

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP /DC/  
Form S-4  
September 05, 2014

As filed with the Securities and Exchange Commission on September 5, 2014.

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER THE SECURITIES ACT OF 1933**

**NATIONAL RURAL UTILITIES**

**COOPERATIVE FINANCE CORPORATION**

(Exact name of Registrant as specified in its charter)

|  |  |  |
|--|--|--|
| <b>District of Columbia</b><br>(State or other<br>jurisdiction of<br>incorporation or<br>organization) | <b>6159</b><br>(Primary Standard<br>Industrial Classification<br>Code) | <b>52-089-1669</b><br>(I.R.S. Employer<br>Identification Number) |
|--|--|--|

**20701 Cooperative Way  
Dulles, Virginia 20166  
(703) 467-1800**  
(Address, including zip code, and telephone number, including area code, of  
Registrants' principal executive offices)

**Roberta B. Aronson**

**Senior Vice President and General Counsel**

**National Rural Utilities Cooperative Finance Corporation  
20701 Cooperative Way  
Dulles, Virginia 20166  
Telephone: (703) 467-1800**

**(Name, address, including zip code, and telephone number,  
including area code, of agent for service)**

*Copies to:*

**Stuart G. Stein**

**Gregory F. Parisi**

**Hogan Lovells US LLP**

**555 Thirteenth Street, NW**

**Washington, D.C. 20004**

**Telephone: (202) 637-8575**

**Approximate date of commencement of proposed sale to the public: As soon as practicable after this  
Registration Statement becomes effective.**

If the securities being registered on the Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ..

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ..

**CALCULATION OF REGISTRATION FEE**

| Title of Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price per Unit (1) | Proposed Maximum Aggregate Offering Price (1) | Amount of Registration Fee |
|---|-------------------------|--|---|----------------------------|
| 4.023% Collateral Trust Bonds due 2032        | \$218,339,000           | 100  | % \$ 218,339,000                              | \$ 28,122.06               |

(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457(f) under the Securities Act of 1933, as amended.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. We may not complete this exchange offer until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED SEPTEMBER           , 2014**

**NATIONAL RURAL UTILITIES**

**COOPERATIVE FINANCE CORPORATION**

**Offer to Exchange up to \$218,339,000 Aggregate Principal Amount of 4.023% Collateral Trust Bonds due 2032 that have been registered under the Securities Act of 1933, as amended**

**for**

**Any and all outstanding 4.023% Collateral Trust Bonds due 2032**

**that have not been registered under the Securities Act of 1933, as amended**

**The Exchange Offer will expire at 5:00 p.m.,**

**New York City time, on           , unless extended**

We hereby offer, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the "Exchange Offer"), to exchange any and all of our outstanding 4.023% Collateral Trust Bonds due 2032 (CUSIP Nos. 637432 MY8 and U6373B DX3), referred to herein as the Original Bonds, for a like amount of our 4.023% Collateral Trust Bonds due 2032 (CUSIP No. 637432 MS1) that have been registered under the Securities Act of 1933, as amended, referred to herein as the Exchange Bonds, and together with the Original Bonds, referred to herein as the Bonds. The terms of the Exchange Offer are summarized below and are more fully described in this prospectus.

The terms of the Exchange Bonds are identical to the terms of the corresponding Original Bonds in all material respects, except that the Exchange Bonds are registered under the Securities Act of 1933, as amended, referred to herein as the Securities Act, and the transfer restrictions, registration rights and additional interest provisions applicable to the Original Bonds do not apply to the Exchange Bonds.

We will accept for exchange any and all Original Bonds validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on \_\_\_\_\_, unless extended.

You may withdraw tenders of Original Bonds at any time prior to the expiration of the Exchange Offer.

We will not receive any proceeds from the Exchange Offer.

The exchange of the Original Bonds for Exchange Bonds will not be a taxable event for U.S. federal income tax purposes.

We do not intend to list the Exchange Bonds on any securities exchange.

**For a discussion of factors you should consider before you decide to participate in the exchange offer, see “Risk Factors” beginning on page 8.**

**We are not asking you for a proxy, and you are requested not to send us a proxy.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_ ,

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**Each broker-dealer that receives Exchange Bonds for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Bonds. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Bonds received in exchange for Original Bonds where the Original Bonds were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 270 days after the expiration of the Exchange Offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See “Plan of Distribution.”**

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. No person has been authorized to give any information or make any representations in connection with the Exchange Offer, other than the information and those representations contained or incorporated by reference in this prospectus or in the accompanying letter of transmittal. We are not making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information provided by this prospectus or the documents incorporated by reference herein is accurate as of any date other than the date of such prospectus or incorporated documents, regardless of the date you receive them.



## Where You Can Find More Information

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission, referred to herein as the SEC. You may read and copy any document we file at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 205493. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. Our SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

This prospectus is part of a registration statement that we have filed with the SEC in connection with the Exchange Offer. As permitted by SEC rules, this prospectus may not contain all of the information we have included in the registration statement and its accompanying exhibits and schedules. You may refer to the registration statement, exhibits and schedules for more information about us and the securities. The registration statement, exhibits and schedules are available through the SEC's Public Reference Room or website.

## Incorporation by Reference

The SEC allows us to "incorporate by reference" into this prospectus information we have filed with the SEC, which means that we can disclose important information to you by referring you to those filed documents. The information incorporated by reference is an important part of this prospectus, and the information we subsequently file with the SEC will automatically update and supersede the information in this prospectus. Absent unusual circumstances, we will have no obligation to amend this prospectus, other than filing subsequent information with the SEC. We incorporate by reference the documents listed below and any future filing made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, until this offering is completed:

- Annual Report on Form 10-K for the year ended May 31, 2014 (filed August 28, 2014).

We are not incorporating by reference any document or information that is deemed to be furnished and not filed in accordance with SEC rules.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will not be deemed to be modified for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of these filings from the SEC as described under “Where You Can Find More Information.” You may also request, at no cost (other than an exhibit to these filings, or an exhibit to any other filings incorporated by reference into this registration statement, unless we have incorporated that exhibit by reference into this registration statement), a copy of these filings by writing to or telephoning us at the following address:

National Rural Utilities Cooperative Finance Corporation

J0701 Cooperative Way

Dulles, VA 20166-6691

(703) 467-1800

Attn: J. Andrew Don, Senior Vice President and Chief Financial Officer

These filings are also available through the Financial Reporting subsection of the Investor Relations section of our website: [www.nrucfc.coop](http://www.nrucfc.coop). Information on our website does not constitute a part of this prospectus.

**If you would like to request documents, in order to ensure timely delivery you must do so at least five business days before the expiration of the Exchange Offer, initially scheduled for 5:00 pm, New York City time, on . This means you must request this information no later than .**

## Summary

*This summary highlights selected information from this prospectus and is therefore qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this prospectus. It may not contain all the information that is important to you. We urge you to read carefully this entire prospectus and the other documents to which it refers to understand fully the terms of the Exchange Bonds and the Exchange Offer. Unless the context otherwise requires, references in this prospectus to “CFC,” “the Company,” “we,” “our,” “ours” and “us” refer to National Rural Utilities Cooperative Finance Corporation.*

## National Rural Utilities Cooperative Finance Corporation

CFC is a member-owned cooperative association incorporated under the laws of the District of Columbia in April 1969. CFC’s principal purpose is to provide its members with financing to supplement the loan programs of the Rural Utilities Service (“RUS”) of the United States Department of Agriculture. CFC makes loans to its rural electric members so they can acquire, construct and operate electric distribution, generation, transmission and related facilities. CFC also provides its members with credit enhancements in the form of letters of credit and guarantees of debt obligations. As a cooperative, CFC is owned by and exclusively serves its membership, which consists solely of not-for-profit entities or subsidiaries or affiliates of not-for-profit entities. CFC is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the “Code”). As a member-owned cooperative, CFC has no publicly held equity securities outstanding. CFC funds its activities primarily through a combination of publicly and privately held debt securities and member investments. As a member owned cooperative, CFC’s objective is not to maximize profit, but rather offer its members cost-based financial products and services consistent with sound financial management. CFC annually allocates its net earnings, which consist of net income excluding the effect of certain non-cash accounting entries, to a cooperative educational fund, a members’ capital reserve, a general reserve, if necessary, and to members based on each member’s patronage of CFC’s loan programs during the year. The Company’s headquarters are located at 20701 Cooperative Way, Dulles, VA 20166 and its telephone number is (703) 467-1800.

For financial statement purposes, CFC’s results of operations and financial condition are consolidated with and include Rural Telephone Finance Cooperative (“RTFC”) and National Cooperative Services Corporation (“NCSC”). CFC also consolidates the financial results of certain entities created and controlled by CFC to hold foreclosed assets and to accommodate loan securitization transactions.

RTFC is a cooperative association originally incorporated in South Dakota in 1987 and reincorporated as a member-owned cooperative association in the District of Columbia in 2005. RTFC’s principal purpose is to provide and arrange financing for its rural telecommunications members and their affiliates. RTFC’s membership consists of a combination of not-for-profit entities and for-profit entities. CFC is the sole lender to and manages the business operations of RTFC through a management agreement in effect until December 1, 2016, which is automatically

renewed for one-year terms thereafter unless terminated by either party. Under a guarantee agreement, RTFC pays CFC a fee, and in exchange, CFC reimburses RTFC for loan losses. RTFC is headquartered with CFC in Dulles, Virginia. RTFC is a taxable cooperative that pays income tax based on its net income, excluding patronage-sourced net earnings allocated to its patrons, as permitted under Subchapter T of the Code.

NCSC was incorporated in 1981 in the District of Columbia as a member-owned cooperative association. The principal purpose of NCSC is to provide financing to members of CFC, entities eligible to be members of CFC and the for-profit and non-profit entities that are owned, operated or controlled by, or provide significant benefit to Class A, B and C members of CFC. NCSC's membership consists of distribution systems, power supply systems and statewide and regional associations that are members of CFC or are eligible for such membership. CFC is the primary source of funding to and manages the business operations of NCSC through a management agreement that is automatically renewable on an annual basis unless terminated by either party. Under a guarantee agreement, NCSC pays CFC a fee and, in exchange, CFC reimburses NCSC for loan losses. NCSC is headquartered with CFC in Dulles, Virginia. NCSC is a taxable cooperative. Thus, NCSC pays income tax based on its reported taxable income and deductions.

The foregoing information about us is only a general summary and is not intended to be comprehensive. For additional information, you should refer to the information under the headings "Where You Can Find More Information" and "Incorporation by Reference."

## The Exchange Offer

On May 23, 2014, in connection with a private exchange offer, we issued \$218,339,000 aggregate principal amount of our 4.023% Collateral Trust Bonds due 2032 (CUSIP Nos. 637432 MY8 and U6373B DX3). As part of that issuance, we entered into a registration rights agreement with the dealer manager of the private exchange offer, dated as of May 23, 2014, in which we agreed, among other things, to deliver this prospectus to you and to use all commercially reasonable efforts to complete an exchange offer for the Original Bonds. The following is a summary of the Exchange Offer. For a more complete description of the terms of the Exchange Offer, see “The Exchange Offer” in this prospectus.

**Securities Offered** Up to \$218,339,000 aggregate principal amount of our 4.023% Collateral Trust Bonds due 2032, registered under the Securities Act. The form and terms of the Exchange Bonds offered in the Exchange Offer are identical in all material respects to those of the Original Bonds, except that the Exchange Bonds are registered under the Securities Act and the transfer restrictions, registration rights and additional interest provisions relating to the Original Bonds do not apply to the Exchange Bonds.

**The Exchange Offer** We are offering to exchange any and all of our outstanding Original Bonds for a like principal amount of Exchange Bonds. We are offering these Exchange Bonds to satisfy our obligations under a registration rights agreement which we entered into in connection with the issuance of the Original Bonds. You may tender the Original Bonds only in denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof. We will issue Exchange Bonds promptly after the expiration of the Exchange Offer. In order to be exchanged, an Original Bond must be properly tendered and accepted. All Original Bonds that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, there is \$218,339,000 aggregate principal amount of Original Bonds outstanding. The \$218,339,000 aggregate principal amount of Original Bonds were issued under an indenture dated October 25, 2007.

**Expiration Date; Tenders; Withdrawal** The Exchange Offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, unless we extend it. You may withdraw any Original Bonds that you tender for exchange at any time prior to 5:00 p.m., New York City time, on the expiration date of the Exchange Offer. We will accept any and all Original Bonds validly tendered and not validly withdrawn on or before 5:00 p.m., New York City time, on the expiration date. See “The Exchange Offer—Procedures for Tendering Original Bonds” and “—Withdrawal of Tenders of Original Bonds” for a more complete description of the tender and withdrawal period.

**Settlement** We will deliver the Exchange Bonds with respect to the Exchange Offer on the settlement date, which will be the fifth business day following the expiration date of the Exchange Offer or as soon as practicable thereafter.

**Accrued Interest** Interest on the Exchange Bonds will accrue from the last interest payment date on which interest was paid on the Original Bonds surrendered in exchange thereof or, if no interest has been paid, from and including May 1, 2014. If your Original Bonds are accepted for exchange, you will receive interest on the Exchange Bonds and not on the Original Bonds, provided that you will receive interest on the Original Bonds and not the Exchange Bonds if and to the extent the record date for such interest payment occurs prior to completion of the Exchange Offer. Any Original Bonds not tendered will

remain outstanding and continue to accrue interest according to their terms.

The Exchange Offer is subject to customary conditions. Notwithstanding any other terms of the Exchange Offer, or any extension of the Exchange Offer, we do not have to accept for exchange, or exchange Exchange Bonds for, any Original Bonds, and we may terminate the Exchange Offer before acceptance of the Original Bonds, if in our reasonable judgment:

- the Exchange Offer would violate applicable law or any applicable interpretation of the staff of the SEC; or

Conditions to the Exchange Offer

- any action or proceeding has been instituted or threatened in any court or by any governmental agency that might materially impair our ability to proceed with the exchange offer or, in any such action or proceeding, any material adverse development has occurred with respect to us.

If we materially change the terms of the Exchange Offer, we will resolicit tenders of the Original Bonds and extend the Exchange Offer period if necessary so that at least five business days remain in the offering period following notice of a material change. See “The Exchange Offer—Conditions to the Exchange Offer” for more information.

Procedures for Tendering Original Bonds

A tendering holder must, on or prior to the expiration date:

- complete, sign and date a letter of transmittal, or a facsimile thereof, in accordance with the instructions in the letter of transmittal, including guaranteeing the signatures to the letter of transmittal, if required, and mail or otherwise deliver the letter of transmittal or a facsimile thereof, together with the certificates representing your Original Bonds specified in the letter of transmittal, to the exchange agent at the address listed in the letter of transmittal, for receipt on or prior to the expiration date; or

- comply with The Depository Trust Company’s Automated Tender Offer Program procedures for book-entry transfer on or prior to the expiration date.

If you are tendering your Original Bonds in exchange for Exchange Bonds and anticipate delivering your letter of transmittal and other documents other than through The Depository Trust Company, we urge you to contact promptly a bank, broker or other intermediary that has the capability to hold bonds custodially through The Depository Trust Company to arrange for receipt of any Exchange Bonds to be delivered pursuant to the Exchange Offer and to obtain the information necessary to provide the required The Depository Trust Company participant with

account information in the letter of transmittal.

See “The Exchange Offer—Procedures for Tendering Original Bonds.”

Consequences of  
Your Failure to  
Exchange Your  
Original Bonds

Original Bonds that are not exchanged in the Exchange Offer will continue to be subject to the restrictions on transfer that are described in the legend on the Original Bonds. In general, you may offer or sell your Original Bonds only if they are registered under, or offered or sold under an exemption from, the Securities Act and applicable



state securities laws. We do not currently intend to register the Original Bonds under the Securities Act (except as discussed in the next sentence). Following consummation of the Exchange Offer, we will not be required to register under the Securities Act any Original Bonds that remain outstanding except in the limited circumstances in which we are obligated to file a shelf registration statement for certain holders of Original Bonds not eligible to participate in the Exchange Offer pursuant to the registration rights agreement. If your Original Bonds are not tendered and accepted in the Exchange Offer, it may become more difficult for you to sell or transfer your Original Bonds. For more information regarding the consequences of not tendering your Original Bonds and our obligations to file a shelf registration statement, see “The Exchange Offer—Consequences of Failure to Exchange” and “The Exchange Offer—Registration Rights Agreement.”

Consequences of  
Exchanging Your  
Original Bonds; Who  
May Participate in  
the Exchange Offer

Based on interpretations of the staff of the SEC in similar exchange offers, we believe that you will be allowed to resell the Exchange Bonds that we issue in the Exchange Offer without complying with the registration and prospectus delivery requirements of the Securities Act if:

- you are acquiring the Exchange Bonds in the ordinary course of your business;
- you are not participating in and do not intend to participate in a distribution of the Exchange Bonds;
- you have no arrangement or understanding with any person to participate in a distribution of the Exchange Bonds;
- you are not one of our “affiliates,” as defined in Rule 405 under the Securities Act; and
- if you are a broker-dealer, you acquired the Original Bonds as a result of market-making activities or other trading activities and not directly from us for your own account in the initial offering of the Original Bonds.

If any of these conditions are not satisfied, you will not be eligible to participate in the Exchange Offer, you should not rely on the interpretations of the staff of the SEC set forth above in

connection with the Exchange Offer and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of your bonds.

If you are a broker-dealer and you will receive Exchange Bonds for your own account in exchange for Original Bonds that you acquired as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of the Exchange Bonds. See “Plan of Distribution” for a description of the prospectus delivery obligations of broker-dealers in the Exchange Offer.

Material U.S. Federal  
Income Tax  
Consequences

For a summary of certain U.S. federal income tax consequences of the Exchange Offer, see “Material U.S. Federal Income Tax

Consequences.”

Exchange  
Agent

D.F. King & Co., Inc. is acting as the exchange agent in connection with this Exchange Offer. The address and telephone number of D.F. King & Co., Inc. are listed under the heading “The Exchange Offer—Exchange Agent.”

Use of  
Proceeds;  
Expenses

We will not receive any proceeds from the issuance of Exchange Bonds in the Exchange Offer. We will pay all expenses incurred in connection with the performance of our obligations in the Exchange Offer, including registration fees, fees and expenses of the exchange agent and printing costs, among others. We have not retained any dealer-manager or other soliciting agent for the Exchange Offer and will not make any payments to brokers, dealers, or others soliciting acceptance of the Exchange Offer. See “The Exchange Offer—Fees and Expenses.”

Risk Factors

See Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended May 31, 2014, which is incorporated by reference in this prospectus. See “Incorporation by Reference.” For a discussion of significant risk factors applicable to the Exchange Bonds and the Exchange Offer, see “Risk Factors” beginning on page 8 of this prospectus for a discussion of the factors you should carefully consider before deciding to participate in the Exchange Offer.

## The Exchange Bonds

The following is a summary of the terms of the Exchange Bonds. The form and terms of the Exchange Bonds are identical in all material respects to those of the Original Bonds, except that the Exchange Bonds are registered under the Securities Act and the transfer restrictions, registration rights and additional interest provisions applicable to the Original Bonds do not apply to the Exchange Bonds. The Exchange Bonds will evidence the same debt as the Original Bonds and will be governed by that certain indenture dated as of October 25, 2007 (as amended from time to time), referred to herein as the Indenture, between us and U.S. Bank National Association, referred to herein as the Trustee. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the Exchange Bonds, see the section of this prospectus entitled “Description of Exchange Bonds.”

|                        |  |
|------------------------|--|
| Issuer                 | National Rural Utilities Cooperative Finance Corporation   |
| Securities Offered     | Up to \$218,339,000 aggregate principal amount of 4.023% Collateral Trust Bonds due 2032.  |
| Maturity Date          | November 1, 2032.  |
| Interest Rate          | 4.023% per annum.  |
| Interest Payment Dates | Semi-annually on May 1 and November 1 of each year, beginning on November 1, 2014. Interest on the Exchange Bonds will accrue from the last interest payment date on which interest was paid on the Original Bonds surrendered in exchange therefor or, if no interest has been paid, from and including May 1, 2014.  |
| Ranking                | Except as to security, the Exchange Bonds will rank on a parity with all other senior obligations of CFC, other than debt with statutory priority.   |
| Security               | The Exchange Bonds will be secured under the Indenture, equally with all existing collateral trust bonds which have previously been or may be subsequently issued under the Indenture, by the pledge with the trustee of eligible collateral having an “allowable amount” (as defined in the Indenture) at least equal to the aggregate principal amount of collateral trust bonds outstanding under the Indenture at any time. Collateral for outstanding collateral trust bonds, including the Exchange Bonds, will consist of mortgage notes of distribution system members, cash and permitted investments in accordance with the Indenture.   |
| Make-Whole Redemption  | We may redeem the Exchange Bonds prior to May 1, 2032 (which is the date that is six months prior to the maturity of the Exchange Bonds), in whole at any time or in part from time to time, at a make-whole redemption price, together with accrued but unpaid interest to the redemption dates, as described elsewhere in this prospectus. Additionally, at any time on or after May 1, 2032 (which is the date that is six months prior to the maturity of the Exchange Bonds), we may redeem the Exchange Bonds, at our option, in whole or in part, at a redemption price equal to 100% of the principal amount of the Exchange Bonds then outstanding to be redeemed, plus accrued but unpaid interest thereon to the date |

of redemption. See “Description of the Exchange Bonds.”

**Listing** We do not intend to list the Exchange Bonds on any securities exchange.

**Governing Law** The Exchange Bonds and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry  
Depository            The Depository Trust Company

Trustee                U.S. Bank National Association

Additional Issues        We may, without the consent of the existing holders of the Exchange Bonds, “re-open” the series of Exchange Bonds and issue additional Exchange Bonds, which additional bonds will have the same terms as the Exchange Bonds issued hereby except for the issue price, issue date and under some circumstances, the first interest payment date. We will not issue any additional Exchange Bonds unless the additional Exchange Bonds will be fungible with the Exchange Bonds issued hereby for U.S. federal income tax purposes.

## Risk Factors

*You should consider carefully the following risks relating to the Exchange Offer, the Original Bonds and Exchange Bonds, together with the risks and uncertainties discussed under “Forward-Looking Information” and the other information included or incorporated by reference in this prospectus, including the information under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended May 31, 2014, as such risk factors may be updated from time to time in our Quarterly Reports on Form 10-Q, before tendering your Original Bonds in the Exchange Offer. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in or incorporated by reference into this prospectus will not occur. If they do, our business, financial condition or results of operations could be materially and adversely affected.*

***An active trading market for the Bonds may not develop, which could make it difficult to resell your Bonds at their fair market value or at all.***

The Exchange Bonds are an issue of securities for which there is currently a limited or no trading market. We do not intend to list the Exchange Bonds on any national securities exchange or automated quotation system. Any market that exists or develops may not last. If the Exchange Bonds are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors. To the extent that an active trading market does not continue or develop, you may not be able to resell your Exchange Bonds at their fair market value or at all.

To the extent that Original Bonds are tendered and accepted in the Exchange Offer, the trading market for Original Bonds that are not exchanged could be adversely affected due to the limited amount of Original Bonds that are expected to remain outstanding following the Exchange Offer. Generally, when there are fewer outstanding securities of an issue, there is less demand to purchase that security, which results in a lower price for the security. See “Plan of Distribution” and “The Exchange Offer” for further information regarding the distribution of the Exchange Bonds and the consequences of failure to participate in the Exchange Offer.

***If you do not exchange your Original Bonds for Exchange Bonds, you will continue to have restrictions on your ability to resell them, which could reduce their value.***

The Original Bonds were not registered under the Securities Act or under the securities laws of any state and may not be resold, offered for resale, or otherwise transferred unless they are subsequently registered or resold pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. If you do not exchange your Original Bonds for Exchange Bonds pursuant to the Exchange Offer, you will not be able to resell,

offer to resell, or otherwise transfer the Original Bonds unless they are registered under the Securities Act or unless you resell them, offer to resell them or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act. In addition, we will no longer be under an obligation to register the Original Bonds under the Securities Act except in the limited circumstances provided in the registration rights agreement.

***The Trustee may experience difficulty liquidating or enforcing payment on mortgage notes pledged as collateral after an Event of Default.***

If an Event of Default (as defined herein) occurs under the Indenture and is continuing 30 days following notice from the Trustee (as defined herein) requiring us to remedy such Event of Default, the Trustee may sell any or all of the mortgage notes or other property pledged as collateral.

If the Trustee attempts to sell any or all of the mortgage notes or any other pledged property, the Trustee may be unable to find a purchaser for such notes or property, or may be unable to liquidate such notes or property in an orderly or timely manner. Additionally, the market value of such notes or property realized in any sale may not be sufficient to make bondholders whole. The amount to be received upon such sale would depend on many factors, including, but not limited to, the time and manner of sale.



## Forward Looking Information

This prospectus, including the information incorporated by reference herein, contains forward-looking statements defined by the Securities Act and the Exchange Act. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identified by our use of words such as “intend,” “plan,” “may,” “should,” “will,” “project,” “estimate,” “anticipate,” “believe,” “expect,” “continue,” “potential” and similar expressions, whether in the negative or affirmative. All statements about future expectations or projections, including statements about loan volume, the appropriateness of the loan loss allowance, operating income and expenses, leverage and debt to equity ratios, borrower financial performance, impaired loans, and sources and uses of liquidity, are forward-looking statements. Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, actual results and performance could materially differ. Factors that could cause future results to vary from current expectations include, but are not limited to, general economic conditions, legislative changes including those that could affect our tax status, governmental monetary and fiscal policies, demand for our loan products, lending competition, changes in the quality or composition of our loan portfolio, changes in our ability to access external financing, changes in the credit ratings on our debt, valuation of collateral supporting impaired loans, charges associated with our operation or disposition of foreclosed assets, regulatory and economic conditions in the rural electric industry, non-performance of counterparties to our derivative agreements and the costs and effects of legal or governmental proceedings involving CFC or its members. Some of these and other factors are discussed in our annual and quarterly reports previously filed with the SEC. Except as required by law, we undertake no obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date on which the statement is made.

## Ratio of Earnings to Fixed Charges

Our ratio of earnings to fixed charges for the five years ended May 31, 2014 are included in Exhibit 12 to our Annual Report on Form 10-K for the fiscal year ended May 31, 2014, and are incorporated by reference into this prospectus.

## Use of Proceeds

This Exchange Offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the Exchange Offer. You will receive, in exchange for Original Bonds validly tendered and accepted for exchange pursuant to the Exchange Offer, Exchange Bonds in the same principal amount as your Original Bonds. Original Bonds validly tendered and accepted for exchange pursuant to the Exchange Offer will be retired and cancelled. Accordingly, the issuance of the Exchange Bonds will not result in any increase of our outstanding debt.



## Selected Historical Consolidated Financial Data

The following table sets forth certain of our consolidated financial data. The consolidated financial data as of and for the years ended May 31, 2014, 2013, 2012, 2011 and 2010 is derived from our audited consolidated financial statements. The consolidated statement of operations data for each of the years in the three-year period ended May 31, 2014 and the consolidated balance sheet data as of May 31, 2014 and 2013 have been derived from our audited consolidated financial statements incorporated by reference herein. The consolidated statement of operations data for the years ended May 31, 2011 and 2010 and the consolidated balance sheet data as of May 31, 2012, 2011 and 2010 have been derived from the audited consolidated financial statements not included or incorporated by reference herein.

The selected historical financial data below should be read in conjunction with the consolidated financial statements for those periods and their accompanying notes and “Management’s Discussion and Analysis (“MD&A”) of Financial Condition and Results of Operation” in our Annual Report on Form 10-K for the year ended May 31, 2014, which is incorporated by reference in this prospectus. See “Incorporation by Reference.”

## Selected Financial Data

| (dollar amounts in thousands)           | 2014         | 2013         | 2012         | 2011         | 2010         |
|---|--------------|--------------|--------------|--------------|--------------|
| For the year ended May 31:              |              |              |              |              |              |
| Interest income                         | \$957,540    | \$955,753    | \$960,961    | \$1,008,911  | \$1,043,635  |
| Net interest income                     | 302,885      | 263,728      | 199,183      | 167,831      | 131,524      |
| Derivative (losses) gains (1)           | (34,421 )    | 84,843       | (236,620 )   | (30,236 )    | (20,608 )    |
| Income (loss) prior to income taxes     | 194,930      | 360,836      | (151,404 )   | 152,542      | 110,251      |
| Net income (loss) (2)                   | 192,926      | 358,087      | (148,797 )   | 151,215      | 110,547      |
| Fixed-charge coverage ratio/TIER (2)(3) | 1.29         | 1.52         | —            | 1.18         | 1.12         |
| Adjusted TIER (4)                       | 1.21         | 1.29         | 1.10         | 1.21         | 1.12         |
| As of May 31:                           |              |              |              |              |              |
| Loans to members                        | \$20,476,642 | \$20,305,874 | \$18,919,612 | \$19,330,797 | \$19,342,704 |
| Allowance for loan losses               | (56,429 )    | (54,325 )    | (143,326 )   | (161,177 )   | (592,764 )   |
| Assets                                  | 22,232,743   | 22,071,651   | 19,951,335   | 20,561,622   | 20,143,215   |
| Short-term debt                         | 5,399,394    | 7,719,483    | 4,493,434    | 5,842,924    | 4,606,361    |
| Long-term debt (5)                      | 13,303,931   | 10,696,433   | 12,151,967   | 11,293,249   | 12,054,497   |
| Subordinated deferrable debt            | 400,000      | 400,000      | 186,440      | 186,440      | 311,440      |
| Members’ subordinated certificates (6)  | 1,521,517    | 1,729,226    | 1,722,744    | 1,801,212    | 1,810,715    |
| Total equity                            | 970,374      | 811,261      | 490,755      | 687,309      | 586,767      |
| Guarantees                              | 1,064,822    | 1,112,771    | 1,249,330    | 1,104,988    | 1,171,109    |

|                                   |       |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|
| Leverage ratio (3)                | 23.01 | 27.58 | 42.20 | 30.52 | 35.33 |
| Adjusted leverage ratio (4)       | 6.24  | 6.11  | 6.46  | 6.48  | 6.34  |
| Debt-to-equity ratio (3)          | 21.91 | 26.21 | 39.65 | 28.92 | 33.33 |
| Adjusted debt-to-equity ratio (4) | 5.90  | 5.76  | 6.01  | 6.09  | 5.93  |

Amount represents changes in the fair value of derivative instruments (forward value) along with realized gains and losses from cash settlements. Derivative cash settlements represent the net settlements received/paid on interest (1)rate and cross-currency exchange agreements that do not qualify for hedge accounting. The derivative forward value represents the change in fair value on exchange agreements that do not qualify for hedge accounting, as well as amortization related to the transition adjustment recorded as an other comprehensive loss on June 1, 2001.

For the years ended May 31, 2012, 2011 and 2010 the fixed-charge coverage ratio includes capitalized interest in total fixed charges, which is not included in our times interest earned ratio (“TIER”) calculation. For the years ended (2)May 31, 2014 and 2013, the fixed-charge coverage ratio is the same calculation as our TIER as we did not have any capitalized interest during these years. For the year ended May 31, 2012, earnings were insufficient to cover fixed charges by \$149 million.

(3) See “MD&A - Non-GAAP Financial Measures for the GAAP calculations of these ratios.

(4) Adjusted ratios include non-GAAP adjustments that we make to financial measures in assessing our financial performance. See “MD&am