



American AgCredit
MONEY FOR AGRICULTURE

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Contact: Ray Connelly, Vice President
775-738-8496 / rconnelly@agloan.com

American AgCredit Joins Farm Credit Team to Protect Grazing Permits Throughout Western States

*Farm Credit System Joins Lawsuit to protect continued Federal Land Grazing
in Arizona, California, Idaho, Nevada, Montana, Utah, Washington and Wyoming*

SANTA ROSA, CA (January 2013) – In a successful ruling that will allow continued livestock grazing in the Western Region of the U.S. through 2017, Federal District Court Judge Lynn Winmill sided and agreed with the Farm Credit System’s brief in favor of protecting federal lands allocated to farmers and ranchers for livestock grazing purposes.

The September 26, 2012, decision by Judge Winmill will allow livestock grazing to continue while the court considers allegations of procedural and other violations by the Bureau of Land Management (BLM) in automatically renewing grazing permits. Judge Winmill stated in his decision, “To vacate the grazing decisions and enjoin grazing for the next 5 years while this [BLM] review is completed would be a substantial hardship on the permit holders.”

Effects on agriculture and Farm Credit

According to American AgCredit CEO Ron Carli, the WWP’s attempt to shut down grazing throughout the Western U.S. is based on a misrepresentation of the value of agricultural usage.

“Farm Credit understands more than anybody the value of grazing on federal land and the tremendous benefit that it provides to both the environment and affected wildlife. We are confident that once all the facts are presented, the benefits of affording ranchers access to BLM lands to maintain viable ranching operations will be upheld.”

Overall, the involved Farm Credit organizations serve approximately 27,700 borrowers in the Intermountain West, and have outstanding loans in excess of \$15.3 billion. Of those borrowers financed with these Farm Credit organizations, approximately 980 are dependent upon Federal land grazing permits administered by BLM and the U.S. Forest Service and would be directly affected by the management plan revisions -- with outstanding loans totaling more than \$313.4 million.

Cattle and sheep producers who are reliant on public lands to graze their livestock would have a much more difficult time renewing their grazing permits, which could then result in those impacted

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ranchers losing their livelihoods altogether. In Nevada alone, it was estimated there were 300 grazing permittees that could be impacted by this litigation.

Additionally, if WWP were successful in this litigation, then the collateral and security interests that the Farm Credit organizations held on grazing permits in the various states would most certainly be negatively impacted.

“Grazing restrictions not only impact the rancher’s financial position, but also affects cash flow and repayment ability,” Carli added. “Permits and values that we count as collateral in securing agricultural loans would be greatly reduced or completely eliminated. This potentially puts the health of the livestock loans -- and the health of the Farm Credit organizations as a whole – at risk.”

About American AgCredit

Founded in 1916, American AgCredit is part of the nationwide Farm Credit System, and is the nation’s 6th largest Farm Credit cooperative. American AgCredit specializes in providing financial services to agricultural and rural customers throughout California, Nevada, Central Kansas, Northern Oklahoma, Western Colorado, and Northern New Mexico – as well as to capital markets customers in 30 states across the nation.

Financial services provided by American AgCredit include production and mortgage financing, equipment and vehicle leasing, crop and life insurance, lines of credit, and the Young, Beginning and Small farmer program. In addition, the Association provides interest-free loans for qualifying 4-H and FFA AgYouth programs, as well as college scholarships to young people interested in agriculture.

For more information about American AgCredit’s financial services, call 800-800-4865 or visit the website at www.agloan.com for a listing of offices by region.

About the Farm Credit System

Congress created the Farm Credit System in 1916 to provide American agriculture with a dependable source of credit. Funds for lending operations are raised principally through public sale of system-wide bonds and notes in capital markets. The Farm Credit institutions – lending associations and System banks -- provide both long-term and short- and intermediate-term loans secured by first mortgages on farm and rural real estate and other security arrangements.

Since 1938, the Farm Credit Institutions and their predecessors-in-interest have worked cooperatively with the BLM toward mutual compliance with congressional policy announced in the Taylor Grazing Act to safeguard grazing privileges for ranchers utilizing BLM lands as an integral part of their livestock operations.

Farm Credit Team & Lawsuit Fact Sheet

Background Facts:

The controversy began in October of 2008, when an environmental group known as the Western Watersheds Project (WWP) filed a multi-state suit that alleged that BLM's renewals of certain 10-year grazing permits violated a variety of federal environmental laws and regulations and failed to protect the sage grouse, a BLM-designated sensitive species. WWP's complaint challenged some 600 separate BLM grazing allotments impacting some 40 million acres spread out over the two states in Idaho's Owyhee, Burley and Bruneau BLM Field Offices and in the State of Nevada's, Elko, Ely, Battle Mountain and Winnemucca BLM Field offices.

In response to the filing, nine members of the Farm Credit System -- American AgCredit ACA, Farm Credit Services of the Mountain Plains ACA, Western AgCredit ACA, Idaho ACA, Farm Credit Services Southwest ACA, Farm Credit Services of Northern California ACA, Farm Credit Services of America ACA, Northwest Farm Credit Services, ACA, and U.S. AgBank, FCB (now CoBank, ACB) – retained attorney William G. Myers III, of Holland & Hart LLP, and in March 2010 filed a motion on behalf of the Farm Credit System to participate in the litigation. A brief on the remedies issue was ultimately accepted and considered by the Court.

After more than 40 months of litigation, in February 2012, Judge Winmill found that the BLM's grazing decisions on certain test allotments did violate certain federal environmental laws and regulations. The Court then had to determine the appropriate remedy for the violations found. This is when the Farm Credit organizations' Brief on Remedies was reviewed favorably by the Court.