Quarterly Report to Stockholders

Farm Credit of
Western Oklahoma, ACA
Woodward, Oklahoma

September 30, 2010

The shareholders' investment in the Farm Credit of Western Oklahoma, ACA (Association) is materially affected by the financial condition and results of operations of U.S. AgBank, FCB, (AgBank). The 2009 U.S. AgBank Annual Report to Shareholders, the 2009 U.S. AgBank District Annual Report to Shareholders, the U.S. AgBank quarterly shareholders' reports and the U.S. AgBank District quarterly shareholders' reports are available free of charge on AgBank's web site, www.usagbank.com, or may be obtained at no charge by visiting or contacting the Association at 3302 Williams Avenue, Woodward, Oklahoma 73801 or calling 580-256-3465 or toll-free 1-800-299-3465.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in Thousands, Except as Noted)
(Unaudited)

The following discussion summarizes the financial position and results of operations of Farm Credit of Western Oklahoma, ACA for the nine months ended September 30, 2010, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2009 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

LOAN PORTFOLIO

Loans outstanding at September 30, 2010 totaled $372,274, an increase of $29,494, or 8.60%, from loans of $342,780 at December 31, 2009. The increase was primarily due to demand for increased lending.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2010 was $3,657, an increase of $1,204, or 49.08%, from the same period ended one year ago. This is primarily due to an increase in net interest income, non-interest income and a decrease in Farm Credit System Insurance Company (FCSIC) premiums.

Net interest income for the nine months ended September 30, 2010 was $7,488, an increase of $685, or 10.07%, from the same period ended one year ago. Interest income increased as a result of increased loans.

The provision for loan losses for the nine months ended September 30, 2010 was $409, an increase of $10, or 2.51%, from the provision for loan losses for the same period ended one year ago. The provision for loan losses increased as a result of increased loans offset by improved credit quality.

Non interest income for the nine months ended September 30, 2010, increased $492 from the same period ended one year ago. Beginning in 2009, patronage from AgBank was paid annually after the end of the year. During the first quarter of 2010, AgBank paid us $527 in patronage based on AgBank's 2009 earnings. Additionally, during the first quarter of 2010, we received our allocated portion of a rebate of $338 distributed by FCSIC. The increase was offset by a $232 decrease in financially related services income due to reduction in the crop hail insurance program. Also, affecting net income was a $196 decrease in the FCSIC premium. During 2010, FCSIC reduced their premium rate from 10 basis points to 5 basis points.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2010 was $71,726, an increase from $68,015 at December 31, 2009. This increase is due to net income and a net increase in borrower stock.

The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.

John Grunewald, President/CEO	Jamie Shirkey, VP-CFO	Steve Semmel, Chairman of the Board
November 3, 2010	November 3, 2010	November 3, 2010

Consolidated Statement of Condition

(Dollars in Thousands)

	September 30 2010 UNAUDITED	December 31 2009 AUDITED
ASSETS		
Loans	$ 372,274	$ 342,780
Less allowance for loan losses	2,063	1,994
Net loans	370,211	340,786
Cash	2,573	2,844
Accrued interest receivable	7,310	4,697
Investment in U.S. AgBank, FCB	10,825	9,614
Premises and equipment, net	1,797	1,873
Prepaid benefit expense	537	708
Other assets	330	232
Total assets	$ 393,583	$ 360,754
LIABILITIES		
Note payable to U.S. AgBank, FCB	$ 315,672	$ 285,135
Advance conditional payments	2,931	2,358
Accrued interest payable	2,725	3,177
Patronage distributions payable	-	1,000
Accrued benefits liability	148	162
Other liabilities	381	907
Total liabilities	321,857	292,739
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	6	9
Capital stock	1,385	1,328
Unallocated retained earnings	70,335	66,678
Total shareholders' equity	71,726	68,015
Total liabilities and shareholders' equity	$ 393,583	$ 360,754

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Income

(Dollars in Thousands)

	For the three months ended September 30		For the nine months ended September 30	
UNAUDITED	2010	2009	2010	2009
INTEREST INCOME				
Loans	$ 4,626	$ 4,391	$ 13,925	$ 12,998
Total interest income	4,626	4,391	13,925	12,998
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	2,136	2,047	6,407	6,149
Other	10	14	30	46
Total interest expense	2,146	2,061	6,437	6,195
Net interest income	2,480	2,330	7,488	6,803
(Loan loss reversal)/Provision for loan losses	(10)	(214)	409	399
Net interest income after (loan loss reversal)/provision for loan losses	2,490	2,544	7,079	6,404
NONINTEREST INCOME				
Financially related services income	19	118	43	236
Loan fees	(32)	3	13	31
Patronage distribution from U.S. AgBank, FCB	-	6	527	146
Farm Credit Insurance Fund distribution	-	-	338	-
Other noninterest income	10	9	63	79
Total noninterest income	(3)	136	984	492
NONINTEREST EXPENSE				
Salaries and employee benefits	705	708	2,402	2,366
Occupancy and equipment	80	91	240	253
Purchased services from AgVantis, Inc.	125	105	368	318
Farm Credit Insurance Fund premium	44	155	125	448
Supervisory and examination costs	30	25	91	74
Other noninterest expense	336	292	1,180	984
Total noninterest expense	1,320	1,376	4,406	4,443
Net income	$ 1,167	$ 1,304	$ 3,657	$ 2,453

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Protected Borrower Stock	Capital Stock	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2008	$ 10	$ 1,265	$ 64,799	$ 66,074
Net income			2,453	2,453
Stock issued	-	154		154
Stock retired	(2)	(109)		(111)
Balance at September 30, 2009	$ 8	$ 1,310	$ 67,252	$ 68,570
Balance at December 31, 2009	$ 9	$ 1,328	$ 66,678	$ 68,015
Net income			3,657	3,657
Stock issued	-	158		158
Stock retired	(3)	(101)		(104)
Balance at September 30, 2010	**$ 6**	**$ 1,385**	**$ 70,335**	**$ 71,726**

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit of Western Oklahoma, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2009, are contained in the 2009 Annual Report to Shareholders. These unaudited third quarter 2010 financial statements should be read in conjunction with the 2009 Annual Report to Shareholders.

In July 2010, the Financial Accounting Standards Board (FASB) issued guidance on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Loan Losses," which is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of the allowance for credit losses. Existing disclosures are amended to include additional disclosures of financing receivables on a disaggregated basis (by portfolio segment and class of financing receivable) including among others, a rollforward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the period on a portfolio segment basis, with the ending balance further disaggregated on the basis of the method of impairment (individually or collectively evaluated). The guidance also calls for new disclosures including but not limited to credit quality indicators at the end of the reporting period by class of financing receivables, the aging of past due financing receivables by class, nature and extent of financing receivables modified as troubled debt restructurings by class and the effect on the allowance for credit losses. For public entities, the disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The adoption of this Standard should have no impact on the Association's financial condition or results of operations, but will result in additional disclosures.

Effective January 1, 2010, the Association adopted Financial Accounting Standards Board (FASB) guidance on "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurements by increasing transparency in financial reporting. The guidance will provide for a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurements. The adoption of this guidance had no impact on the Association's financial condition and results of operations but resulted in additional disclosures.

In June 2009, the FASB issued guidance on "Accounting for Transfers of Financial Assets," which amends previous guidance by improving the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets.

This guidance was effective January 1, 2010. This Statement must be applied to transfers occurring on or after the effective date. Additionally, the concept of a qualifying special purpose entity is no longer relevant for accounting purposes. Therefore, formerly qualifying special-purpose entities (as defined under previous accounting standards) should be evaluated for consolidation by reporting entities in accordance with the applicable consolidation guidance. If the evaluation results in consolidation, the reporting entity should apply the transition guidance provided in the pronouncement that requires consolidation. The Association reviewed its loan participation agreements to ensure that participations would meet the requirements for sales treatment and not be required to be consolidated. The impact of adoption on January 1, 2010 was immaterial to the Association's financial condition and results of operations.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations, and conform with generally accepted accounting principles and prevailing practices within the banking industry. The results for the nine months ended September 30, 2010, are not necessarily indicative of the results to be expected for the year ended December 31, 2010.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of the allowance for loan losses follows.

	September 30, 2010	September 30, 2009
Balance at beginning of year	**$ 1,994**	$ 2,069
Provision for loan losses	**409**	399
Charge-offs	**340**	14
Recoveries	**--**	1
Balance at end of period	**$ 2,063**	$ 2,455

Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. The following presents information relating to impaired loans including accrued interest.

	September 30, 2010	September 30, 2009
Impaired loans with related allowance	**$ --**	$ 430
Impaired loans with no related allowance	**2,889**	5,723
Total impaired loans	**$ 2,889**	$ 6,153
Allowance on impaired loans	**$ --**	$ 121

The following table summarizes impaired loan information.

	For the nine months ended	
	September 30, 2010	September 30, 2009
Average impaired loans	**$ 3,462**	$ 5,810
Interest income recognized on impaired loans	**$ 5**	$ 46

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2 to the 2009 Annual Report to Shareholders for a more complete description.

The Association had no assets or liabilities measured at fair value on a recurring basis at September 30, 2010 or December 31, 2009.

Assets and liabilities measured at fair value on a non-recurring basis at for each of the fair value hierarchy values are summarized as follows:

September 30, 2010	Fair Value Measurement Using Level 1	Level 2	Level 3	Total Fair Value	Total Losses
Assets:					
Loans	**$ —**	**$ —**	**$ 2,879**	**$ 2,879**	**$ 319**
December 31, 2009					
Assets:					
Loans	$ —	$ —	$ 3,284	$ 3,284	$ 983

The Association had no liabilities measured at fair value on a non-recurring basis at September 30, 2010 or December 31, 2009.

Valuation Techniques
As more fully discussed in Note 2 to the 2009 Annual Report to Shareholders, authoritative guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used for the Association's assets and liabilities.

Loans

For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the real estate, less estimated costs to sell, is less that the principal balance of the loan, a specific reserve is established.

NOTE 4 - SUBSEQUENT EVENTS
The Association has evaluated subsequent events through November 3, 2010, which is the date the financial statements were available to be issued, and no material subsequent events were identified.