

Message to Stockholders

Dear Stockholder:

Despite the recent weakness in the financial markets and the collapse of many revered banking institutions, your Association stands firm as a pillar of financial strength and stability. Thanks to a strong capital base, prudent lending practices and a loan portfolio diversified among many commodities and geographical regions, the Association continues to prosper in times of economic distress suffered by our banking competitors. We have always taken the long view of lending – a way of thinking that has kept us going strong for over 90 years – and we have weathered economic cycles many times over our history. Our third quarter financial results once again illustrate that American AgCredit is a formidable bulwark against the economic storms that threaten others.

Financial Condition and Results of Operations: Third quarter income totaled \$11.7 million, \$3.2 million less than the third quarter of 2007. This decrease is largely the result of the erratic interest rate markets. Net interest income was \$1.6 million lower for the quarter than in 2007. This lower net interest is the result of a reduction in the spread earned on loans as the cost of the Association's debt has risen while borrower variable rates have fallen. The turmoil in the banking industry and financial markets over the past six months have caused unprecedented deviations from the normal relationship between the rate at which the Association obtains its debt and benchmark rates such as the Prime rate. In addition, non-interest income for the quarter was \$1.9 million lower than the prior year as the result of a decrease in patronage distributions from U.S. AgBank, also a result of the turbulent fluctuations in interest rates.

Accrual loan volume reached \$3.6 billion at Sept. 30, 2008, up \$460 million from the same period in 2007. This represents a growth rate of 14.6%. Non-accrual loans stand at \$8.0 million, down \$2.9 million from the previous quarter. Nonaccrual loans represent less than one percent of total loan volume. At Sept. 30, 2007, accrual and nonaccrual volume stood at \$3.13 billion and \$8.0 million respectively.

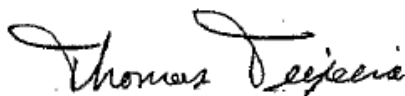
The financial condition and the results of operations of U.S. AgBank materially affect your investment in the Association. To obtain a copy of the Bank's quarterly report to shareholders, free of charge, please contact the Bank at P.O. Box 2940, Wichita, KS 67201-2940 or call (800) 322-9880.

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

Sincerely,



Ron Carli
President and CEO



Tom Teixeira
Chairman of the Board

October 30, 2008

FINANCIAL STATEMENTS

(Unaudited and in \$000s)

STATEMENT OF CONDITION	Sept. 30		Dec. 31	
	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>2006</u>
ASSETS				
Loans	\$3,597,291	\$3,137,684	\$3,240,167	\$2,819,317
Less: allowance for loan losses	(10,984)	(10,070)	(9,447)	(5,507)
Net Loans	3,586,307	3,127,614	3,230,720	2,813,810
Investment in the U.S. AgBank	99,143	99,143	99,143	99,143
Investment in CoBank	10,005	9,580	9,580	9,287
Accrued interest receivable	42,049	52,742	36,164	36,714
Premises and equipment	21,946	18,698	18,686	19,082
Other Assets	11,542	18,405	17,885	12,190
Total Assets	<u>\$3,770,992</u>	<u>\$3,326,182</u>	<u>\$3,412,178</u>	<u>\$2,990,226</u>
LIABILITIES				
Note payable to U.S. AgBank	\$2,963,738	\$2,472,526	\$2,684,154	\$2,335,918
Funds Held Accounts	8,397	138,397	12,476	13,670
Accrued interest payable	9,179	10,764	10,990	10,151
Other liabilities	22,868	23,480	42,564	41,407
Total Liabilities	<u>\$3,004,182</u>	<u>\$2,645,167</u>	<u>\$2,750,184</u>	<u>\$2,401,146</u>
MEMBERS' EQUITY				
Common stock and participation certificates	\$3,220	\$3,180	\$3,173	\$3,208
Preferred stock	147,678	105,668	87,758	54,235
Unallocated retained earnings	615,912	572,167	571,063	531,637
Total Members' Equity	<u>766,810</u>	<u>681,015</u>	<u>661,994</u>	<u>589,080</u>
Total Liabilities and Members' Equity	<u>\$3,770,992</u>	<u>\$3,326,182</u>	<u>\$3,412,178</u>	<u>\$2,990,226</u>
STATEMENT OF INCOME				
	For the three months ended Sept. 30		For the nine months ended Sept. 30	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Interest income	\$49,203	\$57,054	\$147,765	\$164,255
Interest expense	(27,460)	(33,665)	(84,726)	(96,689)
Net interest income	21,743	23,389	63,039	67,566
Other income	4,875	6,798	17,510	17,287
Reversal of (provision for) Loan Loss Provision	(1,766)	(4,439)	6,622	(5,283)
Operating and other expenses	(13,671)	(12,275)	(40,115)	(36,632)
Income before taxes	11,181	13,473	47,056	42,938
Benefit (Provision) for income taxes	476	1,409	472	1,112
Net income	<u>\$11,657</u>	<u>\$14,882</u>	<u>\$47,528</u>	<u>\$44,050</u>

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

STATEMENT OF CHANGES IN MEMBERS' EQUITY

Nine months ended Sept. 30, 2008 and 2007	Capital Stock	Preferred Stock	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Members' Equity
Balance at December 31, 2006	\$3,207	\$54,235	\$535,785	\$(4,158)	\$589,069
Comprehensive Income					
Net income			44,050		44,050
Total Comprehensive Income					44,050
Stock issued	1,139	195,035			196,174
Stock retired	(1,166)	(147,112)			(148,278)
Preferred stock dividends paid		3,510	(3,510)		
Balance at Sept. 30, 2007	\$3,180	\$105,668	\$576,325	\$(4,158)	\$681,015
Balance at December 31, 2007	\$3,173	\$87,758	\$571,351	\$(288)	\$661,994
Comprehensive Income					
Net income			47,528		47,528
Amortization of costs included in net periodic benefit cost				47	47
Total Comprehensive Income					47,575
Effect of changing defined benefit plan measurement date			(105)		(105)
Stock issued	272	230,476			230,748
Stock retired	(225)	(173,296)			(173,521)
Preferred stock dividends paid		2,740	(2,740)		
Adjustment to patronage declared			118		118
Balance at Sept. 30, 2008	\$3,220	\$147,678	\$616,152	\$(241)	\$766,809

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, 2007 are contained in the 2007 Annual Report to Stockholders (2007 Annual Report) for American AgCredit, ACA. These unaudited third quarter 2008 financial statements of the Association should be read in conjunction with the 2007 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- and nine-month periods ended Sept. 30, 2008 are not necessarily indicative of results to be expected for the full year.

In December 2007, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141R, "Business Combinations" SFAS No. 141R requires business combinations to be accounted for under the acquisition method of accounting (previously called the purchase method). The acquisition method requires (a) identifying the acquirer, (b) determining the acquisition date, (c) recognizing and measuring the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree, at their acquisition date fair values, and (d) recognizing and measuring goodwill or a gain from a bargain purchase. SFAS No. 141R should be applied prospectively to business combinations for which the

acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early application is prohibited. The Association is still evaluating the provisions of the Standard, but believe that its adoption will significantly impact its accounting for acquisitions that occur in 2009 and beyond.

NOTE 2 - Capital

At Sept. 30, 2008, the Association's regulatory capital ratio was 17.75%, 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 Sept. 30, 2008, 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 Sept. 30, 2008 there were 147,678,061 shares of H stock issued and outstanding. The dividend rate at Sept. 30, 2008 was 2.25%.

NOTE 3 - Allowance for Loan Losses

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

For the nine months ended Sept. 30:

	<u>2008</u>	<u>2007</u>
Beginning balance - Jan. 1	\$9,447	\$5,507
Recoveries	8,470	8
Loss provision adjustment	(6,622)	5,283
Loans charged off	(311)	(728)
Ending balance – Sept. 30	<u>\$10,984</u>	<u>\$10,070</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 Sept. 30, 2008, the allowance for loan losses is adequate based on information currently available.

The following table presents information concerning impaired loans as of Sept. 30, (in 000s)

	<u>2008</u>	<u>2007</u>
Impaired loans with related allowance	\$3,646	\$153
Impaired loans with no related allowance	4,402	7,808
Total impaired loans	\$8,048	\$7,961
Allowance on impaired loans	\$3,780	\$153

Impaired loan information for the quarter ended Sept. 30, is summarized as follows:

	<u>2008</u>	<u>2007</u>
Average impaired loans	\$10,648	\$8,978
Interest income recognized on impaired loans	\$1,037	\$617

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 millions):

	<u>Sept. 30, 2008</u>	<u>Sept. 30, 2007</u>	<u>Dec. 31, 2007</u>
Loans purchased from others	\$226.7	\$189.7	\$206.9
Loans sold to others	\$2,505.3	\$1,683.8	\$1,946.9
Retained interest in sold loans	\$699.3	\$555.9	\$504.7
Syndications serviced for others	\$1,739.3	\$972.9	\$1,815.8
Loans sold to and serviced for Farmer Mac	\$0.5	\$0.9	\$1.0