

Your Retirement

For Employees Enrolled in the Defined Contribution/401(k) Plan

August 2008

Fund Spotlight: New York Life Anchor Account III Fund

The New York Life Anchor III Fund is the stable value investment option within the Farm Credit Foundations Defined Contribution/401(k) Plan ("the Plan").

Description

The New York Life Anchor III Fund ("the fund") is not a mutual fund but is categorized as a "commingled pool."

Commingled funds are typically available to participants in company-sponsored plans and generally have lower expenses than comparable mutual funds and are not open to individual investors.

For this reason, they are not listed in newspapers, and do not have a ticker symbol that you can use to track the fund's performance.

You can get up-to-date monthly and historical

performances through Benefits Complete® at www.bcomplete.com or calling 1-800-294-3575.

Investment Objective

The fund is designed for investors seeking stable returns and competitive rates over the long term. The portfolio's diversification and credit quality position it to deliver on that objective despite uncertain market conditions.

Key Features

- Safety of principal
- High quality portfolio
- Diversification
- Competitive return
- Tracks overall interest rate trends
- Daily liquidity

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Residential Mortgage Backed Securities Distribution

	Agency	AAA	AA	A	BBB	Total
Agency	40.2%	0.0%	0.0%	0.0%	0.0%	40.2%
Prime	0.0%	40.9%	1.3%	1.2%	0.7%	44.1%
Mid Prime	0.0%	13.5%	0.3%	0.1%	0.1%	14.0%
Sub Prime	0.0%	1.6%	0.1%	0.0%	0.0%	1.7%
Total	40.2%	56.0%	1.6%	1.4%	0.8%	100.0%

The subprime sector has been a source of continuing problems in the RMBS market; however, less than 1% of the portfolio is invested in subprime.

Julius Baer Investment Management LLC Changes Corporate Name to Artio Global Management LLC

Effective June 15, 2008, Julius Baer Investment Management LLC changed its corporate name to Artio Global Management LLC.

As a result of this change, the name of the FCF Julius Baer International Equity II Fund has been changed to the Artio International Equity II Fund.

Please note that this is a change in name only, and will not affect the investment objectives of the fund. The mutual fund name offered in the Non-

qualified Deferred Compensation Plan will change in October 2008.

Please call 1-800-294-3575 for a prospectus.

Investors are asked to consider the investment objective, risks and charges and expenses of the investment carefully before investing. The prospectus contains this and other information about the investment company. Please read the prospectus before investing.

Exposure to Subprime Crisis Minimal for Your 401(k) Plan

Farm Credit Foundations' Trust Committee, along with its investment consultants, have conducted due diligence on investment managers to determine the direct exposure, if any, to the recent subprime market issues.

We have addressed this situation in funds held in the defined benefit and defined contribution (401k) plans, as well as the non-qualified deferred compensation plans.

We have determined there is minimal exposure plan-wide to the subprime loans. We came to this conclusion after verifying with the active fixed income, balanced, money market and stable value managers.

For the entire 401(k) plan as of March 31, 2008:

- The **PIMCO Total Return** Fund had 0.85% of its assets invested in subprime securities and no exposure to SIVs*. The asset backed securities holdings continue to be concentrated in current pay issues. These holdings are AAA-rated**, 1-year floating rate bonds.
- The **Dodge & Cox Balanced** Fund does not have any exposure to subprime mortgage backed securities or SIVs within the fixed income holdings.
- The **Vanguard Target Retirement** Funds (TRFs) do not have any exposure in the underlying fixed income holdings that comprise the portfolios at Vanguard. The fixed income funds have no exposure to asset-backed commercial paper (including mortgage-backed securities with subprime loans), CDOs***, and have never invested in Structured Investment Vehicles (SIV's).
- Within **New York Life Anchor III******, the stable value option, there is 0.90% exposure to subprime loans. Furthermore, 95% of the 0.90% subprime exposure is AAA rated within Anchor III.

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Call a Participant Center Representative Today at New York Life

Participant Service Center Representatives are available by calling 1-800-294-3575 on any New York Stock Exchange business day, Monday through Friday from 8 a.m. to 7 p.m. Central time. For your protection, all calls are recorded.

New York Life Retirement Plan Services is a division of New York Life Investment Management LLC

Securities distributed by NYLIFE Distributors LLC, 169 Lackawanna Avenue, Parsippany, NJ 07054

Check Out Online Tools Available Through New York Life

Looking for tools to help you map out your retirement goals? Check out the Online Education Center available in the right margin of the login screen at www.bcomplete.com.

A more detailed analysis of your retirement financial readiness is available from Morningstar® OnLine, which can be found by clicking on the Financial Tools tab on the Bcomplete home page.

This is a retirement income modeling tool to help you map out your financial retirement needs by offering expert advice on

investment options that could meet your individual goals.

And, check out the online Benefit Estimate Calculator. This is a tool designed to help you project your pension benefit by date or age.

Together, you and your employer are on a journey to help secure your financial future. Take advantage of the benefits provided to you and maximize your savings and employer-matching contribution opportunities.

Offering You Maximum Flexibility With Roth 401(k) Option

In January 2008, the Roth 401(k) contribution option was added to the Farm Credit Foundations Defined Contribution/401(k) Plan ("the Plan").

Along with pre-tax and traditional after-tax contribution options, this contribution option provides you with maximum flexibility to help you plan for the right mix of taxable and tax-free income at retirement.

In addition, effective July 1, 2008, the plan accepts Roth 401(k) rollover contributions from other qualified plans.

How does the Roth 401(k) contribution work? Roth 401(k) contributions are made with after-tax dollars and qualified distributions of

those contributions and investment earnings are income tax free. (Note: To receive a "qualified distribution", the distribution must be made after you are at least age 59½, after you have become disabled, or after your death and at least five years must have gone by since you made your first Roth contribution. These requirements can be more complicated than they might appear, so you may wish to consult with your tax advisor to determine how they will apply to you).

Is the Roth 401(k) contribution option right for me? Generally, if you expect to be in a higher income tax bracket during retirement, then the Roth tax-free withdrawals may benefit you. In addition, if you are restricted from contributing

to a Roth IRA due to income limitations, you may be able to take advantage of higher contribution limits with a Roth 401(k).

Keep in mind that these are just general guidelines. Please check out the Roth 401(k) Analyzer on www.bcomplete.com. Always consult with your tax advisor to determine the best course of action for your situation.

To elect Roth 401(k) contributions, please visit the New York Life Retirement Plan Services website at www.bcomplete.com or call the Participant Service Center at 1-800-294-3575.

Features Added to TD AMERITRATE Brokerage

Effective July 1, 2008, the ability to write covered calls and purchase long options became an additional feature to the TD AMERITRATE self-directed brokerage account arrangement through the Farm Credit Foundations Defined Contribution/401(k) Plan.

About the New Features

Writing a covered call is an option strategy in which a call option is written against an equivalent amount of long stock. Example: Writing 2 XYZ May 60 calls while owning 200 shares or more of XYZ stock. A long options position represents the owner's right to buy (long call) or sell (long put) the underlying security at the strike price for a pre-determined length of time.

Keep in mind that the above transactions may not be suitable for all investors as the special risks inherent to options trading may expose investors to potentially rapid and substantial losses. You may wish to consult with your personal investment or tax advisor as well as obtain a clear explanation of all commissions, fees and other charges for which you may be responsible.

Application and Approval Process

TD AMERITRATE requires you to complete an application that is reviewed and approved by TD AMERITRATE before these features would be available to you. Please note that not all account-holders will qualify. Following are the necessary steps to be taken to request the ability to write covered calls and/or purchase options on your TD AMERITRATE account:

- **Step 1:** Complete the Plan Participant and Plan Trustee Account Form – Options Application which can be obtained from New York Life through Benefits Complete® at www.bcomplete.com and have it signed by your Plan Administrator at Farm Credit Foundations Benefits Department.
- **Step 2:** Application is reviewed by TD AMERITRATE. (Note: The standard processing time is 3-5 business days.)
- **Step 3:** If approved, TD AMERITRATE provides an options confirmation letter and a hard copy of the Options Clearing Corporation's Option Disclosure Document "Characteristics and Risks of Standardized Options" (An electronic copy of this document can be found at the OCC's website as follows: <http://www.optionsclearing.com/publications/risks/riskchap1.jsp>). Please read Characteristics and Risks of Standardized Options before investing in options.
- **Step 4:** Once approved, you may call and place option orders with a TD AMERITRATE options broker (not available through website). Brokers are available Monday - Friday from 7 a.m. – 6 p.m. CT by calling 1-866-766-4015.
- **Step 5:** Position is segregated on TD AMERITRATE website via your personal account. Option order status and current option positions may be reviewed online.

Fees

- **Option Trade Commission:** \$14.99 per trade plus \$1.50 per contract. A contract is the Unit of Trading for that option. A standard equity option contract would typically represent 100 shares; however, many exceptions apply. Please consult the Options Disclosure Document for additional information.
- **An exercise or assignment fee assessed at time stock moves:** \$30 exercise or assignment timing depends on the type of option. An exercise can be voluntary or involuntary, while an assignment can only be involuntary. Please consult the Options Disclosure Document for additional information.

TD AMERITRATE, 1005 N. Ameritrade Place, Bellevue, NE 68005, member FINRA/SIPC serves as a broker for self-directed brokerage.

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Subprime Crisis

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Over the past year, subprime mortgage loans have received quite a bit of press coverage in the financial world. Subprime loans fall under the category of asset-backed securities (ABS), which are bonds or notes that are backed by the cash flows from underlying assets that can include credit cards, equipment loans, auto loans, and home equity loans.

You may be feeling the direct impact of the subprime loan credit crunch through higher rates on your credit cards, your monthly mortgage payments have increased if you have a floating rate home loan or more difficulty qualifying for a home or auto loan relative to recent history. Essentially, U.S. consumers have taken on too much debt and the market is experiencing a correction.

Farm Credit Foundations' Trust Committee does not feel it is necessary at this time to take action to reduce the exposure we have through our investment managers to subprime investments as the amounts invested in such investments are minimal and the subprime investments themselves are mostly high quality in nature. We will keep you updated as needed on this issue.

* A structured investment vehicle (SIV) is an evergreen credit arbitrage fund, similar to a CDO or Conduit. They are usually from around \$1 billion to \$30 billion in size and invest in a range of asset-backed securities, as well as some financial corporate bonds.

** Money Market Funds and Bond Funds rated AAA are judged to be of an investment quality similar to AAA-rated fixed income obligations, that is, they are judged to be of the best quality.

*** An investment grade security backed by a pool of bonds, loans, and other assets. CDOs do not specialize in one type of debt.

**** This is not a mutual fund.

Please call 1-800-294-3575 for a prospectus. Investors are asked to consider the investment objective, risks and charges and expenses of the investment carefully before investing. The prospectus contains this and other information about the investment company. Please read the prospectus before investing.

About Risk:

- Funds that invest in bonds are subject to interest rate risk and can lose principal value when interest rates rise.
- Because target date funds are managed to specific retirement dates, investors may be taking on greater risk if the actual year of retirement differs dramatically from the original estimated date. While diversification and shifting to a more conservative investment mix over time helps to manage risk, it does not guarantee earnings growth. There is a potential to lose money in any investment program. You do not have the ability to actively manage the investments within the target date funds. The portfolio managers control security selection and asset allocation. Target Date funds allocate their investments among multiple asset classes which can include U.S. and foreign equity and fixed income securities.

Fee Rebate Allocated to Farm Credit Foundations Defined Contribution/401(k) Plan

As part of our fee arrangement with New York Life Retirement Plan Services (New York Life), Farm Credit Foundations is charged a flat quarterly fee to administer our Farm Credit Foundations Defined Contribution/401(k) Plan ("the Plan").

If New York Life receives any excess revenue each quarter (usually from revenue sharing arrangements they have with mutual fund families), our 401(k) plan is credited with an amount to be used for other plan expenses. If, at the end of the year, the excess revenue has not been exhausted, it is reallocated back to participants.

As a result, participants will be credited with a fee rebate (labeled "service fee"), which was deposited to their accounts at the end of the second quarter. This activity was reflected on the quarterly June 30, 2008 statement which participants received by mail or can access online at www.bcomplete.com.

For additional questions regarding this rebate, please contact the Participant Service Center at 1-800-294-3575.

Additional Investment Fund Added to Defined Contribution / 401(k) Plan and Non-Qualified Deferred Compensation Plans

Effective August 15, 2008 the Dodge & Cox International Stock Fund (Ticker: DODFX) was added to the plans as a new investment option. This fund was added to further diversify the investment fund line-up and allow the opportunity to invest in two international equity strategies, which provides greater ability to capture more of the international equity markets.

This fund was selected based upon its complimentary strategy and objective relative to the current international fund managed by Artio (formerly Julius Baer).

The objective of this fund is to invest in a diversified portfolio of medium to large non-U.S. companies across at least three different foreign countries, including emerging markets. The Fund focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders.

In selecting investments, the Fund invests primarily in companies that they believe appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. Dodge & Cox evaluates companies as if they were part-owners of an on-going business rather than evaluating a string of earnings.

For Periods Ended June 30, 2008

	1 Year	3 year	5 Year	Since Inception
Dodge & Cox International Stock Fund	-11.74%	13.23%	21.94%	12.73%
MSCI EAFE Index	-10.61%	12.84%	16.67%	7.62%

Fund Inception: May 2001

Fund Spotlight: New York Life Anchor Account III Fund

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High-Quality Investments

The New York Life Anchor III Fund invests directly in high-quality, investment grade fixed-income securities. The targeted duration for holdings in the fund is 2.5 to 3.5 years and these holdings are allocated among the following investments:

- Asset-backed securities
- Mortgage-backed securities
- Agencies
- Corporates
- Collateralized mortgage obligations
- Commercial mortgage-backed securities

Keeping Market Volatility in Perspective

The recent volatility in the stock market has many investors wondering what to do. Headline news certainly doesn't help investors since the media recently has not painted a very rosy picture. What's best to do in these times is to maintain a long-term outlook, understand what's happening, review your current strategy, reassess your risk tolerance and most importantly - don't panic!

Maintain a Long-Term Outlook

Remember that television and radio personalities want to grab your attention and the way they do that is by dramatizing the state of the current market. Investors are left to wonder, "What do I invest in for the future?" The operative word here is "future." We all need to keep that in perspective. We need to remember that we are in the market for the long haul even when the market declines.

Understand What's Happening

A majority of investors tend to forget about all of the good years and only focus on the bad. Typically, market concerns cause the market to seesaw, which we saw in the later part of 2007 and persisted quite a bit this year. There will always be times that are great, and those that aren't as great, but you can't lose sight of the big picture.

Review Your Current Strategy

If you have established a long-term investment strategy, then that is the first step to withstand these types of market fluctuations. Next, instead of looking to make major changes to your current holdings, you should look for opportunities to refine your allocation. You can enroll in the Automatic Rebalancing program and have your asset allocation automatically rebalanced at a frequency you elect. To enroll in this program, visit the Manage My Account tab on www.bcomplete.com. Select Investment Election Change from the left hand menu. You can make all of your investment decisions from this newly designed page. Click on Enroll in the Automatic Rebalancing Program.

Reassess Your Risk Tolerance

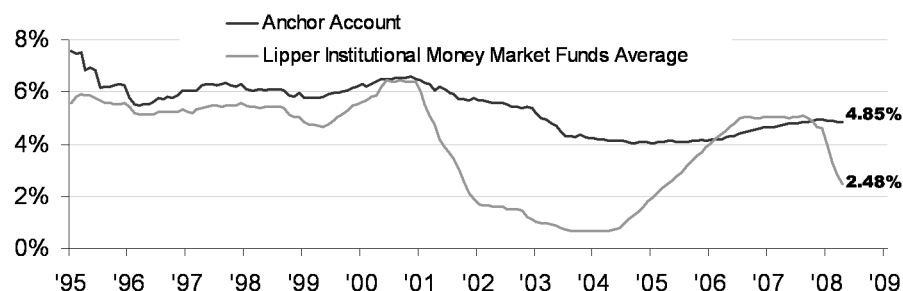
Personal risk tolerance is critical to your investment strategy. If sudden changes in the market make you feel uneasy, then it's time to re-assess your risk tolerance. Your age is also factored in since the younger you are, the more risk you could take because you have a longer time horizon than someone older. The range of risk tolerance can vary from conservative to aggressive.

Whatever You Do, Don't Panic

No one can say for certain how long the markets will continue to decline or when it truly has hit bottom, but what is certain is most investors rarely select the right time to either get in or out of the market. If you have done sound financial planning for your future based on your risk tolerance and personal financial goals, there is no need to change your planning decisions based on market volatility.



Anchor Account Returns from Inception 1/3/95



Note: Past performance is not a guarantee of future results.
 *The Average Lipper Institutional Money Market Funds is a total return performance average of Funds tracked by Lipper Analytical Services, Inc. The Average Lipper Institutional Money Market Funds includes all funds in the group in existence for the period, which can always change due to revisions for new funds, mergers, liquidations, etc.

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