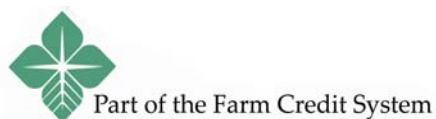


**FEDERAL LAND BANK ASSOCIATION OF NORTH  
MISSISSIPPI, FLCA**

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**2008  
Quarterly Report  
First Quarter**



**For the Quarter Ended March 31, 2008**

## REPORT OF MANAGEMENT

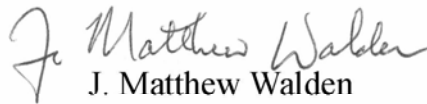
The undersigned certify that this report has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate and complete to the best of his or her knowledge and belief.



Gary L. Gaines  
President and CEO  
May 12, 2008



Abbott R. Myers  
Chairman, Board of Directors  
May 12, 2008



J. Matthew Walden  
Chief Financial Officer  
May 12, 2008

## FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the financial performance of the Federal Land Bank Association of North Mississippi, FLCA (Federal Land Credit Association), referred to as the Association, for the quarter and the three months ended March 31, 2008. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2007 Annual Report of the Association.

### Results of Operations:

For the first quarter of 2008, the Association had net income of \$1,178,259, compared with a net loss of \$1,020,165 for the fourth quarter of 2007 and net income of \$1,399,465 for the first quarter of 2007 reflecting an increase of 215.5 percent and an decrease of 15.8 percent, respectively. The large change versus the fourth quarter of 2007 was primarily due to a charge off, related to a participation loan discussed below, taken in the fourth quarter of 2007. The change from the first quarter of 2007 is primarily due to increased pension costs during the first quarter of the current year.

Net interest income was \$2,395,631 for the first quarter of 2008, compared to \$2,351,441 for the fourth quarter of 2007 and \$2,342,529 for the first quarter of 2007.

Interest income for the first quarter of 2008 decreased by \$41,460 (or 0.7 percent) over the fourth quarter of 2007 and \$369,271 (or 6.2 percent) over the first quarter of 2007, primarily due to significant growth in average loan volume partially offset by a decrease in yields of earning assets.

Interest expense for the first quarter of 2008 increased by \$85,650 (or 2.2 percent) over the fourth quarter of 2007 and \$316,169 (or 8.8 percent) over the first quarter of 2007, primarily due to an increase in interest rates and average debt volume.

Average loan volume as of March 31, 2008, was \$361,285,628, compared to \$336,539,861 as of December 31, 2007, and \$323,014,688 as of March 31, 2007. The average spread on the loan portfolio for the first quarter of 2008 was 1.99 percent, compared to 1.97 at the end of 2007 and 2.08 percent in the first quarter of 2007.

The Association recorded \$0 in recoveries and \$0 in charge-offs for the quarter ended March 31, 2008, and \$0 in recoveries and \$0 in charge-offs for the same period in 2007. The Association's allowance for loan losses was 0.09 percent and 0.03 percent of total loans outstanding as of March 31, 2008, and March 31, 2007, respectively.

The Association's return on average assets for the three months ended March 31, 2008, was 1.25 and 1.68 percent for the same period in 2007. The Association's return on average equity for the three months ended March 31, 2008, was 7.71 and 8.92 percent for the same period in 2007. The decreases in both ratios are primarily due to a large charge off occurring after the first quarter in 2007.

### Loan Portfolio:

Total loans outstanding at March 31, 2008, including nonaccrual loans and sales contracts, were \$369,092,771 compared to \$355,615,476 at December 31, 2007, reflecting an increase of 3.8 percent. The following table reflects the credit quality of the Association's loan volume:

	<b>March, 31 2008</b>	December, 31 2007	March, 31 2007
Acceptable	<u>97.1%</u>	97.3%	97.4%
Special mention	<u>1.8%</u>	1.6%	2.0%
Substandard	<u>1.1%</u>	1.1%	0.6%
Total	<u><u>100.0%</u></u>	<u>100.0%</u>	<u>100.0%</u>

Nonaccrual loans as a percentage of total loans outstanding were 0.58 percent, 0.60 percent, and 0.04 percent at March 31, 2008, December 31, 2007, and March 31, 2007, respectively.

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned. The following table illustrates the Association's components and trends of high-risk assets.

	March 31, 2008		December 31, 2007		March 31, 2007	
	Amount	%	Amount	%	Amount	%
Nonaccrual	\$ 2,144,754	87.4%	\$ 2,151,356	86.5%	\$ 137,272	35.0%
90 days past due and still accruing interest	103,461	4.2%	131,437	5.3%	-	0.0%
Formally restructured	204,357	8.3%	207,362	8.2%	255,276	65.0%
Total	<u>\$ 2,452,572</u>	<u>100.0%</u>	<u>\$ 2,490,155</u>	<u>100.0%</u>	<u>\$ 392,548</u>	<u>100.0%</u>

Twelve associations in the district, along with two other Farm Credit associations, participated in a loan to one borrower with the original funded balance of \$68.5 million. The Association owned approximately 5.56% of the loan. During the second quarter of 2007, the loan was deemed to be nonaccrual due to its significant under collateralized position and a credit default. The lead lending association is currently pursuing collection efforts, and in the third quarter of 2007 liquidated part of the loan's collateral, which was applied to the outstanding balance for all participants. In addition, in the second half of 2007 the Association, along with the four other Capital Markets of the South (CMS) member associations, repurchased, on a pro-rata basis, the portions of the loan held by all other non-CMS participants. As of December 31, 2007, total net charge-offs of \$28.9 million were recognized, and total specific reserves of \$1.46 million remain on the books related to this loan. The Association's portion of charge-offs and specific reserves was \$4.8 million and \$279 thousand, respectively. The loan has a remaining book balance of \$10.7 million at December 31, 2007. The Association's portion of the loan's remaining book balance is \$2.04 million. As part of loan repurchase transactions noted above, the Association received a general release from the non-CMS participants for claims related to the loan, and agreed to indemnify the non-CMS participants from any liability arising from legal proceedings related to the loan. For more information on impaired loans and the allowance for loan losses, see Note 2 to the financial statements, "Loans and Allowance for Loan Losses," included in this quarterly report.

For information on the Capital Markets of the South, see Note 4 to the financial statements included in this quarterly report.

#### Legal Proceedings:

In relation to the participation loan described in "Loan Portfolio" section of Management's Discussion and Analysis, above, there are three separate lawsuits as of the date of this report. All three lawsuits have been initiated by the FLBA of South Alabama, FLCA, in its capacity as the named lead lender. Although FLBA of South Alabama, FLCA (the named lead lender) has been the only member of CMS participants to be named a defendant and to be countersued in any of these lawsuits, the remaining members of CMS (including the Association) could potentially be brought in as defendants. The overall character of the three lawsuits is of collection of the principal and interest from the borrower and control of the loan's collateral. Two of the lawsuits were filed in the borrower's domicile state of Texas and involved enjoining the borrower from denying access to collateral, as well as civil complaints against the borrower and other related individuals as well as third parties for damages incurred as a consequence of alleged wrongful acts by the respective parties. The third lawsuit was filed in the state of Kentucky, where the primary real estate collateral is located, for the purpose of gaining access to and foreclosing the lien of mortgages on the real estate and commencing an action for collection of the debt. The Kentucky state court has appointed a Receiver to protect the collateral and preserve the status quo pending resolution of the suit. The borrower and other related individuals have responded by filing a counterclaim, alleging various claims, including breach of contract. In early February 2008, the Association as well as all other participants in the lending matter and the respective district banks of the involved associations, were named as counter-defendants in the lawsuit. Upon the basis of current information, management and legal counsel are of the opinion that the ultimate liability, if any, from other pending actions will not be material in relation to the financial position, results of operations or cash flows of the Association. The Farm Credit Bank of Texas, the Association's district bank, has subsequently been discharged as a counter-defendant in the lawsuit.

#### Liquidity and Funding Sources:

The Association secures the majority of its lendable funds from the Bank, which obtains its funds through the issuance of Systemwide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

	March 31, 2008	December 31, 2007	March 31, 2007
Note payable to the Bank	\$ 318,522,880	\$ 306,221,087	\$ 276,516,963
Accrued interest on note payable	1,263,287	1,361,246	1,214,881
Total	<u>\$ 319,786,167</u>	<u>\$ 307,582,333</u>	<u>\$ 277,731,844</u>

#### Capital Resources:

The Association's capital position decreased by \$892,195 at March 31, 2008, compared to March 31, 2007 due to a large charge off taken in the second half of 2007 which impacted net income for the year and a 50 basis point patronage declared in October 2007 and

paid in January 2008. The Association's debt as a percentage of members' equity was 5.19 percent as of March 31, 2008, compared to 5.13 percent as of December 31, 2007.

Under regulations governing minimum permanent capital adequacy and other capitalization issues, the Association is required to maintain a minimum adjusted permanent capital of seven percent of risk-adjusted assets as defined by the FCA. The Association's permanent capital ratio at March 31, 2008, was 14.8 percent, which is in compliance with the FCA's minimum permanent capital standard. The Association's core surplus ratio and total surplus ratio at March 31, 2008, were 14.6 and 14.6 percent, respectively, which is in compliance with the FCA's minimum surplus standard.

**Capital Distributions:**

On October 16, 2007, the board of directors approved a 50 basis point, or ½ percent, patronage distribution (to be based on 2007 ending loan volume) to be paid in January 2008. The following patronage distributions were declared in 2007, 2006, and 2005, respectively.

<u>Date Declared</u>	<u>Date Paid</u>	<u>Patronage</u>	<u>Dividend</u>	<u>Special Distribution</u>
December 2007	January 2008	\$ 489,465	\$ 296,154	\$ 824,633
December 2006	January 2007	1,418,300	-	-
December 2005	January 2006	665,500	-	-

**Relationship with the Farm Credit Bank of Texas:**

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2007 Annual Report of Federal Land Bank Association of North Mississippi, FLCA more fully describe the Association's relationship with the Bank.

The Tenth Farm Credit District's (District) annual and quarterly stockholder reports are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, The Ag Agency, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9260. Copies of the District's quarterly and annual stockholder reports also can be requested by e-mail at [fcf@farmcreditbank.com](mailto:fcf@farmcreditbank.com). The District makes its annual and quarterly stockholder reports available on its Web site at [www.farmcreditbank.com](http://www.farmcreditbank.com).

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Federal Land Bank Association of North Mississippi, FLCA, P.O. box 667, Senatobia, MS 38668-0667 or calling (662) 562-9671. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing [Jessica.stanford@farmcreditbank.com](mailto:Jessica.stanford@farmcreditbank.com).

**FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA**  
**Consolidated Statement of Income**  
(Unaudited)

	<b>For the Three Months Ended March 31,</b>	
	<u>2008</u>	<u>2007</u>
<b><u>INTEREST INCOME</u></b>		
Loans	\$ 6,296,930	\$ 5,927,659
<b><u>INTEREST EXPENSE</u></b>		
Note payable to the Bank	<u>3,901,299</u>	3,585,130
Net interest income	<u>2,395,631</u>	2,342,529
<b><u>PROVISION FOR LOSSES</u></b>		
Provision for loan losses	<u>3,804</u>	<u>(9,296)</u>
Net interest income after provision for loan losses	<u>2,391,827</u>	<u>2,351,825</u>
<b><u>NONINTEREST INCOME</u></b>		
Income from the Bank:		
Patronage income	70,390	68,295
Loan fees	423,227	273,835
Financially related services income	1,428	1,611
Gain (loss) on sale of premises and equipment, net	13,311	4,449
Other noninterest income	<u>39,819</u>	<u>28,543</u>
Total noninterest income	<u>548,175</u>	<u>376,733</u>
<b><u>NONINTEREST EXPENSES</u></b>		
Salaries and employee benefits	996,620	758,910
Purchased services	212,556	75,349
FCSIC insurance expense	133,998	120,602
Travel	80,561	57,297
Advertising	78,331	72,814
Occupancy and equipment	56,583	51,179
Supervisory and exam expense	46,966	64,215
Public and member relations	41,183	28,472
Directors' expense	32,646	26,106
Communications	18,649	13,498
Training	11,808	12,685
Other insurance expense	8,205	-
Other noninterest expense	<u>43,637</u>	<u>47,966</u>
Total noninterest expenses	<u>1,761,743</u>	<u>1,329,093</u>
Net income	<u>\$ 1,178,259</u>	<u>\$ 1,399,465</u>

**FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA**  
**Consolidated Balance Sheet**  
(Unaudited)

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b><u>ASSETS</u></b>		
Cash	\$ 283,306	\$ 1,513,133
Loans	369,092,771	355,615,476
Less: allowance for loan losses	341,583	337,779
Net loans	<u>368,751,188</u>	<u>355,277,697</u>
Accrued interest receivable	6,508,047	8,628,516
Investment in and receivable from the Bank:		
Capital stock	5,643,725	5,643,725
Other	-	6,250
Premises and equipment	2,060,884	1,993,434
Other assets	689,412	216,505
Total assets	<u><u>\$ 383,936,562</u></u>	<u><u>\$ 373,279,260</u></u>
 <b><u>LIABILITIES</u></b>		
Note payable to the Bank	\$ 318,522,880	\$ 306,221,087
Accrued interest payable	1,263,287	1,361,246
Drafts outstanding	865,443	1,138,942
Dividends Payable	-	296,154
Patronage distributions payable	-	489,465
Special dsitributions payable	-	824,633
Other liabilities	1,221,117	2,101,645
Total liabilities	<u><u>321,872,727</u></u>	<u><u>312,433,172</u></u>
 <b><u>MEMBERS' EQUITY</u></b>		
Capital stock and participation certificates	2,205,025	2,145,585
Unallocated retained earnings	59,569,641	58,400,708
Accumulated other comprehensive income	289,169	299,795
Total members' equity	<u><u>62,063,835</u></u>	<u><u>60,846,088</u></u>
Total liabilities and members' equity	<u><u>\$ 383,936,562</u></u>	<u><u>\$ 373,279,260</u></u>

**FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA**  
**Consolidated Statement of Changes in Members' Equity**  
(Unaudited)

	<u>Capital Stock/ Participation Certificates</u>	<u>Unallocated Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Members' Equity</u>
Balance at December 31, 2006	\$ 1,987,920	\$ 59,521,495	\$ -	\$ 61,509,415
Net income	-	1,399,465	-	1,399,465
Capital stock/participation certificates issued	114,380	-	-	114,380
Capital stock/participation certificates retired	(67,230)	-	-	(67,230)
<b>Balance at March 31, 2007</b>	<b><u>\$ 2,035,070</u></b>	<b><u>\$ 60,920,960</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 62,956,030</u></b>
Balance at December 31, 2007	\$ 2,145,585	\$ 58,400,708	\$ 299,795	\$ 60,846,088
Net income	-	1,178,259	-	1,178,259
Amortization of costs included in net periodic pension costs	-	-	(10,626)	(10,626)
Effects of accounting change regarding measurement date of postretirement benefits plans pursuant to FASB Statement No. 158	-	(9,326)	-	(9,326)
Capital stock/participation certificates issued	135,075	-	-	135,075
Capital stock/participation certificates retired	(75,635)	-	-	(75,635)
<b>Balance at March 31, 2008</b>	<b><u>\$ 2,205,025</u></b>	<b><u>\$ 59,569,641</u></b>	<b><u>\$ 289,169</u></b>	<b><u>\$ 62,063,835</u></b>

**FEDERAL LAND BANK ASSOCIATION OF NORTH MISSISSIPPI, FLCA**

**NOTES TO THE FINANCIAL STATEMENTS  
(UNAUDITED)**

**NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:**

The Federal Land Bank Association of North Mississippi, FLCA (Federal Land Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the counties of Alcorn, Attala, Benton, Bolivar, Calhoun, Chickasaw, Choctaw, Clay, Coahoma, Desoto, Itawamba, Lafayette, Lee, Lowndes, Marshall, Monroe, Noxubee, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Webster, Winston, and Yalobusha in the state of Mississippi. The Association is a lending institution of the Farm Credit System (the System), which was established by Acts of Congress to meet the needs of American agriculture.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform to generally accepted accounting principles, except for the inclusion of a statement of cash flows. Generally accepted accounting principles require a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these financial statements.

The preparation of these financial statements requires the use of management's estimates. The results for the quarter and the three months ended March 31, 2008, are not necessarily indicative of the results to be expected for the year ended December 31, 2007. Certain amounts in the prior period's financial statements have been reclassified to conform to current financial statement presentation.

**NOTE 2 — ALLOWANCE FOR LOAN LOSSES:**

The allowance for loan losses is maintained at a level considered adequate by management to provide for estimated losses inherent in the loan portfolio. The allowance is based on a periodic evaluation of the loan portfolio by management in which numerous factors are considered, including economic conditions, loan portfolio composition and prior loan loss experience. An analysis of the allowance for loan losses follows:

	<b>March 31, 2008</b>	December 31, 2007	March 31, 2007
Balance at beginning of quarter	\$ 337,779	\$ 175,323	\$ 123,215
(Provision Reversal) provision for loan losses	3,804	2,647,472	(9,295)
Charge-offs	-	(2,485,016)	-
Balance at end of quarter	<u>\$ 341,583</u>	<u>\$ 337,779</u>	<u>\$ 113,920</u>

The following table presents information concerning impaired loans:

	<b>March 31, 2008</b>	December 31, 2007	March 31, 2007
Impaired loans with related allowance	\$ 2,053,710	\$ 2,054,254	\$ 15,711
Impaired loans with no related allowance	413,883	435,901	376,838
Total impaired loans	<u>\$ 2,467,593</u>	<u>\$ 2,490,155</u>	<u>\$ 392,549</u>
Allowance on impaired loans	\$ 289,207	\$ 289,207	\$ 10,185
Average impaired loans	\$ 2,458,284	\$ 1,469,008	\$ 387,554
Interest income on impaired loans for the quarter	\$ 8,132	\$ 8,730	\$ 6,652

**NOTE 3 — CAPITAL:**

The Association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the institution's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of

management; quality of operating policies, procedures, and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an institution's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the board.

**NOTE 4 — CAPITAL MARKETS:**

Until the second quarter of 2007, the Association participated in the Capital Markets of the South (CMS), a venture created for the purpose of expanding the participants' lending opportunities. Created in 2003, the CMS group was comprised of the Association, the Federal Land Bank Association of North Alabama, FLCA, the Federal Land Bank Association of South Alabama, FLCA, Land Bank South, FLCA, and the Louisiana Federal Land Bank Association, FLCA. Existing CMS loans will continue to be serviced as in the past, with revenue and expenses continuing to be shared accordingly as noted below, until such time as all of the loans are fully matured or paid off.

Pursuant to the terms of the alliance, each of the five CMS participating associations generally share equally in the costs of operating the venture. The Association's pro-rata share of income from CMS operations are recorded in the statement of income in their respective line items.

As of March 31, 2008 and 2007, the Association had CMS-related loan volume outstanding of \$28,702,246 and \$32,896,783, respectively. In addition, the Association had remaining commitments on CMS loans to lend an additional \$14,850,012 as of March 31, 2008.

**NOTE 5 — EMPLOYEE BENEFIT PLANS:**

**Employee Benefit Plans:** Employees of the Association participate in either the defined benefit retirement plan (DB Plan) or the defined contribution plan (DC Plan) and are eligible to participate in the Thrift Plus Plan of the District. The DB Plan is closed to new participants. Participants generally include employees hired prior to January 1, 1996. The DB Plan is noncontributory and provides benefits based on salary and years of service. The "Projected Unit Credit" actuarial method is used for financial reporting and funding purposes for the DB Plan.

Participants in the DC Plan generally include employees who elected to transfer from the DB Plan prior to January 1, 1996, and employees hired on or after January 1, 1996. Participants in the DC Plan direct the placement of their employers' contributions, 5.0 percent of salaries for the quarter ended March 31, 2008, made on their behalf into various investment alternatives.

The structure of the District's retirement plans is characterized as multi-employer, since neither the assets, liabilities nor costs of any plan are segregated or separately accounted for by the associations. No portion of any surplus assets is available to the associations, nor are the associations required to pay for plan liabilities upon withdrawal from the plans. As a result, the associations recognize as pension cost the required contribution to the plans for the year. Contributions due and unpaid are recognized as a liability. The Association recognized pension costs for the DC Plan of \$24,965 for the three months ended March 31, 2008, compared to \$19,812 for the same period in 2007. For the DB Plan, the Association recognized pension costs of \$207,245 for the three months ended March 31, 2008, compared to \$60,119 for the same period in 2007.

**Other Postretirement Benefits:** The following table summarizes the components of net periodic benefit costs for the three months ended March 31, 2008 and 2007:

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
Service Cost	\$ 6,043	\$ 6,721
Interest Cost	13,909	13,238
Amortization of prior service costs	(10,754)	(11,646)
Amortization of net (gain) loss	127	354
<b>Net periodic benefit cost</b>	<u>\$ 9,326</u>	<u>\$ 8,667</u>

The Association anticipates accruing an additional amount of \$27,979 for the plan for 2008.

**NOTE 6 — COMMITMENTS AND CONTINGENCIES:**

As discussed in the “Legal Proceedings” section of the Management’s Discussion and Analysis, as of March 31, 2008, there are three lawsuits related to the loan noted in Note 6 above. The overall character of the lawsuits is of collection of the principal and interest from the borrower and control of the loan’s collateral. Two of the lawsuits were filed in the borrower’s domicile state of Texas and involved enjoining the borrower from denying access to collateral, as well as civil complaints against the borrower and other related individuals as well as third parties for damages incurred as a consequence of alleged wrongful acts by the respective parties. The third lawsuit was filed in the state of Kentucky, where the primary real estate collateral is located, for the purpose of gaining access to and foreclosing the lien of its mortgages on the real estate and commencing an action for collection of the debt. The Kentucky state court has appointed a Receiver to protect the collateral and preserve the status quo pending resolution of the suit. The borrower and other related individuals have responded by filing a counterclaim, alleging various claims, including breach of contract. The borrower and other related individuals have responded by filing a counter-claim seeking damages against the Association, alleging various claims, including breach of contract. These legal proceedings have the potential to be very lengthy and expensive, and the outcome is unknown at this time.