

July 1<sup>st</sup>, 2010

Dear Stockholder,

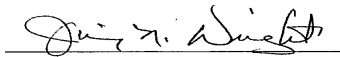
We're pleased to report to you that the merger between Texas AgFinance, FCS and AgCredit of South Texas, ACA is complete. On July 1, we combined forces as one united farm credit institution operating under the name **Texas AgFinance, FCS**.

This is an exciting time for the new organization. With our combined loan portfolio of more than \$537 million, we are a larger, stronger organization which means we can provide greater benefits to our member-stockholders, while at the same time improve our financial strength in order to withstand adversity.

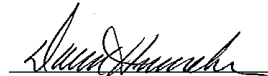
You will continue to do business at the same office locations and with the same credit staff. The board of directors of the combined organization now consists of a ten member board to represent your interests. Due to the joint management arrangement conducted over the past eighteen months, the transition into the new organization should be somewhat seamless to the stockholders.

Texas AgFinance is committed to providing you with outstanding service and financial products. Through this merger, we have combined our internal operations to achieve more operating efficiency and superior credit delivery. This merger also diversifies our loan portfolio and greatly expands our geographic territory from the Rio Grande Valley to Central Texas, creating tremendous opportunities for loan growth potential.

We appreciate the confidence the stockholders have placed in us by their overwhelming approval of the merger. We look forward to a long and rewarding relationship as your rural lender.



Jimmy N. Wright  
Chief Executive Officer



David Henneke  
Chairman of the Board