

OFFERING CIRCULAR



FEDERAL AGRICULTURAL MORTGAGE CORPORATION

Universal Debt Facility  
Discount Notes  
and Medium-Term Notes

- Offered Securities**..... Discount Notes and Medium-Term Notes.
- Amount** ..... No prescribed limit for any one issue of Notes, but no more than \$5.0 billion of Notes may be outstanding at any one time, subject to any future increase authorized by Farmer Mac’s Board of Directors.
- Maturities:**
- Discount Notes**..... Discount Notes will have a stated maturity of 365 days or less from the date of their original issuance.
- Medium-Term Notes**..... Medium-Term Notes will have a stated maturity of at least nine months and not more than 30 years from the date of their original issuance.
- Priority** ..... The Notes may be senior or subordinated, and will be unsecured general obligations of Farmer Mac.
- Offering Terms**..... We may offer the Notes globally for sale in the United States, Europe and Asia on the terms described in this Offering Circular and any applicable Pricing Supplement. We may sell Notes to or through one or more dealers as principal or agent, or directly to investors.
- Tax Status** ..... The Notes are not exempt under federal law from federal, state or local income taxation. Non-U.S. Owners generally will be subject to U.S. federal income and withholding tax unless they establish an exemption.

**The Notes are obligations of Farmer Mac only. The Notes, including any interest or return of discount on the Notes, are not obligations of, and are not guaranteed as to principal or interest by, the Farm Credit Administration, the United States or any other agency or instrumentality of the United States other than Farmer Mac.**

Because of applicable securities law exemptions under the U.S. federal securities laws, the Notes are not registered with any federal or state securities commission. Neither the U.S. Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved the Notes or determined whether this Offering Circular is accurate or complete. Any representation to the contrary is a criminal offense.

**Investing in the Notes may involve certain risks. See “Risk Factors” beginning on page 13.**

Some Notes are complex financial instruments and may not be suitable investments for you. You should not purchase Notes unless you understand and are able to bear these and any other applicable risks. You should purchase Notes only if you have read and understood this Offering Circular, including the “Risk Factors” section, the applicable Pricing Supplement and the documents incorporated by reference. This Offering Circular may not be used to offer any Notes unless accompanied by the applicable Pricing Supplement.

The date of this Offering Circular is July 28, 2005.

## TABLE OF CONTENTS

<u>Title of Section</u>	<u>Page</u>
ABOUT THIS OFFERING CIRCULAR AND PRICING SUPPLEMENTS.....	4
WHERE YOU CAN FIND ADDITIONAL INFORMATION .....	4
DOCUMENTS INCORPORATED BY REFERENCE .....	4
SUMMARY .....	6
RISK FACTORS .....	13
USE OF PROCEEDS .....	22
FORWARD-LOOKING STATEMENTS.....	22
GOVERNMENT REGULATION.....	23
DESCRIPTION OF THE NOTES.....	23
THE MASTER TERMS AGREEMENT .....	38
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS .....	42
PLAN OF DISTRIBUTION.....	52
LEGAL MATTERS .....	54
INDEPENDENT AUDITORS .....	54
APPENDIX A - LOCATIONS OF DEFINED TERMS .....	A-1
APPENDIX B - INTEREST RATE INDICES.....	B-1
APPENIDIX C - SELLING RESTRICTIONS.....	C-1

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We use terms with defined meanings throughout this Offering Circular. These terms appear in bold type and in quotation marks where we first define them. “Appendix A — Locations of Defined Terms” shows the page numbers where the definitions of defined terms appear. In this Offering Circular, the words “**Farmer Mac**,” “**we**,” “**our**” and “**us**” refer to the Federal Agricultural Mortgage Corporation, unless otherwise stated or unless the context otherwise requires.

Any exchange where we may list an issue of Notes takes no responsibility for the contents of this Offering Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Offering Circular or the applicable Pricing Supplement.

If you intend to purchase Notes, you should rely only on the information contained in or incorporated by reference in this Offering Circular, as amended, and in any applicable Pricing Supplement. We have not authorized anyone to provide you with different information. You should not assume that the information in this Offering Circular, any amendments thereto, or any Pricing Supplement is accurate as of any date other than the date on the front cover of those documents regardless of the date you receive them. Our business, financial condition, results of operations and prospects may have changed since those dates.

You should not consider any information in this Offering Circular or any Pricing Supplement to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the Notes. We are not making any representation to you regarding the legality of an investment in the Notes by you under appropriate investment or similar laws.

The distribution of this Offering Circular or any Pricing Supplement and the offer, sale and delivery of the Notes may be restricted by law in some jurisdictions. If you receive this Offering Circular or any Pricing Supplement, you must inform yourself about, and observe, any such restrictions. This Offering Circular is not an offer to sell the Notes and we are not soliciting an offer to buy the Notes in any state where the offer or sale is not permitted.

Offers and sales of the Notes are subject to restrictions including in relation to the United Kingdom, European Economic Area and Hong Kong, details of which are set out in “Plan of Distribution” and “Appendix C — Selling Restrictions” in this Offering Circular. The distribution of this Offering Circular and the applicable Pricing Supplement and the offer, sale and delivery of the Notes in other jurisdictions may be restricted by law. Persons who come into possession of this Offering Circular and the applicable Pricing Supplement must inform themselves about and observe any applicable restrictions.

Neither this Offering Circular nor any Pricing Supplement describes all of the risks and investment considerations applicable to Notes whose principal or interest we pay in or determine by reference to one or more currencies or to one or more interest rate, currency or other indices or formulas. Farmer Mac and the Dealers disclaim any responsibility to advise prospective investors of these risks and investment considerations as they exist at the date of this Offering Circular or any Pricing Supplement or as these risks may change from time to time. Prospective investors should consult their own financial, tax and legal advisors as to the risks and investment considerations arising from an investment in such Notes. Such Notes are not an appropriate investment for investors who are unsophisticated regarding currency transactions or transactions involving the applicable interest rate, currency or other indices or formulas. See “Risk Factors.”

In this Offering Circular and the applicable Pricing Supplement, unless otherwise specified or the context otherwise requires, references to “dollars,” “U.S. dollars,” “\$” and “U.S. \$” are to United States dollars, references to “euros” and “€” are to Euros, references to “S\$” are to Singapore dollars and references to “£” are to British pound sterling.

This Offering Circular replaces and supersedes our Offering Circular dated August 14, 1998 for issues of Notes offered on or after the date of this Offering Circular. This Offering Circular relates only to our Discount Notes and Medium-Term Notes and not to any other securities of Farmer Mac.

## **ABOUT THIS OFFERING CIRCULAR AND PRICING SUPPLEMENTS**

We intend to use this Offering Circular and, in the case of Medium-Term Notes, a related Pricing Supplement to offer our Notes from time to time. This Offering Circular provides you with certain terms of the Notes. Any applicable Pricing Supplement will contain additional terms of the offering and the specific description of the Notes being offered and may also add, update or change information in this Offering Circular. The flexibility available to us to set or negotiate individualized terms for Notes means that the terms of some Notes may be complex, and the terms of the Notes may differ from the terms described in this Offering Circular. Any information in an applicable Pricing Supplement that is inconsistent with this Offering Circular will replace the inconsistent information in this Offering Circular.

You should rely only on the information contained or incorporated by reference in this Offering Circular and any applicable Pricing Supplement, which should be read together. We have not authorized anyone to provide you with information different from that contained in this Offering Circular and any applicable Pricing Supplement. If anyone provides you with different or inconsistent information, you should not rely on it. We will only offer to sell Notes and seek offers to buy such Notes in jurisdictions where offers and sales are permitted.

## **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (“SEC”). You may read and copy any document that we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information about the Public Reference Room. Our filings also are available free of charge at the SEC’s website at <http://www.sec.gov>.

We also make available free of charge at [www.farmermac.com](http://www.farmermac.com) (under the “Investors” section) copies of materials that we file with or furnish to the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after electronically filing such materials with or furnishing them to the SEC. Please note that all references to [www.farmermac.com](http://www.farmermac.com) and [www.sec.gov](http://www.sec.gov) in this Offering Circular are inactive textual references only. Other than the documents specifically incorporated by reference in this Offering Circular, the information contained on Farmer Mac’s website and the SEC’s website is not incorporated by reference into this Offering Circular.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Offering Circular incorporates by reference important business, financial and other information about Farmer Mac that is not included in or delivered with this Offering Circular. This means that we are disclosing important information to you by referring you to another document that is publicly available to you. The information that we incorporate by reference is considered part of this Offering Circular even if it is dated after the date of this Offering Circular. In addition, information that we file with the SEC after the date of this Offering Circular will update and supersede the information contained in this Offering Circular and the previously filed information. We incorporate by reference the following documents filed by us with the SEC:

- our annual report on Form 10-K for the fiscal year ended December 31, 2004, which we filed with the SEC on March 16, 2005;
- our quarterly report on Form 10-Q for the quarter ended March 31, 2005, which we filed with the SEC on May 10, 2005;

- our current reports on Form 8-K filed with the SEC on May 12, 2005, May 20, 2005 and June 21, 2005;
- our definitive proxy statement for the annual meeting of stockholders held on June 16, 2005, which we filed with the SEC on April 28, 2005; and
- all documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 (other than any portions of the respective filings that are furnished, rather than filed, under the applicable SEC rules) on or after the date of this Offering Circular and prior to the end of the offering of the Notes issued pursuant to the applicable Pricing Supplement.

Any statement contained in this Offering Circular or in a document, all or a portion of which is incorporated or deemed to be incorporated by reference in this Offering Circular, will be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any subsequently filed document incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

You may obtain a copy of any of the documents incorporated by reference in this Offering Circular free of charge from the SEC's website at <http://www.sec.gov>, from our website at [www.farmermac.com](http://www.farmermac.com) (under the "Investors" section) or by contacting our Corporate Secretary at our principal executive office:

Federal Agricultural Mortgage Corporation  
1133 Twenty-First Street, N.W., Suite 600  
Washington, D.C. 20036  
Telephone: 1-800-879-FARM  
(202-872-7700 within the Washington, D.C. area)  
Fax: 202-872-7713

**In making an investment decision regarding the Notes offered by this Offering Circular, you must rely on your own evaluation of Farmer Mac and the terms of the offering set forth in this Offering Circular, any applicable Pricing Supplement and the documents incorporated by reference in this Offering Circular, including the merits and risks involved. This offering is being made on the basis of this Offering Circular and any applicable Pricing Supplement only. Any decision to purchase the Notes in this offering must be based on the information contained or incorporated by reference in this Offering Circular and any applicable Pricing Supplement only.**

## SUMMARY

This summary highlights selected information about Farmer Mac and the Notes. It does not contain all of the information you should consider before investing in the Notes. You should read carefully this entire Offering Circular, any applicable Pricing Supplement and the documents incorporated by reference in this Offering Circular, including the information under the caption “Risk Factors,” before you invest in any Notes.

This summary should be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (as defined below) in each Relevant Member State (as defined below), no civil liability will attach to the responsible persons in any such Relevant Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to the information contained in this Offering Circular is brought before a court in a Relevant Member State, the plaintiff may, under the national legislation of the Relevant Member State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated.

### Farmer Mac

The Federal Agricultural Mortgage Corporation, or Farmer Mac, is a stockholder-owned, federally chartered instrumentality of the United States organized and existing under Title VIII of the Farm Credit Act of 1971, as amended (12 U.S.C. §§ 2279aa et seq.). Farmer Mac was created by the United States Congress to establish a secondary market for agricultural real estate and rural housing mortgage loans that would increase the availability of long-term credit at stable interest rates to America’s rural communities, including farmers, ranchers and rural homeowners, and provide those borrowers with the benefits of capital markets pricing stability and product innovation. We accomplish this mission by providing liquidity and lending capacity to agricultural mortgage lenders by:

- purchasing eligible mortgage loans directly from lenders;
- issuing long-term standby purchase commitments (“**LTSPCs**”) to lenders for eligible mortgage loans;
- exchanging agricultural mortgage-backed securities guaranteed by Farmer Mac (“**Farmer Mac Guaranteed Securities**”) for eligible mortgage loans that back those securities in “swap” transactions; and
- purchasing and guaranteeing mortgage-backed bonds secured by eligible mortgage loans, which are referred to as AgVantage bonds.

We conduct these activities through two programs – Farmer Mac I and Farmer Mac II.

- Under the Farmer Mac I program, we purchase or commit to purchase mortgage loans secured by first liens on agricultural real estate. To be eligible for the Farmer Mac I program, loans must meet our underwriting, appraisal, documentation and other specified standards.
- Under the Farmer Mac II program, we purchase the guaranteed portions of loans guaranteed by the United States Department of Agriculture.

We securitize the loans and USDA-guaranteed portions of loans that we purchase and then guarantee the timely payment of principal and interest on the resulting Farmer Mac Guaranteed Securities. We may retain Farmer Mac Guaranteed Securities in our portfolio or sell them to third parties.

Our two principal sources of revenue are:

- fees received in connection with outstanding Farmer Mac Guaranteed Securities and LTSPCs; and
- net interest income earned on our portfolio of Farmer Mac Guaranteed Securities, mortgage loans, AgVantage bonds and investments.

Farmer Mac funds its program purchases primarily by issuing debt obligations of various maturities. To the extent the proceeds of the debt issuances exceed Farmer Mac's need to fund program assets, those proceeds are invested in high quality non-program liquid assets. Although Farmer Mac is an institution of the Farm Credit System, it is not liable for any debt or obligation of any other institution of the Farm Credit System. Neither the Farm Credit System nor any other individual institution of the Farm Credit System is liable for any debt or obligation of Farmer Mac.

Farmer Mac to its knowledge is not directly or indirectly owned or controlled by another person.

Our principal executive offices are located at 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036. Our main telephone number is (202) 872-7700.

For additional information regarding Farmer Mac and our business, please refer to the documents incorporated by reference into this Offering Circular, as described under the caption "Where You Can Find Additional Information" above.

## The Offering

**Issuer** ..... Farmer Mac.

**Offered Securities**..... Discount Notes and Medium-Term Notes (collectively, the “**Notes**”).

**Pricing Supplements** ..... We will offer each issue of Medium-Term Notes through a “**Pricing Supplement**” that describes the specific terms of those Notes, including the initial offering price and minimum subscription amount, if any, of Notes that we will offer and sell to any investor.

We do not issue Pricing Supplements for Discount Notes. We establish the maturities and purchase prices of Discount Notes on a continuous basis. You may obtain information regarding the maturities available and current prices from one of the firms that engage in the business of dealing or trading securities (“**Dealers**”) selected by us.

**Discount Notes** ..... Each issue of Discount Notes will:

- mature on a date (the “**Maturity Date**”) that is 365 days or less from the date such Notes are issued (the “**Issue Date**”);
- be sold at a discount to its stated principal amount;
- pay its stated principal amount only at maturity; and
- generally not bear interest.

**Medium-Term Notes**..... Each issue of Medium-Term Notes will:

- have a Maturity Date that is at least nine months and not more than 30 years from its Issue Date;
- pay principal at maturity, periodically until maturity or upon redemption or repayment before maturity, as described in the applicable Pricing Supplement; and
- bear interest at a fixed rate, a floating rate, a combination of fixed and floating rates or bear no interest, as described in the applicable Pricing Supplement.

See “Description of the Notes—Medium-Term Notes” below for a description of the different types of Medium-Term Notes we may offer.

**Amount and Offering Price**... We may from time to time issue Discount Notes and Medium-Term Notes pursuant to this Offering Circular and any applicable Pricing Supplement. There is no prescribed limit on the principal amount for any issue of Notes issuable pursuant to this Offering Circular, but the maximum aggregate principal amount of all our debt obligations outstanding will not exceed \$5.0 billion or its equivalent in one or more foreign currencies, subject to any future increase authorized by our Board of Directors.

The offering price and amount of Notes of a particular issue of Notes will be determined by Farmer Mac and any applicable Dealer at the time of issue in accordance with prevailing market conditions.

**Currencies**..... We may denominate and pay principal and interest on the Notes in U.S. dollars or other currencies or currency units (each, a “**Specified**

**Payment Currency**”). Unless otherwise stated in any applicable Pricing Supplement, the Specified Payment Currency for an issue of Notes will be U.S. dollars. Government or monetary authorities or clearing systems may require that Notes denominated in other currencies or currency units have specific denominations or have minimum or maximum maturities.

**Denominations** ..... We will issue and maintain Notes for which the Specified Payment Currency is U.S. dollars in minimum principal amounts and additional increments of U.S. \$1,000 or the equivalent in any Specified Payment Currency, unless otherwise specified in the applicable Pricing Supplement. The applicable Pricing Supplement will indicate the denominations for Notes for which the Specified Payment Currency is not U.S. dollars.

**Legal Status** ..... Section 8.6(e) of the Farm Credit Act authorizes Farmer Mac to issue the Notes, which will be obligations of Farmer Mac only. The Notes, including any interest or return of discount on the Notes, are not obligations of, and are not guaranteed as to principal or interest by, the Farm Credit Administration, the United States or any other agency or instrumentality of the United States other than Farmer Mac.

**Priority** ..... Unless the applicable Pricing Supplement provides otherwise, the Notes will be unsecured general obligations of Farmer Mac that have the same priority as our other unsecured obligations and will rank senior to any of our obligations expressly subordinated in right of payment to the Notes.

A Pricing Supplement may designate an issue of Medium-Term Notes as unsecured subordinated obligations of Farmer Mac (“**Subordinated Notes**”). Subordinated Notes will rank junior in right of payment to all of Farmer Mac’s existing and future senior unsecured obligations on the terms set forth in the applicable Pricing Supplement.

**Optional Redemption and Repayment** ..... We may have the option to redeem an issue of Medium-Term Notes, in whole or in part, before its Maturity Date. Also, you may have the option to require us to repay an issue of Medium-Term Notes, in whole or in part, before its Maturity Date. If the Notes are redeemable at our option or repayable at your option, the applicable Pricing Supplement will describe the terms and conditions of any redemption or repayment right.

Discount Notes are not subject to optional redemption or repayment.

**Eligibility for Stripping** ..... The Pricing Supplement for an issue of Medium-Term Notes will indicate whether those Notes may be separated, or “**stripped**,” into separate interest and principal components.

Because a Discount Note generally does not have a discrete interest component, it may not be “stripped.”

**Tax Status** ..... The Notes are not exempt under U.S. federal law from U.S. federal, state or local income taxation. Non-U.S. Owners generally will be subject to U.S. federal income and withholding tax unless they establish an exemption. See “Material U.S. Federal Income Tax Considerations.”

**Form of Notes** ..... The Notes may be issued in the following forms:

- *Book-Entry*. The Notes will generally be issued, held and transferable through the book-entry system of the U.S. Federal Reserve Banks (the “**Fed System**”). Some Notes may be issued,

held and transferable through the book-entry system (the “**DTC System**”) of The Depository Trust Company (“**DTC**”) or its successor, the book-entry system of Euroclear Bank S.A./N.V. (“**Euroclear Bank**”), as operator of the Euroclear system (“**Euroclear**”) or its successor, the book-entry system of Clearstream Banking, Société anonyme (“**Clearstream**”) or its successor or any other designated clearing system specified in the applicable Pricing Supplement.

- *Certificated.* We may issue Medium-Term Notes in certificated form, which will be transferable at our principal office or as specified in the applicable Pricing Supplement.

**Holders** ..... As an investor in and beneficial owner of the Notes, you are not necessarily the registered Holder of those Notes. You ordinarily must hold your Notes through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. You may exercise your rights as an owner of the Notes only through the Holder of your Notes, and we may treat the Holder as the absolute owner of your Notes. The term “**Holder**” means:

- for Notes held on the Fed System, any entity that appears on the records of a Federal Reserve Bank as a holder of that Note;
- for Notes held on the DTC System, DTC or its nominee;
- for Notes held on the Euroclear system or the Clearstream system, the common depository or a nominee of the common depository as specified in applicable Pricing Supplement.
- for a Note held in certificated form, the entity or individual whose name appears in our records as the registered holder of that Note.

**Master Terms Agreement** ..... We will issue the Notes under the Master Terms Agreement, dated the same date as this Offering Circular, between Farmer Mac and the Holders of the Notes (together with any amendments or supplements thereto, the “**Master Terms Agreement**”). By receiving and accepting a Note, you and any financial intermediary or Holder acting on your behalf agree to be bound by the terms and conditions of the Master Terms Agreement without signing any document or otherwise indicating agreement.

**Plan of Distribution** ..... We may sell the Notes from time to time as follows:

- *Discount Notes.* We offer Discount Notes for sale on a continuous basis through auctions, allocation to selected Dealers for re-offering or placement with investors, and direct placement with Dealers and investors.
- *Medium-Term Notes.* We generally will sell Medium-Term Notes to one or more Dealers, acting as principals, for resale to investors at fixed or varying prices set by the Dealers pursuant to a Selling Agency Agreement. Sales to Dealers may be by auction or other methods. We also may sell Medium-Term Notes to Dealers acting on an agency basis or to investors directly without the use of a Dealer. The applicable Pricing Supplement will name any Dealer involved in the offering of an issue of Medium-Term Notes.

<b>Listing</b> .....	The applicable Pricing Supplement will specify the exchange, if any, on which we will apply to list a particular issue of Notes. We may list Notes on one or both of the New York Stock Exchange and the Professional Securities Market of the London Stock Exchange. We also may issue unlisted Notes and Notes listed on other exchanges, as provided in the applicable Pricing Supplement.
<b>Fiscal Agent</b> .....	The Federal Reserve Bank of New York, acting on behalf of the Federal Reserve Banks, will act as fiscal agent for Notes held on the Fed System pursuant to the Fiscal Agency Agreement dated as of June 1, 1996.
<b>No Credit Rating</b> .....	The Notes are not, and we do not expect the Notes to be, rated by any credit rating agency.

### **Types of Medium-Term Notes**

<b>Principal</b> .....	<p>“<b>Fixed Principal Amount Notes</b>” pay an amount equal to par (100% of the principal amount), or a specified amount above or below par, on the applicable Maturity Date or date of optional redemption or repayment.</p> <p>“<b>Variable Principal Amount Notes</b>” pay an amount based on one or more interest rates, exchange rates or other indices or formulas on the applicable Maturity Date or date of optional redemption or repayment.</p>
<b>Interest</b> .....	<p>“<b>Fixed Rate Notes</b>” bear interest at a single fixed rate per annum.</p>

“**Floating Rate Notes**” bear interest at a floating rate based on a direct or an inverse relationship with one or more interest rates, exchange rates or other indices or formulas.

“**Fixed/Floating Rate Notes**” bear interest at a single fixed rate for one or more periods and at a floating rate for one or more other periods.

“**Step Notes**” bear interest at different fixed rates during different periods.

“**Zero-Coupon Notes**” do not bear interest and are issued at a discount to their principal amount.

“**Amortizing Notes**” pay specified principal and interest amounts periodically throughout their terms.

<b>Clearance and Settlement</b> .....	<p>Depending on the terms of an issue of Notes and where they are offered, the Notes may clear and settle through one or more of the following:</p> <ul style="list-style-type: none"> <li>▪ the Federal Reserve Banks;</li> <li>▪ DTC;</li> <li>▪ Euroclear;</li> <li>▪ Clearstream; or</li> <li>▪ any other designated clearing systems.</li> </ul>
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Notes denominated and payable in U.S. dollars will clear and settle through the Fed Book-Entry System, if distributed within the United States, and through Euroclear and/or Clearstream, if distributed outside the United States. Most Notes denominated and payable in a specified currency other than U.S. dollars, will clear and settle through DTC, if distributed within the United States, and through Euroclear and/or Clearstream, if distributed outside the United States.

- Governing Law** ..... The Notes will be governed by the federal laws of the United States. The laws of the State of New York will be deemed to reflect the federal laws of the United States, unless there is applicable precedent under federal law or the application of New York law would frustrate the purposes of our statute or the Master Terms Agreement.
- Selling Restrictions** ..... Offers and sales of the Notes are subject to restrictions including in relation to the United Kingdom, European Economic Area and Hong Kong, details of which are set out in “Plan of Distribution” and “Appendix C — Selling Restrictions” in this Offering Circular.
- Payment Terms** ..... The applicable Pricing Supplement will specify the payment terms of the Notes.

## RISK FACTORS

*This section describes some of the general risks, uncertainties and considerations that you should examine carefully before you invest in the Notes. This Offering Circular does not describe all of the risks of an investment in the Notes. Because these risks may vary depending on your particular circumstances and on various financial, economic and political scenarios, you should consult your own financial and legal advisors about the risks associated with the Notes and their suitability for you. You should carefully consider all of the information contained or incorporated by reference in this Offering Circular before deciding whether to invest in the Notes and, in particular, the risks, uncertainties and considerations described below.*

### **Risks Related to Our Business**

***Our ability to repay the Notes depends on our continued financial success, which may be adversely affected by external factors that are beyond our control.***

Although we may borrow up to \$1.5 billion from the United States Treasury, subject to certain conditions, to fulfill our guarantee obligations, we may not use that line of credit to pay the debt obligations that we issue, such as the Notes. Because the Notes are debt obligations only of Farmer Mac, payments of principal and interest on the Notes depend on the financial success of Farmer Mac. Our financial success, in turn, depends on a variety of factors that are beyond our control, including:

- the development of the secondary market for agricultural mortgage loans;
- the possible establishment of additional statutory or regulatory restrictions or constraints on us that could hamper our growth or diminish our profitability;
- increases in general and administrative expenses attributable to growth of the business and regulatory environment, including the hiring of additional personnel with expertise in key functional areas;
- legislative or regulatory developments or interpretations of our statutory charter that could adversely affect us, our ability to offer new products or the ability or motivation of certain lenders to participate in our programs or the terms of any such participation, or increase the cost of regulation and related corporate activities;
- possible reaction in the financial markets to events involving government-sponsored enterprises other than Farmer Mac;
- our access to the debt markets at favorable rates and terms;
- the possible effect of our risk-based capital requirement, which could, under certain circumstances, exceed our statutory minimum capital requirement;
- the general rate of growth in agricultural mortgage indebtedness;
- lender interest in our credit products and the Farmer Mac secondary market;
- borrower preferences for fixed-rate agricultural mortgage indebtedness;
- competitive pressures in the purchase of agricultural mortgage loans and the sale of Farmer Mac Guaranteed Securities and debt securities;

- substantial changes in interest rates, commodity prices, export demand for U.S. agricultural products, the general economy and other factors that may affect delinquency levels and credit losses;
- protracted adverse weather, market or other conditions affecting particular geographic regions or particular agricultural commodities or products related to agricultural mortgage loans backing Farmer Mac I Guaranteed Securities or under LTSPCs;
- the willingness of investors to invest in Farmer Mac Guaranteed Securities; and
- the effects on the agricultural economy or the value of agricultural real estate of any changes in federal assistance for agriculture.

Our financial success, and consequently our ability to repay the Notes, may be adversely affected if any of the above external factors develops in a manner that is adverse to us or our business.

***Our profitability depends on the continued growth of the secondary market for agricultural mortgages, the future of which remains uncertain.***

Our business development and profitability depends on the continued growth of the secondary market for agricultural mortgages. Such growth may be constrained by conditions that limit the need for agricultural lenders to obtain the benefits of Farmer Mac's programs, including:

- increased available capital and liquidity of agricultural lenders;
- increased liquidity of agricultural borrowers or downturns in the agricultural economy that could reduce growth rates and the need for capital in the agricultural mortgage market;
- the availability of alternative sources of funding and credit enhancement for agricultural lenders;
- increased competition in the secondary market for purchases of quality agricultural mortgage loans;
- the historical preference of many agricultural lending institutions to retain loans in their portfolios rather than to sell them into the secondary market, notwithstanding the corporate finance and capital planning benefits they might otherwise realize through participation in Farmer Mac's programs;
- the ability of some lending institutions to subsidize, in effect, their agricultural mortgage loan rates through low-return use of equity or their willingness to accept greater asset and liability mismatch; and
- political and regulatory developments in this area, as further discussed below.

Due to the uncertainty in the future growth of the secondary market for agricultural mortgages, we cannot assure you that we will be able to meet our business development and profitability goals. To the extent that we fail to meet these goals, our revenues could be adversely affected.

***Our continued growth and development may be adversely affected by political and regulatory developments.***

We are governed by a statutory charter controlled by the U.S. Congress. Because we are a government-sponsored enterprise and are regulated by governmental agencies, we are subject to risks

related to political or regulatory developments. Political or regulatory developments could affect the ability of lenders to participate in our programs or the terms on which they participate. Further, from time to time, legislative initiatives are pursued that, if successful, could result in the enactment of regulation that could negatively impact the growth or operation of the secondary market for agricultural mortgages. Any of these political or regulatory developments could have a material and adverse effect on our business. See the section entitled “Government Regulation” for additional discussion on the rules and regulations governing our activities.

***Farmer Mac Guaranteed Securities and LTSPCs expose us to significant future contingent liabilities, which may require us to make substantial payments in excess of our available resources.***

We guarantee the timely payment of principal and interest on Farmer Mac Guaranteed Securities, which are backed by qualified agricultural real estate mortgage loans. As a result of our guarantee, we assume the ultimate credit risk of borrower defaults on the underlying loans. We also issue LTSPCs for pools of qualified loans, which commit us to purchase certain loans under certain circumstances on one or more undetermined future dates.

Repayment of the qualified loans underlying Farmer Mac Guaranteed Securities or subject to our LTSPCs typically is dependent upon the success of the related farming operation, which, in turn, is dependent upon many variables and factors over which farmers may have little or no control, such as weather conditions, economic conditions (both domestic and international) and political conditions. If the cash flow from a farming operation decreases (for example, as a result of adverse weather conditions that destroy a crop or that prevent the planting or harvesting of a crop), the farmer’s ability to repay the loan may be impaired. Protracted adverse weather, market or other conditions affecting a particular geographic region and particular commodities related to the agricultural mortgage loans backing Farmer Mac Guaranteed Securities or subject to our LTSPCs, or significant loan payment defaults by farmers for other reasons, could require us to pay under our guarantees and commitments and could have a material adverse effect on our financial condition and results of operations.

Farmer Mac Guaranteed Securities and our LTSPCs are obligations of Farmer Mac only, and are not backed by the full faith and credit of the United States, the Farm Credit Administration, or any other agency or instrumentality of the United States other than Farmer Mac. Our principal source of funds for the payment of claims under our guarantees and purchase commitments are the fees received in connection with outstanding Farmer Mac Guaranteed Securities and LTSPCs. These amounts are, and will continue to be, substantially less than the amount of our aggregate contingent liabilities under such guarantees and LTSPCs. We are required to set aside in a segregated account a portion of the fees we receive as a reserve against losses from our guarantee and commitment activities. We expect that our future contingent liabilities for our guarantee and commitment activities will continue to grow and will exceed our resources, including amounts in our reserves against losses and our borrowing capacity from the United States Treasury.

***We are exposed to credit risk and interest rate risk that could materially and adversely affect our financial condition and future earnings.***

The primary types of risk in the conduct of our business are:

- credit risk associated with the agricultural mortgage loans that we purchase or commit to purchase or that underlie the Farmer Mac Guaranteed Securities;

- interest rate risk that principally results from possible timing differences between the maturities or interest rates of the assets and liabilities associated with our agricultural mortgage portfolio;
- credit risk associated with our business relationships with other institutions; and
- credit risk associated with our non-program investments.

Any of these risks could result materially and adversely affect our financial condition and future earnings. For additional discussion about our risk management, see “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Risk Management” in our most recent annual report on Form 10-K and quarterly report on Form 10-Q, which are incorporated by reference in this Offering Circular.

### **Risks Related to the Notes**

***The Notes may not be a suitable investment for you.***

The Notes may not be suitable investments for all investors. You must determine the suitability of investing in the Notes based on your own circumstances. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the Notes, and before you invest in the Notes you should:

- understand the terms of the Notes, including the relevant indices and financial markets associated with the Notes;
- have, either alone or with a financial advisor, the expertise and analytical tools needed to evaluate, in the context of your financial situation, the particular features of the Notes, the risks and merits of investing in the Notes and the impact of the investment on your overall investment portfolio;
- have enough financial resources and liquidity to bear all the risks associated with your investment in the Notes;
- understand the information contained and incorporated by reference in this Offering Circular and any applicable Pricing Supplement; and
- understand any applicable legal investment restrictions.

Some of the Notes may be complex financial instruments. You should not invest in Notes unless you understand and are able to bear the associated yield, market, liquidity and structure risks, including risks associated with any redemption provisions, periodic interest rate adjustments and exchange rates and controls. You should decide whether to invest in an issue of the Notes based on your own financial needs and the expected performance of that issue of Notes under a variety of economic and interest rate scenarios. You should carefully consider all of the information contained or incorporated by reference in this Offering Circular before deciding whether to invest in the Notes and, in particular, the risks, uncertainties and considerations described in this “Risk Factors” section.

***Structured Notes may involve greater risks than more conventional debt obligations.***

Historically, most of the Medium-Term Notes we issue are conventional fixed rate debt obligations. Although these Notes present some risks to investors, they do not present all of the risks associated with more complex structured Notes. Structured notes, such as Floating Rate Notes, Step

Notes and Variable Principal Amount Notes, are more complex than conventional fixed rate debt obligations because their principal or interest payments may be based, either directly or inversely, on one or more indices, including interest rate, exchange rate, currency, swap or equity indices or formulas. This added complexity increases the risks associated with structured notes that are not associated with an investment in a conventional fixed rate debt obligation. The increased risks include:

- greater volatility in the market price of the Notes;
- fluctuations in the applicable indices or formulas, which effects will be magnified if the applicable indices or formulas contain a multiplier;
- the possibility that you will receive a lower, or no, amount of principal, premium or interest, and at different times than expected by you;
- the risk of devaluation, revaluation or modification of a Specified Payment Currency, or the imposition of currency exchange controls, which may lower the return on your Notes;
- the risk that changes in the applicable index or indices that may not correlate with changes in interest rates, exchange rates or other indices, which could increase your exposure to interest rate and exchange rate risks;
- the possibility of the applicable index or indices being subject to maximum (“**Cap**”) or minimum (“**Floor**”) interest rate or exchange rate limitations;
- the possibility of the resulting interest rate on the Notes being less than on a conventional fixed rate debt obligation we issue at the same time, and the risk that in some cases you may receive no interest;
- the risks associated with two or more indices which are expected to move in tandem or in some other relationship with each other moving in a manner other than that expected by you; and
- the risk of timing of changes in the applicable index or indices affecting your actual yield on the Notes, even if the average level of the index is consistent with your expectations.

These risks may depend on a number of interrelated factors that we cannot control, including financial, economic regulatory and political events. In recent years, certain interest rate, exchange rate, currency, swap, equity and other indices have been highly volatile. This volatility may or may not continue. Past fluctuations in those indices do not necessarily indicate whether or to what extent fluctuations will occur in the future.

***Absence of a public market for the Notes could cause purchasers of the Notes to be unable to resell them for an extended period of time or at certain prices.***

The Notes may not have an established trading market when issued, and one may never develop. If a market does develop, it may not be liquid at all times. Therefore, you may not be able to sell your Notes easily or at prices that provide you with a yield comparable to similar investments that have a developed secondary market. This is particularly true for Notes that:

- are especially sensitive to interest rate, currency or market risk;
- are designed for specific investment objectives or strategies; or
- have been structured to meet the investment requirements of limited categories of investors.

If a market for the Notes develops, any such market may cease to exist at any time. If a public trading market develops for the Notes, future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates and economic conditions, our operating results and the market for similar securities. You should not purchase any Notes unless you understand and can bear the risks that you may not be able to resell them easily, that their market value likely will fluctuate over time and that fluctuations in value may be substantial and could result in significant losses to you. This is particularly true if your circumstances do not permit you to hold the Notes until maturity. Depending upon the type of Notes, market conditions and other factors, you may not be able to sell relatively small or large amounts of Notes at prices comparable to those available to other investors.

***Subordinated Notes will rank junior in right of payment to our existing and future senior obligations.***

The applicable Pricing Supplement will describe the terms and conditions of any issue of Subordinated Notes. The indebtedness represented by Subordinated Notes will be unsecured and will rank junior in right of payment to existing and future senior obligations of Farmer Mac (“**Senior Obligations**”), which totaled approximately \$3.5 billion as of March 31, 2005. This means that we will not be permitted to pay principal or interest on any Subordinated Notes while we are in default on any of our Senior Obligations. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding-up of our business, our assets would not be available to pay obligations under the Subordinated Notes until our Senior Obligations have been paid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the Subordinated Notes then outstanding. See “Description of the Notes—Subordinated Notes” for additional discussion on Subordinated Notes.

Further, Events of Default that apply to Senior Obligations may not necessarily be Events of Default for Subordinated Notes. As a result, the Holders of Subordinated Notes may not have the same acceleration rights as Holders of other Notes. See “The Master Terms Agreement — Events of Default” and “The Master Terms Agreement — Rights Upon Event of Default.”

There may be other terms that apply to specific offerings of Subordinated Notes that would defer, limit or suspend our obligation to pay principal or interest on the Subordinated Notes under certain specified conditions. Any deferral of interest payments likely would have an adverse effect on the market value of the Subordinated Notes, which may be more volatile than the market values of other debt obligations not subject to deferral. In addition, the market values of Subordinated Notes likely will also be more sensitive to adverse changes in our financial condition.

Further, the Master Terms Agreement does not limit other indebtedness or securities that we may incur or issue and does not contain any financial or similar restrictions on us or any restrictions on our ability to secure other indebtedness. Accordingly, we may be able to incur substantial additional debt in the future. Some or all of any such future borrowings could be senior to the Notes or be secured by our assets. In such event, the risks to you of holding Subordinated Notes will be increased.

***Exchange rate risks and controls may adversely affect the timing or amount of payments on the Notes.***

The amount of principal or interest we pay on the Notes may be based on one or more currencies or currency units, including exchange rates and swap indices between currencies or currency units. If you invest in Foreign Currency Notes or Currency Indexed Notes (each as defined under the section “Description of the Notes—Foreign Currency Notes and Currency Indexed Notes”), you will be exposed to significant risks not associated with investment in debt instruments denominated in U.S. dollars or U.S. dollar-based indices. These risks include the possibility of significant changes in the exchange rate between the U.S. dollar and your payment currency and the imposition or modification of foreign exchange controls by either the United States or the applicable foreign government. Additionally, U.S.

dollar-equivalent yields could be affected by actions of governments or monetary authorities, including the revaluation or devaluation of a currency, that could change or interfere with currency valuation that was previously freely determined, fluctuations in response to other market forces and the movement of currencies across borders.

In recent years, rates of exchange between the U.S. dollar and certain currencies have been highly volatile, and you should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of any issue of Notes. Depreciation of the Specified Payment Currency for an issue of Notes against the U.S. dollar would result in a decrease in the effective yield of such Notes (on a U.S. dollar basis) below its stated interest rate and, in certain circumstances, could result in a loss to you on a U.S. dollar basis.

Except as set forth below, if the Specified Payment Currency for an issue of Notes is other than U.S. dollars and such currency is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or is no longer used by the relevant government or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of such issue of Notes will be made in U.S. dollars until such currency is again available to us or so used. The amounts payable on any date in such currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for such currency or as otherwise indicated in the applicable Pricing Supplement. If we cannot make payment in a specified currency solely because that currency has been replaced by the euro, then we will be able to satisfy our obligations under those Notes by making payment in euros beginning with the date the replacement becomes effective.

Farmer Mac, or any other party designated as the paying agent in the applicable Pricing Supplement, will make all determinations referred to above at its sole discretion. All determinations will, in the absence of clear error, be binding on Holders of the Notes.

We have no control over the factors that generally affect the above risks, such as economic, financial and political events and the supply and demand for the applicable currencies. Fluctuations in exchange rates against the U.S. dollar could result in a decrease in the U.S. dollar-equivalent yield of your Foreign Currency Notes or Currency Indexed Notes, in the U.S. dollar-equivalent value of the principal or any premium payable at maturity of your Notes and, generally, the U.S. dollar-equivalent market value of your Notes. As a result, there is a risk that you may receive less interest or principal than expected, or no interest or principal at all. The currency risks with respect to your Foreign Currency Notes or Currency Indexed Notes may be further described in the applicable Pricing Supplement.

The information set forth in this Offering Circular with respect to foreign currency risks is general in nature. We disclaim any responsibility to advise prospective purchasers of Notes whose Specified Payment Currency is other than U.S. dollars with respect to any matters that may affect the purchase, holding or receipt of payments of principal of, premium, if any, and interest on such Notes. Those persons should consult their own counsel with regard to such matters.

Various factors that are unique to a particular issue of Notes could adversely affect the market value, yield or liquidity of your Notes, including the following:

*You may recognize a loss of investment if you sell Discount Notes, Fixed Rate Notes or Zero-Coupon Notes before their maturity.*

Fixed Rate Notes, if held to maturity, will provide return of their principal and the certainty of interest payments at a fixed rate. Similarly, Zero-Coupon Notes and Discount Notes, if held to maturity,

will provide return of their principal, including return of the applicable discount. However, the market values of those Notes are likely to fluctuate with changes in prevailing interest rates.

The market values of fixed rate and discount instruments generally will rise in a falling interest rate environment and fall in a rising interest rate environment. This fluctuation creates risk of loss of investment capital if you sell these Notes before maturity. This effect on market values is generally greater for instruments that have relatively long remaining terms to maturity (especially in the case of Zero-Coupon Notes and other Notes issued at substantial discounts) than for instruments that have relatively short remaining terms to maturity. For example, this effect on market values is generally greater for Medium-Term Notes than for Discount Notes because of the generally short terms to maturity of Discount Notes.

*Fluctuations in the applicable indices or formulas are likely to increase the volatility of the market values of your Floating Rate Notes and also may adversely affect the market value and yield of your Floating Rate Notes.*

If the interest rate on a Floating Rate Note bears a direct relationship to a specified index or indices, lower than anticipated levels of any applicable index or indices could result in actual yields that are lower than anticipated. If the interest rate on a Floating Rate Note bears an inverse relationship to a specified index or indices, higher than anticipated levels of the index or indices could result in actual yields that are lower than anticipated. The market values of Notes whose interest rates relate inversely to an index tend to be more volatile than Notes whose interest rates relate directly to the same index because an increase in the index not only decreases the interest rate of the Notes, but also often reflects an increase in prevailing interest rates, which further adversely affects the market value of the Notes.

The indices applicable to Floating Rate Notes are not likely to remain constant at any level. The timing of a change in the level of an applicable index may affect the actual yield you receive, even if the average level is consistent with your expectation. In general, the earlier a change in the level of an applicable index, the greater the effect on your yield, especially in the case of Medium-Term Notes that provide for repayment of principal at one or more times before maturity. As a result, the effect on your yield of an index level that is lower (or higher) than the rate you anticipated during earlier periods is unlikely to be offset by a later equivalent increase (or reduction). Also, changes in the index applicable to an issue of Floating Rate Notes may not correlate with changes in interest rates generally or with changes in other indices. This could affect your yield either positively or negatively.

The interest rate formula for a Floating Rate Note may contain any combination of Caps, Floors, Spreads or Multipliers. The market values of Notes with any of these features are likely to be more volatile than those of comparable securities without those features. A “**Spread**” is a constant or variable number to be added to or subtracted from the relevant index or formula in determining the applicable interest rate. A “**Multiplier**” is a constant or variable number (which may be greater or less than one) to be multiplied by the relevant index or formula in determining the applicable interest rate. Generally speaking, a Multiplier of greater than one will cause changes in the interest rate of the Medium-Term Notes to be more pronounced than changes in the value of the applicable index, while a multiplier of less than one will have the opposite effect. Notes with Multipliers of greater than one are “**leveraged**” and those with multipliers of less than one are “**deleveraged.**” In general, the volatility associated with the level of an applicable index is higher for leveraged Notes and lower for deleveraged Notes.

Investors in Floating Rate Notes should also consider how delays in periodic interest rate adjustments and any applicable Caps or Floors could affect interest rates and yields on those Notes. The market values of Floating Rate Notes with Caps or Floors generally are more volatile than those of

Floating Rate Notes linked to the same applicable index without Caps or Floors, especially when the applicable index approaches or passes the Cap or Floor.

*Our ability to convert Fixed/Floating Rate Notes from a fixed rate to a floating rate, or from a floating rate to a fixed rate, may adversely affect your investment return on those Notes.*

Some Fixed/Floating Rate Notes may give us the ability to convert the Notes from a fixed rate to a floating rate, or from a floating rate to a fixed rate, at our option, subject to certain conditions. Our ability to convert the interest rate will affect the secondary market and the market value of the Notes since we may be expected to convert the rate when it is likely to lower our overall cost of borrowing, and reduce your investment return on the Notes.

If we convert from a fixed rate to a floating rate, the Spread above or below the applicable index may be less favorable than the prevailing spreads on our conventional Floating Rate Notes tied to the same index. Also, the new floating rate at any time may be lower than the rates on our other Floating Rate Notes. If we convert from a floating rate to a fixed rate, the new fixed rate may be lower than the prevailing rates on our other Fixed Rate Notes.

*You may receive principal on your Variable Principal Amount Notes in a lesser amount or at a different time than expected by you.*

Variable Principal Amount Notes provide for the principal amount payable at maturity or redemption price to be determined based on one or more indices. You should understand the indices used in calculating payments on these Notes before you invest in them. These indices may fluctuate independently of other indices. Fluctuations in these indices may cause you to receive principal at a different time or in a lesser amount than you anticipate.

*There may be greater risks associated with your investment in Amortizing Notes.*

Amortizing Notes provide for periodic payments of principal and interest during their terms and may bear interest at fixed or floating rates. Because Amortizing Notes may have characteristics of Fixed Rate Notes, Floating Rate Notes and/or Variable Principal Amount Notes, you should examine carefully the risks, uncertainties and considerations associated with those types of Notes before investing in Amortizing Notes. You should consider that the combination of those risks, uncertainties and considerations may increase the risk of investing in Amortizing Notes.

*Redemption provisions may limit the market value of Redeemable Medium-Term Notes. Further, Redeemable Medium-Term Notes will be less liquid if we redeem a substantial portion of those Notes.*

The applicable Pricing Supplement will state whether we have the option to redeem the related issue of Medium-Term Notes before its Maturity Date. The redemption price of the Notes typically would be at 100% of the principal amount plus any accrued interest (in the case of Notes that bear interest) or the accreted value (in the case of Zero-Coupon Notes) to but excluding the redemption date. These optional redemption provisions are likely to limit the market values of these Notes because their market values generally are not likely to rise substantially above their redemption price during (and possibly before) the period during which we may redeem them. If we redeem a portion of an issue of Notes, the market, if any, for the Notes that remain outstanding may become less liquid.

*Prevailing interest rates and fluctuations in the applicable index or indices may adversely affect your investment in or the redemption price that you receive for your Redeemable Medium-Term Notes.*

In general, we are most likely to redeem Notes when prevailing interest rates and borrowing costs are relatively low and least likely to redeem them when prevailing interest rates and borrowing costs are relatively high. Our decision to redeem or not to redeem an issue of Notes also may be affected by any related hedge derivative position we hold. If we redeem Notes when prevailing interest rates are relatively low, you may not be able to reinvest the redemption proceeds in comparable securities with similar yields.

We may have the option to redeem some Medium-Term Notes at a variable amount determined by reference to one or more indices. Because redemption proceeds of those Notes will vary depending on the level of the applicable index or indices, you may receive less than 100% of your original principal amount upon redemption.

The market for Notes that are eligible for “stripping” may be less liquid.

Some issues of Fixed Rate Notes and Step Notes will be eligible to be stripped into interest components and principal components. The secondary market, if any, for the components may be more limited and have less liquidity than the secondary market for Notes of the same issue that have not been stripped. The liquidity of an issue of Notes also may be reduced if a significant portion of those Notes is stripped. See “Description of the Notes — Eligibility for Stripping” for more information on stripping.

*Notes issued at a substantial premium or discount may be more susceptible to fluctuations in prevailing interest rates.*

The market values of Notes issued at a substantial premium or discount from their principal amount, such as Discount Notes and Zero-Coupon Notes, tend to fluctuate more in relation to general changes in prevailing interest rates than do the market values of conventional interest-bearing debt obligations. In general, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing debt obligations with comparable maturities.

## **USE OF PROCEEDS**

We intend to use the net proceeds from the sale of Notes for working capital and general corporate purposes, including the purchase of qualified agricultural real estate mortgage loans, the funding of Farmer Mac Guaranteed Securities retained in our portfolio and other assets. We also may use a portion of the net proceeds to retire outstanding Notes.

## **FORWARD-LOOKING STATEMENTS**

This Offering Circular and the information incorporated by reference contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect management’s current expectations for Farmer Mac’s future financial results, business prospects and business developments. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and typically are accompanied by, and identified with, such terms as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “should” and similar expressions. Such statements reflect our current views with respect to future events, such as:

- our prospects for earnings;
- our prospects for growth in loan purchase, guarantee, securitization and LTSPC volume;
- trends in net interest income;
- trends in underlying loan delinquencies;
- trends in provision for losses on underlying loans;
- trends in expenses;
- changes in capital position; and
- other business and financial matters.

Management's expectations for Farmer Mac's future necessarily involve a number of assumptions and estimates and the evaluation of risks, trends and uncertainties. Various factors or events could cause our actual results to differ materially from the expectations as expressed or implied by the forward-looking statements, including those identified above in the "Risk Factors" section. These factors are not exhaustive. Other sections of this Offering Circular or the periodic reports, including our most current annual report on Form 10-K and quarterly report on Form 10-Q incorporated by reference may include additional factors that could adversely impact our business and our financial performance. Furthermore, new risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor assess the impact of such factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from the expectations expressed or implied by the forward-looking statements. Given these potential risks and uncertainties, you should not place undue reliance on any forward-looking statements expressed in this Offering Circular or the information incorporated by reference. Except as may be required by law, undertake no obligation to release publicly the results of revisions to any forward-looking statements we may make to reflect any future events or circumstances.

## **GOVERNMENT REGULATION**

The Farm Credit Administration, acting through its Office of Secondary Market Oversight, has general regulatory and enforcement authority over Farmer Mac, including the authority to promulgate rules and regulations governing our activities and to apply its general enforcement powers toward us and our business. Our charter establishes three capital standards for Farmer Mac – minimum capital, critical capital and risk-based capital. We are required to comply with the higher of the minimum capital requirement or the risk-based capital requirement. As of March 31, 2005, Farmer Mac was in compliance with all applicable capital standards. For a more detailed discussion of our regulatory and governmental relationships, see "Government Regulation of Farmer Mac" in our most recent annual report on Form 10-K, which is incorporated by reference in this Offering Circular.

## **DESCRIPTION OF THE NOTES**

*The following description contains general provisions that apply to all the Notes, unless otherwise specified in an applicable Pricing Supplement or an amendment to this Offering Circular. The following summary of certain terms of the Notes is not complete. You also should read the applicable Pricing Supplement or amendments to this Offering Circular, if any, and the Master Terms Agreement referred to below.*

## General

We will issue the Notes under authority vested in Farmer Mac by Section 8.6(e) of the Farm Credit Act. We have no set limit on the principal amount for any particular issue of Notes. However, our Board of Directors has currently authorized no more than \$5.0 billion in aggregate principal amount of debt obligations to be outstanding at any one time.

We will establish the terms of the Notes in accordance with the Master Terms Agreement and any applicable amendment or supplement thereto. You may request copies of the Master Terms Agreement and any applicable supplement thereto by contacting our Corporate Secretary at our principal executive office. By receiving and accepting a Note, or an interest in a Note, you agree to be bound by the terms and conditions of the Master Terms Agreement, as supplemented, modified or amended. See “The Master Terms Agreement.”

**The Notes are obligations of Farmer Mac only. The Notes, including any interest or return of discount on the Notes, are not obligations of, or guaranteed as to principal and interest by, the Farm Credit Administration, the United States or any other agency or instrumentality of the United States other than Farmer Mac. Although we may borrow up to \$1.5 billion from the Treasury to fulfill our guarantee obligations, we may not borrow from the Treasury to pay our debt obligations, such as the Notes. Although Farmer Mac is an institution of the Farm Credit System, it is not liable for any debt or obligation of any other institution of the Farm Credit System. Neither the Farm Credit System nor any other individual institution of the Farm Credit System is liable for any debt or obligation of Farmer Mac.**

The Notes are exempt from the registration requirements of the Securities Act of 1933, as amended. We will not issue the Notes under an indenture nor provide a trustee for the Notes.

The Notes may be offered globally for sale in the United States, Europe and Asia.

## Priority

Unless the applicable Pricing Supplement provides otherwise, the Notes will:

- be unsecured senior general obligations of Farmer Mac;
- have the same priority as our other unsecured senior debt; and
- rank senior to any Subordinated Notes.

If the applicable Pricing Supplement designates an issue of Notes as Subordinated Notes, those Notes will be unsecured subordinated obligations of Farmer Mac that rank junior in right of payment to all of our existing and future senior unsecured obligations, on the terms set forth in the applicable Pricing Supplement. See “Risk Factors — Risks Related to the Notes — Subordinated Notes will rank junior in right of payment to our existing and future senior obligations.”

The Master Terms Agreement does not limit other indebtedness or securities that we may incur or issue and does not contain any financial or similar restrictions on us or any restrictions on our ability to secure other indebtedness.

## Discount Notes

Each issue of Discount Notes will:

- be offered on a continuous basis;
- have a Maturity Date that is 365 days or less from its Issue Date;
- be sold at a discount to its stated principal amount;
- pay its stated principal amount only on its Maturity Date; and
- not bear interest, except when the Maturity Date is not a Business Day (as defined herein).

We will offer each issue of Discount Notes at a fixed price representing a discount from the principal amount payable at maturity. The initial offering price of an issue of Discount Notes will be the difference between the face amount of the Discount Note and the amount derived from the following formula:

$$\text{Face Amount of Discount Notes} \times \text{Applicable Discount (expressed as a decimal)} \times \frac{\text{Number of Days from Issue Date to Maturity Date}}{360 \text{ days}}$$

We establish the maturities and purchase prices of Discount Notes on a continuous basis. You may obtain information regarding the maturities available and current prices from one of our Dealers.

We will not offer Discount Notes having a Maturity Date that is not a Business Day. If, however, due to events that occur after we have issued Discount Notes, the Maturity Date of an issue of Discount Notes no longer falls on a day that is not a Business Day, its Maturity Date will become the first Business Day following that day. We will pay interest for the days from the original Maturity Date to (but excluding) the revised Maturity Date based on the percentage of discount at which we issued the Discount Notes.

### **Medium-Term Notes**

Each issue of Medium-Term Notes will have a Maturity Date that is at least nine months and not more than 30 years from its Issue Date. We will prepare a Pricing Supplement to this Offering Circular for each issue of Medium-Term Notes. Each Pricing Supplement will describe the specific terms, pricing information and other information for the related issue of Medium-Term Notes and may supersede or replace, in whole or in part, the general description of Medium-Term Notes contained in this Offering Circular.

#### ***Principal Payments***

We refer to the Maturity Date (as the same may be extended) or any earlier date of redemption or repayment of an issue of Notes as the “**Principal Payment Date**” as to the principal repayable on that date. We may issue Fixed Principal Amount Notes and Variable Principal Amount Notes:

- *Fixed Principal Amount Notes* may pay an amount equal to par (100% of the outstanding principal amount), or a specified amount above or below par, on the applicable Principal Payment Date.
- *Variable Principal Amount Notes* pay a variable principal repayment amount determined by reference to one or more specified interest rates, exchange rates or other indices or formulas. The applicable Pricing Supplement relating to an issue of Variable Principal Amount Notes will describe such specified interest rates, exchange rates or other indices or formulas.

## ***Interest Payments***

### **General**

The Pricing Supplement will identify the type of Medium-Term Notes issued and will specify the rate or amount of interest as applicable to be paid on such Notes, the methodology for calculating interest payable and how frequently we will pay such interest. Interest on Medium-Term Notes will be payable in arrears on each date specified in the applicable Pricing Supplement and on the Maturity Date (each, an “**Interest Payment Date**”).

If interest is payable on an issue of Medium-Term Notes, interest will accrue on such issue of Notes during each Interest Payment Period at the applicable interest rate specified in the applicable Pricing Supplement. The “**Interest Payment Period**” for any Interest Payment Date is the period from and including the previous Interest Payment Date (or, for the first Interest Payment Date, from and including the Issue Date) to, but excluding, the next Interest Payment Date. We will compute interest, if any, for an issue of Medium-Term Notes based on one or more of the following accrual methods, or day count conventions, as specified in the applicable Pricing Supplement:

- “**30/360**” means that we will compute interest based on a 360-day year consisting of twelve 30-day months.
- “**Actual/360**” means that we will compute interest based on the actual number of days elapsed in a year of 360 days.
- “**Actual/365 (fixed)**” means that we will compute interest based on the actual number of days elapsed in a year of 365 days, regardless of whether accrual or payment occurs during a calendar leap year.
- “**Actual/Actual (accrual)**” means that we will compute interest based on the actual number of days elapsed in the Interest Payment Period divided by 365 or, if the day for which interest is being calculated falls in a calendar leap year, divided by 366.
- “**Actual/Actual (payment)**” means that we will compute interest based on the actual number of days elapsed in the Interest Payment Period divided by 365 or, if the applicable Interest Payment Date falls in a calendar leap year, divided by 366.

Unless the applicable Pricing Supplement specifies otherwise, we will use the 30/360 accrual method to compute interest on Medium-Term Notes. Interest on any Medium-Term Note accrues on the then outstanding principal amount of Notes. No interest will accrue on the principal of any Medium-Term Note on or after the date it is repaid.

### **Fixed Rate Notes**

The applicable Pricing Supplement will specify the single fixed interest rate per annum on an issue of Fixed Rate Notes.

### **Floating Rate Notes**

Each issue of Floating Rate Notes will bear interest at a variable rate, determined by reference to one or more interest rate or exchange rate indices or otherwise as so specified in the applicable Pricing Supplement. See “Appendix B — Interest Rate Indices” for a description of how the calculation agent (“**Calculation Agent**”) determines these indices for each Interest Payment Period. Farmer Mac will be the Calculation Agent unless the applicable Pricing Supplement designates a different party as

Calculation Agent. Absent clear error, the Calculation Agent's determination of the applicable index levels and calculation of the interest rates for each Interest Payment Period will be final and binding. You may obtain information about the current interest rate for an issue of Floating Rate Notes by contacting us at our principal executive offices or, if we are not the Calculation Agent, from the Calculation Agent.

The applicable Pricing Supplement will specify any Spread, Multiplier, Cap or Floor applicable to an issue of Floating Rate Notes. Any applicable Cap may not be higher than the maximum interest rate permitted by District of Columbia law, as modified by any U.S. federal law of general application.

The applicable Pricing Supplement will specify how frequently the interest rate for an issue of Floating Rate Notes will reset and the dates on which a new interest rate becomes effective (each, a "**Reset Date**"). If the interest rate will reset within an Interest Payment Period, then, unless specified otherwise in a Pricing Supplement:

- the interest rate in effect on the sixth Business Day before an Interest Payment Date will be the interest rate for the remainder of that Interest Payment Period; and
- the first day of each Interest Payment Period also will be a Reset Date.

An issue of Floating Rate Notes may bear interest before its first Reset Date at an initial interest rate specified in the applicable Pricing Supplement. If so, then the first day of the initial Interest Payment Period will not be a Reset Date.

Each period beginning on the applicable Reset Date and ending on the calendar day preceding the next Reset Date is an "**Interest Reset Period**." If the interest rate will reset within an Interest Payment Period, we will calculate accrued interest by multiplying the principal amount of the Note by an accrued interest factor. Unless we otherwise specify in the applicable Pricing Supplement, we will calculate this accrued interest factor by adding the interest factor for each Interest Reset Period in the Interest Payment Period and rounding the sum to nine decimal places (with one-half decimal being rounded upwards). We will compute the interest factor for each such Interest Reset Period by:

- multiplying the number of days in the Interest Reset Period by the interest rate (expressed as a decimal, with one-half decimal being rounded upwards) applicable to that Interest Reset Period; and
- dividing the product by the number of days in the year specified by the applicable accrual method.

### **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes will bear interest at a fixed rate for one or more periods and at a floating rate for one or more other periods. Some Fixed/Floating Rate Notes also may give us the ability to convert the Notes from a fixed rate to a floating rate, or from a floating rate to a fixed rate, at our option, subject to certain conditions, as further described in the applicable Pricing Supplement. See "**— Fixed Rate Notes**" as to such fixed rates and "**— Floating Rate Notes**" as to such floating rates. If we can convert the interest rate on a Fixed/Floating Rate Note from a fixed rate to a floating rate, or from a floating rate to a fixed rate, we will generally calculate accrued interest for each Interest Payment Period using an accrued interest factor in the manner described under "**— Floating Rate Notes**."

## **Step Notes**

Each Step Note will bear interest from its Issue Date to a specified date at an initial fixed interest rate and then at one or more different fixed interest rates. A Step Note can have one or more step periods. Step Notes may contain provisions that give us the option to redeem them before, at the beginning of or during a step period. The Pricing Supplement will specify the number of step periods and the interest rates for each step period from the Issue Date to the Maturity Date of the Step Notes.

## **Zero-Coupon Notes**

Zero-Coupon Notes will not bear interest and will be issued at a price that is less than the principal amount payable on the Maturity Date. Some Zero-Coupon Notes may be redeemable. If an issue of Zero-Coupon Notes is subject to redemption, the Pricing Supplement will show, in percentage terms, the amount of principal that will be paid upon redemption at specific potential redemption dates. Zero-Coupon Notes will be treated as Notes issued with original issue discount for U.S. federal income tax purposes (as described in “Material U.S. Federal Income Tax Considerations”) and may be subject to special U.S. federal income tax considerations, as described in this Offering Circular or in the applicable Pricing Supplement.

## **Amortizing Notes**

Amortizing Notes are Medium-Term Notes on which we make periodic payments of principal and interest during their terms as described in the applicable Pricing Supplement. Amortizing Notes may bear interest at fixed or floating rates. We will apply payments on Amortizing Notes first to interest due and payable and then to the reduction of unpaid principal. The applicable Pricing Supplement for an issue of Amortizing Notes will include a table that sets forth the repayment schedule.

## ***Redemption and Optional Repayment***

If an issue of Notes is redeemable before its Maturity Date, the applicable Pricing Supplement will indicate whether the Notes are redeemable at our option or repayable at your option and will describe the terms and conditions of any redemption or repayment right of the Holders. The applicable Pricing Supplement may specify that an issue of Medium-Term Notes is redeemable or repayable:

- in whole or in part at any time or from time to time;
- on one or more specified dates;
- at any time on or after a specified date; or
- during one or more specified periods of time.

The applicable Pricing Supplement also will specify the redemption or repayment amount or describe the method for determining the redemption or repayment amount. Holders will receive accrued and unpaid interest on the principal amount of Notes redeemed or repaid to but excluding the date of redemption or repayment. In the case of a partial redemption, we will redeem a *pro rata* portion of each outstanding Medium-Term Note of the affected issue.

Notice of an optional redemption or repayment of the Notes must be made not less than five (5) Business Days nor more than sixty (60) calendar days before the applicable redemption date in the manner described in the Master Terms Agreement or applicable Pricing Supplement. See “The Master Terms Agreement — Notices.”

## Foreign Currency Notes and Currency Indexed Notes

We may pay principal or interest on Medium-Term Notes in a Specified Payment Currency other than U.S. dollars (“**Foreign Currency Notes**”) or in U.S. dollars based on exchange rates and swap indices of the U.S. dollar for one or more foreign currencies (“**Currency Indexed Notes**”). The Pricing Supplement relating to an issue of Foreign Currency Notes or Currency Indexed Notes will describe, as applicable:

- the method we will use to determine the amount of interest and principal payments;
- certain risks associated with an investment in those Notes;
- any material U.S. federal income tax consequences applicable to Holders of those Notes; and
- other restrictions applicable to Holders of those Notes.

Government or monetary authorities may require Notes denominated in certain currencies or currency units to have certain denominations or minimum or maximum maturities. See also “Risk Factors—Risks Related to the Notes—Exchange rate risks and controls may adversely affect the timing or amount of payments on the Notes.”

## Eligibility for Stripping

We may designate some issues of Fixed Rate Notes and Step Notes (“**Eligible Notes**”) as eligible to be stripped into their separate Interest Components and Principal Components (each, a “**Component**”) on the book-entry records of the Federal Reserve Bank of New York (the “**FRBNY**”). We have no obligation to designate any issue of Medium-Term Notes as Eligible Notes, and we may make such a designation at any time before the Cut-off Date (defined below). However, we must designate an issue of Medium-Term Notes as Eligible Notes if you request that an Eligible Note be stripped into its Components at any time beginning on the date it becomes eligible for stripping until the Cut-off Date. You must make your request to the FRBNY and comply with all applicable requirements and procedures, including payment of any fees, of the FRBNY.

The two Components of an Eligible Note are as follows:

- each future interest payment (each, an “**Interest Component**”) due on or before the Maturity Date or, if the Eligible Note is subject to redemption or repayment before the Maturity Date, the first date on which the Eligible Note is subject to redemption or repayment (in either case, the “**Cut-off Date**”); and
- the principal payment plus any interest payments that either are due after the Cut-off Date or are specified as ineligible for stripping in the applicable Pricing Supplement (the “**Principal Component**”).

The first or last interest payment on a Note will not be eligible for stripping if the applicable Interest Payment Period is shorter or longer than the other Interest Payment Periods based on the 30/360 accrual method. In that case, the first or last interest payment will remain with the Principal Component. Each Component will receive a unique nine-character designation, known as a “**CUSIP Number**,” to identify it.

For an Eligible Note to be stripped into Components, its principal amount must produce an interest payment of \$1,000 or a multiple of \$1,000 on each Interest Payment Date, based on the stated interest rate of the Eligible Note. You can obtain the minimum principal amount required to strip an

Eligible Note by contacting us at our principal executive offices. If we designate an issue of Notes as Eligible Notes on the Issue Date, the applicable Pricing Supplement will specify the minimum principal amount required to strip it.

If any modification, amendment or supplement of the terms of an issue of Eligible Notes requires the consent of Holders, only the Holders of Principal Components will be entitled to give or withhold that consent. Holders of Interest Components will have no right to give or withhold such consent. See “The Master Terms Agreement — Amendment.”

Currently, the FRBNY will restore, or “**reconstitute**,” the Principal Components and any Interest Components that are not yet due and payable (“**future Interest Components**”) of a stripped Eligible Note at the request of a Holder of the Principal Component and all such applicable future Interest Components. The Holder must pay a reconstitution fee specified by the FRBNY and comply with all applicable FRBNY requirements and procedures. Generally, you may combine the Principal Component of an issue of Eligible Notes with Interest Components of either the same issue or from other issues of Eligible Notes that have the same CUSIP Number. Interest Components of two or more issues due on the same date sometimes have the same CUSIP Number. Holders who wish to reconstitute Components into an Eligible Note must also comply with all applicable FRBNY requirements and procedures relating to the stripping and reconstitution of securities.

The discussion above is based on our understanding of the way the FRBNY currently strips and reconstitutes securities on the Fed System. The FRBNY may stop stripping or reconstituting Eligible Notes or may change the way this is done or the applicable requirements, procedures or charges at any time without notice.

## **Subordinated Notes**

We may issue Subordinated Notes that we will describe in an applicable Pricing Supplement. The payment of principal of and interest on Subordinated Notes will be subordinated and junior in right of payment to all of our existing and future Senior Obligations. In addition, some issues of Subordinated Notes may have other terms that could defer, limit or suspend our obligation to make any payment of principal of or interest on these Subordinated Notes under certain specified conditions. The applicable Pricing Supplement will specify those terms and conditions, if any. Farmer Mac has not in the past issued any Subordinated Notes, and there are no Farmer Mac subordinated notes outstanding as of the date of this Offering Circular.

## **Form and Denominations**

### ***Fed System***

We have entered into an agreement with the FRBNY, acting on behalf of the Federal Reserve Banks, under which the Federal Reserve Banks will be our fiscal agent for Notes held on the Fed System. Investors who own Notes held on the Fed System typically are not the Holders of those Notes. Only banks and other entities eligible to maintain book-entry accounts with a Federal Reserve Bank (“**Fed Participants**”) may be Holders of Notes held on the Fed System.

Notes held on the Fed System are subject to:

- the Farm Credit Administration regulations governing Farmer Mac’s book-entry securities (12 C.F.R. Part 615, Subpart S) (the “**Book-Entry Regulations**”);
- procedures that may be established from time to time by U.S. Treasury Department regulations governing obligations of the United States, as contained in Treasury Department Circular No. 300; and
- any procedures that Farmer Mac and a Federal Reserve Bank may agree to.

You may obtain a copy of Circular No. 300 from any Federal Reserve Bank or the U.S. Treasury Department. These regulations and procedures relate primarily to the registration, transfer and pledge of all of our book-entry securities held on the Fed System, regardless of when we issue or issued the securities. Fed Participants’ individual accounts are governed by operating circulars and letters of the Federal Reserve Banks.

Unless otherwise specified in the applicable Pricing Supplement, Notes shall be issued and maintained only on the Fed System.

### ***Other Book-Entry Systems***

Notes held on the DTC System will be represented by global certificates registered in the name of DTC or its nominee. Therefore, DTC or its nominee will be the Holder of Notes held on the DTC System. DTC is a New York-chartered limited purpose trust company that performs services for its participants (“**DTC Participants**”), who are primarily brokerage firms and other financial institutions. Beneficial ownership of any Notes held through the DTC System will be subject to the applicable rules and procedures governing DTC and DTC Participants.

We may also issue Notes registered in the name of the common depository (or a nominee of the common depository) for Euroclear or Clearstream. We will specify the name of the entity who will act as custodian for Notes held by DTC or Euroclear and Clearstream in the applicable Pricing Supplement. For additional information on Euroclear and Clearstream, please see the section entitled “Clearance and Settlement” below.

### ***Certificated Notes***

While the Notes will generally be issued and held through the Fed System or through another book-entry system, we may issue Medium-Term Notes in certificated form. Certificated Notes are transferable only at the office of the Registrar for the notes. A Holder may have to pay the Registrar a service charge for any registration or transfer of a certificated Note and will have to pay any applicable transfer taxes or other governmental charges. Unless specified otherwise in the Pricing Supplement, the “**Registrar**” will be Farmer Mac.

### ***Denominations***

Unless otherwise specified in the applicable Pricing Supplement, all Notes for which the Specified Payment Currency is U.S. dollars will be issued, held and transferable in minimum original principal amounts of \$1,000 and additional increments of \$1,000. You may not transfer a Note if, as a result of the transfer, you would have remaining in your account Notes of any issue with a principal amount less than \$1,000.

Transfers of Notes on the Fed System must also comply with all applicable Federal Reserve Bank minimum wire transfer requirements. The laws of some jurisdictions require that certain purchasers of

securities take physical delivery of those securities in certificated form. These laws may impair your ability to transfer beneficial interests in Notes held on the Fed System or another book-entry system.

The applicable Pricing Supplement will indicate the denominations for Medium-Term Notes for which the Specified Payment Currency is not U.S. dollars.

### ***Identification Numbers***

The Notes will be assigned, as applicable, CUSIP Numbers, Euroclear and Clearstream Common Code Numbers and International Security Identification Numbers (“**ISIN**”). The Fed System and the DTC System use CUSIP Numbers, and Euroclear and Clearstream use Common Code Numbers, to identify each issue of Notes and, for Eligible Notes, the Components of an issue. Each issue of Discount Notes that has the same Maturity Date will have the same CUSIP Number.

### **Exchange of Book-Entry Notes for Certificated Notes**

If we issue certificated Notes in exchange for book-entry Notes as described below, the certificated Notes will have the same terms as the book-entry Notes for which they were exchanged, except as described below.

*Issuance of Certificated Notes.* A Holder can exchange beneficial interests in book-entry Notes for certificated Notes only under the following circumstances:

1. the exchange is permitted by applicable law; and
2. (a) in the case of a book-entry Note held through DTC, DTC notifies us that it is no longer willing or able to act as a depository or ceases to be a “clearing agency” registered under the Securities Exchange Act of 1934, and we cannot find a successor within 90 days after we receive such notice, (b) in the case of a book-entry Note held through another depository, if all of the clearing systems for such book-entry Note are closed for business for 14 consecutive days, or are permanently closed and we cannot find a successor within 90 days, (c) a Holder has initiated a judicial proceeding to enforce the Holder’s rights under the book-entry Note in court, and counsel has advised the Holder that it is necessary to have a certificated Note or (d) we, either at a Holder’s request and expense or otherwise, in our own discretion, decide to issue certificated Notes.

In any of the above circumstances, we will execute and deliver certificated Notes to the Holders as soon as practicable.

*Title.* The person in whose name a certificated Note is registered will be the “Holder” of the certificated Note. We may treat the Holders as the absolute owners of certificated Notes for the purpose of making payments and for all other purposes whether or not any payments on the certificated Notes are overdue.

*Partial Redemption.* If we redeem a portion of an issue of certificated Notes, we will select by lot, or in any other manner that we deem fair and appropriate, those certificated Notes to be redeemed, ensuring that the principal amount of each outstanding certificated Note after the redemption is in an authorized denomination.

*Transfer and Exchange.* Holders may present certificated Notes for transfer or exchange at the office of the Registrar or any other transfer agent, with transfer documentation completed and payment of

any taxes and other governmental charges. Holders may transfer or exchange certificated Notes in whole or in part only in the authorized denominations of the book-entry Notes for which they were exchanged. In the case of a transfer of a certificated Note in part, the Registrar will issue a new certificated Note for the balance not transferred.

## **Holders**

A Holder of a Note is not necessarily its beneficial owner. Beneficial owners ordinarily will hold Notes through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, as an investor, you may hold a Note through a brokerage firm that, in turn, holds the Note through a Fed Participant. In that case, you would be the beneficial owner and the Fed Participant appearing as the holder on the records of a Federal Reserve Bank would be the Holder of the Notes. A beneficial owner of the Notes may exercise its rights as an owner of the Notes only through the Holder of such owner's Notes, and we may treat the Holder as the absolute owner of the Notes.

If your Note is maintained on the DTC System, the Euroclear system or the Clearstream system, your ownership will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary where you maintain an account for that purpose. In turn, the financial intermediary's interest in the Note will be recorded on the records of DTC, Euroclear or Clearstream (or of a participant that acts as agent for the financial intermediary, if the intermediary is not itself a participant).

A Holder that is not the beneficial owner of a Note, and each other financial intermediary in the chain between the Holder and the beneficial owner, will be responsible for establishing and maintaining accounts for their customers. Farmer Mac, the Federal Reserve Banks, DTC, Euroclear and Clearstream will not have a direct obligation to a beneficial owner of a Note that is not also the Holder.

You may exercise your rights as a beneficial owner of a Note only through the Holder of the Note. A Federal Reserve Bank, DTC, Euroclear or Clearstream will act only upon the instructions of the Fed Participant or relevant participant, as applicable, in recording transfers of a Note. Farmer Mac, the Registrar, the Federal Reserve Banks, DTC, Euroclear and Clearstream may treat the Holder as the absolute owner of a Note for the purpose of receiving payments and for all other purposes, regardless of any notice to the contrary.

## **Payment Procedures**

We will make payments on Notes held on the Fed System in immediately available funds to a Federal Reserve Bank, for credit to the accounts of the appropriate Fed Participants. If specified in an applicable Pricing Supplement, we will make payments on Notes held on the DTC System, Euroclear system or Clearstream system in immediately available funds to DTC, Euroclear or Clearstream (or their nominees), as applicable. Each of DTC, Euroclear and Clearstream will be responsible for crediting the payment to the accounts of the appropriate participants in accordance with its applicable procedures.

The Registrar will make payments on Notes held in certificated form by check mailed to the addresses of the Holders shown in the Registrar's records or, if the applicable Pricing Supplement provides, by wire transfer to the Holders. However, a Holder will receive the final payment on a certificated Note only upon presentation and surrender of the Holder's certificate to the Registrar. All payments on certificated Notes are subject to any applicable law or regulation. If a payment outside of the United States is illegal or effectively precluded by exchange controls or similar restrictions, payments in respect of the related certificated Notes may be made at the office of Farmer Mac or any other paying agent in the United States.

Payments will be rounded to the nearest cent or, for a Specified Payment Currency other than U.S. dollars, to the nearest smallest transferable unit (with one-half cent or unit being rounded upwards). Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owner of a Note. If a principal or interest payment error occurs, we may correct it as described below under “— Corrections.”

We (or any person authorized by us) may require the Holder of a Note, as a condition to the payment of principal or interest on the Note or as a condition to the transfer or exchange of the Note, to present a certificate in the form we prescribe that enables us to determine the duties and liabilities for any taxes or other charges required to be deducted or withheld under applicable laws or other requirements. If any jurisdiction imposes a withholding or other tax on a payment on any Note, we will deduct the amount required to be withheld from such payment and we will not pay additional interest or other amounts or redeem the Notes prior to maturity as a result.

### **Clearance and Settlement**

Notes may be held through organizations participating in one or more international and domestic clearing systems, principally the Fed System and DTC in the United States, and Euroclear and Clearstream outside the United States. Electronic securities and payment transfer, processing, depositary and custodial arrangements among these systems and others, either directly or indirectly through custodians and depositaries, may enable Notes to be issued, held and transferred among the systems as described below.

Each relevant system has its own separate operating procedures and arrangements with participants or accountholders that govern the relationship between them and the system and in respect of which we are not and will not be a party. The clearing systems may impose fees for the maintenance and operation of the accounts in which beneficial interests in the Notes are maintained.

We expect that:

- most Notes will clear and settle through the Fed System;
- some Notes, such as Notes whose Specified Payment Currency is not U.S. dollars (and Notes denominated and payable in U.S. dollars that are not cleared and settled through the Fed System) will clear and settle through the DTC System, Euroclear system or Clearstream system, as specified in the applicable Pricing Supplement; and
- Notes, irrespective of the Specified Payment Currency in which they are denominated or payable, distributed solely outside of the United States will clear and settle primarily through the Euroclear system or Clearstream system and, in certain cases, the DTC System.

*Fed System.* The Fed System provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. Government, some of its agencies and instrumentalities and international organizations of which the United States is a member. The Fed System enables holding institutions to hold, make payments and transfer securities and funds through the U.S. Federal Reserve Banks’ Fedwire® Securities Service.

*DTC.* DTC is a limited-purpose trust company organized under the laws of the State of New York, and is a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities for

DTC Participants and facilitates the clearance and settlement of transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants.

*Euroclear.* Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment. Euroclear is operated by the Euroclear Bank, under contract with Euro-clear Clearance Systems S.C., a Belgian cooperative corporation. All operations are conducted by Euroclear Bank, and all Euroclear securities clearance accounts and Euroclear cash accounts are with Euroclear Bank and governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgium law. Euroclear Bank was launched on December 31, 2000, and replaced Morgan Guaranty Trust Company of New York as the operator of and banker to the Euroclear system.

*Clearstream.* Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between its participating organizations through electronic book-entry changes in accounts of its participating organizations. Distributions with respect to Notes held beneficially through Clearstream will be credited to cash accounts of participating organizations in accordance with Clearstream's rules and procedures, and applicable Luxembourg law.

*Other.* Any other clearing system that we make available for a particular issue of Notes will be described in the applicable Pricing Supplement.

Clearstream and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Cross-market transfers between persons holding through, as the case may be, DTC or the Fed System, on the one hand, and through Euroclear or Clearstream, on the other, will be effected as the case may be, by DTC or the Fed System, in accordance with DTC and the Fed System, rules on behalf of Euroclear or Clearstream by its U.S. depository. Such cross-market transactions will require delivery of instructions to either Euroclear or Clearstream in accordance with its relevant rules and procedures and within its established deadlines (European time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering to or receiving Notes from DTC or the Fed System, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream may not deliver instructions directly to their respective U.S. depositories.

Because of time-zone differences, credits of Notes received on the Euroclear system or Clearstream system as a result of a transaction with a DTC Participant or Fed Participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Euroclear or Clearstream participants on such Business Day. Cash received on the Euroclear system or Clearstream system will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day following settlement in DTC.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of Notes among their participants, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

### **Business Day Convention**

Unless otherwise specified in the applicable Pricing Supplement, if the specified payment date is not a Business Day, we will pay interest or premium, if any, on the Medium-Term Notes or the principal of the Medium-Term Notes on the next Business Day with the same force and effect as if made on the applicable Interest Payment Date or Principal Payment Date. No interest on a delayed payment will accrue on the amount so payable for the period from the specified payment date to the date of payment unless specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, “**Business Day**” means a day other than:

(a) a Saturday, (b) a Sunday, (c) a day on which the FRBNY is closed, (d) as to any Holder of a Book-Entry Note, a day on which the Federal Reserve Bank that maintains the Holder’s account is closed; (e) a day on which banking institutions are closed in (1) the City of New York or (2) if the Specified Payment Currency is other than U.S. dollars or euros, the Principal Financial Center of the country of such Specified Payment Currency, (f) if the Specified Payment Currency is euros, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System is not operating, the system is not open for settlements, or a day on which payments in euros cannot be settled in the international interbank market as determined by the Global Agent, or (g) for any required payment, a day on which banking institutions are closed in the place of payment.

### **Extension of Maturity**

We may have the option to extend the Maturity Date of an issue of Medium-Term Notes for one or more whole-year periods (each, an “**Extension Period**”) up to but not beyond the date (the “**Final Maturity Date**”) specified in the Pricing Supplement. The applicable Pricing Supplement will describe the terms of any such option and specify the basis or formula, if any, for setting the interest rate or the Spread and/or Multiplier, as the case may be, applicable to any Extension Period. The Pricing Supplement shall also specify any special U.S. federal income tax consideration applicable to such extension.

Unless the Pricing Supplement specifies a different notice period, we will notify you that we are exercising our option to extend maturity between forty-five (45) and sixty (60) calendar days before the original Maturity Date in the manner described under “The Master Terms Agreement — Notices.” Any such notice (the “**Extension Notice**”) shall contain:

- the election of Farmer Mac to extend the Maturity Date;
- the new Maturity Date;
- the interest rate or interest rate formula applicable to the Extension Period in the case of Fixed Rate Notes;

- the Spread and/or Spread Multiplier applicable to the Extension Period, in the case of Floating Rate Notes; and
- the provisions, if any, for redemption during the Extension Period.

The Maturity Date of an issue of Notes will extend automatically upon the mailing of an Extension Notice to the affected Holders, and, except as modified by the Extension Notice and as described in the next paragraph, the terms of those Notes will not change.

Notwithstanding the foregoing, not later than twenty (20) days before the original Maturity Date, we may revoke the interest rate or interest rate formula or the Spread or Spread Multiplier, if applicable, provided for in an Extension Notice and establish a higher interest rate, interest rate formula, Spread or Spread Multiplier for the Extension Period by mailing the applicable Holders a notice of the different interest rate formula, Spread or Spread Multiplier. This notice shall be irrevocable, and all Notes whose Maturity Date is extended will bear the higher interest rate for the Extension Period.

For issues of Notes where we have the option to extend maturity, we may grant the Holder of that Note the option to have Farmer Mac repay the Note on the original Maturity Date at a price equal to its unpaid principal amount plus any accrued and unpaid interest to but excluding that date. The Holder must follow the procedures described above under “Description of the Notes — Medium-Term Notes — Redemption and Optional Repayment,” except that the period for delivery of notice shall be at least twenty-five (25) but not more than thirty-five (35) days before the original Maturity Date. A Holder who has tendered a Medium-Term Note for redemption pursuant to an Extension Notice may, by written notice, revoke any such tender until the close of business on the fifth day before the original Maturity Date.

## **Reopenings**

We may “**reopen**” any issue of Medium-Term Notes at any time by offering additional Medium-Term Notes with the same terms as those of existing Medium-Term Notes (other than Issue Date, initial Interest Payment Period and offering price, which may vary). The additional and existing Medium-Term Notes will be consolidated and will form a single issue. We may reopen any issue of Notes without the consent of the Holders of the existing Medium-Term Notes.

## **Corrections**

If a principal or interest payment error occurs on the Notes, we may correct it by adjusting payments on later Interest Payment Dates or Principal Payment Dates or in any other manner we consider appropriate. All index values used to determine principal or interest payments are subject to correction within thirty (30) days from the applicable date of payment. The source of a corrected value must be the same source as that which the Calculation Agent obtained at the original value. A correction might result in an adjustment to the amount we pay to you or a subsequent investor on a later date. We have no obligation to make such payment to any person who was a Holder at the time the principal or interest payment error occurred and is not a Holder for purposes of any adjusted payments.

For example, if the index value first used to determine the interest rate on an issue of Notes is superseded by a corrected value from the original source, the Calculation Agent will use that corrected value to determine the interest rate payable on those Notes on the applicable Interest Payment Date. To illustrate, assume that LIBOR is the applicable interest rate index for determining the interest rate payable on a Note. If LIBOR for a Reset Date is obtained from Telerate Page 3750, that rate may be superseded only by a corrected rate for that Reset Date obtained from Telerate Page 3750. The Calculation Agent

will use the corrected rate to determine the interest rate payable on that Note as of the applicable Interest Payment Date.

## **THE MASTER TERMS AGREEMENT**

We will issue the Notes under the Master Terms Agreement, as amended and supplemented. The following summary describes some of the terms of the Master Terms Agreement. This summary is not complete. You should refer to the Master Terms Agreement if you would like further information about its terms. You can obtain copies of the Master Terms Agreement by contacting our Corporate Secretary at our principal executive offices.

### **Binding Effect**

By receiving and accepting a Note, you and any financial intermediary or Holder acting on your behalf unconditionally agree, without any signature or further manifestation of assent, to be bound by all the terms and conditions of the Master Terms Agreement, as it may be supplemented or amended from time to time according to its terms. The Master Terms Agreement will be binding upon and inure to the benefit of any successor to Farmer Mac.

### **Various Matters Regarding Farmer Mac**

Farmer Mac and its directors, officers, employees and agents will not be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, they will not be protected against any liability that results from willful misfeasance, bad faith, gross negligence or reckless disregard of their duties.

We may employ agents or independent contractors to perform our responsibilities under the Master Terms Agreement. Holders will not be able to direct or control Farmer Mac's actions under the Master Terms Agreement, unless an Event of Default (as defined below) occurs.

Except for our payment obligations, we will not be liable for any direct damages unless we have failed to exercise the same degree of ordinary care that we exercise in the conduct of our own affairs. We will not be liable for any consequential damages.

We need not appear in any legal action that is not incidental to our responsibilities under the Master Terms Agreement and that we believe may result in any expense or liability. However, we may undertake any legal action that we believe is necessary or desirable in the interests of Holders and will bear the related legal costs.

### **Events of Default**

Under the Master Terms Agreement, an "**Event of Default**" for an issue of Medium-Term Notes (other than Subordinated Notes) is:

- our failure to make any required payment that continues for 30 days;
- our failure to perform in any material way any other covenant or agreement under the Master Terms Agreement, if the failure lasts for 60 days after we receive notice of the failure from the Holders of at least 25% of the outstanding principal or notional principal amount of an issue of Medium-Term Notes; or

- specified events of receivership, liquidation, insolvency or similar proceedings involving Farmer Mac.

The appointment of a conservator (or other similar official) by a regulator having jurisdiction over us, whether or not we consent to that appointment, will not constitute an Event of Default. The applicable Pricing Supplement will specify the Events of Default that apply to an issue of Subordinated Notes.

The Master Terms Agreement does not define events of default that apply to Discount Notes or specify the remedies available to you if we default as to an issue of Discount Notes.

### **Rights Upon Event of Default**

If an Event of Default under the Master Terms Agreement occurs and is continuing, the Holders of at least 50% of the outstanding principal or notional principal amount of the affected issue of Medium-Term Notes may, by written notice to Farmer Mac, accelerate the maturity of such issue of Medium-Term Notes by declaring the principal and all accrued and unpaid interest, if any, of such issue of Medium-Term Notes to be due and payable immediately.

No Holder has the right under the Master Terms Agreement to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, or for the appointment of a receiver or trustee, or for any other remedy, unless:

- the Holder previously has given us written notice of an Event of Default and its continuance;
- the Holders of at least 50% of the outstanding principal or notional principal amount of the same issue of Medium-Term Notes have given us written notice of the Event of Default; and
- the Event of Default continues unremedied for sixty (60) days following the date written notice of such Event of Default by the Holders of at least 50% of the outstanding principal or notional principal amount of the same issue of Medium-Term Notes has been given to Farmer Mac.

Holders do not have any right under the Master Terms Agreement to affect, disturb or prejudice the rights of any other Holder, to obtain or seek to obtain preference or priority over any other Holder or to enforce any right under the Master Terms Agreement, except as provided in the Master Terms Agreement and for the ratable and common benefit of all Holders.

The Holders of at least 50% of the outstanding principal or notional principal amount of the affected issue of Medium-Term Notes may waive an Event of Default prior to or after the institution of any action relating to the issue of Medium-Term Notes, whether or not the Event of Default has resulted in a declaration of an acceleration of maturity of the issue of Medium-Term Notes, and may rescind or annul any previously declared acceleration.

Where the Master Terms Agreement allows the Holders of a specified percentage of the outstanding principal or notional principal amount of an issue of Medium-Term Notes to take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the Holders of that specified percentage may provide their agreement in writing, whether executed in person or by an agent or proxy appointed in writing.

## Amendment

We may amend or supplement the Master Terms Agreement without the consent of Holders:

- to cure any ambiguity or to cure, correct or supplement any provision in the Master Terms Agreement, or to make any provision not inconsistent with the Master Terms Agreement or Note;
- to add to covenants for the benefit of Holders;
- to surrender any right or power conferred upon us;
- to evidence the succession of another entity to us and its assumption of our covenants;
- to conform the terms of an issue of Notes to, or cure any ambiguity or discrepancy resulting from any changes in, the Book-Entry Regulations or any document or regulation that the Book-Entry Regulations make applicable to book-entry securities of Farmer Mac;
- to increase the amount of an issue of Notes; or
- in any other manner we may determine that will not adversely affect the interests of Holders in any material way at the time of the amendment.

Except as provided in the following sentence, we also may amend or supplement the terms of the Notes with (1) the written consent of the Holders of over 50% of the aggregate then outstanding principal amount of an affected issue of Notes, or (2) the approval by resolution of Holders of over 50% of the aggregate then outstanding principal amount of an issue of Notes represented at a meeting of Holders where a quorum is present, in each case excluding Notes that we own. However, each affected Holder must consent for us to amend or supplement the terms of the Notes to:

- change the Maturity Date of the Notes or any Interest Payment Date of a Medium-Term Note (subject to the provisions described under “Description of the Notes — Extension of Maturity”);
- materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, a Medium-Term Note;
- reduce the principal amount of, or materially modify the rate of interest (or percentage discount) or the calculation of the rate of interest on, any Discount Note; or Medium-Term Note, as applicable
- reduce the percentage of Holders whose consent or affirmative vote is necessary to amend or supplement the terms of any issue of Notes.

A quorum at any meeting of Holders called to adopt a resolution will be Holders entitled to vote a majority of the then aggregate outstanding principal or notional principal amount of an issue of the Notes called to the meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding principal or notional principal amount of that issue of Notes, in both cases excluding any Notes that we own. Holders need not approve the particular form of any proposed amendment as long as they approve the substance of the change.

We may establish a record date to determine the Holders entitled to (1) vote at any meeting of Holders of Notes, (2) grant any consent regarding Notes and (3) receive notice of such meeting or consent.

Any instrument evidencing a Holder's consent will be irrevocable once given and will be conclusive and binding on all subsequent Holders of that Note or any substitute or replacement Note. Any amendment to the Master Terms Agreement or to the terms of Notes will be conclusive and binding on all Holders of those Notes, whether or not they have given consent or were present at any meeting (unless the Master Terms Agreement requires the written consent or vote of those Holders) and whether or not a notation of that amendment is made upon the Notes.

### **Notes Acquired by Farmer Mac**

We may, from time to time, repurchase or otherwise acquire some or all of any issue of the Notes. Notes that we own will be treated the same as Notes of the same issue held by other Holders, without preference, priority or distinction as among those Notes. However, in determining whether the required percentage of Holders of an issue of Notes has given any required demand, authorization, notice, consent or waiver, Notes that we own, directly or indirectly, or which are owned by any person under direct or indirect common control with us, will be disregarded and deemed not to be outstanding.

### **Notices**

Any notice, demand or other communication to be given to, or served upon, a Holder under the Master Terms Agreement may be given or served in writing by mail addressed to the Holder using the address in our records, a Federal Reserve Bank, or in the case of a Holder of a Note maintained on the Fed System, by transmission through the communication system linking the Federal Reserve Banks. Any notice, demand or other communication to a Holder will be considered given upon mailing or transmission.

Any notice, demand or other communication given to us, or served upon us, under the Master Terms Agreement must be in writing and addressed to:

Federal Agricultural Mortgage Corporation  
1133 Twenty-First Street, N.W., Suite 600  
Washington, D.C. 20036  
Attention: Vice President – General Counsel and Corporate Secretary

Any notice to us will be considered given upon our actual receipt of the writing.

If Notes are listed on an exchange and its rules so require, we also will give notice with respect to that issue of Notes in accordance with the rules of the exchange.

### **Governing Law**

The Master Terms Agreement and the rights and obligations of the Holders and Farmer Mac with respect to the Notes shall be construed in accordance with and governed by the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate the purposes of the Act or any provision of the Master Terms Agreement or the transactions governed thereby, the local laws of the State of New York shall be deemed reflective of the laws of the United States.

## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

Any discussion of tax issues set forth in this Offering Circular and any applicable Pricing Supplement was written to support the promotion and marketing of the transactions described in this Offering Circular and any applicable Pricing Supplement. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

The following is a general summary of the anticipated U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes. The authorities on which this summary is based are subject to change or differing interpretations, which could apply retroactively.

This discussion is for Owners (as defined below) that hold the Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”) and does not purport to discuss all federal income tax consequences that may be applicable to the individual circumstances of Owners in special tax situations, including but not limited to banks, insurance companies, certain former citizens or residents of the United States, tax-exempt organizations, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers in securities or currencies, mutual funds, real estate investment trusts, S corporations, estates and trusts, Owners that hold the Notes as part of a hedge, straddle or an integrated or conversion transaction, Owners whose functional currency is not the United States dollar, or partnerships or other pass-through entities. Further, the tax consequences arising from the ownership of any Notes with special characteristics (e.g., Foreign Currency Notes, Currency Indexed Notes, Subordinated Notes providing for deferral of, limitation on or suspension of payments of principal or interest in some circumstances, or Variable Principal Amount Notes) may be set forth in the applicable Pricing Supplement. In all cases, you are advised to consult your own tax advisors regarding the U.S. federal tax consequences to you of purchasing, owning and disposing of Notes (or of stripped payment rights derived from such Notes), including the advisability of making any of the elections described below, as well as any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction. In addition, this summary of certain U.S. federal tax consequences is for general information only and is not tax advice for any particular Owner. Additionally, this summary does not address federal estate and gift tax consequences of holding the Notes.

Although Farmer Mac is a government-sponsored enterprise, neither the Notes nor the income received on them is exempt from U.S. federal income, estate or gift taxes under the Code.

As we use the term, a “**U.S. person**” means any of the following:

- an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States;
- a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation without regard to its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration and at least one U.S. person has authority to control all substantial decisions of the trust. Certain trusts in existence on August 20, 1996, that were treated as “U.S. persons”

within the meaning of Section 7701(a)(30) of the Code before that date may elect to continue to be treated as U.S. persons.

“**U.S. Owner**” means a U.S. person that beneficially owns a Note. “**Non-U.S. Owner**” means a beneficial owner of a Note that is an individual, a corporation, an estate or a trust that is not a U.S. person. “**Owner**” means either a U.S. Owner or a Non-U.S. Owner.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the treatment of a partner will generally depend upon the status of the particular partner and the activities of the partnership. If you are a partner in such a partnership, you should consult your own tax advisors.

**It is suggested that prospective purchasers consult their own tax advisors regarding the tax consequences to them of the tax consequences of purchasing, owning and disposing of Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in federal or other tax laws.**

### **Federal Income Tax Consequences to U.S. Owners**

The U.S. Internal Revenue Service (the “**IRS**”) has ruled that Farmer Mac is an instrumentality of the United States for purposes of Section 7701(a)(19) of the Code; therefore, domestic building and loan associations and savings banks are permitted to invest in Notes to meet the percentage of total assets required to be invested in, among other things, stock or obligations of a corporation which is an instrumentality of the United States. Furthermore, Notes held by a real estate investment trust will constitute “Government securities” within the meaning of Section 856(c)(4)(A) of the Code, and Notes held by a regulated investment company will constitute “Government securities” within the meaning of Section 851(b)(3) of the Code.

### **Payments of Interest**

If you are a U.S. Owner, interest on a Note will generally be taxable to you as ordinary interest income at the time it is accrued or received in accordance with your method of accounting for U.S. federal income tax purposes.

### **Original Issue Discount**

*General.* Notes that are Zero-Coupon Notes will, and certain other Notes, may be issued with original issue discount (“**OID**”). A Note will be treated as issued with OID if its “stated redemption price at maturity” is greater than its “issue price”, unless such excess is de minimis. The de minimis amount is generally one quarter of one percent of the Note’s stated redemption price at maturity multiplied by the number of complete years from the Issue Date to the Maturity Date (weighted average maturity if any amount included in the stated redemption price at maturity is payable before the Maturity Date). A Note’s “stated redemption price at maturity” is the total of all payments provided by the Note that are not payments of “qualified stated interest.” A “qualified stated interest” payment is a payment of stated interest that is unconditionally payable in cash or property at least annually during the entire term of the Note, at a single fixed rate or at specified types of variable rates. Interest is payable at a single fixed rate only if the rate takes into account the length of intervals between payments. A Note’s “issue price” is the first price at which a substantial amount of the issue of which the Note is a part is sold to persons other than those acting in the capacity of underwriters, placement agents or wholesalers.

If you hold a Note with a de minimis amount of OID, you must include any de minimis OID in income, as capital gain, on a pro rata basis as principal payments are made on the Note.

Special rules apply to Notes that are callable by us, including Step Notes that have an initial fixed interest rate that will change to a different fixed rate around the date on which such Notes may be redeemed. See “— Optional Redemption, Extension or Repurchase.” Other special rules may apply to Notes that are Floating Rate Notes, Fixed/Floating Rate Notes that provide for a fixed rate and a variable rate in different periods, Notes with a zero or reduced interest rate for certain periods, and certain other situations.

Subject to certain special rules for Notes with a maturity of one year or less (discussed below), if you hold a Note with more than a de minimis amount of OID, you must include OID in income as it accrues, regardless of your normal method of tax accounting. Thus, you may have to recognize income before receiving the cash attributable to such income. You must include OID in income using the constant yield to maturity method, which is computed based on a constant annual rate of interest and compounding at the end of each accrual period. The U.S. Treasury regulations concerning the tax treatment of Notes issued with OID (the “**OID Regulations**”) permit you to use accrual periods of any length from one day to one year to compute accruals of OID, provided that each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. Under these rules, you must include in income increasingly greater amounts of OID in successive accrual periods, unless payments that are part of the stated redemption price at maturity of a Note are made before its final maturity.

*Floating Rate Notes.* A Floating Rate Note that bears interest at a single variable rate that is reasonably expected to measure contemporaneous changes in the cost of newly borrowed funds will be subject to the general OID rules described above, and all stated interest on the Note will be treated as qualified stated interest. The constant yield to maturity used to determine the amount of OID that accrues in any period will be calculated assuming that the variable rate in future periods is equal to the initial value of the variable rate.

We will set forth the tax treatment of all other Floating Rate Notes in the applicable Pricing Supplement, including whether such Notes are subject to special rules relating to contingent payment debt instruments.

*Optional Redemption, Extension or Repurchase.* The OID Regulations provide special rules for determining the yield and maturity of debt instruments that provide the holder or the issuer with an unconditional option or options that, if exercised, require payments to be made on the debt instrument under an alternative payment schedule or schedules (e.g., an option to extend or an option to call a debt instrument at a fixed premium). Under these rules, Farmer Mac will be presumed to exercise its call or extension right if such exercise would minimize the yield to maturity of the Notes. An Owner of a Note will be presumed to exercise its option to cause Farmer Mac to repurchase the Note if doing so would maximize the yield to maturity on the Note. If an option that is presumed to be exercised (or not exercised) is not exercised (or exercised), then the Note will be treated as if it were redeemed and reissued on the date of the change in circumstances for an amount equal to its adjusted issue price on that date solely for purposes of determining future accruals of interest and OID. The adjusted issue price generally is the issue price of the Note, increased by the amount of OID previously taken into account (determined without regard to the acquisition premium rules) and decreased by the amount of any premium previously amortized on the Note under Section 171 (as discussed below) and payments previously made on the Note other than payments of qualified stated interest.

For example, under these rules, a Fixed Rate Note that is issued at a discount and is callable at par will not be deemed to be called because exercise of the call right will not minimize the yield on such

Note. A Step Note that is issued at par, has interest that increases on specified dates, and is callable at par on the dates specified for increases in interest rates will be deemed to be called on the first step date because the yield to maturity on the Note would be lower than if the interest rate were stepped up. If the Step Note is not called on that date (or is called only in part), the Step Note (to the extent of its remaining outstanding principal amount) will be deemed to be called and reissued at par. As a result of these special rules, a Step Note issued at par and with interest that increases on specified dates will not have any OID and stated interest will be taken into account by a U.S. Owner under its regular method of accounting.

If a principal purpose in structuring a debt instrument is to achieve a result that is unreasonable in light of the purposes of the rules relating to OID, then the OID Regulations provide that the IRS can apply or depart from the OID Regulations, including the rules relating to the exercise of call rights described above, as necessary or appropriate to achieve a reasonable result. We intend to report income on any Step Notes with the features described above assuming this anti-abuse rule does not apply.

*Notes with a Term of One Year or Less.* All stated interest payments on a Note that matures one year or less from the date it is issued (a “**Short-Term Note**”) are included in the stated redemption price at maturity of the Note and, therefore, are treated as OID. For purposes of determining whether a Note is a Short-Term Note, the maturity date of the Note is the last possible date it could be outstanding under its terms. For example, a Step Note that has a maturity of more than one year but, under the rules described in the previous section, is presumed to be called on a date that is one year or less from the issue date, will not constitute a Short-Term Note.

If you are an accrual-basis U.S. Owner, a bank, a regulated investment company or are otherwise described in Section 1281(b) of the Code, you must accrue OID and stated interest (if any) on a Short-Term Note on a straight-line basis (regardless of your method of accounting) unless you may make an irrevocable election to accrue such OID based on the Note’s yield to maturity and daily compounding. U.S. Owners described in this paragraph may irrevocably elect to accrue “acquisition discount” (i.e., the excess of the stated redemption price at maturity over the U.S. Owner’s basis in the Short-Term Note) rather than OID. Such U.S. Owners should consult their own tax advisors before making these elections.

A U.S. Owner that is not required to include OID and stated interest on a Short-Term Note in income currently may nevertheless elect to include in income interest and OID as they accrue (under the rules discussed above) on all obligations having a maturity of one year or less held by the U.S. Owner in the taxable year of the election and in all subsequent years. This election is irrevocable without the consent of the IRS. If you are not required to include OID and stated interest on a Short-Term Note in income currently, and you do not elect to include OID currently, then with respect to OID and stated interest (if any) on a Short-Term Note, you must:

- include OID and any stated interest in income when received;
- include in ordinary income any gain realized upon the sale, exchange, redemption or retirement or other disposition of a Short-Term Note to the extent of accrued OID (determined on a straight-line basis; unless you make an irrevocable election to determine the accrued OID on the basis of the Note’s yield to maturity and daily compounding); and
- defer deductions for interest expense on any indebtedness you incurred or continued to purchase or carry the Short-Term Note, in an amount not exceeding the deferred interest income, until you recognize the deferred interest income.

*Subordinated Notes.* Under the OID Regulations, a Note will generally be treated as issued with OID if the stated interest on the Note does not constitute qualified stated interest. In determining whether

stated interest on a Note is unconditionally payable and thus constitutes qualified stated interest, remote contingencies as to the timely payment of stated interest are ignored.

In the case of a Subordinated Note, we may have the right to defer the payment of interest in accordance with the terms of the Subordinated Note. Thus, interest on a Subordinated Note would not be unconditionally payable at least annually, and thus would not be qualified stated interest, unless the likelihood of the deferral of interest payments were remote. This determination must be made at the time of issuance of each Subordinated Note. The applicable Pricing Supplement will specify whether we believe the likelihood of deferral is remote.

If, as of the Issue Date, the likelihood of a deferral of any payment of interest was determined not to be remote or if any payment of interest on a Subordinated Note was actually deferred, the Subordinated Note would be treated as issued with OID at the time of issuance or deferral, as the case may be, and all stated interest would thereafter be treated as OID as long as the Subordinated Note remained outstanding. In that event, all of your taxable interest income in respect of the Subordinated Note would constitute OID that generally would have to be included in income using the constant yield to maturity method, notwithstanding that the interest is not being paid currently.

*Reopenings.* Farmer Mac may reopen an issue of Medium-Term Notes at any time by offering additional Medium-Term Notes (“**New Notes**”) with the same terms as those of a previous issuance of Medium-Term Notes (“**Old Notes**”). For purposes of determining OID, New Notes that meet either of the two sets of conditions described below will be considered to have the same issue date, issue price and, with respect to Owners, adjusted issue price as the Old Notes:

1. Publicly Traded Old Notes and New Notes Issued Within Six Months.
  - the terms of the Old Notes and the New Notes are in all respects identical as of the reopening date;
  - the Old Notes are treated as publicly traded within the meaning of the OID Regulations;
  - the issue date of the New Notes is not more than six months after the issue date of the Old Notes; and
  - on the earlier of the announcement date or the date the price of the New Notes is established, the yield of the Old Notes based on the fair market value is not more than 110% of its yield on the date of issuance (or, if the Old Notes were issued with no more than a de minimis amount of OID, their coupon rate). For this purpose, the announcement date is the later of (a) seven days before the price of the New Notes is established or (b) the date Farmer Mac’s intention to reopen the debt offering is announced through one or more media channels (including Reuters, Telerate or Bloomberg).
2. Publicly Traded Old Notes and New Notes That Would Have Been Issued With *De Minimis* OID.
  - the terms of the Old Notes and the New Notes are in all respects identical as of the reopening date;
  - the Old Notes are treated as publicly traded within the meaning of the OID Regulations; and
  - the New Notes, viewed separately, would have been issued with no more than a de minimis amount of OID.

## **Notes Purchased with Acquisition Premium or Market Discount**

If you are a U.S. Owner who purchases a Note issued with OID for an amount that exceeds its adjusted issue price but is less than its remaining stated redemption price at maturity, you will have acquisition premium in the amount of such excess. In that case, you will reduce the amount of OID includible in income for each taxable year by the portion of the acquisition premium properly allocable to that year. Unless you make an election to treat all interest as OID (see “— Election to Treat All Interest as OID” below), the OID includible for any taxable year will be reduced by the product of the amount of OID otherwise accruing during that taxable year under the rules described above and a constant fraction, the numerator of which is the excess of the purchase price of the Note over the adjusted issue price of the Note as of the acquisition date and the denominator of which is the remaining OID on the Note as of the acquisition date.

If you are a U.S. Owner who purchases a Note, other than a Short-Term Note, at a price less than its stated redemption price at maturity, or in the case of a Note with OID, its adjusted issue price, you will have market discount in the amount of such deficit. If you purchase a Note with market discount, unless the amount of market discount is less than a de minimis amount, you must treat any principal payments on the Note, or gain realized upon the disposition or retirement of the Note, as interest income to the extent of market discount which accrued while you held the Note, unless you elect under Section 1278(b) of the Code to include the market discount in your income on a current basis. Market discount is considered de minimis if it is less than one quarter of one percent of a Note’s stated redemption price at maturity multiplied by the number of complete years to maturity after you acquire the Note (weighted average maturity if any amount included in the stated redemption price at maturity is payable before the Maturity Date). If you dispose of a Note with more than a de minimis amount of market discount in a transaction that is nontaxable in whole or in part, other than one described in Section 1276(d) of the Code, accrued market discount is includible as ordinary income as if you had sold the Note at its then fair market value. Generally, market discount accrues ratably over the number of days from the date of acquisition to the maturity date of the Note. A U.S. Owner may, however, irrevocably elect with respect to any Note to use a constant interest method.

If you acquire a Note at a market discount and do not elect to include market discount in income on a current basis, you may be required to defer the deduction for a portion of the interest expense on any debt you incurred to purchase or carry the Note until the deferred income is realized.

## **Notes Purchased at a Premium**

If you are a U.S. Owner who purchases a Note for an amount that exceeds its remaining stated redemption price at maturity, you may elect under Section 171(c)(2) of the Code to treat such excess as an amortizable bond premium. A U.S. Owner that purchases a Note with OID at a premium is not required to include in income any OID on such Note. If you make the election, you may reduce (but not below zero) the amount included in income each year with respect to the interest on the Note by the amount of amortizable bond premium allocable to that year based on the Note’s yield to maturity. If such Note may be called prior to maturity after the U.S. Owner has acquired it, the U.S. Owner generally may not assume that the call will be exercised and must amortize premium to the maturity date. If the Note is in fact called, any unamortized premium may be deducted in the year of the call. Your election applies to all bonds you hold (except bonds the interest on which is excludable from gross income) and all fully taxable bonds acquired in subsequent years. Your election is irrevocable without the consent of the IRS. If an election is not made to treat such premium as amortizable bond premium, you must include the full amount of interest payments in income according to your regular method of accounting and will take the premium into account in computing gain or loss upon the sale, exchange, redemption, retirement or other

disposition the Note. Thus, the premium may reduce capital gain or increase capital loss realized on the sale, exchange, redemption, retirement or other disposition of such a Note.

### **Election to Treat All Interest as OID**

If you are a U.S. Owner, you may elect to treat all interest on any Note as OID and calculate the amount included in gross income under the constant yield to maturity method described above (an “**accrual method election**”). For purposes of this election, interest includes the following: stated interest, acquisition discount, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. You must make the election for the year in which you acquired the Note, and may not revoke it without the consent of the IRS.

If the U.S. Owner has not made an election under Section 171(c)(2) of the Code to amortize bond premium, an accrual method election for a Note with amortizable bond premium will result in a deemed election under Section 171(c)(2) of the Code for all of the U.S. Owner’s debt instruments with amortizable bond premium acquired during the current year and all subsequent years. Similarly, an accrual method election for a Note with market discount by a U.S. Owner that has not made an election under Section 1278(b) of the Code to include market discount in income on a current basis will result in a deemed election under Section 1278(b) of the Code. Such a deemed election will apply to all debt instruments with market discount acquired by the U.S. Owner during the current year and all subsequent years. Neither the bond premium election under Section 171(c)(2) of the Code nor the market discount election under Section 1278(b) of the Code may be revoked without the permission of the IRS.

### **Disposition or Retirement of Notes**

If you are a U.S. Owner, when you sell, exchange or otherwise dispose of a Note, including by retirement or redemption, you will recognize gain or loss equal to the difference, if any, between the amount you realize on the disposition or retirement (not including any amount attributable to accrued but unpaid interest) and your tax basis in the Note. Your tax basis for determining gain or loss on the disposition or retirement of a Note generally is your purchase price of the Note, increased by the amount of OID and any market discount includible in your gross income with respect to the Note, and decreased by the amount of any payments under the Note that are part of its stated redemption price at maturity and the portion of any premium applied to reduce interest payments.

Generally, you will recognize a capital gain or loss on the disposition or retirement of a Note. To the extent the gain represents accrued but unpaid interest, OID or market discount on a Note not previously included in gross income, however, your gain or loss will be ordinary income. Any capital gain or loss is a long-term capital gain or loss if at the time of the disposition or retirement the Note, you held the Note for more than twelve months. If you are a non-corporate U.S. Owner, long-term capital gains are subject to reduced rates of tax and the deduction of long-term capital loss is subject to certain limitations. With respect to Step Notes described above, if, for example, a call option that is presumed exercised is not in fact exercised, the deemed reissuance of the Notes for purposes of computing subsequent accruals of interest and OID will not result in a deemed disposition or retirement of the Step Notes.

### **Stripped Notes**

*Tax Treatment of Purchasers of Principal or Interest Components.* Pursuant to Section 1286 of the Code, the separation of ownership of the right to receive some or all of the interest payments on a Note from ownership of the right to receive some or all of the principal payments results in the creation of

“stripped bonds” with respect to principal payments and “stripped coupons” with respect to interest payments. Consequently, if you buy Principal Components or Interest Components, you will be considered to own stripped bonds or stripped coupons, respectively. Section 1286 of the Code treats a stripped bond or a stripped coupon, for purposes of applying the OID rules, as a debt instrument with OID on the date that such stripped bond or stripped coupon is purchased. Accordingly, the tax consequences to a purchaser of a Component are determined as if the Component were a Note with OID issued on the date of the purchase or, in the case of a Component maturing one year or less from the date of purchase, a Short-Term Note issued on that date. See “— Original Issue Discount.” The amount of OID is equal to the excess, if any, of the Component’s stated redemption price at maturity (or, in the case of an Interest Component, the amount payable on the due date of such Component) over the purchase price.

If you are a U.S. Owner that purchases in one transaction a pro rata share of the Principal Component and applicable future Interest Components relating to the same Note, while the matter is not free from doubt, you should be treated as purchasing an undivided interest in the Note rather than the separate Components. If such Components are purchased in separate transactions, then you likely should be treated as purchasing the separate Components for U.S. federal income tax purposes. If you do so, you must account for taxable income with respect to such Components as described in the preceding paragraph.

*Tax Treatment if You Strip a Note and Dispose of Some of the Components.* If you strip a Note into its related Components and dispose of some of the Components, you will also be subject to the rules of Section 1286 of the Code. On the date of disposition, you must:

- include in income all interest and market discount accrued on the Note and not previously included in income;
- increase your tax basis in the Note by the same amount;
- allocate the basis of the Note among the Principal Components and the Interest Components retained and disposed of according to their respective fair market values; and
- recognize gain or loss on the Principal and Interest Components you dispose of.

You will be treated as having purchased the retained Components for an amount equal to the basis allocable to such Components.

*Tax Treatment of Stripping and Reconstitution Transactions.* If you are a U.S. Owner who exchanges a Note for the related Components, you will not be taxed on the exchange. Similarly, a reconstitution of Components into a single instrument will not constitute a taxable exchange. In either case, you will be treated as continuing to own for U.S. federal income tax purposes the property you owned before the exchange.

## **Federal Income Tax Consequences to Non-U.S. Owners**

### **Interest**

If you are a non-U.S. Owner who owns a Note, each payment of interest (including OID, if any) on the Note will be subject to a 30% U.S. federal income tax and withholding tax, unless:

- you meet the exemption for certain Short-Term Notes described below;
- you meet the general exemption for non-U.S. Owners described below;

- you meet the requirements for a reduced rate of withholding under a tax treaty; or
- the interest is effectively connected to a business you conduct in the United States and you provide the required certification on IRS Form W-8ECI.

In some circumstances, you may be able to claim amounts that are withheld as a refund or a credit against your U.S. federal income tax liability.

*Exemption for Certain Short-Term Notes.* Interest on a Note held by a Non-U.S. Owner that is not effectively connected with a trade or business of the Non-U.S. Owner within the United States (or if an income tax treaty applies, such interest is not attributable to a U.S. permanent establishment) will be exempt from U.S. federal income and withholding taxes if the Note is payable in full within 183 days after the date of original issue.

*General exemption for non-U.S. Owners.* Payments of interest on a Note to any non-U.S. Owner that are not effectively connected with a trade or business of the Non-U.S. Owner within the United States (or if an income tax treaty applies, such interest payments are not attributable to a U.S. permanent establishment) generally will be exempt from U.S. federal income and withholding taxes if the following conditions are satisfied:

- the person otherwise required to withhold (the “**Withholding Agent**”) receives, in the manner provided by U.S. tax authorities, a certification that the Non-U.S. Owner is not a U.S. person. A Non-U.S. Owner may provide this certification by providing a properly completed Form W-8BEN or other documentation as may be prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the interest and be provided prior to the payment of such interest. If a change in circumstances makes any information on such documentation incorrect, then the Non-U.S. Owner must report the change within 30 days and provide new documentation.
- you are not (1) a bank that receives payments on the Notes that are described in Section 881(c)(3)(A) of the Code, (2) a 10% shareholder of Farmer Mac within the meaning of Section 871(h)(3)(B) of the Code, or (3) a controlled foreign corporation related to Farmer Mac within the meaning of Section 881(c)(3)(C) of the Code; and
- the interest is not determined by reference to any receipts, sales or other cash flows of Farmer Mac or a related person, the income or profits of Farmer Mac or a related person or any other item specified in Section 871(h)(4)(A) of the Code.

If you are a non-U.S. Owner engaged in a trade or business in the United States and interest on the Note is effectively connected with the conduct of your trade or business, or if an income tax treaty applies and you maintain a “permanent establishment” in the United States to which the interest is generally attributable, you may be exempt from withholding taxes, provided you file the proper form with the Withholding Agent, but you may be subject to U.S. federal income tax on the interest in the same manner as if you were a U.S. Owner.

Generally, you will not be subject to U.S. federal income tax on gain realized on the sale, exchange, redemption, retirement or other taxable disposition of a Note unless:

- you are an individual who is present in the United States for 183 days or more during the taxable year of sale, exchange, redemption, retirement or other taxable disposition and meet other conditions; or

- the gain is effectively connected with your U.S. trade or business, or, if an income tax treaty applies, is generally attributable to a permanent establishment in the United States that you maintain.

A non-U.S. Owner of a Note that is a corporation may also be subject to branch profits tax on an income or gain from a Note.

### **Backup Withholding**

Payments of interest (including OID, if any) on Notes held by non-corporate U.S. Owners and other non-exempt Owners are required to be reported to the IRS and the Owners. Payments of interest (including OID, if any) on Notes held by non-U.S. Owners generally will be reported to the IRS and the non-U.S. Owners.

Backup withholding of U.S. federal income tax at the applicable rate may apply to payments made on the Notes and payments of proceeds from the sale of a Note. Backup withholding will apply to such payments to beneficial owners who are not exempt recipients and that fail to provide certain identifying information, such as their taxpayer identification number, in the manner required. Generally, individuals are not exempt recipients, and corporations and certain other entities are exempt recipients.

If an Owner (other than a corporation or other exempt person) sells a Note before the stated maturity to (or through) certain brokers, the broker must report the sale to the IRS and the Owner unless, in the case of a non-U.S. Owner, the non-U.S. Owner certifies that it is not a U.S. person (and certain other conditions are met). The broker may be required to withhold U.S. federal income tax at the applicable rate on the entire sale price unless such Owner provides certain information and, in the case of a non-U.S. Owner, the non-U.S. Owner certifies that it is not a U.S. person (and certain other conditions are met).

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's U.S. federal income tax liability, provided the required information is provided to the IRS.

### **State and Local Taxes**

Under Title 31, Section 3124 of the United States Code, as amended, obligations of the United States are exempt from state, municipal or local taxes, other than estate or inheritance taxes and nondiscriminatory taxes or other nonproperty taxes imposed on corporations. The Notes are not supported by a pledge of full faith and credit of the United States; thus, the Notes should not be considered obligations of the United States for purposes of Section 3124. U.S. Owners are urged to consult their tax advisors to determine whether the laws of their particular states or localities may exempt from otherwise applicable state and local taxes, instruments such as the Notes, that are issued by a federally chartered instrumentality of the United States or an institution of the Farm Credit System such as Farmer Mac.

### **European Union Directive on Taxation of Savings Income**

The European Union has adopted a Directive regarding the taxation of savings income (the “**EU Tax Directive**”). Countries that are member states of the European Union (“**Member States**”) are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium

and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

In certain circumstances, the withholding tax provisions of the EU Tax Directive could apply to payments on Notes that are made or received in Austria, Belgium or Luxembourg. It is expected that holders will be able to take steps to keep payments from being subject to such withholding tax, for example, by using a procedure (or procedures) to be made available pursuant to the EU Tax Directive (namely, releasing the paying agent of its professional secrecy duty to the extent permitted by law or by producing an appropriate tax certificate), or by receiving payments from a paying agent within the European Union but outside Austria, Belgium and Luxembourg, although we cannot preclude the possibility that withholding tax will eventually be levied in some situations. In any event, details of payments made on Notes from a Member State will likely have to be reported to the tax or other relevant authorities under the EU Tax Directive or local law, including, for example, to Member States in cases where recipients are located in the jurisdiction where payments are actually made.

## **PLAN OF DISTRIBUTION**

### **Discount Notes**

We offer Discount Notes for sale through one or a combination of methods, including:

- auctions;
- allocations to selected Dealers for re-offering or placement with investors; and
- direct placements with Dealers or investors.

We offer Discount Notes on a continuous basis for sale to selected Dealers. Sales may be held on a daily basis and there may be more than one sale on a given day. You can obtain current quotations for Discount Notes of varying maturities by contacting any Dealer for Discount Notes.

### **Medium-Term Notes**

We generally sell Medium-Term Notes to one or more Dealers acting as principal. A Dealer acting as principal, either individually or as part of a syndicate, may resell the Medium-Term Notes to investors at fixed or varying prices related to prevailing market prices as the Dealer determines. A Dealer generally may sell the Medium-Term Notes it has purchased as principal to other Dealers at a discount, which may be all or a portion of the discount that the Dealer receives from us. The applicable Pricing Supplement will name the Dealers for the issue of Medium-Term Notes, will say whether the offering is on a fixed price or variable price basis and will specify any discounts or reallowances to other Dealers in connection with the offering. After the initial offering of an issue of Medium-Term Notes, the offering price, discounts and reallowances may change.

We also may sell Medium-Term Notes through Dealers on an agency basis. We will have the sole right to accept offers to purchase any Notes and may reject any proposed purchase of those Notes. Each Dealer will have the right, in its reasonable discretion, without notice to us, to reject any proposed purchase of the Notes through it as agent. In such cases, each Dealer is acting solely as our agent in soliciting offers to purchase Notes as agent, and not as principal, and does not assume any obligation towards or relationship of agency or trust with any purchaser of Notes. The Pricing Supplement will specify the commission we pay to any Dealer acting as our agent.

We also may sell Medium-Term Notes directly to investors on our own behalf. We will not pay a commission to any Dealer on these direct sales.

### **Market Transactions**

We may offer the Notes globally for sale in the United States, Europe and Asia. We have applied to list the Notes on the New York Stock Exchange and the Professional Securities Market of the London Stock Exchange.

The Notes may not have an established trading market when issued. The Dealers may make a secondary market in the Notes that they offer, but they are not obligated to do so. Any Dealer could discontinue its secondary market activities at any time without notice.

The Dealers or their affiliates may engage in transactions with, and perform services for, us in the ordinary course of business. In connection with any particular issue of Notes, we may enter into forwards, options, swaps or other hedging transactions, or repurchase or reverse repurchase transactions, with, or arranged by, the applicable Dealer or its affiliates. Those Dealers, other parties or we may receive compensation, trading gain, temporary funding or other benefits in connection with these transactions. We also may from time to time engage in other hedging activities or repurchase or reverse repurchase transactions involving Notes, in the open market or otherwise. We are not required to engage in any of these transactions. If we commence these transactions, we may discontinue them at any time. Counterparties to these hedging activities also may engage in market transactions involving Notes.

In connection with the issuance of any Notes, the Dealer or Dealers (if applicable) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in this Offering Circular or the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. There is no assurance that the stabilizing manager(s) (or persons acting on behalf of a stabilizing manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant issue of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant issue of Notes and 60 days after the date of the allotment of the relevant issue of Notes.

A Dealer acting as a principal for a fixed price offering may engage in certain transactions that stabilize, maintain or otherwise affect the market price of the offering. Those transactions may include stabilizing bids or purchases to peg, fix or maintain the market price of the Medium-Term Notes and to purchase Medium-Term Notes to cover syndicate short positions. A Dealer may create a short position in the Medium-Term Notes by selling Notes with a principal amount greater than that listed on the cover of the applicable Pricing Supplement, and may reduce that short position by purchasing Medium-Term Notes in the open market. In general, purchases of a security to stabilize or to reduce a short position could cause the price of the security to be higher than it might be in the absence of those purchases.

Neither the Dealers nor we make any representation or prediction regarding the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, the Dealers and we make no representation that the Dealers will engage in these transactions or that these transactions, once started, will continue. A Dealer that engages in these transactions does so on its own behalf and not as our agent.

## **General**

The Notes may be offered and sold only where it is legal to make offers and sales. The Dealers have represented and agreed that they will comply with all applicable laws and regulations in each jurisdiction in which they may purchase, offer, sell or deliver Notes or distribute this Offering Circular, the related Pricing Supplement or any other offering materials. The Dealers have also agreed to comply with selling restrictions relating to specific countries, which we or the Dealers may modify at any time. Such selling restrictions are provided in “Appendix C — Selling Restrictions.”

Purchaser of Notes must pay the purchase price to us in immediately available funds, and payment will be effective only when we receive the funds. Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the relevant issue price.

The Dealers and we have agreed to indemnify each other against and contribute toward certain liabilities. You can obtain lists of Dealers for Medium-Term Notes and Discount Notes from our website at [www.farmermac.com](http://www.farmermac.com) or by contacting us at our principal executive offices. We may ask the Dealers to give us information relating to the Notes that they sell, including the identities of investors who have purchased Notes and volume and pricing information for secondary market transactions.

## **LEGAL MATTERS**

Our General Counsel or Assistant General Counsel will pass upon the legality of the Notes for us in any underwritten transaction. The applicable Pricing Supplement will update “Legal Matters” as warranted.

## **INDEPENDENT AUDITORS**

The consolidated financial statements of Farmer Mac as of December 31, 2004 and for each of the two years in the period ended December 31, 2004, incorporated by reference in this Offering Circular by reference to our annual report on Form 10-K for the year ended December 31, 2004, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing in such Form 10-K.

**LOCATIONS OF DEFINED TERMS**

The following is a list of defined terms used in this Offering Circular and the pages where their definitions appear.

<p><b>30/360</b> .....26</p> <p style="text-align: center;"><b>A</b></p> <p><b>accrual method election</b> .....48</p> <p><b>Actual/360</b> .....26</p> <p><b>Actual/365 (fixed)</b> .....26</p> <p><b>Actual/Actual (accrual)</b> .....26</p> <p><b>Actual/Actual (payment)</b> .....26</p> <p><b>Amortizing Notes</b> .....11</p> <p style="text-align: center;"><b>B</b></p> <p><b>Book-Entry Regulations</b> .....31</p> <p><b>Bridge Telerate</b>.....B-1</p> <p><b>Business Day</b> .....36</p> <p style="text-align: center;"><b>C</b></p> <p><b>Calculation Agent</b>.....26</p> <p><b>Cap</b> .....17</p> <p><b>CD Determination Date</b> .....B-2</p> <p><b>CD Rate</b>.....B-1</p> <p><b>Clearstream</b> .....10</p> <p><b>CMT Determination Date</b> .....B-3</p> <p><b>CMT Rate</b> .....B-2</p> <p><b>Code</b>.....42</p> <p><b>Commercial Paper Calculation Date</b>.....B-4</p> <p><b>Commercial Paper Determination Date</b> ...B-4</p> <p><b>Commercial Paper Rate</b> .....B-3</p> <p><b>Component</b> .....29</p> <p><b>Composite Quotations</b> .....B-1</p> <p><b>Currency Indexed Notes</b> .....29</p> <p><b>CUSIP Number</b> .....29</p> <p><b>Cut-off Date</b> .....29</p> <p style="text-align: center;"><b>D</b></p> <p><b>Day Rate</b>.....B-5</p> <p><b>deleveraged</b> .....20</p> <p><b>Dealers</b> .....8</p> <p><b>Deposits</b> .....B-7</p> <p><b>DTC</b> .....10</p> <p><b>DTC Participants</b> .....31</p> <p><b>DTC System</b>.....10</p>	<p style="text-align: center;"><b>E</b></p> <p><b>Eligible Notes</b>.....29</p> <p><b>EURIBOR</b>.....B-8</p> <p><b>EURIBOR Determination Date</b>.....B-8</p> <p><b>Euro-Zone</b>.....B-8</p> <p><b>Euroclear</b> .....10</p> <p><b>Euroclear Bank</b> .....10</p> <p><b>EU Tax Directive</b> .....51</p> <p><b>Event of Default</b> .....38</p> <p><b>Extension Notice</b> .....36</p> <p><b>Extension Period</b> .....36</p> <p style="text-align: center;"><b>F</b></p> <p><b>Farmer Mac</b>.....2</p> <p><b>Farmer Mac Guaranteed Securities</b>.....6</p> <p><b>Fed Participants</b>.....30</p> <p><b>Fed System</b>.....9</p> <p><b>Federal Funds Rate (Daily)</b>.....B-4</p> <p><b>Federal Funds Rate (Weekly Average)</b>.....B-5</p> <p><b>Federal Reserve Board</b> .....B-2</p> <p><b>Final Maturity Date</b>.....36</p> <p><b>Fixed Principal Amount Notes</b> .....11</p> <p><b>Fixed Rate Notes</b> .....11</p> <p><b>Fixed/Floating Rate Notes</b>.....11</p> <p><b>Floating Rate Notes</b> .....11</p> <p><b>Floor</b> .....17</p> <p><b>Foreign Currency Notes</b> .....29</p> <p><b>future Interest Components</b>.....30</p> <p><b>FRBNY</b> .....29</p> <p><b>FSMA</b> .....C-2</p> <p style="text-align: center;"><b>H</b></p> <p><b>H.15 (519)</b> .....B-2</p> <p><b>Holder</b> .....10</p> <p style="text-align: center;"><b>I</b></p> <p><b>Index Currency</b> .....B-2</p> <p><b>Index Maturity</b>.....B-2</p> <p><b>Interest Component</b>.....29</p> <p><b>Interest Payment Date</b>.....26</p> <p><b>Interest Payment Period</b>.....26</p>
---	---

Interest Reset Period.....	27
IRS.....	43
ISIN.....	32
Issue Date.....	8

**L**

leveraged.....	20
LIBOR.....	B-6
LIBOR Determination Date.....	B-7
London Banking Day.....	B-7
LTSPCs.....	6

**M**

Master Terms Agreement.....	10
Maturity Date.....	8
Member States.....	51
Money Market Yield.....	B-4
Multiplier.....	20

**N**

New Notes.....	46
New York Banking Day.....	B-6
Non-U.S. Owner.....	43
Notes.....	8

**O**

OID.....	43
OID Regulations.....	44
Old Notes.....	46
Owner.....	43

**P**

Pricing Supplement.....	8
Prime Rate.....	B-9
Prime Rate Determination Date.....	B-10
Principal Component.....	29
Principal Financial Center.....	B-7
Principal Payment Date.....	25
Prospectus Directive.....	C-1

**R**

reconstitute.....	30
Reference T-Bill Auction.....	B-10
Registrar.....	31
Relevant Implementation Date.....	C-1

Relevant Member State.....	C-1
reopen.....	37
Representative Amount.....	B-2
Reset Date.....	27
Reuters.....	B-1
Reuters NYAA Page.....	B-6
Reuters Screen LIBO Page.....	B-7
Reuters USPRIME1 Page.....	B-10

**S**

SEC.....	4
Senior Obligations.....	18
Seven-Day Period.....	B-5
Short-Term Note.....	45
Specified Payment Currency.....	8-9
Spread.....	20
Step Notes.....	11
stripped.....	9
Subordinated Notes.....	9

**T**

TARGET.....	B-7
TARGET Business Day.....	B-7
Telerate Page 120.....	B-6
Telerate Page 248.....	B-8
Telerate Page 3750.....	B-7
Telerate Page 38.....	B-10
Treasury Bill Rate.....	B-10
Treasury Bills.....	B-10
Treasury Department.....	B-2
Treasury Notes.....	B-2

**U**

U.S. Person.....	42
U.S. Owner.....	43

**V**

Variable Principal Amount Notes.....	11
--------------------------------------	----

**W**

Withholding Agent.....	50
------------------------	----

**Z**

Zero-Coupon Notes.....	11
------------------------	----

## **INTEREST RATE INDICES**

A Pricing Supplement will indicate if an interest rate index described below applies to a particular issue of Notes or may designate a different index that the Pricing Supplement will describe. Unless the applicable Pricing Supplement says otherwise, the Calculation Agent will determine the value of interest rate indices as described in this Appendix B.

Several sources for interest rate indices are pages or screens provided by Bridge Telerate Information Services, Inc. (“**Bridge Telerate**”) and Reuters Monitor Money Rates Service (“**Reuters**”). If a page, a screen or a provider is replaced, the Calculation Agent, in its sole judgment, will select the appropriate successor page, screen or provider.

If the source of an index or formula changes in format, but the Calculation Agent determines that the source continues to disclose the information necessary to determine the related interest rate substantially as required, the Calculation Agent will amend the procedure for obtaining information from that source to reflect the changed format.

All rates that the Calculation Agent obtains will be expressed as a percentage rate per annum. We may modify the methods to determine interest rate indices as necessary to reflect technological and market changes.

### **CD Rate**

If a Pricing Supplement specifies the CD Rate as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, the “**CD Rate**” means (in the following order of priority):

- (1) the rate for negotiable certificates of deposit in the Index Currency having the Index Maturity as published in the latest H.15 (519) available at 11:00 a.m. (New York City time) on the CD Determination Date under the heading “CDs (secondary market)”;
- (2) if a rate is not so published, the CD Rate will be the rate for negotiable certificates of deposit in the Index Currency on the CD Determination Date having the Index Maturity as published in the latest daily statistical release entitled “Composite 3:30 p.m. — Quotations for U.S. Government Securities” (“**Composite Quotations**”) published by the Federal Reserve Bank of New York under the heading “Certificates of Deposit”;
- (3) if a rate is not so published, the Calculation Agent will select five leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City (after consultation with Farmer Mac) and request those dealers to provide their quotations of rates for negotiable certificates of deposit in the Index Currency of major U.S. money center banks of the highest credit standing that are in the market for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity and in a Representative Amount as of 10:00 a.m. (New York City time) on the CD Determination Date. If at least three of the selected dealers provide the requested quotations, the CD Rate will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and
- (4) if fewer than three of the selected dealers provide the requested quotations, the CD Rate will remain the CD Rate in effect on the immediately preceding Reset Date.

## Definitions

- “**CD Determination Date**” means the second Business Day before the applicable Reset Date.
- “**H.15 (519)**” means the official weekly statistical release designated as H.15 (519), Selected Interest Rates, which the Board of Governors of the Federal Reserve System (the “**Federal Reserve Board**”) publishes. We understand that the Federal Reserve Board’s current method of official publication is by hard copy release, although the Federal Reserve Board does provide unofficial rates through its website (www.federalreserve.gov) and possibly other means.
- “**Index Currency**” means the currency or currency unit specified in the applicable Pricing Supplement as to which the Calculation Agent will calculate the applicable interest rate index. If the applicable Pricing Supplement does not specify an Index Currency, the Index Currency will be U.S. dollars.
- “**Index Maturity**” means the period specified in the applicable Pricing Supplement as to which the Calculation Agent will calculate the applicable interest rate index.
- “**Representative Amount**” means a principal amount of not less than the equivalent of U.S. \$1,000,000 in the Index Currency that, in the Calculation Agent’s sole judgment, is representative for a single transaction in the relevant market at the relevant time.

## CMT Rate

If a Pricing Supplement specifies the CMT Rate as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, the “**CMT Rate**” means (in the following order of priority):

- (1) the one-week average yield on 2-year United States Treasury securities at “constant maturity” as estimated from the weekly yield curve of the U.S. Department of the Treasury (the “**Treasury Department**”), as published in the latest H.15 (519) available on the applicable CMT Determination Date, provided that the H.15 (519) was first available ten calendar days or less before the CMT Determination Date, under the column “Week Ending” for the week most recently ended opposite the heading “U.S. government securities — Treasury constant maturities — 2-year”;
- (2) if the latest H.15 (519) available on the applicable CMT Determination Date was first available more than ten calendar days before the CMT Determination Date, the CMT Rate will be the 2-year United States Treasury constant maturity rate (or other 2-year United States Treasury rate) for the CMT Determination Date as the Federal Reserve Board or the Treasury Department may then publish that the Calculation Agent determines to be comparable to the rate formerly published in H.15 (519);
- (3) if the CMT Rate as described in clause (2) is not published by 10:00 a.m. (New York City time) on the applicable CMT Determination Date, the Calculation Agent will select five leading primary U.S. government securities dealers in New York City (after consultation with Farmer Mac) and request those dealers to provide their quotations of the secondary market bid prices at approximately 3:30 p.m. (New York City time) on the CMT Determination Date for direct noncallable fixed rate obligations of the United States (“**Treasury Notes**”) most recently issued with an original maturity of approximately two years and a remaining term to maturity of not

less than one year. If at least three of the selected dealers provide the requested quotations, the CMT Rate will be the arithmetic mean of the quotations obtained (expressed as a bond equivalent and as a decimal (with one-half decimal being rounded upwards) on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis), as determined by the Calculation Agent;

- (4) if fewer than three of the selected dealers provide the requested quotations, the Calculation Agent (after consultation with Farmer Mac) will select five leading primary U.S. government securities dealers in New York City (after consultation with Farmer Mac) and request those dealers to provide their quotations of the secondary market bid prices at approximately 3:30 p.m. (New York City time) on the CMT Determination Date for Treasury Notes with an original maturity of approximately ten years and a remaining term to maturity closest to two years. If two Treasury Notes with an original maturity of approximately ten years have remaining terms to maturity equally close to two years, the Calculation Agent will use the quotation for the Treasury Note with the shorter remaining term to maturity. If at least three of the selected dealers provide the requested quotations, the CMT Rate will be the arithmetic mean of the quotations obtained (expressed as a bond equivalent and as a decimal (with one-half decimal being rounded upwards) on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis), as determined by the Calculation Agent; and
- (5) if fewer than three of the selected dealers provide the requested quotations, the CMT Rate will remain the CMT Rate in effect on the immediately preceding Reset Date.

#### *Definitions*

- “**CMT Determination Date**” means the second Business Day before the applicable Reset Date.

#### **Commercial Paper Rate**

If a Pricing Supplement specifies the Commercial Paper Rate as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, “**Commercial Paper Rate**” means (in the following order of priority):

- (1) the Money Market Yield (calculated as described below) on the Commercial Paper Determination Date of the rate for commercial paper having the Index Maturity as published in the latest H.15 (519) under the heading “Commercial paper — Nonfinancial”;
- (2) if a rate is not so published by 3:00 p.m. (New York City time) on the Commercial Paper Calculation Date, the Commercial Paper Rate will be the Money Market Yield on the Commercial Paper Determination Date of the rate for commercial paper having the Index Maturity as published in Composite Quotations under the heading “Commercial Paper” (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days, respectively);
- (3) if a rate is not so published, the Calculation Agent will select five leading dealers of commercial paper in New York City (after consultation with Farmer Mac) and request those dealers to provide their quotations of offered rates, as of 11:00 a.m. (New York City time) on the Commercial Paper Determination Date, for commercial paper of the Index Maturity placed for a non-financial entity whose bond rating is “Aa” or the

equivalent from a nationally recognized rating organization. If at least three of the selected dealers provide the requested quotations, the Commercial Paper Rate will be the Money Market Yield of the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and

- (4) if fewer than three of the selected dealers provide the requested quotations, the Commercial Paper Rate will remain the Commercial Paper Rate in effect on the immediately preceding Reset Date.

#### *Definitions*

- “**Commercial Paper Calculation Date**” means the earlier of (1) the Business Day before the Interest Payment Date or Maturity Date (or Optional Redemption Date), as the case may be, or (2) the tenth calendar day after the Commercial Paper Determination Date, or, if any such day is not a Business Day, the next succeeding Business Day.
- “**Commercial Paper Determination Date**” means the second Business Day before the applicable Reset Date.
- “**Money Market Yield**” will be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for commercial paper quoted on a bank-discount basis and expressed as a decimal (with one-half decimal being rounded upwards) and “M” refers to the actual number of days in the interest period for which interest is being calculated.

#### **Federal Funds Rates**

##### *Federal Funds Rate (Daily)*

If a Pricing Supplement specifies the Federal Funds Rate (Daily) as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, the “**Federal Funds Rate (Daily)**” means (in the following order of priority):

- (1) the rate that appears at 11:00 a.m. (New York City time) on the Reset Date on Telerate Page 120 under the caption “FED FUNDS EFFECTIVE” and the column heading “EFF” for the New York Banking Day before the Reset Date;
- (2) if a rate does not so appear, then the Federal Funds Rate (Daily) will be the rate that appears at 11:00 a.m. (New York City time) on the Reset Date on Reuters NYAA Page for the New York Banking Day before the Reset Date;
- (3) if a rate does not so appear, the Calculation Agent will select five leading brokers of federal funds transactions in New York City (after consultation with Farmer Mac) and request those brokers to provide their quotations of effective rates for transactions in overnight federal funds settling on the New York Banking Day before the Reset Date. If at least three of the selected brokers provide the requested quotations, the Federal Funds Rate (Daily) will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent;

- (4) if fewer than three of the selected brokers provide the requested quotations, the Calculation Agent will select five leading brokers of federal funds transactions in New York City (after consultation with Farmer Mac) and request those brokers to provide their quotations of the rates for the last transactions in overnight federal funds arranged by the brokers as of 11:00 a.m. (New York City time) on the New York Banking Day before the Reset Date. If at least three of the selected brokers provide the requested quotations, the Federal Funds Rate (Daily) will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and
- (5) if fewer than three of the selected brokers provide the requested quotations, the Federal Funds Rate (Daily) will remain the Federal Funds Rate (Daily) in effect on the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, the Federal Funds Rate (Daily) will be the daily federal funds rate that appeared at 11:00 a.m. (New York City time) on the most recent New York Banking Day before the Reset Date for which the rate was displayed, on either Telerate Page 120 under the caption “FED FUNDS EFFECTIVE” and the column heading “EFF” or Reuters NYAA Page. If the rate appears on both screens on that New York Banking Day, the Calculation Agent will use the rate from Telerate Page 120.

*Federal Funds Rate (Weekly Average)*

If a Pricing Supplement specifies the Federal Funds Rate (Weekly Average) as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, the “**Federal Funds Rate (Weekly Average)**” means (in the following order of priority):

- (1) the rate published in the latest H.15 (519) available at 11:00 a.m. (New York City time) on the Reset Date opposite the caption “Federal funds (effective)” and under the caption “Week Ending” for the Friday immediately before the Reset Date. As described in the footnotes to H.15 (519), the rate shown for the week ending on a Friday before a Reset Date actually will be the rate for the week ending on and including the Wednesday before the Reset Date (the “**Seven-Day Period**”);
- (2) if a rate is not so published, the Federal Funds Rate (Weekly Average) will be the arithmetic mean of the rates determined by the Calculation Agent under subclauses (a) and (b) below for each day in the Seven-Day Period (each, a “**Day Rate**”), provided that the Calculation Agent determines a Day Rate for each day in the Seven-Day Period:
  - (a) the Day Rate for a New York Banking Day will be the rate that appears at 11:00 a.m. (New York City time) on the Reset Date on Telerate Page 120 under the caption “FED FUNDS EFFECTIVE” and the column heading “EFF” for that New York Banking Day. If a rate for that New York Banking Day does not appear on Telerate Page 120 at 11:00 a.m. (New York City time) on the Reset Date, the Calculation Agent will select five leading brokers of federal funds transactions in New York City (after consultation with Farmer Mac) and request those brokers to provide their quotations of rates for the last transactions in overnight federal funds arranged by the brokers as of 11:00 a.m. (New York City time) on that New York Banking Day. If at least three of the selected brokers provide the requested quotations, the Day Rate will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and

- (b) the Day Rate for a day other than a New York Banking Day will be the Day Rate for the preceding New York Banking Day determined under subclause (a) above, whether or not the New York Banking Day falls within the relevant Seven-Day Period; and
- (3) if the Calculation Agent does not determine a Day Rate for each day in the Seven Day Period, the Federal Funds Rate (Weekly Average) will remain the Federal Funds Rate (Weekly Average) in effect on the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, the Federal Funds Rate (Weekly Average) will be the rate published in the latest H.15 (519) available at 11:00 a.m. (New York City time) on the Reset Date opposite the caption “Federal funds (effective)” and under the caption “Week Ending” for the Friday most recently preceding the Reset Date.

Please note that the Federal Funds Rate (Weekly Average) as published in H.15 (519) is a weekly average, while the Federal Funds Rate (Weekly Average) as calculated under clause (2) above is based on an average of daily rates.

#### *Definitions*

- “**New York Banking Day**” means any day other than (1) a Saturday, (2) a Sunday, (3) a day on which banking institutions in New York City are required or permitted by law or executive order to close or (4) a day on which the Federal Reserve Bank of New York is closed.
- “**Reuters NYAA Page**” means the display designated as page “NYAA” on Reuters.
- “**Telerate Page 120**” means the display designated as “Page 120” provided by Bridge Telerate.

#### **LIBOR**

If a Pricing Supplement specifies LIBOR as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, “**LIBOR**” means (in the following order of priority):

- (1) the rate that appears at 11:00 a.m. (London time) on the LIBOR Determination Date on Telerate Page 3750 for Deposits in the Index Currency having the Index Maturity;
- (2) if a rate does not so appear, LIBOR will be the rate that appears at 11:00 a.m. (London time) on the LIBOR Determination Date on Reuters Screen LIBO Page for Deposits in the Index Currency having the Index Maturity;
- (3) if a rate does not so appear, the Calculation Agent will select five leading banks in the London interbank market (after consultation with Farmer Mac) and request those banks to provide their offered quotations to prime banks in the London interbank market for Deposits in the Index Currency having the Index Maturity at 11:00 a.m. (London time) on the LIBOR Determination Date and in a Representative Amount. If at least three of the selected banks provide the requested quotations, LIBOR will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent;
- (4) if fewer than three of the selected banks provide the requested quotations, the Calculation Agent will select five major banks in the applicable Principal Financial

Center (after consultation with Farmer Mac) and request those banks to provide their offered quotations to leading European banks for loans, beginning on the applicable Reset Date, in the Index Currency having the Index Maturity at approximately 11:00 a.m. (London time) in the applicable Principal Financial Center on the LIBOR Determination Date and in a Representative Amount. If at least three of the selected banks provide the requested quotations, LIBOR will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and

- (5) if fewer than three of the selected banks provide the requested quotations, LIBOR will remain LIBOR in effect on the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, LIBOR will be the rate for deposits in the Index Currency having the Index Maturity that appeared, at 11:00 a.m. (London time) on the most recent London Banking Day before the LIBOR Determination Date for which the rate was displayed, on either Telerate Page 3750 or Reuters Screen LIBO Page for deposits beginning on the second London Banking Day following that date. If the rate appears on both screens on that London Banking Day, the Calculation Agent will use the rate from Telerate Page 3750.

#### *Definitions*

- “**Deposits**” means deposits commencing on the applicable Reset Date.
- “**LIBOR Determination Date**” means the second London Banking Day before the applicable Reset Date. However, if the Index Currency is British pounds sterling, LIBOR Determination Date means the applicable Reset Date, and if the Index Currency is Euros, LIBOR Determination Date means the second TARGET Business Day before the applicable Reset Date (unless LIBOR is determined in accordance with paragraph (3) above, in which case it means the applicable Reset Date).
- “**London Banking Day**” means any day on which commercial banks are open for business, including dealings in foreign exchange and deposits in the Index Currency, in London, England.
- “**Principal Financial Center**” means the capital city of the country issuing the Specified Payment Currency or the Index Currency, as the case may be. However, for U.S. dollars, Australian dollars, British pounds sterling, Canadian dollars, Euros, Hong Kong dollars and Swiss francs, the Principal Financial Center will be New York City, Sydney, London, Toronto, Brussels, Hong Kong and Zurich, respectively.
- “**Reuters Screen LIBO Page**” means the display designated as page “LIBO” on Reuters.
- “**TARGET Business Day**” means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (“**TARGET**”) System is operating.
- “**Telerate Page 3750**” means the display designated as “Page 3750” provided by Bridge Telerate.

## EURIBOR

If a Pricing Supplement specifies EURIBOR as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, “**EURIBOR**” means (in the following order of priority):

- (1) the rate that appears at 11:00 a.m. (Brussels time) on the EURIBOR Determination Date on Telerate Page 248 under the caption “EURIBOR” for Deposits in Euros having the Index Maturity;
- (2) if a rate does not so appear, the Calculation Agent will select five major banks in the Euro-Zone (after consultation with Farmer Mac) and request those banks to provide their offered quotations to prime banks in the Euro-Zone interbank market for Deposits in Euros having the Index Maturity at 11:00 a.m. (Brussels time) on the EURIBOR Determination Date and in a Representative Amount. If at least three of the selected banks provide the requested quotations, EURIBOR will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent;
- (3) if fewer than three of the selected banks provide the requested quotations, the Calculation Agent will select five major banks in the Euro-Zone (after consultation with Farmer Mac) and request those banks to provide their offered quotations to leading European banks for loans, beginning on the applicable Reset Date, in Euros having the Index Maturity at approximately 11:00 a.m. (Brussels time) on the EURIBOR Determination Date and in a Representative Amount. If at least three of the selected banks provide the requested quotations, EURIBOR will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and
- (4) if fewer than three of the selected banks provide the requested quotations, EURIBOR will remain EURIBOR in effect on the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, EURIBOR will be the rate for deposits in Euros having the Index Maturity that appeared, at 11:00 a.m. (Brussels time) on the most recent TARGET Business Day before the EURIBOR Determination Date for which the rate was displayed, on Telerate Page 248 under the caption “EURIBOR” for deposits beginning on the second TARGET Business Day following that date.

### *Definitions*

- “**EURIBOR Determination Date**” means the second TARGET Business Day before the applicable Reset Date, unless EURIBOR is determined under paragraph (3) above, in which case it means the applicable Reset Date.
- “**Euro-Zone**” means the region consisting of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
- “**Telerate Page 248**” means the display designated as “Page 248” provided by Bridge Telerate.

## Prime Rate

If a Pricing Supplement specifies the Prime Rate as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset date, the “**Prime Rate**” means (in the following order of priority):

- (1) the arithmetic mean determined by the Calculation Agent of the rates that appear at 11:00 a.m. (New York City time) on the Prime Rate Determination Date on Telerate Page 38 as the U.S. dollar prime rate or base lending rate of each bank appearing on Telerate Page 38, provided that at least three rates appear. In determining the arithmetic mean:
  - if twenty or more rates appear, the Calculation Agent will eliminate the five highest rates (or in the event of equality, five of the highest) and the five lowest rates (or in the event of equality, five of the lowest);
  - if fewer than twenty but ten or more rates appear, the Calculation Agent will eliminate the two highest rates (or in the event of equality, two of the highest) and the two lowest rates (or in the event of equality, two of the lowest); and
  - if fewer than ten but five or more rates appear, the Calculation Agent will eliminate the highest rate (or in the event of equality, one of the highest) and the lowest rate (or in the event of equality, one of the lowest);
- (2) if fewer than three rates so appear, the Prime Rate will be the arithmetic mean determined by the Calculation Agent of the rates that appear at 11:00 a.m. (New York City time) on the Prime Rate Determination Date on Reuters USPRIME 1 Page as the U.S. dollar prime rate or base lending rate of each bank appearing on Reuters USPRIME 1 Page, provided that at least three rates appear. In determining the arithmetic mean:
  - if twenty or more rates appear, the Calculation Agent will eliminate the five highest rates (or in the event of equality, five of the highest) and the five lowest rates (or in the event of equality, five of the lowest);
  - if fewer than twenty but ten or more rates appear, the Calculation Agent will eliminate the two highest rates (or in the event of equality, two of the highest) and the two lowest rates (or in the event of equality, two of the lowest); and
  - if fewer than ten but five or more rates appear, the Calculation Agent will eliminate the highest rate (or in the event of equality, one of the highest) and the lowest rate (or in the event of equality, one of the lowest);
- (3) if fewer than three rates so appear, the Calculation Agent will select five major banks in New York City (after consultation with Farmer Mac) and request those banks to provide their quotations of U.S. dollar prime rates or base lending rates on the basis of the actual number of days in the year divided by 360 as of the close of business on the Prime Rate Determination Date. If at least three of the selected banks provide the requested quotations, then the Prime Rate will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent;
- (4) if fewer than three of the selected banks provide the requested quotations, the Calculation Agent (after consultation with Farmer Mac) will select five banks or trust

companies organized and doing business under the laws of the United States or any state, each of which shall have total equity capital of at least U.S. \$500,000,000 and be subject to supervision or examination by federal or state authority, to provide their quotations of U.S. dollar prime rates or base lending rates on the basis of the actual number of days in the year divided by 360 as of the close of business on the Prime Rate Determination Date. In selecting the five banks or trust companies, the Calculation Agent will include each bank, if any, that provided a quotation as requested in clause (3) above and exclude each bank that failed to provide a requested quotation. If at least three of the selected banks or trust companies provide the requested quotations, the Prime Rate will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and

- (5) if fewer than three of the selected banks or trust companies provide the requested quotations, the Prime Rate will remain the Prime Rate in effect on the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, then the Prime Rate will be the rate calculated under clause (1) or clause (2) above for the most recent New York Banking Day before the Reset Date for which at least three rates appeared at 11:00 a.m. (New York City time) on either Telerate Page 38 or Reuters USPRIME1 Page. If rates appear on both screens on that New York Banking Day, the Calculation Agent will use the rate from Telerate Page 38.

#### *Definitions*

- “**Prime Rate Determination Date**” means the New York Banking Day before the applicable Reset Date.
- “**Reuters USPRIME1 Page**” means the display designated as page “USPRIME1” on Reuters.
- “**Telerate Page 38**” means the display designated as “Page 38” provided by Bridge Telerate.

#### **Treasury Bill Rate**

If a Pricing Supplement specifies the Treasury Bill Rate as the applicable interest rate index for an issue of Notes, the following provisions will apply:

For any Reset Date, the “**Treasury Bill Rate**” means (in the following order of priority):

- (1) the auction average rate for direct obligations of the United States (“**Treasury Bills**”) having the Index Maturity obtained from the most recent auction of Treasury Bills before the Reset Date (the “**Reference T-Bill Auction**”) as announced by the Treasury Department in the form of a press release under the heading “Investment Rate” by 3:00 p.m. (New York City time) on the Reset Date;
- (2) if the auction average rate is not so announced, the Treasury Bill Rate will be the auction average rate for Treasury Bills having the Index Maturity obtained from the Reference T-Bill Auction as otherwise announced by the Treasury Department by 3:00 p.m. (New York City time) on the Reset Date as determined by the Calculation Agent;
- (3) if the auction average rate is not so announced, the Calculation Agent will select five leading primary U.S. government securities dealers in New York City (after consultation with Farmer Mac) and request those dealers to provide their quotations of secondary market bid yields, as of 3:00 p.m. (New York City time) on that Reset

Date, for Treasury Bills with a remaining maturity closest to the Index Maturity (or, in the event that the remaining maturity is equally close, the longer remaining maturity). If at least three of the selected dealers provide the requested quotations, the Treasury Bill Rate will be the arithmetic mean of the quotations obtained, as determined by the Calculation Agent; and

- (4) if fewer than three of the selected dealers provide the requested quotations, the Treasury Bill Rate will remain the Treasury Bill Rate in effect on the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, the Treasury Bill Rate will be the auction average rate for Treasury Bills having the Index Maturity from the most recent auction of Treasury Bills before the Reset Date for which the rate was announced by the Treasury Department in the form of a press release under the heading "Investment Rate."

The auction average rate for Treasury Bills and the secondary market bid yield for Treasury Bills obtained by the Calculation Agent will be expressed as a bond equivalent yield on the basis of a year of 365 or 366 days, as applicable, or, if not so expressed, will be converted by the Calculation Agent to a bond equivalent yield.

**SELLING RESTRICTIONS**

This Appendix C is incorporated in and made a part of the Offering Circular with respect to Notes that may be offered in the applicable jurisdictions.

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- in (or in Germany, where the offer starts within) the period beginning on the date of publication of an Offering Circular in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- at any time to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- at any time to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts; or
- at any time in any other circumstances that do not require the publication by Farmer Mac of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

**United Kingdom**

Each Dealer has represented and agreed, and each further Dealer will be required to represent and agree, that:

- in relation to any Notes that have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in

acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by Farmer Mac;

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to Farmer Mac; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Hong Kong**

The Dealer Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell whether as principal or agent, in Hong Kong any Notes other than to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## **Japan**

Each of the Dealers has agreed that it has not offered or sold, and it will not offer or sell, directly or indirectly, any of the Notes in or to residents of Japan or to any persons for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws of Japan.