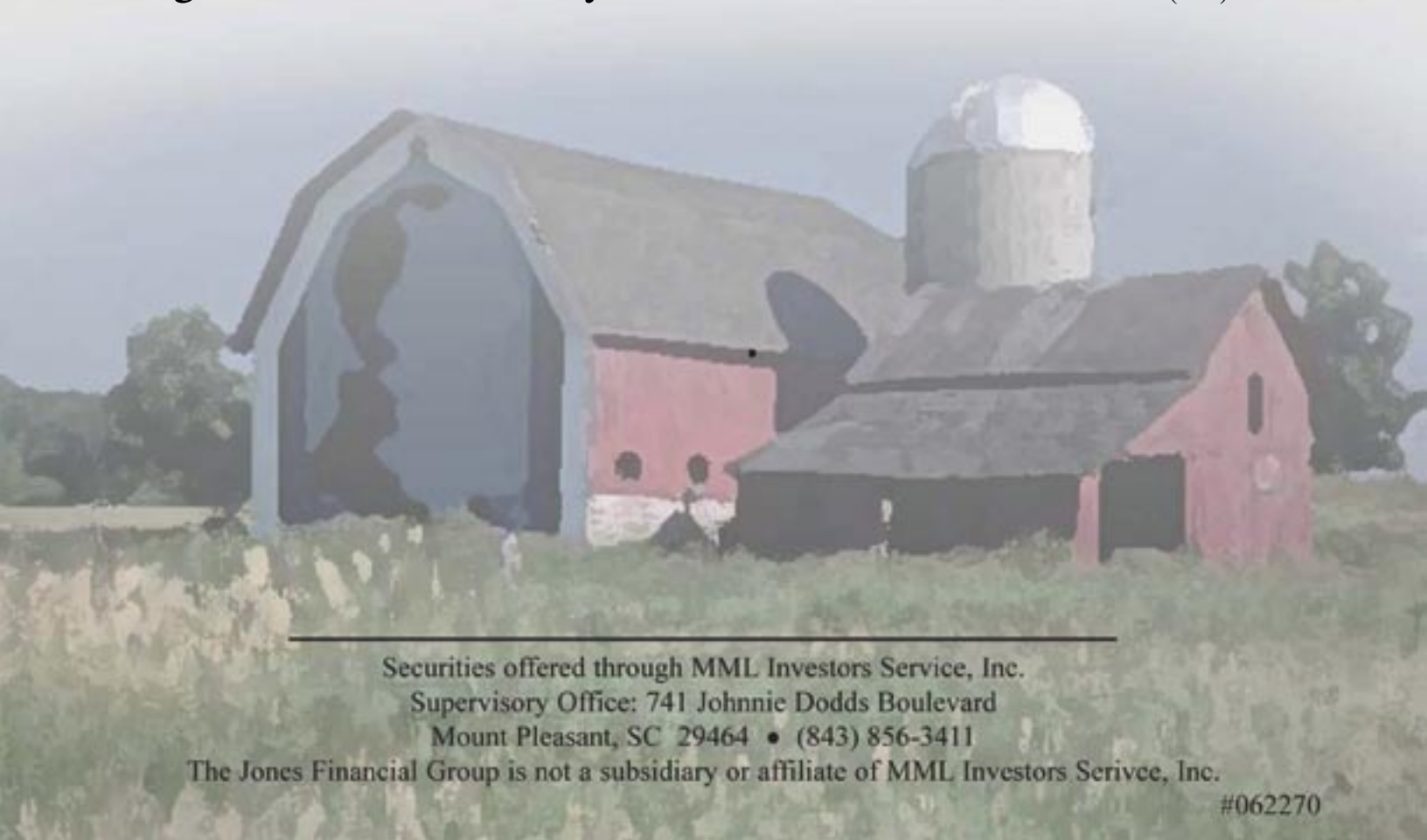
The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's quarterly and annual financial reports to shareholders are available free of charge at www.agfirst.com, or by writing to AgFirst Farm Credit Bank, Financial Reporting Department, P.O. Box 1499, Columbia, SC 29202-1499.

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