
OFFERING CIRCULAR

\$10,000,000,000
*Federal Farm Credit Banks
Consolidated Systemwide
Medium-Term Notes*



Due One to 30 Years from Date of Issue

The Federal Farm Credit Banks Funding Corporation, a corporation established under the laws of the United States of America as agent for the Banks of the Farm Credit System (the "Funding Corporation"), proposes to offer for sale from time to time Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes Due One to 30 Years from Date of Issue (the "Notes") in an aggregate principal amount outstanding at any one time of up to \$10,000,000,000. The Notes are the general unsecured joint and several obligations of the Banks of the Farm Credit System (the "Banks") and will be issued under the authority of the Farm Credit Act of 1971, as amended (the "Act"), and the regulations of the Farm Credit Administration (the "FCA") thereunder.

THE NOTES ARE THE JOINT AND SEVERAL OBLIGATIONS OF THE BANKS AND ARE NOT OBLIGATIONS OF, NOR ARE THEY GUARANTEED BY, THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF, OTHER THAN THE BANKS. SEE "DESCRIPTION OF THE NOTES."

The Notes will have various interest rates, interest rate formulae, maturities, selling prices, and other terms as agreed to by the Funding Corporation and the purchaser and specified in a Term Sheet (as defined herein). Each Note, except for a Zero-Coupon Note (as defined herein), will be sold at 100% of its principal amount unless otherwise agreed to by the Funding Corporation and the purchaser. The Notes will have maturities from one to 30 years and, unless designated as "Optional Principal Redemption Notes" or otherwise agreed to by the Funding Corporation and the purchaser, the Notes will not be subject to redemption prior to maturity. Unless otherwise agreed to by the Funding Corporation and the purchaser, and subject to the exceptions set forth herein, (i) interest on Fixed-Rate Notes (as defined herein) will be payable semi-annually in arrears on each January 20 and July 20, and on the Maturity Date (as defined herein) and (ii) interest on Floating-Rate Notes (as defined herein) will be payable quarterly in arrears on the dates specified in the Term Sheet for such Notes, and on the Maturity Date. No periodic payments of interest will be made on Zero-Coupon Notes. The Notes will be issued and maintained, and may be transferred, in book-entry form only on the book-entry system of the Federal Reserve Banks. Fixed-Rate Notes will be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Floating-Rate Notes will be issued in minimum denominations of \$5,000 and integral multiples thereof. See "Description of the Notes."

THE NOTES ARE NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT OF 1933. ACCORDINGLY, NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE BANKS ARE NOT SUBJECT TO THE PERIODIC REPORTING REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934.

The Notes will be offered from time to time by the Funding Corporation through investment dealers and dealer banks appointed by the Funding Corporation (the "Agents") which have agreed to use their best efforts to solicit offers to purchase the Notes. The Funding Corporation will have the sole right to accept offers to purchase the Notes and may reject any proposed purchase of the Notes, in whole or in part. Each Agent will have the right, in its discretion reasonably exercised, to reject any proposed offer to purchase Notes received by it, in whole or in part, which it determines to be unreasonable. The Funding Corporation will pay a commission to each Agent for the sale of Notes through such Agent not to exceed 0.375% of their issue prices, which commission will vary depending upon the maturity of the Note. The Agents appointed as of the date hereof are listed below. The Funding Corporation may, in its sole discretion at any time, from time to time, appoint one or more other investment dealers and dealer banks as additional Agents. In addition, certain other members of the Federal Farm Credit Banks Bond Selling Group ("MTN-Designated Selling Group Members") may solicit offers for Notes designated by the Funding Corporation. The Notes may also be sold directly by the Funding Corporation. No commission will be payable on sales made directly by the Funding Corporation. In addition, the Notes may be sold to any Agent as principal for resale to investors at varying prices, according to prevailing market prices at the time of resale, as determined by such Agent.

The Notes will not be listed on any securities exchange and there can be no assurance that the Notes described in this Offering Circular will be sold or that there will be a secondary market for the Notes. See "Description of the Notes—Secondary Market Risks." The Funding Corporation reserves the right to withdraw, cancel or modify the offer made hereby without notice.

Bank of America NT & SA	Bear, Stearns & Co. Inc.	Craigie Incorporated
Dean Witter Reynolds Inc.	Donaldson, Lufkin & Jenrette Securities Corporation	
First Chicago Capital Markets, Inc.	First Tennessee Bank N.A.	Fuji Securities Inc.
Goldman, Sachs & Co.	Lehman Brothers	Merrill Lynch Government Securities, Inc.
Morgan Keegan & Company, Inc.	J.P. Morgan Securities Inc.	Morgan Stanley & Co. Incorporated
NationsBanc Capital Markets, Inc.	PaineWebber Incorporated	Prudential Securities Incorporated
Salomon Brothers Inc	Smith Barney, Harris Upham & Co. Incorporated	

The date of this Offering Circular is August 18, 1992.

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. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IMPORTANT INFORMATION AND INCORPORATION BY REFERENCE

Important information regarding the Banks and the Farm Credit 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 any Farm Credit System Quarterly Information Statements issued subsequent thereto (collectively, "Information Statements") and certain press releases issued from time to time by the Funding Corporation, all of which are hereby incorporated by reference into this Offering Circular (the "Incorporated Information"). Such Incorporated Information and the Farm Credit System Annual Report to Investors for the current and two preceding fiscal years are available for inspection at the Federal Farm Credit Banks Funding Corporation, Specialized Funding Department, 10 Exchange Place, Jersey City, New Jersey 07302; Telephone: (201) 200-8000. This Offering Circular should be read in conjunction with the Incorporated Information. Upon request, the Funding Corporation will furnish, without charge, copies of the Incorporated Information. Copies of this Offering Circular and the Incorporated Information are available from the Agents and the MTN-Designated Selling Group Members.

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This Offering Circular supersedes the Offering Circular for the Notes dated March 27, 1989 and supplements thereto and shall apply to Notes issued after the date hereof. This Offering Circular will be updated from time to time as determined by the Funding Corporation.

No person is authorized to give any information or to make any representation not contained in this Offering Circular, the Incorporated Information and the Term Sheet furnished by the Funding Corporation with respect to a particular issue of Notes, and, if given or made, such information or representation must not be relied upon as having been authorized by the Funding Corporation, the Banks, the Agents or the MTN-Designated Selling Group Members. This Offering Circular does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer. Neither the delivery of this Offering Circular, such Incorporated Information or Term Sheet, nor any sale hereunder, shall under any circumstances create any implication that the information herein or therein is correct as of any time subsequent to the respective dates hereof or thereof.

SUMMARY

The information below is qualified in its entirety by the detailed information appearing elsewhere in this Offering Circular and in the Information Statements and press releases incorporated by reference herein. See "Important Information and Incorporation by Reference."

Issuers The Banks of the Farm Credit System (the "Banks") are instrumentalities of the United States, federally chartered under the Farm Credit Act of 1971, as amended (the "Act"), and are subject to regulation by the Farm Credit Administration (the "FCA"). The Farm Credit System is a nationwide system of lending institutions and affiliated service and other entities which provides credit and related services to farmers, ranchers, producers and harvesters of aquatic products, rural homeowners, certain farm-related businesses, agricultural and aquatic cooperatives (or to other entities for the benefit of such cooperatives), and rural utilities.

Funding Corporation The Federal Farm Credit Banks 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 An aggregate principal amount outstanding at any one time of up to \$10,000,000,000 of Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes Due One to 30 Years from Date of Issue (the "Notes"). The Notes may be offered at fixed rates of interest ("Fixed-Rate Notes"), with no periodic interest payments ("Zero-Coupon Notes") or with interest payable at floating rates ("Floating-Rate Notes") which may be determined in accordance with an interest rate formula based upon a specified index rate (a "Reference Rate"), and may be subject to maximum and/or minimum interest rates. The Reference Rates include, but are not limited to, the "constant maturity" rate for U.S. Treasury Notes (with respect to "Treasury Note—Indexed Notes"), the London Interbank Offered Rate (with respect to "LIBOR—Indexed Notes"), the Commercial Paper rate (with respect to "Commercial Paper—Indexed Notes") (each of the foregoing Reference Rates having a maturity agreed to by the Funding Corporation and the purchaser), the 91-day U.S. Treasury Bill rate (with respect to "T-Bill—Indexed Notes"), and the Bank Prime Loan rate (with respect to "Prime—Indexed Notes"). Any Floating-Rate Notes offered at a floating rate of interest based on a Reference Rate other than the rates mentioned above will be described in a supplement to this Offering Circular or in the Term Sheet (as defined herein) to be provided to the purchaser with respect to a particular issue of Notes.

Offering The Notes will be offered in the United States from time to time through the investment dealers and dealer banks appointed by the Funding Corporation (the "Agents"). The Agents appointed as of the date hereof are listed on the cover of this Offering Circular. The Funding Corporation may, in its

sole discretion at any time, from time to time, appoint one or more other investment dealers and dealer banks as additional Agents. In addition, certain other members of the Federal Farm Credit Banks Bond Selling Group may solicit offers for Notes designated by the Funding Corporation. The Notes may also be sold directly by the Funding Corporation. Interest rates, spreads, issue prices, any applicable redemption provisions, maturities, any maximum or minimum interest rate limitations on floating rates and other terms with respect to a particular issue of Notes will be established from time to time by the Funding Corporation. Such information will be made available through the Agents, and may also be made available through certain financial information services.

General The Notes will be issued under the authority of the Act and the regulations of the FCA thereunder (the “Regulations”). Pursuant to the Act, the Notes are the joint and several obligations of the Banks. Pursuant to the Regulations, the Notes, as general unsecured obligations, rank equally with Federal Farm Credit Banks Consolidated Systemwide Bonds, Federal Farm Credit Banks Consolidated Systemwide Discount Notes and other unsecured debt securities on which the Banks are jointly and severally liable. The Notes are not obligations of, nor are they guaranteed by, the United States or any agency or instrumentality thereof, other than the Banks. See “Description of the Notes.”

Paying Agent Federal Reserve Banks.

Form and Denominations The Notes will be issued and maintained, and may be transferred, only on the book-entry system of the Federal Reserve Banks. The Notes may be held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts Notes have been deposited are herein referred to as “Holders.” A Holder is not necessarily the beneficial owner of a Note. Beneficial owners will ordinarily hold Notes through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. Fixed-Rate Notes will be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Floating-Rate Notes will be issued in minimum denominations of \$5,000 and integral multiples thereof.

Maturity Dates The Notes will have maturity dates (each a “Maturity Date”) of not less than one year nor more than 30 years from the dates the Notes are issued (each an “Issue Date”) as agreed to by the Funding Corporation and the purchaser.

Redemption Unless designated as “Optional Principal Redemption Notes” or otherwise agreed to by the Funding Corporation and the purchaser, Notes will not be subject to redemption prior to maturity. A particular issue of Notes designated as “Optional Principal Redemption Notes” in a Term Sheet may be redeemed, at the Banks’ option, by the Funding Corporation,

in whole or in part, on one or more specified Interest Payment Dates for such Notes. In the event of a partial redemption, the Funding Corporation will redeem a pro rata portion of the then outstanding principal amount of each Optional Principal Redemption Note of that particular issue. The redemption price for each Optional Principal Redemption Note will be 100% of the principal amount thereof to be redeemed. See “Description of the Notes—Redemption, Purchase and Acceleration.”

- Interest Payments** Unless otherwise agreed to by the Funding Corporation and the purchaser, and subject to the exceptions set forth herein, (i) interest on Fixed-Rate Notes will be payable semi-annually in arrears on each January 20 and July 20, and on the Maturity Date, and (ii) interest on Floating-Rate Notes will be payable quarterly in arrears on the dates specified in the Term Sheet for such Notes, and on the Maturity Date. See “Description of the Notes.” Interest on a Note will accrue from and including its Issue Date to but excluding its Maturity Date. No periodic payments of interest will be made on Zero-Coupon Notes.
- Settlement** Settlement of the Notes will occur on the Issue Date selected by the Funding Corporation, which shall be three to seven Business Days (as defined herein) after the Funding Corporation’s acceptance of an offer to purchase the Notes, unless the Funding Corporation and the purchaser shall agree on a different date. Payment for the Notes shall be made in immediately available funds and shall be effective only on the Funding Corporation’s receipt of the funds.
- Use of Proceeds** Net proceeds from sales of the Notes will be used by the Banks to fund their loan portfolios, to meet maturing debt obligations, and for other general corporate purposes.

THE FARM CREDIT SYSTEM

The Farm Credit System is a nationwide system of lending institutions and affiliated service and other entities (the “System”). Through its Banks and related associations, the System provides credit and related services to farmers, ranchers, producers and harvesters of aquatic products, rural homeowners, certain farm-related businesses, agricultural and aquatic cooperatives (or to other entities for the benefit of such cooperatives), and rural utilities. System institutions are federally chartered under the Act and are subject to regulation by a Federal agency, the FCA. The Banks and associations are not commonly owned or controlled. They are cooperatively owned, directly or indirectly, by their respective borrowers.

Unlike commercial banks and other financial institutions that lend both to the agricultural sector and to other sectors of the economy, under the Act System institutions are restricted solely to making loans to qualified borrowers in the agricultural sector and to certain related businesses. Moreover, the System is required to make credit and other services available in all areas of the nation. In order to fulfill its broad statutory mandate, the System maintains lending units in all 50 states and the Commonwealth of Puerto Rico.

The System obtains funds for its lending operations primarily from the sale of Systemwide Debt Securities (as defined below), including the Notes. Each Bank determines its participation in each issuance of Systemwide Debt Securities based on its funding and operating requirements, subject to the availability of eligible collateral (as described below), to determinations by the Funding Corporation as to conditions of participation and terms of each issuance, and to FCA approval.

DESCRIPTION OF THE NOTES

General

The Notes will be issued by the Banks through the Funding Corporation under the authority of the Act and the regulations of the FCA thereunder (the “Regulations”). The Notes are the general unsecured joint and several obligations of the Banks. **The Notes are not obligations of, nor are they guaranteed by, the United States or any agency or instrumentality thereof, other than the Banks.**

The summaries herein of certain provisions of the Act, the Regulations and the Notes 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. Pursuant to the Act, the Banks are jointly and severally liable on the Notes and all other debt securities issued under Section 4.2(d) of the Act (“Systemwide Debt Securities”). Pursuant to the Regulations, the Notes rank equally with Federal Farm Credit Banks Consolidated Systemwide Bonds, Federal Farm Credit Banks Consolidated Systemwide Discount Notes and other unsecured Systemwide Debt Securities. Systemwide Debt Securities, including the Notes, are not subject to acceleration prior to maturity upon the occurrence of any default or similar event.

The Act and the Regulations require, as a condition of a Bank’s participation in the issuance of Systemwide Debt Securities, such as the Notes, that the Bank maintain, free of any lien, 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 which are subject to the collateral requirement. The collateral requirement does not provide holders of the Notes or other Systemwide Debt Securities with a security interest in any assets of the Banks. While the collateral requirement limits the circumstances under which Systemwide Debt Securities may be issued by the Banks, as described above, the terms of the Notes will not impose any additional limit upon other indebtedness or securities that may be incurred or issued by the Banks, and the Notes will contain no financial or similar restrictions on the Banks or any restrictions on their ability to secure other indebtedness.

Subject to the insurance provisions discussed below, in the event that a Bank having primary liability for a Systemwide Debt Security is unable to meet such liability, the FCA is required under the Act to make calls to satisfy the liability first on all non-defaulting Banks in the proportion which each such Bank’s available collateral, i.e., collateral (as described in the preceding paragraph) in excess of the aggregate of the Bank’s collateralized debt obligations, bears to the aggregate available collateral of all such Banks. If such calls do not

satisfy the liability, then a further call would be made in proportion to each such Bank's remaining assets. On making such 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 a receiver for such Bank, which receiver is to expeditiously liquidate the Bank.

The Regulations provide that in the event a Bank is placed in liquidation, holders of Systemwide Debt Securities, including the Notes, have claims against the Bank's assets, whether or not such holders file individual claims. Under the Regulations, the claims of such holders are junior to claims relating 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 investment bonds issued by the Bank individually, which bonds are subject to the collateral requirements of the Act. The Regulations further provide that the claims of holders of Systemwide Debt Securities, including the Notes, are senior to all claims of general creditors.

Farm Credit Insurance Fund. As more fully described in the Information Statements, payment of principal of and interest on Systemwide Debt Securities, including the Notes, is insured by the Farm Credit System Insurance Corporation (the "Insurance Corporation") to the extent provided in the Act. The Insurance Corporation maintains the Farm Credit Insurance Fund (the "Insurance Fund") for such purpose and for other purposes specified in the Act. Prior to January 1993, the Insurance Fund may not be used for any purpose except to pay the operating expenses of the Insurance Corporation. Beginning in January 1993, in the event of a default by a Bank on an insured debt obligation for which that Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent necessary to insure the timely payment of principal of and interest on such debt obligations, and the provisions of the Act providing for joint and several liability of the Banks on such obligations cannot be invoked until the amounts in the Insurance Fund have been exhausted. However, due to the other mandatory and permissive uses of the Insurance Fund specified in the Act, there is no assurance that any available amount in the Insurance Fund will be sufficient to fund the timely payment of principal of and interest on insured debt obligations in the event of a default by the Bank having primary liability thereon. The insurance provided by the Insurance Fund is not an obligation of, nor is it a guarantee by, the United States or any agency or instrumentality thereof, other than the Insurance Corporation.

Certain Terms of the Notes. The Notes will be issued from time to time in an aggregate principal amount outstanding at any one time of up to \$10,000,000,000 with maturity dates of not less than one year nor more than 30 years from the Issue Date (as defined below) as agreed to by the Funding Corporation and the purchaser (each a "Maturity Date"). The Notes may be offered (i) at fixed rates of interest ("Fixed-Rate Notes"), (ii) with no periodic interest payments ("Zero-Coupon Notes") or (iii) with interest payable at floating rates ("Floating-Rate Notes"). Interest rates, Spreads (as defined below), issue prices, any applicable redemption provisions, Maturity Dates, any minimum or maximum interest rate limitations on floating rates and other terms with respect to a particular issue of Notes will be established from time to time by the Funding Corporation. Such information will be available through the Agents and may also be made available through certain financial information services. In addition, the Funding Corporation may from time to time offer other types of Notes which will be described in supplements to this Offering Circular or in a Term Sheet (as defined below).

The interest rate in effect from time to time on a Floating-Rate Note will be determined by reference to an interest rate formula based upon a specified index rate (a "Reference Rate"), and may also include a Spread and may be subject to maximum and/or minimum interest rates. The Reference Rates include, but are not limited to, (i) the "constant maturity" rate for U.S. Treasury Notes (the "Treasury Note Rate") for "Treasury Note—Indexed Notes," (ii) the London Interbank Offered Rate ("LIBOR") for "LIBOR—Indexed Notes," (iii) the Commercial Paper rate (the "Commercial Paper Rate") for "Commercial Paper—Indexed Notes" (each of the foregoing Reference Rates having a maturity agreed to by the Funding Corporation and the purchaser), (iv) the 91-day U.S. Treasury Bill rate (the "T-Bill Rate") for "T-Bill—Indexed Notes," and (v) the Bank Prime Loan rate (the "Prime Rate") for "Prime—Indexed Notes". Each of the foregoing Reference Rates is determined as described below under "Interest on Floating-Rate Notes." The "Spread" is the constant amount or percentage, if any, to be added to, subtracted from or multiplied by the Reference Rate, as the case may be, to determine the interest rate for each relevant day or Reset Period (as defined below), as the case may be. Interest rates on Floating-Rate Notes may also be determined by

subtracting a designated Reference Rate from a specified rate of interest, with the difference being the rate of interest applicable to such Notes (in such cases the relevant Floating-Rate Note will also include the designation “Yield Curve” and in general such Notes are referred to herein as “Yield Curve Notes”). Any Floating-Rate Notes offered at a floating rate of interest based on a Reference Rate other than the T-Bill Rate, the Treasury Note Rate, LIBOR, the Prime Rate or the Commercial Paper Rate will be described in a supplement to this Offering Circular or in a Term Sheet.

At the time of sale, the Funding Corporation and the purchaser will agree upon the terms of each issue of Notes, including, as applicable, the principal amount thereof, the issue price, the Issue Date, any applicable redemption provisions, the Maturity Date, the interest rate, the Reference Rate, the Spread, any minimum or maximum interest rate limitations, the interest payment frequency, the interest rate reset frequency, the settlement date and certain other terms of such Notes. Such information shall be set forth in a term sheet (a “Term Sheet”), which will be sent to the purchaser of such Note by the Agent or the MTN-Designated Selling Group Member through which such Note was purchased, or by the Funding Corporation in the case of a Note sold directly by it. Prior to issuance of any particular Notes, the applicable terms of such Notes as described herein can be superseded or replaced, in whole or in part, by a supplement hereto or by a Term Sheet related to such Notes. Each Term Sheet should be read in conjunction with this Offering Circular and any applicable supplement hereto for a complete description of the terms of the Note to which such Term Sheet relates. The terms of the Notes as set forth in the Term Sheet are subject to change by the Funding Corporation; *provided, however*, that any such change will not affect the terms of any Note that has already been issued or as to which an offer to purchase has been accepted by the Funding Corporation, except as provided below under “Modification and Amendment.” Any change from the terms of the Notes described herein will be set forth in a supplement hereto or in a Term Sheet relating to a particular issue of Notes. From time to time, the Banks may issue Notes with the same interest rates, Maturity Dates, and other terms and conditions as Notes already outstanding.

The Notes will not be issued under an indenture and no trustee is provided for with respect to the Notes.

Form and Denomination. The Notes will be issued and maintained in book-entry form only through the Federal Reserve Banks, as described below under “Book-Entry System.” Fixed-Rate Notes will be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. Floating-Rate Notes will be issued in minimum denominations of \$5,000 and integral multiples thereof.

Settlement. Except for the Notes sold directly by the Funding Corporation, payment for a Note will be effected on the date the Note is issued (the “Issue Date”) by payment of the sales price for such Note, less the presenting Agent’s commission, if any, or underwriting commission, if any. Settlement of the Notes will occur on the Issue Date selected by the Funding Corporation, which shall be three to seven Business Days (as defined below) after the Funding Corporation’s acceptance of an offer to purchase the Notes, unless the Funding Corporation and the purchaser shall agree on a different date. Payment for the Notes shall be made in immediately available funds and shall be effective only on the Funding Corporation’s receipt of the funds.

Payment of Principal and Interest

Payment of principal of and interest on the Notes will be made on the applicable payment dates to Holders (as such term is defined under “Book-Entry System”) of such Notes as of the close of business on the Business Day preceding such payment dates, by the credit of the payment amount to the Holders’ accounts at the Federal Reserve Banks. The Holder 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.

Unless otherwise agreed to by the Funding Corporation and the purchaser, and subject to the exceptions set forth below, (i) interest on Fixed-Rate Notes will be payable semi-annually in arrears on each January 20 and July 20, and on the Maturity Date, and (ii) interest on Floating-Rate Notes will be payable quarterly in arrears on the dates specified in the Term Sheet for such Notes, and on the Maturity Date. The foregoing dates are referred to herein as “Interest Payment Dates.” If, however, a Fixed-Rate Note is issued during the ten-calendar-day period prior to what would otherwise be an Interest Payment Date applicable to that Note, then the first Interest Payment Date shall be the next succeeding date which is an Interest Payment Date applicable to that Note. Interest payments on the Notes 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.

The outstanding principal of each Note, together with interest accrued and unpaid thereon, shall be due and payable on the Maturity Date. All or a portion of the principal amount of Notes designated as “Optional Principal Redemption Notes”, or Notes which otherwise provide for redemption prior to maturity, may be paid prior to the Maturity Date in accordance with the terms of such Notes.

In any case in which an Interest Payment Date, a Redemption Date (as defined below), the Maturity Date or other payment date is not a Business Day, payment of interest or principal, as the case may be, shall be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, Redemption Date, Maturity Date or other payment date. “Business Day” means any day other than a Saturday or Sunday or a day on which the Federal Reserve Bank of New York or commercial banking institutions in New York City are authorized or required by law or executive order to close, except that, solely for purposes of calculating LIBOR, “Business Day” means any day on which dealings in deposits in U.S. dollars are carried on in the London interbank market.

Interest on Fixed-Rate Notes

Each Fixed-Rate Note will bear interest from and including its Issue Date to but excluding its Maturity Date at a specified annual interest rate. Interest on Fixed-Rate Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest on Floating-Rate Notes

Each Floating-Rate Note will bear interest from and including its Issue Date to but excluding its Maturity Date based upon its Reference Rate. Floating-Rate Notes may also have either or both of the following: (i) a maximum numerical interest rate limitation on the rate of interest which may accrue on any day and (ii) a minimum numerical interest rate limitation (equal to or greater than zero percent) on the rate of interest which may accrue on any day. If any such interest rate per annum for any day would be greater than the maximum interest rate limitation on such Note, if any, then the interest rate for that day shall be equal to the maximum interest rate limitation, or, if any such interest rate per annum for any day would be less than the minimum interest rate limitation on such Note, if any, then the interest rate for that day shall be equal to the minimum interest rate limitation on such Note. Information concerning the current rate of interest on a Floating-Rate Note and the relevant accrued interest factor (as described below) will be available by telephone through the Funding Corporation’s Specialized Funding Department at (201) 200-8000 and may also be available through certain financial information services.

As used herein, “Interest Period” for a Floating-Rate Note means the period from and including the Issue Date of such Note to but excluding the first Interest Payment Date for such Note and thereafter each successive period from and including one Interest Payment Date to but excluding the next succeeding Interest Payment Date; a “Reset Date” is a date on which interest on a Floating-Rate Note is adjusted; and “H.15 (519)” means the Federal Reserve Statistical Release for Selected Interest Rates H.15 (519) which is currently published by the Board of Governors of the Federal Reserve System each Monday with data from the prior week.

Treasury Note—Indexed Notes. Each Treasury Note—Indexed Note will bear interest (i) at a rate per annum equal to the Treasury Note Rate for the Specified Treasury Notes (as defined below) calculated as described below under “Calculation of Treasury Note Rate,” either plus, minus or multiplied by a Spread, if any, or (ii) in the case of a Treasury Note—Indexed Yield Curve Note, at a rate per annum determined by subtracting the Treasury Note Rate (which may be multiplied by a factor) from a specified rate of interest. Interest on Treasury Note—Indexed Notes will be computed on the basis of the actual number of days in the applicable Interest Period and based on a year of 365 days, unless any portion of the Interest Period falls in a leap year, in which case interest will be computed based upon the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 plus (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365.

Calculation of Treasury Note Rate. The initial Treasury Note Rate and the Treasury Note Rate effective beginning on each Reset Date (as defined below) will be determined with reference to the quotation published in H.15 (519) under the caption “Treasury Constant Maturities” opposite the heading for direct obligations of the United States with a constant maturity specified in the Term Sheet for an issue of Treasury Note—Indexed Notes (“Specified Treasury Notes”). The initial Treasury Note Rate with respect to such Treasury Note—Indexed Note shall be the rate set forth for such Specified Treasury Notes for the last Business Day included in the most recent H.15 (519) published before the Issue Date of such Treasury Note—Indexed Note. The Treasury Note Rate for each Treasury Note—Indexed Note shall thereafter be subject to periodic adjustment as more fully described in the Term Sheet for such Notes on the dates specified in such Term Sheet (each such date, a “Reset Date” for purposes of the calculation of the Treasury Note Rate). Unless otherwise provided in the Term Sheet with respect to a Treasury Note—Indexed Note, the Treasury Note Rate effective beginning on each Reset Date shall be the rate set forth for such Specified Treasury Notes for the last Business Day included in the most recent H.15 (519) published before such Reset Date.

In the event that the Treasury Note Rate is no longer published in H.15 (519) as provided above, then the interest rate in effect for the Treasury Note—Indexed Notes at the time of the last publication of the Treasury Note Rate in H.15 (519) will remain in effect until such time, if ever, as the Treasury Note Rate shall again be so published; *provided, however*, that if no Treasury Note Rate is so published by the second Reset Date following the last Reset Date on which the Treasury Note Rate was adjusted based upon rates published in the H.15 (519), then, until such time as H.15 (519) is again published, if ever, the Treasury Note Rate for such second Reset Date shall be determined on the first Business Day following such second Reset Date and thereafter determined on the last Business Day of the calendar week prior to each subsequent Reset Date by the Funding Corporation and shall be the bond-equivalent yield of the arithmetic mean of the secondary market bid rates (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 3:30 p.m. (New York City time) on the day of determination) for the issue of Treasury Notes with a remaining maturity closest to the original maturity of the Specified Treasury Notes.

All percentages relating to the calculation of interest for Treasury Note—Indexed Notes based upon secondary market bid rates of Treasury Notes will be rounded to the nearest 1/100,000 of 1%, and dollar amounts used in or resulting from such calculations will be rounded to the nearest cent.

Accrued Interest Factor for Treasury Note—Indexed Notes. Accrued interest for a Treasury Note—Indexed Note will be calculated by multiplying the principal amount of a Treasury Note—Indexed Note by an “accrued interest factor.” The accrued interest factor on any day is computed by (i) determining the interest rate applicable to each day on which such Note 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, (ii) 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 (iii) determining the sum of the quotients calculated pursuant to clause (ii) of this sentence.

LIBOR—Indexed Notes. Each LIBOR—Indexed Note will bear interest for the initial period from and including its Issue Date to but excluding the date specified in the Term Sheet for such Note as the first Reset Date (as defined below) at a specified initial interest rate as agreed to by the Funding Corporation and the purchaser and for each subsequent Reset Period (as defined below) to its Maturity Date (i) at a rate per annum equal to LIBOR calculated as provided below under “Calculation of LIBOR,” either plus, minus, or multiplied by a Spread, if any, or (ii) in the case of a LIBOR—Indexed Yield Curve Note, at a rate per annum determined by subtracting LIBOR (which may be multiplied by a factor) from a specified rate of interest. Interest on LIBOR—Indexed Notes will be computed on the basis of the actual number of days in the applicable Interest Period and based on a year of 360 days.

Calculation of LIBOR. LIBOR will be determined for each Reset Period and will be the British Bankers Association (the “BBA”) Interest Settlement Rate for deposits in U.S. dollars having the designated maturity corresponding to the applicable Reset Period as posted by the information vendor designated by the

BBA as of approximately 11:00 a.m. (London time) on the Determination Date corresponding to the relevant Reset Period. “Determination Date” means, with respect to any Reset Period of a LIBOR—Indexed Note, the date which is two Business Days prior to the Reset Date (as defined below) beginning such period. “Reset Period” means, with respect to a LIBOR—Indexed Note, each successive period having the duration specified in the Term Sheet for such Note, which shall be one month, three months, six months, or such other duration as the Funding Corporation and the purchaser shall agree. “Reset Date,” with respect to the calculation of LIBOR, means the first day of a Reset Period. Currently, the BBA Interest Settlement Rate is published by Telerate on Page 3750.

If the calculation described above is unavailable on a Determination Date, the Funding Corporation will request the principal London offices of four major banks in the London interbank market, selected by the Funding Corporation, to provide the Funding Corporation with the rates at which deposits in U.S. dollars having a maturity corresponding to the applicable Reset Period and in a principal amount equal to an amount not less than U.S.\$1 million or such other amount determined by the Funding Corporation to be representative for a single transaction in that market at such time (the “Representative Amount”) are offered on such Determination Date to prime banks in the London interbank market as of approximately 11:00 a.m. (London time) on that Determination Date. If at least two such quotations are provided, LIBOR will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR, with respect to that Reset Period, will be the arithmetic mean of the rates quoted as of approximately 11:00 a.m. (New York City time) on the Reset Date by three major banks in New York City selected by the Funding Corporation for loans in U.S. dollars having a maturity corresponding to the applicable Reset Period to leading European banks, and in a principal amount equal to an amount not less than the Representative Amount; *provided, however*, that if the banks selected as aforesaid by the Funding Corporation are not quoting as described in this sentence, then the interest rate for the LIBOR—Indexed Note determined on the immediately preceding Determination Date will remain in effect for the applicable Reset Period.

The interest rate in effect on each day will be (i) if such day is a Reset Date, the interest rate with respect to the Determination Date pertaining to such Reset Date, or (ii) if such day is not a Reset Date, the interest rate with respect to the Determination Date pertaining to the next preceding Reset Date; *provided, however*, that the interest rate in effect for the period from the Issue Date to the first Reset Date with respect to LIBOR—Indexed Notes will be the initial interest rate as agreed to by the Funding Corporation and the purchaser of such Note.

All percentages relating to the calculation of interest for LIBOR—Indexed Notes based upon rates quoted by banks will be rounded to the nearest 1/100,000 of 1%, and dollar amounts used in or resulting from such calculations will be rounded to the nearest cent.

Accrued Interest Factor for LIBOR—Indexed Notes. Accrued interest for a LIBOR—Indexed Note will be calculated by multiplying the principal amount of a LIBOR—Indexed Note by an “accrued interest factor.” The accrued interest factor is computed by adding the interest rates applicable to each day on which such Note 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 dividing the sum by 360.

Commercial Paper—Indexed Notes. Each Commercial Paper—Indexed Note will bear interest (i) at a rate per annum equal to the Commercial Paper Rate calculated as provided below under “Calculation of Commercial Paper Rate,” either plus, minus, or multiplied by a Spread, if any, or (ii) in the case of a Commercial Paper—Indexed Yield Curve Note, at a rate per annum determined by subtracting the Commercial Paper Rate (which may be multiplied by a factor) from a specified rate of interest. Interest on Commercial Paper—Indexed Notes will be computed on the basis of the actual number of days in the applicable Interest Period and based on a year of 365 days or 366 days, as applicable.

Calculation of Commercial Paper Rate. The initial Commercial Paper Rate and the Commercial Paper Rate effective beginning on each Reset Date (as defined below) will be determined with reference to the bond-equivalent yield of the rate set forth in H.15 (519) under the caption “Commercial Paper” opposite the heading for commercial paper with the designated maturity specified in the Term Sheet for such Notes

("Specified Commercial Paper"). The initial Commercial Paper Rate with respect to an issue of Commercial Paper—Indexed Notes shall be the bond-equivalent yield of the rate set forth in H.15 (519) for such Specified Commercial Paper for the day which is two (2) Business Days prior to the Issue Date of such Notes. The Commercial Paper Rate for such Notes shall thereafter be subject to periodic adjustment as more fully described in the Term Sheet for such Notes on the dates specified in such Term Sheet (each such date, a "Reset Date" for purposes of the calculation of the Commercial Paper Rate). Unless otherwise provided in the Term Sheet with respect to an issue of Commercial Paper—Indexed Notes, the Commercial Paper Rate effective beginning on each Reset Date shall be the rate set forth in H.15 (519) for such Specified Commercial Paper for the day which is two (2) Business Days prior to such Reset Date (the "Determination Date").

The Commercial Paper Rate shall be calculated on the tenth calendar day following the Determination Date unless such day is not a Business Day, in which case the Calculation Date will be the next Business Day following such day (the "Calculation Date"). In the event that the commercial paper rate upon which the Commercial Paper Rate is based is not published in H.15(519) as provided above by 9:00 a.m., New York City time, on the Calculation Date pertaining to a particular Reset Date, then the Commercial Paper Rate for such Reset Date shall be the bond-equivalent yield of the rate for the Determination Date pertaining to such Reset Date set forth in Composite Quotations under the caption "Commercial Paper" (with a designated maturity of one, two or three months deemed to be equivalent to a designated maturity of 30, 60 or 90 days, respectively). "Composite Quotations" means the daily statistical release entitled "Composite 3:30 P.M. Quotations for U.S. Government Securities," published by the Federal Reserve Bank of New York. If by 3:30 p.m., New York City time, on the Calculation Date pertaining to a particular Reset Date, such rate for the Determination Date pertaining to such Reset Date is not yet published in either H.15(519) or Composite Quotations, then the Commercial Paper Rate for such Reset Date shall be the bond-equivalent yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on such Determination Date of three leading dealers of U.S. dollar commercial paper in New York City selected by the Funding Corporation, for U.S. dollar commercial paper having the same designated maturity placed for an industrial issuer whose unsecured bond rating is "AA" or the equivalent from a nationally recognized securities rating agency; *provided, however*, that if the Funding Corporation determines that such offered rates cannot be obtained from any three leading dealers of U.S. dollar commercial paper in New York City, the Commercial Paper Rate in effect for such Reset Date will be the same as the Commercial Paper Rate in effect for the immediately preceding Reset Date (or if there was no preceding Reset Date, the Commercial Paper Rate for such Reset Date will be the same as the Commercial Paper Rate in effect on the Issue Date.)

All percentages relating to the calculation of interest for Commercial Paper—Indexed Notes based upon rates quoted by dealers will be rounded to the nearest 1/100,000 of 1%, and dollar amounts used in or resulting from such calculations will be rounded to the nearest cent.

Accrued Interest Factor for Commercial Paper—Indexed Notes. Accrued interest for a Commercial Paper—Indexed Note will be calculated by multiplying the principal amount of a Commercial Paper—Indexed Note by an "accrued interest factor." The accrued interest factor on any day is computed by (i) determining the interest rate applicable to each day on which such Commercial Paper—Indexed Note 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, (ii) calculating for each such day the quotient equal to the interest rate applicable to such day divided by the number of days in the calendar year in which such day falls, and (iii) determining the sum of the quotients calculated pursuant to clause (ii) of this sentence.

T-Bill—Indexed Notes. Each T-Bill—Indexed Note will bear interest (i) at a rate per annum equal to the T-Bill Rate calculated as provided below under "Calculation of T-Bill Rate," either plus, minus, or multiplied by a Spread, if any, or (ii) in the case of a T-Bill—Indexed Yield Curve Note, at a rate per annum determined by subtracting the T-Bill Rate (which may be multiplied by a factor) from a specified rate of interest. Interest on T-Bill—Indexed Notes will be computed on the basis of the actual number of days in the applicable Interest Period and based on a year of 365 days, unless any portion of the Interest Period falls in a leap year, in which case interest will be computed based upon the sum of (A) the actual number of days in

that portion of the Interest Period falling in a leap year divided by 366 plus (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365.

Calculation of T-Bill Rate. The initial T-Bill Rate and the T-Bill Rate effective beginning on each Reset Date (as defined below) will be equal to the bond-equivalent yield of the auction average per annum discount rate applied on a daily basis for direct obligations of the United States with a maturity of thirteen weeks (“91-day Treasury Bills”) sold at the applicable 91-day Treasury Bill auction generally held weekly, as reported by the Department of the Treasury and confirmed by the Board of Governors of the Federal Reserve System in its publication H.15 (519) for the applicable 91-day Treasury Bill auction opposite the heading “3-month” under the caption “U.S. Government Securities/Treasury Bills/Auction Average (Investment).” The initial T-Bill Rate shall be based upon the results of the most recent 91-day Treasury Bill auction prior to the Issue Date and the T-Bill Rate shall thereafter be subject to weekly adjustment effective on the calendar day following each auction of 91-day Treasury Bills (each such date, a “Reset Date” for purposes of the calculation of the T-Bill Rate); *provided, however*, that (i) the T-Bill Rate in effect from the first day of each Interest Period through and including the date of the first 91-day Treasury Bill auction on or after the first day of such Interest Period shall be based upon the results of the most recent 91-day Treasury Bill auction prior to such day, and (ii) the T-Bill Rate in effect for the period beginning six Business Days prior to an Interest Payment Date through and including the calendar day preceding such Interest Payment Date shall be based upon the results of the most recent 91-Day Treasury Bill auction prior to such period.

In the event that no auction is held during any period of seven consecutive calendar days ending on and including any Friday, then until such time, if ever, as an auction is held, the T-Bill Rate (i) shall be adjusted on the calendar day following the date, as determined by the Funding Corporation, on which the last 91-day Treasury Bill auction should have been held in accordance with usual practices of the Department of the Treasury, and thereafter on the second Business Day of each week, and (ii) shall 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 remaining maturity closest to 91 days (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 3:30 p.m. (New York City time) on the day on which such auction should have been held).

All percentages relating to the calculation of interest for T-Bill—Indexed Notes based upon secondary market bid rates of U.S. Treasury Bills will be rounded to the nearest 1/100,000 of 1%, and dollar amounts used in or resulting from such calculations will be rounded to the nearest cent.

Accrued Interest Factor for T-Bill—Indexed Notes. Accrued interest for a T-Bill—Indexed Note will be calculated by multiplying the principal amount of a T-Bill—Indexed Note by an “accrued interest factor.” The accrued interest factor on any day is computed by (i) determining the interest rate applicable to each day on which such Note 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, (ii) 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 (iii) determining the sum of the quotients calculated pursuant to clause (ii) of this sentence.

Prime—Indexed Notes. Each Prime—Indexed Note will bear interest (i) at a rate per annum equal to the Prime Rate calculated as provided below under “Calculation of Prime Rate,” either plus, minus, or multiplied by a Spread, if any, or (ii) in the case of a Prime—Indexed Yield Curve Note, at a rate per annum determined by subtracting the Prime Rate (which may be multiplied by a factor) from a specified rate of interest. Interest on Prime—Indexed Notes will be computed on the basis of the actual number of days in the applicable Interest Period and based on a year of 360 days.

Calculation of Prime Rate. Prime Rate means, with respect to any Business Day, the rate set forth in H.15 (519) opposite the caption “Bank Prime Loan” for such day, and, with respect to any day which is not a Business Day, the rate as described above for the first preceding Business Day; *provided, however*, that with respect to any day which is in the period beginning six Business Days prior to an Interest Payment Date through and including the calendar day first preceding such Interest Payment Date, “Prime Rate” means the rate as described above in effect on the sixth Business Day prior to such Interest Payment Date.

In the event that H.15 (519) is not published with respect to a given Business Day or if the Prime Rate for a day which is six or more Business Days prior to an Interest Payment Date is not scheduled to be reported in H.15 (519) at least six Business Days prior to such Interest Payment Date, then the Prime Rate for any such day will be determined by calculating the arithmetic mean of the rates of interest publicly announced by each bank named on Telerate (under the heading “Prime Rate—Top 30 U.S. Banks,” currently reported by Telerate on Page 38) as such bank’s U.S. dollar prime rate or base lending rate as in effect on such day at 3:30 p.m. (New York City time) or, with respect to any such day which is not a Business Day, the rate as described in this sentence for the first preceding Business Day. If fewer than four such rates appear on Telerate for such day, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by three major banks in New York City selected by the Funding Corporation as their U.S. dollar prime rate or base lending rate as in effect for such day.

All percentages relating to the calculation of interest for Prime—Indexed Notes based upon the arithmetic mean of prime rates publicly announced or quoted will be rounded to the nearest 1/100,000 of 1%, and dollar amounts used in or resulting from such calculations will be rounded to the nearest cent.

Accrued Interest Factor for Prime—Indexed Notes. Accrued interest for Prime—Indexed Notes will be calculated by multiplying the principal amount of a Prime—Indexed Note by an “accrued interest factor.” The accrued interest factor is computed by adding the interest rates applicable to each day on which such Prime—Indexed Note 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 dividing the sum by 360.

Redemption, Purchase and Acceleration

Unless designated as “Optional Principal Redemption Notes” or otherwise agreed to by the Funding Corporation and the purchaser with respect to a particular issue of Notes, the Notes will not be subject to redemption prior to maturity.

A particular issue of Notes designated as “Optional Principal Redemption Notes” in a Term Sheet may be redeemed, at the Banks’ option, by the Funding Corporation, in whole or in part, on one or more specified Interest Payment Dates for such Notes (each such date on which Optional Principal Redemption Notes are to be redeemed, a “Redemption Date”). In the event of a partial redemption, the Funding Corporation will redeem a pro rata portion of the then outstanding principal amount of each Optional Principal Redemption Note of that particular issue. The redemption price for each Optional Principal Redemption Note will be 100% of the principal amount thereof to be redeemed. The amount of the redemption payment for each Optional Principal Redemption Note (which shall be in addition to the interest due on the Redemption Date) will be derived by multiplying (i) the original principal amount of such Note by (ii) the difference between the Current Factor (as defined below) in effect prior to the redemption and the Current Factor in effect following the redemption.

The “Current Factor” is 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 Notes then outstanding and the denominator of which represents the initial aggregate principal amount of such Notes. The outstanding principal amount of any Optional Principal Redemption Note at any time will be equal to the original principal amount of such note multiplied by the then Current Factor. Until the first Redemption Date for a particular issue of Optional Principal Redemption Notes the Current Factor for such Optional Principal Redemption Notes will be 1.0. The Funding Corporation will round the Current Factor to ten decimal places. The Funding Corporation currently plans, but is not obligated, to display the Current Factor on screens provided by certain financial information services and to make such information available by telephone through the Funding Corporation’s Specialized Funding Department: (201) 200-8000. The Funding Corporation may discontinue providing such information by such means, but intends to make it available by other means in those circumstances.

Not less than 30 nor more than 60 days prior to any Redemption Date for a particular issue of Optional Principal Redemption Notes the Funding Corporation will cause a notice of redemption to be broadcast

through the communication system of the Federal Reserve Bank of New York and to be published in at least one information service of national recognition which disseminates redemption information with respect to securities. Failure to give any notice, or any defect therein, shall not affect the validity of the redemption or any proceeding related to the redemption of such Optional Principal Redemption Notes. The notice of redemption shall include the Redemption Date, the redemption price, the Current Factor then in effect and the Current Factor to be in effect immediately following the redemption.

The Funding Corporation and the Banks may at any time, and from time to time, purchase Notes at any price or prices in the open market or otherwise.

The Notes are not subject to acceleration prior to maturity upon the occurrence of any default or similar event.

Modifications and Amendments

The Funding Corporation may modify, amend or supplement the terms of the Notes described herein, in any supplement hereto, or in any Term Sheet, without the consent of any Holder or beneficial owner of any Note, (i) for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision in the terms of the Notes as described in this Offering Circular, any supplement hereto or any Term Sheet, (ii) for the purpose of conforming the terms of a Note to, or curing any ambiguity or discrepancy resulting from any changes in, the Regulations applicable to the Notes, or (iii) in any manner that the Funding Corporation may determine and that will not adversely affect in any material respect the interests of the Holders or beneficial owners of the Notes at the time of such modification, amendment or supplement. Any change from the terms of the Notes set forth in this Offering Circular will be set forth in a supplement hereto or in the Term Sheet relating to a particular issue of Notes.

Book-Entry System

The Notes will be issued and maintained, and may be transferred, only on the book-entry system of the Federal Reserve Banks, in the case of Fixed-Rate Notes, in minimum principal amounts of \$100,000 and integral multiples of \$1,000 in excess thereof and, in the case of Floating Rate Notes, in minimum principal amounts of \$5,000 and integral multiples thereof.

The Notes will be issued by means of entries on a Federal Reserve Bank's records of (1) the name of the Holder, (2) the Holder's employer identification number, when appropriate, and (3) the amount, maturity date and a unique nine-character identification number used to identify the Notes on the records of the Federal Reserve Banks (the "CUSIP Number").

The Federal Reserve Banks will maintain book-entry accounts with respect to the Notes and make payments, on behalf of the Funding Corporation, of principal of and interest on the Notes on the applicable payment dates by crediting Holders' accounts at the Federal Reserve Banks. Payment of principal of and interest on book-entry securities does not require the presentation of a coupon or certificate. The book-entry records of the Federal Reserve Banks will reflect a Holder's aggregate holdings of the Notes.

The Notes 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. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts the Notes have been deposited are herein referred to as "Holders." A Holder is not necessarily the investor who is the beneficial owner of a Note. Beneficial owners will ordinarily hold the Notes through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. Beneficial owners generally receive a custody receipt from their bank or non-bank-dealer instead of receiving a certificate of indebtedness.

A Holder that is not the beneficial owner of a Note, and each other financial 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 Note with respect to the Banks, the Funding Corporation and the Federal Reserve Banks may be exercised only through the Holder thereof. The Banks, the Funding Corporation and the Federal Reserve Banks will have no direct obligation to a beneficial owner of a Note that

is not also the Holder of such Note. The Federal Reserve Banks will act only upon the instructions of Holders in recording transfers of the Notes. The Banks, the Funding Corporation and the Federal Reserve Banks may treat the Holders as the absolute owners of the Notes for the purposes of making payments of principal of and interest on the Notes and for all other purposes.

Regulations governing the use of the book-entry system for Systemwide Debt Securities, including the Notes, issued in book-entry form are contained in the Regulations governing the Banks' debt securities, 12 CFR Part 615, Subpart 0, as amended from time to time ("Farm Credit Securities Regulations"). The regulations governing United States securities set forth in Treasury Department Circular Number 300, 31 CFR Part 306 (other than Subpart 0 thereof), as amended from time to time, also apply, as appropriate, to debt securities of the Banks for which the Federal Reserve Banks act as the Banks' agent. The latter regulations and procedures relate primarily to the registration, transfer, exchange and pledge of such debt securities. Copies of the Farm Credit Securities Regulations may be obtained upon request from the Funding Corporation and copies of Circular No. 300 may be obtained upon request from any Federal Reserve Bank, the Treasury Department or the Funding Corporation. The accounts of Holders on the Federal Reserve Banks' book-entry system are governed by the foregoing and by applicable operating circulars and letters of the Federal Reserve Banks.

Governing Law

The Notes are governed by and construed in accordance with Federal law and, in the absence of controlling provisions thereof, by the laws of the State of New York, unless otherwise provided under the terms of a particular issue of Notes.

Secondary Market Risks

The Notes will not have an established trading market when issued. Each Agent has agreed to use its best efforts to facilitate secondary market transactions in the Notes. The Notes will not be listed on any securities exchange. Although the Agents may make a market in the Notes, they may discontinue any market-making at any time without notice. There can be no assurance of a secondary market for the Notes.

The prices at which zero-coupon instruments, such as Zero-Coupon Notes, may trade in secondary markets tend to fluctuate more in relation to general changes in interest rates than do such prices for conventional interest-bearing securities of comparable maturities.

Certain Floating-Rate Notes, such as Yield-Curve Notes, may trade in secondary markets at prices which may fluctuate differently in relation to general changes in interest rates than do prices for conventional interest-bearing securities of comparable maturities.

Use of Proceeds

Net proceeds from sales of the Notes will be used by the Banks to fund their loan portfolios, to meet maturing debt obligations, and for other general corporate purposes. The Banks anticipate that additional financing, including financing through various types of debt securities, will be required from time to time. The amount and nature of such financing are dependent upon 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 is a summary of certain Federal and other tax consequences of the ownership of Notes. It 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. It is also based upon certain of the facts set forth in this Offering Circular and upon standard procedures followed in connection with the offer and sale of the Notes. This summary deals only with Notes held as capital assets by their original purchasers and does not address special tax situations. This summary does not purport to cover

all the possible tax consequences of the purchase, ownership or disposition of the Notes, and it is not intended as tax advice to any owner thereof. Persons considering the purchase or sale of the Notes 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 Notes may be set forth in supplements hereto or in the Term Sheet with respect to a particular issue of Notes.

General

The Act provides that the Notes 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 Notes have been construed by certain state courts as not exempting securities similar to the Notes 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 Notes is not exempt from Federal income taxation. In addition, gain from the sale or other disposition of the Notes or their transfer by inheritance, gift, or other means, is not exempt from Federal, state, local or municipal taxation.

United States Owners

As used herein, “United States Owner” means a beneficial owner of a Note that is a United States person. A “non-United States Owner” is a beneficial owner that is not a United States person. As used herein, “United States person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof and an estate or trust the income of which is subject to Federal income taxation regardless of its source. “United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions (including the Commonwealth of Puerto Rico) and other areas subject to its jurisdiction.

In general, interest (including original issue discount) on a Note will be treated as ordinary interest income to the United States Owner of the Note at the time it accrues or is received, in accordance with the United States Owner’s method of accounting for tax purposes, or, in the case of original issue discount, specific Federal income tax provisions. The amount of original issue discount or market discount (as discussed below) which is includible in income in respect of a Note while held by a United States Owner will be added to such United States Owner’s tax basis for such Note, and such basis will be reduced by any amortized acquisition premium (as discussed below) and amounts of other payments that do not constitute qualified periodic interest (as defined below). A United States Owner of the Note will recognize gain or loss on the sale, exchange, or retirement of such Note equal to the difference between the amount realized thereon and such owner’s tax basis of the Note, 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 Note has been held for more than one year. Capital gains are generally taxed at the same rate as ordinary income although the maximum rate on ordinary income for taxpayers that are individuals, estates or trusts is 31%, while the maximum rate on long-term capital gains for such taxpayers is 28%. 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.

Original Issue Discount. A Note 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 Note’s “stated redemption price at maturity” and its “issue price” is less than .25 percent of the stated redemption price at maturity multiplied by the number of complete years to maturity, the Note 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 Notes is sold. “Stated redemption price at maturity” is defined generally as the amount payable on an obligation at maturity, except for certain interest payments. Under Treasury regulations issued in proposed form on April 8, 1986 (the “Proposed Regulations”), stated

redemption price at maturity includes all amounts payable on an obligation with the exception of “qualified periodic interest payments.” “Qualified periodic interest payments” are defined as a series of payments equal to the product of the outstanding principal balance of the Note and a single fixed rate of interest, or a variable rate based on current values of an objective interest index, made at fixed periodic intervals of one year or less over the life of the obligation, but do not include any payments on an obligation with a term of one year or less. (See below for a discussion of the application of the de minimis rule for obligations with a term of one year or less.)

United States Owners of Notes with original issue discount that mature more than one year from the date of issuance will be required to include original issue discount in gross income for Federal income tax purposes as it accrues, in accordance with a constant interest 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 interest method, United States Owners of such Notes will be required to include in income increasingly greater amounts of original issue discount.

The Proposed Regulations provide that debt securities having a floating rate of interest which is not based on current values of an objective interest index will be treated as having original issue discount, and that interest on such debt securities will be treated as contingent interest, generally includible in income as it becomes fixed, to the extent that such interest exceeds minimum stated interest, if any. It is unclear how the Proposed Regulations will apply to Floating-Rate Notes which bear interest at a floating rate subject to an interest rate ceiling and/or floor or a floating rate based on subtracting the current value of an objective interest index from a fixed rate (such as the rate on Yield Curve Notes). Under the Proposed Regulations, interest payments on such Floating-Rate Notes may constitute, *inter alia*, (i) qualified periodic interest payments, includible in income only when accrued or received in accordance with the United States Owner’s method of accounting for tax purposes, or (ii) to the extent that such interest payments exceed any minimum stated interest, contingent interest payments, generally includible in income as they become fixed. The *de minimis* exception discussed above would not apply to any such contingent interest debt securities. For a more detailed discussion of the consequences of the potential application of the contingent interest rules to Yield Curve Notes, see “Yield Curve Notes.”

A Note issued under circumstances in which interest is first payable on such Note only on the second Interest Payment Date following the issue date is a “long-period Note.” The Proposed Regulations currently provide that none of the interest payments on a “long-period Note” will be considered qualified periodic interest, with the result that (i) a “long-period Note” will be treated as issued with original issue discount, (ii) the United States Owner will be required to include in income, in accordance with the rules described above, an aggregate amount of original issue discount equal to the total amount of stated interest payable on the “long-period Note” and (iii) the adjusted basis of a “long-period Note” will be increased by the amount of original issue discount included in income by the United States Owner and reduced by the amount of any payments of stated interest.

Under the Proposed Regulations, all payments (including all stated interest) with respect to a Note will be included in the stated redemption price at maturity if the Note has a term of one year or less (a “short-term Note”) and, thus, United States Owners will generally be taxable on discount in lieu of stated interest. As a result, a short-term Note will in almost all circumstances fall outside the de minimis exception discussed above. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a short-term Note, unless the United States Owner elects to compute this discount using tax basis instead of issue price. In general, an individual or other cash method United States Owner of a short-term Note is 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 as computed above. 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 Notes (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant interest method based on daily compounding. The amount of discount which accrues in respect of a short-term Note while held by a United States Owner will be added to such

owner's tax basis for such Note 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 Note 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 interest 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 Notes in an amount not exceeding the deferred interest income, until such deferred interest income is realized.

It is not clear how discount with respect to a short-term Note would be determined to the extent that the interest rate is not fixed on the date of issuance. There are two alternative analyses which possibly could apply to a short-term Note which has an interest rate that becomes fixed after such date. First, a United States Owner would accrue the amount of interest fixed subsequent to the date of issuance under its regular method of accounting. Interest fixed on the date of issuance possibly could be viewed as creating discount includible in income during the first Interest Period or, alternatively, over the entire term of the Note. Second, a United States Owner may be required to bifurcate each of its short-term Notes into its contingent and noncontingent components. The contingent amount (*i.e.*, interest on a short-term Note that is not fixed on the date of issuance) would be includible in income on the date such interest becomes fixed. The noncontingent amount (*i.e.*, principal and interest that is fixed on the date of issuance) would be treated as a separate debt instrument issued at a discount, subject to the rules generally applicable to such instruments as discussed above.

The Proposed Regulations are not final and are subject to change. It is impossible to predict whether or in what form the Proposed Regulations will become final and what the scope or the effective date of any such final regulations might be. United States Owners should therefore consult their tax advisors as to the potential application of the above-discussed provisions of the Proposed Regulations.

Yield Curve Notes. As noted above, the Proposed Regulations provide different rules for debt instruments with floating rates of interest, the application of which depends on whether such interest is viewed as contingent. It is not clear whether the Yield Curve Notes will be considered to bear contingent interest. If the Yield Curve Notes were not considered to bear contingent interest, each United States Owner would be required to account for the interest payments thereon in accordance with its regular method of accounting.

If the Yield Curve Notes were considered to bear contingent interest, interest would be includible in income as it became fixed, regardless of the method of accounting used by the United States Owner. For cash method United States Owners this would result in the acceleration of the recognition of income with respect to the interest payments on the Yield Curve Notes as compared with the treatment discussed above with respect to noncontingent debt instruments.

Another consequence of characterizing the Yield Curve Notes as bearing contingent interest is that the de minimis exception used in determining whether United States Owners are required to include original issue discount in income would not be applicable. As discussed above, if all or a substantial portion of a particular issue of Yield Curve Notes were issued at a price that is less than their stated redemption price at maturity, then they would be considered to be issued with original issue discount for Federal income tax purposes. If the Yield Curve Notes were not considered to bear contingent interest, and the original issue discount on each Yield Curve Note were de minimis (as defined above in "Original Issue Discount"), then under the de minimis exception such discount would be treated as zero for Federal income tax purposes. In contrast, if the Yield Curve Notes were considered to bear contingent interest, the de minimis exception would not apply, and all United States Owners would be required to include the discount in income for Federal income tax purposes as it accrued, in accordance with a constant interest method, based on a compounding of interest. Such owners would therefore be required to include such original issue discount in income prior to receiving payment of the principal amount of Yield Curve Notes. Under certain circumstances the original issue discount on a Yield Curve Note may be reduced by acquisition premium. See "Market Discount and Acquisition Premium."

Market Discount and Acquisition Premium. If a United States Owner purchases a Note other than a short-term Note (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 Note, 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 Note), 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. 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 Note 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 Note at the time of such payment or disposition. In addition, the United States Owner may be required to defer, until the maturity of the Note 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 Note. Any market discount will be considered to accrue ratably during the period from the date of acquisition to the Maturity Date of the Note, unless the United States Owner elects to accrue on a constant interest method. A United States Owner of a Note may elect to include market discount in income currently as it accrues (on either a ratable or constant interest 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.

A United States Owner that purchases a Note with original issue discount for an amount that is greater than the Note’s revised issue price but less than its stated redemption price at maturity will be considered to have purchased such Note at an “acquisition premium.” The amount of original issue discount such owner must include in its gross income with respect to such Note 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 Note for an amount that is greater than both its revised issue price and its stated redemption price at maturity, such owner will be considered to have purchased such Note at a premium, such Note will have no original issue discount, and such owner may elect to amortize such premium using a constant interest method, generally over the remaining term of the Note. Such premium shall be deemed to be an offset to interest otherwise includible in income in respect of such Note.

Backup Withholding and Information Reporting. A 20-percent “backup” withholding tax and certain information reporting requirements apply to certain payments of principal of and interest on a Note to, and to proceeds of the sale or exchange of a Note before maturity received by, certain United States Owners of Notes. Under current Treasury regulations, backup withholding and information reporting will not apply to payments on the Notes made by the Banks or any paying agent thereof (in its capacity as such) to exempt recipients, such as corporations or financial institutions, but such entities may be required to establish their status as such. Under current Treasury regulations, backup withholding and information reporting also will not apply to payments on the Notes made by any custodian, nominee or other agent of a United States Owner, or to the payment of the proceeds of a sale or exchange of a Note made to a United States Owner, if such payments or proceeds are paid to exempt recipients such as corporations or financial institutions, but such entities may be required to establish their status as such. In the case of a United States Owner that has not established an exemption from information reporting and backup withholding (for example, an individual), backup withholding will not be applicable if such owner has supplied an accurate Taxpayer Identification Number, has not been notified by the Internal Revenue Service that it has failed to report properly payments of interest and dividends and, 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. Any amounts withheld under the backup withholding rules from a payment to a United States Owner of a Note will be allowed as a refund or a credit against such owner’s Federal income tax, provided that any required information is furnished to the Internal Revenue Service.

Non-United States Owners

Under present Federal income and estate tax laws, and subject to the discussion below concerning backup withholding:

(a) no withholding of Federal income tax will be required with respect to the payment by a Bank or Banks or any paying agent thereof (in its capacity as such) of principal or interest (which for purposes of this discussion includes original issue discount) on a Note to a non-United States Owner, provided (i) that such owner does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of a Bank or Banks entitled to vote within the meaning of Section 871(h)(3) of the Code, (ii) the non-United States Owner is not a controlled foreign corporation that is related to a Bank or Banks through stock ownership, 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 and the regulations thereunder;

(b) 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 Note; and

(c) a Note 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 a Bank or Banks entitled to vote within the meaning of Section 871(h)(3) of the Code and provided that the interest payments with respect to such Note 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 Notes, the last United States person (the "Withholding Agent") in the chain of payment prior to payment to a non-United States Owner must have received in the year in which a payment of principal or interest occurs, or in either of the two preceding years, a statement that (i) is signed by the beneficial owner of a Note under penalties of perjury, (ii) certifies that such beneficial owner is not a United States Owner and (iii) provides the name and address of such beneficial owner. The statement may be made on a Form W-8 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. If a Note is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide a signed statement to the Withholding Agent instead of the beneficial owner. However, in such case, the signed statement must be accompanied by a copy of a Form W-8 or a substitute form provided by the beneficial owner to the organization or institution holding the Note on behalf of the beneficial owner.

Backup Withholding and Information Reporting. A 20-percent "backup" withholding tax and certain information reporting requirements apply to certain payments of principal of and interest on a Note to, and to proceeds of the sale or exchange of a Note before maturity received by, certain non-United States Owners of Notes. Under current Treasury regulations, backup withholding and information reporting will not apply to payments made by a Bank or Banks or any paying agent thereof (in its capacity as such) to a non-United States Owner of a Note with respect to which such owner has provided required certification of its non-United States person status under penalties of perjury (provided that neither a Bank or Banks nor the paying agent has actual knowledge that the owner is a United States Owner) or has otherwise established an exemption (e.g., as a corporation).

If such principal or interest is collected outside the United States by the non-United States office of the foreign custodian, foreign nominee or other foreign agent of the beneficial owner of a Note and is paid by such office outside the United States to such owner, or if the non-United States office of a foreign "broker" (as defined in applicable Treasury regulations) pays the proceeds of the sale or exchange of a Note outside the United States to the seller thereof, backup withholding and information reporting will not apply to such payment (provided that such nominee, custodian, agent or broker derives less than 50% of its gross income for certain specified periods from the conduct of a trade or business in the United States and is not a controlled foreign corporation for United States tax purposes). Principal and interest so paid by the non-United States

office of other custodians, nominees or agents, or the payment by the foreign office of other brokers of the proceeds of the sale or exchange of a Note, will not be subject to backup withholding, but will be subject to information reporting, unless the custodian, nominee, agent or broker has documentary evidence in its records that the beneficial owner or seller is not or was not, as the case may be, a United States Owner and certain conditions are met or the beneficial owner or seller otherwise establishes an exemption. Principal and interest so paid by the United States office of a custodian, nominee or agent, or the payment by the United States office of a broker of the proceeds of a sale or exchange of a Note is subject to both backup withholding and information reporting unless the beneficial owner or seller certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

DISTRIBUTION

Under the terms of a Medium-Term Notes Selling Agreement, as in effect from time to time, among the Funding Corporation, as agent for the Banks, and the respective Agents, the Notes will be offered from time to time by the Funding Corporation through the Agents. The Agents appointed as of the date hereof are Bank of America NT & SA, Bear, Stearns & Co. Inc., Craigie Incorporated, Dean Witter Reynolds Inc., Donaldson, Lufkin & Jenrette Securities Corporation, First Chicago Capital Markets, Inc., First Tennessee Bank N.A., Fuji Securities Inc., Goldman, Sachs & Co., Shearson Lehman Brothers Inc., Merrill Lynch Government Securities, Inc., Morgan Keegan & Company, Inc., J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated, NationsBanc Capital Markets, Inc., PaineWebber Incorporated, Prudential Securities Incorporated, Salomon Brothers Inc, and Smith Barney, Harris Upham & Co. Incorporated. The Agents have agreed to use their best efforts to solicit offers to purchase the Notes. In addition, certain MTN-Designated Selling Group Members may solicit offers for Notes pursuant to agreements with the Funding Corporation. The Medium-Term Notes Selling Agreement and any agreements between the Funding Corporation and MTN-Designated Selling Group Members as in effect from time to time are available for inspection upon request at the Funding Corporation at the address set forth on page 2 hereof under the heading "Important Information and Incorporation by Reference."

For agency transactions, the Funding Corporation will pay a commission to the Agents for sales of Notes through such Agents not to exceed 0.375% of their issue prices, which commission will vary depending upon the maturity of the Note. An Agent may reallocate a percentage of its commission with respect to particular Notes, as specified by the Funding Corporation, to an MTN-Designated Selling Group Member. The amount of an Agent's commission reallocated to an MTN-Designated Selling Group Member is subject to change at the discretion of the Funding Corporation. The Funding Corporation will have the sole right to accept offers to purchase the Notes and may reject any proposed purchase of the Notes, in whole or in part. Each Agent will have the right, in its discretion reasonably exercised, to reject any proposed offer to purchase Notes received by it, in whole or in part, which it determines to be unreasonable.

The Notes may also be sold at the discretion of the Funding Corporation to an Agent as principal for resale to investors at varying prices, according to prevailing market prices at the time of resale as determined by such Agent. Any purchase by an Agent as principal will be at the same price and rate and commission as offered by the Funding Corporation for Notes of that particular issue, or at a commission negotiated with such Agent (in which case no other commission or fee will be paid on such purchase).

Each Agent and MTN-Designated Selling Group Member engages in transactions with and performs services for the Funding Corporation and the Banks in the ordinary course of its business.

The Funding Corporation may, in its sole discretion at any time, from time to time, appoint one or more other investment dealers or dealer banks as additional Agents or MTN-Designated Selling Group Members or terminate or suspend one or more of the Agents or one or more of the MTN-Designated Selling Group Members. A list of the Agents and MTN-Designated Selling Group Members as in effect from time to time is available for inspection upon request at the Funding Corporation at the address set forth on page 2 hereof under the heading "Important Information and Incorporation by Reference."

The Funding Corporation also has reserved the right to sell the Notes to investors directly. No commission or other fees will be payable on any sales made directly by the Funding Corporation.

OFFERING CIRCULAR SUPPLEMENT

(To the Offering Circular dated August 18, 1992)

\$15,000,000,000
*Federal Farm Credit Banks
Consolidated Systemwide
Medium-Term Notes*
Due One to 30 Years from Date of Issue



The Federal Farm Credit Banks Funding Corporation, a corporation established under the laws of the United States of America as agent for the Banks of the Farm Credit System, hereby increases the aggregate principal amount outstanding at any one time of Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes Due One to 30 Years from Date of Issue which it proposes to offer for sale from time to time from the aggregate principal amount outstanding at any one time of up to \$10,000,000,000 to an aggregate principal amount outstanding at any one time of up to \$15,000,000,000.

The aggregate principal amount of Notes which may be outstanding at any one time may be further increased in the future. As of the date hereof, \$9,960,300,000 of the Notes are outstanding.

This Offering Circular Supplement amends and supplements the Offering Circular dated August 18, 1992, as amended and supplemented, and should be read in conjunction therewith. Capitalized terms not defined herein are defined in "Description of the Notes" in such Offering Circular.

Bank of America NT & SA	Bear Stearns & Co. Inc.	Craigie Incorporated
Dean Witter Reynolds Inc.	Donaldson, Lufkin & Jenrette Securities Corporation	Fuji Securities Inc.
First Chicago Capital Markets, Inc.	First Tennessee Bank N.A.	Merrill Lynch Government Securities, Inc.
Goldman, Sachs & Co.	Lehman Brothers Inc.	Morgan Stanley & Co. Incorporated
Morgan Keegan & Company, Inc.	J.P. Morgan Securities Inc.	Prudential Securities Incorporated
NationsBanc Capital Markets, Inc.	PaineWebber Incorporated	Smith Barney, Harris Upham & Co. Incorporated
Salomon Brothers Inc		

The date of this Term Sheet is February 11, 1993.