

# **Farm Credit Foundations Defined Contribution / 401(k) Plan**

**Financial Statements  
December 31, 2010 and 2009**

# LarsonAllen<sup>®</sup> LLP

CPAs, Consultants & Advisors  
www.larsonallen.com

## INDEPENDENT AUDITORS' REPORT

Participants and Trust Committee  
Farm Credit Foundations Defined Contribution/401(k) Plan  
St. Paul, Minnesota

We have audited the accompanying statements of net assets available for benefits of Farm Credit Foundations Defined Contribution/401(k) Plan as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, net assets available for benefits of Farm Credit Foundations Defined Contribution/401(k) Plan as of December 31, 2010 and 2009, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*LarsonAllen LLP*  
LarsonAllen LLP

Minneapolis, Minnesota  
September 9, 2011

**Farm Credit Foundations Defined Contribution / 401(k) Plan**  
**Statements of Net Assets Available for Benefits**  
**December 31, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Plan interest in Master Trust		
Investments at fair value	\$ 1,332,183,263	\$ 1,164,921,482
Notes receivable from participants	18,405,986	16,189,363
Total Plan interest in Master Trust	<u>1,350,589,249</u>	<u>1,181,110,845</u>
Receivables		
Employer contributions	<u>617,247</u>	<u>600,691</u>
Total assets	1,351,206,496	1,181,711,536
<b>Liabilities</b>		
Accrued expenses	<u>24,409</u>	<u>30,730</u>
Net assets reflecting investments at fair value	1,351,182,087	1,181,680,806
Adjustment from fair value to contract value for interest in Master Trust	2,988,476	11,863,361
<b>Net assets available for benefits</b>	<u><u>\$ 1,354,170,563</u></u>	<u><u>\$ 1,193,544,167</u></u>

See accompanying notes to the financial statements.

**Farm Credit Foundations Defined Contribution / 401(k) Plan**  
**Statements of Changes in Net Assets Available for Benefits**  
**Years Ended December 31, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b>Net assets available for benefits, beginning of year</b>	\$ 1,193,544,167	\$ 977,903,918
<b>Net investment income</b>		
Master Trust income	<u>123,051,760</u>	<u>172,617,036</u>
<b>Contributions</b>		
Participant	53,046,821	47,682,439
Employer	35,776,830	33,206,664
Total contributions	<u>88,823,651</u>	<u>80,889,103</u>
<b>Deductions</b>		
Benefits paid to participants	(50,717,389)	(37,419,312)
Administrative expenses	(531,626)	(446,578)
Total deductions	<u>(51,249,015)</u>	<u>(37,865,890)</u>
Net increase	160,626,396	215,640,249
<b>Net assets available for benefits, end of year</b>	<u>\$ 1,354,170,563</u>	<u>\$ 1,193,544,167</u>

See accompanying notes to the financial statements.

# Farm Credit Foundations Defined Contribution / 401(k) Plan

## Notes to Financial Statements

### December 31, 2010 and 2009

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#### 1. Description of the Plan

The following description of the Farm Credit Foundations Defined Contribution / 401(k) Plan (the "Plan") provides general information regarding the Plan. Refer to the Plan document for a complete description of Plan provisions.

##### **General**

The Farm Credit Foundations Defined Contribution / 401(k) Plan (the "Plan") is sponsored and maintained by AgriBank Farm Credit Bank ("AgriBank") and by U.S. AgBank, FCB ("AgBank") for the benefit of the eligible employees of each Bank, their affiliated associations, Northwest FCS, and other employers within the federal Farm Credit System. The Plan is intended to conform to and qualify under § 401 and § 501 of the Internal Revenue Code of 1986, as amended.

The participating employers are defined and declared to be "instrumentalities of the United States" in the charters issued to them by the Farm Credit Administration. For this reason, the Plan is intended to be a "governmental plan" as that term is defined in Code § 414(d). For the same reason, the Plan is also intended to be a "governmental plan" as that term is defined in Section 3(32) of the Employee Retirement Income Security Act of 1974 ("ERISA").

Because of the close relationship that exists between the employers in the Plan under the provisions of the Farm Credit Act and the terms of their respective charters and because of their status as "instrumentalities of the United States," the Plan, consistent with prior historical practice, is designed and intended to be a single employer plan.

The Plan was restated effective January 1, 2009, to incorporate all amendments since the last IRS submission for a Determination Letter and was submitted to the IRS for their review as required to comply with the required resubmission period of Cycle C.

Effective January 1, 2010, the Plan was amended to incorporate certain provisions of the Heros Earnings Assistance and Relief Tax act.

##### **Plan Governance**

The Farm Credit Foundations Plan Sponsor and Trust Committees provide consideration and oversight of the benefit plans offered by participating employers of the AgriBank District, U.S. AgBank District, and Northwest, FCS as defined by the Farm Credit Foundations Administrative Agreement. There are 47 participating employers across 26 states with over 7500 active employees. The governance committees are either elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for decisions regarding benefits at the direction of the participating employer. The Trust Committee is responsible for fiduciary and plan administrative functions.

U.S. AgBank and CoBank, two banks in the Farm Credit System will be merging effective January 1, 2012. Upon stock holder approval, certain participants and their corresponding benefits/assets (if applicable) will be spun-off to the CoBank plans.

##### **Contributions**

The provisions of the Plan are summarized below:

- Participants may contribute up to 75 percent of the eligible earnings on a pre-tax basis and up to 75 percent of eligible earnings on a post-tax basis. Total participant contributions may not exceed 75 percent of eligible earnings. In addition, Roth 401(k) after-tax contributions are also available.

# Farm Credit Foundations Defined Contribution / 401(k) Plan

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- Employer matching contributions are equal to 100 percent of total participant contributions, up to 6 percent of eligible earnings for participants not accruing benefits in their employer's closed defined benefit plan.
- For employees hired prior to January 1, 2007, and who participate in their employer's closed defined benefit retirement plan the employer matching contributions are equal to 100% of employee contributions up to 2% of eligible pay; plus 50% of the next 4% of eligible pay. (maximum 4% total employer match)
- Any eligible employee of the AgriBank District, U.S. AgBank District, and Northwest, FCS, that is not participating in the defined benefit plan receives additional Employer contributions each pay period. For qualified employees, contributions are made at a rate of 3 percent of compensation.

#### Grandfathered provisions for certain employee groups:

- For qualified employees of FCS of America, an employer of the AgriBank District, who began participation prior to January 1, 1991, contributions were up to a maximum of 13 percent of earnings.
- All employees of Northwest, FCS, FCS of America, an employer of the AgriBank District, and employers of the former Eleventh District (part of the US AgBank District) hired prior to January 1, 2007, who do not participate in their employer's closed defined benefit plan, receive an additional 3% Integrated Contribution on salary that exceeds the Social Security taxable wage base for the year.
  - The Integrated Additional Contribution is credited to participants' 401(k) accounts beginning with the pay period that their benefit's eligible wages exceed the social security wage base.
- Certain employers of the former Eleventh District (those who have Internal Revenue Service private letter rulings) are allowed to make paid-leave contributions to participant accounts. In general, paid-leave contributions are made in an amount equal to the dollar value of paid-leave accrued at December 31 in excess of the paid-leave that can be carried forward under the employers' paid-leave policy.

All participant and employer contributions are subject to limits set forth by the Internal Revenue Code. Participants may also contribute amounts representing eligible roll-over distributions from other qualified plans.

Participants in the Plan may direct employee and employer contributions in 1 percent increments to any of the Plan's investment options. The Plan's investments in each fund/option are maintained under the direction of the participants.

#### **Participant Accounts**

Each participant's account is credited with the participant's contribution, related employer contributions, and Plan allocations of earnings. Allocations are based on participant earning or account balances, as defined. The benefit to which a participant is entitled is the vested portion of the participant's account. Participant accounts are valued on a daily basis.

#### **Vesting**

The vesting provisions of the Plan are as follows:

- Participants are immediately vested in participant contributions, paid-leave contributions, and investment income earned thereon.
- Participants vest 100 percent in employer matching contributions and employer contributions after four years of service. Participants with less than four years of service vest in the employer contributions at a rate of 25 percent for each full year of service.
- Participants are immediately vested upon death, disability or retirement.

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Former Ninth District, now part of the US AgBank District, participants in the Plan prior to January 1, 2007, are immediately vested in their contributions plus actual earnings thereon. Participants are also fully vested in the Company's contribution portion of their accounts at the date of participation.

#### **Notes Receivable from Participants**

The Plan allows participants to borrow a portion of their account balance subject to limitations set forth by the Plan and the Internal Revenue Code. Notes are secured by the balance in the participants' accounts and generally bear interest at the prime rate. Repayment of notes receivable from participants, including monthly interest charges, is made semi-monthly in the form of payroll withholding. Notes are generally made for a term of five years or less, except for notes for a principal residence, which may be made for a term of up to 25 years.

#### **Payment of Benefits**

Upon termination, the value of the participant's accounts will be distributed to the participant. The Plan participant or a Beneficiary may elect distribution under one, or any combination, of the following methods: (a) by payment in a lump sum; or (b) by payment in monthly installments over a fixed reasonable period of time, not exceeding the life expectancy of the Participant. All distributions will be paid in the form of a check drawn on the trust. In the case of death, distributions will be made to the designated beneficiary.

The Plan allows for in-service withdrawals upon financial hardship, as defined in the Plan, or upon attainment of age 59 1/2. The Plan also allows for in-service withdrawals of post-tax, rollover, or deductible employee contributions and certain matching contributions, as defined in the Plan.

#### **Forfeited Accounts**

Nonvested employer contributions are forfeited by terminating participants. Forfeited amounts are held in an account at New York Life until used to either pay Plan administrative expenses or to reduce employer contributions. The amount of the forfeitures was \$301,815 at December 31, 2010 and \$177,765 at December 31, 2009. Forfeited dollars were used to offset administrative expenses of \$409,843 during 2010 and \$371,129 during 2009. In addition, forfeited dollars were used to reduce employer contributions by \$420 during 2010 and \$15,121 during 2009.

#### **Regulatory Compliance**

The Department of Labor has determined the Plan to be a governmental plan; therefore, the Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

#### **Plan Administration**

The Plan provides that an employee of a participating employer that has adopted the Plan who has satisfied the Plan's eligibility requirements will have rights to benefits under the plan. AgriBank, FCB serves as Plan Administrator under the Plan. The Trust Committee has primary responsibility for administration and interpretation of the Plan and investment of the Plan assets.

The Farm Credit Foundation's Trust Committee is the trustee for the Plan assets invested in the Master Trust. The trustee supervises and administers all investments and related activities, including such functions as purchases, sales, reinvestment and collection of investment income. Certain income and expense items of the investments in the Master Trust are recorded at the Master Trust level. These include investment expenses, interest income and dividends. Wells Fargo is the custodian for the Plan assets.

New York Life Trust Company is the third-party administrator for the Plan.

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#### **Plan Termination**

Although there has been no expression of intent to do so, the participating employers have the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the plan provisions. Upon either full or partial termination of the Plan, or, if applicable, upon complete discontinuance of profit sharing plan contributions to the Plan, an affected Participant's right to his/her Account Balance is 100% Vested, irrespective of the Vested percentage which otherwise would apply.

## **2. Summary of Significant Accounting Policies**

A description of the Plan's significant accounting policies follows:

#### **Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit responsive investment contracts from fair value to contract value. The Statements of Changes in Net Assets Available for Benefits are prepared on a contract value basis.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, as well as disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

#### **Fair Value of Financial Instruments**

The Plan categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2010 and 2009.

#### **Investment Valuation and Income Recognition**

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income or losses less actual distributions and allocated administrative expenses.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Purchases and sales of investments are recorded on a trade date basis. Interest income is accrued based on the terms of the underlying instrument and dividend income is recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

#### **Notes Receivable from Participants**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

#### **Benefits and Expenses**

Benefit payments to participants are recorded when distributed. Administrative and other expenses of the Plan are paid from the Plan assets to the extent of forfeited employer contributions. Expenses in excess of forfeitures are either paid from Plan assets or directly by the Employers.

#### **Reclassifications**

During 2010, Financial Accounting Standards Board (FASB) released guidance that reclassifies participant loans from investments to notes receivable effective for fiscal years ending after December 15, 2010. The guidance requires the reclassification to be retrospectively applied to all prior periods presented. The Plan adopted this guidance effective for the Plan year ended December 31, 2010.

### **3. Income Tax Status**

The Internal Revenue Service ("IRS") has issued a favorable determination letter regarding the Plan's current nontaxable status. The predecessor Plan received its latest determination letter in March 2004. The Plan was restated in 2009 and received a new determination letter from the IRS dated August 20, 2011.

The Plan has been amended since receiving the determination letter. Plan management is of the opinion that the Plan continues to comply with the applicable sections of the Internal Revenue Code, and that the related trust,

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which forms a part of the Plan, is exempt from income tax. Accordingly, no provision has been made for federal or state income taxes.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

**4. Investments**

**Interest in Master Trust**

The Plan's investments are in a master trust which holds the investment assets of the Plan, AgriBank District Retirement Plan, The Eleventh Farm Credit District Employees' Retirement Plan, Northwest Farm Credit Services Retirement Plan, and the Ninth Farm Credit District Pension Plan. Each plan's share of the Master Trust is determined by the use of accumulation units, with each unit representing an undivided interest in the Master Trust. The plans are credited with units purchased and charged with units to be paid or forfeited at the monthly accumulation unit value. Net assets, net investment income, gains and losses and administrative expenses are allocated to the participating plans based upon the weighted average units held during the period. The Plan's interest in the Master Trust was approximately 60% at December 31, 2010, and 58% at December 31, 2009.

The following table presents the fair values of investments for the Master Trust as of December 31:

	<u>2010</u>	<u>2009</u>
Money market	\$ 33,744,175	\$ 46,724,202
Mutual funds	887,352,400	766,332,877
Collective trust funds	471,256,043	516,812,163
Common stocks	413,465,005	257,078,208
Pooled separate account	261,755,166	246,823,285
Investment insurance contracts	92,757,244	92,086,679
Limited partnerships	68,068,323	63,276,159
Cayman Island Exempted Company	22,150,696	21,585,086
Corporate bonds	776,873	911,121
Government securities	1,191,173	866,634
Securities lending cash collateral	19,713,868	16,515,103
Total investments held by master trust	<u>2,272,230,966</u>	<u>2,029,011,517</u>
Due to brokers for securities lending	(23,940,478)	(21,812,517)
Net investments held by master trust	<u>2,248,290,488</u>	<u>2,007,199,000</u>
Note receivable from participants	18,405,986	16,189,363
Total master trust	<u><u>2,266,696,474</u></u>	<u><u>2,023,388,363</u></u>

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Master Trust investment income for the years ending December 31, 2010 and 2009, is as follows:

	<u>2010</u>	<u>2009</u>
Net appreciation (depreciation) in fair value of investments:		
Money market	\$ 569,310	\$ 1,130,423
Mutual funds	78,519,281	152,008,201
Collective trust funds	43,542,004	91,465,373
Common stocks	72,194,259	51,745,444
Pooled separate account	(2,303,399)	(10,824,527)
Investment insurance contracts	5,693,764	6,070,257
Limited partnerships	4,792,164	6,701,208
Cayman Island Exempted Company	565,610	3,200,445
Corporate bonds	91,029	150,558
Government securities	10,696	27,818
Securities lending cash collateral	1,070,807	2,650,398
Total net appreciation	<u>204,745,525</u>	<u>304,325,598</u>
Interest and dividends	11,746,597	11,967,534
Less: investment management expenses	19,297	20,551
	<u>\$ 216,472,825</u>	<u>\$ 316,272,581</u>

**Securities Lending**

The Master Trust has a securities lending program with Wells Fargo Bank, N.A. The Master Trust requires collateral with a market value of at least 102% of the market value of the loaned securities at the time a loan is transacted. Collateral is provided by the borrower and may be held, invested, or reinvested in certain types of securities.

The fair market value of the securities loaned to Wells Fargo Bank, N.A. was \$23,940,476 at December 31, 2010, and \$21,812,517 at December 31, 2009. The fair value of the collateral accepted by the Master Trust was \$19,713,868 at December 31, 2010, and \$16,515,103 at December 31, 2009. No collateral had been sold or repledged at December 31, 2010 and 2009.

**5. Risks and Uncertainties**

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**6. Related Party**

AgriBank, FCB, paid expenses on behalf of the Plan and was reimbursed by the Plan for those expenses.

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**7. Fair Value**

The Plan uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Plan measures fair value, refer to Note 2. The following table presents the fair value hierarchy for the balances of the assets of the Master Trust measured at fair value on a recurring basis as of December 31:

	Level 1	Level 2	Level 3	Total
<b>2010</b>				
Assets:				
Money market	\$ 33,744,175	\$ -	\$ -	\$ 33,744,175
Mutual funds:				
Fixed income funds	517,739,285	-	-	517,739,285
Domestic funds	252,863,591	-	-	252,863,591
International funds	102,114,019	-	-	102,114,019
Other	14,635,505	-	-	14,635,505
Total Mutual funds	887,352,400	-	-	887,352,400
Collective trust funds:				
Domestic equity fund	-	211,618,152	-	211,618,152
Index collective fund	-	133,742,239	-	133,742,239
International Funds	-	125,895,652	-	125,895,652
Total Collective trust funds	-	471,256,043	-	471,256,043
Common stocks:				
Information Technology	74,296,070	-	-	74,296,070
Industrials	56,011,732	-	-	56,011,732
Financial	65,590,791	-	-	65,590,791
Health Care	43,535,698	-	-	43,535,698
Consumer	60,095,651	-	-	60,095,651
Energy	35,135,435	-	-	35,135,435
Other	33,631,420	-	-	33,631,420
Material	17,058,751	-	-	17,058,751
Telecommunications	12,379,576	-	-	12,379,576
Utilities	14,772,220	-	-	14,772,220
Investment Funds	957,661	-	-	957,661
Total Common stocks	413,465,005	-	-	413,465,005
Pooled separate account:				
Fixed income fund	-	261,755,166	-	261,755,166
Investment insurance contracts	-	-	92,757,244	92,757,244
Limited partnership:				
Long/short equity limited partnership	-	-	68,068,323	68,068,323
Cayman Islands exempted company	-	-	22,150,696	22,150,696
Corporate bonds:				
Other	-	776,873	-	776,873
Government securities:				
Other	-	1,191,173	-	1,191,173
Securities lending cash collateral	-	19,713,868	-	19,713,868
<b>Total Investments at Fair Value</b>	<b>\$ 1,334,561,580</b>	<b>\$ 754,693,123</b>	<b>\$ 182,976,263</b>	<b>\$ 2,272,230,966</b>

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	Level 1	Level 2	Level 3	Total
<b>2009</b>				
<b>Assets:</b>				
Money market	\$ 46,724,202	\$ -	\$ -	\$ 46,724,202
Mutual funds:				
Fixed income funds	449,996,680	-	-	449,996,680
Domestic funds	223,403,218	-	-	223,403,218
International funds	81,667,961	-	-	81,667,961
Other	11,265,018	-	-	11,265,018
Total Mutual funds	<u>766,332,877</u>	<u>-</u>	<u>-</u>	<u>766,332,877</u>
Collective trust funds:				
Domestic equity fund	-	194,225,840	-	194,225,840
Index collective fund	-	-	209,048,727	209,048,727
International Funds	-	113,537,596	-	113,537,596
Total Collective trust funds	<u>-</u>	<u>307,763,436</u>	<u>209,048,727</u>	<u>516,812,163</u>
Common stocks:				
Information Technology	46,791,801	-	-	46,791,801
Industrials	40,956,573	-	-	40,956,573
Financial	37,981,282	-	-	37,981,282
Health Care	34,294,028	-	-	34,294,028
Consumer	34,224,016	-	-	34,224,016
Energy	22,004,333	-	-	22,004,333
Other	17,095,076	-	-	17,095,076
Material	10,201,363	-	-	10,201,363
Telecommunications	6,798,317	-	-	6,798,317
Utilities	6,408,656	-	-	6,408,656
Investment Funds	322,763	-	-	322,763
Total Common stocks	<u>257,078,208</u>	<u>-</u>	<u>-</u>	<u>257,078,208</u>
Pooled separate account:				
Fixed income fund	-	246,823,285	-	246,823,285
Investment insurance contracts	-	-	92,086,679	92,086,679
Limited partnership:				
Long/short equity limited partnership	-	-	63,276,159	63,276,159
Cayman Islands exempted company	-	-	21,585,086	21,585,086
Corporate bonds:				
Other	-	911,121	-	911,121
Government securities:				
Other	-	866,634	-	866,634
Securities lending cash collateral	-	16,515,103	-	16,515,103
Total Investments at Fair Value	<u>\$ 1,070,135,287</u>	<u>\$ 572,879,579</u>	<u>\$ 385,996,651</u>	<u>\$ 2,029,011,517</u>

**Valuation Techniques**

Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets would be classified as level 1. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data would be classified as level 2. In addition, assets measured at Net Asset Value (NAV) per share and that we have the ability to redeem at NAV per share at the measurement date are classified as level 2. Unobservable inputs (e.g., a company's own assumptions and data) and assets measured at NAV per share which we do not have the ability to redeem at NAV per share at the measurement date would be classified as level 3. All assets are evaluated at the fund level.

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The following table presents changes in assets measured at fair value using Level 3 inputs on a recurring basis for the years ending December 31, 2010 and 2009:

Changes in Assets - Level 3	Cayman Islands Exempted Company	Investment Insurance Contracts	Limited Partnership	Collective Trust Funds	Total
Beginning Balance, 1/1/10	\$ 21,585,086	\$ 92,086,679	\$ 63,276,159	\$ 209,048,727	\$ 385,996,651
Actual return on plan assets:					
Still held at the reporting date	565,610	4,149,438	4,792,164	-	9,507,212
Sold during the period	-	1,544,326	-	-	1,544,326
Purchases, issuance and settlements, net	-	(5,023,199)	-	-	(5,023,199)
Transfer out of level 3	-	-	-	(209,048,727)	(209,048,727)
Ending Balance, 12/31/10	<u>\$ 22,150,696</u>	<u>\$ 92,757,244</u>	<u>\$ 68,068,323</u>	<u>\$ -</u>	<u>\$ 182,976,263</u>
Changes in Assets - Level 3	Cayman Islands Exempted Company	Investment Insurance Contracts	Limited Partnership	Collective Trust Funds	Total
Beginning Balance, 1/1/09	\$ 18,384,641	\$ 89,095,131	\$ 56,574,951	\$ -	\$ 164,054,723
Actual return on plan assets:					
Still held at the reporting date	3,200,445	4,256,207	6,701,208	30,962,544	45,120,404
Sold during the period	-	227,523	-	(4,419,383)	(4,191,860)
Purchases, issuance and settlements, net	-	(1,492,182)	-	(7,703,584)	(9,195,766)
Transfers into Level 3, net	-	-	-	190,209,150	190,209,150
Ending Balance, 12/31/09	<u>\$ 21,585,086</u>	<u>\$ 92,086,679</u>	<u>\$ 63,276,159</u>	<u>\$ 209,048,727</u>	<u>\$ 385,996,651</u>

The Plan previously classified certain collective funds that calculate a net asset value as a Level 3 fair value measurement. Based on additional guidance issued by the Financial Accounting Standards Board and the release of restrictions to liquidate the investment, the Plan reclassified these investments as Level 2 fair value measurements during 2010, resulting in transfers of \$209,048,727. These same collective funds were re-assessed to be Level 3 investments during 2009 as a result of withdrawal restrictions, resulting in transfers of \$190,209,150.

**Farm Credit Foundations Defined Contribution / 401(k) Plan**  
**Notes to Financial Statements**  
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The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>2010</b>				
Collective trust funds:				
Domestic equity fund	\$ 211,618,152	\$ -	Daily	Daily
Index collective fund	133,742,239	-	Daily	Daily
International Funds	125,895,652	-	Daily	Daily
Total Collective trust funds	471,256,043	-		
Pooled separate account:				
Fixed income fund	261,755,166	-	Daily	Daily
Limited partnership:				
Long/short equity limited partnership	68,068,323	-	Annually	70 and 95 days
Cayman Island Exempted Company	22,150,696	-	Monthly	Monthly
<b>2009</b>				
Collective trust funds				
Domestic equity fund	\$ 194,225,840	\$ -	Daily	Daily
Index collective fund	209,048,727	-	Semi-monthly	Daily
International Funds	113,537,596	-	Daily	Daily
Total Collective trust funds	516,812,163	-		
Pooled separate account				
Fixed income fund	246,823,285	-	Daily	Daily
Limited partnership:				
Long/short equity limited partnership	63,276,159	-	Annually	70 and 95 days
Cayman Island Exempted Company	21,585,086	-	Monthly	Monthly

**Objectives:**

The domestic equity collective trust fund seeks to outperform the S&P 500 Index over a full market cycle with similar or less risk.

The investment objective of the index collective trust funds is to match the return of the S&P 500 Index or the Barclays Capital Aggregate Bond Index.

The international collective trust funds seek long-term growth of capital by investing primarily in a wide variety of international equity securities issued throughout the world, normally excluding the U.S.

The fixed income pooled separate account is designed for investors seeking stable returns and competitive rates over the long term.

The long/short equity limited partnership generally implements non-traditional or alternative investment strategies.

The Cayman Island Exempted Company's investment objective is to generate superior, long-term return with less risk than equity markets.

**Farm Credit Foundations Defined Contribution / 401(k) Plan**  
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**8. Subsequent Events**

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through September 9, 2011, the date the financial statements were available to be issued.