

OFFERING CIRCULAR SUPPLEMENT

*(To the Offering Circular dated October 18, 2010)*

**FEDERAL FARM CREDIT BANKS  
CONSOLIDATED SYSTEMWIDE RETAIL BONDS**



The Offering Circular Supplement amends and supplements the Offering Circular dated October 18, 2010, as amended, and should be read in conjunction therewith. The terms “we,” “us,” “our,” and the “Banks,” as used throughout this Offering Circular Supplement mean the Farm Credit System Banks, acting by and through the Federal Farm Credit Banks Funding Corporation.

We propose to offer and sell from time to time the Federal Farm Credit Banks Consolidated Systemwide Retail Bonds (the “Retail Bonds”) by means of the Federal Farm Credit Banks Consolidated Systemwide Bonds and Federal Farm Credit Banks Consolidated Systemwide Discount Notes Offering Circular dated as of October 18, 2010 (the “Offering Circular”), as amended and supplemented, and this Offering Circular Supplement and a Term Sheet. The Retail Bonds, together with the Federal Farm Credit Banks Consolidated Systemwide Bonds and the Federal Farm Credit Banks Consolidated Systemwide Discount Notes (collectively, the “Securities”), are the general unsecured joint and several obligations of the Banks and will be issued under the Farm Credit Act of 1971, as amended (the “Act”), and the Farm Credit Securities Regulations of the Farm Credit Administration (the “Regulations”). Disclosure regarding “Securities” in the Offering Circular shall apply to the Retail Bonds unless such disclosure would conflict with the disclosure in this Offering Circular Supplement, in which case the disclosure herein shall apply.

Any terms not defined in this Offering Circular Supplement shall have the meanings ascribed to them in the Offering Circular.

Unless otherwise specified by us with respect to a particular issue of Retail Bonds, the following terms and conditions generally apply to the Retail Bonds which we may offer. The applicable Term Sheet will contain the specific information for each Retail Bond and may contain additional terms and conditions related to that Retail Bond.

- Maturity of one year to thirty years from date of issue
- Fixed or floating interest rate or discounted from the amount to be paid at maturity
- Interest payment dates at monthly, quarterly, semi-annual or annual intervals
- Book-entry form (through the Depository Trust Company)
- Minimum denominations of \$1,000 and integral multiples of \$1,000 (for Fixed-Rate and Zero-Coupon Retail Bonds)
- Minimum denominations of \$100,000 and integral multiples of \$1,000 (for Floating-Rate Retail Bonds and Fixed-Rate Retail Bonds with highly structured features)
- May be subject to early repayment and/or redemption provisions on a restricted basis at the option of the Banks or the option of the holder

*The date of this Offering Circular Supplement is April 22, 2011.*

**THE SECURITIES ARE THE JOINT AND SEVERAL OBLIGATIONS OF THE BANKS AND ARE NOT OBLIGATIONS OF AND ARE NOT GUARANTEED BY THE UNITED STATES GOVERNMENT. THE SECURITIES ARE NOT REQUIRED TO BE REGISTERED AND HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED. IN ADDITION, THE BANKS ARE NOT REQUIRED TO REGISTER OR FILE, AND DO NOT FILE, PERIODIC REPORTS UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.**

For a discussion of certain of the risks that should be considered in connection with an investment in the Retail Bonds, see “Risk Factors” in this Offering Circular Supplement and the “Risk Factors” in the accompanying Offering Circular and in the most recent Annual Information Statement and Quarterly Information Statement and as may be set forth in other Incorporated Information. Also please refer to “Documents Incorporated by Reference” in the Offering Circular.

We may sell the Retail Bonds to or through Incapital LLC (the “Lead Dealer”) (or another Lead Dealer we may designate) and the Lead Dealer may sell the Retail Bonds to other dealers who have entered into a Retail Bond Selling Group Agreement with us (“Participating Dealers” and together with the Lead Dealer, “Dealers”) or to other distributors. The current Lead Dealer and a current list of Participating Dealers and other distributors who may sell the Retail Bonds on our behalf will be posted on the Funding Corporation’s website at [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com).

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### ABOUT THIS OFFERING CIRCULAR SUPPLEMENT

You should read this Offering Circular Supplement together with the Offering Circular which accompanies this Offering Circular Supplement, and all documents that are incorporated by reference in the Offering Circular, which contain important information. See “Documents Incorporated by Reference and Available Information” in the Offering Circular. Capitalized terms used in this Offering Circular Supplement have the meanings we gave them in the Offering Circular, unless otherwise specified.

This Offering Circular Supplement sets forth certain terms of the Retail Bonds that we may offer and supplements the Offering Circular. To the extent this Offering Circular Supplement conflicts with the disclosure in the Offering Circular, the disclosure in this Offering Circular Supplement shall apply.

The applicable Term Sheet will contain the specific information about the Retail Bonds offered thereby and the terms of the offering and may contain additional or different terms and conditions related to those Retail Bonds that are different from the information contained in this Offering Circular Supplement or the Offering Circular. To the extent that the applicable Term Sheet conflicts with the Offering Circular or the Offering Circular Supplement, the information set forth in the Term Sheet shall apply.

### RISK FACTORS

Retail Bonds may not be suitable investments for you. You should not purchase any of the Retail Bonds unless you understand and are able to bear the price, yield, market, liquidity, structure, redemption and other risks associated with that Retail Bond. You should also read and evaluate the discussion of risk factors that appears in the section entitled “Risk Factors” in the Offering Circular and as may be set forth in the Incorporated Information.

**The Retail Bonds will clear and settle through the Depository Trust Company (“DTC”) rather than the Federal Reserve Banks.**

The secondary market for Retail Bonds may be less liquid than the secondary market for comparable Federal Farm Credit Banks Consolidated Systemwide Securities which clear and settle on the Fed Book-Entry System.

### DESCRIPTION OF THE RETAIL BONDS

The terms and conditions described in this section will apply to each issuance of Retail Bonds unless the applicable Term Sheet states otherwise.

#### General

The Retail Bonds will be issued pursuant to authorizing resolutions adopted by the boards of directors of each Bank and under the authority of the Act and the Regulations. Pursuant to the Act, the Banks are jointly and severally liable on the Retail Bonds and all other Securities. Pursuant to the Regulations, the

Retail Bonds, as unsecured debt obligations, rank equally with each other and with other unsecured debt securities for which the Banks are jointly and severally liable.

The Retail Bonds will be issued in the form of global notes in fully registered form. We may elect to issue the Retail Bonds in the form of one or more master notes. A master note will evidence the indebtedness of the Banks under one or more Retail Bond issuances issued or to be issued under the Global Agency Agreement between the Funding Corporation and U.S. Bank Trust National Association (the "Processing Agent"). The terms of each Retail Bond issuance evidenced by a master note shall be identified on the records of the Funding Corporation maintained by the Processing Agent. At the request of the registered owner of a master note, we shall promptly issue and deliver one or more separate global notes evidencing each Retail Bond issuance evidenced by the master note. We refer to each of these notes as a registered global note.

Upon issuance, all Retail Bonds having the same Issue Date, interest rate, stated maturity, CUSIP number and other terms, if any, will be represented by a master note. DTC will act as securities depository for all of the registered master notes and global notes. These registered master notes will be deposited with the registrar (as more fully explained below) as custodian and registered in the name of Cede & Co., a nominee of DTC.

Master notes and global notes may be registered for transfer or exchange at the designated office of the Processing Agent. The Processing Agent is acting solely as registrar, transfer agent, issuing and paying agent, and does not assume any obligation or relationship of agency or trust for or with any holder of a Retail Bond, except that any moneys held by the Processing Agent for payment on a Retail Bond shall be held for the benefit of the holder thereof as provided in the Global Agency Agreement between us and the Processing Agent. The transfer or exchange of interests in master notes or global notes will be effected as specified in "DTC Book-Entry System" below.

Retail Bonds may be issued as original issue discount securities. An original issue discount security is a security that is issued at more than a *de minimis* discount from the principal amount payable at maturity. Upon redemption, repayment or acceleration of the maturity of an original issue discount security, normally an amount less than the principal amount will be payable. For additional information regarding payments upon acceleration of the maturity of an original issue discount security and regarding the United States federal income tax consequences of original issue discount securities see "Certain Tax Considerations" in the Offering Circular.

#### **Payment of Principal and Interest**

Payments on the Retail Bonds held on the DTC book-entry system will be made through the Processing Agent to DTC in accordance with DTC's procedures. DTC will be responsible for crediting the payment to the accounts of the appropriate DTC participants in accordance with its normal procedures. Each DTC participant and each other financial intermediary in the chain to the beneficial owner of a Retail Bond will be responsible for remitting payments to the beneficial owner. See "DTC Book-Entry System" below.

Interest payments on the Retail Bonds will include interest accrued from and including the Issue Date or the most recent Interest Payment Date to or for which interest has been paid or duly provided, to but excluding the next succeeding Interest Payment Date. Interest will be payable at the interest rate per annum stated with respect to such Retail Bond in the applicable Term Sheet until the principal of such Retail Bond is paid or made available for payment. Interest will be payable on each Interest Payment Date and at maturity. Interest will be payable to the holder in whose name a Retail Bond is registered at the close of business on the Business Day prior to the Interest Payment Date, such date is the "Record Date."

If the Interest Payment Date or the Maturity Date for any Retail Bond falls on a day that is not a Business Day, the payment of principal and interest shall be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from such Interest Payment Date or Maturity Date, as the case may be, to the actual date of the payment.

The Interest Payment Dates for a Retail Bond, other than a Zero-Coupon Retail Bond, will be as follows:

<u>Interest Payments</u>	<u>Interest Payment Dates</u>
Monthly . . . . .	Typically on the fifteenth calendar day of each month, commencing in the first succeeding calendar month following the month in which the Retail Bond is issued.
Quarterly . . . . .	Typically on the fifteenth calendar day of every third month, commencing in the third succeeding month following the month in which the Retail Bond is issued.
Semi-annual . . . . .	Typically on the fifteenth calendar day of every sixth month, commencing in the sixth succeeding month following the month in which the Retail Bond is issued.
Annual . . . . .	Typically on the fifteenth calendar day of every twelfth month, commencing in the twelfth succeeding month following the month in which the Retail Bond is issued.

The interest rates on Retail Bonds may differ depending upon, among other things, prevailing market conditions at the time of issuance. Although we may change the interest rates and other terms of the Retail Bonds from time to time, no change will affect any Retail Bond already issued or as to which we have accepted an offer to purchase. Please refer to the "Interest Rates" section of the Offering Circular for more information.

**Redemption**

Unless designated in the applicable Term Sheet, we will not redeem the Retail Bonds prior to maturity. Retail Bonds will not be subject to any sinking fund. If, however, the applicable Term Sheet provides that we may redeem the related Retail Bonds prior to maturity at our discretion, that Term Sheet will also specify the Redemption Date(s) and price(s). If applicable, Retail Bonds may be redeemed in whole from time to time upon not less than five Business Days' notice.

We may at any time purchase Retail Bonds at any price or prices in the open market or otherwise. Such Retail Bonds may be held, resold or cancelled by us.

**Repayment Upon Death**

*General*

Pursuant to the exercise of the Survivor's Option (as defined below) if applicable, we will repay any Retail Bond (or a portion thereof) properly requested for repayment by or on behalf of the person that has authority to act on behalf of the deceased owner of the beneficial interest in such Retail Bond under the laws of the appropriate jurisdiction including, without limitation, the Survivor Representative, as defined below, at a price equal to 100% of the principal amount of the beneficial interest of the deceased owner in such Retail Bond plus accrued and unpaid interest to the date of such repayment (or at a price equal to the accreted face amount for original issue discount securities on the repayment date).

*Limitations and Restrictions on the Survivor's Option*

If the applicable Term Sheet for a particular Retail Bond so states, the Survivor Representative, as defined below, of that Retail Bond will have the right to require us to repay such Retail Bond prior to its Maturity Date upon the death of its beneficial owner under the procedures and restrictions described herein. Thereafter, we will repay any Retail Bond (or portion thereof) properly requested to be repaid by or on behalf of the person with authority to act on behalf of the deceased owner of the beneficial interest in such Retail Bond under the laws of the appropriate jurisdiction (including, without limitation, the personal representative, executor, surviving joint tenant or surviving tenant by the entirety of such deceased beneficial owner) (the "Survivor Representative") at a price equal to 100% of the principal amount of such beneficial interest plus accrued and unpaid interest to the date of such repayment, subject to certain limitations as described below. We call this right the "Survivor's Option."

Upon exercise of the Survivor's Option, we will, at our option, either repay or purchase the related Retail Bond properly requested for repayment by or on behalf of the Survivor Representative at a price equal to the sum of:

- 100% of the principal amount of such Retail Bond (or, for Zero-Coupon Retail Bonds, the accreted face amount), and
- accrued and unpaid interest, if any, to the date of such repayment.

The following limitations will apply:

The Survivor's Option may be exercised so long as the notes were acquired by the deceased beneficial owner at least 12 months prior to the date on which the repayment request is made (the "Hold Period"). In addition, we may limit the aggregate principal amount of Retail Bonds as to which the Survivor's Option may be exercised as follows:

- In any calendar year, we may limit the aggregate principal amount to the greater of 1% of the outstanding aggregate principal amount of Retail Bonds as of December 31 of the most recently completed year or \$1,000,000. We call this limitation the "Annual Aggregate Survivor's Option Limitation."
- For any individual deceased beneficial owner of Retail Bonds, we may limit the aggregate principal amount to \$200,000 for any calendar year. We call this limitation the "Individual Survivor's Option Limitation."

We will not make principal repayments pursuant to the exercise of the Survivor's Option in amounts that are less than \$1,000. If the limitations described above would result in the partial repayment of any Retail Bond, the principal amount of the Retail Bond remaining outstanding after repayment must be at least \$1,000.

Each Retail Bond repayment request made pursuant to a valid exercise of the Survivor's Option will be accepted promptly in the order all such repayment requests are made, unless the acceptance of that repayment request would contravene the Annual Aggregate Survivor's Option Limitation or the Individual Survivor's Option Limitation. If, as of the end of any calendar year, the aggregate principal amount of Retail Bonds that have been accepted pursuant to exercise of the Survivor's Option during that year has not exceeded the Annual Aggregate Survivor's Option Limitation for that year, any Retail Bonds not accepted during that calendar year because of the Individual Survivor's Option Limitation will be accepted in the order all such Retail Bond repayment requests were made, to the extent that any such acceptance would not trigger the Annual Aggregate Survivor's Option Limitation for such calendar year. If any portion of the repayment request exceeds the permissible Annual Aggregate Survivor's Option Limitation for the calendar year, the remainder of that repayment will be made on the next available Interest Payment Date of the following calendar year, subject to that calendar year's Annual Aggregate Survivor's Option Limitation.

#### ***Repayment Procedures***

We will make repayments on any Retail Bonds accepted for repayment pursuant to the exercise of the Survivor's Option. Any Retail Bond accepted for repayment pursuant to the exercise of the Survivor's Option will be repaid on the next applicable scheduled Interest Payment Date as set forth in the applicable Term Sheet, provided however that such repayment will occur at least 20 calendar days after the date of acceptance. For example, on a Retail Bond which pays quarterly in January, April, July and October, if the acceptance date for a request for repayment made pursuant to the Survivor's Option were February 1, 2011, we would be obligated to repay those Retail Bonds on April 15, 2011. However, if the acceptance date were April 1, 2011, we would be obligated to repay those Retail Bonds on July 15, 2011. If any date on which a Retail Bond is to be repaid is not a Business Day, payment will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from such repayment date to the actual date of payment. Each request for repayment that is not accepted in any calendar year due to the application of the Annual Aggregate Survivor's Option Limitation will be deemed to be accepted in the

following calendar year in the order in which all such repayment requests were originally accepted, unless any such Retail Bond is withdrawn by the representative for the deceased beneficial owner prior to its repayment. Other than as described in the immediately preceding sentence, a request for repayment made upon exercise of the Survivor's Option may not be withdrawn. In the event that a request for repayment pursuant to valid exercise of the Survivor's Option is not accepted, the Processing Agent will deliver a notice by first-class mail to the Survivor Representative that states the reason that the Retail Bond has not been accepted for repayment. Following receipt of such notice from the Processing Agent, the Survivor Representative may withdraw any such request and the exercise of the Survivor's Option, provided however that such withdrawal is not within 20 Business Days of the next scheduled Interest Payment Date.

Subject to the Annual Aggregate Survivor's Option Limitation and the Individual Survivor's Option Limitation, all questions as to the eligibility or validity of any exercise of the Survivor's Option will be determined by us, either directly or through the Processing Agent.

The death of a person owning a Retail Bond in joint tenancy or tenancy by the entirety will be deemed the death of the beneficial owner of the Retail Bond, and the entire principal amount of the Retail Bond so held will be subject to the Survivor's Option. The death of a person owning a Retail Bond by tenancy in common will be deemed the death of the beneficial owner of a Retail Bond only with respect to the deceased holder's interest in the Retail Bond so held by tenancy in common. However, if a Retail Bond is held by spouses as tenants in common, the death of either will be deemed the death of the beneficial owner of the Retail Bond, and the entire principal amount of the Retail Bond so held will be subject to the Survivor's Option. The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial interests of ownership of a Retail Bond will be deemed the death of the beneficial owner for purposes of the Survivor's Option, regardless of the holder, if such beneficial interest can be established to the satisfaction of us, acting either directly or through the Processing Agent. Such beneficial interest will be deemed to exist in typical cases of nominee ownership, ownership under the Uniform Gifts to Minors Act, community property or other joint ownership arrangements between spouses and trust arrangements where one person has substantially all of the beneficial ownership interest in the Retail Bond during his or her lifetime.

Subject to the foregoing, in order to validly exercise a Survivor's Option, the Survivor Representative must make a request for repayment through an appropriate financial institution ("Financial Institution"). The request must include the following:

- a written request for repayment signed by the Survivor Representative, with a medallion signature guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority ("FINRA") or a commercial bank or trust company having an office or correspondent in the United States;
- appropriate evidence that (1) the Survivor Representative has authority to act on behalf of the deceased beneficial owner; (2) the death of such beneficial owner has occurred; (3) the deceased was the beneficial owner of the Retail Bond at the time of death; and (4) the Retail Bond had been held for the applicable Hold Period;
- if applicable, a properly executed assignment or endorsement; and
- if the beneficial interest in the Retail Bond is held by a nominee of the deceased beneficial owner, a certificate from such nominee attesting to the deceased's ownership of a beneficial interest in the Retail Bond.

The DTC participant will be responsible for disbursing any payments it receives pursuant to exercise of the Survivor's Option to the appropriate representative. See "DTC Book-Entry System" below.

We have attached as Annex A to this Offering Circular Supplement the forms to be used by a Survivor Representative's Financial Institution to exercise the Survivor's Option on behalf of a deceased beneficial owner of a Retail Bond. In addition, a representative may obtain these forms from U.S. Bank Corporate

Trust Services, EP-MN-WS2N, 60 Livingston Avenue, St. Paul, MN 55107, or call (800) 934-6802 during normal business hours.

### *Tax Treatment*

Please see the discussions under “United States Owners” and “Non-United States Owners — In General” in the Offering Circular for a discussion of certain federal income tax consequences of a repayment of the Retail Bonds pursuant to the exercise of a Survivor’s Option.

### **DTC BOOK-ENTRY SYSTEM**

Upon issuance, all Retail Bonds having the same Issue Date, interest rate, stated maturity, CUSIP number and other terms, if any, will be represented by a master note. Each master note will be deposited with or on behalf of DTC and registered in the name of DTC’s nominee. Except as described below, master notes may be transferred, in whole and not in part, only by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. So long as DTC or its nominee is the registered owner of any master note, DTC or its nominee will be considered the sole holder of the Retail Bond for all purposes.

DTC has advised us as follows: 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, as amended. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among DTC participants (“Direct Participants”) of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, eliminating the need for physical movement of securities certificates. Direct Participants include 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. Access to DTC’s system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly, which DTC refers to as “Indirect Participants.”

Purchases of interests in the Retail Bonds under DTC’s system must be made by or through Direct Participants, which will receive a credit for such Retail Bonds on Direct and Indirect Participant’s records. The ownership interest of each beneficial owner is in turn to be recorded on DTC’s Participants’ records. Beneficial owners will not receive confirmation from DTC of their purchase, but beneficial owners are expected to receive 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 ownership interests in the master 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 ownership interests in the master notes.

To facilitate subsequent transfers, all master notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of master notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the interests in the master notes; DTC’s records reflect only the identity of Direct Participants to whose accounts interests in the master notes are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to its Participants, by Direct Participants to Indirect Participants, and by Direct 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.



Principal and interest payments on the master notes will be made to DTC. DTC will then credit Direct Participants' accounts on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to beneficial owners will be governed by standing instructions and customary practices, and will be the responsibility of such Participant and not of DTC, the Processing Agent or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is our responsibility acting directly or through the Processing Agent. Disbursement of such payments to Direct Participants is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and the DTC book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

### SUPPLEMENTAL PLAN OF DISTRIBUTION

We will sell the Retail Bonds to or through the Lead Dealer as principal or if so designated by us, as agent, and the Lead Dealer may sell the Retail Bonds to Participating Dealers or other distributors. Unless otherwise set forth in the applicable Term Sheet, such Retail Bonds will be resold to one or more investors and other purchasers at a fixed public offering price. We may appoint additional Participating Dealers to solicit purchases of the Retail Bonds, provided, however, that any such solicitation and sale of the Retail Bonds shall be on the same terms and conditions to which the Participating Dealers have agreed in the Retail Bond Selling Group Agreement.

The Lead Dealer, the Participating Dealers and the other distributors will be paid a concession in accordance with the Retail Bond Selling Group Agreement and the applicable Term Sheet. Unless otherwise agreed, the concession will be a percentage of the principal amount for each Retail Bond sold, depending on the maturity. We will have the sole right to accept offers to purchase Retail Bonds, and may reject any proposed purchase of Retail Bonds in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Retail Bonds in whole or in part. We reserve the right to withdraw, cancel or modify the offer without notice.

The Lead Dealer may sell Retail Bonds to a Participating Dealer at a discount not in excess of the discount it received from us (the "Dealer Concession"). The Lead Dealer may also sell Retail Bonds to other distributors at a discount not in excess of the Dealer Concession (the "Selling Concession"). After the initial public offering of an installment of Retail Bonds to be resold by a Dealer to investors and other purchasers, the public offering price (in the case of Retail Bonds to be resold at a fixed public offering price), Concessions and discount may be changed.

No Retail Bond will have an established trading market upon issuance. The Retail Bonds will not be listed on any securities exchange. We have been advised by the Dealers that the Dealers intend to make a market in Retail Bonds as permitted by applicable laws and regulations, however, they are not obligated to do so and may discontinue any market-making at any time without notice. No assurance may be given as to the liquidity of any market for any Retail Bonds that may be established by the Dealers.

In connection with an offering of Retail Bonds, the Lead Dealer may engage in certain transactions that stabilize, maintain or otherwise affect the price of the Retail Bonds. The Lead Dealer may create a short position in the Retail Bonds in connection with an offering of Retail Bonds by selling Retail Bonds with a principal amount greater than that set forth in the applicable Term Sheet, and may reduce that short position by purchasing the Retail Bonds in the open market. In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. We and the Lead Dealer make no representation or prediction as to the direction or magnitude of any effect that the transaction described above may have on the price of the Retail Bonds. In addition, we and the Lead Dealer make no representation that the Lead Dealer will engage in such transactions, or that such transactions, once commenced, will be continued. If the Lead Dealer engages in such transactions, it will do so on its own behalf and not as our agent.

We and the Dealers have agreed in the applicable Selling Group Agreements to indemnify each other against and contribute toward certain liabilities.

The Dealers and their affiliates may perform services for us in the normal course of business.

Copies of the Retail Bond Selling Group Agreement, as in effect from time to time, are available for inspection upon request to the General Counsel of the Funding Corporation at 10 Exchange Place, Suite 1401, Jersey City, New Jersey 07302.

See "Offering Information and Sales Restrictions" in the Offering Circular regarding offering documentation and limitations on the offering and sales of Securities, including Retail Bonds.

**REPAYMENT ELECTION FORM**

CUSIP NO. \_\_\_\_\_

To: The Funding Corporation as agent for the Farm Credit System Banks (the "Banks")

The undersigned financial institution (the "Financial Institution") represents the following:

- The Financial Institution has received a written request for repayment from the executor or other survivor representative (the "Survivor Representative") of the deceased beneficial owner listed below (the "Deceased Beneficial Owner") of Retail Bonds CUSIP No. \_\_\_\_\_ (the "Retail Bonds").
- The Hold Period for the Retail Bonds in the principal amount listed below has been satisfied and the Financial Institution currently holds Retail Bonds as a Direct or Indirect Participant in the Depository Trust Company ("DTC").

The Financial Institution agrees to the following terms:

- The Financial Institution shall follow the instructions (the "Instructions") accompanying this Repayment Election Form (the "Form").
- The Financial Institution shall make all records specified in the Instructions supporting the above representations available to the Processing Agent for inspection and review within five Business Days of the Processing Agent's request.
- If the Financial Institution or the Processing Agent, in either's reasonable discretion, deems any of the records specified in the Instructions supporting the above representations unsatisfactory to substantiate a claim for repayment, the Financial Institution shall not be obligated to submit this Form, and the Processing Agent may deny repayment. If the Financial Institution cannot substantiate a claim for repayment, it shall notify the Processing Agent immediately.
- Other than as described in this Offering Circular Supplement in the limited situation involving request for repayment exercised pursuant to the Survivor's Option that are not accepted during one calendar year as a result of the "Annual Aggregate Survivor's Option Limitation," repayment elections may not be withdrawn. The Financial Institution agrees to indemnify and hold harmless the Banks, the Funding Corporation (and the Processing Agent indicated in paragraph 12 of the Instructions to this Form) against and from any and all claims, liabilities, costs, losses, expenses, suits and damages resulting from the Financial Institution's above representations and request for repayment on behalf of the Survivor Representative.

**REPAYMENT ELECTION FORM**

**CUSIP No.** \_\_\_\_\_

(1) \_\_\_\_\_  
Name of Deceased Beneficial Owner

(2) \_\_\_\_\_  
Date of Death

(3) \_\_\_\_\_  
Name of Survivor Representative Requesting Repayment

(4) \_\_\_\_\_  
Name of Financial Institution Requesting Repayment

(5) \_\_\_\_\_  
Signature of Representative of Financial Institution Requesting Repayment

(6) \_\_\_\_\_  
Principal Amount of Requested Repayment

(7) \_\_\_\_\_  
Date of Election

(8) Financial Institution Representative:  
Name:  
Phone Number:  
Fax Number:  
Mailing Address (no P.O. Boxes):  
E-mail Address:

(9) U.S. Bank's Delivery Versus Payment Instructions\*:  
U.S. Bank Trust National Association  
DTC Participant Number \_\_\_\_\_

**TO BE COMPLETED BY THE PROCESSING AGENT:**

(A) Election Number:  
(B) Delivery and Payment Date:  
(C) Principal Amount:  
(D) Accrued Interest:  
(E) Date of Receipt of Form by the Processing Agent:  
(F) Date of Acknowledgment by the Processing Agent:

\* Delivery of the Retail Bonds subject to repayment must be made on the repayment date and not prior to the repayment date. Delivery should be made in accordance with U.S. Bank's Delivery Versus Payment Instructions as provided on line (9) above.

**INSTRUCTIONS FOR COMPLETING REPAYMENT ELECTION FORM  
AND EXERCISING REPAYMENT OPTION**

Capitalized terms used and not defined herein have the meanings defined in the accompanying Repayment Election Form.

1. Collect and retain for a period of at least three years (A) satisfactory evidence of the authority of the Survivor Representative, (B) satisfactory evidence of death of the Deceased Beneficial Owner, (C) satisfactory evidence that the Deceased Beneficial Owner beneficially owned, at the time of his or her death, the Retail Bonds being submitted for repayment, and (D) any necessary tax waivers. For purposes of determining whether the Retail Bonds will be deemed to be beneficially owned by an individual at the time of death, the following rules shall apply:

- Retail Bonds beneficially owned by tenants by the entirety or joint tenants will be regarded as beneficially owned by a single owner. The death of a tenant by the entirety or joint tenant will be deemed the death of the beneficial owner, and the Retail Bonds beneficially owned will become eligible for repayment. The death of a person beneficially owning a Retail Bond by tenancy in common will be deemed the death of a holder of a Retail Bond only with respect to the deceased holder's interest in the Retail Bond so held by tenancy in common, unless spouses are the tenants in common, in which case the death of either will be deemed the death of the holder of the Retail Bond, and the entire principal amount of the Retail Bond so held will be eligible for repayment.
- Retail Bonds beneficially owned by a trust will be regarded as beneficially owned by each beneficiary of the trust to the extent of that beneficiary's interest in the trust (however, a trust's beneficiaries, collectively, cannot be beneficial owners of more Retail Bonds than are owned by the trust). The death of a beneficiary of a trust will be deemed the death of the beneficial owner of the Retail Bonds beneficially owned by the trust to the extent of that beneficiary's interest in the trust. The death of an individual who was a tenant by the entirety or joint tenant in a tenancy, which is the beneficiary of a trust, will be deemed the death of the beneficiary of the trust. The death of an individual who was a tenant in common in a tenancy which is the beneficiary of a trust, will be deemed the death of the beneficiary of the trust only with respect to the deceased holder's beneficial interest in the Retail Bond, unless spouses are the tenants in common, in which case the death of either will be deemed the death of the beneficiary of the trust.
- The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial interest in a Retail Bond will be deemed the death of the beneficial owner of that Retail Bond, regardless of the registration of ownership, if such beneficial interest can be satisfactorily established. Such beneficial interest will exist in many cases of street name or nominee ownership, ownership by a trustee, ownership under the Uniform Gift to Minors Act and community property or other joint ownership arrangements between spouses. Beneficial interest will be evidenced by such factors as the power to sell or otherwise dispose of a Retail Bond, the right to receive the proceeds of sale or disposition and the right to receive interest and principal payments on a Retail Bond.

2. Provide the CUSIP Number for the Retail Bonds to be repaid at the top of both pages of the Repayment Election Form.

3. Indicate the name of the Deceased Beneficial Owner on line (1).
4. Indicate the date of death of the Deceased Beneficial Owner on line (2).
5. Indicate the name of the Survivor Representative requesting repayment on line (3).
6. Indicate the name of the Financial Institution requesting repayment on line (4).
7. Affix the authorized signature of the Financial Institution's representative on line (5).

THE SIGNATURE MUST BE MEDALLION GUARANTEED.

8. Indicate the principal amount of Retail Bonds to be repaid by line (6).
9. Indicate the date the Repayment Election Form was completed on Line (7).
10. Indicate the name, mailing address (no P.O. boxes), e-mail address, telephone number and facsimile-transmission number of the party to whom the acknowledgment of this election may be sent on line (8).
11. Leave lines (A), (B), (C), (D), (E) and (F) blank.
12. Mail or otherwise deliver an original copy of the completed Repayment Election Form to the Bank's Processing Agent as follows:

U.S. Bank Corporate Trust Services  
Attn: Survivor Options — Farm Credit System Banks  
60 Livingston Avenue  
St. Paul, MN 55107

**FACSIMILE TRANSMISSIONS OF THE REPAYMENT ELECTION FORM  
WILL NOT BE ACCEPTED**

13. If the acknowledgement of receipt of this Form, including the assigned Election Number, is not received within 15 Business Days of the date such information is sent to the Processing Agent, contact U.S. Bank at 1-(800) 934-6802. For assistance with the Repayment Election Form or any questions relating thereto, please also contact U.S. Bank at 1-(800) 934-6802.







**FEDERAL FARM CREDIT BANKS  
CONSOLIDATED SYSTEMWIDE BONDS AND DISCOUNT NOTES**



The terms “we,” “us,” “our,” and the “Banks,” as used throughout this Offering Circular, mean the Farm Credit System Banks, acting by and through the Federal Farm Credit Banks Funding Corporation.

We propose to offer for sale from time to time Federal Farm Credit Banks Consolidated Systemwide Bonds and Federal Farm Credit Banks Consolidated Systemwide Discount Notes (collectively, the “Securities”) by means of this Offering Circular and a Term Sheet or an Offering Announcement. The Securities are the general unsecured joint and several obligations of the Banks and will be issued under the authority of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration.

**THE SECURITIES ARE THE JOINT AND SEVERAL OBLIGATIONS OF THE BANKS AND ARE NOT OBLIGATIONS OF AND ARE NOT GUARANTEED BY THE UNITED STATES GOVERNMENT. THE SECURITIES ARE NOT REQUIRED TO BE REGISTERED AND HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED. IN ADDITION, THE BANKS ARE NOT REQUIRED TO REGISTER OR FILE, AND DO NOT FILE, PERIODIC REPORTS UNDER THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.**

**For a discussion of certain of the risks relevant to an investment in the Securities, see “Risk Factors” herein and “Risk Factors” in the Annual Information Statement of the Farm Credit System and as may be set forth in other Incorporated Information.**

Unless otherwise specified by us with respect to a particular issue of Securities, the following terms and conditions generally apply to the Securities which we may offer. The applicable Offering Announcement or Term Sheet will contain the specific information about the Security offered thereby and may contain additional or different terms and conditions related to that Security. For more detail, see “Terms and Conditions of the Securities.”

BONDS	DISCOUNT NOTES
<ul style="list-style-type: none"> <li>• Maturity of 3 months to 30 years</li> </ul>	<ul style="list-style-type: none"> <li>• Maturity of 1 to 365 days</li> </ul>
<ul style="list-style-type: none"> <li>• Fixed or floating interest rate or discounted from the amount to be paid at maturity</li> </ul>	<ul style="list-style-type: none"> <li>• Discounted from the amount to be paid at maturity</li> </ul>
<ul style="list-style-type: none"> <li>• May be eligible for separation into Interest and Principal Components</li> </ul>	<ul style="list-style-type: none"> <li>• Not eligible for separation into Interest and Principal Components</li> </ul>
<ul style="list-style-type: none"> <li>• May be subject to redemption at the option of the Banks or otherwise as specified in the Term Sheet</li> </ul>	<ul style="list-style-type: none"> <li>• Not subject to redemption</li> </ul>
<ul style="list-style-type: none"> <li>• Book-entry form</li> </ul>	<ul style="list-style-type: none"> <li>• Book-entry form</li> </ul>
<ul style="list-style-type: none"> <li>• Fixed-Rate Bonds and Zero-Coupon Bonds — minimum denomination of \$1,000, increased in integral multiples of \$1,000</li> <li>• Fixed-Rate Bonds with highly structured feature(s) and Floating-Rate Bonds — minimum denomination of \$100,000, increased in integral multiples of \$1,000</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum denomination of \$1,000, increased in integral multiples of \$1,000</li> </ul>
<ul style="list-style-type: none"> <li>• No maximum aggregate principal amount outstanding</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum aggregate par amount outstanding of \$60 billion</li> </ul>
<ul style="list-style-type: none"> <li>• Final terms set forth in a Term Sheet</li> </ul>	<ul style="list-style-type: none"> <li>• Final terms set forth in an Offering Announcement</li> </ul>

*The date of this Offering Circular is October 18, 2010.*

The Securities will be offered and sold by us through Dealers acting as principal, whether individually or in a syndicate, or, if so designated by us, as agent. Bonds may be offered for sale through a single Dealer or a group of Dealers through syndication, negotiation or a competitive bidding process. Discount Notes will be offered for sale through a limited group of Dealers. In addition, Designated Dealers may be appointed to participate through Discount Note Dealers in the distribution of Discount Notes. We may appoint additional Bond Dealers, Discount Note Dealers and Designated Dealers and either we or a Dealer or a Designated Dealer may terminate an appointment at any time.

Dealers may be paid underwriting concessions in connection with the distribution of Bonds and Discount Notes and Designated Dealers may be paid selling concessions in connection with the distribution of Discount Notes. Dealers purchasing certain Bonds from us may offer a selling concession to other Dealers or to securities dealers that are not members of a selling group in connection with the sale of such Bonds, subject to certain requirements. Discount Note Dealers may pay a selling concession to Designated Dealers. Dealers and Designated Dealers may share their underwriting or selling concession, as applicable, with their affiliates, subject to certain requirements.

In connection with any particular issue of Securities, one or more of the Banks may enter into interest rate swaps or other hedging transactions with, or arranged by, a Dealer or Designated Dealer participating in the issuance, an affiliate of the Dealer or Designated Dealer or an unrelated third party. The Dealer, Designated Dealer or other party may receive compensation, trading gain or other benefits in connection with the hedging transactions. The interest rate swaps or other hedging transactions may reference the Securities, other obligations of the Banks or obligations of other issuers.

The Securities may be sold directly by us to investors and no concessions will be payable on these direct sales. See "Plan of Distribution."

The Securities will not be listed on any securities exchange and there can be no assurance that the Securities described in this Offering Circular will be sold or that there will be a secondary market for the Securities. See "Risk Factors." We reserve the right to withdraw, cancel or modify any offer of Securities without notice.

Capitalized terms used in this Offering Circular are defined in the Glossary. All references to the Offering Circular are as amended or supplemented. All references to agreements, statutes, regulations, guidelines or other similar documents are as amended as of the date of the Offering Circular as most recently amended or supplemented.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THIS OFFERING CIRCULAR FOR THE SECURITIES HAS NOT BEEN REVIEWED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Offering Circular relates only to the Securities and not to any other securities of the Banks which have been or will be issued on behalf of the Banks pursuant to a different disclosure document, including, but not limited to, those securities issued under the Federal Farm Credit Banks Consolidated Systemwide Master Notes Offering Circular dated December 21, 1999, as amended by the supplement dated August 20, 2001, or under the previous Federal Farm Credit Banks Consolidated Systemwide Bonds and Discount Notes Offering Circular dated June 18, 1999, as amended by supplements dated August 20, 2001, November 26, 2003, March 8, 2007 and September 30, 2008 ("Prior Offering Circular"). This Offering Circular replaces and supersedes the Prior Offering Circular for issues of Securities priced on and after the date of this Offering Circular. Systemwide Debt Securities are no longer being offered under the Prior Offering Circular, the Federal Farm Credit Banks Global Debt Program Offering Circular dated October 10, 1996, or the Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes Offering Circular dated July 19, 1993, as amended by the supplements dated February 26, 1997 and June 11, 1999. No securities previously offered under the Global Debt Program Offering Circular or the Master Notes Offering Circular are currently outstanding.

No person is authorized by us to give any information or to make any representation not contained in this Offering Circular (and any supplements hereto), the Incorporated Information (as defined below) and, if applicable, the Offering Announcement or the Term Sheet with respect to a particular issue of Securities, and, if given or made, such information or representation must not be relied on as having been authorized by us, the Dealers or the Designated Dealers. The distribution of this Offering Circular or any other offering materials and the offer, sale, and delivery of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Offering Circular does not constitute, and may not be used for or in connection with, an offer or solicitation of the Securities in any jurisdiction where, or to any person to whom, it is unlawful to make such an offer or solicitation by anyone not authorized so to act. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Securities. Neither the delivery of this Offering Circular, any supplement to this Offering Circular, or any Offering Announcement or Term Sheet, nor any sale hereunder, shall under any circumstances create any implication that the information in these documents is correct as of any time subsequent to the respective dates of the documents.

This Offering Circular has not been approved as a base prospectus for the purpose of Directive 2003/71/EC by the competent authority of any Member State of the European Economic Area. Securities may only be offered in a Member State of the European Economic Area in the limited circumstances specified in the "Plan of Distribution." In addition, we have not authorized the Offering Circular to be used as offering material for any secondary market offering and/or sales of Securities by any person, including any Dealer(s) or Designated Dealer(s).

We, any Dealer or Designated Dealer may only communicate or cause to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to us.

This Offering Circular has not been submitted for clearance to the *Autorité des marchés financiers* in France.

The Securities may not be suitable investments for all investors, and some of the Securities are complex financial instruments. The Securities are intended for purchase only by investors capable of understanding the risks involved in such an investment. You should not purchase any of the Securities unless you understand and are able to bear the price, yield, market, liquidity, structure, redemption and other risks associated with that Security. You should consult your own financial and legal advisors about the risks arising from an investment in a particular issue of Securities, the appropriate tools to analyze that investment, and the suitability of that investment in your particular circumstances. See "Risk Factors" herein for a discussion of certain risks that should be considered in connection with an investment in the Securities as well as "Risk Factors" in the Annual Information Statement of the Farm Credit System and as may be set forth in other Incorporated Information. Neither this Offering Circular nor any applicable Offering Announcement or Term Sheet describes all of the risks of any investment in the Securities, including, but not limited to, Bonds with principal or interest determined by reference to one or more interest rate indices, currencies, other indices or formulae, Bonds that include redemption features, caps, floors or other rights or options or an investment in the Securities (which are all U.S. dollar-denominated) where the investor's principal currency is other than the U.S. dollar. We disclaim any responsibility to advise investors of those risks as they exist at the date of this Offering Circular or any related Offering Announcement or Term Sheet or as they may change from time to time.

Additional Securities may be issued and sold as part of an existing issue of Securities. Certain Bonds may be subject to redemption in whole or in part prior to maturity and may be eligible for separation into Interest Components and Principal Components. Any secondary market for particular issues of Securities may be adversely affected by such additional issuance, the full or partial redemption of an issue of Bonds or the separation of Bonds into Interest Components and Principal Components.

In view of the foregoing and the risks that should be considered in connection with an investment in the Securities, investors may not be able to sell their Securities readily or at prices that will enable them to realize their desired return.

In connection with the offering of any issue of Securities, Dealers, Designated Dealers or any other entity through which such Securities are sold may over-allot or effect transactions that seek to stabilize or maintain the market price of the Securities at levels above those which might otherwise prevail in the open market which may include taking a short position in the Securities. Such transactions, if commenced, may be discontinued at any time.

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This Offering Circular applies only to Bonds and Discount Notes issued pursuant to Offering Announcements or Term Sheets dated on or after the date hereof. This Offering Circular may be updated or amended through supplements.

### DOCUMENTS INCORPORATED BY REFERENCE AND AVAILABLE INFORMATION

#### Documents Incorporated by Reference

Important information regarding the Banks and the System, including combined financial information, is contained in disclosure information made available by the Funding Corporation. This information consists of the most recent Farm Credit System Annual Information Statement and the most recent Farm Credit System Quarterly Information Statement issued after the Annual Information Statement (collectively, “Information Statements”) and certain press releases that relate to financial results or to other developments affecting the System issued by the Funding Corporation since the publication of the most recent Information Statement (the “Press Releases”). The Information Statements, other than the section entitled “Description of Debt Securities,” and the Press Releases are incorporated by reference into this Offering Circular and the information therein is considered to be part of this Offering Circular (such information is referred to herein as the “Incorporated Information”). **This Offering Circular should be read in conjunction with the Incorporated Information.** You should rely only on the information incorporated by reference or provided in this Offering Circular, any supplement to this Offering Circular, and the applicable Offering Announcement or Term Sheet for a particular issue of Securities. We have not authorized anyone else to provide investors with different information.

#### Available Information

Neither the Funding Corporation nor the Banks are required to and do not file reports or other information with the United States Securities and Exchange Commission.

Copies of the Information Statements and Press Releases for the current and two preceding fiscal years, the Offering Circular as amended or supplemented, the Term Sheets for each issue of Bonds hereunder, and a current list of the Dealers and Designated Dealers are available without charge by writing or telephoning the Federal Farm Credit Banks Funding Corporation, Financial Management Division, at 10 Exchange Place, Suite 1401, Jersey City, New Jersey 07302; Telephone: (201) 200-8000. These documents are also available from the Dealers. In addition, the Funding Corporation maintains a Web site that posts these documents. The Internet address of the Funding Corporation's Web site is [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com).

Copies of quarterly and annual reports of each Bank and, as applicable, each Bank combined with its affiliated Associations (collectively referred to as a District) may be obtained from the individual Bank. Bank addresses and telephone numbers where copies of these documents may be obtained are listed in the Information Statements. These documents and further information on each Bank and/or District are also available on each Bank's Web site as follows:

AgFirst Farm Credit Bank — [www.agfirst.com](http://www.agfirst.com);

AgriBank, FCB — [www.agribank.com](http://www.agribank.com);

CoBank, ACB — [www.cobank.com](http://www.cobank.com);

Farm Credit Bank of Texas — [www.farmcreditbank.com](http://www.farmcreditbank.com); and

U.S. AgBank, FCB — [www.usagbank.com](http://www.usagbank.com).

**Neither the reports of the Banks nor the information contained on their Web sites is incorporated by reference into this Offering Circular and you should not consider information contained in those reports or on those Web sites to be part of this Offering Circular.**

We are not making an offer of these Securities in any jurisdiction where such an offer is not permitted. You should not assume that the information in this Offering Circular, any supplement to this Offering Circular, or any Offering Announcement or Term Sheet is accurate as of any date other than the respective date on the front cover of these documents.

## SUMMARY

*This Summary highlights selected information from this Offering Circular and may not contain all of the information that you should consider before purchasing any Securities. For a more complete description of the Securities, you should read carefully this entire Offering Circular and the documents referred to in "Documents Incorporated by Reference and Available Information," together with the applicable Offering Announcement or Term Sheet. Terms not defined in this Summary are defined in the Glossary.*

**ISSUERS** ..... The Banks are instrumentalities of the United States, federally chartered under the Act and are subject to supervision, examination and regulation by the FCA. The Banks are part of the Farm Credit System. The System is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. We provide credit and related services nationwide to American farmers, ranchers, producers or harvesters of aquatic products, their cooperatives, and certain farm-related businesses. We also make rural residential real estate loans, finance rural communication, energy and water infrastructures, and make loans to support agricultural exports, and to finance other eligible entities.

**FUNDING CORPORATION** ..... The Funding Corporation is a corporation established under the laws of the United States and acts as agent for the Banks in the issuance of debt securities and related matters.

**ISSUE** ..... The Bonds and the Discount Notes (collectively, the "Securities"). The terms and conditions set forth in this Offering Circular generally apply to the Securities. We will offer Securities by means of an Offering Announcement or Term Sheet that will contain the specific information and the final terms and conditions for that Security. In the case of any discrepancy between the terms and conditions of a Security as described in this Offering Circular and as described in the applicable Offering Announcement or Term Sheet, you should rely on the terms and conditions as described in the Offering Announcement or Term Sheet. In the case of any discrepancy between the terms and conditions of a Discount Note as described on a nationally recognized financial news service and any electronic order management application system or electronic trading platform of the Funding Corporation, ("Electronic Order Management System"), the terms and conditions as described on such Electronic Order Management System will take precedence.

*Bonds* will be offered through a single Dealer or a group of Bond Dealers through syndication, negotiation or a competitive bidding process. Bonds may be offered with fixed rates of interest, with floating rates of interest or at a discount from the amount to be paid at maturity with no periodic payments of interest. The specific terms and conditions of an issue of Bonds will be set forth in a Term Sheet.

*Discount Notes* will generally be offered each Business Day. Discount Notes will be offered at a discount from the amount to be paid at maturity with no periodic payments of interest. The

specific terms and conditions of an issue of Discount Notes will be set forth in an Offering Announcement.

We may discontinue offering Bonds and Discount Notes at any time.

The Securities may also be sold directly by us to investors.

**Amount** ..... The current maximum aggregate principal and/or par amount of the Securities that we may have outstanding at any one time is:

Type of Security	Authorized Maximum Aggregate Amount Outstanding
Bonds	No maximum
Discount Notes	\$60 billion

The maximum aggregate amounts of Bonds and Discount Notes outstanding may change, subject to the approval of the FCA.

**Reopenings** ..... Additional Securities may be issued and sold as part of an existing issue of Securities.

**Paying Agent** ..... Federal Reserve Banks.

**Form of Securities** ..... The Securities will be issued, maintained and transferred on the book-entry system of the Federal Reserve Banks. The Securities may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts the Securities have been deposited are referred to in this Offering Circular as "Participants."

**Denominations** ..... The Securities will have the following minimum denominations:

Type of Security	Minimum Denomination/Multiples
Fixed-Rate Bonds and Zero-Coupon Bonds	\$1,000/\$1,000
Floating-Rate Bonds and Fixed-Rate Bonds with highly structured feature(s)	\$100,000/\$1,000
Discount Notes	\$1,000/\$1,000

**Issue Price** ..... The Securities may be issued at par, at a premium to par or at a discount to par as set forth in the applicable Offering Announcement or Term Sheet.

**Settlement** ..... The Securities will be available in book-entry form on the Fed Book-Entry System on the Settlement Date. The Securities will be delivered against payment in Immediately Available Funds and will be effective only upon our receipt of the funds.



**Interest Rate** ..... The rates of interest payable on the Securities will be as follows:

Type of Security	Interest Rate
Bonds	Fixed or Floating Rate or discounted from the amount to be paid at maturity
Discount Notes	Discounted from the amount to be paid at maturity

The rate of interest or discount will be specified in the applicable Offering Announcement or Term Sheet. The interest rate for Floating-Rate Bonds may be based on one or more of the following Reference Rates as described in the Reference Rates Supplement, which is attached to and is a part of this Offering Circular:

- the Designated Maturity rate for U.S. Treasury Notes;
- the London Interbank Offered Rate;
- the Federal Funds effective rate;
- the U.S. Treasury Bill rate; and
- the prevailing commercial banking industry prime loan rate.

The applicable Term Sheet will indicate the Reference Rate(s) and any Spread. In addition, a Floating-Rate Bond may have a maximum and/or minimum interest rate limitation. Other rates, indices or formulas may be used and will be described in the applicable Term Sheet.

**Interest Payments** ..... Payments of interest on the Securities will be made as follows:

**Bonds** — In arrears on the dates specified in the applicable Term Sheet and/or on the Maturity Date. No periodic payments of interest will be made on Zero-Coupon Bonds.

Interest on Fixed-Rate Bonds will be calculated using a 30/360 Day Count Convention. Interest on Floating-Rate Bonds will be calculated using the Day Count Convention specified in this Offering Circular or in the applicable Term Sheet.

**Discount Notes** — No periodic payments of interest; a discount from the par amount to be paid at maturity will be calculated based on the actual number of days from the Issue Date to the Maturity Date based on a 360-day year.

**Principal Payments** ..... The outstanding principal amount of each Bond, together with any accrued and unpaid interest, and the par amount of each Discount Note will be payable as follows:

Type of Security	Principal/Par Payment
Bonds	Maturity Date or Redemption Date*
Discount Notes	Maturity Date

\* May be subject to redemption in whole or in part at our option or otherwise as specified in the Term Sheet.

**Maturities** ..... The Securities will mature within the following periods:

Type of Security	Maturity Dates
Bonds	3 months to 30 years*
Discount Notes	1 to 365 days

\* Unless otherwise agreed to by us and the relevant Dealer as disclosed in the applicable Term Sheet.

**Redemption** ..... Bonds may be subject to redemption in whole or in part at our option or otherwise as specified in the Term Sheet prior to maturity if so designated in the applicable Term Sheet. Discount Notes are not subject to redemption prior to maturity.

**No Acceleration Rights** ..... The Securities are not subject to acceleration prior to maturity upon the occurrence of any default or other similar event.

**Stripped Bonds** ..... Certain Bonds may be eligible for separation into Interest Components and Principal Components.

**MODIFICATIONS AND AMENDMENTS** .....

We may modify, amend or supplement certain terms of the Securities under certain circumstances without the consent of any Participant or beneficial owner and under other circumstances with the written consent of Participants.

**STATUS AND PRIORITY OF THE SECURITIES** .....

The Securities will be issued pursuant to authorizing resolutions adopted by the board of directors of each Bank and under the authority of the Act and the Regulations of the FCA. Pursuant to the Act, the Securities are the joint and several obligations of the Banks. Pursuant to the Regulations, the Securities, as general unsecured obligations, rank equally with each other and other unsecured debt securities on which the Banks are jointly and severally liable. **The Securities are not obligations of and are not guaranteed by the United States government.**

**RISK FACTORS** .....

The Securities will not be listed on any securities exchange and there may not be an active secondary trading market for particular issues of Securities. Each Dealer and Designated Dealer has agreed to use reasonable efforts to facilitate secondary market transactions in the particular issue of Securities that it distributes. The Dealers and Designated Dealers are not obligated to make a market in the Securities and may discontinue any market-making at any time without notice. There can be no assurance that the Securities will have secondary market liquidity.

There are other risks with respect to an investment in the Securities. Prospective investors should carefully review "Risk Factors" discussed in this Offering Circular and should consult their own financial and legal advisors about the risks associated with an investment in a particular issue of Securities and the suitability of investing in the Securities in light of their particular circumstances.

**GOVERNING LAW** . . . . . The Securities are governed by and construed in accordance with the federal laws of the United States of America and, to the extent of the absence of controlling federal law, in accordance with the laws of the State of New York, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of the laws of another jurisdiction, unless otherwise provided under the terms and conditions of a particular issue of Securities.

**TAX STATUS** . . . . . Interest on the Securities is not exempt from United States federal income taxation, but the Securities and interest thereon are generally exempt from state, local and municipal income taxation in the United States. The exemption from state, local and municipal income taxation may not apply to nondiscriminatory franchise taxes or other non-property taxes in lieu thereof imposed on corporations. Payments on Securities owned by non-United States Owners will not be subject to U.S. withholding tax provided certain certification and documentation requirements described under "Certain Tax Considerations — Non-United States Owners" are satisfied. If any withholding or other tax is imposed by any jurisdiction, we have no obligation to pay additional interest or other amounts in consequence thereof.

**PLAN OF DISTRIBUTION** . . . . . We will offer and sell the Securities through the Dealers. Bonds may be offered for sale through a single Bond Dealer or a group of Bond Dealers through syndication, negotiation or a competitive bidding process. Discount Notes will be offered for sale through a limited group of Discount Note Dealers. In addition, Designated Dealers may be appointed to participate through Discount Note Dealers in the distribution of Discount Notes. We may appoint additional Bond Dealers, Discount Note Dealers and Designated Dealers and either we or a Dealer or a Designated Dealer may terminate an appointment. The Dealers act as principal, whether individually or in a syndicate, unless designated by us to act as agent.

The Securities may also be sold directly by us to investors.

The underwriting concession payable to Dealers and the selling concession payable to Designated Dealers, if any, which vary depending on the type of Securities being sold and other factors, are determined in accordance with the respective Selling Group Agreements entered into by us and each Dealer and Designated Dealer and will be disclosed in the applicable Offering Announcement or Term Sheet. Dealers purchasing certain Bonds may offer a selling concession to other Dealers or to securities dealers that are not members of a selling group in connection with the sale of such Bonds, subject to certain requirements. Discount Note Dealers may pay a selling concession to Designated Dealers. Dealers and Designated Dealers may share their underwriting or selling concession, as applicable, with their affiliates, subject to certain requirements. The Securities may also be sold directly to investors by us and no concession will be payable on these direct sales.

There are restrictions on the sale of the Securities and the distribution of the offering material relating to the Securities in certain jurisdictions. Each Dealer and Designated Dealer must determine the application of and comply with all relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular, or any part thereof including any Offering Announcement or Term Sheet, or any such other material.

In connection with the offering of any issue of Securities, Dealers, Designated Dealers or any other entity through which such Securities are sold may over-allot or effect transactions that seek to stabilize or maintain the market price of the Securities at levels above those which might otherwise prevail in the open market which may include taking a short position in the Securities. Such transactions, if commenced, may be discontinued at any time.

## RISK FACTORS

*The following does not describe all the risks and other ramifications of an investment in the Securities. You should consult your own financial and legal advisors about risks associated with investing in a particular issue of Securities, should utilize the appropriate tools to analyze that investment and should assess the suitability of investing in the Securities in light of your particular circumstances. The Securities may not be suitable investments for certain investors. Risks associated with the purchase of the Securities are, in general, similar to those associated with owning other comparable debt securities.*

### Credit Risk

Our financial condition can be directly impacted by factors affecting the agricultural, rural and other economies, since these factors impact the demand for loans and financial services offered by the System and the ability of System customers to make payments on loans. These factors may include but are not limited to:

- weather-related, disease, and other adverse climatic or biological conditions that impact the agricultural productivity and income of System borrowers;
- changes in production expenses, particularly fuel and fertilizer;
- changes in land values;
- irrigation water availability and cost, and environmental standards;
- availability and cost of agricultural workers;
- changes in United States government support of the agricultural sector, including expenditures on agricultural programs, that may affect the level of income of some System borrowers;
- political, legal, regulatory, financial markets and economic conditions and developments in the United States and abroad that can affect such things as the price of commodities or products used or sold by System borrowers, including the volatility thereof, as well as changes in the relative value of the U.S. dollar;
- changes in the general economy that can affect the availability of off-farm sources of income and prices of real estate; and
- the development of alternative uses and markets for agricultural commodities, including ethanol and other biofuel production, and the resulting impact on the prices of commodities sold or used by System borrowers.

These and certain additional risks impacting the System and our creditworthiness are set forth under "Risk Factors" in the System's Annual Information Statement and may be set forth in other Incorporated Information. In addition to the risks related to our aggregate creditworthiness, the market value of the Securities will be affected by a number of risks that are independent of our creditworthiness. See the Incorporated Information.

One or more independent credit rating agencies may assign credit ratings to the Securities. The ratings may not reflect the potential impact of all risks related to the structure of, or the market for, the Securities, or the additional factors that may impact the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In the event a credit rating is assigned to the Securities, it only reflects a particular rating agency's evaluation of the probability that the Banks will default on the Securities. A credit rating does not reflect the potential impact of risks associated with an investment in the Securities, including, without limitation, the price, market, liquidity, structure, redemption and other risks associated with the Securities.

### Structure Risks

Interest rate risks include risk arising from changes in market rates of interest, spread risk arising from changes in the relationship of market yields for the Securities relative to U.S. Treasury issues of similar

maturities, and basis risk arising from changes in the relationships of other indices utilized to originally price, or to reprice, the Securities. In particular, an investment in an issue of the Securities with interest payments determined by reference to one or more interest rates or other indices, either directly or inversely, may entail significant risks not associated with an investment in a conventional fixed or floating rate debt security. Changes in an applicable index may not correlate with changes in interest rates generally or with changes in other indices. Two or more Reference Rates or formulas that may be expected to move in tandem or in any other relation to each other may unexpectedly converge or diverge or otherwise not move as expected. Furthermore, Securities with more complex formulas or other terms may have more volatile performance results. These risks include but are not limited to:

- the possibility that Reference Rates or applicable indices may be subject to significant changes;
- changes in the applicable indices may not correlate with changes in interest rates or indices generally;
- the resulting interest rate will be less than that payable on a comparable conventional fixed or floating rate debt security issued by the Banks at the same time;
- no interest will be payable;
- the repayment of principal can occur at times other than that expected by the investor; or
- the possibility that the investor may lose a substantial portion of the principal of a Security (whether payable at maturity, upon redemption or otherwise).

These risks depend on a number of factors, including financial, economic and political events, over which the Banks have no control. In addition, if the formula used to determine the amount of interest payable with respect to an issue of Securities contains a multiple or leverage factor, the effect of any change in a Reference Rate may be magnified. Certain Reference Rates and other indices may be highly volatile. Fluctuations in any particular Reference Rate or other index that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

Any redemption (call) feature of an issue of the Securities will affect the market value of the Securities. Since the Banks may be expected to redeem the Securities when prevailing market rates are lower than the interest rates of certain Securities, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the redeemed Securities.

If the rate of interest on a Floating Rate Bond includes a maximum (cap) interest rate limitation, the interest payable on that Bond may be less than that payable on a conventional Floating Rate Bond issued by us without such cap. Two issues of Securities issued at the same time and with interest rates determined by reference to the same applicable Reference Rate or index and otherwise comparable terms and conditions may have different interest rates and yields when issued or thereafter if the frequency of each issue's interest rate adjustments is different.

In order to hedge their exposure to certain of the foregoing risks in connection with any particular issue of Securities, one or more of the Banks may enter into interest rate swaps or other hedging transactions with, or arranged by, a Dealer or Designated Dealer participating in the issuance, an affiliate of the Dealer or Designated Dealer or an unrelated third party. The Dealer, Designated Dealer or other party may receive compensation, trading gain or other benefits in connection with the hedging transactions. The interest rate swaps or other hedging transactions may reference the Securities, other obligations of the Banks or obligations of other issuers.

Investors in certain Securities should have knowledge of and access to appropriate analytical tools to analyze quantitatively the effect (or value) of any redemption, cap or floor, or certain other features of the Securities, and the resulting impact on the value of the Securities.

### **Secondary Market Risks**

The Securities will not be listed on any securities exchange. Generally, there is an active secondary market for Discount Notes and certain Bonds. However, other Bonds may not have an established trading market

upon issuance. Each Dealer and Designated Dealer has agreed to use reasonable efforts to facilitate secondary market transactions in the Securities. Although the Dealers and Designated Dealers may make a market in the Securities, they are not obligated to do so and may discontinue any market-making at any time without notice. The Dealers and Designated Dealers have agreed to advise us promptly of any material development known to them in the secondary market for the Securities. The Dealers and Designated Dealers have also agreed to advise us promptly of their decision to withdraw from secondary market-making in the Securities. However, there can be no assurance that the Securities will have secondary market liquidity. As a result, an investor may not be able to sell its Securities easily or at prices that will provide a yield comparable to similar investments that have a developed and liquid secondary market.

To the extent the Securities have secondary market liquidity, the secondary market for the Securities will be affected by a number of factors independent of our creditworthiness and the level of any applicable index or indices, which may include:

- the complexity and volatility of Reference Rates or indices;
- the method of calculating the principal or any interest to be paid on the Securities;
- the time remaining to the maturity of the Securities;
- the outstanding amount of the Securities;
- any redemption feature of the Securities;
- the amount of other Securities linked to the index or indices; or
- the level, direction and volatility of market interest rates generally.

These factors also will affect the market value of the Securities. In addition, certain Securities may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities. Investors may not be able to sell the Securities readily or at prices that will enable investors to realize their anticipated yield. You should not purchase the Securities unless you understand and are able to bear the risk that certain Securities may not be readily saleable, that the value of the Securities may fluctuate over time and that the fluctuations may be significant.

The prices of structured securities and Zero-Coupon Bonds, as well as other instruments issued at a substantial discount from their principal amount payable at maturity, generally tend to fluctuate in the secondary markets more in relation to general changes in interest rates than do such prices for conventional interest-bearing securities of comparable maturities.

#### **Factors That Could Adversely Affect the Trading Value and Yield of the Securities**

##### ***Fixed/Floating Rate Securities***

Fixed/floating rate Securities may bear interest at a rate that we may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Our ability to convert the interest rate will affect the secondary market and the market value of the Securities since we may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If we convert from a fixed rate to a floating rate, the Spread on the fixed/floating rate Securities may be less favorable than the prevailing spreads on our comparable floating rate debt securities tied to the same Reference Rate. In addition, the new floating rate at any time may be lower than the rates on other Securities. If we convert from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on the Securities.

##### ***Securities Eligible for Stripping***

Some issues of fixed rate Securities and Step Rate Securities will be eligible to be separated ("stripped") into Interest Components and Principal Components. The secondary market, if any, for the Components may be more limited and less liquid than the secondary market for Securities of the same issue that have

not been stripped. The liquidity of an issue of Securities also may be reduced if a significant portion of the Securities are stripped. See “Eligibility for Stripping” for more information on stripping.

### ***Securities Issued at a Substantial Discount or Premium***

The market values of Securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing Securities with comparable maturities. As a result, the market values of Discount Notes, Zero-Coupon Bonds, Interest Components and some Principal Components could be subject to substantial fluctuation.

### **Legality of Investment**

Each investor should consult its own legal advisors in determining whether and to what extent the Securities constitute legal investments for that investor and whether and to what extent the Securities can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisors or regulators in determining the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Investors whose investment activities are subject to legal investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities, which may include some or all of the Securities. Investors should review and consider those restrictions prior to investing in the Securities. In addition, any investor that is subject to the regulatory jurisdiction of any government agency should review and consider the applicability of rules, guidelines, regulations and policy statements adopted by its regulators prior to purchasing or pledging the Securities.

### **Suitability**

Investors in any particular issue of Securities should have sufficient knowledge and experience in financial and business matters to evaluate the Securities, the merits and risks of investing in the Securities and the information contained and incorporated by reference in the Offering Circular, any Offering Announcement or Term Sheet or any supplement or amendment to this Offering Circular. In addition, investors should have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor’s financial situation, the Securities, the merits and risks of investing in the Securities and the impact the Securities will have on their overall investment portfolio. Not every Security is suitable for every investor. You should not purchase a Security unless you understand and have sufficient financial resources to bear the price, yield, market, liquidity, structure, redemption and other risks associated with the Security. You also should not purchase any Security without sufficient experience, financial resources and liquidity, relative to the potential risks, to manage your investments, including your investment in the Security. Before purchasing any Security, you should understand thoroughly the terms and conditions of the Security, be familiar with the behavior of the relevant financial markets, and consider (possibly with the assistance of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the associated risks under a variety of such scenarios. You also should consider and understand any legal restrictions that may apply to your investments in the Securities. See “Risk Factors — Legality of Investment.”

Certain Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex Securities as stand-alone investments, but rather as a means of reducing risk or enhancing yield with an understood, measured, appropriate addition of risk to their overall portfolio. Investors in the Securities should possess the expertise, either alone or with a financial advisor, to evaluate the manner in which the Securities will perform under changing conditions, the resulting effects on their value, and the impact any investment in the Securities will have on the investor’s overall investment portfolio.



## THE FARM CREDIT SYSTEM

### Overview

The System is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. Cooperatives are organizations that are owned and controlled by their members who use the cooperative's products or services. The U.S. Congress authorized the creation of the first System institutions in 1916. Our mission is to provide sound and dependable credit to American farmers, ranchers, producers or harvesters of aquatic products, their cooperatives, and certain farm-related businesses in all 50 states, the Commonwealth of Puerto Rico and, under conditions set forth in the Act, U.S. territories. Consistent with our mission of serving rural America, we also make rural residential real estate loans, finance rural communication, energy and water infrastructures, and make loans to support agricultural exports and to finance other eligible entities. System institutions may also provide a variety of services to their borrowers, including credit and mortgage life insurance, disability insurance, various types of crop insurance, estate planning, record keeping services, tax planning and preparation, cash management products and services, and consulting. In addition, some System institutions also provide leasing and related services to their customers.

Congress established the FCA as the System's independent federal regulator to examine and regulate System institutions, including their safety and soundness. System institutions are federal instrumentalities.

### Structure/Ownership

The Associations are cooperatives owned by their borrowers, and the Farm Credit Banks (AgFirst, AgriBank, Texas and U.S. AgBank) are cooperatives primarily owned by their affiliated Associations. The Agricultural Credit Bank (CoBank) is a cooperative principally owned by cooperatives, other eligible borrowers and its affiliated Associations. The Banks and Associations each have their own board of directors and are not commonly owned. Each Bank and Association manages and controls its own business activities, operations and financial performance. Systemwide Debt Securities are the general unsecured joint and several obligations of the Banks and are not the direct obligations of the Associations. As a result, the capital of the Associations may not be available to support principal or interest payments on Systemwide Debt Securities.

The Banks jointly own the Funding Corporation. The Funding Corporation, as agent for the Banks, issues and markets Systemwide Debt Securities in order to raise funds for the lending activities and operations of the Banks and Associations. The Funding Corporation also provides the Banks with certain consulting, accounting and financial reporting services, including the preparation of the System's Quarterly and Annual Information Statements and the combined financial statements contained in those information statements. As the System's financial spokesperson, the Funding Corporation is primarily responsible for financial disclosure and the release of public information concerning the financial condition and performance of the System.

### Funding

The System obtains funds for its lending operations primarily from the sale of Systemwide Debt Securities, including the Securities. Each issuance of Systemwide Debt Securities must be approved by the FCA and each Bank's participation is subject to:

- the availability of specified eligible assets (referred to in the Act as "collateral" as described below);
- compliance with the conditions of participation as prescribed in an agreement among the Banks and the Funding Corporation; and
- determinations by the Funding Corporation of the amounts, maturities, rates of interest and terms of each issuance.

The summaries in this Offering Circular of certain provisions of the Act, the Regulations and the Securities do not purport to be complete and are qualified in their entirety by reference to the provisions of the Act and the Regulations.

## SYSTEMWIDE DEBT SECURITIES

### General

Systemwide Debt Securities, including the Securities, will be issued by us pursuant to authorizing resolutions adopted by the boards of directors of each Bank and under the authority of the Act and the Regulations. Pursuant to the Act, the Banks are jointly and severally liable on the Securities and all other Systemwide Debt Securities. Pursuant to the Regulations, the Securities, as unsecured debt obligations, rank equally with each other and with other unsecured Systemwide Debt Securities.

The Securities are not subject to acceleration prior to maturity upon the occurrence of any default or similar event. Certain Securities may be subject to redemption in whole or in part by us prior to maturity as discussed below. The Securities will not be issued under an indenture and no trustee is provided with respect to the Securities.

We may at any time purchase Securities at any price or prices in the open market or otherwise. These Securities may be held, resold or canceled by us.

The outstanding principal amount of any issue of Securities may be increased without the consent of any Participant or beneficial owner of the Securities by issuing additional Securities with the same terms and conditions (other than the Issue Price, the Issue Date and the Settlement Date, which may vary). Securities may be reopened one or more times on or following the Issue Date at any time there is a requisite investor demand and the reopening is consistent with the Banks' funding needs. The evaluation of these criteria and, consequently, the decision whether to reopen an issue of Securities will be at our sole discretion. There is no assurance that any issue of Securities will be reopened, or, if reopened, in what additional principal amounts.

**The Securities are not obligations of and are not guaranteed by the United States government. They are solely the joint and several obligation of the Banks.**

### Insurance Fund

As more fully described in the Information Statements, the timely payment of principal and interest on Systemwide Debt Securities is insured by the Insurance Corporation to the extent provided in the Act. The Insurance Corporation maintains the Insurance Fund for this purpose and for certain other purposes. In the event a Bank is unable to timely pay principal or interest on any insured debt obligation (as defined in the Act) for which that Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent available to insure the timely payment of principal and interest on the debt obligation. The provisions of the Act providing for joint and several liability of the Banks on the debt obligation cannot be invoked until all amounts in the Insurance Fund have been exhausted. However, because of other mandatory and discretionary uses of the Insurance Fund, there is no assurance that there will be sufficient funds to pay the principal or interest on the insured debt obligation.

**The insurance provided through use of the Insurance Fund is provided solely by the Insurance Corporation and is not an obligation of and is not a guarantee by the United States government.**

### Joint and Several Liability

The Banks are jointly and severally liable for the payment of principal and interest on Systemwide Debt Securities. If a Bank is unable to pay the principal or interest on a Systemwide Debt Security and if the amounts in the Insurance Fund have been exhausted, the FCA is required to make calls on all non-defaulting Banks to satisfy the liability. These calls would be in the proportion that each non-defaulting Bank's "available collateral" ("available collateral" is collateral in excess of the aggregate of the Bank's "collateralized" obligations) bears to the aggregate available collateral of all non-defaulting Banks. If these calls were not sufficient to satisfy the liability, then a further call would be made in proportion to each non-defaulting Bank's remaining assets. In making a call on non-defaulting Banks with respect to a Systemwide Debt Security issued on behalf of a defaulting Bank, the FCA is required to appoint the Insurance

Corporation as the receiver for the defaulting Bank. The receiver would be required to expeditiously liquidate the Bank.

### **Collateral**

As a condition of a Bank's participation in the issuance of Systemwide Debt Securities, the Bank must have, and at all times thereafter maintain, free from any lien or other pledge, specified eligible assets (referred to in the Act as "collateral") at least equal in value to the total amount of outstanding debt securities of the Bank that are subject to the collateral requirement. These securities include Systemwide Debt Securities for which the Bank is primarily liable and investment bonds or other debt securities that the Bank has issued individually, except for subordinated debt. The collateral must consist of notes and other obligations representing loans or real or personal property acquired in connection with loans made under the authority of the Act (valued in accordance with the Regulations and FCA directives), obligations of the United States or any agency thereof direct or fully guaranteed, other FCA-approved Bank assets, including eligible marketable securities, or cash. These collateral requirements do not provide holders of Systemwide Debt Securities with a security interest in any assets of the Banks. The Banks may in the future issue Systemwide Debt Securities that are secured by specific assets.

While the collateral requirement limits the circumstances under which Systemwide Debt Securities may be issued by the Banks, as described above, unless specifically provided under the terms of a particular issue, Systemwide Debt Securities will not impose any additional limit on other indebtedness or securities that may be incurred or issued by the Banks and will contain no financial or similar restrictions on the Banks.

### **Status in Liquidation**

The Regulations provide that in the event a Bank is placed in liquidation, holders of Systemwide Debt Securities have claims against the Bank's assets, whether or not the holders file individual claims. The claims of these holders are junior to claims related to costs incurred by the receiver in connection with the administration of the receivership, claims for taxes, claims of secured creditors and claims of holders of bonds, including investment bonds, issued by the Bank individually, to the extent the bonds are collateralized in accordance with the requirements of the Act. Further, claims of holders of Systemwide Debt Securities are senior to all claims of general creditors. If particular Systemwide Debt Securities were offered on a secured basis, the holders of these obligations would have the priority accorded secured creditors of the liquidating Bank. To date, we have not issued secured Systemwide Debt Securities.

## **TERMS AND CONDITIONS OF THE SECURITIES**

*References in these Terms and Conditions to terms and conditions specified for a particular issue of Securities include references to terms and conditions specified in the applicable Offering Announcement or Term Sheet issued with respect to such issue of Securities.*

### **General**

The following terms and conditions apply generally to the Securities. The Offering Announcement or Term Sheet for each issue of Securities will contain the specific information related to that Security and may contain additional or different terms and conditions for that Security. It is important to consider the information in this Offering Circular and the applicable Offering Announcement or Term Sheet in making an investment decision. In the case of any discrepancy between the terms and conditions of a particular Security as described in this Offering Circular and as described in the applicable Offering Announcement or Term Sheet, you should rely on the terms and conditions as described in the Offering Announcement or Term Sheet. If a particular Security is described in both an Offering Announcement and a Term Sheet, the terms and conditions as described in the Term Sheet will take precedence in the event of any discrepancy. Term Sheets will be issued for all Bonds. The Term Sheet will be provided to the investor by the Dealer through which the Bond was purchased or by the Funding Corporation in the case of a Security sold directly by it. Offering Announcements will be issued for Discount Notes. The Offering Announcement will

appear on a nationally recognized financial information service (such as Bloomberg). In the case of any discrepancy between the terms and conditions of a Discount Note as described on a nationally recognized financial information service and on any Electronic Order Management System, the terms and conditions as described on the Electronic Order Management System will take precedence.

## **Bonds**

Bonds will be issued with Maturity Dates of not less than three months nor more than 30 years from the Issue Date, unless otherwise specified. Currently, there is no maximum aggregate principal amount of Bonds the Banks may have outstanding at any one time. We may limit the amount outstanding at any time, subject to the approval of the FCA. If we impose such limits, we will report such limits in a supplement to this Offering Circular. The types of Bonds which may be offered are:

- *Fixed-Rate Bonds*
- *Floating-Rate Bonds*
- *Zero-Coupon Bonds*

In addition, we may offer other types of Bonds which will be described in supplements to this Offering Circular or in a Term Sheet.

## **Form and Denomination**

Bonds will be issued, maintained and transferred on the Fed Book-Entry System, as described below under "Book-Entry System." The Bonds will be issued, maintained and transferred only in the following minimum denominations:

- *Fixed-Rate Bonds and Zero-Coupon Bonds* — minimum denominations of \$1,000 and increased in integral multiples of \$1,000.
- *Floating-Rate Bonds and Fixed-Rate Bonds with highly structured feature(s)* (as determined by the Funding Corporation) — minimum denominations of \$100,000 and increased in integral multiples of \$1,000.

## **Settlement**

Settlement of the Bonds will occur on the Issue Date or such other date as may be agreed to by us and the Dealer (*i.e.*, the scheduled Settlement Date). Settlement of the Bonds will be effected by payment of the Issue Price for the Bonds, less the Dealer's underwriting concession, if any. See "Plan of Distribution." The Issue Price of a Bond will be 100% of its principal amount or such other percentage of the principal amount of the Bond as is set forth in the applicable Term Sheet. Bonds will be delivered against payment on the Settlement Date in Immediately Available Funds and will be effected only upon our receipt of funds. See "Book-Entry System."

## **Payment of Principal and Interest**

*General.* Payment of the principal and interest on the Bonds will be made on the applicable payment dates to Participants of the Bonds as of the close of the Business Day preceding the payment dates by the credit of the payment amount to the Participants' accounts at the Federal Reserve Banks. The Participant and each other financial intermediary in the chain to the beneficial owner will have the responsibility of remitting payments for the accounts of their customers.

In any case in which an Interest Payment Date, a Redemption Date, the Maturity Date or other payment date is not a Business Day, payment of interest or principal, as the case may be, will be made on the next succeeding Business Day and will be treated as if paid on the originally scheduled date.

*Payment of Interest.* Payments of interest will be made on the Interest Payment Date(s) as specified in the applicable Term Sheet as follows:

- Generally, interest on Fixed-Rate Bonds with maturities of less than one year will be payable on the Maturity Date of the Bonds. Interest on Fixed-Rate Bonds with maturities of one year or longer generally will be payable semi-annually in arrears on the Interest Payment Dates specified in the Term Sheet for the Bonds and on the Maturity Date. These Bonds will bear interest from and including their Issue Date to but excluding their Maturity Date at an annual fixed interest rate as specified in the applicable Term Sheet. Interest will be computed using a 30/360 Day Count Convention.
- Interest on Floating-Rate Bonds will be payable in arrears on the Interest Payment Dates specified in the applicable Term Sheet for the Bonds and on the Maturity Date. These Bonds will bear interest from and including their Issue Date to but excluding their Maturity Date based on their Reference Rate or formula as specified in the applicable Term Sheet. Interest will be computed as discussed below with respect to each type of Floating-Rate Bond.
- Zero-Coupon Bonds will be sold at a discount from the amount to be paid at maturity with no periodic payments of interest.

Interest payments on the Bonds will include interest accrued from and including the Issue Date or the most recent Interest Payment Date to or for which interest has been paid or duly provided, to but excluding the next succeeding Interest Payment Date.

*Payment of Principal.* The outstanding principal amount of each Bond, together with interest accrued and unpaid thereon, will be paid on the Maturity Date, unless designated as Redeemable Bonds or Optional Principal Redemption Bonds. All of the principal amount of Redeemable Bonds and all or a portion of the principal amount of Optional Principal Redemption Bonds may be paid prior to the Maturity Date at our option or as otherwise specified in the Term Sheet in accordance with the terms and conditions of the Bonds.

#### *Interest Rates*

Bonds may be offered with interest payable at fixed rates (Fixed-Rate Bonds), with interest payable at floating rates (Floating-Rate Bonds) or with no periodic interest payments (Zero-Coupon Bonds). The floating rate of interest will be calculated pursuant to the Reference Rates set forth below unless otherwise agreed to by us and the Dealer.

*Fixed-Rate Bonds.* The fixed rate of interest will be as specified in the applicable Term Sheet. There may be one fixed rate of interest for the life of the Bond or there may be more than one fixed rate of interest, each for a specified period during the life of the Bond, but in no event will there be more than one fixed rate of interest in effect for a specific Interest Period. Bonds for which there is more than one fixed rate of interest will be designated as "Step Rate Bonds" in the Term Sheet relating to the Bonds.

*Floating-Rate Bonds.* The floating rate of interest will be determined by reference to a specified index rate (a Reference Rate) or to an interest rate formula based on one or more of the following Reference Rates, as specified in the applicable Term Sheet:

- the Designated Maturity rate for U.S. Treasury Notes ("Treasury Rate");
- the London Interbank Offered Rate ("LIBOR");
- the Federal Funds effective rate ("Federal Funds Effective Rate");
- the U.S. Treasury Bill rate ("T-Bill Rate"); and
- the prevailing commercial banking industry prime loan rate ("Prime Rate").

A floating rate of interest based on a Reference Rate that is not described in the Reference Rates Supplement which is attached to and a part of this Offering Circular will be described in a supplement to this Offering Circular or in the Term Sheet relating to that Bond.

The applicable Term Sheet will also indicate any Spread. In addition, Floating-Rate Bonds may have a maximum and/or minimum rate of interest which may accrue and be payable for the relevant Interest Period(s).

*Adjustments.* Any adjustment to the rate of interest on a Floating-Rate Bond on a Reset Date will be effective as of that Reset Date to but excluding the next Reset Date, except that during the Rate Cut-Off Period the rate of interest will be the rate in effect on the relevant Calculation Date. Amounts to be paid on an Interest Payment Date, a Redemption Date or the Maturity Date will be calculated on the Calculation Date.

*Accrued Interest Calculation.* The accrued interest for all Bonds will be calculated by multiplying the principal amount of the Bond by an accrued interest factor.

An Actual/Actual Day Count Convention will be used to calculate the accrued interest factor on any day for a Bond by:

- (1) determining the interest rate applicable to each day on which the Bond has been outstanding during the period from and including the later of the Issue Date or the last date to or for which interest has been paid or duly provided, to but excluding the date as of which the accrued interest factor is being computed;
- (2) calculating for each such day the quotient equal to (A) the interest rate applicable to such day divided by (B) the number of days in the calendar year in which such day falls; and
- (3) determining the sum of the quotients calculated pursuant to clause (2) above.

An Actual/360 Day Count Convention will be used to calculate the accrued interest factor on any day for a Bond by:

- (1) adding the interest rates applicable to each day on which the Bond has been outstanding during the period from and including the later of the Issue Date or the last date to or for which interest has been paid or duly provided, to but excluding the date as of which the accrued interest factor is being computed; and
- (2) dividing the sum by 360.

A 30/360 Day Count Convention will be used to calculate the accrued interest factor on any day for a Bond by:

- (1) adding the interest rates applicable to each day on which the Bond has been outstanding during the period from and including the later of the Issue Date or the last date to or for which interest has been paid or duly provided, to but excluding the date as of which the accrued interest factor is being computed (it being understood that for purposes of this calculation all months consist of 30 days); and
- (2) dividing the sum by 360.

*Where to Obtain Current Rate of Interest.* Information concerning the current rate of interest on a Floating-Rate Bond and the relevant accrued interest factor is available by calling the Funding Corporation's Securities Operations Division at (201) 200-8000; this information is also available on the Funding Corporation's Web site at [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com).

### ***Redemption***

The Bonds will not be subject to redemption prior to maturity, unless designated as Redeemable Bonds or Optional Principal Redemption Bonds.

*Redeemable Bonds* may be redeemed (called), at our option, in whole, on any day as specified in the applicable Term Sheet. Generally, the redemption price will be 100% of the principal amount and the redemption payment will be in addition to the interest due on the Redemption Date.

*Optional Principal Redemption Bonds* may be redeemed (called), at our option, in whole or in part, on any day or days as specified in the applicable Term Sheet. In the event of a partial redemption, a pro rata portion of the then outstanding principal amount will be redeemed. Generally, the redemption price will be 100% of the principal amount to be redeemed. The redemption payment, which will be in addition to the interest due on the Redemption Date, will be derived by multiplying:

- (1) the principal amount outstanding prior to the first call by
- (2) the difference between the Current Factor in effect prior to the redemption and the Current Factor in effect following the redemption.

A notice of redemption generally will be published not less than five Business Days prior to any Redemption Date through at least one nationally recognized financial information service (such as Bloomberg) which disseminates redemption information with respect to securities ("Notice"). We will also notify the FRBNY and request that the FRBNY cause the Notice to be broadcast prior to the Redemption Date through its communication system ([www.frb services.org](http://www.frb services.org)). In addition, the Notice will be posted on the Funding Corporation's Web site. Failure to give any Notice, or any defect therein, will not affect the validity of the redemption or any proceeding related to the redemption. The Notice will include the Redemption Date, the redemption price and, if any, the Current Factor then in effect and the Current Factor to be in effect immediately following the redemption.

#### *Eligibility for Stripping*

Certain issues of specified Bonds ("Eligible Bonds") will be eligible to be separated (stripped) into their separate Interest Components and Principal Components on the Fed Book-Entry System. The components of an Eligible Bond are (i) each future interest payment due on or prior to the Maturity Date (each an "Interest Component") and (ii) the principal payment (the "Principal Component"). The initial or final interest payment on an Eligible Bond, however, cannot be separated into an Interest Component if the applicable Interest Period is shorter or longer than the other Interest Periods, using a 30/360 Day Count Convention. If the initial Interest Period is shorter or longer, an Eligible Bond will not be eligible for stripping until after the interest payment is made. If the final Interest Period is shorter or longer, the final interest payment will remain with the Principal Component. Each Interest Component and Principal Component (each a "Component") will be assigned a CUSIP number.

An issue of Bonds that is capable of being stripped on the Fed Book-Entry System may be specified as eligible to be stripped into Components either at the time of original issuance of the Bonds or at any time thereafter until the Cut-off Date. We are under no obligation, however, to specify any issue of Bonds as Eligible Bonds.

For an Eligible Bond to be stripped into Components, the principal amount of the portion of the Eligible Bond to be stripped must be an amount that, based on the stated interest rate of the Eligible Bond, will produce an interest payment of \$1,000 or an integral multiple thereof on each Interest Payment Date for the Eligible Bond. The minimum principal amount required to strip an Eligible Bond currently may be obtained by calling the Funding Corporation's Securities Operations Division at (201) 200-8000; this information is also available on the Funding Corporation's Web site at [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com). The minimum principal amount required to strip a Bond that is eligible to be stripped upon original issuance generally will be disclosed in the applicable Term Sheet.

In some cases, certain Interest Components of two or more issues of Eligible Bonds may be due on the same day. These Interest Components may have the same or different CUSIP numbers. It currently is expected that most Interest Components due on the same day (regardless of Eligible Bond issue) will have the same CUSIP number. However, we may specify Interest Components from an issue of Eligible Bonds to receive CUSIP numbers different than the CUSIP numbers of Interest Components due on the same

day from one or more other issues of Eligible Bonds. We also may specify at any time that any or all Interest Components of issues of Eligible Bonds originally issued on or after a specified time will have CUSIP numbers different than Interest Components of issues of Eligible Bonds originally issued prior to such time.

A Participant of an Eligible Bond currently may request that the Eligible Bond be separated into its Components at any time from the date it becomes eligible to be stripped until but not including the Cut-off Date, subject to the long and short Interest Period requirements discussed above. The Participant must make a request for separation to the FRBNY and comply with any requirements and procedures, including payment of applicable fees, if any, of the FRBNY in effect at that time. Any Bond that has been specified as an Eligible Bond may not be stripped any earlier than the Business Day following the Settlement Date, also subject to the long and short Interest Period requirements discussed above.

The Components will be maintained and transferred on the Fed Book-Entry System in integral multiples of \$1,000. Payments on Components will be made in U.S. dollars on the applicable payment dates as of the close of the Business Day preceding the payment dates by credit of the payment amount to the account at the Federal Reserve Bank of the Participants whose names appear on the book-entry records of the Federal Reserve Banks as the entities to whose account the Components have been deposited ("Component Participants").

If any modification, amendment or supplement of the terms and conditions of an issue of Eligible Bonds requires any consent of Participants, the consent with respect to Eligible Bonds which have been stripped is to be provided by the Component Participants of Principal Components, and Component Participants of Interest Components will have no right to give or withhold such consent; provided, however, that Component Participants of an Interest Component will have the right to give or withhold consent to any modification, amendment or supplement which would change the due date of the installment of interest relating to that Interest Component or would result in the material modification of the rate of interest represented by that Interest Component. See "Modifications and Amendments."

Currently, at the request of a Component Participant holding a Principal Component and all applicable unmatured Interest Components and on the Component Participant's payment of any applicable fees, the FRBNY will restore (reconstitute) the Principal Components of a stripped Bond and the applicable unmatured Interest Components (all in appropriate amounts) to the Eligible Bond in fully constituted form. Generally, for purposes of reconstituting an Eligible Bond, the Principal Component of an issue of Eligible Bonds may be combined with either Interest Components of such issue or Interest Components, if any, from other issues of Eligible Bonds that have the same CUSIP numbers as the unmatured Interest Components of the issue. Component Participants wishing to reconstitute Components into an Eligible Bond also must comply with all applicable requirements and procedures of the FRBNY relating to the stripping and reconstitution of securities.

The preceding discussion is based on our understanding of the manner in which the FRBNY currently strips and reconstitutes eligible securities on the Fed Book-Entry System. The FRBNY may cease stripping or reconstituting Eligible Bonds or may change the manner in which this is done or the requirements, procedures or charges therefor at any time without notice to or the consent of any Participant of Eligible Bonds.

#### **Discount Notes**

Discount Notes will generally be offered each Business Day. Currently, the maximum aggregate par amount of Discount Notes that we may have outstanding at any one time is \$60 billion, which can be changed at any time, subject to the approval of the FCA. Discount Notes will be issued with Maturity Dates of one to 365 days from the Issue Date. Discount Notes will be offered at a discount from the amount to be paid at maturity with no periodic payments of interest. Discount Notes will not be subject to redemption prior to maturity.



We will establish the Maturity Date, Posted Rate and other terms and conditions with respect to a particular issue of Discount Notes. This information will be set forth in the applicable Offering Announcement, which will be available through one or more Discount Note Dealers or Designated Dealers or through a nationally recognized financial information service.

Discount Notes will be sold on a discounted basis. The Issue Price will be derived from the formula below:

$$\left( 1 - \left( \frac{\text{Posted Rate} \times \text{Settlement Date to Maturity Date}}{360 \text{ days}} \right) \right) \times 100$$

The Posted Rate for each issue of Discount Notes will generally be posted by 9:00 a.m. each Business Day on at least one nationally recognized financial information service that disseminates pricing information with respect to discount notes. Discount Notes to be offered for a Trade Date will be posted prior to the close of business on the Business Day prior to the Trade Date.

#### ***Form and Denomination***

Discount Notes will be issued, maintained and transferred on the Fed Book-Entry System, as described below under "Book-Entry System." Discount Notes will be issued, maintained and transferred in minimum par amounts of \$1,000 and integral multiples of \$1,000 in excess thereof.

#### ***Settlement***

Generally, the Issue Date and the Settlement Date of a Discount Note is the Trade Date of the Discount Note. From time to time we may sell Discount Notes whose Settlement Date may differ from the Trade Date. Discount Notes will be delivered against payment of the Issue Price less the underwriting concession, if any, due to the Discount Note Dealer on the Settlement Date in Immediately Available Funds and will be effected only upon our receipt of funds. See "Plan of Distribution" and "Book-Entry System."

#### ***Payment of Par Amount***

Payment of the par amount on the Discount Notes will be paid on the applicable Maturity Date to Participants of the Discount Notes as of the close of business on the Business Day immediately preceding the Maturity Date by the credit of the payment to the Participants' accounts at the Federal Reserve Banks. The Participant and each other financial intermediary in the chain to the beneficial owner will have the responsibility of remitting payments for the accounts of their customers.

In any case in which the Maturity Date is not a Business Day, payment of the par amount will be made on the next succeeding Business Day and will be treated as if paid on the scheduled Maturity Date.

#### **Calculations**

Unless noted otherwise, for purposes of any calculations referred to in this Offering Circular and any applicable Offering Announcement or Term Sheet:

#### ***Rate of Interest***

All percentages resulting from any calculations will be truncated, if necessary, at the seventh decimal place, e.g., 9.12345678% (or 0.0912345678) truncated to 9.1234567% (or 0.091234567), and rounded, if necessary, to the sixth decimal place, e.g., 9.1234567% (or 0.091234567) rounded up to 9.123457% (or 0.09123457) and 9.1234561% (or 0.091234561) being rounded down to 9.123456% (or 0.09123456).

#### ***Price***

All percentages resulting from any calculations will be truncated, if necessary, at the seventh decimal place, e.g., 99.12345678% (or 0.9912345678) truncated to 99.1234567% (or 0.991234567) and rounded, if

necessary, to the sixth decimal place, e.g., 99.1234567% (or 0.991234567) rounded up to 99.123457% (or 0.99123457) and 99.1234561% (or 0.991234561) being rounded down to 99.123456% (or 0.99123456).

### *Dollar*

All U.S. dollar amounts used in or resulting from any calculations will be rounded to the nearest cent (with one-half cent being rounded up).

## **MODIFICATIONS AND AMENDMENTS**

We may modify, amend or supplement the terms and conditions of any issue of Securities in a supplement to this Offering Circular, in the applicable Offering Announcement or Term Sheet, through a notice broadcasted over the FRBNY communication system or a nationally recognized financial news service, or may direct a Dealer or a Designated Dealer to modify, amend or supplement these documents, without the consent of any Participant or beneficial owner of any Security:

- for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision in the terms and conditions of the Securities as described in this Offering Circular or any supplement to this Offering Circular, the applicable Offering Announcement or Term Sheet;
- for the purpose of conforming the terms and conditions of a Security to, or curing any ambiguity or discrepancy resulting from any changes in, the laws and regulations applicable to the Securities or the Fiscal Agency Agreement;
- for the purpose of increasing the principal amount of the issue of Securities; or
- in any manner that we may determine and that will not adversely affect in any material respect the interests of the Participants or beneficial owners of the Securities at the time of the modification, amendment or supplement.

Notice of any such modification, amendment or supplement will also be available on the Funding Corporation's Web site at [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com).

In addition, with the written consent of the Participants of at least a majority of the then aggregate outstanding principal amount of an issue of Securities, we may modify, amend or supplement the terms and conditions of an issue of Securities for any purpose other than as described above in this section, including, but not limited to, adding any provisions to or changing in any manner or eliminating any provisions of those Securities or modifying in any manner the rights of the Participants. However, the modification, amendment or supplement may not, without the written consent of the Participants of the principal amount of that Security:

- change the Maturity Date of, or the due date of any installment of interest on, that Security;
- materially modify the redemption provisions, if any, relating to the redemption price of, or any redemption date or period for, that Security;
- reduce the principal amount of, or materially modify the rate of interest or the calculation of the rate of interest on, that Security; or
- reduce the percentage of the then aggregate outstanding principal amount of the same issue of Securities necessary to consent to the modification, amendment or supplement of the related terms and conditions.

The form of any proposed amendment, modification or supplement does not need to be approved by the Participants so long as the substance of the proposed amendment, modification or supplement conforms to the consent provided by the Participants.

Any instrument given by or on behalf of any Participant of a Security in connection with any consent to any modification, amendment or supplement will be irrevocable once given and will be conclusive and binding

on all subsequent Participants of that Security. Any modification, amendment or supplement of the terms and conditions of the Securities will be conclusive and binding on all Participants of the Securities subject to that modification, amendment or supplement, whether or not they have given consent.

Any change from the terms and conditions of the Securities set forth in this Offering Circular will be set forth in a supplement, an Offering Announcement or a Term Sheet relating to a particular issue of Securities.

### **BOOK-ENTRY SYSTEM**

The Securities will be issued, maintained and transferred on the Fed Book-Entry System. The Securities will be issued pursuant to the Fiscal Agency Agreement with the FRBNY, as fiscal agent. The summaries in this Offering Circular of certain provisions of the Fiscal Agency Agreement do not purport to be complete and are qualified in their entirety by the provisions of the Fiscal Agency Agreement, copies of which may be examined at the office of the FRBNY (33 Liberty Street, New York, New York 10045) or the Funding Corporation. The Fiscal Agency Agreement makes generally applicable to the Securities the following regulations and other documents that govern transactions in Systemwide Debt Securities issued in book-entry form for which the Federal Reserve Banks act as the Banks' fiscal agent:

- the Farm Credit Securities Regulations;
- the applicable operating circulars or letters of the Federal Reserve Banks; and
- the Treasury Securities Regulations, insofar as applicable.

The accounts of Participants on the Fed Book-Entry System are governed by the foregoing. Copies of the Farm Credit Securities Regulations may be obtained on request from the Funding Corporation and copies of the Treasury Securities Regulations may be obtained on request from any Federal Reserve Bank, the Treasury Department or the Funding Corporation.

The Securities will be evidenced by means of entries on a Federal Reserve Bank's records of:

- the name of the Participant;
- the Participant's employer identification number, when appropriate; and
- the amount, Maturity Date and CUSIP number.

It is expected each issue of Securities will be available in book-entry form on the Fed Book-Entry System on the Settlement Date for the issue against payment in Immediately Available Funds. The Federal Reserve Banks will maintain book-entry accounts with respect to the Securities and make payments, on behalf of the Banks, of principal and interest on the Bonds and the par amount of Discount Notes on the applicable payment dates by crediting Participants' accounts at the Federal Reserve Banks. Payment of principal of and interest on the Bonds and the par amount of the Discount Notes does not require the presentation of a coupon or certificate. The book-entry records of the Federal Reserve Banks will reflect a Participant's aggregate holdings of the Securities.

The Securities may be held of record only by and transferred of record only between entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts the Securities have been deposited are referred to in this Offering Circular as "Participants." A Participant is not necessarily the investor who is the beneficial owner of a Security. Beneficial owners will ordinarily hold the Securities through one or more Securities Intermediaries. Beneficial owners generally receive a custody receipt from their bank or non-bank dealer instead of receiving a bond, debenture or other certificate evidencing indebtedness of the Banks. Investors may choose as custodian a bank or other financial institution that maintains book-entry accounts with a member of the Federal Reserve System.

A Participant that is not the beneficial owner of a Security, and each other Securities Intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their

respective customers. The rights of the beneficial owner of a Security with respect to the Banks and the Federal Reserve Banks may be exercised only through the Participant that holds the Security. The Banks and the Federal Reserve Banks will have no direct obligation to a beneficial owner of a Security that is not also a Participant. The Federal Reserve Banks will act only on the instructions of Participants in recording transfers of the Securities. The Banks and the Federal Reserve Banks may treat the Participants as the absolute owners of the Securities for the purpose of making payments of principal and interest on the Bonds and the par amount of Discount Notes and for all other purposes.

Information and trading with respect to any Securities for which a face amount (*i.e.*, in the case of Bonds, the original principal amount and in the case of Discount Notes, the par amount) has been designated will be with reference to the face amount.

### GOVERNING LAW

The Securities are governed by and construed in accordance with the federal laws of the United States of America and, to the extent of the absence of controlling federal law, in accordance with the laws of the State of New York, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules would require or permit the application of the laws of another jurisdiction, unless otherwise provided under the terms and conditions of a particular issue of Securities.

### USE OF PROCEEDS

Net proceeds from sales of the Securities are used by the Banks to fund their loan and investment portfolios (which primarily include loans to their affiliated Associations), to meet maturing debt obligations and for other corporate purposes. The Banks anticipate additional financing, including financing through various types of debt securities, will be required from time to time. The amount and nature of the financings depend on a number of factors, including the volume of the Banks' maturing debt obligations, the volume of loans made by and repaid to System institutions and general market conditions.

### CERTAIN TAX CONSIDERATIONS

The following summary describes certain federal and other tax consequences of the ownership of Securities as of the date hereof. It is based on certain of the facts set forth in the applicable offering materials distributed with respect to particular issues of Securities and on standard procedures followed in connection with the offer and sale of the Securities. Unless otherwise indicated, this summary deals only with Securities held by beneficial owners as capital assets by their original purchasers and does not address all of the tax consequences that may be relevant to a beneficial owner in light of its particular circumstances or if the beneficial owner is subject to special treatment under United States federal income tax laws (for example, insurance companies, tax-exempt organizations, financial institutions, brokers or dealers in securities or currencies, trader in securities that elects to use the mark to market method of accounting for its securities holdings, persons subject to the alternative minimum tax, United States expatriates, persons that hold Securities as part of an integrated investment (including a "straddle"), "controlled foreign corporations," "passive foreign investment companies," or corporations that accumulate earnings to avoid United States federal income tax). If a partnership holds Securities, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. This summary does not address special tax considerations that may be relevant to a partner in a partnership holding Securities. A partner of a partnership holding Securities should consult its own tax advisor regarding the tax consequences of the acquisition, ownership and disposition of Securities. This summary does not discuss any aspect of state, local or non-United States taxation and does not purport to cover all the possible tax consequences of the purchase, ownership or disposition of the Securities, and it is not intended as tax advice to any owner thereof.

This summary is based on the Act, the Internal Revenue Code of 1986, as amended (the "Code"), and final, temporary and proposed Treasury regulations, Revenue Rulings, and judicial decisions, all as of the

date hereof, which authorities may be repealed, revoked or modified (possibly with retroactive effect) so as to result in federal tax consequences different from those discussed below.

**This tax discussion was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. This tax discussion is being provided to support the promotion or marketing of the Securities to be issued pursuant to this Offering Circular. Persons considering the purchase or sale of the Securities should consult their own tax advisors concerning the application of the income tax laws of the United States to their particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.**

Additional federal and state income and other tax consequences applicable to particular Securities may be set forth in offering materials distributed with respect to particular issues of Securities.

### **General**

The Act provides that the Securities and interest thereon are exempt from state, local and municipal income taxation. Provisions of several statutes which are analogous to the relevant tax exemption provisions of the Act applicable to the Securities have been construed by certain state courts as not exempting securities similar to the Securities or interest thereon from nondiscriminatory franchise taxes or other non-property taxes in lieu thereof imposed on corporations. As described in greater detail below, interest on the Securities is not exempt from federal income taxation. In addition, gain from the sale or other disposition of the Securities or their transfer by inheritance, gift, or other means is not exempt from federal taxation, and generally is not exempt from state, local or municipal taxation.

### **United States Owners**

As used herein, "United States Owner" means a beneficial owner of a Security that is:

- A citizen or individual resident of the United States;
- A corporation (or other entity treated as a corporation for United States federal tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- An estate the income of which is subject to federal income taxation regardless of its source;
- A trust subject to the supervision of a court within the United States and the control of a United States person (as described in Section 7701(a)(30) of the Code and the Treasury regulations thereunder), or a trust that existed on or before August 20, 1996, and elected to be treated as a United States person for federal income tax purposes.

A "non-United States Owner" is a beneficial owner that is not a United States Owner or a partnership (or other entity treated as a partnership for United States federal income tax purposes).

### ***Interest***

In general, interest (other than original issue discount, as discussed below) on a Security will be treated as ordinary interest income to the United States Owner of the Security at the time it accrues or is received, in accordance with the United States Owner's method of accounting for tax purposes.

### ***Original Issue Discount***

A Security with an "issue price" which is less than its "stated redemption price at maturity" will generally be considered to be issued at an original issue discount for federal income tax purposes. Generally, however, under the "de minimis exception," if the difference between a Security's stated redemption price at maturity and its issue price is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years from the issue date to maturity, the Security will not be considered to have original issue discount.

“Issue price” is defined generally as the initial offering price to the public at which a substantial amount of the particular issue of Securities is sold. “Stated redemption price at maturity” is defined generally as the amount payable on an obligation at maturity, with the exception of payments of interest based on a fixed rate (or a variable rate, unless the applicable Offering Announcement or Term Sheet provides otherwise) and unconditionally payable at least annually. Such interest, (“qualified stated interest”) does not include any payments on a debt instrument with a term of one year or less. (See below for a discussion of the application of the de minimis exception for obligations with a term of one year or less.)

United States Owners of Bonds with original issue discount that mature more than one year from the issue date will generally be required to include original issue discount in gross income for federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, in advance of receipt of the cash payments attributable to such income. Such original issue discount will result in the acceleration of recognition of ordinary income to cash method United States Owners. Under the constant yield method, United States Owners of such Bonds will generally be required to include in income increasing amounts of original issue discount.

A United States Owner may elect to accrue all “interest” on a Security as original issue discount (*i.e.*, using the constant yield method discussed above). If a United States Owner elects this method, the Security’s issue price will be deemed to be such owner’s basis in the Security at the time of its acquisition, and all of the payments on the Security will be treated as included in its stated redemption price at maturity. This election is available whether or not such Security has original issue discount, and it applies to any stated interest, original issue discount (including discount that is de minimis or attributable to a short-term Security, as discussed below) and market discount (as discussed below) on a Security, all as adjusted by any acquisition or other premium (as discussed below). This election may be made on an obligation-by-obligation basis but, once made on an obligation with bond premium, it will operate as an election to amortize premium with respect to all of such United States Owner’s debt instruments with premium, not just those on which it is electing to apply the constant yield method. A similar consistency rule applies to debt instruments with market discount and the election to include such discount in income currently.

### ***Short-Term Securities***

All payments (including all stated interest) with respect to a Security will be included in the stated redemption price at maturity if the Security has a term of one year or less (a “short-term Security”) and, thus, a United States Owner will generally be taxable on discount in lieu of stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a short-term Security, unless the United States Owner elects to compute this discount using tax basis instead of issue price.

In general, individuals and certain other cash method United States Owners of short-term Securities are not required to accrue such discount for federal income tax purposes and will generally be required to include stated interest (if any) in income when received, unless an election is made to accrue discount using the constant yield method described above. This election will apply to all debt instruments having a maturity of one year or less that the United States Owner holds in the taxable year of the election and in all subsequent years and may not be revoked without the consent of the Internal Revenue Service. United States Owners who report income for federal income tax purposes on the accrual method and certain other United States Owners, including banks and dealers in securities, are required to accrue discount on such short-term Securities (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method.

The amount of discount which accrues in respect of a short-term Security while held by a United States Owner will be added to such owner’s tax basis in such Security to the extent included in income. In the case of a United States Owner who is not required, and does not elect, to include discount in income currently, any gain realized on the sale, exchange or retirement of the short-term Security will be ordinary income to the extent of the discount accrued (less the amount of stated interest received (if any) previously included in income) on a straight-line basis (or, if elected, according to a constant yield method based on

daily compounding) through the date of sale, exchange or retirement. In addition, such non-electing United States Owners which are not subject to the current inclusion requirement described in this paragraph will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry such short-term Securities in an amount not exceeding the deferred interest income, until such deferred interest income is realized.

The federal income tax treatment of Discount Notes is subject to the general rules for short-term Securities discussed above.

### ***Reopenings of Bonds***

Because the Banks have the right to reopen Bonds — that is, to increase the principal amount of an issue of Bonds (the “original Bonds”) by issuing additional Bonds (the “new Bonds”) with the same terms and conditions — the manner in which specific federal income tax provisions, including those relating to original issue discount, will be applied to the new Bonds will depend in part upon whether the new Bonds are treated for federal income tax purposes as a separate issue of Bonds or as part of the same issue of original Bonds. For example, certain new Bonds issued at a lower price than the original Bonds may be considered issued with original issue discount if treated as a separate issue, but considered not to be issued with original issue discount if treated as part of the same issue as the original Bonds. In general, two or more debt instruments are part of the same issue if they have the same credit and payment terms, are sold pursuant to a common plan or as part of a single transaction or a series of related transactions, and are issued within a 13-day period beginning on the date the first instruments were sold to the public. In addition, if additional debt instruments are issued within 6 months of previously issued debt instruments, the original and the additional debt instruments are treated as part of the same issue if they have the same terms, the original debt instruments are publicly traded, and the yield on the original debt instruments on the date the price of the additional debt instruments is established (or, if earlier, the date the sale of the additional debt instruments is announced) is not more than 10 percent higher than the yield on their issue date. If the original debt instruments were issued with no more than a de minimis amount of original issue discount, this test is based on the increase in the coupon rate rather than the yield. If the additional debt instruments are issued with a de minimis amount of original issue discount when tested separately, they are treated as part of the same issue as the original debt instruments if they have the same terms and the original debt instruments are publicly traded, irrespective of whether the 6-month reopening period or 10 percent yield increase limitations described above are satisfied.

The Banks intend to reopen a series of Bonds only in circumstances where the new Bonds will be treated as part of the same issue as the original Bonds for federal income tax purposes. Accordingly, the issue date, issue price and adjusted issue price of any new Bonds issued by the Banks in a reopening will be the same as the issue date, issue price and adjusted issue price of the original Bonds for tax purposes.

### ***Market Discount***

If a United States Owner purchases a Security other than a short-term Security (including a purchase in connection with its original issuance) for an amount that is less than its “revised issue price” (defined as the sum of the issue price of the Security, as defined above, and the aggregate amount, if any, of the original issue discount included, without regard to the rules for acquisition premium discussed below, in the gross income of all previous owners of the Security), the amount of the difference will be treated as “market discount” for federal income tax purposes, unless such difference is less than a specified de minimis amount. In general, under the market discount rules, a United States Owner will be required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, a Security as ordinary income to the extent of the market discount which has not previously been included in income and is treated as having accrued on such Security at the time of such payment or disposition. In addition, the United States Owner may be required to defer, until the maturity of the Security or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such Security. Any market discount will be considered to accrue ratably during the period from the date of acquisition to the Maturity Date of the

Security, unless the United States Owner elects to accrue on a constant yield method. A United States Owner of a Security may elect to include market discount in income currently as it accrues (on either a ratable or constant yield method), in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount in income currently, once made, applies to all market discount obligations acquired on or after the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service.

### *Premium*

A United States Owner that purchases a Security with original issue discount for an amount that is greater than the Security's "adjusted issue price" (defined generally as the issue price of the Security increased by the aggregate amount of original issue discount includible, if any, in the gross income of all previous owners of the Security and decreased by the aggregate amount of payments made on the Security, if any, other than payments of qualified stated interest) but less than the sum of all amounts payable on the Security after the purchase date (other than payments of qualified stated interest) will be considered to have purchased such Security at an "acquisition premium." The amount of original issue discount such owner must include in its gross income with respect to such Security for any taxable year will be reduced by the portion of such acquisition premium properly allocable to such year.

If a United States Owner acquires a Security for an amount that is greater than the sum of all amounts payable on the Security after the purchase date (other than payments of qualified stated interest), such owner will be considered to have purchased such Security at a premium, such Security will have no original issue discount, and such owner may elect to amortize such premium using a constant yield method, generally over the remaining term of the Security if the Security is not subject to redemption prior to maturity. Such premium shall be deemed to be an offset to interest otherwise includible in income in respect of such Security for each accrual period. If the premium allocable to an accrual period exceeds the qualified stated interest allocable to the accrual period, a United States Owner must treat the excess as a bond premium deduction for the accrual period. However, the amount treated as a bond premium deduction is limited to the amount by which the United States Owner's total interest income on the Security in prior accrual periods exceeds the total amount treated by the United States Owner as a bond premium deduction on the Security in prior accrual periods and if the premium allocable to an accrual period exceeds the sum of (i) such amount treated as a deduction for the accrual period and (ii) the qualified stated interest allocable to the accrual period, the excess is carried forward to the next accrual period and is treated as a bond premium allocable to that period. If a Security is subject to redemption prior to maturity after the United States Owner has acquired it, the United States Owner generally may not assume that the Security will be redeemed prior to maturity and must amortize the premium to the Maturity Date of the Security. If the Security is in fact redeemed prior to maturity, any unamortized premium may be deducted in the year of redemption. The election to amortize a premium using a constant yield method once made will apply to certain other debt instruments acquired at a premium held or subsequently acquired by the electing United States Owner on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service. Bond premium on a Security held by a United States Owner that does not make such an election will be taken into account in computing the gain or the loss recognized on disposition of the Security because it is part of such owner's tax basis for such Security. In the case of a short-term Security, this paragraph applies to cash method United States Owners unless they account for interest or original issue discount on the short-term Security as it accrues, as discussed above.

### *Disposition or Retirement of Debt Securities*

A United States Owner of a Security will recognize gain or loss on the sale, exchange or retirement of such Security equal to the difference between the amount realized thereon and such owner's tax basis in the Security, which gain or loss will generally be capital gain or loss (except to the extent of market discount that is treated as having accrued) and will be long-term capital gain or loss if at the time of the sale, exchange or retirement, the Security has been held for more than one year. The amount of original issue



discount or market discount which is includible in income in respect of a Security while held by a United States Owner will be added to such United States Owner's tax basis for such Security, and such basis will be reduced by any amortized acquisition or other premium and amounts of other payments that do not constitute qualified stated interest. The maximum tax rate on ordinary income for taxpayers that are individuals, estates or trusts is currently higher than the maximum tax rate on long-term capital gains on a Security held by such taxpayers. The distinction between capital gain or loss and ordinary income or loss is also relevant for purposes of limitations on the deductibility of capital losses.

#### *Interest Components and Principal Components of Eligible Bonds*

*Beneficial Owners of Interest and Principal Components.* Under federal tax law, the separation of ownership of the right to receive some or all of the interest payments on a debt instrument from ownership of the right to receive some or all of the principal payments results in the creation of "stripped bonds" with respect to principal payments and "stripped coupons" with respect to interest payments. Consequently, a beneficial owner that purchases a Principal Component or an Interest Component will be considered to own stripped bonds or stripped coupons, respectively.

A stripped bond or a stripped coupon, for purposes of applying the original issue discount rules, is treated as a debt instrument issued with original issue discount on the date that such stripped interest is purchased. Accordingly, the tax consequences to a beneficial owner that purchases a Component are determined as if the Component were a Security issued with original issue discount on the date of purchase or, in the case of a Component maturing one year or less from the date of purchase, a short-term Security issued on that date. The amount of original issue discount is equal to the excess (if any) of the Component's stated redemption price at maturity over the purchase price paid by the new beneficial owner on the date of purchase for the Component. The stated redemption price at maturity of an Interest Component or Principal Component is the amount payable on that Component.

*Tax Consequences of Stripping an Eligible Bond.* A beneficial owner of an Eligible Bond is taxed on income from the Eligible Bond as if the ability to strip the Eligible Bond did not exist, unless and until (i) the Eligible Bond is stripped and (ii) the beneficial owner disposes of some or all of the resulting Components. The mere exchange of an Eligible Bond for Interest and Principal Components, without the disposition of any of those Components, should not be treated as a taxable event. If a beneficial owner exchanges an Eligible Bond for Interest Components and Principal Components and disposes of all of those Components, the beneficial owner effectively is treated as if it had disposed of the Eligible Bond. If such beneficial owner disposes of less than all the Components resulting from the stripping transaction, such beneficial owner will be required on the date of disposition:

- (1) to include as income all interest and market discount accrued on the Eligible Bond not previously included as income;
- (2) to increase its basis in the Eligible Bond by the same amount;
- (3) to allocate its adjusted basis in the Eligible Bond among the Components in proportion to the respective fair market values of those Components; and
- (4) to recognize gain or loss with respect to each disposition of a Component equal to the difference between the amount realized and the basis allocated to that Component.

Generally, any gain or loss on the disposition of a Principal Component or an Interest Component will be capital gain or loss. If there is not an established market for the Components, it is not clear how such a beneficial owner should determine relative market values for this purpose.

A beneficial owner that disposes of less than all of the Components of an Eligible Bond should consult its tax advisor in these circumstances.

*Ownership of Pro Rata Share of Outstanding Interest Components and Principal Components.* If a beneficial owner purchases in one transaction a *pro rata* share of both the Principal Component and the applicable unmatured Interest Components relating to the same Eligible Bond, while the matter is not free

from doubt, such beneficial owner should be treated as purchasing an undivided interest in the Eligible Bond rather than the separate Components. If it cannot be ascertained whether such Components relate to the same Eligible Bond, or if such Components are purchased in separate transactions, then the federal income tax treatment of the Components could be determined by treating each Component separately, rather than as a combined Eligible Bond. If a beneficial owner who has purchased a *pro rata* share of both the Principal Component and the applicable unmatured Interest Components in either separate transactions or with respect to different Eligible Bonds requests a reconstitution of such Components as an Eligible Bond, while the matter also is not free from doubt, (i) the reconstitution should not be treated as a taxable exchange and (ii) the beneficial owner should continue to be taxed on each Component separately, rather than as a combined Eligible Bond. A beneficial owner should consult its tax advisor in any of the circumstances described in this paragraph.

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

A "backup" withholding tax and certain information reporting requirements may apply to certain payments to certain United States Owners of principal of and interest (including original issue discount, if any) or premium (if any) on, and proceeds of the sale or exchange before maturity of, a Security. Backup withholding and information reporting will not apply to payments on the Securities to exempt recipients that establish their status as such, regardless of whether such entities are United States Owners of Securities or hold Securities as a custodian, nominee or agent of a United States Owner. However, backup withholding and information reporting will apply to payments on the Securities made by any custodian, nominee or other agent to a United States Owner unless such United States Owner is an exempt recipient and establishes its status as such.

In the case of a United States Owner that is not an exempt recipient, backup withholding will not be applicable if such owner (i) has supplied an accurate Taxpayer Identification Number (usually on a Form W-9), (ii) has not been notified by the Internal Revenue Service that it has failed to properly report payments of interest and dividends and (iii) in certain circumstances, has certified under penalties of perjury that it has received no such notification and that it has supplied an accurate Taxpayer Identification Number. However, information reporting will be required in such a case.

Any amounts withheld under the backup withholding rules from a payment to a United States Owner of a Security will be refunded or allowed as a credit against such owner's federal income tax liability, provided that any required information is furnished to the Internal Revenue Service in a timely manner.

### **Non-United States Owners**

#### ***General***

Payments of interest (which for purposes of this discussion includes original issue discount) and premium (if any) on a Security to a non-United States Owner generally will be subject to withholding of federal income tax at a rate of 30% of the gross amount unless an exemption applies. Under current federal income and estate tax laws, and subject to the discussion below concerning backup withholding:

- (1) no withholding of federal income tax will be required with respect to the payment of principal, premium (if any) or interest on a Security to a non-United States Owner, provided that (i) such owner does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of an issuer entitled to vote within the meaning of Section 871(h)(3) of the Code, (ii) the non-United States Owner is not (A) a controlled foreign corporation that is related to an issuer through stock ownership or (B) a bank, in each case within the meaning of Section 881(c)(3) of the Code, and (iii) the beneficial owner satisfies the statement requirement (described generally below) set forth in Section 871(h) and Section 881(c) of the Code;

- (2) no withholding of federal income tax will be required with respect to the payment of interest on a Security to a non-United States Owner, provided that the Security is payable 183 days or less from the date of original issue;
- (3) no withholding of federal income tax will be required with respect to any gain or income realized by a non-United States Owner upon the sale, exchange or retirement of a Security; and
- (4) a Security held by an individual who at the time of death is a non-United States Owner will not be subject to federal estate tax as a result of such individual's death, provided that such individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of an issuer entitled to vote within the meaning of Section 871(h)(3) of the Code and provided that the interest payments with respect to such Security are not effectively connected with a United States trade or business of such individual.

To qualify for the exemption from withholding tax with respect to the Securities, the last United States person in the chain of payment prior to payment to a non-United States Owner (such United States person, the "Withholding Agent") must have received in the year in which a payment of principal or interest occurs, or in one of the three preceding years, a statement that:

- (a) is signed by the beneficial owner of a Security under penalties of perjury;
- (b) certifies that such beneficial owner is not a United States Owner; and
- (c) provides the name and address of such beneficial owner.

The statement may be made on a Form W-8BEN or substantially similar substitute form and the beneficial owner must inform the Withholding Agent of any change in the information on the statement within 30 days of such change. Under certain circumstances, a Withholding Agent is allowed to rely on a Form W-8IMY or other similar documentation furnished by a financial institution or other intermediary on behalf of one or more beneficial owners (or other intermediaries) without having to obtain copies of the beneficial owner's Form W-8BEN. Subject to certain exceptions, a payment to a foreign partnership or to certain foreign trusts is treated as a payment directly to the foreign partners or to the trust beneficiaries, as the case may be.

If a non-United States Owner is engaged in a United States trade or business and interest on a Security is effectively connected with the conduct of such trade or business, the non-United States Owner will be exempt from the withholding of federal income tax described above, provided it has furnished the Withholding Agent with a Form W-8ECI or substantially similar substitute form stating that interest on the Security is effectively connected with the non-United States Owner's conduct of a trade or business in the United States. Such a non-United States Owner will be subject to federal income tax on such interest on a net income basis in the same manner as if it were a United States Owner. In the case of a non-United States Owner that is a corporation, effectively connected income also may be subject to a branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

A non-United States Owner that is not eligible for relief under one of the exceptions described above may qualify for an exemption from, or a reduced rate of, federal income and withholding tax under a United States income tax treaty. In general, this exemption or reduced rate of tax applies only if the non-United States Owner provides a properly completed Form W-8BEN or substantially similar substitute form to the Withholding Agent.

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

"Backup" withholding tax and certain information reporting requirements may apply to certain payments to certain non-United States Owners of principal of and interest (including original issue discount, if any) or premium (if any) on, and proceeds of the sale or exchange before maturity of, a Security. Backup withholding and information reporting will not apply to payments made to a non-United States Owner of a Security with respect to which such owner has provided under penalties of perjury the required certification

of its non-United States person status for federal income tax purposes (absent actual knowledge or reason to know that the owner is a United States Owner) or has otherwise established its status as an exempt recipient. The amount of interest paid to a non-United States Owner will be reported to such non-United States Owner and to the Internal Revenue Service annually on Internal Revenue Service Form 1042-S, even if such non-United States Owner is exempt from backup withholding and the 30% withholding tax described above.

If payments of principal, interest or premium (if any) are made to a custodian, nominee or agent for the non-United States Owner of a Security, information reporting may be required. In particular, information reporting will be required on payments made outside the United States by a custodian, nominee or agent of the beneficial owner of a Security if such custodian, nominee or agent is (i) a United States person for federal income tax purposes, (ii) a foreign person 50% or more of whose gross income for certain specified periods is effectively connected with the conduct of a trade or business in the United States, (iii) a foreign partnership that at any time during its taxable year is more than 50% owned (by income or capital interest) by United States persons or engaged in the conduct of a United States trade or business, (iv) a controlled foreign corporation for United States tax purposes or (v) a United States branch of a foreign bank or a foreign insurance company for United States tax purposes (a person described in paragraphs (ii), (iii), (iv) or (v) hereinafter a "United States Controlled Person"), unless (1) such custodian, nominee or agent (i) obtains a withholding certificate or other appropriate documentary evidence establishing that the beneficial owner is not a United States person, and (ii) does not have actual knowledge or reason to know that the information contained therein is false, or (2) the beneficial owner is a corporation or a financial institution or other exempt recipient eligible for an exemption from information reporting. If information reporting is required in these circumstances, backup withholding will be required only if such custodian, nominee or agent has actual knowledge that the beneficial owner is a United States person.

Proceeds from the sale or redemption of a Security through a United States broker or the United States office of a foreign broker will be subject to information reporting, and backup withholding will be required unless a withholding certificate or other appropriate documentary evidence is provided to the broker. Proceeds from the sale or redemption of a Security through the foreign office of a broker who is a United States Controlled Person will be subject to information reporting unless (1) such broker (i) obtains a withholding certificate or other documentary evidence establishing that the beneficial owner is not a United States person, and (ii) does not have actual knowledge or reason to know that such evidence is false, or (2) the beneficial owner is a corporation or a financial institution or other exempt recipient eligible for an exemption from information reporting. In circumstances where information reporting by the foreign office of such a broker is required, backup withholding will be required only if the broker has actual knowledge that the beneficial owner is a United States person.

### ***Medicare Tax***

With respect to taxable years beginning after December 31, 2012, certain United States Owners, including individuals, estates and certain trusts, will be subject to an additional 3.8% Medicare tax on unearned income. For individual United States Owners, the additional Medicare tax applies to the lesser of (i) "net investment income," or (ii) the excess of the United States Owner's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A holder's net investment income will generally include its interest income and its net gains from the disposition of Securities, unless such interest payments or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). United States Owners are urged to consult their own tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the Securities.

### ***Recently Enacted Legislation***

The recently enacted Hiring Incentives to Restore Employment Act (the "Hire Act") modifies some of the rules described above, including with respect to certification requirements and information reporting, for

debt instruments issued after March 18, 2012. Although Securities issued before this date are exempt from the new rules, Congress delegated broad authority to the United States Treasury Department to promulgate regulations to implement the new withholding and reporting regime. It cannot be predicted whether or how any regulations promulgated by the United States Treasury Department pursuant to this broad delegation of regulatory authority will affect holders of Securities. Prospective purchasers of Securities should consult their own tax advisors regarding the Hire Act and legislative proposals that may be relevant to their investment.

### **PLAN OF DISTRIBUTION**

The Securities may be sold to one or more investors:

- through Dealers and Designated Dealers, acting as principal, who have entered into one or more Selling Group Agreements with us;
- through agents, if so designated by us; or
- directly by us.

#### **By Dealers or Designated Dealers**

We appoint the Dealers and determine the types of the Securities each Dealer is authorized to offer and sell. Additional Bond Dealers or Discount Note Dealers may be appointed and either we or a Dealer may terminate an appointment. The Securities will be purchased by the Dealers as principal under the terms of the applicable Selling Group Agreements pertaining to the sale of Bonds and Discount Notes.

Dealers purchasing certain Bonds may offer a selling concession to other Dealers or to securities dealers that are not members of our selling group in connection with the sale of such Bonds, subject to certain requirements imposed by the Selling Group Agreements and by other agreements entered into by a Dealer and securities dealers that are not members of a selling group.

In addition, certain Bond Dealers have been appointed as Designated Dealers who may also participate in the distribution of Discount Notes through, and receive a selling concession from, the Discount Note Dealers. Additional Designated Dealers may be appointed by us and either we or a Designated Dealer may terminate an appointment. The Designated Dealers are entitled to participate, as principal, in the distribution of Discount Notes pursuant to the terms of the respective Selling Group Agreements and the arrangements they establish with one or more of the Discount Note Dealers.

Subject to certain requirements, affiliates of Dealers and Designated Dealers may participate in the distribution and sale of Bonds and Discount Notes.

Copies of the respective Selling Group Agreements, as in effect from time to time, are available for inspection upon request to the General Counsel of the Funding Corporation at 10 Exchange Place, Suite 1401, Jersey City, N.J. 07302.

#### ***Offerings and Issue Price***

The Securities may be offered in accordance with a published schedule or at varying times. We have the right to accept or reject offers to purchase Securities and may reject any offer, in whole or in part for any reason or no reason. A Dealer or Designated Dealer, without notice to us, may reject, in whole or in part, any offer received by it to purchase Securities.

*Bonds* may be offered for sale through a single Dealer or a group of Dealers through syndication, negotiation or a competitive bidding process.

Bonds will be offered for sale to investors at the Issue Price (generally 100% of the principal amount of the Bonds) or at varying prices according to prevailing market prices at the time of the resale as determined by the Dealer.

*Discount Notes* are generally offered for sale to Discount Note Dealers each Business Day. Discount Notes may also be sold through Designated Dealers who purchase the Discount Notes from the Discount Note Dealers for resale to investors. Current Posted Rates for Discount Notes of varying maturities can be obtained by contacting a Discount Note Dealer or a Designated Dealer. This information is also available through at least one nationally recognized financial information service that disseminates pricing information with respect to discount notes. Unless otherwise specified, Discount Notes may be resold to investors on the Trade Date at a price which is not less than the Posted Rate; after the Trade Date, Discount Notes may be resold at varying prices.

#### ***Underwriting and Selling Concession Amounts***

The underwriting concession payable to Dealers and the selling concession, if any, payable to Designated Dealers, to other Dealers or to securities dealers that are not members of a selling group, which concessions will vary depending on the type of Securities being sold and other factors, are determined in accordance with the respective Selling Group Agreements. In certain circumstances and subject to certain requirements, Dealers and Designated Dealers may share their underwriting or selling concession, as applicable, with their affiliates. The underwriting and selling concessions are subject to change at any time in our sole discretion.

*Bonds.* An underwriting concession, if any, will be paid to the Bond Dealers at a rate specified in the applicable Term Sheet. The underwriting concession payable for Bonds generally varies depending on the maturity of the Bonds. Dealers purchasing certain Bonds may offer a selling concession to other Dealers or to securities dealers that are not members of a selling group in connection with the sale of the Bonds, subject to certain requirements. Unless otherwise agreed to by us, the selling concession offered by a Dealer shall be as specified by us and may not exceed the Dealer's underwriting concession. In certain circumstances, Dealers may share their underwriting concession with their affiliates.

*Discount Notes.* An underwriting concession, if any, will be paid to Discount Note Dealers in the amount specified in the applicable Offering Announcement. Currently, the underwriting concession will be the dollar amount derived from the following formula:

$$\frac{\text{Par Amount of Discount Note} \times .0003 \times \text{Number of Days from Settlement Date to Maturity Date}}{360 \text{ days}}$$

Unless otherwise agreed to by us, a Designated Dealer who purchases Discount Notes from a Discount Note Dealer will be entitled to receive a portion of the Discount Note Dealer's underwriting concession as specified by us. In certain circumstances, Discount Note Dealers and Designated Dealers may share their underwriting or selling concession, as applicable, with their affiliates.

See "General Information" below for a description of other transactions where a Dealer or Designated Dealer may realize additional compensation in transactions that may be related to the sale of the Securities.

#### **By Agents**

The Securities may be sold through Dealers or Designated Dealers as our agent.

#### **Direct Sales**

The Securities may also be sold directly by us to investors. In this case, no Dealers or Designated Dealers would be involved and no underwriting or selling concession or other fee would be payable.

#### **Offering Information and Sales Restrictions**

We are not required to register the Securities under the U.S. Securities Act of 1933, as amended. Accordingly, we have not filed a registration statement with the U.S. Securities and Exchange Commission with respect to the Securities. The Securities are "exempted securities" within the meaning of the U.S. Securities Exchange Act of 1934, as amended. Neither the Securities and Exchange Commission nor

any state securities commission has approved or disapproved these Securities or determined if the Offering Circular is truthful or complete. Any representation to the contrary is a criminal offense.

The Offering Circular, the Incorporated Information and all Term Sheets relating to particular Securities are posted on the Funding Corporation's Web site at [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com). Each Dealer and Designated Dealer is required to deliver (1) the Offering Circular, any applicable Term Sheet and, if so requested, the Incorporated Information to purchasers of the Securities, and (2) the Offering Circular, the applicable Term Sheet and the Incorporated Information to any person to whom the Securities are offered (or any person solicited to purchase the Securities) if this person requests the information. In certain circumstances, affiliates of the Dealers and securities dealers that are not members of our selling group who participate in the distribution of Bonds are also required to comply with certain document delivery requirements. No Dealer, Designated Dealer or any other person is authorized to make any representation or use any information in connection with the issue, offering and sale of the Securities other than as contained in this Offering Circular, the applicable Offering Announcement or Term Sheet or such other information relating to us or the Securities that we have authorized the Dealers and Designated Dealers to use.

The Securities may be offered or sold only where it is legal to do so. Each Dealer and Designated Dealer must determine the application of and comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Offering Circular, or any part thereof, including any Offering Announcement or Term Sheet, or any such other material. Each Dealer and Designated Dealer has agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it may offer, sell or deliver the Securities or distribute the Offering Circular, or any other offering materials.

Selling restrictions may be modified or supplemented by agreement between us and the relevant Dealers or Designated Dealers following a change in any relevant law, regulation or directive. Some of the restrictions that may be applicable to the offer and sale of the Securities are set forth below.

#### **Australia**

Each Dealer and Designated Dealer has acknowledged that no prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) (the "Corporations Act") in relation to the Securities has been lodged with the Australian Securities and Investments Commission (the "ASIC"). Each Dealer and Designated Dealer has represented and agreed that it:

- (a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Securities in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Offering Circular or any Term Sheet, Offering Announcement, advertisement or other offering material relating to the Securities in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least AUD\$500,000 (or its equivalent in any other currency, but disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Act;
- (ii) the offer or the issuance of the Securities does not constitute an offer to a "retail client" for the purposes of Chapter 7 of the Corporations Act;
- (iii) such action complies with all applicable laws, regulatory guides and policy statements; and
- (iv) such action does not and will not require any document to be lodged with the ASIC.

## Canada

Each Dealer has represented, warranted and agreed that:

- (a) the sale and delivery of any securities offered under this document to any purchaser who is a resident of Canada or otherwise subject to the laws of Canada or who is purchasing for a principal who is a resident of Canada or otherwise subject to the laws of Canada (each such purchaser or principal, a "Canadian Purchaser") by such Dealer shall be made so as to be exempt from the prospectus filing requirements and exempt from, or in compliance with, the dealer registration requirements of all applicable securities laws, regulations, rules, instruments, rulings and orders, including those applicable in each of the provinces and territories of Canada (as defined in this section, the "Securities Laws");
- (b) each Canadian Purchaser is resident in either the Province of British Columbia, Alberta, Manitoba, Ontario or Quebec (the "Private Placement Provinces");
- (c) each Canadian Purchaser is purchasing the securities as principal (or is deemed under the Securities Laws to be purchasing as principal) and not as agent;
- (d) each Canadian Purchaser is an "accredited investor" as defined in section 1.1 of National Instrument 45-106 ("NI 45-106") and was not created and is not being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;
- (e) each Canadian Purchaser is a "permitted client" as defined in section 1.1 of National Instrument 31-103 Registration Requirements and Exemptions ("NI 31-103"), if it is purchasing the Notes from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103;
- (f) it will ensure that each Canadian Purchaser purchasing from or through it (i) has represented to it that such Canadian Purchaser is resident in one of the Private Placement Provinces, (ii) has represented to it which categories set forth in the relevant definitions of "accredited investor" in NI 45-106 and/or "permitted client" in NI 31-103 correctly describes such Canadian Purchaser, as the case may be, and (iii) consents to disclosure of all required information about the purchase to the Canadian securities regulatory authorities;
- (g) it has not provided and will not provide to any Canadian Purchaser any document or other material that would constitute an offering memorandum (other than this Offering Circular with respect to the private placement of the Securities in Canada) or future oriented financial information within the meaning of Securities Laws;
- (h) it has not made and it will not make any written or oral representations to any Canadian Purchaser:
  - (i) that any person will resell or repurchase the securities purchased by such Canadian Purchaser;
  - (ii) that the securities will be freely tradeable by the Canadian Purchaser without any restrictions or hold periods;
  - (iii) that any person will refund the purchase price of the securities; or
  - (iv) as to the future price or value of the securities; and
- (i) it will inform each Canadian Purchaser that:
  - (i) we are not a "reporting issuer" and are not, and may never be, a reporting issuer in any province or territory of Canada and there currently is no public market in Canada for any of the securities, and one may never develop;
  - (ii) the securities will be subject to resale restrictions under applicable Securities Law; and



- (iii) such Canadian Purchaser's name and other specified information will be disclosed to the relevant Canadian securities regulators or regulatory authorities.

#### ***Rights of Action — Ontario Purchasers Only***

Under Ontario securities legislation, certain purchasers who purchase a security offered by this document during the period of distribution will have a statutory right of action for damages, or while still the owner of the securities, for rescission against us in the event that this document contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

#### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer and Designated Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Securities to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) or Designated Dealer(s) nominated by the Funding Corporation for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) to (d) above shall require the Funding Corporation or any Dealer or Designated Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

## France

Each of the Funding Corporation, the Dealers and the Designated Dealers have represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Securities to the public in France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France the Offering Circular or any other offering material relating to the Securities and that any offers, sales and distributions have been and will only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2, and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

## Hong Kong

Each Dealer and Designated Dealer has represented and agreed that:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent), (b) to “professional investors” as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance, or (c) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571) and any rules made under that Ordinance.

## The Republic of Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the “Financial Services Act”) and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time (“Regulation No. 11971”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Securities or distribution of copies of the Offering Circular or any other document relating to the Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the “Banking Act”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## **Japan**

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the "FIEA") and each Dealer and Designated Dealer has represented and agreed that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Singapore**

The Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore, and the Securities will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, the Securities may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Securities be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

In addition, each Dealer and Designated Dealer shall notify each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased the Securities, namely a person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interests in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Securities under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or to any person pursuant to Section 275(1) and Section 275(1A) of the Securities and Futures Act, respectively and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

## **United Kingdom**

Each Dealer and Designated Dealer has represented and agreed that:

- (1) in relation to any Securities having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (b) has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Funding Corporation;
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Funding Corporation; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

## **The People's Republic of China**

Each Dealer and Designated Dealer has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Securities in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the "PRC") as part of the initial distribution of the Securities.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Issuer does not represent that this Offering Circular may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Securities or distribution of this document in the PRC. Accordingly, the Securities are not being offered or sold within the PRC by means of this Offering Circular or any other document. Neither this Offering Circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

## **India**

Each Dealer and Designated Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in India, by means of this Offering Circular or any other document, any Securities in circumstances which would constitute an offering to the public within the meaning of the (Indian) Companies Act, 1956;
- (b) this Offering Circular and any document by means of which it offers the Securities will not be generally distributed or circulated in India and will be for the sole consideration and exclusive use of the persons permitted to acquire Securities under Indian law to whom it is issued; and
- (c) the Securities will not be offered, directly or indirectly, to persons in India exceeding 49 in number or any other number as may be specified under the (Indian) Companies Act, 1956 from time to time.

This Offering Circular is strictly personal to the recipient and neither this Offering Circular nor the issue of any Securities is calculated to result, directly or indirectly, in the Securities becoming available for subscription or purchase by persons other than those receiving the invitation or offer.

The Securities have not been approved by the Securities and Exchange Board of India, Reserve Bank of India or any other regulatory authority of India, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of prospectus with the Registrar of Companies in India.

Prospective investors from India must seek legal advice as to whether they are entitled to subscribe to the Securities and must comply with all relevant Indian laws in this respect. Each investor is deemed to have acknowledged and agreed that it is eligible to invest in the Securities under applicable laws and regulations and that it is not prohibited under any law or regulation in India from acquiring, owning or selling the Securities.

### **General Information**

We, the Dealers and the Designated Dealers have agreed in the respective Selling Group Agreements to indemnify each other against and contribute toward certain liabilities.

Each Dealer and Designated Dealer engages in transactions with and performs services for us in the ordinary course of business. In connection with any particular issue of Securities, one or more of the Banks may enter into interest rate swaps or other hedging transactions with, or arranged by, a Dealer or Designated Dealer participating in the issuance, an affiliate of the Dealer or Designated Dealer or an unrelated third party. The Dealer, Designated Dealer or other party may receive compensation, trading gain or other benefits in connection with the transactions. The interest rate swaps or other hedging transactions may reference the Securities, other obligations of the Banks or obligations of other issuers.

In connection with any particular issue of Securities, Dealers, Designated Dealers or any other entity through which such Securities are sold may over-allot or effect transactions that seek to stabilize or maintain the market price of the Securities at levels above those which might otherwise prevail in the open market. Such transactions may include stabilizing bids or purchases for the purpose of pegging, fixing or maintaining the market price of the Securities. A Dealer, Designated Dealer or any other entity through which Securities are sold may also create a short position in such Securities by selling such Securities with a principal amount greater than that set forth on the cover page of the applicable Offering Announcement or Term Sheet and may reduce such short position by purchasing Securities in the open market.

Purchases described above may cause the price of the applicable Security to be higher than it might otherwise be in the absence of such transactions. Such transactions, if commenced, may be discontinued at any time. If a Dealer, a Designated Dealer or any other entity through which Securities are sold engages in any such transaction, it will do so on its own behalf and not as our agent.

Either we or a Dealer or a Designated Dealer may terminate, upon notice, the status of the Dealer or Designated Dealer by termination of the applicable Selling Group Agreement. In addition, under certain circumstances, we may, in our sole discretion, terminate or suspend a Dealer or Designated Dealer.

## GLOSSARY

Set forth below are definitions of some of the commonly used terms in this Offering Circular.

**“Act”** means the Farm Credit Act of 1971, as amended.

**“Actual/Actual”** means that interest or any other relevant accrual factor will be calculated on the basis of the actual number of days elapsed in the Interest Period divided by the number of days in the year in which the day for which interest is being calculated falls (365 days or 366 days in a leap year).

**“Actual/360”** means that interest or any other relevant accrual factor will be calculated on the basis of the actual number of days elapsed in the Interest Period divided by a year of 360 days.

**“30/360”** means that interest or any other relevant accrual factor will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

**“Associations”** means the Associations of the Farm Credit System.

**“Banks”** means the Banks of the Farm Credit System.

**“Bloomberg”** means Bloomberg Professional Service distributed by Bloomberg L.P. or any successor to such service. Bloomberg means, when used in connection with any Reference Rate, the display page so designated on Bloomberg, or any successor to this service (or any other page as may replace that page on that service) or any other service as may be designated as the information vendor for the purpose of displaying rates or prices comparable to that Reference Rate.

**“Bond-Equivalent Yield”** is the 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 per annum rate for the security, quoted on a bank discount basis and expressed as a decimal; “N” refers to 365 days (or 366 days if February 29 falls between the period from and including the Settlement Date to but excluding the first anniversary date of the Settlement Date of the Security); and “M” refers to the actual number of days in the period from and including the Settlement Date to but excluding the Maturity Date.

**“Bonds”** means the Federal Farm Credit Banks Consolidated Systemwide Bonds.

**“Business Day”** means any day other than (1) a Saturday or Sunday, (2) a day on which the FRBNY is closed for business, or (3) with respect to any payment in respect of any book-entry security, a day on which the Federal Reserve Bank maintaining the book-entry account relating to such book-entry security is closed for business.

**“Calculation Date”** means the date on which we calculate an amount to be paid on an Interest Payment Date, Redemption Date or the Maturity Date, which, unless otherwise specified, will be four Business Days prior to such date.

**“Component”** means each Interest Component and Principal Component of an Eligible Bond.

**“Component Participants”** the Participants whose names appear on the book-entry records of the Federal Reserve Banks as the entities to whose account Components have been deposited.

**“Composite Quotations”** means the daily statistical release entitled “Composite 3:30 P.M. Quotations for U.S. Government Securities,” or any successor publication, published by the FRBNY.

**“Current Factor”** means a number that represents the fraction (expressed as a decimal) the numerator of which represents the aggregate principal amount of a particular issue of Optional Principal Redemption Bonds then outstanding and the denominator of which represents the initial aggregate principal amount of such Bonds.

**“CUSIP Number”** means the nine-character identification number used to identify the Securities on the records of the Federal Reserve Banks.

**“Cut-off Date”** means the Maturity Date of an Eligible Bond or, if the Eligible Bond is subject to redemption prior to the Maturity Date, the first date on which the Eligible Bond is subject to redemption.

**“Day Count Convention”** means Actual/Actual, Actual/360, 30/360 or such other methodology set forth in a Term Sheet for the purpose of calculating accrued interest or other amounts.

**“Dealers”** means certain investment dealers and dealer banks appointed by us to offer and sell the Securities under the relevant Selling Group Agreement, including Bond Dealers and Discount Note Dealers. To be a Dealer with respect to a particular type of Security, the Dealer must execute the relevant Selling Group Agreement. A current list of Bond Dealers and Discount Note Dealers is available on the Funding Corporation’s Web site at [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com) or upon request to the Funding Corporation at 10 Exchange Place, Suite 1401, Jersey City, New Jersey 07302; telephone: (201)200-8000.

**“Designated Dealers”** means certain Dealers appointed as Bond Dealers who have also been appointed by us to participate in the distribution of Discount Notes through the Discount Note Dealers under the relevant Selling Group Agreements. To be a Designated Dealer with respect to Discount Notes, the Bond Dealer must execute the relevant Selling Group Agreement. A current list of Designated Dealers is available on the Funding Corporation’s Web site at [www.farmcredit-ffcb.com](http://www.farmcredit-ffcb.com) or upon request to the Funding Corporation at 10 Exchange Place, Suite 1401, Jersey City, New Jersey 07302; telephone: (201)200-8000.

**“Designated Maturity”** means the period of time specified in the applicable Term Sheet relating to the period to maturity of the instrument or obligation from which the Reference Rate is calculated. For floating interest rates, the Designated Maturity may vary for different Reference Rates as discussed in the Offering Circular.

**“Determination Date”** means the date as of which the interest rate for a Floating-Rate Bond is established, to be effective as of the following Reset Date. For Reference Rates, the Determination Date may vary for different Reference Rates as discussed in the Offering Circular.

**“Discount Notes”** means the Federal Farm Credit Banks Consolidated Systemwide Discount Notes.

**“Electronic Order Management System”** means any electronic order management application system or electronic trading platform of the Funding Corporation.

**“Eligible Bonds”** means certain issues of specified Bonds eligible to be separated (stripped) into their separate Interest Components and Principal Components on the Fed Book-Entry System.

**“Farm Credit Securities Regulations”** means the regulations prescribed by the FCA governing the Banks’ debt securities, currently set forth in 12 CFR Part 615, Subpart O, as amended.

**“FCA”** means the Farm Credit Administration.

**“Fed Book-Entry System”** means the book-entry system of the Federal Reserve Banks.

**“Fiscal Agency Agreement”** means the agreement between the Funding Corporation, acting on behalf of the Banks, and the FRBNY, as fiscal agent, under which the Federal Reserve Banks maintain the Securities on the Fed Book-Entry System and receive and make payments of principal of and interest on the Securities on behalf of the Banks.

**“Fixed-Rate Bonds”** means Bonds that bear interest at a fixed rate.

**“Floating-Rate Bonds”** means Bonds that bear interest at a floating rate determined by reference to one or more interest rate indices or otherwise.

**“FRBNY”** means the Federal Reserve Bank of New York.

**“Funding Corporation”** means the Federal Farm Credit Banks Funding Corporation.

**“H.15(519)”** means the Federal Reserve Statistical Release for Selected Interest Rates H.15(519), which is published by the Board of Governors of the Federal Reserve System each Monday with data from the prior week, and can be found on their Web site at [www.federalreserve.gov/releases/h15](http://www.federalreserve.gov/releases/h15), or any successor site or publication.

**“H.15 Daily Update”** means the daily update of H.15(519) available through the Web site of the Board of Governors of the Federal Reserve System at [www.federalreserve.gov/releases/h15/update](http://www.federalreserve.gov/releases/h15/update), or any successor site or publication.

**“Immediately Available Funds”** means payment in funds credited and immediately available to the Funding Corporation’s account at the FRBNY.

**“Incorporated Information”** means the Information Statements and the Press Releases.

**“Information Statements”** means the most recent Farm Credit System Annual Information Statement and the most recent Farm Credit System Quarterly Information Statement issued after the Annual Information Statement.

**“Initial Interest Rate”** with respect to a Floating-Rate Bond means the rate, if any, specified in the applicable Term Sheet as the accrual rate for the period from and including the Issue Date to but excluding the date specified in the Term Sheet for such Bond as the first Reset Date.

**“Insurance Corporation”** means the Farm Credit System Insurance Corporation.

**“Insurance Fund”** means the Farm Credit Insurance Fund.

**“Interest Components”** means the components of an Eligible Bond that are each future interest payments due on or prior to the Maturity Date.

**“Interest Payment Date”** means the date on which interest will be paid as specified in the applicable Term Sheet.

**“Interest Period”** means the period from and including the Issue Date of the Securities to but excluding the first Interest Payment Date for the Security and thereafter each successive period from and including one Interest Payment Date to but excluding the next succeeding Interest Payment Date.

**“Issue Date”** means the date a Security is issued as specified in the applicable Offering Announcement or Term Sheet.

**“Issue Price”** means the offering price of the Security as specified in the applicable Offering Announcement or Term Sheet.

**“Issuer”** means the Banks as the issuers of a Security.

**“London Banking Day”** means any day, other than a Saturday or Sunday, on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

**“Maturity Date”** means the date on which the Security will mature and payment of the par amount or the principal amount outstanding, as the case may be, will be made.

**“Notice”** means a notice of redemption generally published not less than five Business Days prior to any Redemption Date through at least one nationally recognized financial information service (such as Bloomberg) which disseminates redemption information with respect to securities.

**“Offering Announcement”** means the specific information and terms and conditions for each issue of Discount Notes as such information and terms and conditions appear on a nationally recognized financial information service (such as Bloomberg) and the Funding Corporation’s Electronic Order Management System.



**“Optional Principal Redemption Bond”** means a Bond that may be redeemed, at the Banks’ option, in whole or in part, on any day or days as specified in the applicable Term Sheet or otherwise as specified in the Term Sheet.

**“Participant”** means the entity whose name appears on the book-entry records of a Federal Reserve Bank as the entity for whose account the Securities have been deposited.

**“Posted Rate”** means the discount rate offered for a Discount Note on the Trade Date as specified in the applicable Offering Announcement.

**“Press Releases”** means certain press releases relating to financial results or to other developments affecting the System issued by the Funding Corporation since the publication of the most recent Information Statement.

**“Principal Component”** means the component of an Eligible Bond that is the principal payment.

**“Rate Cut-Off Period”** means the period commencing on the Calculation Date to, but not including, the Interest Payment Date.

**“Redeemable Bond”** means a Bond that may be redeemed, at the Banks’ option, in whole, on any day as specified in the applicable Term Sheet or otherwise as specified in the Term Sheet.

**“Redemption Date”** means the date on which the Security is to be redeemed.

**“Reference Rate”** means a specified index rate.

**“Regulations”** means the regulations of the FCA issued under the Act.

**“Representative Amount”** means an amount, determined by the Funding Corporation, that is representative for a single transaction in the relevant market at the relevant time.

**“Reset Date”** means the date on which a Floating-Rate Bond will begin to bear interest at the variable interest rate determined on the relevant Determination Date.

**“Securities”** means the Bonds and Discount Notes offered pursuant to this Offering Circular.

**“Securities Intermediary”** means any one of the persons described as a Securities Intermediary in the Farm Credit Securities Regulations, including, without limitation, a bank, brokerage firm or securities clearing organization, through which a beneficial owner holds a Security.

**“Selling Group Agreements”** means the Federal Farm Credit Banks Funding Corporation Amended and Restated Bond Selling Group Agreement, dated as of October 18, 2010, the Federal Farm Credit Banks Funding Corporation Amended and Restated Discount Note Selling Group Agreement — Core Dealers, dated as of June 18, 1999, and the Federal Farm Credit Banks Funding Corporation Discount Note Selling Group Agreement — Designated Dealers, dated as of June 18, 1999, entered into with various Dealers, each as may be amended from time to time.

**“Settlement Date”** means the date on which the Funding Corporation will deliver the Securities against payment.

**“Spread”** means the constant amount or percentage, if any, specified in the applicable Term Sheet to be added to or subtracted from the Reference Rate, as the case may be, to determine the interest rate for each Reset Period for a Floating-Rate Bond.

**“Step Rate Bonds”** means Bonds that bear interest at two or more specified fixed rates for specified periods.

**“System”** means the Farm Credit System.

**“Systemwide Debt Securities”** means all debt securities of the Banks issued under Section 4.2(d) of the Act.

**“Term Sheet”** means the document that contains the specific information and final terms and conditions for each issue of Bonds.

**“Trade Date”** with respect to Discount Notes means any Business Day between 8:00 a.m. and 11:59 p.m. on which a Discount Note is offered for sale by us to a Dealer.

**“Treasury Securities Regulations”** means the regulations and procedures prescribed by the United States Department of the Treasury governing United States securities, currently set forth in 31 CFR Parts 306 and 357, as amended.

**“U.S. Government Securities Business Day”** means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

**“Zero-Coupon Bonds”** means Bonds which are offered at a discount from the amount to be paid at maturity with no periodic payment of interest.

## REFERENCE RATES SUPPLEMENT

*Terms used in this Reference Rates Supplement, unless otherwise defined in the Glossary to the Offering Circular, have the meanings ascribed to them in this Supplement. The following terms and conditions apply generally to the Securities. The Offering Announcement or Term Sheet for each offering of Securities will contain the specific information related to that offering and may contain additional or different terms and conditions for that Security. It is important to consider the information in the Offering Circular, the applicable Offering Announcement or Term Sheet and this Supplement in making an investment decision. In the case of any discrepancy between the terms and conditions of a particular Security as described in the Offering Circular or this Supplement and as described in the applicable Offering Announcement or Term Sheet, you should rely on the terms and conditions as described in the Offering Announcement or Term Sheet.*

### **Treasury Rate Bonds**

Each Treasury Rate Bond will bear interest at a rate per annum equal to the Treasury Note Rate for the Specified Treasury Notes (as defined below) calculated as described below either plus or minus a Spread, if any. Interest will be computed using an Actual/Actual Day Count Convention.

### *Calculation of Treasury Note Rate*

The Treasury Note Rate effective beginning on each Reset Date will be determined with reference to a percentage equal to the yield for United States Treasury securities at a "constant maturity" for a period of the Designated Maturity specified in the applicable Term Sheet ("Specified Treasury Notes"), and for that Reset Date as set forth in H.15(519) under the caption "Treasury constant maturities."

"Reset Date" with respect to the calculation of the Treasury Note Rate means the day that is specified as such in the applicable Term Sheet for an issue of Treasury Rate Bonds. "Determination Date" with respect to the calculation of the Treasury Note Rate means the day that is two U.S. Government Securities Business Days prior to that Reset Date, except that, during the Rate Cut-Off Period, the Treasury Note Rate will be the rate in effect on the Calculation Date.

The following procedures will occur if the rate cannot be set as described above for a Determination Date:

- (1) If such rate is not published in H.15(519), the rate for that Reset Date will be a percentage equal to the yield for the Specified Treasury Notes and for that Reset Date as set forth in H.15 Daily Update under the caption "Treasury constant maturities."
- (2) If such rate is so published in H.15(519) or H.15 Daily Update, the rate for that Reset Date will be the rate for the Specified Treasury Notes as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Funding Corporation determines to be comparable to the rate which would otherwise have been published in H.15(519) or H.15 Daily Update.
- (3) If the Federal Reserve System Board of Governors or the United States Department of the Treasury does not publish a yield for the Specified Treasury Notes, the rate for that Reset Date will be calculated by the Funding Corporation and will be a yield-to-maturity based on the arithmetic mean of the secondary market bid rates at approximately 3:30 p.m., New York City time, on the Determination Date preceding the Reset Date of three leading primary United States government securities dealers in New York City selected by the Funding Corporation (from five such dealers 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 closest to the constant maturity of the Specified Treasury Notes, a remaining term to maturity no more than one year shorter than that of the constant maturity of the Specified Treasury Notes and in a Representative Amount.

If fewer than five but more than two prices are provided as requested, the rate for that Reset Date will be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of the quotations will be eliminated.

If fewer than three prices are provided as requested, the rate for that Reset Date will be calculated by the Funding Corporation and will be a yield-to-maturity-based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m. (New York City time) on the day that is two U.S. Government Securities Business Days preceding that Reset Date of three leading primary United States government securities dealers in the City of New York selected by the Funding Corporation (from five such dealers 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 constant maturity of the Specified Treasury Notes, a remaining term to maturity closest to the constant maturity of the Specified Treasury Notes and in a Representative Amount.

If two United States Treasury securities with an original maturity greater than the constant maturity of the Specified Treasury Notes have remaining terms to maturity equally close to the constant maturity of the Specified Treasury Notes, the quotes for the Treasury security with the shorter original term to maturity will be used.

### **LIBOR Bonds**

Each LIBOR Bond will bear interest from and including its Issue Date to its Maturity Date at a rate per annum equal to LIBOR calculated as provided below either plus or minus a Spread, if any. Interest on LIBOR Bonds will be computed using an Actual/360 Day Count Convention.

### ***Calculation of LIBOR***

LIBOR effective beginning on each Reset Date will be the British Bankers Association (the "BBA") Interest Settlement Rate for deposits in U.S. dollars for a period of the Designated Maturity which corresponds to the applicable Reset Period and appears on Bloomberg, currently on page BBAM1 <GO>, based on calculations from quotations taken as of 11:00 a.m. (London time) on the Determination Date corresponding to the relevant Reset Period.

"Reset Date" with respect to the calculation of LIBOR means the first day of a Reset Period. "Reset Period" with respect to a LIBOR Bond means each successive period equal to the Designated Maturity specified in the applicable Term Sheet for the Bond, which will be one month, three months, six months, or such other Designated Maturity as specified in the Term Sheet. "Determination Date" with respect to any Reset Period of a LIBOR Bond means the date which is two London Banking Days preceding that Reset Date beginning the period, except that, during the Rate Cut-Off Period, LIBOR will be the rate in effect on the Calculation Date.

The following procedures will occur if the rate cannot be determined as described above for a Determination Date:

- (1) If LIBOR for that Reset Date does not yet appear as described above, then LIBOR for that Reset Date will be determined on the basis of the rates at which deposits in U.S. dollars are offered by the principal London offices of four major banks in the London interbank market, selected by the Funding Corporation, at approximately 11:00 a.m. (London time) on the Determination Date to prime banks in the London interbank market for a period of the Designated Maturity commencing on that Reset Date and in a Representative Amount. The Funding Corporation will request the quotations from each of the four selected banks.
- (2) If at least two quotations are provided, LIBOR for that Reset Date will be the arithmetic mean of the quotations.
- (3) If fewer than two quotations are provided, LIBOR for that Reset Date will be the arithmetic mean of the rates quoted by four major banks in New York City, selected by the Funding

Corporation, at approximately 11:00 a.m. (New York City time) on that Reset Date for loans in U.S. dollars to leading European banks for a period of the Designated Maturity commencing on that Reset Date and in a Representative Amount.

- (4) If the banks are not quoting as described above, then LIBOR will be the rate in effect for the immediately preceding Reset Date or if there was no preceding Reset Date, then LIBOR will be the rate in effect on the Issue Date.

The interest rate in effect on each day will be:

- (1) the interest rate with respect to the Determination Date pertaining to the Reset Date if the day is a Reset Date; or
- (2) the interest rate with respect to the Determination Date pertaining to the immediately preceding Reset Date if the day is not a Reset Date.

#### **T-Bill Rate Bonds**

Each T-Bill Rate Bond will bear interest at a rate per annum equal to the T-Bill Rate calculated as provided below either plus or minus a Spread, if any. Interest on T-Bill Rate Bonds will be computed using an Actual/Actual Day Count Convention.

#### **Calculation of T-Bill Rate**

The "Treasury Bill Rate" means, with respect to any Reset Date:

- (1) Will be equal to the Bond-Equivalent Yield of the rate for the applicable Treasury Bill auction as reported in the Treasury Auction Press Release for the Designated Maturity under the heading "Investment Rate."
- (2) In the event no applicable auction of Treasury Bills is held during any period of seven consecutive calendar days ending on and including any Friday, then until such time as an auction is held the T-Bill Rate:
  - (a) Will be adjusted on the calendar day following the date, as determined by the Funding Corporation, on which the next applicable Treasury Bill auction in accordance with usual practices of the United States Department of the Treasury, and thereafter each week on the calendar day following such date (in such circumstances, each such date will be a "Reset Date"); and
  - (b) Will be the Bond-Equivalent Yield of the arithmetic mean of the secondary market bid rates for the issue of U.S. Treasury Bills with a maturity closest to the Designated maturity (in each case, the bids will be as quoted by three primary United States government securities dealers in New York City, selected by the Funding Corporation, as of approximately 3:30 p.m. (New York City time) on the calendar day preceding such Reset Date).

The "Reset Date" with respect to the calculation of the T-Bill Rate means the calendar day immediately following the first applicable auction of Treasury Bills each week in the period Monday through Friday, except as described below.

The initial T-Bill Rate will be based on the results of the most recent applicable Treasury Bill auction prior to the Issue Date.

The T-Bill Rate in effect from the first day of each Interest Period through and including the date of the first applicable Treasury Bill auction on or after the first day of the Interest Period will be based on the results of the most recent applicable Treasury Bill auction prior to that day.

The T-Bill Rate with respect to any day which is in the Rate Cut-off Period will be the rate in effect on the Calculation Date.

The T-Bill Rate in effect for the period beginning on the Calculation Date through and including the calendar day preceding an Interest Payment Date will be based on the results of the most recent applicable Treasury Bill auction prior to that period.

The following procedures will occur if the rate cannot be set as described above:

- (1) If, on the Calculation Date, the above described rate for a Reset Date has not been published in H.15(519), the rate for that Reset Date will be the Bond-Equivalent Yield of the rate set forth 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)."
- (2) If, on the Calculation Date, the above described rate for a Reset Date has not yet been published in H.15(519) or H.15 Daily Update (or such other recognized electronic source used for the purpose of displaying such rate), the rate will be the Bond-Equivalent Yield of the arithmetic mean of the secondary market bid rates for the issue of U.S. Treasury Bills with a maturity closest to the Designated Maturity (in each case, the bids will be as quoted by three primary United States government securities dealers in New York City, selected by the Funding Corporation, as of approximately 3:30 p.m. (New York City time) on the Reset Date).

"Treasury Auction Press Release" with respect to the calculation of the T-Bill Rate means the auction data available through the Web site of the Bureau of the Public Debt of the U.S. Treasury Department at [www.treasurydirect.gov/instit/annceresult/press/press.htm](http://www.treasurydirect.gov/instit/annceresult/press/press.htm), and using the relevant issuance calendar year, issuance security, and Auction Date/Results hyper-links, or any successor site or publication.

For the purpose of applying the Bond-Equivalent Yield formula in calculating the T-Bill Rate, percentages resulting from such calculation will be rounded, if necessary, to the nearest one thousandth of a percentage point.

#### **Prime Rate Bonds**

Each Prime Rate Bond will bear interest at a rate per annum equal to the Prime Rate calculated as provided below either plus or minus a Spread, if any. Interest on Prime Rate Bonds will be computed using an Actual/360 Day Count Convention.

#### **Calculation of Prime Rate**

The "Prime Rate" means, with respect to any Reset Date will be the rate set forth in H.15(519) opposite the caption "Bank prime loan."

The "Reset Date" with respect to the calculation of the Prime Rate means each calendar day in an Interest Period.

The "Determination Date" means the Business Day immediately preceding the Reset Date.

The Prime Rate with respect to any day which is in the period beginning on the Calculation Date through and including the calendar day first preceding an Interest Payment Date will be the rate in effect on a Calculation Date.

The following procedures will occur if the rate cannot be set as described above:

- (1) If, by 5:00 p.m., New York City time, on the Calculation Date, the Prime Rate for a Reset Date is not yet published or displayed in H.15(519), then the rate will be the rate set forth in H.15 Daily Update for that day opposite the caption "Bank prime loan."
- (2) If, by 5:00 p.m., New York City time, on the Calculation Date, the Prime Rate for a Reset Date is not yet published in H.15(519) or H.15 Daily Update, then the rate for that Reset Date will be the rate of interest displayed by Bloomberg, currently under the ticker "FCPR," as of 5:00 p.m. New York City time.

- (3) If there is a discontinuation of the reporting of the Prime Rate as described above, then the Prime Rate will be the Prime Rate published in the Wall Street Journal on such Reset Date.
- (4) If the Prime Rate is not published in the Wall Street Journal as described above, then the Prime Rate for the Reset Date will be the rate for the immediately preceding Reset Date.

### **Federal Funds Effective Rate Bonds**

Each Federal Funds Effective Rate Bond will bear interest from and including its Issue Date to its Maturity Date at a rate per annum equal to the Federal Funds Effective Rate calculated as provided below either plus or minus a Spread, if any. Interest on Federal Funds Effective Rate Bonds will be computed using an Actual/360 day count convention.

#### *Calculation of Federal Funds Effective Rate*

The "Federal Funds Effective Rate" means, with respect to any Reset Date will be the rate set forth in H.15(519) opposite the caption "Federal funds (effective)."

The "Reset Date" with respect to the calculation of the Federal Funds Effective Rate means each calendar day in an Interest Period.

The "Determination Date" means the Business Day immediately preceding the Reset Date.

The Federal Funds Effective Rate with respect to any day which is in the period beginning on the Calculation Date through and including the calendar day first preceding an Interest Payment Date will be the rate in effect on the Calculation Date.

The following procedures will occur if the rate cannot be set as described above:

- (1) If, on the Calculation Date, the Federal Funds Effective Rate for a Reset Date is not yet published in H.15(519), the rate for that Reset Date will be the rate set forth in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying that rate, for that day opposite the caption "Federal funds (effective)."
- (2) If, on the Calculation Date, the above described rate for a Reset Date has not yet been published in H.15(519) or H.15 Daily Update (or such other recognized electronic source used for the purpose of displaying such rate), the rate will be the rate for the immediately preceding Reset Date. If the Funding Corporation determines that the Federal Funds Effective Rate will no longer be published, the rate for the following Reset Date will be the arithmetic mean of the rates for the last transaction in overnight United States Federal Funds arranged by three leading brokers of Federal Funds transactions, selected by the Funding Corporation, as of approximately 9:00 a.m. (New York City time) on the Determination Date for that Reset Date unless a rate is otherwise published on the H.15(519), or H.15 Daily Update (or such other recognized electronic source used for the purpose of displaying such rate) by 4:30 p.m. on such Reset Date. If fewer than three brokers are quoting as described, the rate of interest in effect for the applicable period will be the same as the rate of interest in effect for the prior Reset Date.

### **Discrepancy**

With respect to the calculation of a rate for any Bond, if any discrepancy arises between the H.15(519) and the H.15 Daily Update, the H.15(519) will take precedence. If any discrepancy arises between H.15(519) and Bloomberg, the H.15(519) will take precedence.

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