



## FEDERAL AGRICULTURAL MORTGAGE CORPORATION

### Farmer Mac Notes

- We may offer to sell our Farmer Mac Notes (the “notes”) from time to time. The specific terms of a particular issue of notes will be set prior to the time of sale and described in a Pricing Supplement. You should read this Offering Circular and the applicable Pricing Supplement carefully before you invest.
- We may offer the notes to or through agents for resale. The applicable Pricing Supplement will specify the purchase price, agent discounts, and net proceeds of any particular issue of notes. The agents are not required to sell any specific amount of notes but will use their reasonable best efforts to sell the notes. We have not set a date for termination of our offering of the notes.
- The agents have advised us that from time to time they may purchase and sell notes in the secondary market, but they are not obligated to make a market in the notes and may suspend or completely stop that activity at any time. Unless otherwise specified in the applicable Pricing Supplement, we do not intend to list the notes on any stock exchange.
- The notes are not exempt under federal law from federal, state, or local income taxation. Non-U.S. Owners (as defined below under “Material U.S. Federal Income Tax Considerations”) generally will be subject to U.S. federal income and withholding tax unless they establish an exemption.

**The notes are solely our obligations. The notes, including any interest or return of discount on the notes, are not debt or obligations of, and are not guaranteed as to principal or interest by, the United States, the Farm Credit Administration, or any federal agency or instrumentality other than us, and are not backed by the full faith and credit of the United States.**

Because of applicable securities law exemptions, we have not registered the notes with any federal or state securities commission. No securities commission has reviewed this Offering Circular. None of the U.S. Securities and Exchange Commission, the Farm Credit Administration, 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 involves certain risks. See “Risk Factors” beginning on page 6.**

You should not purchase the notes unless you understand and are able to bear these and any other applicable risks. You should purchase the 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 herein. This Offering Circular may not be used to offer any notes unless accompanied by the applicable Pricing Supplement.

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**Incapital LLC**

**BofA Merrill Lynch**

**Citigroup**

**Morgan Stanley**

**Stifel**

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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. 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.

We have not authorized anyone to provide you with information other than the information contained in or incorporated by reference in this Offering Circular, in any amendments or supplements hereto, and in any applicable Pricing Supplement. You should not assume that the information in this Offering Circular, any amendments or supplements hereto, 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. The notes will be offered for sale in the United States only.

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 agents 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 the notes. See “Risk Factors” in this Offering Circular.

This Offering Circular replaces and supersedes any and all previously issued Offering Circulars, including our Offering Circular dated April 17, 2015, for issues of the notes offered on or after the date of this Offering Circular. This Offering Circular relates only to the notes and not to any other securities of Farmer Mac, including any debt obligations offered under Farmer Mac's Universal Debt Facility, or to any securities issued by any affiliate of Farmer Mac.

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

We intend to use this Offering Circular and a related Pricing Supplement to offer the 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. Any information in an applicable Pricing Supplement that is inconsistent with this Offering Circular will replace the inconsistent information in this Offering Circular.

We have not authorized anyone to provide you with information other than the information contained in or incorporated by reference in this Offering Circular, in any amendments or supplements hereto, and in 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 the 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, definitive proxy statements, and amendments to those materials, 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, 2015 filed with the SEC on March 10, 2016;
- those portions of our definitive proxy statement on Schedule 14A filed on April 24, 2015 specifically incorporated by reference into our annual report on Form 10-K for the fiscal year ended December 31, 2014;
- our current reports on Form 8-K (or portions thereof) filed with (but not furnished to) the SEC on January 21, 2016, March 3, 2016, March 10, 2016, March 18, 2016, and March 23, 2016; and
- all documents filed 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. Nothing in this Offering Circular shall be deemed to incorporate information furnished to, but not filed with, the SEC, including information furnished pursuant to Item 2.02 or Item 7.01 of any current report on Form 8-K and corresponding information furnished under Item 9.01 of any current report on Form 8-K or included as an exhibit to such current report on Form 8-K.

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 offices:

Federal Agricultural Mortgage Corporation  
1999 K Street, N.W., 4<sup>th</sup> Floor  
Washington, D.C. 20006  
Telephone: 1-800-879-3276  
(202-872-7700 within the Washington, D.C. area)  
Fax: 800-999-1814

**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, in any amendment or supplement hereto, in any applicable Pricing Supplement, and in 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.**

## SUMMARY

*This section summarizes the legal and financial terms of the notes that are described in more detail in “Description of Notes” beginning on page 16. It does not contain all of the information you should consider before investing in the notes. Final terms of any particular issue of notes will be determined at the time of sale and will be contained in the Pricing Supplement relating to that issue of notes. The terms in that Pricing Supplement may vary from and supersede the terms contained in this summary and in “Description of Notes.” In addition, 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 captions “Risk Factors” and “Description of Notes,” 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, and the applicable Pricing Supplement.*

Issuer.....	Federal Agricultural Mortgage Corporation (“ <b>Farmer Mac</b> ”)
Purchasing Agent.....	Incapital LLC (the “ <b>Purchasing Agent</b> ”)
Agents .....	Incapital LLC Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Morgan Stanley & Co. LLC Stifel, Nicolaus & Company, Incorporated
Title of Notes .....	Farmer Mac Notes (the “ <b>notes</b> ”)
Pricing Supplements .....	We will offer each issue of the notes through a “ <b>Pricing Supplement</b> ” that describes the specific terms of that issue of notes, including the initial offering price and minimum subscription amount, if any, of the notes that we will offer and sell to any investor.
Amount and Offering Price.....	We may from time to time issue notes pursuant to this Offering Circular and any applicable Pricing Supplement. There is no prescribed limit for any one issue of notes, but the maximum aggregate principal amount of all of our debt obligations outstanding may not exceed \$18.0 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 will be determined by us and the Selling Group (as defined below) at the time of issue in accordance with prevailing market conditions.
Denominations .....	The notes will be issued and sold in denominations of \$1,000 and multiples of \$1,000 (unless otherwise stated in the applicable Pricing Supplement).
Legal Status.....	Section 8.6(e) of the Farm Credit Act authorizes us to issue the notes, which will be solely our obligations. 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 United States, the Farm Credit Administration, or any federal agency or instrumentality other than Farmer Mac and are not backed by the full faith and credit of the United States.
Priority .....	The notes will be our senior, unsecured general obligations and will rank equal in right of payment with our other senior, unsecured debt and will rank senior to any of our obligations expressly subordinated in right of payment to the notes. The notes will be structurally subordinated to all obligations of our subsidiaries, including claims with

	respect to trade payables. The notes will not be guaranteed by any of our subsidiaries.
Maturities .....	Each note will mature six months or more from the date of its original issuance.
Interest .....	<p>Each note will accrue interest from the date of its original issuance at a fixed or floating rate per year, as specified in the applicable Pricing Supplement. The interest rate on any floating rate notes will not be less than zero.</p> <p>Interest on each note will be payable either monthly, quarterly, semi-annually, or annually on each interest payment date, as specified in the applicable Pricing Supplement, and on the stated maturity date. Interest also will be paid on the date of redemption or repayment if a note is redeemed or repurchased prior to its stated maturity in accordance with its terms.</p> <p>Unless otherwise specified in the applicable Pricing Supplement, interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.</p>
Principal .....	The principal amount of each note will be payable on its stated maturity date at the corporate trust office of the paying agent or at any other place we may designate.
Redemption and Repayment .....	We may have the option to redeem an issue of the notes, in whole or in part, before its maturity date. Also, you may have the option to require us to repay an issue of notes, in whole or in part, before its maturity date. If an issue of notes is 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. The notes will not be subject to any sinking fund.
Survivor's Option .....	Specific notes may contain a provision permitting the optional repayment of those notes prior to stated maturity, if requested by the authorized representative of the beneficial owner of those notes, following the death of the beneficial owner of the notes, so long as the notes were owned by the beneficial owner or his or her estate at least six months prior to the request. This feature is referred to as a “ <b>Survivor's Option.</b> ” Your notes will not be repaid in this manner unless the Pricing Supplement for your notes provides for the Survivor's Option. The right to exercise the Survivor's Option is subject to limits set by us on (1) the permitted dollar amount of total exercises by all beneficial owners of the notes in any calendar year, and (2) the permitted dollar amount of an individual exercise by a beneficial owner of a note in any calendar year. Additional details on the Survivor's Option are described in the section entitled “Description of Notes—Survivor's Option” on page 19.
Further Issuance .....	Any issue of notes may be reopened at any time and without the consent of the holders of an existing issue of notes by offering additional notes with the same terms as the outstanding notes of that existing issue (other than the issue date, initial interest payment period, and offering price, which may vary). The additional and existing notes will be consolidated and will form a single issue.
Sale and Clearance .....	We will sell the notes in the United States only. The notes will be issued in book-entry form and will be represented by a master global note, without coupons, registered in the name of the nominee of The Depository Trust Company (“ <b>DTC</b> ”). Beneficial interests in the master global note will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Except in the limited circumstances described in this offering circular, owners of beneficial interests in the master global note will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form, and will be able to exercise their rights as an owner of the notes only through the DTC participant

	through which it holds its beneficial interest in the notes.
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.
Selling Group .....	The agents and dealers comprising the “ <b>Selling Group</b> ” are broker-dealers and securities firms. The agents, including the Purchasing Agent, have entered into a Selling Agent Agreement with us dated July 1, 2014. Dealers who are members of the Selling Group have executed a Master Selected Dealer Agreement with the Purchasing Agent. The agents and the dealers have agreed to market and sell the notes in accordance with the terms of those respective agreements and all other applicable laws and regulations. You may contact the Purchasing Agent at info@incapital.com for a list of Selling Group members.
Master Terms Agreement .....	We will issue the notes under the Master Terms Agreement, dated as of July 1, 2014, between Farmer Mac and the holders and beneficial owners of the notes (together with any amendments or supplements thereto, the “ <b>Master Terms Agreement</b> ”). By receiving and accepting a note, you and any financial intermediary 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.
Fiscal Agent .....	U.S. Bank National Association
No Credit Rating .....	The notes are currently not, and we do not expect the notes to be in the future, rated by any credit rating agency.
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 charter or the Master Terms Agreement.

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## ABOUT FARMER MAC

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

Farmer Mac is a stockholder-owned, federally chartered corporation that combines private capital and public sponsorship to serve a public purpose. Farmer Mac was established under federal legislation first enacted in 1988 and amended most recently in 2008 – Title VIII of the Farm Credit Act of 1971, as amended (12 U.S.C. §§ 2279aa et seq.) (the “**Farm Credit Act**”), which is sometimes referred to as Farmer Mac’s charter. Farmer Mac is known as a government-sponsored enterprise (“**GSE**”) by virtue of the status conferred by its charter. Congress has charged Farmer Mac with the mission of providing a secondary market for a variety of loans made to borrowers in rural America. This secondary market is designed to increase the availability of long-term credit at stable interest rates to America’s rural communities and to provide rural borrowers with the benefits of capital markets pricing and product innovation. The secondary market provided by Farmer Mac functions as a bridge between the national capital markets and the agricultural and rural credit markets by attracting new capital for financing rural borrowers. Farmer Mac’s purchases of both eligible loans and obligations secured by eligible loans, as well as Farmer Mac’s guaranteed securities sold to third party investors, increase lenders’ liquidity and lending capacity, and provide a continuous source of funding for lenders that extend credit to borrowers in rural America.

Farmer Mac’s main secondary market activities are:

- purchasing eligible loans directly from lenders;
- providing advances against eligible loans by purchasing obligations secured by those loans;
- securitizing assets and guaranteeing the payment of principal and interest on the resulting securities that represent interests in, or obligations secured by, pools of eligible loans; and
- issuing long-term standby purchase commitments (“**LTSPCs**”) for eligible loans.

Farmer Mac conducts these activities through four lines of business – Farm & Ranch, USDA Guarantees, Rural Utilities, and Institutional Credit:

- Under the Farm & Ranch line of business, Farmer Mac purchases eligible mortgage loans secured by

first liens on agricultural real estate, which includes part-time farms and rural housing. Farmer Mac also guarantees securities representing interests in pools of mortgage loans eligible for the Farm & Ranch line of business (“**Farm & Ranch Guaranteed Securities**”). Additionally, Farmer Mac commits to purchase, subject to the terms of the applicable LTSPC agreement, eligible Farm & Ranch mortgage loans. To be eligible, loans must meet Farmer Mac’s credit underwriting, collateral valuation, documentation, and other specified standards.

- Under the USDA Guarantees line of business, Farmer Mac II LLC, a subsidiary of Farmer Mac, purchases the portions of certain agricultural, rural development, business and industry, and community facilities loans guaranteed by the United States Department of Agriculture under the Consolidated Farm and Rural Development Act (7 U.S.C. §§ 1921 et seq.) (“**USDA-guaranteed portions**”). USDA-guaranteed portions are referred to and presented on Farmer Mac’s consolidated balance sheets as “**USDA Securities**.” Farmer Mac II LLC also purchases USDA Securities in exchange for issuing securities to third parties backed by those USDA Securities, which are then also guaranteed by Farmer Mac (“**Farmer Mac Guaranteed USDA Securities**”).
- Under the Rural Utilities line of business, Farmer Mac’s authorized activities are similar to those conducted under the Farm & Ranch line of business – purchases of, and guarantees of securities backed by, eligible rural utilities loans, as well as the issuance of LTSPCs for pools of eligible rural utilities loans. To be eligible, loans must meet Farmer Mac’s credit underwriting and other specified standards. No guaranteed securities have been issued under the Rural Utilities line of business prior to the date of this Offering Circular.
- Under the Institutional Credit line of business, Farmer Mac purchases or guarantees general obligations of lenders that are secured by pools of the types of loans eligible for purchase under Farmer Mac’s Farm & Ranch, USDA Guarantees, or Rural Utilities lines of business. AgVantage® is a registered trademark of Farmer Mac used to designate Farmer Mac’s guarantees of securities related to these general obligations of lenders that are secured by pools of eligible loans and that comprise the Institutional Credit line of business.

Farm & Ranch Guaranteed Securities, Farmer Mac Guaranteed USDA Securities, and AgVantage Securities are sometimes collectively referred to as “**Farmer Mac Guaranteed Securities**.” The assets underlying Farmer Mac Guaranteed Securities include (1) loans or loan participation interests eligible under either the Farm & Ranch or Rural

Utilities line of business or (2) USDA Securities eligible for purchase under the USDA Guarantees line of business. Farmer Mac guarantees the timely payment of principal and interest on the resulting Farmer Mac Guaranteed Securities. Farmer Mac may retain Farmer Mac Guaranteed Securities in its portfolio or sell them to third parties.

Farmer Mac is an institution of the Farm Credit System (the “FCS”), which is composed of the banks, associations, and related entities, including Farmer Mac and its subsidiaries, regulated by the Farm Credit Administration (“FCA”), an independent agency in the executive branch of the United States government. Although Farmer Mac (including its subsidiaries) is an institution of the FCS, it is not liable for any debt or obligation of any other institution of the FCS. None of FCA, the FCS, or any other individual institution of the FCS is liable for any debt or obligation of Farmer Mac or its subsidiaries. The debts and obligations of Farmer Mac and its subsidiaries are not guaranteed by the full faith and credit of the United States.

Farmer Mac’s charter assigns to FCA, acting through the separate Office of Secondary Market Oversight (“OSMO”) within FCA, the responsibility for the examination of Farmer Mac and the general supervision of the safe and sound performance of the powers, functions, and duties vested in Farmer Mac by the charter. The charter also authorizes FCA, acting through OSMO, to apply its general enforcement powers to Farmer Mac. Farmer Mac’s charter establishes three capital standards for Farmer Mac – minimum capital, critical capital, and risk-based capital. Farmer Mac is required to comply with the higher of the minimum capital requirement and the risk-based capital requirement. Also, in accordance with an FCA regulation on capital planning, our board of directors has adopted a policy for maintaining a sufficient level of Tier 1 capital and imposing restrictions on dividends and bonus payments in the event that our Tier 1 capital falls below specified thresholds. For a discussion of Farmer Mac’s capital requirements and its actual capital levels, as well as FCA’s role in the establishment and monitoring of those requirements and levels, see “Business—Government Regulation of Farmer Mac—Capital Standards,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Balance Sheet Review—Equity,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Requirements” in Farmer Mac’s most

recent annual report on Form 10-K, and in the most recent of any subsequently filed quarterly reports on Form 10-Q, each of which is incorporated by reference in this Offering Circular.

Since Farmer Mac’s creation, Congress has amended Farmer Mac’s charter four times:

- in 1990 to create the USDA Guarantees line of business;
- in 1991 to clarify Farmer Mac’s authority to purchase its guaranteed securities, establish OSMO as Farmer Mac’s financial regulator, and set minimum regulatory capital requirements for Farmer Mac;
- in 1996 to remove certain barriers to and restrictions on Farmer Mac’s operations to be more competitive (e.g., allowing Farmer Mac to buy loans directly from lenders and issue guaranteed securities representing 100 percent of the principal of the purchased loans and modifying capital requirements); and
- in 2008 to authorize Farmer Mac to purchase, and guarantee securities backed by, loans made by lenders organized as cooperatives to borrowers to finance electrification and telecommunications systems in rural areas.

Farmer Mac’s charter provides that Farmer Mac has the power to establish, acquire, and maintain affiliates (as defined in the charter) under applicable state law to carry out any activities that otherwise would be performed directly by Farmer Mac. Farmer Mac established its three existing subsidiaries, Farmer Mac II LLC, Farmer Mac Mortgage Securities Corporation, and Contour Valuation Services, LLC, under that power.

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

Farmer Mac’s principal executive offices are located at 1999 K Street, N.W., 4th Floor, Washington, D.C. 20006. Farmer Mac’s main telephone number is (202) 872-7700.

For additional information regarding Farmer Mac and its business, please refer to the documents incorporated by reference into this Offering Circular listed under “Where You Can Find Additional Information.”

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## RISK FACTORS

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*Our business activities, financial performance, and results of operations are, by their nature, subject to a number of risks and uncertainties, including those related to access to the capital markets, the agricultural sector, the rural utilities industry, the regulatory environment, and the level of prevailing interest rates and overall market conditions. Any of the following risks could materially adversely affect our business, financial condition, and operating results. An investment in the notes is subject to the risks and uncertainties described below and in the “Forward-Looking Statements” section. Furthermore, because new risk factors likely will emerge from time to time, management can neither predict all such risk factors nor assess the effects of such factors on our business, operating results, and financial condition or the extent to which any factor, or combination of factors, may affect our actual results and financial condition. If any of the following risks materialize, our business, financial condition, or results of operations could be materially and adversely affected. We undertake no obligation to update or revise this risk factor discussion, except as required by law.*

*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, including the risks discussed under “Risk Factors” in our most recent annual report on Form 10-K and any additional risk factors identified in any subsequently filed quarterly reports on Form 10-Q, before deciding whether to invest in the notes and, in particular, the risks, uncertainties, and considerations described below.*

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

***An inability to access the equity and debt capital markets could have a material adverse effect on our business, operating results, financial condition, and capital levels.***

Our ability to operate our business, meet our obligations, generate asset volume growth, and fulfill our statutory mission depends on our capacity to remain adequately capitalized through the issuance of equity securities and to issue substantial amounts of debt frequently and at favorable rates. The issuance of equity and debt securities in the U.S. financial markets are primary sources of our capitalization and funding for our purchases of eligible loan assets and liquidity investment assets and for repaying or refinancing existing debt. Moreover, one of the primary sources of our revenue is the net interest income earned from the difference, or “spread,” between the return received on assets held and the related borrowing costs. Our ability to obtain funds through the issuance of equity and debt securities, at

favorable rates and terms, depends on many factors, including:

- our corporate structure established by our charter, including our status as a GSE and perceptions about the viability of stockholder-owned GSEs in general;
- compliance with applicable statutory, regulatory, and board-approved capital requirements and any measures imposed by our regulator or board of directors if we failed to comply with those requirements;
- our financial results and changes in our financial condition;
- public perception of the risks to and financial prospects of our business;
- prevailing conditions in the capital markets;
- lack of a public debt rating may reduce demand for our debt securities;
- competition from other issuers of GSE equity or debt; and
- legislative or regulatory actions relating to our business, including any actions that would affect our GSE status.

***Factors affecting the agricultural sector or the rural utilities industry may negatively affect borrowers’ profitability and, as a consequence, their ability to repay their loans on which we have assumed credit risk, which may adversely affect our ability to repay the notes.***

External factors beyond our control that could negatively affect borrowers’ profitability could cause us to experience increased delinquency and default rates within our loan portfolio, including, but not limited to:

- severe protracted or sudden adverse weather conditions, animal and plant disease outbreaks, restrictions on water supply, limited access to transportation to move agricultural products to markets, or other conditions affecting particular geographic regions or industries;
- volatility in production expenses, including in commodity or fuel prices or labor costs or availability within any particular industry;
- fluctuations in currency exchange markets or changes in the global economy that would reduce export demand for U.S. agricultural products;
- slow or negative economic growth, which could reduce demand for U.S. agricultural products;
- adverse changes in interest rates, agricultural land values, or other factors that may affect delinquency levels and credit losses on agricultural real estate mortgage loans;
- legislative or regulatory developments or actions adversely affecting the agricultural sector or rural utilities industry;

- changes in the general economy that could affect the availability of off-farm sources of income and prices of real estate for borrowers; and
- economic conditions that may negatively affect the market for electricity in rural areas and consequently limit the ability of rural electric cooperatives to provide electricity or raise rates to achieve profitable levels.

***Our business, operating results, financial condition, and capital levels, and as a result our ability to repay the notes, may be materially and adversely affected by external factors that may affect the price or marketability of our products or our ability to offer our products and services.***

Our business, operating results, financial condition, and capital levels, and as a result our ability to repay the notes, may be materially and adversely affected by external factors, including adverse changes in the capital markets or changes in public policy, that may affect the price or marketability of our products and services or our ability to offer our products and services, which may negatively affect our ability to repay the notes, including, but not limited to:

- disruptions in the capital markets, which could adversely affect the value and performance of our eligible loan assets and investment securities, liquidity position, and ability to access funding at favorable levels or to raise capital;
- competitive pressures in the purchase of loans eligible for our lines of business and the sale of Farmer Mac Guaranteed Securities and debt securities;
- changes in interest rates that may increase the basis risk of our hedging instruments, thereby increasing our funding costs; and
- legislative or regulatory developments or interpretations of our statutory charter that could adversely affect us or our ability to offer new products, the ability or motivation of certain lenders to participate in our lines of business or the terms of any such participation, or increase the cost of related corporate activities.

***Our business development, profitability, and capital depend on the continued growth of the secondary market for agricultural real estate mortgage loans and for rural utilities loans, which may be constrained by a number of factors.***

Continued growth in our business and future profitability may be constrained by conditions that limit the need or ability for lenders to obtain the benefits of the secondary market provided by us, including, but not limited to:

- reduced growth rates in the agricultural mortgage market caused by prevailing conditions in the overall economy;
- the increase in capital levels or the availability of other sources of capital for our customers;
- the acceptance by Federal Home Loan Banks of agricultural real estate mortgage loans as collateral;
- the historical preference of many agricultural lending institutions to retain loans in their portfolios rather than to sell them into the secondary market;
- the small number of business partners that currently provide a significant portion of our business volume, resulting in vulnerability as existing business volume pays down or matures and the status of these business partners evolves; and
- expanded funding alternatives available to rural utilities.

***The loss of business from key business partners or customers could adversely affect our business and result in a decrease in our revenues and profits.***

Our business and ability to generate revenues and profits largely depends on our ability to purchase eligible loans or place eligible loans under guarantees or purchase commitments. We conduct a significant portion of our business with a small number of business partners. This results in vulnerability as existing assets pay down or mature and the status and needs of our business partners evolve. Our ability to maintain the current relationships with our business partners or customers and the business generated by those business partners or customers is significant to our business. Consequently, the loss of business from any one of our key business partners could negatively impact our revenues and profitability. Furthermore, we may not be able to replace the loss of business of a key business partner or customer with alternate sources of business due to limitations on the types of assets eligible for the secondary market provided by us under our charter, which could adversely affect our business and result in a decrease in our revenues and profits.

***The failure of an issuer to pay the outstanding principal amount or to issue new AgVantage securities upon the maturity of outstanding AgVantage securities could negatively affect our liquidity position and income, which would negatively affect our ability to repay the notes.***

AgVantage securities are guaranteed by us as to the timely payment of interest and principal. The terms of most AgVantage securities do not require the periodic payment of principal based on amortization schedules and instead have fixed maturity dates when the secured general obligation is due. If the issuer of a maturing AgVantage security defaults and does not pay the outstanding principal amount due upon maturity, our liquidity position could be negatively affected because we will be required to obtain funds in a significant amount to pay the holder of the AgVantage security or, for AgVantage securities owned by us, to pay off the debt

securities used to fund the purchase of the AgVantage securities. Our income could also be adversely affected if the issuer of a maturing AgVantage security does not issue new AgVantage securities to replace the maturing securities and we do not find alternate sources of business, or if the net interest margin earned by us on new AgVantage securities that replace maturing AgVantage securities is lower than the margin earned on the maturing AgVantage securities. If our liquidity position or income is negatively affected, our ability to repay the notes will also be negatively affected.

***We are a GSE that may be materially and adversely affected by legislative or political developments, which may affect the ongoing operations or continued existence of GSEs.***

We are a GSE that is governed by a statutory charter, which is subject to amendment by the U.S. Congress at any time, and regulated by government agencies. Although we are not aware of any pending legislative proposals that would adversely affect either the manner in which we conduct our business or our status as a GSE at this time, our ability to effectively conduct our business is subject to risks and uncertainties related to legislative or political developments that may affect the status or operations of GSEs generally. From time to time, legislative initiatives may be commenced that, if successful, could result in the enactment of legislation or the promulgation of regulations that could negatively affect our status as a GSE or the manner in which we operate. We cannot predict whether any legislative proposals related to the housing GSEs would also address our continued GSE status or modify our current operating structure or authorities in any material way. Implementation of any such proposal could have a material and adverse effect on our business, operating results, financial condition, and capital levels. See “Government Regulation” for additional discussion on the rules and regulations governing our activities.

***We are subject to capital requirements that are subject to change, and failure to meet those requirements could result in supervisory measures or our inability to declare dividends, or otherwise materially and adversely affect our business, operating results, or financial condition.***

We are required by statute and regulation to maintain certain capital levels. Any inability by us to meet these capital requirements could result in supervisory measures by FCA, adversely affect our ability to declare dividends on our common and preferred stock, or otherwise materially and adversely affect our business, operating results, or financial condition. In addition, as required by an FCA regulation on capital planning, we have adopted a policy to maintain a sufficient level of Tier 1 capital and to impose restrictions on paying Tier 1-eligible dividends in the event that Tier 1 capital falls below specified thresholds. For more information on our capital requirements, including the Tier 1 capital requirement, see “Business—Government Regulation of Farmer Mac—Capital Standards” in Farmer Mac’s most recent annual report on Form 10-K, and in the most recent of

any subsequently filed quarterly reports on Form 10-Q, each of which is incorporated by reference in this Offering Circular. Factors that could adversely affect the adequacy of our capital levels in the future, and which may be beyond our control, include:

- the potential for any other-than-temporary impairment charges;
- adverse changes in interest rates or credit spreads;
- the potential need to increase the level of the allowance for losses on eligible loan assets in the future;
- legislative or regulatory actions that increase our applicable capital requirements; and
- changes in U.S. generally accepted accounting principles, or GAAP.

***We are exposed to credit risk on our eligible loan assets, the repayment of which may depend on factors outside of our or the borrower’s control, and widespread repayment shortfalls on loans could have a material adverse effect on our financial condition, results of operations, and liquidity.***

Our earnings depend significantly on the performance of our eligible loan assets and the spread between the interest, guarantee fees, and commitment fees earned on such assets and interest paid on our obligations and liabilities. We assume the ultimate credit risk of borrower defaults on the agricultural mortgage and rural utilities loans we hold, as well as the loans underlying LTSPCs and non-AgVantage Farmer Mac Guaranteed Securities. Widespread repayment shortfalls on loans in the Farm & Ranch line of business or Rural Utilities line of business could result in losses on loans held or require us to pay under our guarantees and LTSPCs, which could have a material adverse effect on our financial condition, results of operations, and liquidity.

In the Farm & Ranch line of business, repayment of eligible loans typically depends on the success of the related farming operation, which, in turn, depends on many variables and factors over which farmers may have little or no control, such as weather conditions, animal and plant disease outbreaks, restrictions on water supply, economic conditions (both domestic and international), demand for U.S. agricultural products, and political conditions. Our credit risk may also increase in the case of a loan with a balloon payment due at maturity if the borrower seeks to refinance but is unable to do so. In addition, loans to borrowers in industries that have had historically higher delinquency rates relative to our overall portfolio may present a higher risk of delinquency in future periods.

In the Rural Utilities line of business, eligible utilities operations include the distribution of electricity, the generation and transmission of electricity, and telecommunications. Each type of utility operation has different inherent risks associated with it, but all share a common risk posed by potential changes in public and

regulatory policies. Business cash flows can be disrupted as a result of storms, though distribution cooperatives have in place cost-sharing arrangements with providers in other regions that mitigate this exposure. Historically, natural disasters have often resulted in disaster area declarations and financial aid to utilities providers through the Federal Emergency Management Agency and other conduits, although there can be no assurance that any such aid would be available in the event of any future natural disaster. The electrical distribution and generation sectors can be adversely affected by changes in fuel costs and prices received from consumers, as well as by contractual power obligations that do not match up with supply or demand. In the event that we purchase telecommunications loans in the future, the depth and pace of technological change in the telecommunications industry can also provide significant challenges, as the industry requires heavy capital investment and correct judgments about the sustainability of new technologies in an area with many competitors.

***Farmer Mac Guaranteed Securities and LTSPCs expose us to significant contingent liabilities, and our ability to fulfill our obligations under our guarantees and LTSPCs may be limited.***

Our guarantee and purchase commitment obligations to third parties, including Farmer Mac Guaranteed Securities and LTSPCs, are our obligations only and are not backed by the full faith and credit of the United States, FCA, or any other agency or instrumentality of the United States other than Farmer Mac. Our principal sources of funds for payments on all of our liabilities, including claims that may arise under our guarantees and LTSPCs, are the liquid assets held by us (including cash and cash equivalents), guarantee and commitment fees, interest payments on assets held by us, loan repayments, repayment of principal amounts due upon maturity of AgVantage securities, and proceeds from the issuance of debt securities. If all of the loans underlying our guarantees and LTSPCs defaulted and we recovered no value from the related collateral, the funds for payment on these guarantees and LTSPCs could be substantially less than the aggregate amount of the corresponding liabilities. It is difficult to quantify at any particular point in time the funds that would be available from interest payments, loan repayments, and maturing AgVantage securities for payment on our guarantees and LTSPCs, and our ability to issue debt as a source of repayment would be subject to our ability to access the debt markets and market conditions at that time. Although we believe that we remain well-collateralized on the assets underlying our guarantee and purchase commitment obligations to third parties and that the estimated probable losses for these obligations remain low relative to the amount available for payment of claims on these obligations, our total contingent liabilities for these obligations exceed the amount we may have available for payment of claims on these obligations. See “Management’s Discussion and Analysis—Risk Management—Credit Risk—Loans and Guarantees” for more information on our

management of credit risk in our most recent annual report on Form 10-K and in the most recent of any subsequently filed quarterly report on Form 10-Q, each of which is incorporated by reference in this Offering Circular.

***We are exposed to swap counterparty credit risk on our non-cleared swaps that could materially and adversely affect our business, operating results, and financial condition.***

We rely on interest rate swap contracts and hedging arrangements to effectively manage our interest rate risk. A significant portion of our interest rate swap contracts are not cleared through swap clearinghouses, which creates swap counterparty credit risk on those non-cleared swaps. In managing this risk, we contract only with counterparties that have investment grade credit ratings, establish and maintain collateral requirements that are scaled based upon credit ratings, and enter into netting agreements. Additionally, new rules that become effective later this year will establish minimum requirements for the exchange of initial and variation margin between us and our swap dealer counterparties in non-cleared swaps transactions. However, failure to perform under a non-cleared derivatives contract by one or more of our counterparties could disrupt our hedging operations, particularly if we were entitled to a termination payment under the terms of the contract that we did not receive, or if we were unable to reposition the swap with a new counterparty.

***We are exposed to counterparty credit risk on AgVantage securities that could materially and adversely affect our business, operating results, and financial condition.***

We are exposed to credit risk from issuers of AgVantage securities. Each AgVantage security is a general obligation of an issuing institution secured by eligible loans in an amount at least equal to the outstanding principal amount of the security and guaranteed by us. However, most of our AgVantage exposure is concentrated in a small number of issuers. We seek to manage our risk to AgVantage counterparties by reviewing each institution for which we have AgVantage exposure and requiring those institutions to meet our standards for creditworthiness. In addition, we require some level of overcollateralization (currently between 102 percent and 125 percent of the principal amount of the securities issued) and in some cases, compliance by the counterparty with specified financial covenants for the life of the related AgVantage securities, for AgVantage securities secured by Farm & Ranch loans. A default by any of these counterparties could have a significant adverse effect on our business, operating results, and financial condition.

***We are exposed to counterparty credit risk on our investment securities that could materially and adversely affect our business, operating results, and financial condition.***

We maintain an investment portfolio that can be drawn upon for liquidity needs. In addition to cash and cash equivalents (such as U.S. Treasury securities and short-term money market instruments), this portfolio consists of investment securities, including securities guaranteed by U.S. Government agencies and GSEs, GSE-issued preferred stock, corporate debt obligations, and auction-rate certificates. Though some of these investment securities do not qualify for purposes of calculating liquidity under the regulatory requirements prescribed by FCA, they still may be drawn upon for our liquidity needs. We regularly review concentration limits to ensure that our investments are appropriately diversified and comply with policies approved by our board of directors and with applicable FCA regulations, but we are still exposed to credit risk from issuers of the investment securities we hold. A default by multiple issuers of investment securities held by us, or by a single issuer of investment securities in which we are more heavily concentrated, could have an adverse effect on our business, operating results, and financial condition.

***We are exposed to interest rate risk that could materially and adversely affect our business, operating results, and financial condition.***

We are subject to interest rate risk due to the possible timing differences in the cash flows of the assets we hold and related liabilities. Our primary strategy for managing interest rate risk is to fund asset purchases with liabilities that have similar duration and cash flow characteristics so that they will perform similarly as interest rates change. Through our issuances of debt securities in the form of discount notes and medium-term notes coupled with interest rate swap contracts that adjust the characteristics of the debt issued, we seek to match our liabilities closely with the cash flow and duration characteristics of our loans and other assets. However, the ability of borrowers to repay their loans prior to the scheduled maturities increases the risk of asset and liability cash flow mismatches. In a changing interest rate environment, these cash flow mismatches could reduce our earnings if assets repay sooner than expected and the resulting cash flows must be reinvested in lower-yielding investments, particularly if our related funding costs cannot be correspondingly repaid. In addition, if assets repay more slowly than anticipated and the associated debt issued to fund the assets must be reissued at a higher yield, our earnings could be adversely affected.

We are also subject to another type of interest rate risk due to changes in our cost of funds relative to floating rate market indexes (such as LIBOR) on some of the floating rate assets we hold, which is referred to as “basis risk.” Some of our floating rate assets reset on rate adjustment dates on the basis of a floating rate market index, whereas the related debt that we issued to fund those assets until their maturities may be refinanced on the basis of our cost of funds at a particular time. Basis risk arises from the potential variability between the rates at which those floating rate assets reset and the rates

at which we can issue or refinance debt to fund those assets until their maturities. We are also subject to basis risk on some of our fixed rate assets as a result of our use of pay-fixed interest rate swaps, combined with a series of discount note or medium-term note issuances, as an alternative source of effectively fixed rate funding. This risk arises because the rates at which we refinance our funding for some fixed rate assets through the issuance of discount notes or medium-term notes may vary from the agreed-upon rates based on the floating rate market index received by us on the associated swaps. If the rates on our discount notes or medium-term notes deteriorate relative to LIBOR during the time between when our indexed floating rate assets were first funded and when we refinance the associated debt or in cases when we use pay-fixed swaps to fund our fixed rate assets, we are exposed to a commensurate reduction in our net effective spread. Conversely, if the rates on our discount notes or medium-term notes improve relative to LIBOR during that time or in cases when we use pay-fixed swaps to fund our fixed rate assets, we would benefit from a commensurate increase in our net effective spread. Although we seek to issue debt of sufficient maturity to reduce the frequency of required refinancing of that debt over the life of the associated asset, we may not be able to successfully do so, which could adversely impact our business, operating results, and financial condition.

***Changes in interest rates relative to our management of interest rate risk through derivatives may cause volatility in financial results and capital levels and may adversely affect net income, which may negatively affect our ability to repay the notes.***

We enter into financial derivatives transactions to hedge interest rate risks inherent in our business and measure our derivatives at fair value. Although our financial derivatives provide effective economic hedges of interest rate risk, changes in the fair values of financial derivatives can cause volatility in net income and in capital, particularly if those financial derivatives are not designated in hedge accounting relationships or if there is any ineffectiveness in a hedge accounting relationship. As interest rates increase or decrease, the fair values of our derivatives change based on the position we hold relative to the specific characteristics of the derivative. Our core capital that is available to meet our statutory minimum capital requirement can be affected by changes in the fair values of financial derivatives, as noted above. Adverse changes in the fair values of our financial derivatives that are not designated in hedge accounting relationships and any hedge ineffectiveness that results in a loss would reduce the amount of core capital available to meet this requirement, which could result in regulatory enforcement action against us if we were unable to meet the requirement.

***Changes in interest rates as well as certain credit events may trigger collateralization requirements for us under our***

***derivatives contracts, which could adversely affect our liquidity position and operating results.***

We use derivatives contracts to help manage our interest rate risk. Changes in interest rates have required, and in the future may require, us to post cash or investment securities to our derivative counterparties to reflect the changes in fair market values of our derivatives as a result of the changes in interest rates. If changes in interest rates were to result in a significant decrease in the fair value of our derivatives, we would be required to post a significant amount of cash, cash equivalents, or investment securities, possibly within a short period of time, to satisfy our obligations under our derivatives contracts. Our derivatives contracts currently contain provisions establishing minimum threshold collateral amounts, ranging between \$15 million and \$25 million, below which we are not required to post collateral, though these amounts may be reduced to zero upon the occurrence of specified credit events such as insolvency, receivership, failure to make a payment under the contract when due, or failure to continue as an instrumentality of the United States. The amount required to be posted would increase if we also experienced a credit event triggering full collateralization of our derivatives positions without any minimum threshold. Additionally, new rules that become effective later this year will establish minimum requirements for the exchange of initial and variation margin between us and our swap dealer counterparties in non-cleared swaps transactions. These rules or the evolving norms of the derivatives industry as a result of these rules may cause some or all of our swap counterparties to seek to amend the provisions in their derivatives contracts with us related to the minimum threshold collateral amounts below which we would not be required to post collateral for currently existing swaps and/or swaps entered into in the future, which could significantly increase the amount of collateral we are required to post or could require a full collateralization of our derivatives positions. If we were required to significantly increase the amount of collateral we are required to post or fully collateralize our derivatives position in an adverse interest rate environment, it could have a negative effect on our liquidity position and operating results.

***Incorrect estimates and assumptions by management in preparing financial statements could adversely affect our business, operating results, reported assets and liabilities, financial condition, and capital levels.***

Incorrect estimates and assumptions by management in connection with the preparation of our consolidated financial statements could adversely affect the reported amounts of assets and liabilities and the reported amounts of income and expenses. The preparation of our consolidated financial statements requires management to make certain critical accounting estimates and assumptions that could affect the reported amounts of assets and liabilities and the reported amounts of income and expense during the reporting periods. For example, our assets and liabilities recorded at fair value

include financial instruments whose fair values were estimated by management in the absence of readily determinable fair values (in other words, level 3). Further information regarding fair value measurement is included in “Management’s Discussion and Analysis—Critical Accounting Policies—Fair Value Measurement” in our most recent annual report on Form 10-K and in the most recent of any subsequently filed quarterly report on Form 10-Q, each of which is incorporated by reference in this Offering Circular. If management makes incorrect assumptions or estimates, we may understate or overstate reported financial results, which could materially and adversely affect our business, operating results, reported assets and liabilities, financial condition, and capital levels.

***Changes in the value or composition of our investment securities could adversely affect our business, operating results, financial condition, and capital levels.***

Deterioration in financial or credit market conditions could reduce the fair value of our investment securities, particularly those securities that are less liquid and more subject to market variability. Some securities owned by us, including auction-rate certificates and GSE subordinated debt, do not have well-established secondary trading markets, making it more difficult to estimate current fair values for those securities. Adverse financial market conditions may further compound the challenges of estimating fair values for our securities, as was the case in 2008 after widespread failure of the auction mechanism that had been established to provide liquidity for the auction-rate certificates that we currently hold.

We rely on market observations to determine the fair value of our investment securities, although the market data we rely upon may not reflect the actual sale conditions that we would face when selling our investment securities. For example, the market value of auction-rate certificates held by us depends in large part on the amounts and timing of the expected cash flows on these securities, which may be highly uncertain. Therefore, a change in the amounts or timing of cash flows could materially alter the market price of those securities. Subsequent valuations of these and other investment securities, in light of factors then prevailing, may result in significant changes in the value of our investment securities. For example, the current market values for the auction-rate certificates and GSE subordinated debt held by us are significantly below their amortized cost due to widening credit spreads after purchase.

We also rely on internal models to estimate the fair values of our investment securities and to determine whether credit losses exist, which requires us to exercise judgment about estimates and assumptions used in the models. If we use incorrect estimates or assumptions in the internal models we develop to estimate the fair value of our investment securities, those models could adversely affect reported income during the reporting period.

If we decide to sell securities in our investment portfolio, the price ultimately realized will depend on the demand and liquidity in the market at the time of sale. Our inability to sell the securities in our investment portfolio at or above their estimated fair values could adversely affect our business, operating results, financial condition, and capital levels.

***Our ability to attract and retain qualified employees is critical to the success of our business, and failure to do so may materially adversely affect our performance or financial condition, which may negatively affect our ability to repay the notes.***

We rely on our employees' breadth and depth of knowledge of agricultural and rural utilities lending, financial products, and other areas of expertise to run our business operations successfully. A significant disruption in the continuity of our employees would require us to expend resources to replace personnel and could result in a loss of productivity in the interim. If we are unable to continue to retain and attract qualified employees, our performance or financial condition could be materially adversely affected, which could negatively affect our ability to repay the notes.

***Any failure, interruption, or breach in our information systems, including the occurrence of successful cyber incidents or a significant deficiency in our cyber security, could result in a loss of business, damage to our reputation, the disclosure or misuse of confidential or proprietary information, or increased costs or liability to us, which could adversely affect our business, operating results, or financial condition.***

We rely heavily on information systems, including from third parties, to conduct and manage our business operations. These information systems encompass an integrated set of hardware, software, infrastructure, and trained personnel organized to facilitate the planning, control, coordination, and decision-making processes occurring within Farmer Mac. As our reliance on information systems has increased, so have the risks posed to our systems, including the effect of events that would threaten the confidentiality, integrity, or availability of our information resources, known as cyber incidents. We have undertaken preventive measures and devote significant resources to regularly audit, upgrade, and maintain our information systems and cyber security program according to industry best practices. Specifically, our cyber security program routinely assesses our cyber security risk profile and seeks to ensure there are sufficient measures and safeguards in place to mitigate the risks identified. However, we may not be able to prevent, address on a timely and adequate basis, or fully mitigate the negative effects associated with a successful cyber attack on our or our third party information systems, which could adversely affect our business, operating results, or financial condition. A failure or interruption in any of our information systems could result in a disruption or malfunction of our operations, which could adversely affect our ability to conduct business

with our lenders, loan servicers, service providers, or other counterparties, result in financial loss, or cause damage to our reputation.

The secure transmission, processing, and storage of our confidential, proprietary, and other information assets through our or our third party information systems is instrumental to our operations. Any action that results in unauthorized access to our information systems by third parties, including through viruses, malware, cyber attacks, or other information system breaches, could disrupt our operations, corrupt our data, or result in the misappropriation, unauthorized release, loss, or destruction of the confidential, proprietary, or other information assets of our lenders, loan servicers, service providers, or other counterparties. Similar to many other financial institutions, we face regular attempts by third parties to gain unauthorized access to our information systems. To our knowledge, no cyber incident has resulted in unauthorized access to our or our customers' confidential, proprietary, or other information. However, any future instance in which unauthorized access to our information systems or sensitive information is obtained could cause us to experience prolonged operational interruption, damage to our reputation, material loss of business, legal liability, or increased costs from private data exposure, which could adversely affect our business, operating results, or financial condition.

***We depend on third-party vendors, including loan servicers, information systems providers, and other service providers, to protect confidential information from unauthorized access and dissemination, and these vendors' failure to do so could result in liability for us or damage our reputation, which could have a negative effect on our business, operating results, or financial condition.***

We rely on third-party vendors, including loan servicers, information systems providers, and other service providers, to perform various functions for us. In the course of these activities, these vendors collect and have access to a variety of confidential or proprietary information, including, among others, sensitive financial information, information presented to our board of directors, information provided to our regulators, information about the lenders that participate in our lines of business and personal financial information about the borrowers with loans included in one of our lines of business. Any unauthorized access to a vendor's information systems by third parties, including through viruses, malware, cyber attacks, or other information system breaches, could result in the misappropriation and unauthorized release of the confidential or proprietary information entrusted to us. Also, any vendor's employees or agents that have access to confidential or proprietary information could inadvertently disseminate the information to unauthorized third parties. Any unauthorized access to or dissemination of confidential or proprietary information could result in liability for us or damage our reputation, either of which could have a negative

effect on our business, operating results, or financial condition.

***If our management of risk associated with our eligible loan assets and investment securities is not effective, our business, operating results, financial condition, and capital levels could be materially adversely affected.***

Events in the financial markets since 2008 leading to heightened volatility and tightened liquidity and credit have challenged financial institutions, including us, to adapt and further develop profitability and risk management models adequate to address a wider range of possible market developments. Our techniques and strategies may not be effective in mitigating our risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate. Some of our qualitative tools and metrics for managing risk are based upon our use of observed historical market behavior. We apply statistical and other tools to these observations to quantify our risks. These tools and metrics may fail to predict future or unanticipated risk. Such failures could, for example, arise from factors we did not anticipate or correctly evaluate in our models. In addition, our quantified modeling does not take into account all risks. Our more qualitative approach to managing those risks could prove insufficient, exposing us to material unanticipated losses. Our inability to effectively identify and manage the risks inherent in our business could have a material adverse effect on our business, operating results, financial condition, and capital levels.

***Our efforts to pursue our Congressional mission of providing a secondary market for loans made to borrowers in rural America may adversely affect our business, operating results, and financial condition.***

Congress created us to provide for a secondary market for agricultural mortgage loans, loans to rural utilities cooperatives, and the guaranteed portions of USDA-guaranteed loans. In pursuing this mission, our secondary market activities are designed to:

- increase the availability of long-term credit to rural borrowers at stable interest rates;
- provide greater liquidity and lending capacity in extending credit to rural borrowers; and
- provide an arrangement for new lending by facilitating capital market investments in long-term funding for rural borrowers, including funds at fixed rates of interest.

Although we strive to undertake our mission-related activities in a manner consistent with providing a positive return to our stockholders, it is possible that these activities may contribute to a lower return to stockholders than if our sole purpose were to maximize stockholder value. In addition, it is possible that the entities that regulate us could

seek to alter our mission-related activities in the future or place limits on our liquidity investments that provide liquidity for our mission-related activities. If this were to happen, and we were required to undertake activities involving greater risk to satisfy our Congressional mission, our business, operating results, and financial condition could be adversely affected.

Any of these risks could materially and adversely affect our business, operating results, financial condition, capital levels, and future earnings. For more information about our risk management, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Risk Management” in Item 7 of our most recent annual report on Form 10-K, and in Item 2 of the most recent of any subsequently filed quarterly report on Form 10-Q, each of which is 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;
- 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 of 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.

You should not invest in the notes unless you understand and are able to bear the associated yield, market, and liquidity risks, including risks associated with any redemption provisions. 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 the 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.

***While the notes are not currently rated, any future adverse credit rating of the notes may cause their trading price to fall.***

The notes are currently not, and we do not expect the notes to be in the future, rated by any credit rating agency. However, if a rating agency were to rate the notes, any such credit ratings might not reflect the potential impact of all risks on the market value of the notes. Furthermore, if a rating agency were to rate the notes and subsequently, if that rating agency were to lower its rating on the notes below the rating it initially assigns to the notes or were to announce its intention to put the notes on credit watch, the trading price of the notes could decline.

***We may choose to redeem notes when prevailing interest rates are relatively low.***

If your notes will be redeemable at our option, we may choose to redeem your notes from time to time, especially when prevailing interest rates are lower than the rate borne by the notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the notes being redeemed. Our redemption right also may adversely impact your ability to sell your notes as the optional redemption date or period approaches.

***The Survivor’s Option may be limited in amount.***

We will have a discretionary right to limit the aggregate principal amount of notes subject to the Survivor’s Option that may be exercised in any calendar year to an amount equal to the greater of \$1,000,000 or 1% of the principal amount of all notes issued pursuant to this Offering Circular, as amended or supplemented, and any applicable Pricing Supplement and outstanding as of the end of the most recent calendar year. We also have the discretionary right to limit to \$250,000 in any calendar year the aggregate principal amount of notes subject to the Survivor’s Option that may be exercised in such calendar year on behalf of any individual deceased beneficial owner of notes. Accordingly, no assurance can be given that exercise of the Survivor’s Option for the desired amount will be permitted in any single calendar year.

***We cannot assure you that a trading market for your notes will ever develop or be maintained.***

In evaluating the notes, you should assume that you will be holding the notes until their stated maturity. Each issue of notes is a new issue of securities. We cannot assure you that a trading market for any of your notes will ever develop, be liquid, or be maintained. Many factors independent of our

creditworthiness affect the trading market for and market value of your notes. Those factors include, without limitation:

- the method of calculating the principal and interest for the notes;
- the time remaining until the stated maturity of the notes;
- the outstanding principal amount of the notes;
- the redemption or repayment features of the notes; and
- the level, direction, and volatility of interest rates generally.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all.

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## USE OF PROCEEDS

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Unless otherwise stated in the applicable Pricing Supplement, we intend to use the net proceeds from the sale of the notes for working capital and general corporate purposes, including the purchase of qualified agricultural real estate mortgage loans and rural utilities loans, the funding of Farmer Mac Guaranteed Securities retained in our portfolio, and the purchase of other assets. We also may use a portion of the net proceeds to retire our outstanding debt obligations, including the notes.

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## FORWARD-LOOKING STATEMENTS

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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 pertaining to management’s current expectations as to 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. These statements typically are accompanied by, and identified with, terms such as “anticipates,” “believes,” “expects,” “intends,” “plans,” “potential,” “may,” “should,” and similar phrases. This Offering Circular includes forward-looking statements addressing our:

- prospects for earnings;
- prospects for growth in business volume;
- trends in net interest income and net effective spread;
- trends in portfolio credit quality, delinquencies, and provisions for losses;
- trends in expenses;
- trends in investment securities;
- prospects for asset impairments and allowance for losses;
- changes in capital position; and
- other business and financial matters.

Management’s expectations for our future necessarily involve a number of assumptions and estimates and the evaluation of risks and uncertainties. Various factors or events, both known and unknown, could cause our actual results to differ materially from the expectations as expressed or implied by the forward-looking statements, including those identified above under “Risk Factors” and discussed under “Risk Factors” in Part I, Item 1A of our annual report on Form 10-K for the fiscal period ended December 31, 2015 filed with the SEC on March 10, 2016, and uncertainties regarding:

- the availability to us of debt and equity financing and, if available, the reasonableness of rates and terms;

- legislative or regulatory developments that could affect us, our sources of business, or the agricultural sector or the rural utilities industry;
- fluctuations in the fair value of assets held by us and our subsidiaries;
- the rate and direction of development of the secondary market for agricultural mortgage and rural utilities loans, including lender interest in our credit products and the secondary market provided by us;
- the general rate of growth in agricultural mortgage and rural utilities indebtedness;
- the impact of economic conditions, including the effects of drought and other weather-related conditions and fluctuations in agricultural real estate values, on agricultural mortgage lending and borrower repayment capacity;
- developments in the financial markets, including possible investor, analyst, and rating agency reactions to events involving GSEs, including Farmer Mac;
- changes in the level and direction of interest rates, which could, among other things, affect the value of collateral securing our agricultural mortgage loan assets;
- the degree to which we are exposed to basis risk, which results from fluctuations in our borrowing costs relative to market indexes such as LIBOR; and
- volatility in commodity prices relative to costs of production and/or export demand for U.S. agricultural products.

These factors are not exhaustive. Other sections of this Offering Circular or the periodic reports, including our most recent annual report on Form 10-K, and any subsequently filed quarterly reports on Form 10-Q or current reports on Form 8-K, each of which is incorporated by reference in this Offering Circular, may include additional factors that could adversely affect our business and our financial performance. In light of these potential risks and uncertainties, no undue reliance should be placed on any forward-looking statements expressed in this Offering Circular. Furthermore, we undertake no obligation to release publicly the results of revisions to any forward-looking statements that may be made to reflect new information or any future events or circumstances, except as otherwise required by applicable law or regulation.

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## GOVERNMENT REGULATION

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The Farm Credit Administration, acting through its Office of Secondary Market Oversight, has general regulatory and enforcement authority over us, including the authority to promulgate rules and regulations governing our activities and to apply its general enforcement powers to us and our activities. Our charter requires an annual examination of our financial transactions and authorizes the Farm Credit Administration to assess us for the cost of its regulatory activities, including the cost of any examination. Each year, the Office of Secondary Market Oversight conducts an examination of us to evaluate our safety and soundness, compliance with applicable laws and regulations, and mission achievement. The examination includes a review of our capital adequacy, asset quality, management performance, earnings, liquidity, and sensitivity to interest rate risk. We are also required to file quarterly reports of condition with the Office of Secondary Market Oversight.

The Farm Credit Act establishes three capital standards for us – minimum capital, critical capital, and risk-based capital. We are required to comply with the higher of the minimum capital requirement and the risk-based capital requirement. Also, in accordance with an FCA regulation on capital planning, our board of directors has adopted a policy for maintaining a sufficient level of Tier 1 capital and imposing restrictions on dividends and employee bonus payments in the event that our Tier 1 capital falls below specified thresholds. As of December 31, 2015, we were in compliance with all applicable capital standards. For a more detailed discussion of our regulatory and governmental relationships, see “Government Regulation of Farmer Mac” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Balance Sheet Review—Equity,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Requirements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters” in our most recent annual report on Form 10-K and “Notes to Consolidated Financial Statements” in the most recent of any subsequently filed quarterly report on Form 10-Q or current report on Form 8-K, each of which is incorporated by reference in this Offering Circular.

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## DESCRIPTION OF NOTES

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*The following description contains general provisions that apply to all of the notes, unless otherwise specified in an applicable Pricing Supplement or an amendment or supplement 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 or supplements to this Offering Circular, if any, and the Master Terms Agreement referred to in this Offering Circular.*

## 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 \$18.0 billion in aggregate principal amount of our 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 amendment or supplement thereto by contacting our corporate Secretary at our principal executive offices. 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 solely of Farmer Mac. The notes, including any interest or return of discount on the notes, are not debt or obligations of, or guaranteed as to principal and interest by, the United States, the Farm Credit Administration, or any federal agency or instrumentality other than Farmer Mac. Although we may borrow up to \$1.5 billion from the U.S. Treasury Department to fulfill our guarantee obligations, we may not borrow from the U.S. Treasury Department to pay our debt obligations, such as the notes. Although Farmer Mac (including its subsidiaries) 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. None of the Farm Credit Administration, the Farm Credit System, or any other individual institution of the Farm Credit System is liable for any debt or obligation of Farmer Mac or its subsidiaries. The debts and obligations of Farmer Mac and its subsidiaries are not backed by the full faith and credit of the United States.**

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.

## Priority

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

- be senior unsecured general obligations of Farmer Mac;
- rank equal in right of payment with our other senior unsecured debt;
- rank senior to any of our obligations expressly subordinated in right of payment to the notes; and

- be structurally subordinated to all obligations of our subsidiaries, including claims with respect to trade payables.

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.

## Terms of the Notes

Notes issued in accordance with this Offering Circular and the applicable Pricing Supplement will have the following general characteristics:

- the notes may be offered from time to time by us through the Purchasing Agent;
- each note will mature on a day that is at least six months from the date of its original issuance;
- each note will accrue interest from the date of its original issuance at a fixed or floating rate per year;
- the interest rate of any floating rate notes will not be less than zero;
- the notes will not be subject to any sinking fund; and
- the minimum denomination of the notes will be \$1,000 (unless otherwise stated in the Pricing Supplement).

In addition, the Pricing Supplement relating to each offering of notes will describe specific terms of the notes, including:

- the price, which may be expressed as a percentage of the aggregate initial public offering price of the notes at which the notes will be issued to the public;
- the date on which the notes will be issued to the public;
- the stated maturity date of the notes;
- if the note is a fixed rate note, the rate per year at which the notes will bear interest and the interest payment dates;
- if the note is a floating rate note, the terms relating to the determination and payment of the variable interest rate and the interest payment dates;
- the interest payment frequency;
- the price to public, Purchasing Agent's discount, and net proceeds to us;
- whether the authorized representative of the beneficial owner of notes will have the right to seek repayment upon the death of the beneficial owner as described under "Survivor's Option" on page 19;
- if the notes may be redeemed at our option or repaid at the option of the holder prior to their stated maturity date, the provisions relating to any such redemption or repayment;

- any special U.S. federal income tax consequences of the purchase, ownership, and disposition of the notes; and
- any other significant terms of the notes.

We may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by us may, at our discretion, be held, resold, or cancelled.

## Payment Procedures

Principal of and interest on beneficial interests in the notes will be made in accordance with the arrangements then in place between the Fiscal Agent and DTC and its participants as described under "Registration and Settlement" on page 23.

Payments will be rounded to the nearest cent (with one-half cent being rounded upwards). DTC and its direct and indirect participants 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."

Interest on each note will be payable either monthly, quarterly, semi-annually, or annually in arrears on each interest payment date and at the note's stated maturity or on the date of redemption or repayment if a note is redeemed or repaid prior to maturity. Interest is payable to the person in whose name a note is registered at the close of business on the regular record date before each interest payment date, whether or not a business day. Interest due at a note's stated maturity or on a date of redemption or repayment will be payable to the person to whom principal is payable.

We will pay any administrative costs imposed by banks in connection with making payments in immediately available funds, but any tax, assessment, or governmental charge imposed upon any payments on a note, including, without limitation, any withholding tax, is the responsibility of the beneficial owners of the note in respect of which such payments are made.

## Interest and Interest Rates

Each note will accrue interest from its date of original issuance until its stated maturity date or earlier redemption or repayment date, if applicable. The applicable Pricing Supplement will specify either a fixed interest rate per year payable monthly, quarterly, semi-annually, or annually, or a floating interest rate. No interest will accrue on the principal of any note on or after the date it is repaid.

Interest on floating rate notes will be determined by reference to the applicable interest rate index or interest rate indices, which may be one or more of the following:

- the CD Rate;

- the CMT Rate;
- the Commercial Paper Rate;
- EURIBOR;
- the Federal Funds Rate;
- LIBOR;
- the Prime Rate;
- the Treasury Rate; or
- any other interest rate index or interest rate formula that is specified in the applicable Pricing Supplement.

Each applicable Pricing Supplement will specify the terms of the floating rate note being offered thereby, including the following:

- the interest rate index or indices;
- the initial interest rate, if any;
- the interest reset dates;
- the interest payment dates;
- the period to maturity of the instrument or obligation with respect to which the interest rate index or indices will be calculated or the “index maturity;”
- the maximum interest rate and minimum interest rate, if any;
- the number of basis points to be added to or subtracted from the related interest rate index or indices, or the “spread;”
- the percentage of the related interest rate index or indices by which the interest rate index or indices will be multiplied to determine the applicable interest rate, or the spread multiplier;
- the applicable day count convention;
- if one or more of the specified interest rate indices is the CMT Rate, the Reuters page and, if applicable, the weekly average or the monthly average; and
- if one or more of the specified interest rate indices is LIBOR, the designated LIBOR currency and the designated LIBOR page.

See “Appendix A – How Interest is Calculated on Floating Rate Notes” for a description of how interest is calculated on floating rate notes.

Unless otherwise specified in the applicable Pricing Supplement, interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months. If the stated maturity date, date of earlier redemption or repayment, if applicable, or interest payment date for any note is not a business day, principal and interest for that note will be paid on the next business day, and unless otherwise specified in the applicable Pricing Supplement, no interest will accrue on the amount payable from, and after, the stated maturity date, date of earlier redemption or repayment, if applicable, or interest payment date.

## Payment of Interest

Unless otherwise stated in the applicable Pricing Supplement, interest on the notes will be paid as follows:

<i>Interest Payment Frequency</i>	<i>Interest Payment Dates</i>
Monthly	Fifteenth day of each calendar month, beginning in the first calendar month following the month the note was issued.
Quarterly	Fifteenth day of every third month, beginning in the third calendar month following the month the note was issued.
Semi-annually	Fifteenth day of every sixth month, beginning in the sixth calendar month following the month the note was issued.
Annually	Fifteenth day of every twelfth month, beginning in the twelfth calendar month following the month the note was issued.

The regular record date for any interest payment date will be the first day of the calendar month in which the interest payment date occurs, except that the regular record date for principal and interest due on the note’s stated maturity date or date of earlier redemption or repayment will be the business day immediately preceding the stated maturity date or date of earlier redemption or repayment.

Interest on a note will be payable beginning on the first interest payment date after its date of original issuance to holders of record on the corresponding regular record date. 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.

“**Business day**” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

## Redemption and Repayment

Unless we otherwise provide in the applicable Pricing Supplement, a note will not be redeemable or repayable prior to its stated maturity date.

If the Pricing Supplement states that the note will be redeemable at our option prior to its stated maturity date, then on such date or dates or period or periods specified in the Pricing Supplement, we may redeem those notes at our

option either in whole or from time to time in part, upon not less than five (5) business days' nor more than sixty (60) calendar days' written notice to the holder of those notes, unless the applicable Pricing Supplement specifies a different notice period.

If the Pricing Supplement states that your note will be repayable at your option prior to its stated maturity date, we will require receipt of notice of the request for repayment at least thirty (30) but not more than sixty (60) calendar days prior to the date or dates specified in the Pricing Supplement. We also must receive the completed form entitled "Option to Elect Repayment." Exercise of the repayment option by the holder of a note is irrevocable. You may obtain a copy of such form from Farmer Mac. Your exercise of this repayment option will be irrevocable.

Since the notes will be represented by a master global note, DTC or its nominee will be treated as the holder of such notes; therefore DTC or its nominee will be the only entity that receives notices of redemption of notes from us, in the case of our redemption of notes, and will be the only entity that can exercise the right to repayment of notes, in the case of optional repayment.

To ensure that DTC or its nominee will timely exercise a right to repayment with respect to a particular beneficial interest in a note, the beneficial owner of the interest in that note must instruct the broker or other direct or indirect participant through which it holds the beneficial interest to notify DTC or its nominee of its desire to exercise a right to repayment. Because different firms have different cut-off times for accepting instructions from their customers, each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a note to determine the cut-off time by which the instruction must be given for timely notice to be delivered to DTC or its nominee. Conveyance of notices and other communications by DTC or its nominee to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners of the notes will be governed by agreements among them and any applicable statutory or regulatory requirements.

The redemption or repayment of a note normally will occur on the interest payment date or dates following receipt of a valid notice. Unless otherwise specified in the Pricing Supplement, the redemption or repayment price will equal 100% of the principal amount of the note plus unpaid interest accrued to the date or dates of redemption or repayment.

We may at any time purchase notes at any price or prices in the open market or otherwise. We may also purchase notes otherwise tendered for repayment by a holder or tendered by a beneficial owner's duly authorized representative through exercise of the Survivor's Option described below. If we purchase any notes as indicated in this paragraph, we have the discretion to hold, resell, or cancel those notes.

## **Survivor's Option**

The "Survivor's Option" is a provision in a note pursuant to which we agree to repay or repurchase that note (or any beneficial interest therein), if requested by the authorized representative of the beneficial owner of that note, following the death of such beneficial owner, so long as the note was owned by that beneficial owner or the estate of that beneficial owner at least six months prior to the request. The Pricing Supplement relating to each issue of notes will state whether the Survivor's Option applies to that issue of notes.

If a note (or any beneficial interest therein) is entitled to a Survivor's Option, upon the valid exercise of the Survivor's Option and the proper tender of that note (or any beneficial interest therein) for repayment, we will, at our option, repay or repurchase that note (or any beneficial interest therein), in whole or in part, at a price equal to 100% of the principal amount of the deceased beneficial owner's interest in that note plus unpaid interest accrued to the date of repayment.

To be valid, the Survivor's Option must be exercised by or on behalf of the person who has authority to act on behalf of the deceased beneficial owner of the note (including, without limitation, the personal representative or executor of the deceased beneficial owner or the surviving joint owner with the deceased beneficial owner) under the laws of the applicable jurisdiction.

The death of a person holding a beneficial ownership interest in a note as a joint tenant or tenant by the entirety with another person, or as a tenant in common with the deceased beneficial owner's spouse, will be deemed the death of a beneficial owner of that note, and the entire principal amount of the note so held will be subject to repayment by us upon request. However, the death of a person holding a beneficial ownership interest in a note as tenant in common with a person other than such deceased beneficial owner's spouse will be deemed the death of a beneficial owner only with respect to such deceased person's interest in the note.

The death of a person who, during his or her lifetime, was entitled to substantially all of the indirect beneficial ownership interests in a note will be deemed the death of the beneficial owner of that note for purposes of the Survivor's Option, regardless of whether that beneficial owner was listed as the beneficial owner of that note on the records of DTC or its direct or indirect participant, if entitlement to those interests can be established to our satisfaction. An indirect beneficial ownership interest will be deemed to exist in typical cases of nominee ownership, ownership under the Uniform Transfers to Minors Act or Uniform Gifts to Minors Act, community property or other joint ownership arrangements between a husband and wife. In addition, an indirect beneficial ownership interest will be deemed to exist in custodial and trust arrangements where one person has all

of the beneficial ownership interests in the applicable note during his or her lifetime.

We have the discretionary right to limit the aggregate principal amount of notes as to which exercises of the Survivor's Option shall be accepted by us from authorized representatives of all deceased beneficial owners in any calendar year to an amount equal to the greater of \$1,000,000 or 1% of the principal amount of all notes issued pursuant to this Offering Circular, as amended or supplemented, and any applicable Pricing Supplement, and outstanding as of the end of the most recent calendar year. We also have the discretionary right to limit to \$250,000 in any calendar year the aggregate principal amount of notes as to which exercises of the Survivor's Option shall be accepted by us from the authorized representative of any individual deceased beneficial owner of a note or any beneficial interest therein in such calendar year. In addition, we will not permit the exercise of the Survivor's Option except in principal amounts of \$1,000 and multiples of \$1,000.

An otherwise valid election to exercise the Survivor's Option may not be withdrawn and is irrevocable. Each election to exercise the Survivor's Option will be accepted in the order that elections are received by us, except for any note (or any beneficial interest therein) the acceptance of which would contravene any of the limitations described in the preceding paragraph. Notes (or any beneficial interests therein) accepted for repayment through the exercise of the Survivor's Option normally will be repaid on the first interest payment date that occurs 20 or more calendar days after the date of the acceptance. For example, if the acceptance date of a note (or any beneficial interest therein) tendered through a valid exercise of the Survivor's Option is July 1, 2014, and interest on that note (or any beneficial interest therein) is paid monthly, we would normally, at our option, repay that note (or any beneficial interest therein) on the interest payment date occurring on August 15, 2014, because the July 15, 2014 interest payment date would occur less than 20 days from the date of acceptance. Each tendered note (or any beneficial interest therein) that is not accepted in any calendar year due to the application of any of the limitations described in the preceding paragraph will be deemed to be tendered in the following calendar year in the order in which all such notes (or any beneficial interests therein) were originally tendered. If a note (or any beneficial interest therein) tendered through a valid exercise of the Survivor's Option is not accepted, we will notify the holder of such fact and the reason that note (or any beneficial interest therein) has not been accepted for repayment.

The entity that appears on the records of DTC or its nominee as a holder of a note is treated as the holder of the note and will be the only entity that can exercise the Survivor's Option for such note. To obtain repayment pursuant to exercise of the Survivor's Option for a note (or any beneficial interest therein), the deceased beneficial owner's authorized representative must provide the

following items to the broker or other entity through which the note or any beneficial interest therein is held by the deceased beneficial owner:

- a written instruction to such broker or other entity to notify DTC or its nominee of the authorized representative's desire to obtain repayment pursuant to exercise of the Survivor's Option;
- appropriate evidence satisfactory to us (a) that the deceased individual was the beneficial owner of the note or any interest therein at the time of death and his or her interest in the note was owned by the deceased beneficial owner or his or her estate at least six months prior to the request for repayment, (b) that the death of the beneficial owner has occurred, (c) of the date of death of the beneficial owner, and (d) that the representative has authority to act on behalf of the beneficial owner;
- if the interest in the note is held by a nominee of the deceased beneficial owner, a certificate satisfactory to us from the nominee attesting to the deceased's beneficial ownership of such interest in the note;
- written request for repayment signed by the authorized representative of the deceased beneficial owner with the signature guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, Inc. or a commercial bank or trust company having an office or correspondent in the United States;
- if applicable, a properly executed assignment or endorsement;
- tax waivers and any other instruments or documents that we reasonably require in order to establish the validity of the beneficial ownership of the note or any interest therein and the claimant's entitlement to payment; and
- any additional information that we reasonably require to evidence satisfaction of any conditions to the exercise of the Survivor's Option or to document beneficial ownership or authority to make the election and to cause the repayment of the note or any beneficial interest therein.

In turn, the broker or other entity will deliver each of these items to us, together with evidence satisfactory to us from the broker or other entity stating that it represents the deceased beneficial owner.

We retain the right to limit the aggregate principal amount of notes as to which exercises of the Survivor's Option applicable to the notes will be accepted in any one calendar year as described above. All other questions regarding the eligibility or validity of any exercise of the Survivor's Option will be determined by us, in our sole discretion, which determination will be final and binding on all parties.

The broker or other entity will be responsible for disbursing payments received from us to the authorized representative.

Forms for the exercise of the Survivor's Option may be obtained from Farmer Mac at 1999 K Street, N.W., 4th Floor, Washington, D.C. 20006, Attention: Senior Vice President – General Counsel.

If applicable, we will comply with the requirements of Section 14(e) of the Securities Exchange Act of 1934, and the rules promulgated thereunder, and any other securities laws or regulations in connection with any repayment of notes at the option of the registered holders or beneficial owners thereof.

### **Restrictive Covenants**

Unless the applicable Pricing Supplement provides otherwise, the notes will not contain any restrictive covenants.

### **Further Issuances**

Any issue of notes may be reopened at any time and without the consent of the holders of an existing issue of notes by offering additional notes with the same terms as the outstanding notes of that existing issue of notes (other than the issue date, initial interest payment period and offering price, which may vary). The additional and existing notes will be consolidated and will form a single issue.

### **Corrections**

If a principal or interest payment error occurs on the notes, we may correct it by adjusting payments on later payments of principal or interest or in any other manner we consider appropriate; provided, however, that all interest rate index values used to determine principal or interest payments are subject to correction within thirty (30) days from the applicable date of payment. A correction might result in an adjustment to the amount we pay to you or a subsequent investor on a later date. Any amount payable by us due to a correction will be made to the holders at any time such payment is made and 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.

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## **THE MASTER TERMS AGREEMENT**

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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 or a beneficial interest therein, you and any financial intermediary 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, modified, 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**

We and our 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, the aforementioned parties 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 notes is:

- our failure to make any required payment that continues unremedied for 30 calendar days;
- our failure to perform in any material respect any other covenant or agreement under the Master Terms Agreement, if the failure continues unremedied for 60 calendar days after we receive notice of the failure from the holders of not less than 25% of the outstanding principal or notional principal amount of an issue of notes; or
- the occurrence of 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.

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

If an Event of Default under the Master Terms Agreement remains unremedied, the holders of not less than 50% of the outstanding principal or notional principal amount of the affected issue of notes may, by written notice to Farmer Mac, accelerate the maturity of such issue of notes by declaring the principal and all accrued and unpaid interest, if any, of such issue of 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 not less than 50% of the outstanding principal or notional principal amount of the same issue of notes have given us written notice of the Event of Default; and
- the Event of Default continues unremedied for sixty (60) calendar days following the date written notice of such Event of Default by the holders of not less than 50% of the outstanding principal or notional principal amount of the same issue of 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 notes may waive an Event of Default prior to or after the institution of any action or proceeding relating to the issue of notes, whether or not the Event of Default has resulted in a declaration of an acceleration of maturity of the issue of 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 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 modify, amend, or supplement the Master Terms Agreement without the consent of holders:

- to cure any ambiguity or to cure, correct, or supplement any defective provision in the Master Terms Agreement, or to make any provision not inconsistent with the Master Terms Agreement, any applicable Pricing Supplement, or the notes;
- 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 rules or any document or regulation that the book-entry rules 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 respect at the time of the modification, amendment, or supplement.

Except as provided in the following sentence, we also may modify, amend, or supplement the terms of the notes with (1) the written consent of the holders of at least a majority of the aggregate then outstanding principal amount of an affected issue of notes, or (2) the approval by resolution of holders of at least a majority 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 modify, amend, or supplement the terms of the notes to:

- change the maturity date of the notes or any interest payment date;
- 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, the notes;
- reduce the principal amount of, or materially modify the rate of interest or the calculation of the rate of interest on, the notes; or
- reduce the percentage of holders whose consent or affirmative vote is necessary to modify, 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 outstanding aggregate 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 outstanding aggregate 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 an issue 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 given to us, or served upon us, under the Master Terms Agreement must be in writing and addressed to:

Federal Agricultural Mortgage Corporation 1999 K Street, N.W., 4th Floor Washington, D.C. 20006 Attention: Senior Vice President – General Counsel 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, beneficial owners, and Farmer Mac with respect to the notes shall be construed in

accordance with and governed by the federal 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 Farm Credit Act or any provision of the Master Terms Agreement or the transactions governed thereby, the state laws of the State of New York shall be deemed to reflect the federal laws of the United States.

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## **REGISTRATION AND SETTLEMENT**

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### **The Depository Trust Company**

All of the notes we offer pursuant to this Offering Circular and any applicable Pricing Supplement hereto will be issued in book-entry only form. This means that we will not issue certificates for notes, except in the limited case described below. Instead, we will issue the master global note in registered form. The master global note will be held through DTC and will be registered in the name of Cede & Co., as nominee of DTC. Accordingly, Cede & Co. will be the holder of record of the notes. The notes will be represented by a master global note, and holders will own a beneficial interest in such master global note.

Beneficial interests in the global note will be shown on, and transfers are effected through, records maintained by DTC or its participants. In order to own a beneficial interest in a note, you must be an institution that has an account with DTC or have a direct or indirect account with such an institution. Transfers of ownership interests in the notes will be accomplished by making entries in DTC participants' books acting on behalf of beneficial owners.

So long as DTC or its nominee is the registered holder of the master global note, DTC or its nominee, as the case may be, will be the sole holder and owner of the notes represented thereby for all purposes, including payment of principal and interest, under the Master Terms Agreement. Except as otherwise provided below, you will not be entitled to receive physical delivery of certificated notes and will not be considered the holder of the notes for any purpose under the Master Terms Agreement. Accordingly, you must rely on the procedures of DTC and the procedures of the DTC participant through which you own your note in order to exercise any rights of a holder of a note under the Master Terms Agreement. The laws of some jurisdictions require that certain purchasers of notes take physical delivery of such notes in certificated form. Those limits and laws may impair the ability to transfer beneficial interests in the notes.

The master global note will be exchangeable for certificated notes of like tenor and terms and of differing authorized denominations in a like aggregate principal amount, only if (1) DTC notifies us that it is unwilling or unable to continue as depository for the master global note or we become aware that DTC has ceased to be a clearing agency registered under the Securities Exchange Act of 1934 and, in any such case, we fail to appoint a successor to DTC

within 90 calendar days, (2) we, in our sole discretion, determine that the global note shall be exchangeable for certificated notes, or (3) an event of default has occurred and is continuing with respect to the notes. Upon any such exchange, the certificated notes shall be registered in the names of the beneficial owners of the master global note representing the notes.

The following is based on information furnished by DTC:

DTC will act as securities depository for the notes. The notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered master global note will be issued for the entire principal amount of all separate issues of notes.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the 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. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's direct participants deposit with DTC.

DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by The New York Stock Exchange, Inc., the American Stock Exchange LLC, and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes on DTC's records. The beneficial interest of each actual purchaser of each note is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of beneficial interests in the notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their beneficial interests in notes, except in the event that use of the book-entry system for the notes is discontinued.

To facilitate subsequent transfers, all notes deposited by direct participants with DTC will be registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes will be credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of the notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the notes, such as redemption, tenders, defaults, and proposed amendments to the security documents. For example, beneficial owners of the notes may wish to ascertain that the nominee holding the notes for their benefit has agreed to obtain and transmit notices to beneficial owners. In the alternative, beneficial owners may wish to provide their names and addresses to the registrar of the notes and request that copies of the notices be provided to them directly. Any such request may or may not be successful.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the notes unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the regular record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to

whose accounts the notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

We will pay principal and interest payments on the notes in same-day funds directly to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records upon DTC's receipt of funds and corresponding detail information. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of these participants and not of DTC or any other party, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is our responsibility, disbursement of such payments to direct participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of the direct or indirect participant.

We will send any redemption notices to DTC. If less than all of the notes of a particular issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner, or its authorized representative, shall give notice to elect to have its notes repaid by us, through its direct or indirect participant, to our fiscal agent, and shall effect delivery of such notes by causing the direct participant to transfer that participant's interest in the master global note representing such notes, on DTC's records, to our fiscal agent. The requirement for physical delivery of notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the master global note representing such notes are transferred by the direct participants on DTC's records.

DTC may discontinue providing its services as securities depository for the notes at any time by giving us reasonable notice. Under such circumstances, if a successor securities depository is not obtained, we will print and deliver certificated notes. We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, we will print and deliver certificated notes.

The information in this section concerning DTC and DTC's system has been obtained from sources that we believe to be reliable, but neither we, the Purchasing Agent, nor any agent takes any responsibility for its accuracy.

## **Registration, Transfer, and Payment of Certificated Notes**

If we ever issue notes in certificated form, those notes may be presented for registration, transfer, and payment at the office of the registrar or at the office of any transfer agent designated and maintained by us. We have originally designated U.S. Bank National Association to act in those capacities for the notes. The registrar or transfer agent will make the transfer or registration only if it is satisfied with the documents of title and identity of the person making the request. There will not be a service charge for any exchange or registration of transfer of the notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange. At any time, we may change transfer agents or approve a change in the location through which any transfer agent acts. We also may designate additional transfer agents for any notes at any time.

We will not be required to: (1) issue, exchange, or register the transfer of any certificated note to be redeemed for a period of 15 days after the selection of the notes to be redeemed; (2) exchange or register the transfer of any certificated note that was selected, called, or is being called for redemption, except the unredeemed portion of any certificated note being redeemed in part; or (3) exchange or register the transfer of any certificated note as to which an election for repayment by the holder has been made, except the unrepaid portion of any certificated note being repaid in part.

We will pay the principal of and interest on any certificated notes at the offices of the paying agents we may designate from time to time. Generally, we will pay interest on a certificated note by check on any interest payment date other than at stated maturity or upon earlier redemption or repayment to the person in whose name the certificated note is registered at the close of business on the regular record date for that payment. We will pay principal and interest at stated maturity or upon earlier redemption or repayment in same-day funds against presentation and surrender of the applicable certificated notes.

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## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

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The following is a general summary of certain 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 purchase the notes at their issue price (the first price at which a substantial amount of the notes are sold for money, excluding sales to underwriters, placement agents, or wholesalers) and hold the notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). This summary does not purport to discuss all U.S. 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, U.S. Owners (as defined below) whose functional currency is not the U.S. dollar, or partnerships or other pass-through entities. In all cases, you are advised to consult your own tax advisors regarding the U.S. federal income tax consequences to you of purchasing, owning, and disposing of 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 income tax consequences is for general information only and is not tax advice for any particular Owner. Additionally, this summary does not address U.S. federal estate and gift tax consequences of holding the notes, the alternative minimum tax, or the Medicare tax on net investment income.

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 (i) 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 or (ii) that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

“**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.

**Prospective purchasers should consult their own tax advisors regarding the tax consequences to them 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 U.S. federal or other tax laws.**

### U.S. 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*

Stated 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.* A note will be treated as issued with original issue discount “**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 date of issuance to the maturity date (or the 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, brokers, or wholesalers. Pre-issuance accrued interest may be excluded from the issue price, in which case a portion of the stated interest payable on the first interest payment date will be treated as a return of that accrued interest rather than as an amount payable under the note.

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. 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 the use of 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 note with a floating rate that accrues 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. To the extent that the actual rate paid for an accrual period differs from the assumed initial rate, appropriate adjustments must be made to the amount of "qualified stated

interest" or OID required to be included in income by a U.S. Owner for such period. We will set forth the tax treatment of all other notes with floating rates in the applicable Pricing Supplement, including whether such notes are subject to special rules relating to contingent payment debt instruments.

*Optional Redemption 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 call a debt instrument at a fixed premium). Under these rules, we will be presumed to exercise our call 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 us 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 accrued and decreased by the amount of any payments previously made on the note other than payments of qualified stated interest.

*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.

Accrual-basis U.S. Owners, banks, regulated investment companies, and certain other U.S. Owners described in Section 1281(b) of the Code must accrue OID and stated interest (if any) on a Short-Term Note on a straight-line basis (regardless of their method of accounting) unless the U.S. Owner makes 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 tax 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.

#### *Disposition or Retirement of Notes*

When a U.S. Owner sells, exchanges or otherwise disposes of a note in a taxable transaction, including by retirement or redemption, such U.S. Owner will recognize gain or loss equal to the difference, if any, between the amount realized on the disposition or retirement (not including any amount attributable to accrued but unpaid interest) and the U.S. Owner's 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 any OID and any acquisition discount previously included in your gross income with respect to the note, and decreased by the amount of any payments made under the note other than qualified stated interest payments.

Generally, you will recognize capital gain or loss on the disposition or retirement of a note. To the extent the gain represents accrued OID on Short-Term Notes not previously included in gross income as discussed above, however, your gain or loss will be ordinary income. In addition, any amount attributable to accrued but unpaid interest will be subject to tax as ordinary income to the extent not previously included in income. Any capital gain or loss is a long-term capital gain or loss if at the time of the disposition or retirement of the note, you held the note for more than one year. If you are a non-corporate U.S. Owner, long-term capital gains generally are subject to reduced rates of tax. Furthermore, the deductibility of capital losses is subject to certain limitations. With respect to notes for which 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 such notes.

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

### *Interest*

Payments of interest (including OID, if any) on a note held by a Non-U.S. Owner will be subject to a 30% U.S. federal income 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 with a trade or business you conduct within the United States and you provide the required certification on IRS Form W-8ECI (or successor form).

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.* Payments of interest on a note held by a 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, are not attributable to a U.S. permanent establishment or fixed base) 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 held by a 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, are not attributable to a U.S. permanent establishment or fixed base) 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 W-8BEN-E 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.
- the Non-U.S. Owner is 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.

Payments of interest on a note held by a Non-U.S. Owner that are effectively connected with a trade or business of the Non-U.S. Owner within the United States (and if an income tax treaty applies, are attributable to a U.S. permanent establishment or fixed base) may be exempt from U.S. federal withholding taxes, provided you file a properly completed Form W-8ECI (or successor form) with the Withholding Agent. Although exempt from the 30% U.S. federal withholding tax, such payments will be subject to U.S. federal income tax on a net basis at graduated rates as if you were a U.S. Owner and, in the case of a Non-U.S. Owner that is a corporation, may also be subject to U.S. federal branch profits tax.

#### *Disposition or Retirement of Notes*

Generally, you will be 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 (other than amounts attributable to accrued interest, which will be subject to the rule discussed above under “Interest”) 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 certain conditions; or
- the gain is effectively connected with your U.S. trade or business, and if an income tax treaty applies, is generally attributable to a permanent establishment or fixed base in the United States that you maintain.

If any gain realized on a taxable disposition of a note is effectively connected with a U.S. trade or business of a Non-U.S. Owner that is a corporation (and if an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base), such gain may also be subject to U.S. federal branch profits tax.

#### **Information Reporting and Backup Withholding**

Payments of interest (including OID, if any) on notes held by non-exempt U.S. Owners are required to be reported to the IRS and the U.S. 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, individual U.S. Owners are not exempt recipients, while certain entities and Non-U.S. Owners who certify their status as such are exempt recipients.

If an Owner (other than an exempt recipient) 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 timely provided to the IRS.

#### **FATCA Withholding**

The Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act (“**FATCA**”) generally will impose a U.S. federal withholding tax of 30% on payments of interest on the notes and, beginning January 1, 2019, on payments made in respect of gross proceeds from sales or other dispositions of the notes to foreign financial institutions and other non-U.S. entities (whether as beneficial owners or intermediaries) that fail to take required steps to provide certain information regarding its “United States accounts” or its direct or indirect “substantial U.S. owners.” The required steps and the information to be provided will depend on whether the non-U.S. person is a foreign financial institution, and whether an intergovernmental agreement exists between the United States and an applicable foreign country that may modify the applicable requirements.

Prospective Owners should consult their tax advisors regarding the potential application and impact of the FATCA withholding rules on their investment in notes, including the applicability of any intergovernmental agreement modifying these rules.

## 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.

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## PLAN OF DISTRIBUTION

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Under the terms of the Selling Agent Agreement dated July 1, 2014, the notes will be offered from time to time by us to the Purchasing Agent for subsequent resale to the agents and other dealers who are broker-dealers and securities firms. The agents, including the Purchasing Agent, are parties to the Selling Agent Agreement. The notes will be offered for sale in the United States only. Dealers who are members of the Selling Group have executed a Master Selected Dealer Agreement with the Purchasing Agent. We also may appoint additional agents to sell the notes. Any sale of the notes through those additional agents, however, will be on the same terms and conditions to which the original agents have agreed. The Purchasing Agent will purchase the notes at a discount ranging from 0.20% to 2.50% of the non-discounted price for each note sold. However, we also may sell the notes to the Purchasing Agent at a discount greater than or less than the range specified above. The discount at which we sell the notes to the Purchasing Agent will be set forth in the applicable Pricing Supplement. The Purchasing Agent also may sell notes to dealers at a concession not in excess of the discount it received from us. Such dealers may reoffer the notes at a fixed price or at varying prices related to prevailing market prices. In certain cases, the Purchasing Agent and the other agents and dealers may agree that the Purchasing Agent will retain the entire discount. The applicable Pricing Supplement will disclose any particular arrangements as disclosed to us by the Purchasing Agent.

Following the solicitation of orders, each of the agents, severally and not jointly, may purchase notes as principal for its own account from the Purchasing Agent. These notes will be purchased by the agents and resold by them to one or more investors at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices; provided, that unless otherwise set forth in the applicable Pricing Supplement, the notes will be resold by the agents at a fixed public offering price. After the initial public offering of notes, the public offering price (in the case

of notes to be resold at a fixed public offering price), discount, and concession may be changed.

We have the sole right to accept offers to purchase notes and may reject any proposed offer to purchase notes in whole or in part. Each agent also has the right, in its discretion reasonably exercised, to reject any proposed offer to purchase notes in whole or in part. We reserve the right to withdraw, cancel, or modify any offer without notice. We also may change the terms, including the interest rate we will pay on the notes, at any time prior to our acceptance of an offer to purchase.

Each agent, including the Purchasing Agent, may be deemed to be an “underwriter” within the meaning of the Securities Act of 1933. We have agreed to indemnify the agents against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to any payments they may be required to make in respect of such liabilities. We also have agreed to reimburse the agents for certain expenses.

No note will have an established trading market when issued. We do not intend to apply for the listing of the notes on any securities exchange. However, we have been advised by the agents that they may purchase and sell notes in the secondary market as permitted by applicable laws and regulations. The agents are not obligated to make a market in the notes, and they may discontinue making a market in the notes at any time without notice. Neither we nor the agents can provide any assurance regarding the development, liquidity, or maintenance of any trading market for any notes. All secondary trading in the notes will settle in same-day funds.

In connection with certain offerings of notes, the rules of the SEC permit the Purchasing Agent to engage in transactions that may stabilize the price of the notes. The Purchasing Agent will conduct these activities for the agents. These transactions may consist of short sales, stabilizing transactions, and purchases to cover positions created by short sales. A short sale is the sale by the Purchasing Agent of a greater amount of notes than the amount the Purchasing Agent has agreed to purchase in connection with a specific offering of notes. Stabilizing transactions consist of certain bids or purchases made by the Purchasing Agent to prevent or retard a decline in the price of the notes while an offering of notes is in process. In general, these purchases or bids for the notes for the purpose of stabilization or to reduce a syndicate short position could cause the price of the notes to be higher than it might otherwise be in the absence of those purchases or bids. Neither we nor the Purchasing Agent makes any representation or prediction as to the direction or magnitude of any effect that these transactions may have on the price of any notes. In addition, neither we nor the Purchasing Agent makes any representation that, once commenced, these transactions will not be discontinued without notice. The Purchasing Agent is not required to

engage in these activities and may end any of these activities at any time.

The agents or dealers to or through which we may sell notes may engage in transactions with us and perform services for us in the ordinary course of business.

In addition, in the ordinary course of their business activities, the agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the agents or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such agents and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereunder. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereunder. The agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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## **LEGAL MATTERS**

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Certain legal matters will be passed upon by our General Counsel or Deputy General Counsel. Certain legal matters will be passed upon for the agents by Mayer Brown LLP.

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## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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The financial statements incorporated in this Offering Circular by reference to Farmer Mac's annual report on Form 10-K for the year ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015 have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report incorporated herein.

## HOW INTEREST IS CALCULATED ON FLOATING RATE NOTES

Interest, if any, will accrue on floating rate 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 floating rate 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 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 indices or otherwise as so specified in the applicable Pricing Supplement. 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, spread multiplier, maximum interest rate or minimum interest rate applicable to an issue of floating rate notes. In no event will the applicable interest rate 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, an “**Interest 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 an Interest Reset Date.

An issue of floating rate notes may bear interest before its first Interest 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 an Interest Reset Date.

Each period beginning on the applicable Interest Reset Date and ending on the calendar day preceding the next Interest 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.

The applicable Pricing Supplement will indicate if one of the interest rate indices described below applies to a particular issue of floating rate notes or may designate a different interest rate 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 below.

If a page, a screen, or a provider is no longer available, the calculation agent, in its sole judgment, will select the appropriate successor page, screen, or provider.

If the source of an interest rate 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 floating rate notes, the following provisions will apply:

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

- the calculation agent will determine the CD Rate to be the average of the secondary market offered rates as of 10:00 a.m., New York City time, on that CD Determination Date, quoted by three leading non-bank dealers of negotiable U.S. dollar certificates of deposit in New York City for negotiable U.S. dollar certificates of deposit of major United States money-center banks (in the market for negotiable certificates of deposit) with a remaining maturity closest to the Index Maturity. The calculation agent will select the three dealers referred to above; and
- 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 Interest Reset Date.

### *Definitions*

- “**CD Determination Date**” means the second Business Day before the applicable Interest Reset Date.
- “**Index Maturity**” means the period specified in the applicable Pricing Supplement as to which the calculation agent will calculate the applicable interest rate index.

## CMT Rate

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

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

If “Reuters Page FRBCMT” is the specified CMT Reuters Page in the applicable Pricing Supplement:

- the CMT Rate on the CMT Determination Date shall be a percentage equal to the yield for United States Treasury securities at “constant maturity” having the Index Maturity as set forth in H.15 (519) under the caption “Treasury constant maturities,” as such yield is displayed on Reuters (or any successor service) on page FRBCMT (or any other page as may replace such page on such service) (“**Reuters Page FRBCMT**”) for such CMT Determination Date;
- if such rate does not appear on Reuters Page FRBCMT, the CMT Rate on such CMT Determination Date shall be a percentage equal to the yield for United States Treasury securities at “constant maturity” having the Index Maturity and for such CMT Determination Date as set forth in H.15 (519) under the caption “Treasury constant maturities”;
- if such rate does not appear in H.15 (519), the CMT Rate on such CMT Determination Date shall be the rate for the period of the Index Maturity as may then be published by either the Federal Reserve Board or the United States Department of the Treasury (the “**Treasury Department**”) that the calculation agent determines to be comparable to the rate that would otherwise have been published in H.15 (519);
- if the Federal Reserve Board or the Treasury Department does not publish a yield on United States Treasury securities at “constant maturity” having the Index Maturity for such CMT Determination Date, the CMT Rate on such CMT Determination Date shall be calculated by the calculation agent and shall be a yield-to-maturity based on the average of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Determination date of three leading primary United States government securities dealers in New York City (which may include the agents or their affiliates) (each, a “**reference dealer**”) selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity no more than one year shorter than such Index Maturity and in a Representative Amount; and
- if fewer than three prices are provided as requested, the CMT Rate on such CMT Determination Date shall be calculated by the calculation agent and shall be a yield-to-maturity based on the average of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Determination Date of three reference dealers selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity greater than the Index Maturity, a remaining term to maturity closest to such Index Maturity and in a Representative Amount. If two such United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to such index maturity, the quotes for the treasury security with the shorter original term to maturity will be used. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Determination Date shall be calculated by the calculation agent and shall be based on the average of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; *provided, however*, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Determination Date shall be the CMT Rate in effect on such CMT Determination Date.

If “Reuters Page FEDCMT” is the specified CMT Reuters Page in the applicable Pricing Supplement:

- the CMT Determination Date shall be a percentage equal to the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at “constant maturity” having the Index Maturity as set forth in H.15 (519) opposite the caption “Treasury Constant Maturities,” as such yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) (“**Reuters Page FEDCMT**”) for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Determination Date falls;
- if such rate does not appear on Reuters Page FEDCMT, the CMT Rate on such CMT Determination Date shall be a percentage equal to the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at “constant maturity” having the Index Maturity for the week or month, as applicable, preceding such CMT Rate interest determination date as set forth in H.15 (519) opposite the caption “Treasury Constant Maturities”;
- if such rate does not appear in H.15 (519), the CMT Rate on such CMT Determination Date shall be the one-week or one-month, as specified in the applicable Pricing Supplement, average yield for United States Treasury securities at “constant maturity” having the Index Maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Determination Date falls;
- if the Federal Reserve Bank of New York does not publish a one-week or one-month, as specified in the applicable Pricing Supplement, average yield on United States Treasury securities at “constant maturity” having the Index Maturity for the applicable week or month, the CMT Rate on such CMT Determination Date shall be calculated by the calculation agent and shall be a yield-to-maturity based on the average of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Determination Date of three reference dealers selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity of no more than one year shorter than such Index Maturity and in a Representative Amount;
- if fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Determination Date shall be the rate on the CMT Determination Date calculated by the calculation agent based on the average of the bid prices obtained and neither the highest nor the lowest of such quotation shall be eliminated; and
- if fewer than three prices are provided as requested, the CMT Rate on such CMT Determination Date shall be calculated by the calculation agent and shall be a yield-to-maturity based on the average of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Determination Date of three reference dealers selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity longer than the Index Maturity, a remaining term to maturity closest to such Index Maturity and in a Representative Amount. If two United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to such index maturity, the quotes for the Treasury security with the shorter original term to maturity will be used. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Determination Date shall be the rate on the CMT Determination Date calculated by the calculation agent based on the average of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; *provided, however*, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Determination date shall be the CMT Rate in effect on such CMT Determination Date.

## *Definitions*

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

## **Commercial Paper Rate**

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

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

- 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”;
- 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 H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Commercial Paper — Nonfinancial”;
- if a rate is not so published, the calculation agent will select three 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. The Commercial Paper Rate will be the Money Market Yield of the average of the quotations obtained, as determined by the calculation agent; and
- 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 Interest 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 Interest Reset Date.
- “**H.15 Daily Update**” means the daily update of H.15 (519), available through the Internet site of the Federal Reserve Board at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

- “**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.

## **EURIBOR**

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

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

- the rate that appears at 11:00 a.m. (Brussels time) on the EURIBOR Determination Date on “Reuters Page EURIBOR 01” under the caption “EURIBOR” for Deposits in Euros having the Index Maturity;
- if a rate does not so appear, the calculation agent will select four 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 two of the selected banks provide the requested quotations, EURIBOR will be the average of the quotations obtained, as determined by the calculation agent;
- if fewer than two quotations are provided as described above, EURIBOR for such EURIBOR Determination Date will be the average of the rates for loans of the following kind to leading Euro-Zone banks quoted, at approximately 11:00 a.m., Brussels time on the EURIBOR Determination Date, by three major banks in the Euro-Zone selected by the calculation agent: loans of euro having such EURIBOR Index Maturity, beginning on such Interest Reset Date, and in a Representative Amount; and
- if fewer than three banks selected by the calculation agent are quoting as described above, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

### *Definitions*

- “**EURIBOR Determination Date**” means the second TARGET Business Day before the applicable Interest Reset Date, unless EURIBOR is determined under paragraph (3) above, in which case it means the applicable Interest 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.
- “**TARGET Business Day**” means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (“TARGET”) System is operating.

## **Federal Funds Rates**

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

For any Interest Reset Date, the “**Federal Funds Rate**” will be calculated by reference to either the Federal Funds (Effective) Rate, the Federal Funds Open Rate or the Federal Funds Target Rate, and the Federal Funds Rate means (in the following order of priority):

- if “Federal Funds (Effective) Rate” is the specified Federal Funds Rate in the applicable Pricing Supplement, the Federal Funds Rate as of the applicable Federal Funds Determination Date shall be the rate with respect to such date for United States dollar federal funds as published in H.15 (519) opposite the caption “Federal funds (effective),” as such rate is displayed on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) (“**Reuters Page FEDFUNDS1**”) under the heading “EFFECT,” or, if such rate is not so published by 3:00 p.m., New York City time, on the Federal Funds Calculation Date, the rate with respect to such Federal Funds Determination Date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Federal funds (effective).” If such rate does not appear on Reuters Page FEDFUNDS1 or is not yet published in H.15 (519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Federal Funds Calculation Date, then the Federal Funds Rate with respect to such Federal Funds Determination Date shall be calculated by the calculation agent and will be the average of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of U.S. dollar federal funds transactions in New York City (which may include the agents or their affiliates) selected by the calculation agent, prior to 9:00 a.m., New York City time, on the business day following such Federal Funds Determination Date; *provided, however*, that if the brokers so selected by the calculation agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Determination Date will be the Federal Funds Rate in effect on such Federal Funds Determination Date;
- if “Federal Funds Open Rate” is the specified Federal Funds Rate in the applicable Pricing Supplement, the Federal Funds Rate as of the applicable Federal Funds Determination Date shall be the rate on such date under the heading “Federal Funds” for the relevant Index Maturity and opposite the caption “Open” as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) (“**Reuters Page 5**”), or, if such rate does not appear on Reuters Page 5 by 3:00 p.m., New York City time, on the Federal Funds Calculation Date, the Federal Funds Rate for the Federal Funds Determination Date will be the rate for that day displayed on “FFPREBON Index page” on Bloomberg L.P. (“**Bloomberg**”), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 p.m., New York City time, on the related Federal Funds Calculation Date, then the Federal Funds Rate on such Federal Funds Determination Date shall be calculated by the calculation agent and will be the average of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in New York City (which may include the agents or their affiliates) selected by the calculation agent prior to 9:00 a.m., New York City time, on such Federal Funds Determination Date; *provided, however*, that if the brokers so selected by the calculation agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Determination Date will be the Federal Funds Rate in effect on such Federal Funds Determination Date.
- If “Federal Funds Target Rate” is the specified Federal Funds Rate in the applicable Pricing Supplement, the Federal Funds Rate as of the applicable Federal Funds Determination Date shall be the rate on such date as displayed on the “FDTR Index page” on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 p.m., New York City time, on the Federal Funds Calculation Date, the Federal Funds Rate for such Federal Funds Determination Date will be the rate for that day appearing on Reuters Page USFFTARGET= (or any other page as may replace such page on such service) (“**Reuters Page USFFTARGET=**”). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 p.m., New York City time, on the related Federal Funds Calculation Date, then the Federal Funds Rate on such Federal Funds Determination Date shall be calculated by the calculation agent and will be the average of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in New York City (which may include the agents or their affiliates) selected by the calculation agent prior to 9:00 a.m., New York City time, on such Federal Funds Determination Date.

## *Definitions*

- “**Federal Funds 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 Federal Funds Determination Date, or, if any such day is not a Business Day, the next succeeding Business Day.
- “**Federal Funds Determination Date**” means the second Business Day before the applicable Interest Reset Date.

## **LIBOR**

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

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

- the rate that appears at 11:00 a.m. (London time) on the LIBOR Determination Date on Reuters on page LIBOR01 (or any other page as may replace such page on such service for the purpose of displaying the London interbank rates of major banks for the designated LIBOR currency) (“Reuters Page LIBOR01”) for Deposits in the Index Currency having the Index Maturity;
- if a rate does not so appear, the calculation agent will select four 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 two of the selected banks provide the requested quotations, LIBOR will be the average of the quotations obtained, as determined by the calculation agent;
- if fewer than two of the selected banks provide the requested quotations, the calculation agent will select three 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 Interest 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. LIBOR will be the average of the quotations obtained, as determined by the calculation agent; and
- if fewer than three of the selected banks provide the requested quotations, LIBOR will remain LIBOR in effect on the immediately preceding Interest Reset Date.

## *Definitions*

- “**Deposits**” means deposits commencing on the applicable Interest Reset Date.
- “**LIBOR Determination Date**” means the second London Banking Day before the applicable Interest Reset Date. However, if the Index Currency is British pounds sterling, LIBOR Determination Date means the applicable Interest Reset Date, and if the Index Currency is Euros, LIBOR Determination Date means the second TARGET Business Day before the applicable Interest Reset Date (unless LIBOR is determined in accordance with paragraph (3) above, in which case it means the applicable Interest 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.

### **Prime Rate**

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

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

- the prime rate or base lending rate on that date, as published in H.15 (519) by 3:00 p.m., New York City time, on the Prime Rate Calculation Date for the Prime Rate Determination Date under the heading “Bank Prime Loan” or, if not published by 3:00 p.m., New York City time, on the Prime Rate Calculation Date, the rate on the Prime Rate Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Bank Prime Loan”;
- if the rate is not published in H.15 (519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the Prime Rate Calculation Date, then the calculation agent will determine the Prime Rate to be the average of the rates of interest publicly announced by each bank that appears on USPRIME1 as that bank’s prime rate or base lending rate as in effect for the Prime Rate Determination Date;
- if at least one rate but fewer than four rates appear on USPRIME1 on the Prime Rate Determination Date, then the Prime Rate will be the average of the prime rates or base lending rates quoted (on the basis of the actual number of days in the year divided by a 360-day year) as of the close of business on the Prime Rate Determination Date by three major money center banks in the City of New York selected by the calculation agent; and
- if the banks selected by the calculation agent are not quoting as mentioned above, the Prime Rate will remain the Prime Rate then in effect on the Prime Rate Determination Date.

### *Definitions*

- “**Prime Rate 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 Prime Rate Determination Date, or, if any such day is not a Business Day, the next succeeding Business Day.
- “**Prime Rate Determination Date**” means the first Business Day before the applicable Interest Reset Date.
- “**USPRIME1**” means the display on the Reuters 3000 Xtra Service (or any successor service) on the “USPRIME1 Page” (or such other page as may replace the USPRIME1 Page on such service) for the purpose of displaying Prime Rates or base lending rates of major U.S. banks.

### **Treasury Rate**

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

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

- the rate from the auction held on a Treasury Rate Determination Date (the “auction”) of direct obligations of the United States (“**Treasury Bills**”) having the Index Maturity, listed under the caption “INVEST RATE” on the display on Reuters page USAUCTION10 (or any other page as may replace such page on such service) or page USAUCTION11 (or any other page as may replace such page on such service) by 3:00 p.m., New York City time, on the Treasury Rate Calculation Date for such Treasury Rate Determination Date;

- if the rate is not so published by 3:00 p.m., New York City time, on the Treasury Rate Calculation Date, the Treasury Rate will be the Bond Equivalent Yield (as defined below) of the auction rate of such Treasury Bills as published in H.15 Daily Update, or such recognized electronic source used for the purpose of displaying such rate, under the caption “U.S. Government Securities/ Treasury Bills/ Auction High”;
- if the rate is not so published by 3:00 p.m., New York City time, on the Treasury Rate Calculation Date and cannot be determined as described in the immediately preceding paragraph, the Treasury Rate will be the Bond Equivalent Yield of the auction rate of such Treasury Bills as otherwise announced by the Treasury Department;
- if the results of the most recent auction of Treasury Bills having the Index Maturity are not published or announced as described above by 3:00 p.m., New York City time, on the Treasury Rate Calculation Date, or if no auction is held on the Treasury Rate Determination Date, then the Treasury Rate will be the Bond Equivalent Yield on such Treasury Rate Determination Date of Treasury Bills having the Index Maturity as published in H.15 (519) under the caption “U.S. Government Securities/ Treasury Bills/ Secondary Market” or, if not published by 3:00 p.m., New York City time, on the related Treasury Rate Calculation Date, the rate on such Treasury Rate Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “U.S. Government Securities/ Treasury Bills (Secondary Market)”;
- if such rate is not published in H.15 (519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the Treasury rate Calculation Date, then the calculation agent will determine the Treasury Rate to be the Bond Equivalent Yield of the average of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on the Treasury Rate Determination Date of three leading primary U.S. government securities dealers (which may include the Agents or their affiliates) for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity. The calculation agent will select the three dealers referred to above; and
- if fewer than three dealers selected by the calculation agent are quoting as mentioned above, the Treasury Rate will remain the Treasury Rate then in effect on that Treasury Rate Determination Date.
- **“Bond Equivalent Yield”** means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where “D” refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, “N” refers to 365 or 366, as the case may be, and “M” refers to the actual number of days in the applicable interest reset period.

- **“Treasury Rate 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 Treasury Rate Determination Date, or, if any such day is not a Business Day, the next succeeding Business Day.
- **“Treasury Rate Determination Date”** means the day of the week in which the Interest Reset Date falls on which Treasury Bills of the same index maturity are normally auctioned. Treasury Bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on Tuesday. Sometimes, the auction is held on the preceding Friday. If an auction is held on the preceding Friday, that day will be the interest determination date relating to the Interest Reset Date occurring in the next week. If an auction falls on any Interest Reset Date, then the Interest Reset Date will instead be the first business day immediately following the auction date.