

Message to Stockholders

Dear Stockholder:

The second quarter was marked by robust loan growth that has now lasted for the past eighteen months in spite of the credit crunch plaguing the commercial banking industry. We are managing - with the same number of employees - over \$400 million in additional loan volume this year as we were at the same time last year. While we are pleased that farmers and ranchers across our territory find our rates and loan terms attractive, the growth we are experiencing creates the challenge of managing and capitalizing that increase to our portfolio. Our regulators require that we maintain a sufficient level of capital to sustain our operations. As loan volume grows, so does our need for additional capital. Since capital is primarily generated from earnings, our capital position becomes squeezed all the more when we must endure the erratic interest rate markets of the past year. Fortunately, prudent capital management in the past has ensured adequate resources to accommodate current growth and the board and management of the Association are actively pursuing strategies that will ensure a continued supply for our loan products for as long as farmers need loans.

Recent news of financial weakness in government sponsored entities (GSEs) such as Fannie Mae and Freddie Mac need not alarm customers of American AgCredit and the Farm Credit System. Your association and the System as a whole are strong and growing. The Association has no ties to either Fannie Mae or Freddie Mac. It does have a relationship with Farmer Mac, a GSE that invests in agricultural loans, but that relationship is limited to Farmer Mac's guarantee of a relatively small pool of Association loans. Farmer Mac has not been associated with any of the concerns directed at other GSEs.

Director Election: We congratulate Tom Teixeira, Alan List and Jim Renner on their recent re-elections and welcome two new members to the board. George Fontes, a vegetable grower in Monterey County, CA, was elected to the board and Jerold Harris, former CEO of US AgBank, was appointed to the board as an outside director. The board is currently comprised of 16 members who have been either elected or appointed to represent your interests as a stockholder. Board members welcome input from their constituents. A list of board members can be found in the Association's Annual Report or on the Association's web site at www.agloan.com.

Financial Condition and Results of Operations: Second quarter income totaled \$22.6 million. This amount includes an \$8.7 million adjustment to the loan loss provision in recognition of the settlement of litigation of a previously charged-off loan and a \$650 thousand gain on the sale of an office building. The Association received a favorable judgement in a legal dispute over a borrower's loan default. The loan had previously been charged-off as uncollectible. Excluding these non-recurring income items would have brought second quarter income to \$13 million which compares to second quarter 2007 income of \$15.3 million. Return on average assets for the quarter was 1.54%. Net interest income decreased from \$22.6 million in 2007 to \$20.5 million in 2008 as a result of the drop in interest rates since last year. Operating costs rose to \$12.7 million from \$11.8 million a year earlier due primarily to increased employee costs.

Accrual loan volume reached \$3.37 billion at June 30, 2008, up 14% from the same period in 2007. Non-accrual loans stand at \$10.9 million, an increase of \$1.5 million from the second quarter of last year. Nonaccrual loans represent less than one percent of total loan volume. At June 30, 2007, accrual and nonaccrual volume stood at \$2.94 billion and \$9.3 million respectively.

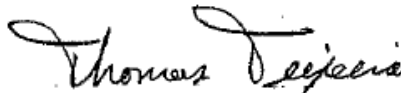
The financial condition and the results of operations of U.S. AgBank materially affect your investment in the Association. To obtain a copy of the Bank's quarterly report to shareholders, free of charge, please contact the Bank at P.O. Box 2940, Wichita, KS 67201-2940 or call (800) 322-9880.

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

Sincerely,



Ron Carli
President and CEO



Tom Teixeira
Chairman of the Board

July 21, 2008

FINANCIAL STATEMENTS

(Unaudited and in \$000s)

STATEMENT OF CONDITION	June 30		Dec. 31	
	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>2006</u>
ASSETS				
Loans	\$3,379,057	\$2,951,081	\$3,240,167	\$2,819,317
Less: allowance for loan losses	(9,629)	(5,736)	(9,447)	(5,507)
Net Loans	3,369,428	2,945,345	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	35,358	41,456	36,164	36,714
Premises and equipment	20,166	18,830	18,686	19,082
Other Assets	13,178	13,282	17,885	12,190
Total Assets	<u>\$3,547,278</u>	<u>\$3,127,636</u>	<u>\$3,412,178</u>	<u>\$2,990,226</u>
LIABILITIES				
Note payable to U.S. AgBank	\$2,758,114	\$2,417,193	\$2,684,154	\$2,335,918
Funds Held Accounts	14,829	20,882	12,476	13,670
Accrued interest payable	8,726	10,520	10,990	10,151
Other liabilities	19,468	22,058	42,564	41,407
Total Liabilities	<u>\$2,801,137</u>	<u>\$2,470,653</u>	<u>\$2,750,184</u>	<u>\$2,401,146</u>
MEMBERS' EQUITY				
Common stock and participation certificates	\$3,219	\$3,178	\$3,173	\$3,208
Preferred stock	137,848	95,235	87,758	54,235
Unallocated retained earnings	605,074	558,570	571,063	531,637
Total Members' Equity	<u>746,141</u>	<u>656,983</u>	<u>661,994</u>	<u>589,080</u>
Total Liabilities and Members' Equity	<u>\$3,547,278</u>	<u>\$3,127,636</u>	<u>\$3,412,178</u>	<u>\$2,990,226</u>
STATEMENT OF INCOME				
	For the three months ended June 30		For the six months ended June 30	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Interest income	\$46,969	\$54,668	\$98,562	\$107,201
Interest expense	(26,478)	(32,045)	(57,266)	(63,024)
Net interest income	20,491	22,623	41,296	44,177
Other income	5,454	5,050	12,635	10,490
Loan Loss (Provision)/Benefit	9,668	(548)	8,388	(844)
Operating and other expenses	(12,679)	(11,802)	(26,444)	(24,358)
Income before taxes	22,934	15,323	35,875	29,465
Benefit /(Provision) for income taxes	(304)	8	4	(297)
Net income	<u>\$22,630</u>	<u>\$15,331</u>	<u>\$35,871</u>	<u>\$29,168</u>

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

STATEMENT OF CHANGES IN MEMBERS' EQUITY

Six months ended June 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	\$535,795	\$(4,158)	\$589,079
Comprehensive Income					
Net income			29,168		29,168
Total Comprehensive Income					29,168
Stock issued	487	147,701			148,188
Stock retired	(516)	(108,936)			(109,452)
Preferred stock dividends paid		2,235	(2,235)		
Balance at June 30, 2007	\$3,178	\$95,235	\$562,728	\$(4,158)	\$656,983
Balance at December 31, 2007	\$3,173	\$87,758	\$571,351	\$(288)	\$661,994
Comprehensive Income					
Net income			35,871		35,871
Amortization of costs included in net periodic benefit cost				35	35
Total Comprehensive Income					35,906
Effect of changing defined benefit plan measurement date			(105)		(105)
Stock issued	173	167,699			167,872
Stock retired	(127)	(119,517)			(119,644)
Preferred stock dividends paid		1,908	(1,908)		
Adjustment to patronage declared			118		118
Balance at June 30, 2008	\$3,219	\$137,848	\$605,327	\$(253)	\$746,141

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 second 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 six-month period ended June 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 June 30, 2008, the Association's regulatory capital ratio was 18.34%, 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 June 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 June 30, 2008 there were 137,848,084 shares of H stock issued and outstanding. The dividend rate at June 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 six months ended June 30:

	<u>2008</u>	<u>2007</u>
Beginning balance - Jan. 1	\$9,447	\$5,507
Recoveries	8,881	5
Loss provision adjustment	(8,388)	844
Loans charged off	(311)	(619)
Ending balance – June 30	<u>\$9,629</u>	<u>\$5,737</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 June 30, 2008, the allowance for loan losses is adequate based on information currently available.

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

	<u>2008</u>	<u>2007</u>
Impaired loans with related allowance	\$5,698	\$159
Impaired loans with no related allowance	5,196	9,360
Total impaired loans	<u>\$10,894</u>	<u>\$9,519</u>
Allowance on impaired loans	\$2,849	\$159

Impaired loan information for the quarter ended June 30, is summarized as follows, (in 000s):

	<u>2008</u>	<u>2007</u>
Average impaired loans	\$11,035	\$13,493
Interest income recognized on impaired loans	\$765	\$276

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>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Dec. 31, 2007</u>
Loans purchased from others	\$214.8	\$176.3	\$206.9
Loans sold to others	\$2,270.5	\$1,211.5	\$1,946.9
Retained interest in sold loans	\$579.6	\$423.1	\$504.7
Syndications serviced for others	\$1,733.1	\$882.7	\$1,815.8
Loans sold to and serviced for Farmer Mac	\$0.5	\$0.9	\$1.0