

**NINTH FARM CREDIT DISTRICT TRUST FOR NONQUALIFIED  
PLANS**

**FINANCIAL STATEMENTS**

Years Ended December 31, 2006 and 2005



**Mayer Hoffman McCann P.C.**

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## INDEPENDENT AUDITORS' REPORT

To the Trust Committee of the

### **NINTH FARM CREDIT DISTRICT TRUST FOR NONQUALIFIED PLANS**

We have audited the accompanying statements of net assets of the Ninth Farm Credit District Trust for Nonqualified Plans (the "Trust") as of December 31, 2006 and 2005, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Trust as of December 31, 2006 and 2005, and the changes in its net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements are those of the Ninth Farm Credit District Trust for Nonqualified Plans, which is established under the Ninth Farm Credit District Nonqualified Deferred Compensation Plan, the Ninth Farm Credit District Nonqualified Benefit Restoration Plan and the U.S. AgBank, FCB Nonqualified Deferred Compensation Plan for Directors. The statements do not purport to present the financial status of the Ninth Farm Credit District Nonqualified Deferred Compensation Plan, the Ninth Farm Credit District Nonqualified Benefit Restoration Plan and the U.S. AgBank, FCB Nonqualified Deferred Compensation Plan for Directors. The statements do not contain certain information on accumulated plan benefits and other disclosures necessary for fair presentation of the financial status of the Ninth Farm Credit District Nonqualified Deferred Compensation Plan, the Ninth Farm Credit District Nonqualified Benefit Restoration Plan and U.S. AgBank, FCB Nonqualified Deferred Compensation Plan for Directors.

*Mayer Hoffman McCann P.C.*

Wichita, Kansas  
August 20, 2007

**NINTH FARM CREDIT DISTRICT TRUST  
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**STATEMENTS OF NET ASSETS**

December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Investments, at fair value	<u>\$ 14,522,796</u>	<u>\$ 10,900,605</u>
 NET ASSETS	 <u>\$ 14,522,796</u>	 <u>\$ 10,900,605</u>

See Notes to Financial Statements

**NINTH FARM CREDIT DISTRICT TRUST  
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**STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended December 31, 2006 and 2005

	<b>2006</b>	<b>2005</b>
<b>ADDITIONS</b>		
Additions to net assets attributed to:		
Net appreciation in fair value of investments	\$ 944,872	\$ 235,608
Interest and dividends	594,912	365,811
	1,539,784	601,419
Contributions	2,416,566	793,977
<b>TOTAL ADDITIONS</b>	<b>3,956,350</b>	<b>1,395,396</b>
<b>DEDUCTIONS</b>		
Deductions from net assets attributed to:		
Benefits paid to participants	334,159	203,980
<b>TOTAL DEDUCTIONS</b>	<b>334,159</b>	<b>203,980</b>
<b>NET INCREASE</b>	<b>3,622,191</b>	<b>1,191,416</b>
<b>NET ASSETS</b>		
Beginning of year	10,900,605	9,709,189
End of year	<b>\$ 14,522,796</b>	<b>\$ 10,900,605</b>

See Notes to Financial Statements

**NINTH FARM CREDIT DISTRICT TRUST  
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**NOTES TO FINANCIAL STATEMENTS**

**(1) Description of plan**

The following description of the Ninth Farm Credit District Trust for Nonqualified Plans (the "Trust"), which includes a Deferred Compensation Plan and Benefit Restoration Plan, adopted July 1, 1996, last amended January 1, 2004 and a Deferred Compensation Plan for Directors adopted May 1, 1997, last amended January 1, 2004, provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. These Plans qualify as governmental plans exempt from the requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

**General** – The Trust was established under a Trust Agreement between U.S. AgBank, FCB (AgBank); AgVantis Inc. and participating associations in the former Ninth Farm Credit District (Associations), collectively referred to as the Sponsors, and Vanguard Fiduciary Trust Company (the Trustee). The Trust was established so that the Sponsors may contribute assets to the Trust to be a source of funds to be held until paid to participants and their beneficiaries in accordance with the provisions of the Ninth Farm Credit District Nonqualified Deferred Compensation Plan (Deferred Compensation Plan), the Ninth Farm Credit District Nonqualified Benefit Restoration Plan (Benefit Restoration Plan), and the U.S. AgBank, FCB Deferred Compensation Plan for Directors (Deferred Compensation Plan for Directors) collectively referred to as the Plans.

Each Sponsor owns a portion of the Trust. In accordance with the Trust Agreement, the principal of the Trust and any earnings thereon are held separate and apart from other funds of the respective Sponsors and the Sponsors intend to use Trust assets exclusively for the uses and purposes of the Plans' participants and beneficiaries; however, the respective portion of the Trust applicable to a Sponsor is subject to claims of that Sponsor's general creditors in the event of that Sponsor's insolvency. Plan participants and their beneficiaries have no preferred claim on any asset of the Trust. Any rights created under the Plan and the Trust Agreement are unsecured contractual rights of the Plans' participants and their beneficiaries against the participating Sponsor.

**Deferred Compensation Plan** – The Deferred Compensation Plan is an unfunded nonqualified deferred compensation plan and was created under the Trust Agreement for the purpose of providing employees of the Sponsors the opportunity to defer a portion of their compensation, including bonuses, to allow flexibility in their total compensation financial planning and to provide a means of retirement income. The Deferred Compensation Plan is administered by AgBank and The Ninth Farm Credit District Trust Committee serves as Trustee of the Plan. This plan was frozen as of December 31, 2004 and was replaced with a new Deferred Compensation Plan to comply with provisions under the American Jobs Creation Act of 2004 under IRC 409A.

An employee is eligible to participate in the Deferred Compensation Plan when the employee has a base salary from the Sponsors as of December 1 of the preceding plan year which equals or exceeds \$110,000, or has the job title of CEO or President. A participating employee may elect to contribute up to 60% of total compensation (excluding bonuses) to the Deferred Compensation Plan. A participating employee may elect to contribute all or a portion of any performance related bonuses to the Deferred

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**NOTES TO FINANCIAL STATEMENTS**

**(1) Description of plan (continued)**

Compensation Plan. Election for bonuses that are paid following the plan year is in June of the plan year. Minimum deferrals of 5% for compensation and 10% for bonuses are required. The Deferred Compensation Plan provides for employer matching contributions at the employer's discretion.

**Benefit Restoration Plan** – The Benefit Restoration Plan is an unfunded nonqualified deferred compensation plan and was created under a Trust Agreement for the benefit of eligible employees of the Sponsors; and has two provisions – the Harvest Benefit Restoration and the Pension Benefit Restoration. The Harvest Benefit Restoration provision was frozen as of December 31, 2004 so it would not have to comply with provisions under the American Jobs Creation Act of 2004 under IRC 409A. The purpose of the Harvest Benefit Restoration Provisions of the Benefit Restoration Plan was to provide eligible employees who participated in the Ninth Farm Credit District 401(k) Thrift Plan with benefits in excess of the limitation on contributions imposed by the Internal Revenue Code (IRC). The purpose of the Pension Benefit Restoration Provisions of the Benefit Restoration Plan is to provide eligible employees who participate in the Ninth Farm Credit District Pension Plan with benefits in excess of the limitation on benefits imposed by the IRC. The Benefit Restoration Plan is administered by AgBank and the Ninth Farm Credit District Trust Committee serves as Trustee of the Plan.

**Harvest Benefit Restoration** – This provision was frozen as of December 31, 2004. Prior to December 31, 2004, an employee was eligible to participate in the Harvest Benefit Restoration Plan if 16% multiplied by the November 1 base salary preceding the plan year allowed the employee to reach the IRS 402(g) limit in the upcoming plan year. A participating employee could defer a maximum of 16% of annualized compensation, excluding bonuses, in which the 16% equaled or exceeded the IRC limit. The maximum amount a participant could have contributed to the 401(k) Thrift Plan and the Benefit Restoration Plan was 16% of total compensation. Employers matched 100% of participants' contributions up to 3% and an additional 50% of participant contributions in excess of 3% up to 5% in 2004. Participants were fully vested in both participant and employer contributions at the date of participation.

**Pension Benefit Restoration** – An employee who is an eligible participant in a Ninth Farm Credit District Pension Plan and participates in either the Harvest Benefit Restoration Provision (prior to December 31, 2004) or the Nonqualified Deferred Compensation Plan is automatically enrolled in the Pension Benefit Restoration Plan. The Pension Benefit Restoration portion of the Benefit Restoration Plan is noncontributory. Employer contributions are to be determined by the Plan's actuary under the projected unit credit actuarial cost method in a manner consistent with the minimum funding requirements of ERISA. For 2006 and 2005, no such determination was made and the employer contributed \$1,325,188 and \$0, respectively, as an estimated amount necessary to fund the cost of benefits provided by the Pension Benefit Restoration provisions of this Plan for the 2006 and 2005 plan years.

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**NOTES TO FINANCIAL STATEMENTS**

**(1) Description of plan (continued)**

Participants who are entitled to receive retirement benefits pursuant to the provisions of the Pension Plan are entitled to receive benefits under this Plan in an amount equal to the difference between (a) the benefit which would have accrued under the provisions of the Pension Plan without regard to the pension benefit limitations imposed by the IRC and (b) the amount of benefits the participant is entitled to receive under the Pension plan as a result of the participant's retirement.

**Deferred Compensation Plan for Directors** – The Deferred Compensation Plan for Directors is an unfunded nonqualified deferred compensation plan and was created under the Trust Agreement for the purpose of providing the members of the Board of Directors of U.S. AgBank, FCB the opportunity to defer all or a portion of their compensation received for serving as a Director, to allow flexibility in their total compensation financial planning and to provide a means of retirement income. The Deferred Compensation Plan for Directors is administered by AgBank and the Ninth Farm Credit District Trust Committee serves as Trustee of the Plan. This plan was frozen as of December 31, 2004 and was replaced with a new Deferred Compensation Plan for Directors to comply with provisions under the American Jobs Creation Act of 2004 under IRC 409A.

A Director is eligible to participate in the Deferred Compensation Plan for Directors the first of the year following the date they became a Director. Participants may elect to defer up to 100% of total Director's compensation for a particular plan year to the Deferred Compensation Plan of Directors. This compensation deferral amount must be elected as a percentage of compensation for each month during the Plan year. Participants are fully vested in both participant and employer contributions at the date of participation.

**Payment of benefits** – For the plans that were frozen as of December 31, 2004 (the Harvest Benefit Restoration provision of the Benefit Restoration Plan, the original Deferred Compensation Plan, and the original Deferred Compensation Plan for Directors), payments of benefits will operate on rules prior to IRC 409A. On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a period not to exceed ten-years based upon the account balance at the termination date.

For the new Deferred Compensation Plan, new Deferred Compensation Plan for Directors, and the Pension Restoration Benefit Plan, distributions will be on a fixed schedule based on the value of the participant's benefit in these plans under provisions that are in compliance with IRC 409A rules. Any frozen nonqualified plan accounts will not be included. Distributions for these plans will be based on the following format:

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**NOTES TO FINANCIAL STATEMENTS**

**(1) Description of plan (continued)**

**Nonqualified Pension Restoration** – If the participant's benefit at time of termination is less than \$25,000, it will be payable in lump sum in January following termination of employment. If the benefit is at least \$25,000, but less than \$250,000, it will be payable in five equal annual payments beginning in the January following termination of employment. If the benefit is greater than \$250,000, it will be payable in ten equal annual payments beginning in the January following termination of employment. Absent guidance from the IRS to the contrary, revocation of deferral elections will not be permitted during the Plan year.

**Nonqualified Deferred Compensation Plan** – If the participant's benefit at time of termination is less than \$25,000, it will be payable in lump sum in January following termination of employment. If the benefit is at least \$25,000, but less than \$250,000, it will be payable beginning in the January following termination of employment in the following manner: one-fifth of the account value the first year; one-fourth of the account value the second year; one-third the account value the third year; one-half the account value the fourth year; one hundred percent of the account value the fifth year. If the benefit is greater than \$250,000, it will be payable beginning January following termination of employment in the following manner: one-tenth of the account value the first year, one-ninth of the account value the second year; one-eighth of the account value the third year; and in the same manner each year until in the tenth year when one hundred percent of the account value would be paid.

**Nonqualified Deferred Compensation Plan for Directors** – If the participant's benefit at the end of their respective term is less than \$10,000, it will be payable in lump sum in January following the expiration of their respective term if they are not re-elected or decide not to run again. If the benefit is at least \$10,000, but less than \$50,000, it will be payable beginning in the January following the expiration of the participant's term in the following manner: one-fifth of the account value the first year; one-fourth of the account value the second year; one-third the account value the third year; one-half the account value the fourth year; one hundred percent of the account value the fifth year. If the benefit is greater than \$50,000, it will be payable beginning January following expiration of the participant's term the following manner: one-tenth of the account value the first year, one-ninth of the account value the second year; one-eighth of the account value the third year; and in the same manner each year until in the tenth year when one hundred percent of the account value would be paid.

**Vesting** – Participants are immediately vested in their contributions plus actual earnings thereon.

**Basis of accounting** - The financial statements of the Trust are prepared under the accrual method of accounting.

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**NOTES TO FINANCIAL STATEMENTS**

**(2) Summary of significant accounting policies**

**Use of Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Sponsors to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

**Investment valuation and income recognition** – The Trustee invests the Trust's assets in accordance with the direction of the Sponsors. The Plans' investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plans at year-end. Investment of Trust assets is allocated among various funds in accordance with directions from each participant.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Capital gain distributions are included in dividend income. Interest income is recorded on an accrual basis.

**Payment of benefits** - Benefits are recorded when paid.

**Administrative expenses** - Certain expenses of the Plan are paid by the Sponsors and are not included in the statements of changes in net assets available for benefits.

**(3) Contributions**

A summary of the source of funds contributed and rolled into the Trust by the Sponsors and participants, by Plan, is as follows:

	<b>December 31, 2006</b>		
	<b>Employer</b>	<b>Employee</b>	<b>Total</b>
Deferred Compensation Plan	\$ 44,920	\$ 765,001	\$ 809,921
Benefit Restoration Plan	1,459,445	-	1,459,445
Deferred Compensation Plan for Directors	-	147,200	147,200
	\$ 1,504,365	\$ 912,201	\$ 2,416,566
	<b>December 31, 2005</b>		
	<b>Employer</b>	<b>Employee</b>	<b>Total</b>
Deferred Compensation Plan	\$ 35,299	\$ 565,757	\$ 601,055
Benefit Restoration Plan	105,148	-	105,148
Deferred Compensation Plan for Directors	-	87,774	87,774
	\$ 140,447	\$ 653,531	\$ 793,977

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**NOTES TO FINANCIAL STATEMENTS**

**(4) Investments**

In general, the investments provided by the Trust are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amount reported in the statement of net assets available for benefits.

During 2006 and 2005, the Trust's investments, consisting of various mutual funds, (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$944,872 and \$235,608, respectively.

The following presents the cost and fair values of those investments with balances in the Trust as determined by quoted market prices held by Vanguard Fiduciary Trust Company:

	<b>December 31, 2006</b>		
	<b>Number of units</b>	<b>Cost</b>	<b>Fair Value</b>
Shares of registered invest. companies:			
** Vanguard Wellington Fund	30,096	\$ 861,675 *	\$ 976,006
** Vanguard Index 500 Portfolio	4,402	452,095	574,861
** Vanguard PRIMECAP Fund	24,412	1,373,285 *	1,683,236
** Vanguard Windsor II Fund	49,331	1,375,124 *	1,714,248
** Vanguard Int'l Growth Portfolio	35,505	728,067 *	847,144
** Vanguard Total Bond Index Fund	324,502	3,266,916 *	3,241,773
** Vanguard Prime Money Market	291,767	291,767	291,767
Loomis Sayles Small Cap Value Fd	17,004	436,215	446,697
** Vanguard LifeStrategy Inc Fund	1,477	19,997	20,569
** Vanguard LifeStrategy Csv Grth Fd	1,913	29,820	31,744
** Vanguard LifeStrategy Growth Fund	2,009	35,798	47,950
** Vanguard LifeStrategy Mod Gwth Fd	16,410	267,968	334,108
Baron Growth Fund	4,804	225,127	239,601
** Vanguard Total Stock Mkt Index Fd	119,481	3,234,170 *	4,073,092
		<b>\$ 12,598,024</b>	<b>\$ 14,522,796</b>

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**NOTES TO FINANCIAL STATEMENTS**

**(4) Investments (continued)**

	<b>December 31, 2005</b>		
	<b>Number of units</b>	<b>Cost</b>	<b>Fair Value</b>
Shares of registered invest. companies:			
** Vanguard Wellington Fund	32,382	\$ 906,873	* \$ 982,789
** Vanguard Index 500 Portfolio	4,005	397,499	460,289
** Vanguard PRIMECAP Fund	26,092	1,355,944	* 1,704,051
** Vanguard Windsor II Fund	40,673	1,077,823	* 1,274,283
** Vanguard Int'l Growth Portfolio	15,947	251,089	* 334,882
** Vanguard Total Bond Index Fund	140,166	1,800,758	* 1,790,031
** Vanguard Prime Money Market	268,782	268,782	268,782
Loomis Sayles Small Cap Value Fd	8,331	192,175	208,519
** Vanguard LifeStrategy Inc Fund	1,137	15,375	15,339
** Vanguard LifeStrategy Csv Grth Fd	1,062	16,236	16,452
** Vanguard LifeStrategy Growth Fund	3,905	64,845	82,014
** Vanguard LifeStrategy Mod Gwth Fd	13,574	213,115	250,711
Baron Growth Fund	3,437	156,309	156,054
** Vanguard Total Stock Mkt Index Fd	85,271	2,843,954	* 3,356,409
		<b>\$ 9,560,777</b>	<b>\$ 10,900,605</b>

\* - Represents investments that exceed 5% of net assets available for benefits.

\*\* - Represents a related party.

The following presents the cost and fair values by each respective Plan:

	<b>December 31, 2006</b>	
	<b>Cost</b>	<b>Fair Value</b>
Deferred Compensation Plan	\$ 5,224,357	\$ 5,881,234
Benefit Restoration Plan	6,219,359	7,287,856
Deferred Compensation Plan for Directors	1,154,308	1,353,706
	<b>\$ 12,598,024</b>	<b>\$ 14,522,796</b>

	<b>December 31, 2005</b>	
	<b>Cost</b>	<b>Fair Value</b>
Deferred Compensation Plan	\$ 3,904,077	\$ 4,405,124
Benefit Restoration Plan	4,645,167	5,376,532
Deferred Compensation Plan for Directors	1,011,533	1,118,949
	<b>\$ 9,560,777</b>	<b>\$ 10,900,605</b>

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**NOTES TO FINANCIAL STATEMENTS**

**(5) Related party transactions**

Certain Trust investments are managed by Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is the investment custodian as defined by the Plan and, therefore, these transactions qualify as related party transactions. Fees for the investment management services of the Trust are the responsibility of the Sponsors.

**(6) Subsequent event**

On August 6, 2006, the Board of Trustees of the Plan, voted to merge the employee benefit plans of the Company with AgriBank, FCB and its affiliated Associations. Effective January 1, 2007, U.S. AgBank, FCB and its affiliated Associations, AgriBank, FCB and its affiliated Associations, and certain other Farm Credit System employers will enter into the Farm Credit System Administrative Agreement Regarding Employee Benefit Plans in order to provide a common set of employee benefit plans to their employees and their eligible dependents. As a result, the Company's employee benefit plans (or a portion thereof) will be amended, and/or restated or terminated. The following is a summary of the changes affecting the plans within the Trust:

**Nonqualified Pension Restoration Plan** - Effective January 1, 2007, the defined benefit restoration component of the Ninth Farm Credit District Nonqualified Benefit Restoration Plan (the "Ninth District Restoration Plan") will merge with the Eleventh Farm Credit District Excess-Benefit Plan (Eleventh District Excess-Benefit Plan") to form the U.S. AgBank District Pension Restoration Plan (the "Restoration Plan"). Upon the merger of the two plans, the name will be changed to the U.S. AgBank District Pension Restoration Plan. The Restoration Plan is considered an amendment and restatement of the two plans. All amounts attributable to the defined benefit restoration component of the Ninth District Restoration Plan and all amounts in the Eleventh District Excess-Benefit Plan that were not distributed on or prior to December 31, 2006, will be transferred to the Restoration Plan, effective January 1, 2007.

**Nonqualified Deferred Compensation Plan (frozen)** - Effective January 1, 2007, a portion of the Ninth Farm Credit District Nonqualified Deferred Compensation Plan, (the "Ninth District Plan") and the Harvest Benefit Restoration Provisions of the Ninth Farm Credit District Nonqualified Benefit Restoration Plan (the "Harvest Plan Plus"), merged along with a portion of the Farm Credit Consolidated Supplemental Retirement Savings Plan (the "Consolidated Plan") to form the Farm Credit Foundations Pre-409A Frozen Nonqualified Deferred Compensation Plan. Upon the merger of these three plans, the name will be changed to the Farm Credit Foundations Pre-409A Frozen Nonqualified Deferred Compensation Plan (the "Pre-409A Frozen NQDC Plan"). Only amounts that were earned and vested prior to January 1, 2005, (including earnings thereon) will be "grandfathered" under IRC 409A and transferred into the Harvest Plan Plus Accounts and Ninth District Plan in the Pre-409A Frozen NQDC Plan. Amounts that were not earned and vested prior to January 1, 2005, (including earnings thereon) will be transferred into accounts in the Farm Credit Foundations Nonqualified Deferred Compensation Plan (see below), effective January 1, 2007.

**NINTH FARM CREDIT DISTRICT TRUST  
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**NOTES TO FINANCIAL STATEMENTS**

**(6) Subsequent event (continued)**

The Pre-409A Frozen NQDC Plan is considered an amendment and restatement of these three plans and is to be sponsored and maintained by the participating employers in this plan for the benefit of their eligible employees. The Pre-409A Frozen NQDC Plan is intended to be an unfunded nonqualified deferred compensation plan for tax purposes and is not intended to meet the qualification requirements of IRC 401(a).

**Nonqualified Deferred Compensation Plan** - Effective January 1, 2007, the remaining portion of the Ninth District Plan will be merged with the remaining portion of the Consolidated Plan and the AgHeritage Farm Credit Services Deferred Compensation Plan to form the Farm Credit Foundations Nonqualified Deferred Compensation Plan (the "Farm Credit NQDC Plan") and is intended to be an unfunded nonqualified deferred compensation plan for tax purposes and is not intended to meet the qualification requirements of IRC 401(a). Upon this merger of these three plans, the name will be changed to the Farm Credit Foundations Nonqualified Deferred Compensation Plan. Amounts that were earned and vested under the Ninth District Plan prior to January 1, 2005, will be "grandfathered" under IRC 409A and accounted for in the Pre-409A Frozen NQDC Plan (see above). Amounts that were not earned and vested prior January 1, 2005, will be transferred into accounts in the Farm Credit NQDC Plan, effective January 1, 2007.

The Restoration Plan and Farm Credit NQDC Plan have been drafted to comply with the provisions of Code Section 409A and the guidance issued thereafter. The amendments were made within the transition period provided by IRS Notice 2005-1, as extended by IRS Notice 2006-79. The Trustee for the newly created plans will be the Farm Credit Foundations Trust Committee.

The effective date of the merged plans, as amended and restated, is January 1, 2007, except with respect to those provisions for which an earlier effective date is specifically identified in order to set forth the plans' good faith operational compliance with IRC 409A and the IRS guidance issued thereunder from January 1, 2005, through December 31, 2006.

It is the intent of the participating employers in these merged, amended, and restated plans that the provisions of the Harvest Plan Plus, the Ninth District Plan, and the Consolidated Plan not be "materially modified," as that term is defined in IRC 409A and the IRS guidance thereunder, by the adoption of these new plans. Therefore, pursuant to the provisions of the proposed treasury regulations for IRC 409A as published in the Federal Register on October 4, 2005, the provisions of the Harvest Plan Plus, the Ninth District Plan, and the Consolidated Plan that were in effect as of October 3, 2004, have not been "materially modified" as to amounts that were earned and vested in those plans prior to January 1, 2005.

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**NOTES TO FINANCIAL STATEMENTS**

**(7) Tax status**

The Trust qualifies as an irrevocable grantor trust under the guidelines of the Internal Revenue Code. Earnings of the Trust are allocated to the Sponsors. The Sponsors are non-taxable entities. Contributions by the Sponsors to the Trust on behalf of the participants are not taxable to participants until the participant or beneficiary receives payment.

**(8) Benefit obligations payable**

There were no amounts allocated, but not paid, to participants who elected to withdraw from the Plans at December 31, 2006 and 2005