FEDERAL AGRICULTURAL MORTGAGE CORP
Form DEF 14A
April 29, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant S Filed by a Party other than the Registrant £

Check the appropriate box:

£	Preliminary Proxy Statement
£	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
S	Definitive Proxy Statement
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FEDERAL AGRICULTURAL MORTGAGE CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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FEDERAL AGRICULTURAL MORTGAGE CORPORATION

1133 Twenty-First Street, N.W.
Suite 600
Washington, D.C. 20036

TO HOLDERS OF FARMER MAC
VOTING COMMON STOCK

April 28, 2008

Dear Farmer Mac Stockholder:

The Board of Directors of the Federal Agricultural Mortgage Corporation ("Farmer Mac" or the "Corporation") is pleased to invite you to attend the 2008 Annual Meeting of Stockholders of the Corporation to be held on Thursday, June 5, 2008, at 8:00 a.m. local time at the Embassy Suites Hotel, 1250 Twenty-Second Street, N.W., Washington, D.C. 20037. The Notice of Annual Meeting and Proxy Statement accompanying this letter describe the business to be transacted at the meeting.

We hope you will be able to attend the meeting and suggest you read the enclosed Notice of Annual Meeting and Proxy Statement for information about your Corporation and the Annual Meeting of Stockholders. We have also enclosed Farmer Mac's 2007 Annual Report. Although the report is not proxy soliciting material, we suggest you read it for additional information about your Corporation. Please complete, sign, date and return a proxy card at your earliest convenience to help us establish a quorum and avoid the cost of further solicitation. The giving of your proxy will not affect your right to vote your shares personally if you do attend the meeting. If you plan to attend the meeting, please so indicate on the enclosed proxy card.

Sincerely,

Fred L. Dailey
Chairman of the Board

FEDERAL AGRICULTURAL MORTGAGE CORPORATION

NOTICE OF ANNUAL MEETING

April 28, 2008

Notice is hereby given that the 2008 Annual Meeting of Stockholders of the Federal Agricultural Mortgage Corporation ("Farmer Mac" or the "Corporation") will be held on Thursday, June 5, 2008, at 8:00 a.m. local time at the Embassy Suites Hotel, 1250 Twenty-Second Street, N.W., Washington, D.C. 20037.

As described in the attached Proxy Statement, the meeting will be held for the following purposes:

- to elect ten directors, five of whom will be elected by holders of Class A Voting Common Stock and five of whom will be elected by holders of Class B Voting Common Stock, to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified;

- to ratify the selection by the Audit Committee of Deloitte & Touche LLP as the Corporation's independent auditors for fiscal year 2008;

- to approve the Corporation's incentive compensation plan; and

- to consider and act upon any other business that may properly be brought before the meeting or any adjournment or postponement of the meeting.

Please read the attached Proxy Statement for complete information on the matters to be considered and acted upon.

Eligible holders of record of the Corporation's Class A Voting Common Stock and Class B Voting Common Stock at the close of business on April 16, 2008 are entitled to notice of and to vote at the meeting and any adjournment(s) of the meeting.

For at least ten days prior to the meeting, a list of Farmer Mac stockholders will be available for examination by any stockholder for any purpose germane to the meeting at the offices of the Corporation between the hours of 9:00 a.m. and 5:00 p.m. local time.

Whether you intend to be present at the meeting or not, please complete the enclosed proxy card, date and sign it exactly as your name appears on the card and return it in the postage prepaid envelope. This will ensure the voting of your shares if you do not attend the meeting. Giving your proxy will not affect your right to vote your shares personally if you do attend the meeting. THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE CORPORATION.

By order of the Board of Directors,

/s/ Jerome G. Oslick

Jerome G. Oslick
Corporate Secretary

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FEDERAL AGRICULTURAL MORTGAGE CORPORATION

1133 Twenty-First Street, N.W.
Suite 600
Washington, D.C. 20036

PROXY STATEMENT
For the Annual Meeting of Stockholders
to be held on June 5, 2008

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of the Federal Agricultural Mortgage Corporation ("Farmer Mac" or the "Corporation") of proxies from the holders of the Corporation's Class A Voting Common Stock and Class B Voting Common Stock (together, the "Voting Common Stock"). The Corporation is not soliciting proxies from the holders of its Class C Non-Voting Common Stock. The proxies will be voted at the 2008 Annual Meeting of Stockholders of the Corporation (the "Meeting"), to be held on Thursday, June 5, 2008, at 8:00 a.m. local time, at the Embassy Suites Hotel, 1250 Twenty-Second Street, N.W., Washington, D.C. 20037, and at any adjournments or postponements of the Meeting. The Notice of Annual Meeting, this Proxy Statement and the enclosed proxy card are being mailed to stockholders on or about April 28, 2008.

The Board of Directors of the Corporation (the "Board of Directors" or "Board") will present for a vote at the Meeting the election of ten members to the Board, the approval of the Corporation's incentive compensation plan and the ratification of the appointment of Deloitte & Touche LLP as independent auditors for the Corporation for fiscal year 2008. The Board is not aware of any other matter to be presented for a vote at the Meeting.

Voting Rights

One of the purposes of the Meeting is to elect ten members to the Board of Directors. Title VIII of the Farm Credit Act of 1971, as amended (the "Act"), provides that the Corporation's Class A Voting Common Stock may be held only by banks, insurance companies and other financial institutions or entities that are not Farm Credit System institutions. The Act also provides that the Corporation's Class B Voting Common Stock may be held only by Farm Credit System institutions.[1] Holders of the Class A Voting Common Stock (the "Class A Holders") and holders of the Class B Voting Common Stock (the "Class B Holders") must each elect five members to the Board of Directors. The remaining five members of the Board are appointed by the President of the United States, with the advice and consent of the United States Senate. None of Farmer Mac's directors is or has been an officer or employee of the Corporation, resulting in a Board of Directors composed entirely of non-management directors. Currently, all of Farmer Mac's fifteen directors are "independent," as defined in Farmer Mac's Corporate Governance Guidelines, Securities and Exchange Commission ("SEC") rules and New York Stock Exchange ("NYSE") listing standards. After the Meeting, assuming all of the nominees for director are elected, all of Farmer Mac's fifteen directors will be independent. See "Director Independence" for more information regarding the Board's independence determinations.

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1 Holders of Voting Common Stock who are not eligible holders of that stock should dispose of their ownership of such stock to eligible holders. Farmer Mac has the right, but not the obligation, to repurchase shares of Voting Common Stock from ineligible holders for book value.

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Record Date

The Board of Directors has fixed April 16, 2008 as the record date for the determination of stockholders entitled to receive notice of and to vote at the Meeting. At the close of business on that date, there were issued and outstanding 1,030,780 shares of Class A Voting Common Stock and 500,301 shares of Class B Voting Common Stock, which constitute the only outstanding capital stock of the Corporation entitled to vote at the Meeting. See "Principal Holders of Voting Common Stock."

Voting

The holders of Farmer Mac's Voting Common Stock are entitled to one vote per share, with cumulative voting at all elections of directors. Under cumulative voting, each stockholder is entitled to cast the number of votes equal to the number of shares of the class of Voting Common Stock owned by that stockholder, multiplied by the number of directors to be elected by that class. All of a stockholder's votes may be cast for a single candidate for director or may be distributed among any number of candidates. Class A Holders are entitled to vote only for the five directors to be elected by Class A Holders, and Class B Holders are entitled to vote only for the five directors to be elected by Class B Holders. Other than the election of directors, the Class A Holders and Class B Holders vote together as a single class on any matter submitted to a vote of the holders of Voting Common Stock.

The presence, in person or by proxy, of the holders of at least a majority of the Corporation's outstanding Voting Common Stock is required to constitute a quorum at the Meeting. Thus, 765,541 shares of Voting Common Stock must be represented by stockholders present at the Meeting or by proxy to have a quorum.

Proxy Procedure

Although many of Farmer Mac's stockholders are unable to attend the Meeting in person, they are afforded the right to vote by means of the proxy solicited by the Board of Directors. When a proxy is returned properly completed and signed, the shares it represents must be voted by the Proxy Committee (described below) as directed by the stockholder. Stockholders are urged to specify their choices by marking the appropriate boxes on the enclosed proxy card. A stockholder may withhold a vote from one or more nominees by filling in the circle next to the names of those nominees in the space provided on the proxy card. Under those circumstances, unless other instructions are given in writing, the stockholder's votes will then be cast evenly among the remaining nominees for its class. Stockholders who intend to cumulate their votes for one or more nominee(s) are urged to read the instructions on the proxy card and to indicate the manner in which votes shall be cumulated in the space to the right of the nominee name(s) on the proxy card. The five nominees from each class who receive the greatest number of votes will be elected directors. If one or more of the nominees becomes unavailable for election, the Proxy Committee will cast votes under the authority granted by the enclosed proxy for such substitute or other nominee(s) as the Board of Directors may designate. If no instructions are indicated on the proxies, the proxies represented by the Class A Voting Common Stock will be voted in favor of the five nominees specified in this Proxy Statement as Class A nominees, with the votes being cast evenly among each of the Class A nominees, and the proxies represented by the Class B Voting Common Stock will be voted in favor of the five nominees specified in this Proxy Statement as Class B nominees, with the votes being cast evenly among each of the Class B nominees.

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Shares of Voting Common Stock represented by proxies marked "Abstain" for any proposal presented at the Meeting (other than the election of directors) will be counted for purposes of determining the presence of a quorum but will not be voted for or against such proposal. If a proposal involves a vote for which a broker (or its nominee) may only vote a customer's shares in accordance with the customer's instructions and the broker (or its nominee) does not vote those shares due to a lack of instructions, the votes represented by those shares and delivered to the Corporation ("broker non-votes") will be counted as shares present at the Meeting for purposes of determining whether a quorum is present but will not be voted for or against such proposal. Abstentions and broker non-votes (if applicable) will have the effect of a vote against such proposals (except with respect to the election of directors). Because only a plurality is required for the election of directors, abstentions and broker non-votes (if applicable) will have no effect on the election of directors.

Execution of a proxy will not prevent a stockholder from attending the Meeting, revoking a previously submitted proxy and voting in person.

Any stockholder who gives a proxy may revoke it at any time before it is voted by notifying the Corporate Secretary in writing on a date later than the date of the proxy, by submitting a later dated proxy, or by voting in person at the Meeting. Mere attendance at the Meeting, however, will not constitute revocation of a proxy. Written notices revoking a proxy should be sent to Jerome G. Oslick, Corporate Secretary, Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036.

The Proxy Committee, composed of three officers of the Corporation, Henry D. Edelman, Timothy L. Buzby and Jerome G. Oslick, will vote all shares of Voting Common Stock represented by proxies signed and returned by stockholders in the manner specified. The Proxy Committee will also vote the shares represented thereby on any matters not known at the time this Proxy Statement was printed that may properly be presented for action at the Meeting in accordance with their judgment.

Stockholder Proposals

Each year, at the annual meeting, the Board of Directors submits to the stockholders its nominees for election as Class A and Class B directors. In addition, the Audit Committee's selection of independent auditors for the year is submitted for stockholder ratification at each annual meeting, pursuant to the Corporation's Amended and Restated By-Laws ("By-Laws"). The Board of Directors may, in its discretion and upon proper notice, also present other matters to the stockholders for action at the annual meeting. In addition to those matters presented by the Board of Directors, the stockholders may be asked to act at the annual meeting upon proposals timely submitted by eligible holders of Voting Common Stock.

Proposals of stockholders to be presented at the 2008 Annual Meeting of Stockholders were required to be received by the Corporate Secretary before December 27, 2007 for inclusion in this Proxy Statement and the accompanying proxy. Other than the election of ten members to the Board of Directors, the approval of the Corporation's incentive compensation plan, and the ratification of the appointment of Deloitte & Touche LLP as independent auditors for the Corporation for fiscal year 2008, the Board of Directors knows of no other matters to be presented for action at the Meeting. If any other matters are properly brought before the Meeting or any adjournment or postponement of the Meeting, the Proxy Committee intends to vote proxies in accordance with its members' best judgment.

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If any stockholder eligible to do so intends to present a proposal for consideration at the Corporation's 2009 Annual Meeting of Stockholders, the Corporate Secretary must receive the proposal before December 25, 2008 to be considered for inclusion in the 2009 Proxy Statement. Proposals should be sent to Jerome G. Oslick, Corporate Secretary, Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036. In addition, if any stockholder notifies the Corporation after March 2, 2009 of an intent to present a proposal at the Corporation's 2009 Annual Meeting of Stockholders, the Corporation's proxy holders will have the right to exercise discretionary voting authority with respect to that proposal, if presented at the meeting, without the Corporation including information regarding the proposal in its proxy materials.

Communications with the Board

Stockholders and other interested parties may communicate directly with members of the Board of Directors by writing to them at Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036.

Board of Directors Meetings and Committees

In 2007, the Board of Directors held a total of eleven meetings. Each member of the Board attended 75% or more of the aggregate number of meetings of the Board of Directors and of the committees on which he or she served during 2007. As Chairman of the Board, Fred L. Dailey presides over all meetings of the Board of Directors, including regularly scheduled executive sessions of the Board in which members of management do not participate. All members of the Board of Directors are expected to attend the Annual Meeting of Stockholders, which is held in conjunction with a regularly scheduled meeting of the Board of Directors. All fifteen members of the Board of Directors attended the 2007 Annual Meeting of Stockholders.

The Board has established seven standing committees to assist it in the performance of its responsibilities. The committees currently consist of the following: Audit Committee, Compensation Committee, Corporate Governance Committee, Credit Committee, Finance Committee, Marketing Committee and Public Policy Committee. Each director serves on at least one committee. See "Class A Nominees," "Class B Nominees" and "Directors Appointed by the President of the United States" for information regarding the committees on which directors serve. The Audit Committee and the Compensation Committee met ten times and eight times, respectively, during the fiscal year ended December 31, 2007. The Corporate Governance Committee, which selects nominees for election to the Board of Directors, approves corporate governance policies for the Corporation, sets agendas for the meetings of the Board of Directors and is able to exercise certain powers of the Board of Directors during the intervals between meetings of the Board, met fifteen times during the fiscal year ended December 31, 2007. The Credit Committee, which is responsible for reviewing and approving all policy matters relating to changes to the Corporation's Seller/Servicer Guide and making recommendations to the Board of Directors on agricultural credit matters, met six times during the fiscal year ended December 31, 2007. The Finance Committee, which is responsible for determining the financial policies of the Corporation and managing the Corporation's financial affairs, met six times during the fiscal year ended December 31, 2007. The Marketing Committee, which is responsible for the development and monitoring of the Corporation's programs and marketing plan, met six times during the fiscal year ended December 31, 2007. The Public Policy Committee, which considers matters of public policy referred to it by the Board of Directors such as the Corporation's relationship with and policies regarding borrowers, Congress and governmental agencies and conflicts of interest, met four times during the fiscal year ended December 31, 2007. See "Item No. 1: Election of Directors," "Compensation of Directors and Executive Officers" and "Report of the Audit Committee" and "Item No. 2: Selection of Independent Auditors" for information concerning the Corporate Governance Committee, the Compensation Committee and the Audit Committee, respectively.

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Code of Business Conduct and Ethics

Farmer Mac has adopted a code of business conduct and ethics (the "Code") that applies to all directors, officers, employees and agents of Farmer Mac, including the Corporation's principal executive officer, principal financial officer and principal accounting officer. A copy of the Code is available on Farmer Mac's website, www.farmermac.com, in the "Corporate Governance" portion of the "Investors" section. Farmer Mac will post any amendment to, or waiver from, a provision of the Code in that same location on its website. A print copy of the Code is available free of charge upon written request to Jerome G. Oslick, Corporate Secretary, Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036.

Item No. 1: Election of Directors

At the Meeting, ten directors will be elected for one-year terms. The Act provides that five of the directors will be elected by a plurality of the votes of the Class A Holders, and five of the directors will be elected by a plurality of the votes of the Class B Holders. All of the Class A and Class B nominees currently are members of the Board of Directors. The directors elected by the Class A Holders and the Class B Holders will hold office until the Corporation's 2009 Annual Meeting of Stockholders, or until their respective successors have been duly elected and qualified.

The Act further provides that the President of the United States will appoint five members to the Board of Directors with the advice and consent of the United States Senate (the "Appointed Members"). The Appointed Members serve at the pleasure of the President of the United States. The Board of Directors, after the election at the Meeting, will consist of the Appointed Members named under "Directors Appointed by the President of the United States" below or such other Appointed Members as may be appointed by the President and confirmed by the Senate between April 16, 2008 and June 5, 2008 and the ten members who are elected by the holders of Farmer Mac's Voting Common Stock.

In order to facilitate the selection of director nominees, the Board of Directors utilizes a Corporate Governance Committee that consists of the Chairman of the Board, the Vice Chairman of the Board and two additional members each from the Class A directors and Class B directors, resulting in a committee composed of two directors from each of the Board's three constituent groups. The current members of the Corporate Governance Committee are: Appointed Members Messrs. Dailey and Junkins; Class A directors Messrs. Kenny and Kruse; and Class B directors Messrs. Cortese and Raines. As described in more detail in "Director Independence," the Board has determined that all members of the Corporate Governance Committee are "independent," as defined in Farmer Mac's Corporate Governance Guidelines, SEC rules and NYSE listing standards. The Corporate Governance Committee Charter and Farmer Mac's Corporate Governance Guidelines are available on Farmer Mac's website, www.farmermac.com, in the "Corporate Governance" portion of the "Investors" section. Print copies of the Corporate Governance Committee Charter and Farmer Mac's Corporate Governance Guidelines are available free of charge upon written request to Jerome G. Oslick, Corporate Secretary, Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036.

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The Board has adopted a policy statement on directors that expresses the general principles that should govern director selection and conduct, which the Corporate Governance Committee uses in identifying and evaluating potential candidates for director. The Corporate Governance Committee reviews, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the perceived needs of the Board at that point in time. The Committee strives to identify and retain as members of the Board individuals who have the qualities, business background and experience that will enable them to contribute significantly to the development of Farmer Mac's business and its future success. The Board has determined that its elected members should be comprised of individuals with a variety of business backgrounds and experiences who are deemed to have a broad perspective and good record of accomplishment either as senior members of agricultural business management, as agricultural or commercial lenders, as accountants or auditors, or as entrepreneurs. The Board has also determined that it is desirable to have qualified women and minority representation on the Board. In selecting a nominee for director, the Corporate Governance Committee also considers an individual's character, judgment, fairness and overall ability to serve Farmer Mac. Thus, in addition to considering the current needs of the Board and the quality of an individual's professional background and experience, the Corporate Governance Committee seeks individuals who:

- have integrity, independence, and an inquiring mind; an ability to work with others; good judgment; intellectual competence; and motivation;
- have the willingness and ability to represent all stockholders' interests, and not just the particular constituency that elected the director to serve on the Board;
- have an awareness of and a sensitivity to the public purpose of Farmer Mac and a sense of responsibility to Farmer Mac's intended beneficiaries;
- are willing to commit the necessary time and energy to prepare for and attend Board and committee meetings;
- are willing and have the ability to advance their views and opinions in a forthright manner, but, upon the conclusion of deliberations, to act in the best interests of Farmer Mac, and, once a decision is reached by a majority, to support the decision; and
- with respect to directors elected by the Holders of Class B Voting Common Stock, provide representation from each of the five Farm Credit District Banks.

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The Corporate Governance Committee recommended five individuals to be considered for election as Class A nominees and five individuals to be considered for election as Class B nominees, and the Board of Directors has approved these recommendations. The individuals recommended by the Corporate Governance Committee are referred to collectively as the "Nominees." The Nominees will stand for election to serve for terms of one year each, or until their respective successors are duly elected and qualified. AgriBank, FCB ("AgriBank"), the holder of approximately 40.3 percent of the Class B Voting Common Stock, recommended to the Corporate Governance Committee two persons to be Nominees, one of whom, Paul A. DeBriyn, is a current member of the Board. AgriBank expressed its intention to vote for both persons at the Meeting. The Corporate Governance Committee and the Board renominated Mr. DeBriyn, but did not nominate the second person recommended by AgriBank, continuing to provide instead for one Class B nominee from each of the five Farm Credit Bank districts. No fees were paid to any director search firms or other third parties to assist in identifying and evaluating the Nominees.

In identifying potential candidates for the Board, the Corporate Governance Committee considers suggestions from Board members, management, stockholders and others. From time to time, the Committee may retain a search firm to assist in identifying potential candidates and gathering information about the background and experience of such candidates. The Committee will consider all proposed nominees, including stockholder nominees, in light of the qualifications discussed above and the assessed needs of the Board at the time. For the 2009 Annual Meeting of Stockholders, the Corporate Governance Committee will consider nominees recommended by holders of Farmer Mac's Voting Common Stock, who may submit recommendations by letter to Jerome G. Oslick, Corporate Secretary, Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036, by January 31, 2009.

If any of the ten Nominees named below is unable or unwilling to stand as a candidate for the office of director on the date of the Meeting or at any adjournment(s) or postponement(s) thereof, the proxies received on behalf of such Nominee will be voted for such substitute or other Nominee(s) as the Board of Directors may designate. The Board of Directors has no reason to believe that any of the Nominees will be unable or unwilling to serve if elected.

Information about Nominees for Director

Each of the Nominees has been principally employed in his or her current position for the past five years unless otherwise noted.

Class A Nominees

Dennis L. Brack, 55, has been a member of the Board of Directors of the Corporation since June 7, 2001 and serves as chairman of the Compensation Committee and as a member of the Credit Committee. Mr. Brack served as President and Chief Executive Officer of Bath State Bank, Bath, Indiana from 1988 to 2007. He has remained as a director of Bath State Bank and is currently a director and Chairman of the Board of Bath State Bancorp, the holding company for the bank. He became a member of the Board of Directors of Franklin County Community Foundation, Brookville, Indiana in 2007 and has served as a member of their Investment Committee since 1999. He was a member of the Union County (Indiana) Foundation board of directors in 2003 and 2004. Mr. Brack has recently worked on the steering committees for Comprehensive Plan Development in both Franklin and Union Counties, Indiana. He was also a director of the Indiana Bankers Association from 1994 to 1996 and previously served a three-year term on the Purdue University Dean's Advisory Council.

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Dennis A. Everson, 57, has been a member of the Board of Directors of the Corporation since June 3, 2004 and serves as chairman of the Finance Committee and as a member of the Marketing Committee. Mr. Everson has been President and Manager of the First Dakota National Bank Agri-business Division since 2002. From 1984 until 2002, he was Vice President and Manager of the First Dakota National Bank Agri-business Division. From 2000 until 2002, Mr. Everson was a member of the Federal Home Loan Bank Committee of the American Bankers Association. During 1998, he served as Chairman of the Agricultural & Rural Bankers Committee of the American Bankers Association.

Mitchell A. Johnson, 66, has been a member of the Board of Directors of the Corporation since June 12, 1997 and is a member of the Compensation Committee and the Finance Committee. Mr. Johnson is a private investor. He is also a Trustee of the Advisors' Inner Circle Funds, the Advisors' Inner Circle Funds II, Bishop Street Funds and SEI Funds. Mr. Johnson was President of MAJ Capital Management, Inc., an investment management firm that he founded in 1994 following his retirement from the Student Loan Marketing Association ("Sallie Mae"). During his 21 years with Sallie Mae, Mr. Johnson held numerous positions within that organization including, for the seven years preceding his retirement, Senior Vice President, Corporate Finance. He has been a trustee of Citizens Funds, Rushmore Funds and Diversified Funds. Mr. Johnson also served as a director of Eldorado Bankshares, Inc., the holding company for Eldorado and Antelope Valley Banks.

Timothy F. Kenny, 46, has been a member of the Board of Directors of the Corporation since June 3, 2004 and serves as a member of the Audit Committee and the Corporate Governance Committee. He is a Certified Public Accountant and has been Vice-President, Assistant General Auditor at the Federal Home Loan Mortgage Corporation, commonly known as "Freddie Mac," since September 2007. From 2001 to 2007, Mr. Kenny was a Managing Director with BearingPoint, Inc. (formerly KPMG Consulting, Inc.) in McLean, Virginia and was a member of the BearingPoint, Inc. 401(k) Plan Committee. He joined KPMG LLP, the predecessor organization to KPMG Consulting, in 1986 and was a KPMG Audit Partner until the separation of KPMG Consulting from KPMG LLP in February 2001. Mr. Kenny previously served on the Board of Directors of the Mortgage Bankers Association of Metropolitan Washington.

Charles E. Kruse, 63, has been a member of the Board of Directors of the Corporation since June 7, 2001 and serves as chairman of the Marketing Committee and is a member of the Corporate Governance Committee. Mr. Kruse has been a member of the Board of Directors of Central Bancompany since 2000. He has served as President of the Missouri Farm Bureau since 1992 and has been a member of the American Farm Bureau Board of Directors, representing 12 midwestern State Farm Bureaus, since 1995. Mr. Kruse has also served on the Commission on 21st Century Production Agriculture; the Agricultural Technical Advisory Committee for Trade in Grains, Feed, and Oilseeds; the President's Council on Rural America; and the U.S. Trade Representative's Intergovernmental Advisory Committee.

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Class B Nominees

Ralph W. "Buddy" Cortese, 61, has been a member of the Board of Directors of the Corporation since June 5, 2003 and serves as chairman of the Credit Committee and is a member of the Corporate Governance Committee. He is a farmer, rancher and cattle feeder from Fort Sumner, New Mexico. Mr. Cortese has been a member of the board of directors of the Farm Credit Bank of Texas since 1995. As a member of that board of directors, he served as vice chairman from 1998 to 2000 and has served as chairman since 2000. Previously, Mr. Cortese was the chairman of the board of directors of the Production Credit Association of Eastern New Mexico (now Ag New Mexico, ACA) from 1987 to 1994, a member of the PCA Stockholders' Advisory Committee from 1990 to 1994 and a member of the executive committee of the Tenth District Federation of PCAs from 1991 to 1994. He has also been a member of the American Land Foundation Board since 2001.

Paul A. DeBriyn, 53, has been a member of the Board of Directors of the Corporation since June 1, 2000. He serves as chairman of the Audit Committee and is a member of the Compensation Committee. Mr. DeBriyn has served as President and Chief Executive Officer of AgStar Financial Services, ACA (and its predecessor, Farm Credit Services of Southern Minnesota) since 1995. He was previously Executive Vice President and Chief Operating Officer of Farm Credit Services of Southern Minnesota from 1993 to 1995 and President and Chief Executive Officer of Farm Credit Services of Southeast Minnesota from 1987 to 1993.

Michael A. Gerber, 49, has been a member of the Board of Directors of the Corporation since June 7, 2007 and serves as a member of the Finance Committee and the Marketing Committee. He has served as President and Chief Executive Officer of Farm Credit of Western New York, ACA, located in Batavia, New York, since 1998. Mr. Gerber also currently serves as a director and as chairman of the audit committee of Financial Partners, Inc., a service company owned by Farm Credit System associations. Mr. Gerber also is a member of the Farm Credit System's President's Planning Committee and as a director of the Genesee County Economic Development Council. Mr. Gerber was Executive Vice President of Farm Credit of Western New York from 1994 to 1998 and served as Credit Supervisor and Director of Financial Services for the former Farm Credit System Southern New England Association from 1992 to 1994.

Ernest M. Hodges, 60, has been a member of the Board of Directors of the Corporation since June 16, 2005 and is a member of the Credit Committee. He has served as President and Chief Executive Officer of Sacramento Valley Farm Credit, ACA, in Woodland California since 1993. Mr. Hodges was Chief Credit Officer of Sacramento Valley Farm Credit from 1991 to 1993 and served as an Examiner with the United States Office of the Comptroller of the Currency in 1991. Mr. Hodges served in executive management positions with the Western Farm Credit Bank from 1982 to 1990, most recently as Senior Vice President.

John Dan Raines, 64, has been a member of the Board of Directors of the Corporation since June 18, 1992 and is a member of the Audit Committee, the Compensation Committee and the Corporate Governance Committee. He is the owner and operator of Raines Commercial Group, Inc., a general business corporation. Since 1990, Mr. Raines has served as a member of the board of directors of AgFirst Farm Credit Bank (formerly, the Farm Credit Bank of Columbia, South Carolina). He also has served since 1981 as a member of the board of directors of AgGeorgia Farm Credit, ACA, and its predecessor Farm Credit System institution. From 1986 to 1990, Mr. Raines was a member of the board of directors of the South Atlantic Production Credit Association, and served as its chairman in 1989 and 1990.

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Directors Appointed by the President of the United States

Julia Bartling, 49, has been a member of the Board of Directors of the Corporation since June 5, 2003. She is a member of the Public Policy Committee and the Audit Committee. Her appointment to the Board was confirmed by the United States Senate on June 3, 2003. Ms. Bartling has been an elected member of the South Dakota House since January 1, 2001. She also served as Auditor of Gregory County, South Dakota from 1983 through 2000. Ms. Bartling and her spouse have owned and operated Bartling Feed, Grain & Trucking since 1977.

Fred L. Dailey, 62, has been a member of the Board of Directors of the Corporation and has served as its Chairman since August 16, 2002. He also serves as chairman of the Corporate Governance Committee and is a member of the Compensation Committee and the Public Policy Committee. His appointment to the Board was confirmed by the United States Senate on July 29, 2002. Mr. Dailey served as the Director of the Ohio Department of Agriculture from 1991 until 2007, the longest serving Ag Director in the history of Ohio. Prior to that time, he was the executive vice president of the Ohio Beef Council and executive secretary of the Ohio Cattlemen’s Association from 1982 to 1991 and served as the Director of the Indiana Division of Agriculture from 1975 to 1981. Mr. Dailey is past President of the National Association of State Departments of Agriculture and is a recipient of the Honorary American Farmer degree from the FFA. In 1998, he received the national “Outstanding State Agriculture Executive” award presented by the Biotechnology Industry Organization and was named “Man of the Year” by Progressive Farmer magazine in 1999. Mr. Dailey resides on a working farm in Ohio where he raises Angus cattle.

Grace T. Daniel, 62, has been a member of the Board of Directors of the Corporation since August 17, 2002 and is a member of the Public Policy Committee and the Marketing Committee. Her appointment to the Board was confirmed by the United States Senate on July 29, 2002. Ms. Daniel served on the California Agricultural Labor Relations Board from 1997 to 1999. She also served as the California Governor’s Chief Deputy Appointments Secretary from 1994 to 1997 and as Executive Director at the California Trade and Commerce Agency Office of Small Business from 1991 to 1994, where she was responsible for the State’s loan guarantee program. From 2004 to 2007, Ms. Daniel served as Deputy Director of California Parks and Recreation under Governor Schwarzenegger.

Lowell L. Junkins, 64, has been a member of the Board of Directors of the Corporation since June 13, 1996 and Vice Chairman of the Board since December 5, 2002. He serves as chairman of the Public Policy Committee and is a member of the Compensation Committee, the Corporate Governance Committee and the Finance Committee. He was appointed to the Board of Directors by President Clinton in April 1996 while the Senate was in recess and was confirmed by the Senate on May 23, 1997 and was reconfirmed by the Senate on June 3, 2003. Mr. Junkins works as a public affairs consultant for Lowell Junkins & Associates in Des Moines, Iowa. He owns and operates Hillcrest Farms in Montrose, Iowa, where he served as Mayor from 1971 to 1972. From 1974 through 1986, Mr. Junkins served as an Iowa State Senator, including as majority leader from 1981 to 1986.

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Glen O. Klippenstein, 70, has been a member of the Board of Directors of the Corporation since June 5, 2003 is a member of the Public Policy Committee and the Credit Committee. His appointment to the Board was confirmed by the United States Senate on June 3, 2003. Mr. Klippenstein has served as the Chief Executive Officer of the American Chianina Association since November 8, 2000. Prior to 2000, he operated his family farm, engaged in cattle production. Mr. Klippenstein also served as a Missouri State Senator from 1993 to 1994.

In addition to the affiliations set forth above, the Nominees and Appointed Members are active in many local and national trade, commodity, charitable, educational and religious organizations.

Compensation of Directors

The directors are required to spend a considerable amount of time preparing for, as well as participating in, Board and committee meetings. In addition, they are often called upon for their counsel between meeting dates. For those services, each director receives the following compensation: (a) an annual retainer of $20,000 ($26,500 for the chairman of the Audit Committee, $23,500 for the chairman of the Compensation Committee and $30,000 for the Chairman of the Board); (b) $1,000 per day, plus expenses, for each meeting of the Board and each Committee meeting (if on a day other than that of the Board meeting) attended; and (c) with the prior approval of the President of the Corporation, $1,000 per day, plus expenses, for certain other meetings and conferences with borrowers, lenders or other groups. The total cash compensation received by all members of the Board of Directors in 2007 was approximately $420,000. Since June 13, 1997, each director has been granted options annually to purchase shares of Class C Non-Voting Common Stock under the Corporation’s 1997 Incentive Plan, with each such grant occurring on the date of each Annual Meeting of Stockholders and with the option price being determined as of such date. The 6,000 options granted to each member of the Board of Directors in 2007 had a fair value of $54,9672 at the grant date. The total compensation, cash and options received by all members of the Board of Directors in 2007 was approximately $1,231,055.

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2 The fair value at grant date of options granted during 2007 has been estimated using the Black-Scholes option pricing model with the following assumptions: a dividend yield of 1.4%; an expected volatility of 36.0%; a risk-free interest rate of 4.8%; and an expected life of 4 years.

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The following table sets forth the compensation received by each Farmer Mac director in 2007:

Name	Fees Earned or Paid in Cash ($)3	Option Awards ($)4,5,6	Total ($)
Julia Bartling	25,396	39,743	65,139
Dennis Brack	27,501	39,743	67,244
Ralph Cortese	26,396	39,743	66,139
Fred Dailey	45,635	39,743	85,378
Grace Daniel	27,396	39,743	67,139
Paul DeBriyn	27,445	39,743	67,188
Dennis Everson	26,396	39,743	66,139
Michael A. Gerber	15,319	8,550	23,869
Ernest Hodges	26,396	34,2707	60,666
Mitchell Johnson	22,396	39,743	62,139
Lowell Junkins	29,221	39,743	68,964
Timothy Kenny	27,221	39,743	66,964
Glen Klippenstein	26,396	39,743	66,139
Charles Kruse	25,221	39,743	64,964
John Dan Raines	28,221	39,743	67,964

3 Includes amounts the following directors voluntarily used to purchase, at market value, newly issued Class C Common Stock in lieu of receiving some or all of their retainer in cash: Dennis Brack ($1,605); Paul DeBriyn ($12,076); Dennis Everson ($1,898); Michael A. Gerber ($3,146); Glen Klippenstein ($3,669); Timothy Kenny ($11,836); Charles Kruse ($12,340); and John Dan Raines ($4,412).

4 The valuation of the option awards follows SFAS 123(R) and was determined based on applying the assumptions used in Note 9 to the financial statements on page 122 of Farmer Mac's Form 10-K filed on March 17, 2008.

5 For Mr. Gerber, the amount is the value of the portion of the 2007 option grant that vested in 2007 for compensation expense accrual purposes. For all other directors, the amount is the sum of the values of the portions of the 2005, 2006, and 2007 option grants that vested in 2007 for compensation expense accrual purposes. Although a portion of the 2007 option grants are treated as vested for compensation expense accrual purposes, these grants vest one-third on each of May 31, 2008, 2009 and 2010.

6 As of December 31, 2007, Mr. Gerber had outstanding options to purchase 6,000 shares of Farmer Mac Class C Non-Voting Common Stock; Messrs Kenny and Hodges (through options he assigned to his employer) each had outstanding options to purchase an aggregate of 12,000 shares of Farmer Mac Class C Non-Voting Common Stock; Ms. Bartling and Messrs. DeBriyn, Everson and Raines had outstanding options to purchase an aggregate of 14,000 shares of Farmer Mac Class C Non-Voting Common Stock; Messrs. Cortese and Klippenstein each had outstanding options to purchase an aggregate of 18,000 shares of Farmer Mac Class C Non-Voting Common Stock; Mr. Junkins had outstanding options to purchase an aggregate of 24,000 shares of Farmer Mac Class C Non-Voting Common Stock; Messrs. Dailey and Kruse each had outstanding options to purchase an aggregate of 28,000 shares of Farmer Mac Class C Non-Voting Common Stock; and Ms. Daniel and Messrs. Brack and Johnson each had outstanding options to purchase an aggregate of 30,000 shares of Farmer Mac Class C Non-Voting Common Stock.

7 Immediately upon grant of any options to him, Mr. Hodges assigns those options to his employer, Sacramento Valley Farm Credit, ACA, of which he is President and Chief Executive Officer.

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Stock Ownership of Directors and Executive Officers

As of April 16, 2008, the members of the Board of Directors, Nominees for election as directors and executive officers of the Corporation listed in the table below might be deemed to be “beneficial owners” of the indicated number of equity securities of the Corporation, as defined by the rules of the SEC. The Corporation’s Voting Common Stock may be held only by banks, insurance companies and financial institutions and Farm Credit System institutions, and may not be held by individuals. Accordingly, no executive officer owns, directly or indirectly, any shares of any class of the Corporation’s Voting Common Stock. Furthermore, Appointed Members may not be officers or directors of financial institutions or Farm Credit System institutions and may not, directly or indirectly, own Voting Common Stock of the Corporation. There are no ownership restrictions on the Class C Non-Voting Common Stock. For information about the beneficial owners of 5 percent or more of the Voting Common Stock of the Corporation, see “Principal Holders of Voting Common Stock.”

	Voting Common Stock		Non-Voting Common Stock8	
	Class A or Class B	Percent of Class	Class C	Percent of Class
Timothy L. Buzby	—	—	99,086	1.19%
Nancy E. Corsiglia	—	—	327,739	3.93%
Henry D. Edelman	—	—	715,153	8.58%
Jerome G. Oslick	—	—	82,459	*
Tom D. Stenson	—	—	187,645	2.25%
Mary K. Waters	—	—	18,118	*
Julia Bartling	—	—	8,000	*
Dennis L. Brack	—	—	25,689	*
Ralph W. Cortese	—	—	12,713	*
Fred L. Dailey	—	—	22,000	*
Grace T. Daniel	—	—	24,233	*
Paul A. DeBriyn	—	—	11,143	*
Dennis A. Everson	—	—	8,258	*
Michael A. Gerber	—	—	2,293	*
Ernest M. Hodges	—	—	—	*
Mitchell A. Johnson	—	—	24,000	*
Lowell L. Junkins	—	—	18,000	*
Timothy F. Kenny	—	—	8,105	*
Glen O. Klippenstein	—	—	12,978	*
Charles E. Kruse	—	—	25,431	*
John Dan Raines	—	—	8,517	*
All directors and executive officers as a group (21 persons)	—	—	1,641,560	19.70%

* Less than 1%.

8 Includes shares of Class C Non-Voting Common Stock that may be acquired within 60 days through the exercise of stock options as follows: Mr. Edelman, 715,153 shares; Mr. Buzby, 99,086 shares; Ms. Corsiglia, 325,013 shares; Mr. Oslick, 82,459 shares; Mr. Stenson, 187,645 shares; Ms. Waters 18,118 shares; Mr. Gerber, 2,000 shares; Mr. Kenny, 6,000 shares; Ms. Bartling and Messrs. DeBriyn, Everson and Raines, 8,000 shares each; Messrs. Cortese and Klippenstein, 12,000 shares each; Mr. Junkins, 18,000 shares; Messrs. Dailey and Kruse, 22,000 shares each; Ms. Daniel and Messrs. Brack and Johnson, 24,000 shares each; and all directors and executive officers as a group, 1,625,474 shares.

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Director Independence

The Board of Directors has adopted a formal set of standards to form the basis for determinations of director independence required by NYSE rules. To be considered "independent" for purposes of these standards, the Board must affirmatively determine that a director does not have a material relationship with Farmer Mac other than as a director of Farmer Mac. The Board broadly considers all relevant facts and circumstances in making an independence determination, including the following criteria, among others, in determining whether a director lacks a material relationship and therefore is "independent":

(a) the director is not and has not been employed by the Corporation within the past three years;

(b) the director has not received more than $100,000 per year in direct compensation from the Corporation, other than director and committee fees, within the past three years;

(c) the director is not and has not been for the past three years a significant advisor or consultant to the Corporation, and is not affiliated with a company or a firm that is (revenue of the greater of 2% of the other company's consolidated gross revenues or $1 million is considered significant);

(d) the director is not and has not been for the past three years a significant customer or supplier of the Corporation nor affiliated with a company or firm that is (revenue of the greater of 2% of the other company's consolidated gross revenues or $1 million is considered significant);

(e) the director is not and has not been for the past three years employed by or affiliated with an internal or external auditor of the company or firm that provided services to the Corporation within the past three years;

(f) the director is not and has not been for the past three years employed by another company where any of the Corporation's present executives serve on that company's compensation committee;

(g) the director is not a spouse, parent, sibling, child, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law or any person (other than household employees) who shares a residence with any person described by (a) through (f);

(h) the director is not and has not been for the past three years affiliated with a tax-exempt entity that received significant contributions from the Corporation (revenue of the greater of 2% of the entity's consolidated gross revenues or $1 million is considered significant); and

(i) the director does not have any other relationships with the Corporation or the members of management of the Corporation that the Board has determined to be material not described in (a) through (h).

The criteria, which are included in Farmer Mac's Corporate Governance Guidelines available on the Corporation's website, www.farmermac.com, in the "Corporate Governance" portion of the "Investors" section, meet all requirements for director independence contained in SEC and NYSE rules.

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In April 2008, the Board considered all direct and indirect transactions and relationships between each director (either directly or as a partner, stockholder, officer or director of an entity that has a business relationship with Farmer Mac) and the Corporation and its management to determine whether any such transactions or relationships were inconsistent with a determination that the director is independent. As a result of its review, the Board affirmatively determined that each of the current directors meets the criteria for director independence set forth above and, therefore, is independent.

In determining that each of the directors is independent, the Board considered that because financial institutions are required to own Voting Common Stock to participate in the Farmer Mac I program, transactions often occur in the ordinary course of business between the Corporation and companies or other entities at which some of Farmer Mac's directors are or have been officers or directors. In particular, with respect to each of the most recent three completed fiscal years, the Board evaluated for each of Messrs. Brack, Cortese, DeBriyn, Everson, Gerber, Hodges and Raines all transactions between Farmer Mac and the company where he serves as an executive officer or director, including sales of qualified loans and USDA-guaranteed portions and LTSPC and swap transactions and the annual amount of guarantee and commitment fees paid to Farmer Mac by that company and any servicing or other fees received by that company from Farmer Mac. In each case, the transactions had terms and conditions comparable to those applicable to entities unaffiliated with Farmer Mac, and the amount paid to or received from each of these companies in each of the last three years did not exceed the 2% of total revenue threshold in the director independence criteria used to determine whether an entity affiliated with a director is a significant customer or supplier of the Corporation. The Board determined that none of these relationships it considered impaired the independence of the named individuals. For additional information about transactions between Farmer Mac and entities affiliated with directors, see Note 3 to Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2007.

Report of the Audit Committee

The following report of the Audit Committee shall not be deemed to be "soliciting material," or to be "filed" with the SEC, and will not be deemed to be incorporated by reference into any filing by the Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that the Corporation specifically requests that such information be treated as soliciting material or specifically incorporates the report by reference into a document.

The Audit Committee reviewed and recommended reaffirmation of the Audit Committee Charter, which reaffirmation was approved by the full Board on February 7, 2008. The complete text of the charter, which reflects standards set forth in SEC regulations and NYSE listing standards, is available on the Corporation's website, www.farmermac.com, in the "Corporate Governance" portion of the "Investors" section. A print copy of the Audit Committee Charter is available free of charge upon written request to Jerome G. Oslick, Corporate Secretary, Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036. The Audit Committee and the Board reviews and approves changes to the Audit Committee Charter annually. The Board of Directors has determined that: (1) all the directors who serve on the Audit Committee are "independent," as defined in Farmer Mac's Corporate Governance Guidelines, SEC rules and NYSE listing standards; and (2) Timothy F. Kenny, a member of the Audit Committee since June 3, 2004, is an "audit committee financial expert," as defined in SEC rules. However, Mr. Kenny is not an auditor or accountant for Farmer Mac, does not perform field work and is not an employee of Farmer Mac. In accordance with the SEC's safe harbor relating to audit committee financial experts, a person designated or identified as an audit committee financial expert will not be deemed to be an "expert" for purposes of the federal securities laws. In addition, such designation or identification does not impose on such person any duties, obligations or liabilities that are greater than those imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification, and does not affect the duties, obligations or liabilities of any other member of the Audit Committee or Board of Directors.

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Audit Committee Report for the Year Ended December 31, 2007

To Our Stockholders:

Management is primarily responsible for establishing and maintaining the financial public reporting process, including the system of internal accounting controls, and for the preparation of Farmer Mac's consolidated financial statements in accordance with accounting principles generally accepted in the United States. The Audit Committee, on behalf of the Board, monitors Farmer Mac's financial reporting processes and systems of internal accounting control, the independence and performance of the independent auditors and the performance of the internal audit function. The Corporation's independent auditors are responsible for auditing those consolidated financial statements and expressing an opinion as to their conformity with generally accepted accounting principles and on management's assessment of the effectiveness of the Corporation's internal control over financial reporting. In addition, the independent auditors will express their own opinion on the effectiveness of Farmer Mac's internal control over financial reporting.

Management has represented to the Audit Committee that Farmer Mac's audited consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee reviewed and discussed Farmer Mac's audited consolidated financial statements with both management and the Corporation's independent auditors prior to their issuance. The Audit Committee has discussed with the independent auditors their evaluation of the accounting principles, practices and judgments applied by management, and the Audit Committee has discussed any items required to be communicated to it by the independent auditors pursuant to rules and regulations promulgated by the Securities and Exchange Commission and the Public Company Accounting Oversight Board and the standards established by the American Institute of Certified Public Accountants, including matters required to be discussed pursuant to Statement on Auditing Standards No. 61 (Communication With Audit Committees).

With respect to the Corporation's independent auditors, the Audit Committee, among other things, received from Deloitte & Touche LLP the written disclosures as required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with them their independence from the Corporation and its management. The Audit Committee has reviewed and pre-approved the audit fees of the independent auditors. It also has approved non-audit services and reviewed fees for such services to assure compliance with applicable provisions of the Securities Exchange Act of 1934, as amended, and applicable rules and regulations to assure compliance with the auditor independence requirements that prohibit independent auditors from performing specified services that might impair their independence as well as compliance with Farmer Mac's and the Audit Committee's policies.

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The Audit Committee discussed with Farmer Mac's independent auditors the overall scope of and plans for its audit. Finally, the Audit Committee continued to monitor the scope and adequacy of the Corporation's internal auditing program, including proposals for adequate staffing and to strengthen internal procedures and controls where appropriate.

In reliance upon these reviews and discussions, the Audit Committee recommended to the Board of Directors that the Board approve the inclusion of the Corporation's audited consolidated financial statements in the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 for filing with the Securities and Exchange Commission, as filed on March 17, 2008.

Audit Committee

Paul A. DeBriyn, Chairman
Julia Bartling
Timothy F. Kenny
John Dan Raines

Executive Officers

The following table sets forth the names and ages of the current executive officers of Farmer Mac, the principal positions held with the Corporation by such executive officers, and the officers' experience prior to joining the Corporation.

Name	Age	Capacity in which Served and Five-Year History
Henry D. Edelman	59	President and Chief Executive Officer of the Corporation since June 1, 1989. From November 1986 until he joined Farmer Mac, Mr. Edelman was First Vice President for Federal Government Finance of PaineWebber Incorporated, New York, New York. Previously, Mr. Edelman was Vice President for Government Finance at Citibank N.A., New York, New York and Director of Financing, Investments and Capital Planning at General Motors Corporation in New York, New York, where he served in various capacities on the Legal Staff and Financial Staff for ten years.
Nancy E. Corsiglia	52	Executive Vice President since June 7, 2007, Treasurer since December 8, 1989 and Chief Financial Officer since May 13, 1993. From June 1, 2000 until June 7, 2007 when she was appointed Executive Vice President, Ms. Corsiglia was Vice President – Finance and from December 8, 1989 until June 1, 2000 she was Vice President – Business Development. From 1988 until she joined Farmer Mac, Ms. Corsiglia was Vice President for Federal Government Finance at PaineWebber Incorporated, New York, New York. From 1984 to 1988, she served as a Senior Financial Analyst and a Manager on the Financial Staff of General Motors Corporation, New York, New York.

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Tom D. Stenson	57	Executive Vice President and Chief Operating Officer since June 7, 2007. From August 7, 1997 until June 7, 2007, Mr. Stenson was Vice President – Agricultural Finance and from November 1996 until August 7, 1997, he was Director – Agricultural Finance of the Corporation. From 1993 until joining Farmer Mac in 1996, he was Vice President – Agribusiness for ValliWide Bank, a "super-community" bank in the San Joaquin Valley of California.
Timothy L. Buzby	39	Vice President – Controller since June 5, 2003. From July 1997 until he joined Farmer Mac as Controller in December 2000, Mr. Buzby, a certified public accountant since 1992, was Chief Financial Officer for George Mason Mortgage Corporation, a regional residential mortgage lender, from March 2000 to December 2000 and for Mortgage Edge Corporation, a national mortgage lender, from July 1997 to February 2000. Prior to July 1997, Mr. Buzby was a Manager on the Mortgage Consulting Staff of KPMG Peat Marwick, LLP.
Jerome G. Oslick	61	Vice President – General Counsel and Corporate Secretary since February 1, 2000. From 1987 until he joined Farmer Mac as Assistant General Counsel in February 1994, Mr. Oslick was an associate in the Washington, D.C. office of the New York-based law firm of Brown & Wood. From 1970 to 1987, he was an attorney and branch chief in the Office of General Counsel, United States Department of Agriculture.
Mary K. Waters	49	Vice President – Corporate Relations since June 16, 2005. From May 2001 until April 2005, Ms. Waters was Assistant Secretary, Congressional Relations at the United States Department of Agriculture. From 1986 until her nomination to the position at USDA in 2001, Ms. Waters served as Senior Director and Legislative Counsel for ConAgra Foods.

Executive Compensation Governance

The Compensation Committee determines, subject to ratification by the Board of Directors, the salaries, incentive plans and other compensation of directors and officers of the Corporation. The current members of the Compensation Committee are Messrs. Dailey, DeBriyn, Johnson, Junkins, Raines and Brack (chairman). No member of Farmer Mac's Compensation Committee is or has been an officer or employee of the Corporation. As described in more detail in "Director Independence," the Board has determined that all members of the Compensation Committee are "independent," as defined in Farmer Mac's Corporate Governance Guidelines, SEC rules and NYSE listing standards.

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The Compensation Committee reviewed and recommended reaffirmation of the Compensation Committee Charter, which reaffirmation was approved by the full Board on February 7, 2008. The complete text of the charter, which reflects standards set forth in SEC and NYSE rules, is available on the Corporation's website, www.farmermac.com, in the "Corporate Governance" portion of the "Investors" section. A print copy of the Compensation Committee Charter is available free of charge upon written request to Jerome G. Oslick, Corporate Secretary, Federal Agricultural Mortgage Corporation, 1133 Twenty-First Street, N.W., Suite 600, Washington, D.C. 20036.

The Committee makes recommendations to the Board of Directors as to the actual levels of compensation to be awarded. The chief executive officer is not present, nor is any other named executive officer, during deliberations on his or her compensation by the Committee or the Board. The compensation of all other named executive officers is determined by the Committee after consultation with the chief executive officer and is based primarily upon the evaluation of their performance during the business plan year as determined by the chief executive officer assisted by the compensation consultant, and as revised in consultation with the Committee. The Compensation Committee does not delegate any of its authority to other persons.

During 2007, the Committee engaged Hewitt Associates ("Hewitt") as its independent compensation consultant. Hewitt was accountable to and reported directly to the Committee. The Committee asked Hewitt to provide (1) market data on executive and director compensation using a mutually agreed upon methodology, (2) tally sheets for the Chief Executive Officer and Chief Financial Officer positions, and (3) trends information. Hewitt also assisted with the development of the Omnibus Incentive Compensation Plan and the drafting of the executive compensation sections of this proxy statement. The Committee met with Hewitt during the year, both in general committee session and in executive session without management present.

— Compensation Discussion and Analysis

General Compensation Goals and Pay Elements

Farmer Mac's general compensation and benefits goals are to operate a compensation program that will attract and retain talented and dedicated employees and motivate them to act in our best interests. To accomplish those goals, the compensation program is designed to reward the execution of strategies that:

- accomplish our Congressional mission as measured by increases in business volume and net income (adjusted for non-economic accounting conventions);
- maintain and enhance effective internal controls; and
- enhance stockholder value.

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The compensation program is designed to:

- attract, retain and motivate highly qualified executive officers;
- pay for performance by linking a significant amount of compensation to an executive's overall individual contribution to our growth and to the achievement of pre-established performance goals; and
- align the interests of executive officers with the interests of stockholders.

Executive compensation at Farmer Mac is designed to provide further that the levels and proportions of salary, annual cash incentive awards and long-term incentive award values are consistent with the value and effectiveness of the named executive officers' execution of Board-approved strategies, with due consideration given to the competitive market.

The total compensation package for named executive officers consists of the following elements, provided with a view to offering a balanced compensation package:

- base salary;
- annual cash incentive pay;
- long-term non-cash incentive pay; and
- retirement and other benefits, most of which are similarly provided to all other full-time employees.

Benchmarking, Peer Groups and Market Posture

Farmer Mac was created by Congress to establish a secondary market for agricultural and rural housing mortgages that would increase the availability of credit for agricultural producers, provide greater liquidity and lending capacity for agricultural lenders and facilitate intermediate- and long-term agricultural funding.

From the outset, Farmer Mac's Board of Directors and its Compensation Committee recognized that the accomplishment of Farmer Mac's mission would require that it attract, retain and motivate highly qualified personnel capable of addressing the tasks necessary to develop and operate a secondary market for agricultural mortgage loans where none had previously existed, and to persevere in their efforts through what would include difficult and uncertain years. The Board believes this approach continues to be sound, as Farmer Mac must compete in the general market for the services of individuals with the education, experience and prior achievements necessary to enhance the financial results and safety and soundness of Farmer Mac's expanding and increasingly complex operations.

Accordingly, the Board and the Committee have undertaken to compensate Farmer Mac's named executive officers in a manner consistent with compensation for executives in other comparable businesses that involve similar duties and responsibilities. The outcome intended is that compensation opportunities for named executive officers should be comparable to those received by persons with similar qualifications and experience, but not necessarily the same position and title, at similar companies.

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Farmer Mac's charter, particularly as revised in 1996, casts it in the mold of the other mortgage loan secondary market government-sponsored enterprises ("GSEs"), Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), which have established a mature secondary market for housing mortgages. A third reference point has been SLM Corporation ("Sallie Mae"), a company that began as a government-sponsored enterprise. The Committee has viewed these three GSEs as the appropriate peer group (the "Peer Group Companies") for base salary purposes. Due to the large size of the Peer Group Companies relative to Farmer Mac, the positions considered comparable to them are one level lower than the similar Farmer Mac position. For instance, for purposes of determining market base salaries, Farmer Mac's chief executive officer position is considered comparable to a Business Unit Chief Executive or corporate Chief Financial Officer at the Peer Group Companies.

No GSE data tends to be available for Mr. Stenson's position. Instead, in 2007 proxy data and published survey data (from Wm. M. Mercer and Executive Compensation Services surveys) was used for comparable positions from comparably sized commercial banks and financial institutions to develop the base salary market data for that position.

Target short-term incentive opportunity and long-term incentive opportunity for each named executive officer were set at or near the median opportunity applying to similar base salaries at complex financial organizations. This data is developed by the Committee's consultant by base salary level and expressed as a percent of base salary. In 2007, the group of companies (the "Financial Services Companies") whose data was available for this analysis encompassed 141 financial services companies in a wide size range, with revenues ranging from under $1 billion to greater than $100 billion. While the Financial Services Companies varied widely from Farmer Mac in size, the use of base salary level as the determinant of incentive opportunity had the impact of neutralizing company size.

By using this methodology, our compensation program in effect targets pay at the size-adjusted 50th percentile for each component. The designs of the incentive programs then ensure significantly greater potential compensation for performance significantly above defined levels and lower compensation for performance below defined levels. This methodology is intended to ensure that the Corporation's compensation structure is sufficiently competitive to attract and retain highly qualified executives and tie their ultimate pay to Farmer Mac's performance.

Market Posture and How Amounts Were Determined

Each component of pay was determined primarily based on market data, with consideration also given to individual performance and potential, and succession planning considerations.

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Component of Pay	Practice
Base salary	· In total, base salaries for named executive officers prior to 2007 adjustments were within 1% of market, and each Farmer Mac named executive officer's base salary was within 10% of the applicable market figure. · Base salary increases for 2007 for the named executive officers were 3.8% except for Mr. Stenson, who received a 13.8% increase due to his promotion to Chief Operating Officer.
Annual cash incentive	· In total, 2007 target bonuses were within 2% of the applicable market and each Farmer Mac named executive officer's 2007 target bonus percent was within 15% of the applicable market. · No increases to target bonus percents were made in 2007.
Stock option grants	· Farmer Mac named executive officer 2007 stock option grants as a percent of base salary varied with respect to market; in the aggregate, grants were within 3% of market. · No increases to long-term incentive opportunities (expressed as a percent of base salary) were made in 2007.
Mix of Total Compensation	· The mix of 2007 total compensation was determined primarily by the previously described market mix of the elements above for each position. No particular mix of pay was targeted beyond that which the market data suggested.

Compensation Elements

The purpose of each element of the pay program is discussed in more detail below.

Base Salary. Base salary is paid to provide current and prospective executives with a predictable core amount of compensation, regardless of our financial results, so long as they perform their duties in a competent, professional manner. This element is set at a level that, by itself, would provide executives with a level of financial security commensurate with the competitive market, but not at a level expected to be adequate alone to retain executives or motivate outstanding performance.

Base salary is reviewed annually by the Committee each June, at the end of the July-through-June business plan year, as well as at the time of executive promotions or other changes in responsibilities. Increases in salary normally take effect on July 1, and did so in 2007.

The Committee determines the base salary for the chief executive officer and recommends to the Board the base salary for each of the other named executive officers based on an evaluation of each executive's performance, experience, level of responsibilities, level of base salary and peer group market data provided by the Committee's consultant. For each named executive officer other than the president and chief executive officer, the Committee bases its determinations on recommendations of the chief executive officer in addition to the factors listed in the previous sentence.

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Annual Cash Incentive Pay. Annual cash incentive pay is provided as a means of motivating and rewarding outstanding performance by an executive against his or her short-term goals, typically those slated for accomplishment in the current year of the business plan.

For the July 2006 through June 2007 planning year, each individual whose individual performance was rated 60% or higher earned varying percentages of his or her annual cash incentive pay targeted bonus, determined formulaically pursuant to the table set forth below. Farmer Mac reached or exceeded all of the targets set forth in the “Maximum” column with respect to corporate performance measures during the 2006-07 year. Accordingly, Annual Cash Incentive Pay for the named executive officers was awarded based on the 200% target level with respect to the 70% weight related to the achievement of corporate performance measures.

In measuring performance against defined levels based upon business plan objectives and results, the Committee makes comparisons to performance criteria established by the Board and management in the business plan. Individual performance (total 30% weight) is assessed in three categories:

- Accountabilities – How well the incumbent performed the principal day-to-day accountabilities of the position. All officers are responsible for maintaining appropriate internal controls in their areas.

- Problem Handling – How well the incumbent handled or responded to problems and unplanned or changed assignments, projects, conditions and other similar situations.

- Managerial Skills – An assessment of managerial skills, including forecasting, budgeting, establishing and implementing appropriate polices and procedures, interaction, teamwork and communication.

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Measure	Weight	Threshold (Pays 50%)	Target (Pays 100%)	Maximum (Pays 200%)
Earnings before FAS 133, FAS 123R, loan losses and yield maintenance	28%	$13.9 million (75% of Business Plan)	$18.5 million (100% of Business Plan)	$21.5 million (115% of Business Plan)
New total mission volume	28%	$1.0 billion (80% of Business Plan)	$1.25 billion (100 % of Business Plan)	$2.25 billion (180% of Business Plan)
Delinquency rate and net charge-offs	14%	<1.5% 90-day delinquencies Charge-offs = 200% of Business Plan	<1% 90-day delinquencies Charge-offs = 100% of Business Plan	<0.6% 90-day delinquencies Charge-offs = 50% of Business Plan
Individual rating	30%	Rating of 60%	Rating of 80%	Rating of 100%
Total	100%			

For the 2007-08 year, each individual whose individual performance is rated 60% or higher will earn varying percentages of his or her targeted bonus, determined formulaically pursuant to the following table, with higher goals than those for the 2006-07 year:

Measure	Weight	Threshold (Pays 50%)	Target (Pays 100%)	Maximum (Pays 200%)
Earnings before FAS 133, FAS 123R, loan losses and yield maintenance	28%	75% of Business Plan	100% of Business Plan	140% of Business Plan
New total mission volume	28%	75% of Business Plan	100% of Business Plan	195% of Business Plan
Delinquency rate and net charge-offs	14%	<1.0% 90-day delinquencies; Charge-offs = 200% of Business Plan	<0.6% 90-day delinquencies; Charge-offs = 100% of Business Plan	<0.3% 90-day delinquencies; Charge-offs = 0
Individual rating	30%	Rating of 60%	Rating of 80%	Rating of 100%
Total	100%			

In both years, performance between any two of the target points is interpolated on a straight-line basis. The Board retains discretion to award no annual cash incentive pay in appropriate circumstances regardless of the achievement of corporate performance targets.

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Long-Term Incentive Pay. Long-term incentive pay, in the form of at-the-market options on Class C Non-Voting Common Stock, is provided as a means of paying for performance and aligning the interests of executive officers with the interests of stockholders. Market-level grants also serve to retain executives in our employ over the longer term.

Option awards are made at the Board meeting held in conjunction with the annual meeting of stockholders, and the exercise price is the closing price on the date of award. The number of options granted in 2007 was initially calculated for each named executive officer as base salary multiplied by the long-term incentive guideline (expressed as a percent of base salary), divided by the value of a single option. The value of a single option was calculated as the 90-day average stock price preceding the date of grant times the calculated Black-Scholes value of an option as a percent of stock price determined by the Committee's independent consultant. However, the number of options actually granted was reduced for each executive to take into account the number of shares available in the share pool. Options vest one-third per year commencing one year from the grant date.

The purpose of Farmer Mac's stock option plans is to encourage stock ownership by directors, officers and other key employees, to provide an incentive for such individuals to expand and improve the business of Farmer Mac and to assist Farmer Mac in attracting and retaining key personnel. The use of stock options is an attempt to align more closely the long-term interests of employees and directors with those of Farmer Mac's stockholders by providing those individuals with the opportunity to acquire an equity interest in Farmer Mac. Farmer Mac's stock option plans are administered by the Compensation Committee of the Board. Because individuals are prohibited by law from owning shares of Farmer Mac's Voting Common Stock, the Corporation uses unrestricted Class C Non-Voting Common Stock for the purpose of granting options under its stock option plans. Under the plans, the option price is required to be paid in cash, and no option holder has any rights as a stockholder with respect to shares subject to an option until the option price has been paid and the shares are issued upon exercise of the option.

Option awards are made at the Board meeting held in conjunction with the annual meeting of stockholders and the exercise price is the closing price on the date of award. The number of options granted in 2007 was a function of the market data, the 90-day average stock price preceding the date of grant, and the calculated Black-Scholes value of a single option as a percent of stock price. Options vest one-third per year commencing one year from the grant date.

Retirement Plans. Farmer Mac provides retirement benefits for all employees through a Money Purchase Plan, pursuant to which the Corporation annually contributes 13.2% of each employee's base compensation up to the Social Security wage base (which in 2007 was $97,500), and 18.9% of each employee's base compensation above the Social Security wage base, up to the compensation limit set by the Internal Revenue Service, which in 2007 was $225,000. Farmer Mac also offers a 401(k) plan to which employees may make retirement contributions, but to which the Corporation makes no contributions. Farmer Mac does not maintain any supplemental retirement plan for executives.

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Other Benefits. The Corporation contractually provides a term life insurance policy with a face amount approximately equal to two years' base compensation for the chief executive officer and one year's base compensation for each of the other named executive officers, as well as long-term disability insurance. Named executive officers also participate in Farmer Mac's other benefit plans on the same terms as other employees. These plans include medical and dental insurance and a $50,000 group term life insurance policy.

Payments in Connection with a Change-in-Control

Farmer Mac's Congressional charter is written in a way that substantially precludes any change-in-control through voting rights associated with its Class A and B voting common stock. Accordingly, no provision is made for payments to named executive officers in connection with any change-in-control.

Post-Employment Compensation

Mr. Edelman and Ms. Corsiglia have employment contracts that provide severance pay should they be terminated involuntarily not for cause, die or become disabled. These provisions recognize the regulatory and political environment in which Farmer Mac operates, with consequent job insecurity.

The severance amount is the lesser of (a) two times base salary or (b) base salary paid through the contract termination date (July 1, 2012 in the case of Mr. Edelman and July 1, 2011 in the case of Ms. Corsiglia). Upon disability, severance would be reduced by any disability payments already received. Noncompete and nonsolicitation provisions apply.

Impact of Accounting and Tax Treatments on Compensation Awards

Farmer Mac has not historically taken into consideration the impact of accounting and tax treatments of compensation to named executive officers in determining their compensation. Farmer Mac's compensation program does, however, discount the impact of FAS 133 and FAS 123R in the determination of income for compensation purposes.

Farmer Mac's Policies Regarding Stock Ownership and Trading

Farmer Mac has no policies that require a particular level of stock ownership by named executive officers. Farmer Mac has a policy on insider trading by all employees, including named executive officers, that requires compliance with securities laws and Farmer Mac policies on insider trading (including "windows" for sale of stock and the adoption of Rule 10b5-1 plans) and prohibits trading in options on Farmer Mac securities.

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— Compensation Committee Report

Notwithstanding anything to the contrary set forth in any of Farmer Mac's documents with respect to the offer or sale of securities ("Offering Circulars") or any previous corporate filings under the Securities Act of 1933 or Securities Exchange Act of 1934, the Compensation Committee Report on Executive Compensation will not be deemed to be incorporated by reference into any Offering Circular or any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Farmer Mac specifically incorporates such information by reference, and will not otherwise be deemed to have been or to be filed under such Acts.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained herein with management, and, based on that review and discussion, has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement and annual report.

Compensation Committee

Dennis L. Brack, Chairman	Fred L. Dailey
Paul A. DeBriyn	Mitchell A. Johnson
Lowell Junkins	John Dan Raines

— Compensation Committee Interlocks and Insider Participation

Directors Brack, Dailey, DeBriyn, Johnson, Junkins and Raines comprise our Compensation Committee. None of these directors is, or has been, a Farmer Mac officer or employee, and none had any relationship requiring disclosure by Farmer Mac as a "related person transaction" under SEC rules. None of Farmer Mac's executive officers serve, or have served, as a member of the Board or the Compensation Committee or as a director of another entity.

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— Compensation of Executive Officers

Summary Compensation Table

The following table sets forth certain information with respect to the compensation awarded to, earned by, or paid to Farmer Mac's chief executive officer, chief financial officer and each of Farmer Mac's three other most highly compensated executive officers (the "named executive officers") for the fiscal year ended December 31, 2007.

Name	Fiscal Year	Salary	Option Awards9	Non-Equity Incentive Compensation	All Other Compensation10	Total
Henry D. Edelman	2007	$ 550,622	$ 1,243,013	$ 896,180	$ 78,649	$ 2,768,464
President & CEO	2006	526,174	787,940	410,605	69,419	1,794,138
Nancy E. Corsiglia	2007	353,229	588,579	415,211	52,109	1,409,128
Executive Vice President – CFO	2006	337,545	382,978	192,376	50,960	963,859
Tom D. Stenson	2007	303,434	443,942	318,875	64,702	1,130,953
Executive Vice President – COO	2006	276,350	274,884	146,999	58,852	757,085
Timothy L. Buzby	2007	243,358	235,612	193,225	66,561	738,756
Vice President –Controller	2006	232,224	150,371	91,757	65,024	539,376
Jerome G. Oslick	2007	267,313	97,245	100,603	65,202	530,363
Vice President – General Counsel	2006	260,066	18,865	21,646	64,542	365,119

9 The valuation of the option awards for fiscal years 2007 and 2006 follows SFAS 123(R) (without any reduction for risk of forfeiture), and were determined based on applying the assumptions used in Note 9 to the financial statements on page 122 of Farmer Mac's Form 10-K filed on March 17, 2008.

10 Includes contributions to the Corporation's defined contribution pension plan in the amount of $36,968 for 2007 and $36,211 for 2006 on behalf of each of the named executive officers, as well as health, disability and life insurance premium payments paid on behalf of each of the named executive officers. See "Employment Agreements."

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Grants of Plan-Based Awards Table

The table below sets forth, as to each of the named executive officers, the following information with respect to option grants during 2007: (1) the grant date of options granted during 2007; (2) the number of shares of Class C Non-Voting Common Stock underlying options granted during 2007; (3) the exercise price of such options; and (4) the grant date fair value of such options under the Black-Scholes option pricing model.

Name	Grant Date	Number of Securities Underlying Options11 (#)	Exercise Price of Option Awards ($/Share)	Grant Date Fair Value of Option Awards12
Henry D. Edelman	June 7, 2007	149,778	$ 29.33	$ 1,585,420
Nancy E. Corsiglia	June 7, 2007	69,661	29.33	737,371
Tom D. Stenson	June 7, 2007	56,058	29.33	593,382
Timothy L. Buzby	June 7, 2007	28,134	29.33	297,802
Jerome G. Oslick	June 7, 2007	18,178	29.33	192,910

11 Options granted in 2007 expire 10 years from the grant date and are exercisable in installments: one-third vests on each of May 31, 2008, May 31, 2009 and May 31, 2010, except that those granted to Mr. Oslick vest one-half on each of May 31, 2008 and May 31, 2009.

12 The fair value at grant date of options granted during 2007 has been estimated using the Black-Scholes option pricing model with the following assumptions: a dividend yield of 1.4%; an expected volatility of 36.0%; a risk-free interest rate of 4.8%; and an expected life of 7 years, resulting in a per share value of approximately $10.59.

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Outstanding Option Awards at Year End

The following table sets forth certain information relating to stock options previously granted to the named executive officers as of December 31, 2007.

Name	Number of Shares Underlying Unexercised Options # Exercisable	Number of Shares Underlying Unexercised Options # Unexercisable13	Option Exercise Price	Option Expiration Date
Henry D. Edelman	103,686	—	$ 22.0833	6/3/2009
	90,387	—	31.2400	6/7/2011
	84,866	—	29.1000	6/6/2012
	120,111	—	22.4000	6/5/2013
	33,255	—	19.8600	8/11/2014
	101,365	50,683	20.6100	6/16/2015
	40,437	80,875	26.3600	