

October 1, 2008

Dear Farm Credit Member:

In light of the current banking and financial crises, I wanted to take this opportunity to inform our members of the financial strength and the availability and reliability of loans from Farm Credit. Much of the recent press has been about the failure of GSEs (Government Sponsored Enterprises).

Farm Credit is one of six GSEs that include Fannie Mae and Freddie Mac. GSEs were created by the government but privately capitalized (owned by individuals rather than the government) to meet a very specific need in the financial marketplace. In the case of Fannie & Freddie, that mission was to provide financing for moderately priced homes. In the case of Farm Credit, our mission is to make loans to farmers and farm related businesses. GSEs were formed by the government to insure a stable supply of credit in their respective mission areas of home loans, farm loans and student loans, even in periods of market volatility.

Farm Credit is unique as a GSE in that we are a cooperative, much like a credit union. We are owned by the people who use our services and buy stock in order to borrow from Farm Credit. Freddie, Fannie, and most other GSEs are owned by investors and their stock is publicly traded on the NYSE. I think the publicly owned model is a "business model destined to fail" for any GSE because it forces boards and management of those companies to become focused on profits for their stockholders and lose focus on their actual mission. Because of Farm Credit's cooperative structure, the owner and the user of our services are the same. Our focus has always been on providing a stable source of loans to our members and stable market rates in both good and bad financial times. Unlike the other GSEs and commercial financial institutions, we are more focused on the stability and reliability of serving our mission (serving farmers) than profits for investors. For this reason, over the past three or four years, our association has actually increased our capital, de-leveraged our balance sheet and taken steps to insure stable earnings. We did this because we anticipated some type of adversity in both the agricultural and the financial marketplace, due to the overheated real estate market and the highly creative financial products being introduced by Wall Street. Fortunately, we took these measures; and today, we remain a very stable source of credit for our members and agriculture in South Florida. We never made 'sub-prime' type loans and never invested in the sub-prime mortgage backed securities that seem to be the root cause of the banking crisis today.

Unfortunately, this crisis has left worldwide financial markets in such turmoil that our costs of raising funds to make loans to our members has increased significantly. Unlike commercial banks, Farm Credit does not accept deposits. Farm Credit associations across the country cooperatively issue debt on Wall Street to fund loans. Over the past few weeks, we have seen that cost of raising those funds rise as capital markets worldwide have dried up. Perhaps the best indicator of interest rate volatility in the financial markets is the LIBOR (London Inter Bank Offered Rate), an index that indicates the rate that financial institutions charge when lending to each other. The LIBOR rate relative to comparable U.S. Treasury debt has reached all time highs, meaning Farm Credit's cost to raise money to lend will increase. However, Farm Credit's debt instruments continue to be viewed by the investing world as a

stable and safe institution; and throughout this crisis, we have not experienced material difficulty in raising funds.

I would characterize our current situation in the financial marketplace much like a wreck on the interstate. Farm Credit didn't cause the accident and we are not part of the actual crash, but we are somewhat impacted by the traffic jam that has been created in the financial market. With this letter, I want to assure each of our members that we remain a strong and stable institution dedicated to only one thing: serving our member borrowers and the agricultural and rural communities of South Florida.

I have attached a summary of our financial statements for the first half of 2008. As you can see, our capital has grown and our recurring earnings remain near all time highs. Our capital levels are more than twice the level required by our regulator and many times higher than those institutions which have failed over the past few weeks. While we will continue to face the stress in both the agricultural and general economy over the next few months, we feel that we have taken every prudent action available to strengthen your association's financial position to weather any storm we may face.

We look forward to serving you just as we have for over 90 years. As always, our success as a cooperative is solely because of the loyalty of our members like you. We want to thank you for your continued use of Farm Credit as your lender of choice for all your credit needs.

Sincerely,

Don Rice