

***JOINT STATEMENT OF THE BOARDS OF DIRECTORS OF AGCHOICE FARM  
CREDIT AND MIDATLANTIC FARM CREDIT***

In this statement, we – the Boards of Directors of AgChoice Farm Credit and MidAtlantic Farm Credit – address some of the questions you may have regarding the proposed merger of the two associations (the “Merger”), the special meetings of stockholders being held to vote on the Merger, and why we enthusiastically recommend stockholder approval of the Merger.

***What is the purpose of the special meetings of stockholders?***

We each called a special meeting of stockholders in order to obtain voting stockholder approval of the merger of AgChoice and MidAtlantic. The new merged association will be called Horizon Farm Credit. Under the Farm Credit Act, the Merger cannot go forward without the affirmative vote of a majority of each Association’s stockholders voting, in person or by proxy, at a duly called meeting of stockholders. Each board is in support of the Merger and recommends that its stockholders vote to approve the Merger at the special meeting. The Merger also requires final approval from our regulator, the Farm Credit Administration.

***What factors caused the Boards to evaluate a merger?***

Each of MidAtlantic and AgChoice is the product of several smaller associations combining to achieve operational and financial benefits over the past 20 years that would have not been realized if each association remained independent. The success of those mergers could be lost, however, if we do not continue to evolve to address changes in the marketplace. Today, we face several challenges: competition that has become larger and quicker with enhanced customer-facing technology and efficiency; escalating costs related primarily to needed technology investments and increased regulatory requirements, and a customer base that demands a sophisticated lender that is capable of providing for their growing and more complex credit needs. We believe a merger with a strong, philosophically aligned association is the quickest and most sure way to meet these challenges.

***What are some of the key advantages and benefits that you anticipate from the Merger?***

In short, we support the Merger because we believe that a larger, more diversified organization, will be better positioned than either association on a stand-alone basis to provide reliable and affordable credit and related financial services to agricultural producers and rural residents in our combined territories, both today and into the future. Bigger is not always better. In this case, however, combining our operations and resources through the Merger will allow us to:

- Build an organizational structure that allows for increased specialization, more robust risk management, and added staff depth to address employee turn-over and succession;
- Achieve cost savings from eliminating duplicative functions, operational synergies and economies of scale;
- Reduce risk through a more diversified loan portfolio by commodity/borrower type and geography; and
- Increase revenues by making and holding larger loans.

These benefits should result in a financially stronger, more profitable and resilient organization as compared to AgChoice or MidAtlantic. From the perspective of our members, these benefits enhance our ability to (i) provide competitive interest rates to all customer segments; (ii), maintain a strong patronage program that reduces the net cost of borrowing; and (iii) effectively tailor programs that address the needs of our young, beginning and small farmers and other under-served customer segments.

Please see pages 5 - 10 of this Merger Disclosure Statement for a more detailed description of expected organizational and stockholder advantages and benefits of the Merger.

***Are there any disadvantages and/or risks of merging?***

We identified the following potential risks and/or disadvantages of merging:

- Serving a larger territory and a more diverse customer base may make it more difficult to stay abreast of changes in all areas of our marketplace. In this regard, the Merger presents a risk that we will not be as quick in responding to the evolving needs of each of our various customer segments.
- Combining the associations' back office operations will require a significant commitment of employee time and resources.
- The name change to Horizon Farm Credit could cause confusion in the marketplace.
- Combining the capital bases of the two organization will dilute MidAtlantic's capital cushion as MidAtlantic is likely to enter the merger with a higher capital level as a percentage of loan volume than AgChoice.
- While the initial Board of Horizon Farm Credit will consist of all 23 of the current stockholder-elected directors, three director positions will be eliminated over a three-year period following the Merger, thus reducing director representation. As a result, Horizon will have a higher number of stockholders per director position than either Association today. Directors nominated from MidAtlantic's chartered territory will possess a slight majority of the elected director seats.
- The Associations project that merger-related expenses will total approximating \$7.5 million, inclusive of costs already incurred. Please see page 14 - 15 of the Merger Disclosure Statement for a discussion of merger-related expenses. We expect that it will take approximately two years to fully recover these expenses from the projected annual cost savings from the Merger.

Please see pages 5 - 10 of this Merger Disclosure Statement for a more detailed description of potential disadvantages and risk factors of the Merger.

***What changes will I see in my day-to-day interactions with my association?***

Very little. The Merger will not result in any changes to our branch offices and you will continue to receive the same high level of customer service and industry expertise that you have come to expect from our qualified staff.

***How do I vote on the Merger?***

You can either submit a proxy ballot by mail or via a dedicated website portal. Alternatively, you can attend the meeting and vote in person.

***What if I have questions on the Merger?***

Questions can be directed to the following individuals:

**AgChoice:**

Questions on the Merger:

Darrell Curtis, President & CEO

Email: [merger@agchoice.com](mailto:merger@agchoice.com)

Phone: 800.998.5557

Questions on voting:

Survey & Ballot Systems

Email: [support@directvote.net](mailto:support@directvote.net)

Phone: 866.909.3549

**MidAtlantic:**

Questions on the Merger:

Thomas Truitt, President & CEO

Email: [merger@mafc.com](mailto:merger@mafc.com)

Phone: 888.339.3334

Questions on voting:

Survey & Ballot Systems

Email: [support@directvote.net](mailto:support@directvote.net)

Phone: 866.909.3549