

NEWS RELEASE



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New FCSIC Premium Rates Follow Farm Bill Amendments

McLEAN, Va., June 10, 2008 — Today the Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted to set premiums at 15 basis points on adjusted insured debt outstanding for the third quarter of 2008 and 18 basis points on adjusted insured debt outstanding for the fourth quarter of 2008. The change in premiums to the new rates will become effective July 1, 2008.

In addition, there will be a 10-basis-point premium on the average principal outstanding for nonaccrual loans and on the average amount outstanding for any other-than-temporarily impaired investments. These premiums will be accrued for the second half of 2008. Premiums for the first half of the year have accrued under the premium rate schedule set by the FCSIC Board last January.

The recently passed Food, Conservation, and Energy Act of 2008 amended the Farm Credit Act of 1971 to generally assess premiums based on each Farm Credit System bank's pro rata share of adjusted outstanding insured debt (rather than on loans), aligning premiums with the risk that FCSIC insures. It also increased the top premium assessment to 20 basis points.

Corporation Chairman Nancy C. Pellett said, "I want to express the Corporation's appreciation for the work Congress did to enact insurance premium reform that ensures the FCSIC will continue to provide significant protection to investors in insured Farm Credit System debt obligations."

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From January through May 2008, insured debt obligations grew approximately \$13 billion to \$167.1 billion. Growth since year-end 2003 has averaged 12.8 percent annually and, under the old statutory assessment methodology, the Insurance Fund could not keep pace with this growth. Assessing premiums on insured debt increases premium revenue for the Insurance Fund and helps assure that the Fund makes progress towards the statutory 2 percent secure base amount.

The Corporation is managed by a three-member Board of Directors composed of the members of the Farm Credit Administration Board. In addition to Chairman Pellett, Leland A. Strom and Dallas P. Tonsager serve as members of the Board.

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The Farm Credit System Insurance Corporation, an independent U.S. government-controlled corporation, ensures the timely payment of principal and interest on insured notes, bonds, and other obligations issued on behalf of Farm Credit System banks.

Note: FCSIC news releases are available on the Internet. Access the FCSIC Web site at <http://www.fcsic.gov>.