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)

District of Columbia (State or other jurisdiction of incorporation or organization)	**6159 (Primary Standard Industrial Classification Code)**	**52-089-1669 (I.R.S. Employer 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 x 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 ,

TABLE OF CONTENTS

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. 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 N 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.

2

Conditions to the Exchange Offer	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 · 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

4

	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.

6

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.

7

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,” “potenti 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.

9

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

(1) 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 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.

(2) 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 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&A - Non-GAAP Financial Measures” for further explanation of these calculations and a reconciliation of the adjustments herein.

(5) Excludes $1,512 million, $3,669 million, $1,247 million, $2,523 million and $2,312 million in long-term debt that comes due, matures and/or will be redeemed during fiscal years 2015, 2014, 2013, 2012 and 2011, respectively. See “Note 5 - Short-term Debt and Credit Arrangements” of the consolidated financial statements for additional information.

(6) Excludes $91 million, $37 million, $17 million and $12 million of loan and guarantee subordinated certificates, and member capital securities reported as short-term debt at May 31, 2014, 2013, 2012 and 2011, respectively.

The Exchange Offer

Background and Purpose of the Exchange Offer

We issued the Original Bonds on May 23, 2014 in an exchange offer that was completed on May 23, 2014. The Original Bonds and cash were issued in exchange for a portion of our outstanding debt securities. The Original Bonds were issued in a private placement without being registered under the Securities Act in reliance on the exemption afforded by Section 4(a)(2) of the Securities Act, or, outside the United States, in compliance with Regulation S under the Securities Act.

In connection with the issuance of the Original Bonds, we entered into a registration rights agreement with the dealer manager of the private exchange offer. Under the registration rights agreement, we agreed to file a registration statement with the SEC relating to the Exchange Offer within 120 days of the issue date of the Original Bonds. We also agreed to use our commercially reasonable efforts to cause the registration statement to become effective with the SEC within 210 days of the issue date of the Original Bonds (unless this registration statement (including documents incorporated by reference) is reviewed by the SEC, in which case within 270 days of the issue date of the Original Bonds) and to consummate this Exchange Offer within 60 days (or longer if required by United States federal securities laws) after the registration statement is declared effective and allow the Exchange Offer to remain open for at least 30 days or longer if required by applicable law. The registration rights agreement provides that we will be required to pay additional interest to the holders of the Original Bonds if we fail to comply with such filing, effectiveness and offer consummation requirements. See “—Registration Rights Agreement” below for more information on the additional interest we will owe if we do not complete the exchange offer within a specified timeline.

Under the registration rights agreement, we agreed to issue and exchange the Exchange Bonds for all Original Bonds validly tendered and not validly withdrawn before the expiration of the Exchange Offer. We are sending this prospectus, together with a letter of transmittal, to all the beneficial holders known to us. For each Original Bond validly tendered to us pursuant to the Exchange Offer and not validly withdrawn, the holder will receive an Exchange Bond having a principal amount equal to that of the tendered Original Bond. A copy of the registration rights agreement has been filed as an exhibit to the registration statement which includes this prospectus. The registration statement, of which this prospectus is a part, is intended to satisfy some of our obligations under the registration rights agreement.

The term “holder” with respect to the Exchange Offer means any person in whose name Original Bonds are registered on the trustee’s books or any other person who has obtained a properly completed bond power from the registered holder.

Terms of the Exchange Offer

Based on the terms and conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all Original Bonds validly tendered and not validly withdrawn on or before the expiration date.

On the settlement date, we will issue $1,000 principal amount of Exchange Bonds in exchange for each $1,000 principal amount of outstanding Original Bonds validly tendered pursuant to the Exchange Offer and not validly withdrawn on or before the expiration date. Holders may tender some or all of their Original Bonds pursuant to the Exchange Offer. However, Original Bonds may be tendered only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The form and terms of the Exchange Bonds are the same as the form and terms of the Original Bonds except that:

- the Exchange Bonds will be registered under the Securities Act and, therefore, the Exchange Bonds will not bear legends restricting the transfer of the Exchange Bonds; and

- except in certain limited circumstances, holders of the Exchange Bonds will not be entitled to any further registration rights under the registration rights agreement or to the benefit of the additional interest provisions of the registration rights agreement.

12

The Exchange Bonds will evidence the same indebtedness as the Original Bonds, which they will replace, and will be issued under, and be entitled to the benefits of, the same indenture that governs the Original Bonds. As a result, both the Exchange Bonds and the Original Bonds will be treated as a single series of debt securities under the indenture. The Exchange Offer does not depend on any minimum aggregate principal amount of Original Bonds being tendered for exchange.

Solely for reasons of administration, we have fixed the close of business on as the record date for the Exchange Offer for purposes of determining the persons to whom we will initially mail this prospectus and the letter of transmittal. There will be no fixed record date for determining holders of the Original Bonds entitled to participate in this Exchange Offer and all holders of Original Bonds may tender their Original Bonds.

We intend to conduct the Exchange Offer in accordance with the provisions of the registration rights agreement and the applicable requirements of the Securities Exchange Act of 1934, as amended, referred to herein as the Exchange Act, and the related rules and regulations of the SEC. Original Bonds that are not tendered for exchange in the Exchange Offer will remain outstanding and interest on these bonds will continue to accrue at a rate equal to 4.023% per annum.

If you validly tender Original Bonds in the Exchange Offer, you will not be required to pay brokerage commissions or fees. In addition, subject to the instructions in the letter of transmittal, you will not have to pay transfer taxes for the exchange of Original Bonds. We will pay all charges and expenses in connection with the Exchange Offer, other than certain applicable taxes described under "—Fees and Expenses."

Resale of the Exchange Bonds

We believe that you will be allowed to resell the Exchange Bonds to the public without registration under the Securities Act, and without delivering a prospectus that satisfies the requirements of Section 10 of the Securities Act, if you can make the representations set forth below under "—Proper Execution and Delivery of the Letter of Transmittal." However, if you intend to participate in a distribution of Exchange Bonds, are a broker-dealer that acquired the Original Bonds directly from us for your own account in the initial offering of the Original Bonds and not as a result of market-making activities or other trading activities or are an "affiliate" of us as defined in Rule 405 of the Securities Act, you will not be eligible to participate in 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. See "—Registration Rights Agreement."

We base our view on interpretations by the staff of the SEC in no-action letters issued to other issuers relating to exchange offers like ours. However, we have not asked the SEC to consider this particular Exchange Offer in the context of a no-action letter. Therefore, you cannot be sure that the SEC will treat it in the same way it has treated other exchange offers in the past.

A broker-dealer that has acquired Original Bonds as a result of market-making or other trading activities has to deliver a prospectus in order to resell any Exchange Bonds it receives for its own account in the Exchange Offer. This prospectus may be used by such broker-dealer to resell any of its Exchange Bonds. We have agreed in the registration rights agreement to send this prospectus to any broker-dealer that requests copies. See "Plan of Distribution" for more information regarding broker-dealers.

The Exchange Offer is not being made to, nor will we accept tenders for exchange from, holders of Original Bonds in any jurisdiction in which this Exchange Offer or the acceptance of the Exchange Offer would not be in compliance with the securities or blue sky laws.

The Exchange Offer is not subject to any federal or state regulatory requirements other than securities laws.

Expiration Date; Extensions; Amendments

For purposes of the Exchange Offer, the term "expiration date" means 5:00 p.m., New York City time, on , unless we extend the Exchange Offer, in which case the expiration date is the latest date and time to which we extend the Exchange Offer.

Subject to applicable law, we reserve the right, in our absolute discretion, by giving oral or written notice to the exchange agent, to:

- extend the Exchange Offer;
- terminate the Exchange Offer if a condition to our obligation to exchange Original Bonds for Exchange Bonds is not satisfied or waived on or prior to the expiration date; and
- amend the Exchange Offer.

If the Exchange Offer is amended in a manner that we determine constitutes a material change, we will resolicit tenders of the Original Bonds and extend the period of time during which the Exchange Offer is open if necessary so that at least five business days remain in the offering period following notice of the material change. Any change in the consideration offered to holders of Original Bonds pursuant to the Exchange Offer will be paid to all holders whose Original Bonds have been previously tendered and not validly withdrawn.

We will promptly announce any extension, amendment or termination of the Exchange Offer by issuing a press release. We will announce any extension of the expiration date no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled expiration date. We have no other obligation to publish, advertise or otherwise communicate any information about any extension, amendment or termination.

Settlement Date

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. We will not be obligated to deliver Exchange Bonds unless the Exchange Offer is consummated.

Conditions of the Exchange Offer

Notwithstanding any other term of the Exchange Offer, or any extension of the Exchange Offer, 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
- 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 or complete the Exchange Offer or, in any such action or proceeding, any material adverse development has occurred with respect to us.

If we, in our reasonable discretion, determine that any of the above conditions have occurred, we may:

- terminate the Exchange Offer and return all tendered Original Bonds to the tendering holders;
- extend the Exchange Offer and retain all Original Bonds tendered on or before the expiration date, subject to the holders' right to withdraw the tender of the Original Bonds; or
- waive any unsatisfied conditions regarding the Exchange Offer and accept all properly tendered Original Bonds that have not been withdrawn. If this waiver constitutes a material change to the Exchange Offer, we will promptly disclose the waiver, and we will extend the exchange offer for a period of time that we will determine, depending upon the significance of the waiver and the manner of disclosure to the

14

holders of the Original Bonds, if the Exchange Offer would have otherwise expired.

All conditions to the Exchange Offer will be satisfied or waived prior to the expiration of the Exchange Offer. We will not waive any condition of the Exchange Offer with respect to any bondholder unless we waive such condition for all bondholders.

If we fail to consummate the Exchange Offer or file, have declared effective or keep effective a shelf registration statement within time periods specified by the registration rights agreement, we may be required to pay additional interest in respect of the bonds. See "—Registration Rights Agreement."

Consequences of Failure to Exchange

Original Bonds that are not exchanged will remain "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act. Accordingly, they may not be offered, sold, pledged or otherwise transferred except:

- to us;
- inside the United States to a qualified institutional buyer in compliance with Rule 144A under the Securities Act;
- inside the United States to an institutional accredited investor that, before the transfer, furnishes to the trustee a signed letter containing certain representations and agreements relating to the restrictions on transfer of the Original Bonds, the form of which you can obtain from the trustee and an opinion of counsel acceptable to us and the trustee that the transfer complies with the Securities Act;
- outside the United States in compliance with Rule 904 under the Securities Act;
- pursuant to the exemption from registration provided by Rule 144 under the Securities Act, if available;
- in accordance with another exemption from the registration requirements of the Securities Act and based upon an opinion of counsel, if we so request; or
- pursuant to an effective registration statement under the Securities Act.

The liquidity of the Original Bonds could be adversely affected by the Exchange Offer. See “Risk Factors—Risks Relating to the Exchange Offer.” 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.

Effect of Tender

Any tender by a holder, and our subsequent acceptance of that tender, of Original Bonds will constitute a binding agreement between that holder and us upon the terms and subject to the conditions of the Exchange Offer described in this prospectus and in the letter of transmittal. The participation in the Exchange Offer by a tendering holder of the Original Bonds will constitute the agreement by that holder to deliver good and unencumbered title to the Original Bonds being tendered, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sale agreements, or other obligations relating to their sale or transfer, and not subject to any adverse claim when we accept the Original Bonds.

Absence of Dissenters’ Rights

Holders of the Original Bonds do not have any appraisal or dissenters’ rights in connection with the Exchange Offer.

Procedures for Tendering Original Bonds

If you wish to participate in the Exchange Offer and your Original Bonds are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct that custodial entity to tender your Original Bonds on your behalf pursuant to the procedures of that custodial entity.

To participate in the exchange offer, you must either:

- 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, referred to herein as DTC, Automated Tender Offer Program, referred to herein as ATOP, procedures for book-entry transfer described below on or prior to the expiration date.

The exchange agent and DTC have confirmed that the Exchange Offer is eligible for ATOP with respect to book-entry bonds held through DTC. The letter of transmittal, or a facsimile thereof, with any required signature guarantees, or, in the case of book-entry transfer, an agent's message in lieu of the letter of transmittal, and any other required documents, must be transmitted to and received by the exchange agent on or prior to the expiration date at its address listed in the letter of transmittal. Original Bonds will not be deemed to have been tendered until the letter of transmittal and signature guarantees, if any, or agent's message, is received by the exchange agent.

The method of delivery of Original Bonds, the letter of transmittal and all other required documents to the exchange agent is at the election and risk of the holder. Holders should use an overnight or hand delivery service, properly insured. In all cases, sufficient time should be allowed to assure delivery to and receipt by the exchange agent on or prior to the expiration date. We have not provided guaranteed delivery procedures in conjunction with the Exchange Offer or under this prospectus. **Do not send the letter of transmittal or any Original Bonds to anyone other than the exchange agent.**

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 DTC, we urge you to contact promptly a bank, broker or other intermediary that has the capability to hold bonds custodially through DTC 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 DTC participant with account information in the letter of transmittal.

If you are a beneficial owner which holds Original Bonds through Euroclear or Clearstream and wish to tender your Original Bonds, you must instruct Euroclear or Clearstream, as the case may be, to block the account in respect of the tendered Original Bonds in accordance with the procedures established by Euroclear or Clearstream. You are encouraged to contact Euroclear and Clearstream directly to ascertain their procedure for tendering Original Bonds.

Book-Entry Delivery Procedures for Tendering Original Bonds Held with DTC

If you wish to tender Original Bonds held on your behalf by a nominee with DTC, you must:

- inform your nominee of your interest in tendering your Original Bonds pursuant to the Exchange Offer; and
- instruct your nominee to tender all Original Bonds you wish to be tendered in the Exchange Offer into the exchange agent's account at DTC on or before the expiration date.

Any financial institution that is a nominee in DTC, including Euroclear and Clearstream, must tender Original Bonds by effecting a book-entry transfer of Original Bonds to be tendered in the Exchange Offer into the account of the exchange agent at DTC by electronically transmitting its acceptance of the Exchange Offer through the ATOP procedures for transfer. DTC will then verify the acceptance, execute a book-entry delivery to the exchange agent's account at DTC and send an agent's message to the exchange agent. An "agent's message" is a message, transmitted by DTC to, and received by, the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC (a "participant"), tendering Original Bonds that the participant has received and agrees to be bound by the terms of the letter of transmittal and that we may enforce the agreement against the participant. A letter of transmittal need not accompany tenders effected through ATOP.

Proper Execution and Delivery of the Letter of Transmittal

If you wish to participate in the Exchange Offer, delivery of your Original Bonds, signature guarantees and other required documents are your responsibility. Delivery is not complete until the required items are actually received by the exchange agent. If you mail these items, we recommend that you (1) use registered mail with return receipt requested, properly insured, and (2) mail the required items sufficiently in advance of the expiration date to allow sufficient time to ensure timely delivery.

Signatures on a letter of transmittal or notice of withdrawal described under "— Withdrawal of Tenders," as the case may be, must be guaranteed by an eligible institution unless the Original Bonds tendered pursuant to the letter of transmittal:

- are tendered by a registered holder of the Original Bonds who has not completed either of the boxes titled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or
- are tendered for the account of an eligible institution.

An "eligible institution" is one of the following firms or other entities identified in Rule 17Ad-15 under the Exchange Act (as the terms are used in Rule 17Ad-15):

- a bank;
- a broker, dealer, municipal securities dealer, municipal securities broker, government securities dealer or government securities broker;

- a credit union;
- a national securities exchange, registered securities association or clearing agency; or
- a savings institution that is a participant in a Securities Transfer Association recognized program.

If signatures on a letter of transmittal or notice of withdrawal are required to be guaranteed, that guarantee must be made by an eligible institution.

If the letter of transmittal is signed by the holders of Original Bonds tendered thereby, the signatures must correspond with the names as written on the face of the Original Bonds without any change whatsoever. If any of the Original Bonds tendered thereby are held by two or more holders, each holder must sign the letter of transmittal. If any of the Original Bonds tendered thereby are registered in different names on different Original Bonds, it will be necessary to complete, sign and submit as many separate letters of transmittal, and any accompanying documents, as there are different registrations of certificates.

If Original Bonds that are not tendered for exchange pursuant to the Exchange Offer are to be returned to a person other than the tendering holder, certificates for those Original Bonds must be endorsed or accompanied by an appropriate separate bond power, in either case signed exactly as the name of the registered owner appears on the certificates for the Original Bonds, with the signatures on the certificates or instruments of separate bond power guaranteed by an eligible institution.

If the letter of transmittal is signed by a person other than the holder of any Original Bonds listed in the letter of transmittal, certificates for those Original Bonds must be properly endorsed or accompanied by a properly completed appropriate bond power, signed by the holder exactly as the holder's name appears on the certificates for the Original Bonds. If the letter of transmittal or any Original Bonds, bond powers or other instruments of transfer are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

If the Exchange Bonds or unexchanged Original Bonds are to be delivered to an address other than that of the registered holder appearing on the security register for the Original Bonds, an eligible institution must guarantee the signature on the letter of transmittal.

No alternative, conditional, irregular or contingent tenders will be accepted. By executing the letter of transmittal, or facsimile thereof, the tendering holders of Original Bonds waive any right to receive any notice of the acceptance for exchange of their Original Bonds. Tendering holders should indicate in the applicable box in the letter of transmittal the name and address to which payments and/or substitute certificates evidencing Original Bonds for amounts not tendered or not exchanged are to be issued or sent, if different from the name and address of the person signing the letter of transmittal. If those instructions are not given, Original Bonds not tendered or exchanged will be returned to the tendering holder.

All questions as to the validity, form, eligibility, including time of receipt, and acceptance and withdrawal of tendered Original Bonds will be determined by us in our absolute discretion, which determination will be final and binding. We reserve the absolute right to reject any and all tendered Original Bonds determined by us not to be in proper form or not to be tendered properly or any tendered Original Bonds our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive, in our absolute discretion, any defects, irregularities or conditions of tender as to particular Original Bonds, whether or not waived in the case of other Original Bonds. Our interpretation of the terms and conditions of the Exchange Offer, including the terms and instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Original Bonds must be cured within the time we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Original Bonds, neither we, the exchange agent nor any other person will be under any duty to give that notification or shall incur any liability for failure to give that notification. Tenders of Original Bonds will not be deemed to have been made until any defects or irregularities therein have been cured or waived.

Any holder whose Original Bonds have been mutilated, lost, stolen or destroyed will be responsible for obtaining replacement securities or for arranging for indemnification with the trustee of the Original Bonds. Holders may contact the exchange agent for assistance with these matters.

Pursuant to the letter of transmittal or, in the case of book-entry transfer, an agent's message in lieu of the letter of transmittal, if you elect to tender Original Bonds in exchange for Exchange Bonds, you must exchange, assign, and transfer the Original Bonds to us and irrevocably constitute and appoint the exchange agent as your true and lawful agent and attorney-in-fact with respect to the tendered Original Bonds, with full power of substitution, among other things, to deliver the tendered Original Bonds to us and cause ownership of the Original Bonds to be transferred to us. By executing the letter of transmittal, you make the representations, warranties and acknowledgments set forth below to us. By executing the letter of transmittal you also promise, on our request, to execute and deliver any additional documents that we consider necessary to complete the exchange of Original Bonds for Exchange Bonds as described in the letter of transmittal.

By tendering, each holder represents, warrants and acknowledges to us, among other things:

- that the holder has full power and authority to tender, exchange, assign, and transfer the Original Bonds tendered;
- that we will acquire good and unencumbered title to the Original Bonds being tendered, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sale agreements, or other obligations relating to their sale or transfer, and not subject to any adverse claim when we accept the

18

Original Bonds;

- that the holder is acquiring the Exchange Bonds in the ordinary course of its business;
- that the holder has no arrangement or understanding with any person to participate and is not engaged and does not intend to engage in the distribution of the Exchange Bonds;
- that the holder is not an “affiliate,” as defined in Rule 405 under the Securities Act, of us;
- if the holder is a broker-dealer, the holder acquired the Original Bonds as a result of market-making activities or other trading activities and not directly from us for its own account in the initial offering of the Original Bonds; and
- that if the holder is a broker-dealer and it will receive Exchange Bonds for its own account in exchange for Original Bonds that it acquired as a result of market-making activities or other trading activities, it will deliver a prospectus in connection with any resale of the Exchange Bonds.

If you are a broker-dealer that acquired the Original Bonds directly from us for your own account in the initial offering of the Original Bonds and not as a result of market-making activities or other trading activities or you cannot otherwise make any of the representations set forth above, you will not be eligible to participate in the Exchange Offer, you should not rely on the interpretations of the staff of the SEC 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.

Participation in the Exchange Offer is voluntary. You are urged to consult your financial and tax advisors in deciding whether to participate in the Exchange Offer.

Withdrawal of Tenders of Original Bonds

You may withdraw your tender of Original Bonds at any time on or before the expiration date.

To withdraw Original Bonds tendered in the Exchange Offer, the exchange agent must receive a written notice of withdrawal at its address set forth below on or before the expiration date. Any notice of withdrawal must:

- specify the name of the person having deposited the Original Bonds to be withdrawn;
- identify the Original Bonds to be withdrawn, including the certificate number or numbers, if applicable, and principal amount of the Original Bonds;
- contain a statement that the holder is withdrawing the election to have the Original Bonds exchanged;
- specify the name in which any Original Bonds are to be registered, if different from that of the registered holder of the Original Bonds; and
- be signed by the holder in the same manner as the original signature on the letter of transmittal used to tender the Original Bonds.

The signature on any notice of withdrawal must be guaranteed by an eligible institution, unless the Original Bonds have been tendered by a registered holder of the Original Bonds who has not completed either of the boxes titled “Special Issuance Instructions” or “Special Delivery Instructions” on the letter of transmittal or have been tendered for the account of an eligible institution.

We will make the final determination on all questions regarding the validity, form, eligibility, including time of receipt of notices of withdrawal, and our determination will be final and binding on all parties. Any Original Bonds validly withdrawn will be deemed not to have been validly tendered for purposes of the Exchange Offer and no Exchange Bonds will be issued in exchange unless the Original Bonds so withdrawn are validly tendered again.

Properly withdrawn Original Bonds may be tendered again by following one of the procedures described above under "—Procedures for Tendering Original Bonds" at any time on or before the expiration date.

Acceptance of Original Bonds for Exchange; Delivery of Exchange Bonds

Upon the terms and subject to the conditions of the Exchange Offer (including if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable law, we will accept for exchange, and thereby exchange, all Original Bonds validly tendered and not withdrawn on or prior to the expiration date. For the purposes of the Exchange Offer, we will be deemed to have accepted for exchange validly tendered Original Bonds when, as and if we have given written notice or oral notice (immediately confirmed in writing) of acceptance to the exchange agent.

The exchange agent will act as agent for the tendering holders of Original Bonds for the purposes of receiving Exchange Bonds from us and causing the Original Bonds to be assigned, transferred and exchanged. Upon the terms and subject to the conditions of the Exchange Offer (including if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable law, delivery of Exchange Bonds to be issued in exchange for accepted Original Bonds will be made by the exchange agent promptly after acceptance of the tendered Original Bonds. Original Bonds not accepted for exchange will be returned without expense to the tendering holders, or, in the case of Original Bonds tendered by book-entry transfer, the non-exchanged Original Bonds will be credited to an account maintained with the book-entry transfer facility promptly following the expiration date. If we terminate the Exchange Offer before the expiration date, these non-exchanged Original Bonds will be credited to the applicable exchange agent's account promptly after the Exchange Offer is terminated.

Registration Rights Agreement

The following description summarizes the material provisions of the registration rights agreement. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement. A copy of the registration rights agreement has been filed as an exhibit to the registration statement which includes this prospectus. The registration statement, of which this prospectus is a part, is intended to satisfy some of our obligations under the registration rights agreement.

On May 23, 2014, we and the dealer manager of the private exchange offer entered into the registration rights agreement. Pursuant to the registration rights agreement, we agreed to file with the SEC a registration statement on the appropriate form under the Securities Act, referred to herein as the Exchange Offer Registration Statement, through which we agreed to conduct a registered exchange offer, referred to herein as the Registered Exchange Offer, whereby holders of Original Bonds could, subject to certain conditions and exceptions, exchange their Original Bonds for a like aggregate principal amount of substantially identical bonds (except that certain additional interest provisions, restrictions on transfers and restrictive legends would not be applicable to such bonds), referred to herein as the Exchange Bonds, issued by us. Upon the effectiveness of the Exchange Offer Registration Statement, we will offer to the holders of Transfer Restricted Securities (as defined below) pursuant to the Registered Exchange Offer who are able to make certain representations the opportunity to exchange their Transfer Restricted Securities for Exchange Bonds.

If:

(1) we are not

· required to file the Exchange Offer Registration Statement because the Registered Exchange Offer is not permitted by applicable law or SEC policy; or

· permitted to consummate the Registered Exchange Offer because the Registered Exchange Offer is not permitted by applicable law or SEC policy; or

(2) any holder of Transfer Restricted Securities notifies us prior to the 20th business day following consummation of the Registered Exchange Offer that:

· it is prohibited by law or SEC policy from participating in the Registered Exchange Offer;

20

- it may not resell the Exchange Bonds acquired by it in the Registered Exchange Offer to the public without delivering a prospectus and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales; or

- it is a broker-dealer and owns Original Bonds acquired directly from us or an affiliate of ours,

we will file with the SEC a shelf registration statement on the appropriate form, referred to herein as the Shelf Registration Statement, to cover resales of the Transfer Restricted Securities by the holders of the Transfer Restricted Securities who satisfy certain conditions relating to the provision of information in connection with the Shelf Registration Statement.

"Transfer Restricted Securities" means each Original Bond until the earliest to occur of:

- the date on which such Original Bond has been exchanged by a person other than a broker-dealer for an Exchange Bond in the Registered Exchange Offer;

- following the exchange by a broker-dealer in the Registered Exchange Offer of an Original Bond for an Exchange Bond, the date on which such Exchange Bond is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the prospectus contained in the Exchange Offer Registration Statement;

- the date on which such Original Bond has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement; or

- the date on which such Original Bond is distributed to the public pursuant to Rule 144 under the Securities Act.

The registration rights agreement provides that:

- we will file an Exchange Offer Registration Statement with the SEC within 120 days of the issue date of the Original Bonds and use all commercially reasonable efforts to have the Exchange Offer Registration Statement declared effective by the SEC on or prior to 210 days after the issue date of the Original Bonds (unless the Exchange Offer Registration Statement (including documents incorporated by reference) is reviewed by the SEC, in which case within 270 calendar days after the issue date of the Original Bonds);

- unless the Registered Exchange Offer would not be permitted by applicable law or SEC policy, we will:

(a) commence the Registered Exchange Offer; and

(b) use all commercially reasonable efforts to issue on or prior to 60 days, or longer, if required by the federal securities laws, after the date on which the Exchange Offer Registration Statement was declared effective by the SEC, Exchange Bonds in exchange for all Original Bonds tendered prior thereto in the Registered Exchange Offer; and

- if obligated to file the Shelf Registration Statement, we will use all commercially reasonable efforts to file the Shelf Registration Statement with the SEC on or prior to 60 days after such filing obligation arises and to cause the Shelf Registration Statement to become effective under the Securities Act on or prior to 180 days after such obligation arises (unless the Shelf Registration Statement (including documents incorporated by reference) is reviewed by the SEC, in which case within 270 calendar days after the Settlement Date).

If

(1) we fail to file any of the registration statements required by the registration rights agreement on or before the date specified for such filing;

(2) any of such registration statements is not declared effective by the SEC or has not become effective under the Securities Act on or prior to the date specified for such effectiveness, referred to herein as the Effectiveness Target Date;

21

(3) we fail to consummate the Registered Exchange Offer within 60 days of the Effectiveness Target Date with respect to the Exchange Offer Registration Statement; or

(4) the Shelf Registration Statement or the Exchange Offer Registration Statement is declared or becomes effective but thereafter ceases to be effective or usable in connection with resales of Transfer Restricted Securities during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4) above, referred to herein as a Registration Default),

then we have agreed to pay additional interest to each holder of Transfer Restricted Securities.

With respect to the first 90-day period immediately following the occurrence of the first Registration Default, additional interest will be paid in an amount equal to 0.25% per annum of the principal amount of Transfer Restricted Securities. The amount of the additional interest will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all Registration Defaults have been cured, with a maximum amount of additional interest for all Registration Defaults of 0.50% per annum of the principal amount of Transfer Restricted Securities.

All accrued additional interest will be paid by us on the next scheduled interest payment date to DTC or its nominee by wire transfer of immediately available funds or by federal funds check and to holders of definitive registered bonds by wire transfer to the accounts specified by them or by mailing checks to their registered addresses if no such accounts have been specified.

Following the cure of all Registration Defaults, the accrual of additional interest will cease.

Holders of Original Bonds will be required to make certain representations to us (as described in the registration rights agreement) in order to participate in the Registered Exchange Offer and will be required to deliver certain information to be used in connection with the Shelf Registration Statement in order to have their Original Bonds included in the Shelf Registration Statement. By including Transfer Restricted Securities in the Shelf Registration Statement, a holder will be deemed to have agreed to indemnify us against certain losses arising out of information furnished by such holder in writing for inclusion in any Shelf Registration Statement. Holders of Original Bonds will also be required to suspend their use of the prospectus included in the Shelf Registration Statement under certain circumstances upon receipt of written notice to that effect from us.

Exchange Agent

D.F. King & Co., Inc. has been appointed as the exchange agent for the Exchange Offer. Letters of transmittal and all correspondence in connection with the Exchange Offer should be sent or delivered by each holder of Original Bonds, or a beneficial owner's commercial bank, broker, dealer, trust company or other nominee, to the exchange agent at the address and telephone number set forth below:

By Mail, By Hand and Overnight Courier:

48 Wall Street, 22nd Floor

New York, NY 10005

Attention: Krystal Scrudato

By Facsimile (for eligible institutions only): (212) 709-3328	Confirmation Call: (212) 493-6940

Banks and Brokers: (212) 269-5550

Toll Free: (800) 628-8536

Delivery of the letter of transmittal to an address other than as set forth above or transmission of such letter of transmittal via facsimile other than as set forth above does not constitute a valid delivery of the letter of transmittal.

Fees and Expenses

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, but will only pay the expenses of one counsel representing all holders of Original Bonds.

We will also bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, additional solicitation may be made by facsimile, telephone, or in person by our officers and regular employees or by officers and employees of our affiliates. No additional compensation will be paid to any officers and employees who engage in soliciting tenders.

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. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for related, reasonable out-of-pocket expenses. We may also reimburse brokerage houses and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses they incur in forwarding copies of this prospectus, the letter of transmittal and related documents.

We will pay all transfer taxes, if any, applicable to the exchange of Original Bonds. If, however, Exchange Bonds, or Original Bonds for principal amounts not tendered or accepted for exchange, are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Original Bonds tendered, or if a transfer tax is imposed for any reason other than the exchange, then the amount of any transfer taxes will be payable by the person tendering the bonds. If you do not submit satisfactory evidence of payment of those taxes or exemption from payment of those taxes with the letter of transmittal, the amount of those transfer taxes will be billed directly to you.

Accounting Treatment

The Exchange Bonds will be recorded at the same carrying value as the Original Bonds as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes upon the completion of the Exchange Offer, except for the recognition of certain fees and expenses incurred in connection with the Exchange Offer as stated under "—Fees and Expenses."

Description of the Exchange Bonds

The following description is a summary of the Indenture (as defined below) and the Exchange Bonds. Because this section is a summary, it does not describe every aspect of the Indenture or Exchange Bonds. This summary is subject to and qualified in its entirety by reference to all the provisions of the Indenture, including definitions of certain terms used in the Indenture. You should read the Indenture and the Exchange Bonds because they contain additional information and they, and not this description, define your rights as a holder of the Exchange Bonds. The terms of the Exchange Bonds include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, referred to herein as the Trust Indenture Act. A copy of the Indenture has been filed with the SEC. See "Where You Can Find More Information" for more information on how to obtain a copy. For purposes of this "Description of the Exchange Bonds," references to "CFC," "we," "our" or "us" include only National Rural Utilities Cooperative Finance Corporation and do not include RTFC or NCSC.

General

The Exchange Bonds will be issued under an indenture dated as of October 25, 2007, referred to herein as the Indenture, between CFC and U.S. Bank National Association, as trustee, referred to herein as the Trustee. The Exchange Bonds will be issued in book-entry form only in minimum denominations of $2,000 and in integral multiples of $1,000 thereof.

The Exchange Bonds will mature on November 1, 2032, unless earlier redeemed.

The Exchange Bonds will bear interest at 4.023% per annum. Interest on the Exchange Bonds will be payable on November 1 and May 1 of each year, commencing November 1, 2014, to the persons in whose names such Exchange Bonds are registered at the close of business on the fifteenth calendar day preceding the payment date, or if not a business day, the next succeeding business day. Interest on the 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, to, but excluding, the relevant interest payment date, date of redemption or the date of maturity, as the case may be. Interest on the bonds will be computed on the basis of a 360-day year of twelve 30-day months.

If any of the interest payment dates or the maturity date falls on a day that is not a business day, CFC will postpone the payment of interest or principal to the next succeeding business day, but the payment made on such dates will be treated as being made on the date payment was first due and the holders of the bonds will not be entitled to any further interest or other payments with respect to such postponements. The term "business day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the Borough of Manhattan, City and State of New York are authorized by law to close.

"Make-Whole" Redemption of the Bonds

We may redeem the Exchange Bonds at any time prior to May 1, 2032 (which is the date that is six months prior to the maturity of the Exchange Bonds), in whole or in part, at a "make-whole" redemption price equal to the greater of (1) 100% of the principal amount being redeemed or (2) the sum of the present value of the remaining scheduled payments of the principal and interest (other than accrued interest) on the Exchange Bonds being redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points for the Exchange Bonds plus in each of (1) and (2) above, accrued interest to the redemption date.

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 and unpaid interest thereon to the date of redemption.

"Treasury Rate" means, for any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Exchange Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such bonds.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Trustee after consultation with CFC.

“Comparable Treasury Price” means with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations for that redemption date, or (B) if we obtain fewer than four Reference Treasury Dealer Quotations, the average of all the Reference Treasury Dealer Quotations obtained.

“Reference Treasury Dealer Quotations” means, for each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by the Reference Treasury Dealer at 5:00 p.m. New York City time on the third business day preceding the redemption date for the bonds being redeemed.

“Reference Treasury Dealer” means (1) J.P. Morgan Securities LLC and its successor; provided, however, that if J.P. Morgan Securities LLC ceases to be a primary U.S. Government securities dealer in the United States, CFC will appoint another primary U.S. Government securities dealer of its own selection as a substitute and (2) any other U.S. Government securities dealers selected by CFC, provided that there shall not be less than three such dealers (including J.P. Morgan Securities LLC or its successor) with respect to any redemption date.

If CFC elects to redeem less than all of the Exchange Bonds, and such bonds are at the time represented by a global security, then the depositary will select by lot the particular interest to be redeemed. If CFC elects to redeem less than all of the Exchange Bonds, and such bonds are not represented by a global security, then the Trustee will select the particular Exchange Bonds to be redeemed in a manner it deems appropriate and fair.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the date of redemption to each holder of the Exchange Bonds to be redeemed. Unless CFC defaults in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on such bonds or the portions called for redemption.

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 and collateral trust bonds which 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 Exchange Bonds outstanding. The Indenture provides that eligible collateral will consist of eligible mortgage notes of distribution system members, cash and permitted investments. The allowable amount of cash is 100% thereof, the allowable amount of mortgage notes is the amount advanced and not repaid and the allowable amount of permitted investments is their cost to CFC (exclusive of accrued interest and brokerage commission). However, the allowable amount of permitted investments traded on a national securities exchange or in any over-the-counter market is their fair market value as determined by CFC. For purposes of the Indenture and as used in describing the Exchange Bonds herein, a "member" is any person which is a member of CFC, and a "distribution system member" is a member 50% or more of whose gross operating revenues are derived from sales of electricity to end users, as determined as of the end of the last completed calendar year. On May 31, 2014, there was a total of $6,149 million of eligible mortgage notes pledged under the Indenture with the Trustee, against which $5,398 million of collateral trust bonds (not including the Exchange Bonds offered hereby) had been issued. Under the mortgages held as collateral, CFC generally has a lien on all assets and future revenues of the subject distribution system. CFC discloses the principal amount of collateral on deposit and aggregate principal amount of bonds outstanding in each of its Form 10-Q and Form 10-K filings with the SEC. Any cash held by the Trustee as collateral shall upon CFC's request be invested until required to be paid out under the provisions of the Indenture.

The following are permitted investments under the Indenture:

- certain obligations of or guaranteed by the United States and of agencies of the United States for which the full faith and credit of the obligor shall be pledged and which mature (except in the case of obligations guaranteed by the RUS) not more than two years after purchase,
- certificates of deposit or time deposits of any bank or trust company having at least $500,000,000 of capital and surplus and maturing not more than two years after purchase,
- commercial paper of bank holding companies or other corporate issuers other than CFC generally rated in the highest category by at least two nationally recognized statistical rating agencies and maturing not more than one year after purchase, and
- obligations of any state or municipality, or subdivision or agency of either thereof, which shall mature not more than two years after the purchase thereof and are rated AA (or equivalent) or better by at least two nationally recognized statistical rating organizations or having a comparable rating in the event of any future change in the rating system of such agencies.

As a condition to the authentication and delivery of collateral trust bonds (including the Exchange Bonds) or to the withdrawal of collateral, and in any event at least once a year, CFC must certify to the Trustee that:

- the allowable amount of eligible collateral pledged under the Indenture is at least equal to the aggregate principal amount of collateral trust bonds to be outstanding immediately after the authentication and delivery of such collateral trust bonds;
- the allowable amount of eligible collateral pledged under the Indenture after any withdrawal of collateral is at least equal to the aggregate principal amount of collateral trust bonds to be outstanding immediately after such withdrawal;
- each eligible mortgage note included in the eligible collateral so certified is an eligible mortgage note of a member having an Equity Ratio (defined below) of at least 20% and an Average Coverage Ratio (defined below) of at least 1.35; and

- the aggregate allowable amount of all eligible mortgage notes of any one member so certified does not exceed 10% of the aggregate allowable amount of all eligible collateral so certified. (Sections 3.01, 6.01 and 7.13)

CFC is also entitled to the authentication and delivery of collateral trust bonds (including the Exchange Bonds) on the basis of the retirement of outstanding collateral trust bonds at their final maturity or by redemption at the option of CFC. (Section 3.02)

The Indenture provides that collateral trust bonds may be issued without limitation as to aggregate principal amount so long as the allowable amount of eligible collateral pledged under the Indenture at least equals the aggregate principal amount of collateral trust bonds to be outstanding and meets the other requirements set forth herein. (Sections 2.03 and 13.01)

"Eligible Mortgage Note" means a mortgage note of a distribution system member which is secured by a validly existing mortgage under which no "event of default" as defined in the mortgage shall have occurred and shall have resulted in the exercise of any right or remedy described in the mortgage. (Section 1.01)

"Equity Ratio" of any member means the ratio determined by dividing such member's equities and margins at the end of the last completed calendar year by such member's total assets and other debits at such date, in each case computed in accordance with the Uniform System of Accounts prescribed by RUS, or if such member does not prepare its financial statements in accordance with the Uniform System of Accounts prescribed by RUS, then in accordance with Generally Accepted Accounting Principles, referred to herein as GAAP. (Section 1.01)

"Coverage Ratio" of any member for any completed calendar year of such member means the ratio determined by adding such member's patronage capital and operating margins, non-operating margins — interest, interest expense with respect to long-term debt and depreciation and amortization expense for such year, and dividing the sum so obtained by the sum of all payments of principal and interest required to be made during such year on account of such member's long-term debt (but in the event any portion of such member's long-term debt was refinanced during such year, the payments of principal and interest required to be made during such year in respect thereof shall be based (in lieu of actual payments thereon) upon the larger of (x) an annualization of such payments required to be made with respect to the refinancing debt during the portion of such year such refinancing debt is outstanding and (y) the payments of principal and interest required to be made during the following year on account of such refinancing debt); patronage capital and operating margins, interest expense with respect to long-term debt, depreciation and amortization expense, non-operating margins—interest and long-term debt being determined in accordance with the Uniform System of Accounts prescribed at the time by RUS or, if such member does not maintain its accounts in accordance with said Uniform System of Accounts, otherwise determined in accordance with GAAP, except that (i) in computing interest expense with respect to long-term debt, and payments of interest required to be made on account of long-term debt, for the purpose of the foregoing definition, there shall be added, to the extent not otherwise included, an amount equal to $33^{1/3}$% of the excess of the restricted rentals paid by such member for such year over 2% of such member's equities and margins for such year as defined in the Uniform System of Accounts prescribed by RUS or, if such member does not maintain its accounts in accordance with said Uniform System of Accounts, otherwise determined in accordance with GAAP, and (ii) in computing such member's patronage capital and operating margins for the purpose of the foregoing definition, all cash received in respect of generation and transmission and other capital credits shall be included. The "Average Coverage Ratio" of any member means the average of the two higher coverage ratios of a member for each of the last three completed calendar years. (Section 1.01)

The effect of these provisions is to exclude from the computation of the coverage ratio capital credits, except to the extent received by the member in the form of cash.

The Indenture requires that each mortgage securing an eligible mortgage note be consistent with CFC's standard lending practices from time to time. (Section 1.01) There are no requirements in the Indenture as to the value of the property subject to the lien of a mortgage.

The Indenture provides that, unless an Event of Default (as defined herein) under the Indenture exists, and other than certain limited duties specified in the Indenture, the Trustee shall have no duties or responsibilities with regard to any mortgage, and no responsibilities with regard to the value of any property subject thereto. (Section 4.03)

Exercise of Rights under Pledged Mortgage Notes; Receipt of Payments

Until the occurrence of an Event of Default under the Indenture, CFC retains the right to control the exercise of rights and powers under mortgage notes pledged under the Indenture. (Section 15.01)

Unless an Event of Default under the Indenture occurs, CFC will be entitled to receive and retain all payments on account of principal, premium and interest on the eligible mortgage notes and permitted investments on deposit with the Trustee. (Section 4.02)

Modification of the Indenture

Modifications of the provisions of the Indenture may be made with the consent of the holders of not less than a majority iERTICAL-ALIGN: bottom; WIDTH: 10%">

No Opt. Call
A
1,334,932

AMBAC Insured

4,135

Illinois Toll Highway Authority, Toll Highway Revenue Bonds, Senior Lien Series 2016B,
7/26 at 100.00
AA–
5,010,007

5.000%, 1/01/41

Lombard Public Facilities Corporation, Illinois, Second Tier Conference Center and Hotel

Revenue Bonds, Series 2005B:

2,685

5.250%, 1/01/30 (9)
10/16 at 100.00
D
818,818
1,515

5.250%, 1/01/36 (9)
10/16 at 100.00
D
462,014
5,000

Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion
No Opt. Call
AA–
3,137,800

Project, Series 2002A, 0.000%, 12/15/29 (WI/DD, Settling 8/01/16) – NPFG Insured

1,000

Railsplitter Tobacco Settlement Authority, Illinois, Tobacco Settlement Revenue Bonds, Series
6/21 at 100.00
A–
1,200,190

2010, 6.000%, 6/01/28

1,000

Springfield, Sangamon County, Illinois, Special Service Area, Legacy Pointe, Special
3/17 at 102.00
N/R
1,033,600

Assessment Bonds, Series 2009, 7.875%, 3/01/32

2,500

Wauconda, Illinois, Special Service Area 1 Special Tax Bonds, Liberty Lake Project, Refunding
3/25 at 100.00
AA
2,944,400

Series 2015, 5.000%, 3/01/33 – BAM Insured

52,635

Total Illinois

53,552,093

Indiana – 1.4%

1,395

Indiana Finance Authority, Educational Facilities Revenue Bonds, Drexel Foundation For
10/19 at 100.00
B–
1,380,966

Educational Excellence, Inc., Series 2009A, 6.625%, 10/01/29

1,500

Indiana Finance Authority, Private Activity Bonds, Ohio River Bridges East End Crossing
7/23 at 100.00
BBB+
1,721,565

Project, Series 2013A, 5.000%, 7/01/35 (Alternative Minimum Tax)

2,000

Vigo County Hospital Authority, Indiana, Hospital Revenue Bonds, Union Hospital, Inc., Series
9/21 at 100.00
N/R
2,420,480

2011, 7.750%, 9/01/31

4,895

Total Indiana

5,523,011

Iowa – 0.0%

155

Iowa Finance Authority, Iowa, Midwestern Disaster Area Revenue Bonds, Iowa Fertilizer Company
12/23 at 100.00
B+
167,721

Project, Series 2013, 5.250%, 12/01/25

Kansas – 2.4%

3,000

Kansas Development Finance Authority, Revenue Bonds, Lifespace Communities, Inc., Refunding
5/20 at 100.00
A
3,334,740

Series 2010S, 5.000%, 5/15/30

1,130

Overland Park Development Corporation, Kansas, Second Tier Revenue Bonds, Overland Park
1/17 at 100.00
BB+
1,136,317

Convention Center, Series 2007B, 5.125%, 1/01/22 – AMBAC Insured

3,565

Overland Park, Kansas, Sales Tax Special Obligation Revenue Bonds, Prairiefire at Lionsgate
No Opt. Call
N/R
3,459,939

Project, Series 2012, 6.000%, 12/15/32

1,130

Washburn University of Topeka, Kansas, Revenue Bonds, Series 2015A, 5.000%, 7/01/35
7/25 at 100.00
A1
1,353,650
8,825

Total Kansas

9,284,646

Kentucky – 0.3%

1,000

Hardin County, Kentucky, Hospital Revenue Bonds, Hardin Memorial Hospital Project, Series
8/23 at 100.00
AA
1,206,690

2013, 5.700%, 8/01/39 – AGM Insured

Louisiana – 4.1%

1,215

Louisiana Local Government Environmental Facilities and Community Development Authority,
10/25 at 100.00
AA
1,460,345

Revenue Bonds, Louisiana Tech University Student Housing & Recreational Facilities/Innovative

Student Facilities Inc. Project, Refunding Series 2015, 5.000%, 10/01/33

2,000

Louisiana Public Facilities Authority, Hospital Revenue and Refunding Bonds, Lafayette General
5/20 at 100.00
A–
2,207,300

Medical Center Project, Series 2010, 5.500%, 11/01/40

3,305

Louisiana Public Facilities Authority, Revenue Bonds, Cleco Power LLC Project, Series 2008,
5/23 at 100.00
A3
3,573,234

4.250%, 12/01/38

2,665

Louisiana Public Facilities Authority, Revenue Bonds, Lake Charles Charter Academy Foundation
12/21 at 100.00
N/R
3,055,956

Project, Series 2011A, 7.750%, 12/15/31

Louisiana Public Facilities Authority, Revenue Bonds, Loyola University Project, Refunding

Series 2011:

985

5.250%, 10/01/28
10/21 at 100.00
BBB+
1,138,640
1,705

5.250%, 10/01/31
No Opt. Call
BBB+
1,960,562
1,165

Louisiana State, Gasoline and Fuels Tax Revenue Bonds, Tender Option Bond Trust 2016-XG0035,
5/20 at 100.00
AA
1,813,567

Formerly Tender Option Bond Trust 11899, 16.901%, 5/01/39 (IF)

1,000

St John Baptist Parish, Louisiana, Revenue Bonds, Marathon Oil Corporation, Series 2007A,
6/17 at 100.00
BBB
1,022,910

5.125%, 6/01/37

14,040

Total Louisiana

16,232,514

Maryland – 0.3%

875

Maryland State Economic Development Corporation, Private Activity Revenue Bonds, Purple Line
9/26 at 100.00
BBB+
1,061,568

Light Rail Project, Green Bonds, Series 2016D, 5.000%, 3/31/41 (Alternative Minimum Tax)

Massachusetts – 1.3%

1,000

Massachusetts Development Finance Agency, Revenue Bonds, Dana-Farber Cancer Institute Issue,
12/26 at 100.00
A1
1,217,840

Series 2016N, 5.000%, 12/01/46

1,815

Massachusetts Educational Financing Authority, Education Loan Revenue Bonds Issue K Series
7/22 at 100.00
AA
1,972,252

2013, 5.000%, 7/01/25 (Alternative Minimum Tax)

625

Massachusetts Educational Financing Authority, Student Loan Revenue Bonds, Issue I Series
1/20 at 100.00
AA
705,406

2010A, 5.500%, 1/01/22

445

Massachusetts Educational Financing Authority, Student Loan Revenue Bonds, Issue I Series
1/20 at 100.00
AA
485,001

2010B, 5.500%, 1/01/23 (Alternative Minimum Tax)

825

Massachusetts Housing Finance Agency, Housing Bonds, Series 2010C, 5.000%, 12/01/30
6/20 at 100.00
AA–
874,385

(Alternative Minimum Tax)

4,710

Total Massachusetts

5,254,884

Michigan – 1.6%

800

Detroit, Michigan, Sewer Disposal System Revenue Bonds, Second Lien, Series 2006B, 5.000%,
10/16 at 100.00
AA–
802,784

7/01/36 – NPFG Insured

10

Detroit, Michigan, Water Supply System Senior Lien Revenue Bonds, Series 2003A, 5.000%,
10/16 at 100.00
Baa1
10,033

7/01/34 – NPFG Insured

2,865

Marysville Public School District, Saint Clair County, Michigan, General Obligation Bonds,
5/17 at 100.00
Aa1 (5)
2,962,639

School Building & Site Series 2007, 5.000%, 5/01/32 (Pre-refunded 5/01/17) – AGM Insured

2,100

Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Henry Ford Health System,

11/19 at 100.00
A–
2,398,893

Refunding Series 2009, 5.750%, 11/15/39

5,775

Total Michigan

6,174,349

Mississippi – 0.1%

310

Mississippi Business Finance Corporation, Pollution Control Revenue Refunding Bonds, System
10/16 at 100.00
BBB
319,889

Energy Resources Inc. Project, Series 1998, 5.875%, 4/01/22

Missouri – 0.7%

1,765

Missouri Development Finance Board, Infrastructure Facilities Revenue Bonds, City of
4/25 at 100.00
A–
2,090,184

Independence, Centerpoint Project, Refunding Series 2016B, 5.000%, 4/01/27 (WI/DD, Settling 8/02/16)

640

St. Louis County Industrial Development Authority, Missouri, Revenue Bonds, Friendship Village
9/17 at 100.00
BBB–
656,922

of West County, Series 2007A, 5.375%, 9/01/21

2,405

Total Missouri

2,747,106

Nebraska – 0.3%

1,000

Omaha Public Power District, Nebraska, Electric System Revenue Bonds, Series 2007A, 5.000%,
2/17 at 100.00
AA (5)
1,022,870

2/01/43 (Pre-refunded 2/01/17)

Nevada – 1.4%

2,000

Clark County, Nevada, Passenger Facility Charge Revenue Bonds, Las Vegas-McCarran

1/20 at 100.00
A+
2,245,460

International Airport, Series 2010A, 5.000%, 7/01/30

1,670

Las Vegas, Nevada, General Obligation Bonds, Tender Option Bond Trust 2016-XF2312, Formerly
4/19 at 100.00
AA (5)
3,086,394

Tender Option Bond Trust 3265, 30.320%, 4/01/39 (Pre-refunded 4/01/19) (IF) (4)

3,670

Total Nevada

5,331,854

New Jersey – 2.1%

795

New Jersey Economic Development Authority, School Facilities Construction Financing Program
6/25 at 100.00
A–
903,597

Bonds, Series 2015, 5.250%, 6/15/40 (UB) (4)

New Jersey Economic Development Authority, Special Facilities Revenue Bonds, Continental

Airlines Inc., Series 1999:

1,000

5.125%, 9/15/23 (Alternative Minimum Tax)
9/16 at 100.00
BB–
1,130,590
1,650

5.250%, 9/15/29 (Alternative Minimum Tax)
9/22 at 101.00
BB–
1,852,406
1,460

New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Princeton HealthCare
7/26 at 100.00
Baa2
1,795,537

System, Series 2016A, 5.000%, 7/01/34

1,130

New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2010-1A,
12/19 at 100.00
AA
1,187,867

5.000%, 12/01/26

1,500

Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds,
6/17 at 100.00
B+
1,516,095

Series 2007-1A, 4.625%, 6/01/26

7,535

Total New Jersey

8,386,092

New York – 3.5%

Brooklyn Arena Local Development Corporation, New York, Payment in Lieu of Taxes Revenue

Bonds, Barclays Center Project, Series 2009:

1,100

6.000%, 7/15/30
1/20 at 100.00
BBB–
1,262,525
1,225

6.250%, 7/15/40
1/20 at 100.00
BBB–
1,415,818
2,500

6.375%, 7/15/43
1/20 at 100.00
BBB–
2,882,100
1,000

Monroe County Industrial Development Corporation, New York, Revenue Bonds, St. John Fisher
6/21 at 100.00
A–
1,179,030

College, Series 2011, 6.000%, 6/01/34

500

New York Liberty Development Corporation, New York, Liberty Revenue Bonds, 3 World Trade
11/24 at 100.00
N/R
564,295

Center Project, Class 2 Series 2014, 5.150%, 11/15/34

1,000

New York Liberty Development Corporation, Revenue Bonds, Goldman Sachs Headquarters Issue,
No Opt. Call
A
1,349,020

Series 2005, 5.250%, 10/01/35

2,105

New York Transportation Development Corporation, Special Facilities Bonds, LaGuardia Airport
7/24 at 100.00
BBB
2,446,368

Terminal B Redevelopment Project, Series 2016A, 5.250%, 1/01/50 (Alternative Minimum Tax)

265

Port Authority of New York and New Jersey, Special Project Bonds, JFK International Air
12/20 at 100.00
Baa1
312,340

Terminal LLC Project, Eighth Series 2010, 6.000%, 12/01/42

TSASC Inc., New York, Tobacco Asset-Backed Bonds, Series 2006:

2,000

5.000%, 6/01/26
10/16 at 100.00
BB–
2,004,640
265

5.125%, 6/01/42
10/16 at 100.00
B–
264,041
11,960

Total New York

13,680,177

Ohio – 9.8%

Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue

Bonds, Senior Lien, Series 2007A-2:

1,000

5.125%, 6/01/24
6/17 at 100.00
B–
987,690

6,000

5.750%, 6/01/34
6/17 at 100.00
B–
5,972,998
6,500

5.875%, 6/01/47
6/17 at 100.00
B–
6,496,618
760

Franklin County, Ohio, Healthcare Facilities Revenue Bonds, Ohio Presbyterian Retirement
7/21 at 100.00
BBB–
844,140

Services, Improvement Series 2010A, 5.625%, 7/01/26

10,000

Franklin County, Ohio, Hospital Facilities Revenue Bonds, OhioHealth Corporation, Series 2015,
5/25 at 100.00
AA+
12,006,100

5.000%, 5/15/40 (UB)

3,000

Lucas County, Ohio, Hospital Revenue Bonds, ProMedica Healthcare Obligated Group, Series
11/21 at 100.00
AA
3,658,500

2011A, 5.750%, 11/15/31

1,000

Montgomery County, Ohio, Health Care and Multifamily Housing Revenue Bonds, Saint Leonard,

4/20 at 100.00
BBB–
1,119,990

Refunding & improvement Series 2010, 6.375%, 4/01/30

1,670

Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, Tender Option Bond Trust
5/19 at 100.00
A–
2,857,988

2016-XF2311, Formerly Tender Option Bond Trust 3260, 26.482%, 5/01/29 (IF) (4)

1,200

Ohio Air Quality Development Authority, Ohio, Revenue Bonds, Ohio Valley Electric Corporation
No Opt. Call
BBB–
1,337,724

Project, Series 2009E, 5.625%, 10/01/19

Scioto County, Ohio, Hospital Facilities Revenue Bonds, Southern Ohio Medical Center,

Refunding Series 2016:

1,460

5.000%, 2/15/33
2/26 at 100.00
A2
1,789,756

1,455

5.000%, 2/15/34
2/26 at 100.00
A2
1,778,054
34,045

Total Ohio

38,849,558

Pennsylvania – 6.1%

1,337

Aliquippa Municipal Water Authority, Pennsylvania, Water and Sewer Revenue Bonds, Subordinated
No Opt. Call
N/R
1,397,643

Series 2013, 5.000%, 5/15/26

1,390

Allegheny Country Industrial Development Authority, Pennsylvania, Environmental Improvement
11/19 at 100.00
B
1,368,288

Revenue Bonds, United States Steel Corporation Project, Refunding Series 2009, 6.750%, 11/01/24

1,500

Allegheny Country Industrial Development Authority, Pennsylvania, Environmental Improvement
12/21 at 100.00
B
1,480,050

Revenue Bonds, United States Steel Corporation Project, Refunding Series 2011, 6.550%, 12/01/27

1,335

Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, Ohio Valley
10/16 at 100.00
B2
1,335,174

General Hospital, Series 2005A, 5.125%, 4/01/35

1,070

Allegheny County Industrial Development Authority, Pennsylvania, Revenue Bonds, United States
No Opt. Call
B
1,076,869

Steel Corporation, Series 2005, 5.500%, 11/01/16

150

Cumberland County Municipal Authority Revenue Bonds, Pennsylvania, Diakon Lutheran Social
1/19 at 100.00
BBB+
167,852

Ministries Project, Series 2009, 6.125%, 1/01/29

1,350

Cumberland County Municipal Authority Revenue Bonds, Pennsylvania, Diakon Lutheran Social
1/19 at 100.00
N/R (5)
1,526,459

Ministries Project, Series 2009, 6.125%, 1/01/29 (Pre-refunded 1/01/19)

2,000

Luzerne County Industrial Development Authority, Pennsylvania, Guaranteed Lease Revenue Bonds,
12/19 at 100.00
N/R
2,158,260

Series 2009, 7.750%, 12/15/27

1,080

Montgomery County Industrial Development Authority, Pennsylvania, FHA Insured Mortgage Revenue
8/20 at 100.00
N/R (5)
1,797,098

Bonds, New Regional Medical Center Project, Tender Option Bond Trust 62B, 16.886%, 8/01/24

(Pre-refunded 8/01/20) (IF) (4)

1,000

Pennsylvania Economic Development Finance Authority, Solid Waste Disposal Revenue Bonds (USG
12/16 at 100.00
B+
1,000,460

Corporation Project) Series 1999, 6.000%, 6/01/31 (Alternative Minimum Tax)

1,000

Pennsylvania Economic Development Financing Authority, Sewage Sludge Disposal Revenue Bonds,
1/20 at 100.00
BBB+
1,108,360

Philadelphia Biosolids Facility Project, Series 2009, 6.250%, 1/01/32

1,200

Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, Edinboro University
7/20 at 100.00
Baa3
1,312,128

Foundation Student Housing Project, Series 2010, 5.800%, 7/01/30

130

Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, University Properties
7/26 at 100.00
Baa3
153,258

Inc. Student Housing Project at East Stroudsburg University of Pennsylvania, Series 2016A,

5.000%, 7/01/31 (WI/DD, Settling 8/01/16)

1,000

Pennsylvania Public School Building Authority, Lease Revenue Bonds, School District of
No Opt. Call
AA
1,199,940

Philadelphia, Series 2006B, 5.000%, 6/01/27 – AGM Insured

Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, Capital Appreciation Series 2009E:

3,530

0.000%, 12/01/30 (8)
12/27 at 100.00
A–
4,467,321
2,000

0.000%, 12/01/38 (8)
12/27 at 100.00
A–
2,529,440
21,072

Total Pennsylvania

24,078,600

Puerto Rico – 0.7%

1,500

Puerto Rico Housing Finance Authority, Subordinate Lien Capital Fund Program Revenue Bonds,
12/18 at 100.00
A+
1,614,765

Modernization Series 2008, 5.125%, 12/01/27

1,000

Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005C,
No Opt. Call
Ca
1,061,600

5.500%, 7/01/26 – AMBAC Insured

2,500

Total Puerto Rico

2,676,365

Rhode Island – 0.3%

1,110

Providence Redevelopment Agency, Rhode Island, Revenue Bonds, Public Safety and Municipal
4/25 at 100.00
Baa2
1,303,384

Building Projects, Refunding Series 2015A, 5.000%, 4/01/27

South Carolina – 2.3%

7,500

South Carolina Public Service Authority, Electric System Revenue Bonds, Santee Cooper, Series
12/26 at 100.00
AA–
9,107,250

2016B, 5.000%, 12/01/41 (UB)

Tennessee – 0.0%

155

The Tennessee Energy Acquisition Corporation, Gas Revenue Bonds, Series 2006C, 5.000%, 2/01/24
No Opt. Call
A
186,778

Texas – 4.4%

3,500

Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric
7/18 at 100.00
N/R
59,360

Company, Series 2001D, 8.250%, 5/01/33 (Alternative Minimum Tax) (6)

Central Texas Regional Mobility Authority, Revenue Bonds, Refunding Subordinate Lien

Series 2016:

1,300

5.000%, 1/01/33 (WI/DD, Settling 8/09/16)
1/26 at 100.00
BBB
1,558,544
1,350

5.000%, 1/01/34 (WI/DD, Settling 8/09/16)
1/26 at 100.00
BBB
1,613,507
2,095

5.000%, 1/01/35 (WI/DD, Settling 8/09/16)
1/26 at 100.00
BBB
2,488,588
150

Fort Bend County Industrial Development Corporation, Texas, Revenue Bonds, NRG Energy Inc.

11/22 at 100.00
Baa3
164,417

Project, Series 2012B, 4.750%, 11/01/42

250

Mission Economic Development Corporation, Texas, Revenue Bonds, Natgasoline Project, Series
10/18 at 103.00
BB–
267,240

2016B, 5.750%, 10/01/31 (Alternative Minimum Tax)

1,800

North Texas Tollway Authority, Special Projects System Revenue Bonds, Tender Option Bond Trust
9/21 at 100.00
AA+
3,563,820

11947, 23.081%, 9/01/41 (IF)

1,000

Red River Health Facilities Development Corporation, Texas, First Mortgage Revenue Bonds, Eden
12/21 at 100.00
N/R
885,860

Home Inc., Series 2012, 7.250%, 12/15/47 (6)

455

Texas Municipal Gas Acquisition and Supply Corporation I, Gas Supply Revenue Bonds, Senior
No Opt. Call
BBB+
578,555

Lien Series 2008D, 6.250%, 12/15/26

Texas Private Activity Bond Surface Transportation Corporation, Senior Lien Revenue Bonds,

Blueridge Transportation Group, LLC SH 288 Toll Lanes Project, Series 2016:

1,275

5.000%, 12/31/50 (Alternative Minimum Tax)
12/25 at 100.00
Baa3
1,489,697
805

5.000%, 12/31/55 (Alternative Minimum Tax)
12/25 at 100.00
Baa3
936,239
810

Texas Private Activity Bond Surface Transportation Corporation, Revenue Bonds, NTE Mobility
12/19 at 100.00
Baa2
962,191

Partners LLC North Tarrant Express Managed Lanes Project, Senior Lien Series 2009,

6.875%, 12/31/39

1,000

Texas Private Activity Bond Surface Transportation Corporation, Senior Lien Revenue Bonds, LBJ

6/20 at 100.00
Baa3
1,201,590

Infrastructure Group LLC IH-635 Managed Lanes Project, Series 2010, 7.000%, 6/30/34

1,500

Texas Public Finance Authority, Charter School Finance Corporation Revenue Bonds, Idea Public
8/17 at 100.00
BBB (5)
1,570,230

School Project, Series 2007A, 5.000%, 8/15/37 (Pre-refunded 8/15/17) – ACA Insured

17,290

Total Texas

17,339,838

Utah – 0.3%

1,000

Utah State Charter School Finance Authority, Charter School Revenue Bonds, Paradigm High
7/20 at 100.00
BB
1,070,310

School, Series 2010A, 6.250%, 7/15/30

Vermont – 0.7%

Vermont Educational and Health Buildings Financing Agency, Revenue Bonds, Vermont Law School

Project, Series 2011A:

1,000

6.125%, 1/01/28
1/21 at 100.00
N/R
1,060,520
1,760

6.250%, 1/01/33
1/21 at 100.00
N/R
1,860,091
2,760

Total Vermont

2,920,611

Virgin Islands – 0.4%

1,480

Virgin Islands Public Finance Authority, Gross Receipts Taxes Loan Note, Refunding Series
No Opt. Call
BBB+
1,492,254

2014C, 5.000%, 10/01/20

Virginia – 0.8%

2,000

Tobacco Settlement Financing Corporation of Virginia, Tobacco Settlement Asset Backed Bonds,
6/17 at 100.00
B–
1,954,960

Series 2007B1, 5.000%, 6/01/47

1,010

Virginia Small Business Financing Authority, Senior Lien Revenue Bonds, Elizabeth River
7/22 at 100.00
BBB
1,172,186

Crossing, Opco LLC Project, Series 2012, 5.500%, 1/01/42 (Alternative Minimum Tax)

3,010

Total Virginia

3,127,146

Washington – 2.0%

240

Tacoma Consolidated Local Improvement District 65, Washington, Special Assessment Bonds,
4/17 at 100.00
N/R
240,869

Series 2013, 5.750%, 4/01/43

2,000

Washington Health Care Facilities Authority, Revenue Bonds, Fred Hutchinson Cancer Research
1/21 at 100.00
A
2,267,500

Center, Series 2011A, 5.375%, 1/01/31

2,000

Washington State Health Care Facilities Authority, Revenue Bonds, Fred Hutchinson Cancer
7/19 at 100.00
A (5)
2,305,760

Research Center, Series 2009A, 6.000%, 1/01/33 (Pre-refunded 7/01/19)

1,000

Washington State Health Care Facilities Authority, Revenue Bonds, Group Health Cooperative of
12/16 at 100.00
AA
1,013,340

Puget Sound, Series 2006, 5.000%, 12/01/36 – RAAI Insured

2,000

Washington State Higher Education Facilities Authority, Revenue Bonds, Whitworth University,
10/19 at 100.00
Baa1
2,227,100

Series 2009, 5.625%, 10/01/40

7,240

Total Washington

8,054,569

West Virginia – 0.2%

750

West Virginia Hospital Finance Authority, Hospital Revenue Bonds, Thomas Health System, Inc.,
10/18 at 100.00
N/R
795,173

Series 2008, 6.500%, 10/01/38

Wisconsin – 10.3%

3,500

Oneida Tribe of Indians of Wisconsin, Retail Sales Revenue Bonds, Series 2011-144A,
2/19 at 102.00
AA–
3,986,430

6.500%, 2/01/31

2,905

Public Finance Authority of Wisconsin, Student Housing Revenue Bonds, Collegiate Housing
7/25 at 100.00
BBB–
3,303,944

Foundation – Cullowhee LLC – Western California University Project, Series 2015A, 5.000%, 7/01/35

1,000

Wisconsin Center District, Dedicated Tax Revenue Bonds, Refunding Senior Series 2003A,
No Opt. Call
AA
685,050

0.000%, 12/15/31

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Ascension Health,

Series 2016A:

10,000

5.000%, 11/15/35 (UB) (4)
5/26 at 100.00
AA+
12,345,500
5,000

5.000%, 11/15/36 (UB) (4)
5/26 at 100.00
AA+
6,143,200
3,000

5.000%, 11/15/39 (UB) (4)
5/26 at 100.00
AA+
3,674,160
1,000

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Beloit College, Series

6/20 at 100.00
Baa2
1,132,020

2010A, 6.000%, 6/01/30

500

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Beloit Health System,
4/20 at 100.00
A–
546,065

Inc., Series 2010B, 5.000%, 4/01/30

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert Community

Health, Inc. Obligated Group, Tender Option Bond Trust 2015-XF0118:

1,000

20.477%, 4/01/34 (IF) (4)
4/19 at 100.00
AA–
1,426,400
1,290

15.482%, 4/01/42 (IF) (4)
10/22 at 100.00
AA–
1,770,422
25

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Monroe Clinic Inc.,
8/25 at 100.00
A3
30,576

Refunding Series 2016, 5.000%, 2/15/28 (WI/DD, Settling 8/04/16)

1,090

Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Three Pillars Senior
8/23 at 100.00
A–
1,235,995

Living Communities, Refunding Series 2013, 5.000%, 8/15/43

2,500

Wisconsin State, General Fund Annual Appropriation Revenue Bonds, Tender Option Bond Trust
5/19 at 100.00
AA–
4,550,950

2016-XL0020, 30.518%, 5/01/36 (IF) (4)

32,810

Total Wisconsin

40,830,712

Wyoming – 0.7%

Wyoming Community Development Authority, Student Housing Revenue Bonds, CHF-Wyoming,

L.L.C. – University of Wyoming Project, Series 2011:

710

6.250%, 7/01/31
7/21 at 100.00
BBB
806,659
1,600

6.500%, 7/01/43
7/21 at 100.00
BBB
1,833,536
2,310

Total Wyoming

2,640,195
$ 373,135

Total Municipal Bonds (cost $368,679,462)

426,723,721

Shares

Description (1)

Value

COMMON STOCKS – 0.7%

Airlines – 0.7%

75,333

American Airlines Group Inc., (10)

$ 2,674,322

Total Common Stocks (cost $2,340,765)

2,674,322

Total Long-Term Investments (cost $371,020,227)

429,398,043

Principal

Optional Call

Amount (000)

Description (1)
Provisions (2)
Ratings (3)
Value

SHORT-TERM INVESTMENTS – 0.2%

MUNICIPAL BONDS – 0.2%

Illinois – 0.2%

$ 1,000

Chicago Board of Education, Illinois, General Obligation Bonds, Variable Rate Demand Obligations,
10/16 at 100.00

B+
$ 999,770

Dedicated Revenues Series 2011C-1, 0.960%, 3/01/32 (Mandatory put 3/01/16) (11)

Total Short-Term Investments (cost $996,250)

999,770

Total Investments (cost $372,016,477) – 109.0%

430,397,813

Floating Rate Obligations – (9.6)%

(37,720,000)

Other Assets Less Liabilities – 0.6%

2,098,059

Net Assets – 100%

$ 394,775,872

Fair Value Measurements

Fair value is defined as the price that would be received upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The following is a summary of the three-tiered hierarchy of valuation input levels.

Level 1 – Inputs are unadjusted and prices are determined using quoted prices in active markets for identical securities.

Level 2 – Prices are determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Prices are determined using significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risks associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of the end of the reporting period:

	Level 1	Level 2	Level 3	Total
Long-Term Investments:				
Municipal Bonds	$ —	$426,698,500	$25,221	$426,723,721
Common Stocks	2,674,322	—	—	2,674,322
Short-Term Investments:				
Municipal Bonds	—	999,770	—	999,770
Total	$2,674,322	$427,698,270	$25,221	$430,397,813

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing difference in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

As of July 31, 2016, the cost of investments was $333,302,111.

Gross unrealized appreciation and gross unrealized depreciation of investments as of July 31, 2016, were as follows:

Gross unrealized:	
Appreciation	$63,110,433
Depreciation	(3,734,344)
Net unrealized appreciation (depreciation) of investments	$59,376,089

(1) All percentages shown in the Portfolio of Investments are based on net assets.

(2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.

(3) For financial reporting purposes, the ratings disclosed are the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies.

Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

(4) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.

(5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.

(6) As of, or subsequent to, the end of the reporting period, this security is non-income producing. Non-income producing, in the case of a fixed-income security, generally denotes that the issuer has (1) defaulted on the payment of principal or interest, (2) is under the protection of the Federal Bankruptcy Court or (3) the Fund's Adviser has concluded that the issue is not likely to meet its future interest payment obligations and has ceased accruing additional income on the Fund's records.

(7) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board. For fair value measurement disclosure purposes, investment classified as Level 3.

(8) Step-up coupon. The rate shown is the coupon as of the end of the reporting period.

(9) On May 7, 2015, the Fund's Adviser determined it was unlikely that this borrower would fulfill its entire obligation on this security, and therefore reduced the security's interest rate of accrual from 5.250% to 2.100%.

(10) On November 28, 2011, AMR Corp. ("AMR"), the parent company of American Airlines Group, Inc. ("AAL") filed for federal bankruptcy protection. On December 9, 2013, AMR emerged from federal bankruptcy with the acceptance of its reorganization plan by the bankruptcy court. Under the settlement agreement established to meet AMR's unsecured bond obligations, the bondholders, including the Fund, received a distribution of AAL preferred stock which was converted to AAL common stock over a 120-day period. Every 30 days, a quarter of the preferred stock was converted to AAL common stock based on the 5-day volume-weighted average price and the amount of preferred shares tendered during the optional preferred conversion period.

(11) Investment has a maturity of greater than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect as of the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction.

(WI/DD) Investment, or portion of investment purchased on a when-issued or delayed delivery basis.

144A Investment is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These investments may only be resold in transactions exempt from registration, which are normally those transactions with qualified institutional buyers.

Item 2. Controls and Procedures.

a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Enhanced Municipal Value Fund

By (Signature and Title) /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date: September 29, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer (principal executive officer)

Date: September 29, 2016

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date: September 29, 2016