

**FEDERAL FARM CREDIT BANKS
CONSOLIDATED SYSTEMWIDE MASTER NOTES**



The Federal Farm Credit Banks Funding Corporation (the "Funding Corporation"), established under the laws of the United States of America and acting as agent for the Banks of the Farm Credit System (the "Banks"), proposes to offer for sale from time to time Federal Farm Credit Banks Consolidated Systemwide Master Notes (the "Notes") by means of this Offering Circular and a Federal Farm Credit Banks Consolidated Systemwide Master Note Purchase Agreement (the "Purchase Agreement") to be entered into from time to time with the purchasers of the Notes. The Notes are the general unsecured joint and several obligations of the Banks and will be issued under the authority of the Farm Credit Act of 1971, as amended (the "Act"), and the regulations (as currently in effect and as may be amended from time to time) prescribed by the Farm Credit Administration (the "FCA") (the "Regulations"). The Notes will be offered and sold from time to time by the Funding Corporation to purchasers who have represented they are United States Owners, as defined herein. The Funding Corporation may offer a selling concession to investment dealers, dealer banks or other entities involved in the purchase of the Notes.

THE NOTES ARE NOT OBLIGATIONS OF AND ARE NOT GUARANTEED BY THE UNITED STATES OR ANY FEDERAL AGENCY OR INSTRUMENTALITY, OTHER THAN THE BANKS. THE NOTES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE "EXEMPTED SECURITIES" WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.

For a discussion of certain of the risks relevant to an investment in the Notes, see "Certain Investment Considerations" below.

The following terms and conditions generally apply to the Notes which the Funding Corporation may offer from time to time. The applicable Purchase Agreement will contain the specific information concerning the terms and conditions of the Notes.

The date of this Offering Circular is December 21, 1999.

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

This Offering Circular relates only to the Notes and not to any other securities of the Banks which have been or will be issued on behalf of the Banks pursuant to a different disclosure document, including, but not limited to, those securities issued under the Federal Farm Credit Banks Global Debt Program Offering Circular dated October 10, 1996, the Federal Farm Credit Banks Consolidated Systemwide Bonds and Discount Notes Offering Circular dated June 18, 1999 (the "June Offering Circular"), the Federal Farm Credit Banks Consolidated Systemwide Bonds and Discount Notes Offering Circular dated January 22, 1996, as most recently amended by the supplement dated June 1, 1997 or the Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes Offering Circular dated July 19, 1993, as most recently amended by the supplement dated June 11, 1999.

No person is authorized to give any information or to make any representation not contained in this Offering Circular (and any supplements hereto), the Incorporated Information (as defined below) and the Purchase Agreement with respect to the Notes, and, if given or made, such information or representation must not be relied on as having been authorized by the Funding Corporation or the Banks. This Offering Circular does not constitute an offer to sell or a solicitation of any offer to buy any securities other than the Notes described herein or any offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction where, or to any person to whom, it is unlawful to make such an offer. Neither the delivery of this Offering Circular, the Incorporated Information, the Purchase Agreement, 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.

The Notes may not be suitable investments for all investors, and the Notes are intended for purchase only by investors capable of understanding the risks involved in such an investment. No investor should purchase any of the Notes unless such investor understands and is able to bear the price, yield, market, liquidity, structure, redemption and other risks associated with that Note. Investors should consult their own financial and legal advisors about the risks arising from an investment in a particular Note, the appropriate tools to analyze that investment, and the suitability of that investment in each investor's particular circumstances. See "Certain Investment Considerations" for a discussion of certain risks that should be considered in connection with an investment in the Notes. However, neither this Offering Circular nor any applicable Purchase Agreement describes all of the risks of

any investment in the Notes. The Funding Corporation and the Banks disclaim any responsibility to advise investors of those risks as they exist at the date of this Offering Circular or any related Purchase Agreement or as they may change from time to time.

DOCUMENTS INCORPORATED BY REFERENCE AND AVAILABLE INFORMATION

Documents Incorporated by Reference

Important information regarding the Banks and the Farm Credit System (the "System"), including combined financial information, is contained in disclosure information made available by the Funding Corporation. This information consists of the most recent Farm Credit System Annual Information Statement and the most recent Farm Credit System Quarterly Information Statement issued after the Annual Information Statement (collectively, "Information Statements"), and certain press releases, if any, that relate to financial results or to other developments affecting the System issued by the Funding Corporation since the publication of the most recent Information Statement (the "Press Releases"). The Information Statements, other than the section entitled "Description of Debt Securities" as it relates to the Notes offered by this Offering Circular, the Press Releases, and the June Offering Circular are incorporated by reference into this Offering Circular and the information therein is considered to be part of this Offering Circular (such information is referred to in this Offering Circular as the "Incorporated Information"). This Offering Circular should be read in conjunction with the Incorporated Information. Investors should rely only on the information incorporated by reference or provided in this Offering Circular, any supplement to this Offering Circular, and the applicable Purchase Agreement for the particular Note. The Funding Corporation has not authorized anyone else to provide investors with different information.

Available Information

Neither the Funding Corporation nor the Banks file reports or other information with the United States Securities and Exchange Commission. Copies of the Information Statements, the June Offering Circular, Press Releases, and the Farm Credit System Annual Report to Investors for the current and two preceding fiscal years are available without charge by writing or calling the Federal Farm Credit Banks Funding Corporation, Financial Management Division, at 10 Exchange Place, Suite 1401, Jersey City, New Jersey 07302; Telephone: (201) 200-8000. In addition, the Funding Corporation maintains a Web site that contains the Information Statements, the Press Releases, the June Offering Circular, this Offering Circular, and any supplements to this Offering Circular. The Internet address of the Funding Corporation's Web site is <http://www.farmcredit-ffcb.com>.

Investors should not assume that the information in this Offering Circular, any supplement to this Offering Circular, or the Incorporated Information is accurate as of any date other than the respective dates on the front cover of those documents.

THE FARM CREDIT SYSTEM

The System is a nationwide network of lending institutions and affiliated service and other entities. Through its Banks and related associations, the System lends money and provides related credit and other 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), rural utilities, and to certain foreign or domestic entities in connection with international agricultural credit transactions. The Banks and related associations are not commonly owned or controlled. They are cooperatively owned, directly or indirectly, by their respective borrowers. System institutions are federally chartered under the Act and are subject to supervision, examination and regulation by an independent Federal agency, the FCA.

The summaries in this Offering Circular 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, the Regulations, and the relevant Purchase Agreement and Note.

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 and providing financially-related services to qualified borrowers in the agricultural sector and to certain related entities. Moreover, the System is required to make credit 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, unlike commercial banks and other depository institutions, obtains funds for its lending operations primarily from the sale of debt securities of the Banks issued under Section 4.2(d) of the Act (the "Systemwide Debt Securities"), including the Notes. Each Bank determines its participation in each issuance of Systemwide Debt Securities based on its funding and operating requirements, subject to:

- C the availability of eligible collateral;
- C compliance with conditions of participation as prescribed in an agreement among the Banks and the Funding Corporation;
- C determinations by the Funding Corporation as to amounts, maturities, rates of interest, and terms of each issuance; and
- C FCA approval.

For more information regarding the System and the securities offered by it, reference should be made to the Incorporated Information.

THE NOTES

The Notes are considered Systemwide Debt Securities, subject to the Act and the Regulations. As such, the Notes will be issued by the Banks through the Funding Corporation pursuant to authorizing resolutions adopted by the board of directors of each Bank and under the authority of the Act and the Regulations. Pursuant to the Act, the Banks are jointly and severally liable on the Notes and all other Systemwide Debt Securities. Pursuant to the Regulations, the Notes, as unsecured debt obligations, rank equally with each other and with other unsecured Systemwide Debt Securities. The Notes are not obligations of and are not guaranteed by the United States or any Federal agency or instrumentality other than the Banks. All rights and obligations of the Banks and investors relating to Systemwide Debt Securities generally shall be as described in the Incorporated Information, and all specific rights and obligations of the Banks and the investors with respect to a particular Note shall be as set forth in the relevant Purchase Agreement and Note.

The Notes will be issued with a specified maturity date (the "Maturity Date") and will be issued in a "Base Principal Amount," the actual principal amount of which Note (the "Principal Amount Outstanding") may vary in accordance with the terms and conditions of the Purchase Agreement, or may be a fixed Principal Amount Outstanding as set forth in the Note and Purchase Agreement. Interest on the Principal Amount Outstanding will accrue on a given day at the "Contract Interest Rate," which rate may be fixed or determined by reference to a specified index rate (a "Reference Rate") or to an interest rate formula based on one or more Reference Rates, as set forth in the Purchase Agreement or the relevant Note. Generally, unless provided for otherwise in the relevant Purchase Agreement, accrued interest will be paid on a monthly basis on the first Business Day (as defined in the Purchase Agreement) following the end of a calendar month (in the case of regular interest payments) or on the Maturity Date or prepayment date (in the case of the last interest payment). The applicable Contract Interest Rate will be calculated based on the terms and conditions of the relevant Purchase Agreement and Note. For more information regarding calculation of the Contract Interest Rate, reference should be made to the relevant Purchase Agreement and Note.

Notwithstanding the Maturity Date of the Note, the Banks may elect to prepay, and the relevant purchaser may elect to cause the Banks to prepay, the Principal Amount Outstanding (together with interest accrued and unpaid thereon) prior to the relevant Maturity Date; generally, such prepayment may not be made earlier than the Business Day that is at least seven calendar days following notice of the election to accelerate the Maturity Date of the Note.

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

The foregoing description of the Notes is qualified in its entirety by reference to the relevant Purchase Agreement and Note and to the Incorporated Information. Investors should review those documents carefully before investing.

CERTAIN INVESTMENT CONSIDERATIONS

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

Credit Risk

The Banks' financial condition may be affected by factors affecting the agricultural economy, since these factors impact the demand for the financial services offered by the Banks and the ability of the Banks' customers to make payments on loans and leases and the demand for other services offered by the Banks. These factors include but are not limited to:

- C changes in government programs;
- C weather-related conditions which periodically occur that impact agricultural productivity and income; and
- C the relationship of demand relative to supply of American agricultural commodities.

The Banks can also be affected by major international events, such as a downturn in the world economy, which can affect such things as the price of commodities or products used or sold by System borrowers.

In addition, because the repayment date of the Notes may be accelerated by the holders of the Notes (generally requiring only seven calendar days' notice), the Banks' ability to repay such Notes may be adversely affected if multiple holders simultaneously exercised such acceleration rights. See the Incorporated Information regarding the creditworthiness of the Banks.

Structure Risks

Interest rate risks include risk arising from changes in market rates of interest, spread risk arising from changes in the relationship of market yields for the securities upon which the Contract Interest Rate is based relative to U.S. Treasury issues of similar maturities, and basis risk arising

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

- the possibility that Reference Rates or indices may be subject to significant changes;
- the resulting interest rate will be less than that payable on a comparable conventional fixed or floating rate debt security or Note issued by the Banks at the same time;
- no interest will be payable; or
- the repayment of principal can occur at times other than that expected by the investor.

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

Any redemption feature of a Note will affect the market value of the Note. Since the Banks may be expected to redeem a Note when prevailing offering rates are lower than the interest rates of certain Notes, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Note.

If an applicable Reference Rate or index includes or is subject to a maximum (cap) or minimum (floor) interest rate limitation, the interest or principal payable on the Note may be less than that payable on a conventional debt security issued by the Banks at the same time. Two Notes issued at the same time and with interest rates determined by reference to the same applicable Reference Rate or index and otherwise comparable terms and conditions may have different interest rates and yields when issued or thereafter if the frequency of each issue's interest rate adjustments is different.

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

In order to hedge their exposure to certain of the foregoing risks in connection with any particular Note, one or more of the Banks may enter into interest rate swaps or other hedging transactions with, or arranged by, an investment dealer, dealer bank or other entity (the "Dealer") involved in the issuance, an affiliate of such Dealer or an unrelated third party. The Dealer or other party may receive compensation, trading gain or other benefits in connection with such hedging transactions. Such interest rate swaps or other hedging transactions may reference the Notes, other obligations of the Banks or obligations of other issuers.

Secondary Market Risks

The Notes will not be listed on any securities exchange and there is no established trading market for the Notes. The Notes may not be transferred without the written consent of the Funding Corporation and are not expected to have any secondary market liquidity. Thus, an investor's primary source of liquidity will be repayment or prepayment of the Notes by the Banks in accordance with the terms and conditions of the relevant Purchase Agreement. There can be no guarantee that the Banks will have the capital necessary to pay amounts due under the Notes. See "Certain Investment Considerations -- Credit Risk" above.

Legality of Investment

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

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

Suitability

Investors should have sufficient knowledge and experience in financial and business matters to evaluate the Notes, the merits and risks of investing in the Notes and the information contained and incorporated by reference in this Offering Circular, any supplement or amendment to this

Offering Circular and the relevant Purchase Agreement and Note. In addition, investors should have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor's financial situation, the Notes, the merits and risks of investing in the Notes and the impact the Notes will have on their overall investment portfolio. Not every Note is suitable for every investor. No investor should purchase a Note unless the investor understands and has sufficient financial resources to bear the price, yield, market, liquidity, structure, redemption and other risks associated with the Note. Investors also should not purchase any Note without sufficient experience, financial resources and liquidity, relative to the potential risks, to manage their investments, including their investment in the Note. Before purchasing any Note, investors should understand thoroughly the terms and conditions of the Note, be familiar with the behavior of the relevant financial markets, and consider (possibly with the assistance of a financial advisor) possible scenarios for economic, interest rate and other factors that may effect their investment and their ability to bear the associated risks under a variety of such scenarios. Investors also should consider any legal restrictions that may apply to their investments in the Notes. See "Certain Investment Considerations—Legality of Investment."

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

CERTAIN TAX CONSIDERATIONS

In the opinion of Sutherland Asbill & Brennan LLP, counsel to the Banks, the following summary describes certain Federal and other tax consequences of the ownership of Notes as of the date of this Offering Circular. 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 of this Offering Circular, which authorities may be repealed, revoked or modified (possibly with retroactive effect) so as to result in Federal tax consequences different from those discussed below. It also is based on standard procedures followed in connection with the offer and sale of the Notes. This summary deals only with Notes held as capital assets by United States Owners (as defined below) who purchase Notes on their original issuance. It does not purport to deal with all aspects of Federal taxation that may be relevant to such United States Owners, nor does it address tax consequences of holding Notes that may be relevant to investors in special tax situations, such as life insurance companies, financial institutions, dealers in securities, persons holding Notes as part of a hedging transaction, a straddle, conversion transaction or constructive sale for Federal tax purposes. This summary does not purport to cover all the possible tax consequences of the purchase, ownership or disposition of Notes, and it is not intended as tax advice to any owner thereof. **Persons considering the**

purchase or sale of Notes should consult their own tax advisors concerning the application of the income tax laws of the United States to their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

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 taxation, and generally is not exempt from state, local or municipal taxation.

United States Owners

As used in this Offering Circular, a "United States Owner" means a beneficial owner of a Note that is a United States person. As used in this Offering Circular, "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, an estate the income of which is subject to Federal income taxation regardless of its source, a trust subject to the supervision of a court within the United States and the control of a United States person as described in Section 7701(a)(30) of the Code and the Treasury regulations thereunder, or a trust that was in existence on or before August 20, 1996, that meets certain requirements and elects to be treated as a United States person. "United States" generally 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 paid 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 Discount (as discussed in "Certain Tax Considerations—Short Term Notes" below), specific Federal income tax provisions. A United States Owner of a 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 United States Owner's tax basis in the Note, which gain or loss will be capital gain or loss 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. The maximum tax rate on ordinary income for taxpayers that are individuals, estates or trusts is currently higher than the maximum tax rate on long-term capital gains on a Note held by such taxpayers. The distinction between capital gain or loss and ordinary income or loss also is relevant for purposes of limitations on the deductibility of capital losses.

Short-Term Notes

A Note that matures one year or less from the date of its issuance (a "short-term Note") is a "short-term obligation" within the meaning of Sections 1271 and 1281 of the Code. Accrual method United States Owners and certain other United States Owners described in Section 1281(b) of the Code, regardless of their method of accounting, are required to include their income in respect of a short-term Note in income as it accrues on a straight-line basis unless the United States Owner makes an irrevocable election to accrue such amounts on the basis of the short-term Note's yield to maturity and daily compounding.

Generally, the income so includible ("Discount") is the difference between (i) the sum of all principal and interest payments under the short-term Note and (ii) the issue price of the short-term Note (or, if the United States Owner makes or has made an appropriate election, which election may apply to other short-term obligations held by the United States Owner, the United States Owner's tax basis in the short-term Note). The issue price of a short-term Note is the amount paid for the short-term Note. The difference between (i) the sum of all principal and interest payments under the short-term Note and (ii) the issue price of the short-term Note is "original issue discount."

A cash method United States Owner of a short-term Note generally includes Discount in income as it is received. A cash method United States Owner of a short-term Note described in Section 1281(b) of the Code, however, is subject to the rules described in the second preceding paragraph. In addition, a cash method United States Owner of a short-term Note (that is not otherwise required to account for Discount on such short-term Note as it accrues) may nevertheless elect to include in income Discount as it accrues (under the rules discussed above) on all debt obligations having a maturity of one year or less held by such United States Owner in the taxable year of the election and in all subsequent years. This election is irrevocable without the consent of the Internal Revenue Service. In the case of a United States Owner that is not required and does not elect to include Discount in income currently, such United States Owner will be required to defer deductions for interest expense on any indebtedness incurred or continued to purchase or carry the short-term Note, in an amount not exceeding the deferred interest income, until such deferred interest income is realized.

The amount of Discount which accrues in respect of a Note, while held by a United States Owner, will be added to such United States Owner's tax basis in the Note to the extent included in such United States Owner's income. In the case of a United States Owner that is not required, and does not elect, to include Discount in income currently, any gain realized upon the sale, exchange or retirement of a 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 yield method based on daily compounding) through the date of sale, exchange or retirement.

Accrual Method Election

A United States Owner may elect to accrue all "interest" on a Note as original issue discount (*i.e.*, using a constant yield method based on a compounding of interest, resulting in the acceleration of recognition of ordinary income to a cash method United States Owner). Under the constant yield method, United States Owners of such Notes generally will be required to include in income increasing amounts of original issue discount. If a United States Owner elects this method, the difference between (i) the sum of all principal and interest payments under the Note and (ii) the United States Owner's basis in the Note at the time of its acquisition will be treated as original issue discount. This election is available whether or not such Note has original issue discount, and it applies to any stated interest and Discount on a Note. This election may be made on an obligation-by-obligation basis.

Backup Withholding and Information Reporting

A 31% "backup" withholding tax and certain information reporting requirements may apply to certain payments to certain United States Owners of principal and interest (including original issue discount, if any) on, and the proceeds of the sale or exchange before maturity of, a Note. Under current Treasury regulations, backup withholding and information reporting will not apply to payments on the Notes made by a Bank or Banks or any paying agent thereof (in its capacity as such) to exempt recipients, such as corporations or other 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, if the United States Owner is 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 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 United States Owner's Federal income tax, provided that any required information is furnished to the Internal Revenue Service.

On October 14, 1997, the Internal Revenue Service issued final regulations relating to backup withholding and information reporting requirements (the "Final Regulations"). The Final Regulations unify current certification procedures and clarify reliance standards. The Final Regulations generally apply to payments on debt instruments made after December 31, 2000, even if the debt instruments were issued on or before that date. Withholding certificates valid on or after January 1, 1999 generally will remain valid until the earlier of their expiration or December

31, 2000. United States Owners should consult their tax advisors as to the potential impact of the Final Regulations on their particular situations.

DISTRIBUTION

A purchaser may not sell, pledge, assign or otherwise transfer a Note held by the purchaser pursuant to the relevant Purchase Agreement without the written consent of the Funding Corporation, as agent for the Banks.

Each purchaser will purchase the Notes pursuant to the terms and conditions of a Purchase Agreement entered into by the purchaser and the Funding Corporation, as agent for the Banks.

The Funding Corporation may offer a selling concession to the Dealers involved in the purchase of the Notes.

Federal Farm Credit Banks Consolidated Systemwide Master Notes



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 amends and supplements the Federal Farm Credit Banks Consolidated Systemwide Master Notes Offering Circular dated December 21, 1999 (the "Offering Circular"). This supplement should be read in conjunction with the Offering Circular. Capitalized terms not defined herein are defined in the Offering Circular.

Certain information set forth under "Certain Tax Considerations" in the Offering Circular is hereby amended and supplemented as follows:

CERTAIN TAX CONSIDERATIONS

In the opinion of Sutherland Asbill & Brennan LLP, counsel to the Banks, the following summary describes certain Federal and other tax consequences of the ownership of Notes as of the date of this Offering Circular. 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 of this Offering Circular, which authorities may be repealed, revoked or modified (possibly with retroactive effect) so as to result in Federal tax consequences different from those discussed below. It also is based on standard procedures followed in connection with the offer and sale of the Notes. This summary deals only with Notes held as capital assets by United States Owners (as defined below) who purchase Notes on their original issuance. It does not purport to deal with all aspects of Federal taxation that may be relevant to such United States Owners, nor does it address tax consequences of holding Notes that may be relevant to investors in special tax situations, such as life insurance companies, financial institutions, dealers in securities, persons holding Notes as part of a hedging transaction, a straddle, conversion transaction or constructive sale for Federal tax purposes. This summary does not purport to cover all the possible tax consequences of the purchase, ownership or disposition of Notes, and it is not intended as tax advice to any owner thereof. **Persons considering the purchase or sale of Notes should consult their own tax advisors concerning the application of the income tax laws of the United States to their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.**

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 taxation, and generally is not exempt from state, local or municipal taxation.

United States Owners

As used in this Offering Circular, a "United States Owner" means a beneficial owner of a Note that is a United States person. As used in this Offering Circular, "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, an estate the income of which is subject to Federal income taxation regardless of its source, a trust subject to the supervision of a court within the United States and the control of a United States person (as described in Section 7701(a)(30) of the Code and the Treasury regulations thereunder), or a trust that was in existence on or before August 20, 1996, that meets certain requirements and elects to be treated as a United States person. "United States" generally 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 paid 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 Discount (as discussed in "Certain Tax Considerations—Short Term Notes" below), specific Federal income tax provisions. A United States Owner of a 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 United States Owner's tax basis in the Note, which gain or loss will be capital gain or loss 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. The maximum tax rate on ordinary income for taxpayers that are individuals, estates or trusts is currently higher than the maximum tax rate on long-term capital gains on a Note held by such taxpayers. The distinction between capital gain or loss and ordinary income or loss also is relevant for purposes of limitations on the deductibility of capital losses.

Short-Term Notes

A Note that matures one year or less from the date of its issuance (a "short-term Note") is a "short-term obligation" within the meaning of Sections 1271 and 1281 of the Code. Accrual method United States Owners and certain other United States Owners described in Section 1281(b) of the Code, regardless of their method of accounting, are required to include their income in respect of a short-term Note in income as it accrues on a straight-line basis unless the United States Owner makes an irrevocable election to accrue such amounts on the basis of the short-term Note's yield to maturity and daily compounding.

Generally, the income so includible ("Discount") is the difference between (i) the sum of all principal and interest payments under the short-term Note and (ii) the issue price of the short-term Note (or, if the United States Owner makes or has made an appropriate election, which election may apply to other short-term obligations held by the United States Owner, the United States Owner's tax basis in the short-term Note). The issue price of a short-term Note is the amount paid for the short-term Note. The difference between (i) the sum of all principal and interest payments under the short-term Note and (ii) the issue price of the short-term Note is "original issue discount."

A cash method United States Owner of a short-term Note generally includes Discount in income as it is received. A cash method United States Owner of a short-term Note described in Section 1281(b) of the Code, however, is subject to the rules described in the second preceding paragraph. In addition, a cash method United States Owner of a short-term Note (that is not otherwise required to account for Discount on such short-term Note as it accrues) may nevertheless elect to include in income Discount as it accrues (under the rules discussed above) on all debt obligations having a maturity of one year or less held by such United States Owner in the taxable year of the election and in all subsequent years. This election is irrevocable without the consent of the Internal Revenue Service. In the case of a United States Owner that is not required and does not elect to include Discount in income currently, such United States Owner will be required to defer deductions for interest expense on any indebtedness incurred or continued to purchase or carry the short-term Note, in an amount not exceeding the deferred interest income, until such deferred interest income is realized.

The amount of Discount which accrues in respect of a Note, while held by a United States Owner, will be added to such United States Owner's tax basis in the Note to the extent included in such United States Owner's income. In the case of a United States Owner that is not required, and does not elect, to include Discount in income currently, any gain realized upon the sale, exchange or retirement of a 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 yield method based on daily compounding) through the date of sale, exchange or retirement.

Accrual Method Election

A United States Owner may elect to accrue all “interest” on a Note as original issue discount (*i.e.*, using a constant yield method based on a compounding of interest, resulting in the acceleration of recognition of ordinary income to a cash method United States Owner). Under the constant yield method, United States Owners of such Notes generally will be required to include in income increasing amounts of original issue discount. If a United States Owner elects this method, the difference between (i) the sum of all principal and interest payments under the Note and (ii) the United States Owner's basis in the Note at the time of its acquisition will be treated as original issue discount. This election is available whether or not such Note has original issue discount, and it applies to any stated interest and Discount on a Note. This election may be made on an obligation-by-obligation basis.

Backup Withholding and Information Reporting

A 31% “backup” withholding tax and certain information reporting requirements may apply to certain payments to certain United States Owners of principal and interest (including original issue discount, if any) on, and the proceeds of the sale or exchange before maturity of, a Note. Backup withholding and information reporting will not apply to payments on the Notes made by a Bank or Banks or any paying agent thereof (in its capacity as such) to exempt recipients, such as corporations or other financial institutions that establish their status as such, regardless of whether such entities are United States Owners of Securities or hold Securities as a custodian, nominee or other agent of a United States Owner. However, backup withholding and information reporting will apply to payments on the Notes made by any custodian, nominee or other agent to a United States Owner unless such United States Owner is an exempt recipient and establishes its status as such.

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

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