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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 17, 2008

**NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION**

(Exact name of registrant as specified in its charter)

District of Columbia
(state or other jurisdiction of
incorporation)

1-7102
(Commission
File Number)

52-0891669
(I.R.S. Employee
Identification No.)

**Woodland Park
2201 Cooperative Way
Herndon, VA**
(Address of principal executive offices)

20171-3025
(Zip Code)

Registrant's telephone number, including area code: **(703) 709-6700**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events.

On November 17, 2008, National Rural Utilities Cooperative Finance Corporation (the “Company”) filed a prospectus supplement with the Securities and Exchange Commission in connection with the establishment of a program through which the Company may issue and sell, from time to time, up to \$165,000,000 aggregate principal amount of its member capital securities (the “Securities”) to its voting members.

Copies of the Forms of Certificates for the Securities are filed hereto as Exhibits 4.1 and 4.2.

Item 9.01 Financial Statements and Exhibits.

The exhibits to this Current Report on Form 8-K are listed on the exhibit index, which appears elsewhere herein and is incorporated herein by reference.

SIGNATURES

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

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

By: /s/ Steven L. Lilly
Steven L. Lilly
Senior Vice President and Chief Financial Officer

Dated: November 17, 2008

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
4.1	Form of Certificate for the Fixed Rate Security.
4.2	Form of Certificate for the Floating Rate Security.
5.1	Opinion of Hogan & Hartson LLP regarding legality of the Securities.
8.1	Opinion of Hogan & Hartson LLP regarding certain tax matters in connection with the issuance and sale of the Securities.
23.1	Consent of Hogan & Hartson LLP (included in Exhibits 5.1 and 8.1).

MEMBER CAPITAL SECURITIES MAY NOT BE TRANSFERRED WITHOUT THE PRIOR WRITTEN CONSENT OF NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (“NATIONAL RURAL”) AND ONLY NATIONAL RURAL’S VOTING MEMBERS MAY PURCHASE AND HOLD THE MEMBER CAPITAL SECURITIES. ANY PURPORTED TRANSFER OF MEMBER CAPITAL SECURITIES WITHOUT NATIONAL RURAL’S PRIOR WRITTEN CONSENT WILL BE VOID AB INITIO.

Certificate No.:

PRINCIPAL AMOUNT:

MATURITY DATE:

ISSUE DATE:

INTEREST PAYMENT DATES:

REGULAR RECORD DATES:

INTEREST RESET DATES:

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
FLOATING RATE MEMBER CAPITAL SECURITIES

National Rural Utilities Cooperative Finance Corporation, a cooperative association duly organized and existing under the laws of the District of Columbia (herein referred to as the “Company”, which term includes any successor Person under the Indenture), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ on the Maturity Date set forth above and to pay interest thereon as set forth below, until the principal hereof is paid or made available for payment.

Interest on the member capital securities (the “Securities”) will be payable in arrears on the Interest Payment Dates set forth above of each year, and at maturity, commencing on _____, 20XX.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be payable to, as provided in such Indenture, the Person in whose name this Security is registered at the close of business on the Regular Record Dates set forth above of each year. Interest will be paid on such principal sum from the Maturity Date or from the most recent Interest Payment Date until the principal amount thereof becomes due and payable.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Name:
Title:

ATTEST:

CERTIFICATE OF AUTHENTICATION

Dated:

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Signatory

REVERSE OF SECURITY

This Security is one of a duly authorized issue of subordinated debt securities of the Company (the “member capital securities,” and herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of October 15, 1996, as amended (herein called the “Indenture”, which term shall have the meaning assigned to it in such instrument), between the Company and U.S. Bank National Association, as successor trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, which series is limited in aggregate principal amount to an amount not to exceed \$165,000,000.

The amount of interest payable on any Interest Payment Date shall be computed on the basis of the actual number of days in the applicable interest period divided by 360.

The Securities will bear interest for each interest period at a rate determined by the Calculation Agent, which shall initially be the Company, until such time as the Company appoints a successor calculation agent (herein called the “Calculation Agent”, which term includes any successor Calculation Agent). All calculations of the Calculation Agent, in the absence of manifest error, shall be conclusive for all purposes and binding on the Company, the Holders and the Trustee.

In the event that any date on which interest is payable on the Securities is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the following month, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

Any interest not punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the

Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner, as more fully provided in the Indenture referred to on the reverse hereof.

The interest rate on each Security will equal the interest rate calculated by reference to the specified interest rate formula set forth in an applicable pricing supplement plus or minus any Spread and/or multiplied by an Spread Multiplier. The applicable pricing supplement will designate one or more interest rate bases for the Security. The basis or bases will be determined by reference to the London Interbank Offered Rate ("LIBOR") or another interest rate basis or formula as set forth in the pricing supplement. A Security with a basis or bases determined by reference to LIBOR shall be a LIBOR Security. If a Security's basis is determined by reference to another interest rate, the Security shall be a Floating Rate Security.

The rate of interest on each Security will be reset according to the index maturity, as specified in the applicable pricing supplement. Unless specified otherwise in the applicable pricing supplement, the interest rate will be reset each Interest Reset Date. The Interest Reset Dates shall be as set forth on the front page hereof. The interest rate for the first interest period will be the initial interest rate set forth in the applicable pricing supplement. The interest rate for the ten calendar days immediately prior to the Security's maturity will be that in effect on the tenth calendar day preceding maturity, unless otherwise specified in an applicable pricing supplement.

If any Interest Reset Date would otherwise be a day that is not a business day, the Interest Reset Date shall be postponed to the next succeeding business day. For this purpose, "business day" shall mean (i) with respect to a LIBOR Security, any day on which dealings in deposits in United States dollars are transacted in the London interbank market, or, (ii) with respect to a Floating Rate Security, any week day other than a day on which banking institutions in the borough of Manhattan, city and state of New York are authorized by law to close.

The interest determination date pertaining to an Interest Reset Date for a LIBOR Security shall be the second London business day prior to that Interest Reset Date.

The interest rate on the Floating Rate Securities shall not exceed the maximum rate permitted by applicable law. Upon the request of a Holder, the Calculation Agent will

provide the interest rate which will become effective as a result of a determination made on the most recent interest determination date with respect to that Security. Unless otherwise specified in an applicable pricing supplement, the calculation date, if applicable, pertaining to any interest determination date will be the earlier of the tenth calendar day after such interest determination date, or, if such day is not a business day, the next succeeding business day or the business day preceding the applicable interest payment date or maturity.

LIBOR will be determined by the Calculation Agent in accordance with the following provisions:

With respect to any Interest Determination Date, LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the Interest Reset Date that appears on the designated LIBOR page as of 11:00 a.m., London time, in respect of that Interest Determination Date. If no rate appears at such time on an Interest Determination Date, LIBOR on such Interest Determination Date will be determined as follows:

The Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the calculation agent, to provide the Calculation Agent with its offered quotation for deposits in United States dollars for the period of three months, commencing on the Interest Reset Date, to prime banks in the London Interbank market at approximately 11:00 A.M., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in United States dollars in the market at the time. If at least two quotations are so provided, LIBOR on the Interest Determination Date will be the arithmetic mean of the quotations. If fewer than two quotations are so provided, LIBOR on the Interest Determination Date will be arithmetic mean of the rates quoted at approximately 11:00 A.M., New York City time, on the Interest Determination Date by three major banks in the City of New York selected by the Calculation Agent for loans in United States dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not providing quotations as provided above, LIBOR determined as of that Interest Determination Date will be LIBOR in effect on that Interest Determination Date.

The Calculation Agent will, upon the request of the holder of any Security, provide the interest rate then in effect.

Each Security will be issued in certificated form. Payment of the principal of and any interest on this Security payable at maturity or upon redemption will be made in immediately available funds at the office of the paying agent in the Borough of Manhattan, the City of New York. Payments in immediately available funds will be made only if the Security is presented to the paying agent in time for the paying agent to make payments in immediately available funds in accordance with normal procedures. Interest on the Securities will be paid by wire transfer in immediately available funds, but only if appropriate instructions have been received in writing by the paying agent on or prior to the applicable regular record date for the payment of interest. If no instructions have been received in writing by the paying agent, the funds will be paid by check mailed to the address of the person entitled to such interest.

The Securities of this series are subject to redemption upon not less than 30 nor more than 60 days' notice by mail, at any time on or after the date that is five years from the Issue Date set forth on the front of this Security, as a whole or in part, at the election of the Company, at a Redemption Price equal to 100% of the principal amount to be redeemed, together in the case of any such redemption with accrued interest to, but not including, the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holder of such Security, or one or more Predecessor Securities, of record at the close of business on the related Regular Record Date referred to on the face hereof, all as provided in the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The indebtedness evidenced by this Security is unsecured and subordinated and subject in right of payment to the prior payment in full of all Senior Indebtedness, which shall include all subordinated indebtedness of the Company that may be held by or transferred to non-members of the Company, and this Security is issued subject to the provisions of the Indenture with respect thereto. The Securities of this series will rank pari passu to the Company's member subordinated certificates and unretired patronage capital. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his

attorney-in-fact for any and all such purposes. Each Holder hereof, by his acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of such Senior Indebtedness, whether now outstanding or hereafter incurred, and waives reliance by each such Holder upon said provisions.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

In addition to the events of default set forth in the Indenture, the following will constitute an Event of Default under the Indenture with respect to the Securities: the Company shall pay any dividend or interest on, or principal of, or redeem, purchase, acquire, retire or make a liquidation payment with respect to, any Members' Subordinated Certificates, Members' Equity or patronage capital, if such payment is made during an Extension Period, and either (i) such Extension Period has not expired or been terminated or (ii) the Company has not made all payments due on the Securities as a result of such expiration or termination.

No payment will be made in respect of the Securities if, at the time of such payment or immediately after giving effect thereto, (i) there exists a default by the Company in the payment of principal or mandatory prepayments or premium, if any, of sinking funds or interest on any senior or subordinated indebtedness (as defined in the instrument under which the same is outstanding) of the Company, or (ii) there shall have occurred an event of default (other than a default in the payment of principal, premium, if any, mandatory prepayments, sinking funds or interest) with respect to any senior or subordinated indebtedness as defined in the instrument under which the same is outstanding permitting the holders thereof (or of the indebtedness secured thereby) to accelerate the maturity thereof (or of the indebtedness secured thereby), and such event of default shall not have been cured or waived or shall not have ceased to exist.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority

in aggregate principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 33 1/3% in aggregate principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

The Company may at its option at any time and from time to time during the term of the Securities of this series defer the interest payment period for a period not exceeding 10 consecutive semi-annual interest payments (or an equivalent period of quarterly or other interest payment periods) (a "Deferral Period"), and at the end of such Deferral Period, the Company shall pay all interest then accrued and unpaid (together with interest thereon at the same rate as specified for the Securities of this series to the extent permitted by

applicable law) through the last day of such Deferral Period, provided that if any principal amount of this Security is paid on such day, then not including interest for such day with respect to such principal amount; provided, that during such Deferral Period the Company may not declare or pay any dividend or interest on, or principal of, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its Members' Subordinated Certificates, Members' Equity or patronage capital. Prior to the termination of any such Deferral Period, the Company may further defer the payment of interest, provided that such Deferral Period, together with all such previous and further deferrals thereof, may not exceed 10 consecutive semi-annual interest payment periods (or an equivalent period of quarterly or other interest payment periods) or extend beyond the Stated Maturity of the Securities of this series. Upon the termination of any such Deferral Period and the payment of all amounts then due, the Company may elect a new Deferral Period, subject to the above conditions. No interest during a Deferral Period, except at the end thereof, shall be due and payable. The Company shall give the Holder of this Security notice of its intent to defer payment of interest in writing at least ten business days before the earlier of (i) the next interest payment due date and (ii) the date CFC is required to give notice to holders of the Securities of the record or payment date for such interest payment.

The Securities of this series are issuable only in registered form without coupons and in minimum denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor and of authorized denominations, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the absolute owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities may not be transferred without the Company's prior written consent and only the Company's voting members may purchase and hold the securities. Any purported transfer of the Securities without the Company's prior written consent will be void *ab initio*.

The following terms shall have the following meanings:

A “Business Day” is any week day other than a day on which banking institutions in the borough of Manhattan, city and state of New York are authorized by law to close or on which the Company is closed.

The “designated LIBOR page” is the Reuters screen “LIBOR01”, or any successor service for the purpose of displaying the London interbank rates of major banks for U.S. dollars. The Reuters screen “LIBOR01” is the display designated as the Reuters screen “LIBOR01”, or such other page as may replace the Reuters screen “LIBOR01” on that service or such other service or services as may be denominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits.

The “Spread” is the number of basis points specified in the applicable pricing supplement as applying to the interest rate for the Security.

The “Spread Multiplier” is the percentage specified in the applicable pricing supplement as applying to the interest rate for the Security.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

MEMBER CAPITAL SECURITIES MAY NOT BE TRANSFERRED WITHOUT THE PRIOR WRITTEN CONSENT OF NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (“NATIONAL RURAL”) AND ONLY NATIONAL RURAL’S VOTING MEMBERS MAY PURCHASE AND HOLD THE MEMBER CAPITAL SECURITIES. ANY PURPORTED TRANSFER OF MEMBER CAPITAL SECURITIES WITHOUT NATIONAL RURAL’S PRIOR WRITTEN CONSENT WILL BE VOID AB INITIO.

Certificate No.:

PRINCIPAL AMOUNT:

INTEREST RATE:

MATURITY DATE:

ISSUE DATE:

INTEREST PAYMENT DATES:

REGULAR RECORD DATES:

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
MEMBER CAPITAL SECURITIES

National Rural Utilities Cooperative Finance Corporation, a cooperative association duly organized and existing under the laws of the District of Columbia (herein referred to as the “Company”, which term includes any successor Person under the Indenture), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ on the Maturity Date set forth above and to pay interest thereon as set forth below, until the principal hereof is paid or made available for payment.

Interest on the member capital securities (the “Securities”) will be payable in arrears on the Interest Payment Dates set forth above of each year, and at maturity, commencing on _____, 20XX, at the rate of []% per annum.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be payable to, as provided in such Indenture, the Person in whose name this Security is registered at the close of business on the Regular Record Dates set forth above of each year. Interest will be paid on such principal sum from the Maturity Date or from the most recent Interest Payment Date until the principal amount thereof becomes due and payable.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Name:
Title:

ATTEST:

CERTIFICATE OF AUTHENTICATION

Dated:

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Signatory

REVERSE OF SECURITY

This Security is one of a duly authorized issue of subordinated debt securities of the Company (the “member capital securities,” and, herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of October 15, 1996, as amended (herein called the “Indenture”, which term shall have the meaning assigned to it in such instrument), between the Company and U.S. Bank National Association, as successor trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, which series is limited in aggregate principal amount to an amount not to exceed \$165,000,000.

The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months.

In the event that any date on which interest is payable on the Securities is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the following month, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. A “Business Day” is any week day other than a day on which banking institutions in the borough of Manhattan, city and state of New York are authorized by law to close or on which the Company is closed.

Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner,

as more fully provided in the Indenture referred to on the reverse hereof.

Each Security will be issued in certificated form. Payment of the principal of and any interest on this Security payable at maturity or upon redemption will be made in immediately available funds at the office of the paying agent in the Borough of Manhattan, the City of New York. Payments in immediately available funds will be made only if the Security is presented to the paying agent in time for the paying agent to make payments in immediately available funds in accordance with normal procedures. Interest on the Security will be paid by wire transfer in immediately available funds, but only if appropriate instructions have been received in writing by the paying agent on or prior to the applicable regular record date for the payment of interest. If no instructions have been received in writing by the paying agent, the funds will be paid by check mailed to the address of the person entitled to such interest.

The Securities of this series are subject to redemption upon not less than 30 nor more than 60 days' notice by mail, at any time on or after the date that is five years from the Issue Date set forth on the front of this Security, as a whole or in part, at the election of the Company, at a Redemption Price equal to 100% of the principal amount to be redeemed, together in the case of any such redemption with accrued interest to, but not including, the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holder of such Security, or one or more Predecessor Securities, of record at the close of business on the related Regular Record Date referred to on the face hereof, all as provided in the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The indebtedness evidenced by this Security is unsecured and subordinated and subject in right of payment to the prior payment in full of all Senior Indebtedness, which shall include all subordinated indebtedness of the Company that may be held by or transferred to non-members of the Company, and this Security is issued subject to the provisions of the Indenture with respect thereto. The Securities of this series will rank pari passu to the Company's member subordinated certificates and unretired patronage capital. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and

directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes. Each Holder hereof, by his acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of such Senior Indebtedness, whether now outstanding or hereafter incurred, and waives reliance by each such Holder upon said provisions.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

In addition to the events of default set forth in the Indenture, the following will constitute an Event of Default under the Indenture with respect to the Securities: the Company shall pay any dividend or interest on, or principal of, or redeem, purchase, acquire, retire or make a liquidation payment with respect to, any Members' Subordinated Certificates, Members' Equity or patronage capital, if such payment is made during an Extension Period, and either (i) such Extension Period has not expired or been terminated or (ii) the Company has not made all payments due on the Securities as a result of such expiration or termination.

No payment will be made in respect of the Securities if, at the time of such payment or immediately after giving effect thereto, (i) there exists a default by the Company in the payment of principal or mandatory prepayments or premium, if any, of sinking funds or interest on any senior or subordinated indebtedness (as defined in the instrument under which the same is outstanding) of the Company, or (ii) there shall have occurred an event of default (other than a default in the payment of principal, premium, if any, mandatory prepayments, sinking funds or interest) with respect to any senior or subordinated indebtedness as defined in the instrument under which the same is outstanding permitting the holders thereof (or of the indebtedness secured thereby) to accelerate the maturity thereof (or of the indebtedness secured thereby), and such event of default shall not have been cured or waived or shall not have ceased to exist.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the

rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 33 1/3% in aggregate principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

The Company may at its option at any time and from time to time during the term of the Securities of this series defer the interest payment period for a period not exceeding 10 consecutive semi-annual interest payments (or an equivalent period of quarterly or other interest payment periods) (a "Deferral Period"), and at the end of such Deferral

Period, the Company shall pay all interest then accrued and unpaid (together with interest thereon at the same rate as specified for the Securities of this series to the extent permitted by applicable law) through the last day of such Deferral Period, provided that if any principal amount of this Security is paid on such day, then not including interest for such day with respect to such principal amount; provided, that during such Deferral Period the Company may not declare or pay any dividend or interest on, or principal of, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its Members' Subordinated Certificates, Members' Equity or patronage capital. Prior to the termination of any such Deferral Period, the Company may further defer the payment of interest, provided that such Deferral Period, together with all such previous and further deferrals thereof, may not exceed 10 consecutive semi-annual interest payment periods (or an equivalent period of quarterly or other interest payment periods) or extend beyond the Stated Maturity of the Securities of this series. Upon the termination of any such Deferral Period and the payment of all amounts then due, the Company may elect a new Deferral Period, subject to the above conditions. No interest during a Deferral Period, except at the end thereof, shall be due and payable. The Company shall give the Holder of this Security notice of its intent to defer payment of interest in writing at least ten business days before the earlier of (i) the next interest payment due date and (ii) the date CFC is required to give notice to holders of the Securities of the record or payment date for such interest payment.

The Securities of this series are issuable only in registered form without coupons and in minimum denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor and of authorized denominations, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the absolute owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities may not be transferred without the Company's prior written consent and only the Company's voting members may purchase and hold the securities. Any

purported transfer of the Securities without the Company's prior written consent will be void *ab initio*.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

November 17, 2008

Board of Directors
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025

Ladies and Gentlemen:

We are acting as counsel to National Rural Utilities Cooperative Finance Corporation, a District of Columbia cooperative association (the “**Company**”), in connection with its Registration Statement on Form S-3, Registration No. 333-115248 (the “**Registration Statement**”), filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “**Act**”), relating to the offering of up to \$165,000,000 in aggregate amount of the Company’s member capital securities (the “**Securities**”). This opinion letter is furnished to you at your request to enable you to fulfill the requirements of Item 601(b)(5) of Regulation S-K, 17 C.F.R. § 229.601(b)(5), in connection with the Registration Statement.

For purposes of this opinion letter, we have examined copies of such agreements, instruments and documents as we have deemed an appropriate basis on which to render the opinions hereinafter expressed. In our examination of the aforesaid documents, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents, and the conformity to authentic original documents of all documents submitted to us as copies (including telecopies). As to all matters of fact, we have relied on the representations and statements of fact made in the documents so reviewed, and we have not independently established the facts so relied on. This opinion letter is given, and all statements herein are made, in the context of the foregoing.

This opinion letter is based as to matters of law solely on applicable provisions of the following, as currently in effect: (i) the District of Columbia Cooperative Association Act, as amended (the “**Cooperative Association Act**”) and (ii) the laws of the State of New York (but not including any laws, statutes, ordinances, administrative decisions, rules or regulations of any political subdivision below the state level). We express no opinion herein as to any other laws, statutes, ordinances, rules or regulations. As used herein, the term “Cooperative Association Act” includes the statutory provisions contained therein, all applicable provisions of the District of Columbia Constitution and reported judicial decisions interpreting these laws.

For the purposes of this opinion letter, we have assumed that (i) U.S. Bank National Association, as trustee (the “**Trustee**”) has all requisite power and

authority under all applicable laws, regulations and governing documents to execute, deliver and perform its obligations under the Indenture dated as of October 15, 1996 (the “**Indenture**”) between the Company and the Trustee and has complied with all legal requirements pertaining to its status as such status relates to the Trustee’s right to enforce the Indenture against the Company, (ii) the Trustee has duly authorized, executed and delivered the Indenture, (iii) the Trustee is validly existing and in good standing in all necessary jurisdictions, (iv) the Indenture constitutes a valid and binding obligation, enforceable against the Trustee in accordance with its terms, (v) there has been no mutual mistake of fact or misunderstanding or fraud, duress or undue influence in connection with the negotiation, execution or delivery of the Indenture, and the conduct of the Trustee has complied with any requirements of good faith, fair dealing and conscionability, (vi) at the time of offer, issuance and sale of any Securities, the Registration Statement will have been declared effective under the Act and no stop order suspending its effectiveness will have been issued and remain in effect and (vii) there are and have been no agreements or understandings among the parties, written or oral, and there is and has been no usage of trade or course of prior dealing among the parties that would, in either case, define, supplement or qualify the terms of the Indenture. We also have assumed the validity and constitutionality of each relevant statute, rule, regulation and agency action covered by this opinion letter.

Based upon, subject to and limited by the foregoing, we are of the opinion that, following (i) receipt by the Company of the consideration for the Securities specified in applicable resolutions of the Board of Directors of the Company and (ii) the due execution, authentication, issuance and delivery of the Securities pursuant to the terms of the Indenture, the Securities will constitute valid and binding obligations of the Company.

This opinion letter has been prepared for your use in connection with the filing by the Company of a Current Report on Form 8-K on the date hereof, which Form 8-K will be incorporated by reference into the Registration Statement and speaks as of the date hereof. We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter.

In addition to the qualifications, exceptions and limitations elsewhere set forth in this opinion letter, our opinion expressed above is also subject to the effect of: (a) bankruptcy, insolvency, reorganization, receivership, moratorium and other laws affecting creditors’ rights (including, without limitation, the effect of statutory and other law regarding fraudulent conveyances, fraudulent transfers and preferential transfers), and (b) the exercise of judicial discretion and the application of principles of equity, good faith, fair dealing, reasonableness, conscionability and materiality (regardless of whether the applicable agreements are considered in a proceeding in equity or at law).

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the above-described Form 8-K and to the reference to this firm under the caption “Legal Matters” in the Prospectus and the Prospectus Supplement, each of which constitutes a part of the Registration Statement. In giving this consent, we do not thereby admit that we are an “expert” within the meaning of the Act.

Very truly yours,

/s/ HOGAN & HARTSON LLP

November 17, 2008

Board of Directors
National Rural Utilities Cooperative Finance Corporation
Woodland Park
2201 Cooperative Way
Herndon, VA 20171

Ladies and Gentlemen:

We are acting as counsel to National Rural Utilities Cooperative Finance Corporation, a District of Columbia cooperative association (the "Company"), in connection with its registration statement on Form S-3 (No. 333-115248) (the "Registration Statement"), filed with the Securities and Exchange Commission, relating to the offering of member capital securities of the Company that may be offered and sold by the Company from time to time as set forth in the prospectus dated May 24, 2004 (the "Prospectus"), and as may be set forth from time to time in one or more supplements to the Prospectus. This opinion letter is rendered in connection with the proposed offering of up to \$165,000,000 aggregate principal amount of the Company's member capital securities (the "Bonds"), as described in a prospectus supplement dated November 17, 2008 (the "Prospectus Supplement"). This opinion letter is furnished to you at your request to enable you to fulfill the requirements of Item 601(b)(8) of Regulation S-K, 17 C.F.R. §229.601(b)(8), in connection with the Registration Statement. Capitalized terms used in this letter and not otherwise defined herein shall have the meanings set forth in the Prospectus Supplement.

This opinion letter is based as to matters of law solely on the Internal Revenue Code of 1986, as amended, its legislative history, judicial authority, current administrative rulings and practice, and existing and proposed Treasury Regulations, all as in effect and existing on the date hereof (collectively, "federal income tax laws"). These provisions and interpretations are subject to changes, which may or may not be retroactive in effect, that might result in material modifications of our opinion. We express no opinion herein as to any other laws, statutes, regulations, or ordinances. Our opinion does not foreclose the possibility of a contrary determination by the Internal Revenue Service (the "IRS") or a court of competent jurisdiction, or of a contrary position by the IRS or the Treasury Department in regulations or rulings issued in the future. In this regard, although we believe that our opinion set forth herein will be sustained if challenged, an opinion of counsel with respect to an issue is not binding on the IRS or the courts,

and is not a guarantee that the IRS will not assert a contrary position with respect to such issue or that a court will not sustain such a position asserted by the IRS.

In rendering the following opinion, we have examined such statutes, regulations, records, certificates and other documents as we have considered necessary or appropriate as a basis for such opinion, including (but not limited to) the following: (i) an executed copy of the Registration Statement; (ii) the Prospectus and the Prospectus Supplement; (iii) a specimen copy of each of the Bonds; and (iv) an executed copy of the Indenture, dated as of October 15, 1996, between the Company and U.S. Bank National Association, as trustee.

In our review, we have assumed that all of the representations and statements set forth in such documents are true and correct, and all of the obligations imposed by any such documents on the parties thereto have been and will continue to be performed or satisfied in accordance with their terms. We also have assumed the genuineness of all signatures, the proper execution of all documents, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents, and the conformity to authentic original documents of all documents submitted to us as copies (including telecopies). This opinion letter is given, and all statements herein are made, in the context of the foregoing.

For purposes of rendering our opinion, we have not made an independent investigation of the facts set forth in any of the above-referenced documents, including the Prospectus and the Prospectus Supplement. We have consequently relied upon representations and information presented in such documents.

Based upon, and subject to, the foregoing, we are of the opinion that the discussion in the Prospectus Supplement under the heading "Certain United States Federal Income Tax Consequences," to the extent that it describes provisions of federal income tax law, is correct in all material respects as of the date hereof.

We assume no obligation to advise you of any changes in the foregoing subsequent to the effective date of the Registration Statement. This opinion letter has been prepared solely for your use in connection with the filing of a Current Report on Form 8-K on the date of this opinion letter in connection with the issuance and sale of the Bonds, incorporated by reference in the Registration Statement, and should not be quoted in whole or in part or otherwise referred to, nor filed with or furnished to, any other governmental agency or other person or entity without the prior written consent of this firm.

We hereby consent to the filing of this opinion as an exhibit to Company's Form 8-K and the incorporation hereof into the Registration Statement. In giving

such consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended.

Very truly yours,

/s/ HOGAN & HARTSON L.L.P.