



American AgCredit

MONEY FOR AGRICULTURE

AgYouth Program . . . Investing in Agriculture's Future

American AgCredit's AgYouth Program is part of the Association's commitment to Young, Beginning and Small Farmers, targeting high school-aged students who have exhibited an interest in agriculture by joining 4-H Clubs and Future Farmers of America Chapters.

Under the AgYouth Program, Association staff work through qualifying 4-H Clubs and FFA

Chapters to assist students with qualifying livestock projects by providing financial and educational assistance, as well as emphasizing the importance of accurate records, budgeting and honoring obligations to repay.

The AgYouth Program is intended to:

- Provide a beneficial learning experience for the participant.

- Provide seed money for the future agriculturalist.

In 2004, American AgCredit paid out approximately \$40,000 to 76 program participants. Through June 30, 2005, we have paid out over \$41,000 to 74 participants.

For more information on American AgCredit's AgYouth Program, please contact Terry Lindley at 800-800-4865. ♦

Young Farmer and Rancher Institute

In 2004, American AgCredit, together with Farm Credit Services Southwest, introduced their first Young Farmer and Rancher Institute.

Fifteen couples under the age of 35 participated to learn more about financial tools, estate planning and other financial management measures.



2004 Young Farmer and Rancher Institute participants.

The Associations will once again host this successful program in February, 2006, increasing the number of participants to 20 couples.

The Institute will be held in Carlsbad, California. ♦

www.agloan.com

A Message From Ron Carli,

President and CEO

Merger transition goes smoothly: I am pleased to report that six months following the merger with AgCredit Financial, the new regions are successfully embracing and adapting to the American AgCredit credit culture.

Facilities Update: If you've been by our Santa Rosa headquarters lately, you'll know that we've completed the addition to the administrative building. The expanded offices, new boardroom and training facilities provide a welcome addition to the existing facilities.

The beautiful 11,000 square foot Turlock office opened on June 6, to serve our Central Valley customers in Turlock, Modesto and the surrounding agricultural communities. We'll have an open house on August 18 to celebrate. It makes a nice addition to the Central Valley Region facilities.

Promotions Underscore Commitment to Credit and Autonomy: Four deserving individuals have been promoted to Senior Vice President: Lindsay Wurlitzer, who will oversee the Central, Stockton and Intermountain Regions; Sean O'Day, who is responsible for Capital Markets and the Northern Region; Bob LaBrier, with responsibility for the Salinas region, Southern California and the Central Valley; and, Kathy Wheelock, whose responsibilities include Risk Management for all of American AgCredit. These promotions underscore the Association's commitment to a solid credit culture with a consistency of credit standards throughout the organization.

Horizons Project: In my first quarter letter to you, I introduced the Horizons Project. It continues to progress on schedule with a view towards presentation of the findings in Salt Lake City in September 2005. I will report to you the results of the project and the direction to be taken by the Farm Credit System following the September meeting.

Financial Assistance Corporation ("FAC") Bonds Repaid: The last of the FAC bonds matured and was retired in June 2005. This means that your Association will be adding \$2 million a year to its capital base; funds that were used heretofore to retire FAC bonds. Known by our competitors as the "Farm Credit bail out", FAC came about in the late 1980s to provide funds to financially stressed Farm Credit System institutions.

Second Quarter Financial Results: Net income for the second quarter of 2005 was \$11.8 million. This compares to net income of \$27.4 million for the second quarter of 2004. However, the second quarter 2004 results included a \$26.7 million reduction in the allowance for loan losses (ALL), and thus, when adjusted for the change in accounting estimate recorded in 2004, 2005 does compare favorably. Net interest income for the second quarter 2005 totalled \$20.7 million, up nearly 12% over the same quarter of 2004. Net loans equaled \$2.51 billion at June 30, 2005, compared to \$2.49 billion at March 31, 2005, an increase of 7.6% for the quarter. ♦



Farm Credit Horizons Project *Advancing Commitment to Rural America*

Farm Credit HORIZONS is a forward-looking planning project and marketplace assessment focused on meeting the future financial needs of a changing rural America and the next generation of farmers, ranchers, and rural residents. HORIZONS engages Farm Credit System institutions and key outside stakeholders to find more and better ways to serve U.S. agriculture and rural America.

HORIZONS is not designed to change the mission or the structure of Farm Credit. Farm Credit's commitment to its mission of service to rural American and agriculture remains strong.

Instead, HORIZONS will help identify the changing needs of rural America and our customers and what regulatory or legislative changes are needed, if any, to ensure that Farm Credit continues to fulfill its mission.

Farm Credit Board members who attend the 2005 National Directors Conference in Salt Lake City, Utah, this September, will have the opportunity to provide final input into the HORIZONS project and influence the future direction of the Farm Credit System.

At this conference, members of the Steering Committee and leaders of the HORIZONS Task Forces will present recommendations for change that will help the System fulfill its mission of serving customers in rural America today and in the future.

Those changes will include communicating, coordinating and implementing best practices within the System. Other changes will involve various regulatory and statutory proposals to adapt to the changing needs of agriculture and rural America. ♦

Upcoming Customer Events:

August 31	Elko	Basque Club House
October 6	Yerington	Casino West
October 13	Fallon	Community Center

Financial Statements

(Unaudited and in \$000s)

STATEMENT OF CONDITION	June 30		Dec. 31	
	2005	2004	2004	2003
ASSETS				
Loans	\$2,522,346	\$2,519,798	\$2,626,264	\$2,552,218
Less: allowance for loan losses	(9,809)	(12,498)	(12,164)	(40,495)
Net Loans	2,512,537	2,507,300	2,614,100	2,511,723
Investment in the U.S. AgBank	95,504	93,701	94,472	92,983
Investment in CoBank	9,136	8,764	8,764	8,226
Accrued interest receivable	28,981	23,737	22,811	23,579
Premises and equipment	20,531	15,166	16,671	14,257
Other Assets	9,610	12,150	7,222	8,500
Total Assets	\$2,676,299	\$2,660,818	\$2,764,040	\$2,659,268
LIABILITIES				
Note payable to U.S. AgBank	\$2,039,195	\$2,073,733	\$2,179,179	\$2,127,373
Funds Held Accounts	36,609	19,374	36,971	25,317
Accrued interest payable	6,614	4,577	5,955	4,668
Other liabilities	22,442	18,237	32,012	16,735
Total Liabilities	\$2,104,860	\$2,115,921	\$2,254,117	\$2,174,093
MEMBERS' EQUITY				
Common stock and participation certificates	\$3,282	\$3,807	\$3,682	\$3,854
Preferred stock	90,192	96,198	50,190	73,912
Unallocated retained earnings	477,965	444,891	456,051	407,409
Total Members' Equity	571,439	544,896	509,923	485,175
Total Liabilities and Members' Equity	\$2,676,299	\$2,660,818	\$2,764,040	\$2,659,268
STATEMENT OF INCOME				
	For the three months ended June 30		For the six months ended June 30	
	2005	2004	2005	2004
Interest income	\$38,384	\$32,341	\$74,342	\$62,004
Interest expense	(17,716)	(13,882)	(34,683)	(25,258)
Net interest income	20,668	18,459	39,659	36,746
Other income	1,587	1,719	3,741	4,173
Reversal of Loan Loss Provision	673	26,566	2,208	28,266
Operating and other expenses	(10,770)	(11,039)	(22,232)	(22,195)
Income before taxes	12,158	35,705	23,376	46,990
Provision for income taxes	(329)	(8,291)	(329)	(8,389)
Net income	\$11,829	\$27,414	\$23,047	\$38,601

American AgCredit, ACA

CENTRAL REGION

CORPORATE OFFICE
200 Concourse Boulevard
Santa Rosa, CA 95403
707/545-1200

SANTA ROSA OFFICE
200 Concourse Boulevard
Santa Rosa, CA 95403
707/545-7100

PETALUMA
1345 Redwood Way
Petaluma, CA 94954
707/793-9023

ST. HELENA
1101 Vintage Avenue
St. Helena, CA 94574
707/963-9437

UKIAH
455 E. Gobbi Street
Ukiah, CA 95482
707/462-6531

SALINAS REGION

SALINAS
924 E. Blanco Road
Salinas, CA 93901
831/424-1756

CENTRAL VALLEY REGION

LOS BANOS
515 J Street
Los Banos, CA 93635-4212
209/826-0320

MERCED
711 W. 19th Street
Merced, CA 95340-4606
209/384-1050

OAKDALE
700 N. Yosemite
Oakdale, CA 95361-2629
209/847-0353

TURLOCK
3201 W. Monte Vista Avenue
Turlock, CA 95380-3936
209/667-5101

NORTHERN REGION

EUREKA
5560 South Broadway
Eureka, CA 95503
707/445-8871

SOUTHERN CALIFORNIA REGION

INDIO
83-057 Requa Avenue
Indio, CA 92201-4631
760/342-4726

ESCONDIDO
960 Canterbury Place, Suite 210
Escondido, CA 92025
760/746-5055

ONTARIO
1910 S. Archibald Ave., Suite U-101
Ontario, CA 91761-8565
909/947-2371

RIVERSIDE
5005 Canyon Crest Drive
Riverside, CA 92507-6096
951/781-8100

STOCKTON REGION

STOCKTON
3984 Cherokee Road
Stockton, CA 95215
209/931-3770

INTERMOUNTAIN REGION

RENO
255 W. Peckham Lane
Reno, NV 89509
775/825-7282

ALTURAS
403 E. Hwy 395
Alturas, CA 96101
530/233-4304

ELKO
978 Commercial Street
Elko, NV 89801
775/738-8496

FALLON
1440 W. Williams Avenue
Fallon, NV 89406
775/423-3136

SUSANVILLE
530/257-3376

TULELAKE
356 Main Street
Tulelake, CA 96134
530/667-4236

YREKA
809 Fourth Street
Yreka, CA 96097
530/842-1304

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