

## Message to Stockholders

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Dear Stockholder:

The first quarter of 2007 has provided your Association with a solid foundation to build on for the remainder of the year. Quarterly earnings were strong, credit quality remains extremely high and we are seeing sustainable year-over-year growth in our loan portfolio. The commodities we finance are experiencing favorable trends. Our two largest commodity groups, vineyards and dairies, have both seen improvements in demand and pricing. Grape growers are finding more balance in the supply/demand equilibrium and dairy operators are now seeing milk prices move upward. We anticipate a strong year for most of the commodities financed by the Association.

**Preferred H Stock:** Many of our customers are surprised to hear we offer a liquid investment with yields that compare favorably to long-term investments such as certificates of deposits. H Stock is an equity investment that currently bears a dividend rate of 5.25%. If the investment is held longer than 90 days, the dividends may be treated as "qualified dividends" under IRS rules and are taxed at capital gains rates rather than ordinary income rates, thus increasing the effective yield on the investment relative to debt securities that pay interest. Consult your tax advisor for more details on qualified dividends. As your operating cash flow fluctuates, you may find H stock an attractive investment vehicle to enhance your earnings. Your loan officer can give you all the information you need to purchase the stock.

**Financial Condition and Results of Operations:** First quarter income totaled \$13.8 million, \$600 thousand more than the first quarter of 2006. This represents a return on assets for the quarter of 1.86%. Net interest income increased from \$19.9 million in 2006 to \$21.5 million in 2007. Operating costs rose to \$12.5 million from \$12.3 million a year earlier due primarily to increased technology costs.

Accrual loan volume reached \$2.82 billion at March 31, 2007, up 10% from the same period in 2006. Non-accrual loans stand at \$13.8 million, an increase of \$9.2 million from the first quarter of last year. Nonaccrual loans represent less than one percent of total loan volume. At March 31, 2006, accrual and nonaccrual volume stood at \$2.56 billion and \$4.7 million respectively.

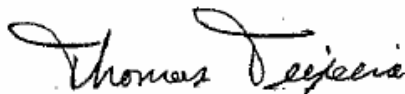
The financial condition and the results of operations of U.S. AgBank materially affect your investment in the Association. To obtain a copy of the Bank's quarterly report to shareholders, free of charge, please contact the Bank at P.O. Box 2940, Wichita, KS 67201-2940 or call (800) 322-9880.

As always, please contact us with your comments or questions.

Sincerely,



**Ron Carli**  
President and CEO



**Tom Teixeira**  
Chairman of the Board

April 21, 2007

**FINANCIAL STATEMENTS**

(Unaudited and in \$000s)

<b>STATEMENT OF CONDITION</b>	March 31		Dec. 31	
	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>				
Loans	<b>\$2,829,964</b>	\$2,565,526	\$2,819,317	\$2,693,096
Less: allowance for loan losses	<b>(5,612)</b>	(5,852)	(5,507)	(6,557)
Net Loans	<b>2,824,352</b>	2,559,674	2,813,810	2,686,539
Investment in the U.S. AgBank	<b>99,143</b>	97,084	99,143	96,524
Investment in CoBank	<b>9,580</b>	9,287	9,287	9,136
Accrued interest receivable	<b>32,590</b>	26,545	36,714	28,264
Premises and equipment	<b>18,950</b>	20,720	19,082	21,132
Other Assets	<b>9,133</b>	4,457	12,190	4,301
Total Assets	<b><u>\$2,993,748</u></b>	<u>\$2,717,767</u>	<u>\$2,990,226</u>	<u>\$2,845,896</u>
<b>LIABILITIES</b>				
Note payable to U.S. AgBank	<b>\$2,298,938</b>	\$2,070,229	\$2,335,918	\$2,205,867
Funds Held Accounts	<b>19,257</b>	33,455	13,670	19,091
Accrued interest payable	<b>10,140</b>	8,446	10,151	8,394
Other liabilities	<b>19,762</b>	19,766	41,407	37,348
Total Liabilities	<b><u>\$2,348,097</u></b>	<u>\$2,131,896</u>	<u>\$2,401,146</u>	<u>\$2,270,700</u>
<b>MEMBERS' EQUITY</b>				
Common stock and participation certificates	<b>\$3,176</b>	\$3,236	\$3,208	\$3,279
Preferred stock	<b>97,936</b>	77,799	54,235	79,588
Unallocated retained earnings	<b>544,539</b>	504,836	531,637	492,329
Total Members' Equity	<b><u>645,651</u></b>	<u>585,871</u>	<u>589,080</u>	<u>575,196</u>
Total Liabilities and Members' Equity	<b><u>\$2,993,748</u></b>	<u>\$2,717,767</u>	<u>\$2,990,226</u>	<u>\$2,845,896</u>
<b>STATEMENT OF INCOME</b>				
	For the three months ended March. 31			
	<u>2007</u>	<u>2006</u>		
Interest income	<b>\$52,533</b>	\$45,919		
Interest expense	<b>(30,979)</b>	(25,975)		
Net interest income	<b><u>21,554</u></b>	<u>19,944</u>		
Other income	<b>5,439</b>	5,097		
Reversal of (provision for) Loan Loss Provision	<b>(295)</b>	681		
Operating and other expenses	<b>(12,556)</b>	(12,305)		
Income before taxes	<b>14,142</b>	13,417		
Provision for income taxes	<b>(305)</b>	(206)		
Net income	<b><u>\$13,837</u></b>	<u>\$13,211</u>		

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN MEMBERS' EQUITY**

Three months ended March 31, 2007 and 2006

	Capital Stock	Preferred Stock	Unallocated Retained Earnings	Total Members' Equity
Balance at December 31, 2005	\$3,279	\$79,588	\$492,329	\$509,923
Net income			13,211	13,211
Issuances	116	44,841		44,957
Retirements	(159)	(46,630)		(46,789)
Preferred stock dividends paid			(704)	(704)
<b>Balance at March 31, 2006</b>	<b>\$3,236</b>	<b>\$77,799</b>	<b>\$504,836</b>	<b>\$585,871</b>
Balance at December 31, 2006	\$3,207	\$54,235	\$531,637	\$589,079
Net income			13,837	13,837
Issuances	359	83,636		83,995
Retirements	(390)	(39,935)		(40,325)
Preferred stock dividends paid			(935)	(935)
<b>Balance at March 31, 2007</b>	<b>\$3,176</b>	<b>\$97,936</b>	<b>\$544,539</b>	<b>\$645,651</b>

The accompanying notes are an integral part of these financial statements.

**Notes to the Financial Statements**

*(Unaudited)*

**NOTE 1 - Organization and Significant Accounting Policies**

A description of the organization and operations of the American AgCredit, ACA (Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2006 are contained in the 2006 Annual Report to Stockholders (2006 Annual Report) for American AgCredit, ACA. These unaudited first quarter 2007 financial statements of the Association should be read in conjunction with the 2006 Annual Report. The financial statements were prepared under the oversight of the audit committee of the board of directors. The financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform to generally accepted accounting principles. The results of operations for the three-month period ended March 31, 2007 are not necessarily indicative of results to be expected for the full year.

**NOTE 2 - Capital**

At March 31, 2007, the Association's regulatory capital ratio was 17.05%, which exceeds the minimum of 7.0% required by our regulators, the Farm Credit Administration.

Association shareholders have approved a class of preferred stock known as H Stock. At March 31, 2007 200 million shares of the stock are authorized at \$1.00 par value. H stock ownership is limited to existing common stockholders of the Association and is considered "at-risk". The stock bears a dividend rate that is set by the Board of Directors. Retirement of the stock is at the discretion of the Board. At March 31, 2007 there were 97,936,362 shares of H stock issued and outstanding. The dividend rate at March 31, 2007 was 5.25%.

**NOTE 3 - Allowance for Loan Losses**

A summary of activity in the allowance for loan losses follows (in 000s):

**For the three months ended March 31:**

	<u>2007</u>	<u>2006</u>
Beginning balance - Jan. 1	\$5,507	\$6,557
Recoveries	3	3
Loss provision adjustment	295	(682)
Loans charged off	<u>(193)</u>	<u>(26)</u>
Ending balance – March 31	<u>\$5,612</u>	<u>\$5,852</u>

The determination of the allowance for loan losses is based on estimates that are susceptible to changes in the economic environment and market conditions, and is based on the Association's past loss experience, known and inherent risks in the portfolio, the estimated value of the underlying collateral, and current economic conditions. Management believes that as of March 31, 2007, the allowance for loan losses is adequate based on information currently available.

The following table presents information concerning impaired loans as of March 31, (in 000s)

	<u>2007</u>	<u>2006</u>
Impaired loans with related allowance	\$171	\$45
Impaired loans with no related allowance	<u>13,675</u>	<u>5,355</u>
Total impaired loans	\$13,846	\$5,400
Allowance on impaired loans	\$171	\$18

Impaired loan information for the quarter ended March 31, is summarized as follows:

	<u>2007</u>	<u>2006</u>
Average impaired loans	\$11,338	\$5,097
Interest income recognized on impaired loans	\$65	\$299

**NOTE 4 - Purchased and Sold Loans**

The Association, in the normal course of business, regularly purchases and sells loans in whole or in part. All loans sold to others are sold without recourse. The following table summarizes these loans (in 000s):

	<u>Mar. 31, 2007</u>	<u>Mar. 31, 2006</u>	<u>Dec. 31, 2006</u>
Loans purchased from others	\$180,503	\$164,417	\$170,935
Loans sold to others	\$1,164,579	\$904,706	\$1,146,837
Retained interest in sold loans	\$409,546	\$346,937	\$391,231
Syndications serviced for others	\$820,253	\$520,733	\$781,157
Loans sold to and serviced for Farmer Mac	\$917	\$1,007	\$961