



National Rural Utilities
Cooperative Finance Corporation

CFC Update

REMA Minnesota & Wisconsin Financial Managers

April 14, 2011 | Bloomington, MN



Today we'll go over:

- **Innovative Ways of Delivering Credit to Members**
 - ✓ Credit Facility with Farmer Mac
 - ✓ Recent Bank Syndications
 - ✓ Collateral Trust Bond Sales
 - ✓ Member Investments
 - ✓ Bank Line Renewals
- **2011 CFC Annual Meeting**
- **Contributions to the Cooperative Network**



Farmer Mac

CFC entered into a five-year, \$1.5 billion credit facility with Farmer Mac in January.

- Can borrow, repay and re-borrow up to that limit through Jan. 2016.
- This is in addition to existing note purchase and whole loan sale agreements between the two organizations.
- Have been working together since 2005.





Recent Bank Syndications

CFC is diversifying funding sources through bank syndications.

- CFC works with members to find a group of financial institutions that will pool resources.

Syndications difficult when capital market was in turmoil.

- More opportunities are now available.
- Bankers look to CFC as an expert that can help find financing opportunities with electric co-op borrowers.



Collateral Trust Bond Sales

CFC has secured funds for members by selling three- and five-year CTBs.

- CFC sold \$950 million in CTBs over two sales (Nov. & Jan.)
- In November, the CTBs sold at yields that were the fifth-lowest in history for bonds of similar maturities.

Response from investors shows:

- Confidence in CFC
- Confidence in the strength of electric cooperatives



Member Investments

**A key source of strength is our members
and the investments you've made in CFC.**

- Member Capital Securities, capital term certificates, other member investments made up \$4 billion (21 percent of funding) as of Nov.
- Figure has grown by nearly \$1 billion over the past five years.



Member Investments

Rating agencies recognized strong member support:

- Standard & Poor's improved outlook to "stable"
- Moody's affirmed outlook as "stable"
- Helps CFC achieve favorable pricing when issuing bonds.





New Line of Credit

In March, CFC closed on a new \$1.1 billion three-year line of credit.

- Syndicate of 22 participating banks
- Range of lenders contributes to diversity of CFC's funding sources.
- When added to two other existing lines of credit, the commitment totals nearly \$3.6 billion from 30 different financial institutions.



Three Credit Facilities, 30 banks in 19 cities...





CFC 2011 Annual Meeting

Delegates voted to amend CFC's bylaws, allowing members to vote by mail or in person at CFC meetings.

- Change was requested by CFC members.
- Change was unanimously supported by the CFC Board of Directors.
- Will give members a voice regardless of presence at meetings.
- Is a best practice for cooperatives seeking to ensure all members have the fullest opportunity to participate.



CFC Contributions to Co-op Network

Every year, CFC provides hundreds of thousands of dollars to help support the educational needs of our network. This year's total exceeds \$2.3 million:

Annual Contributions:

- Cooperative.com support: \$400,000
- Education Fund: \$600,000
- Youth Education programs (from NCSC): \$72,000



New CFC Website

CFC launched its new website in June

Developed over the past year to bring together fresh look and helpful member-exclusive resources





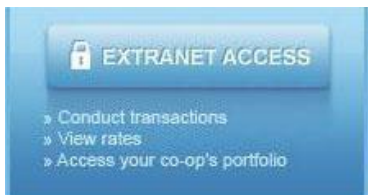
New CFC Website

Two main buttons on home page (www.nrucfc.coop)



Member Website

Provides members-only access to new resources like secure event registration, publications and presentations. **First-time users will be asked to create a new user account.**



Extranet

Log in as usual to conduct transactions, view rates and access your cooperative's portfolio.

Phase two of the project will streamline login process with one single login username and password for Extranet and Member Website



National Rural Utilities
Cooperative Finance Corporation

Member Website

- About CFC
- Products and Services
- Events and Training
- Investors Relations
- News and Analysis
- Publications and Resources
- Members



Members – CFC Library

- Business Plan Primer
- Capital Credits Report
- Carbon Capture
- CFC 2010 Board of Directors
- Financial Best Practices
- Consolidation or Merger
- Key Ratio Trend Analysis
- Member Resource Guide
- Rate Strategies
- Setting Rates
- Business Planning
- Business Continuity



CFC and NRECA Rate Guide

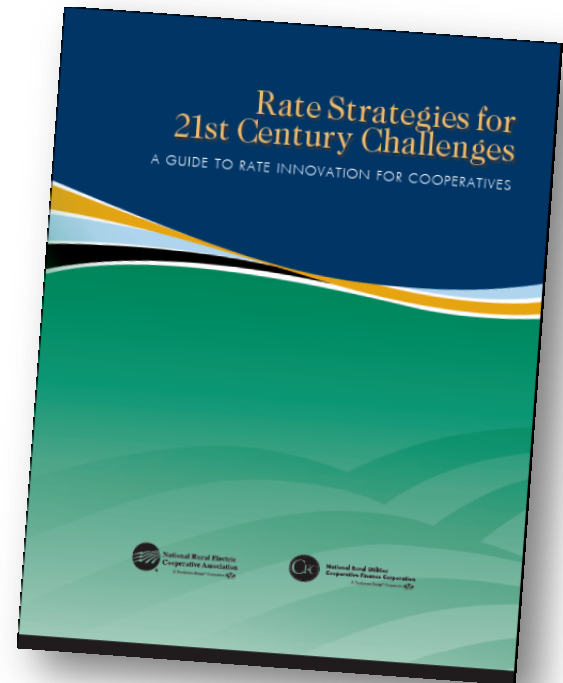
The full guide is now available in multiple formats:

PDF available for download:

www.Cooperative.com/RateDesign

Hard copies mailed to each
co-op manager in June

Additional printed copies available
upon request





New Headquarters Building

Construction of new CFC headquarters building in Dulles, Virginia, is moving along due to dry weather

- Labor Day 2011 set as a tentative move-in date
- By occupying the new building CFC will lower its costs



Building is on track to receive LEED Gold certification for construction and design





Key Ratio Trend Analysis - KRTAs

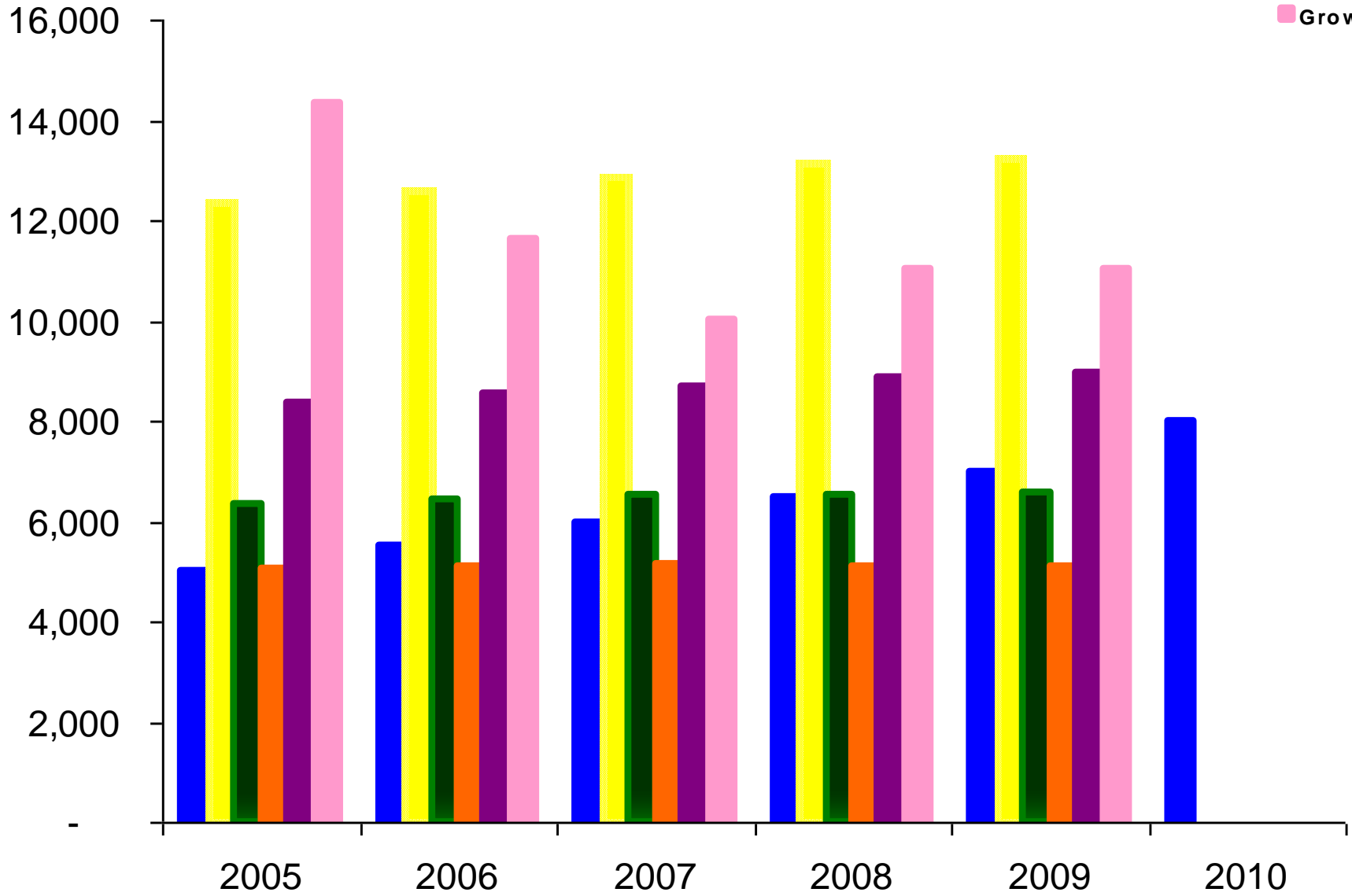
- Usually Available Late July – Early August
- 145 Ratios
- 10 Categories of Ratios
- Which Ratios to Use?



RATIO 1 --- AVERAGE TOTAL CONSUMERS SERVED

ABC Cooperative (MN999)

- M N999
- US Total
- State
- Size
- Supplier
- Growth

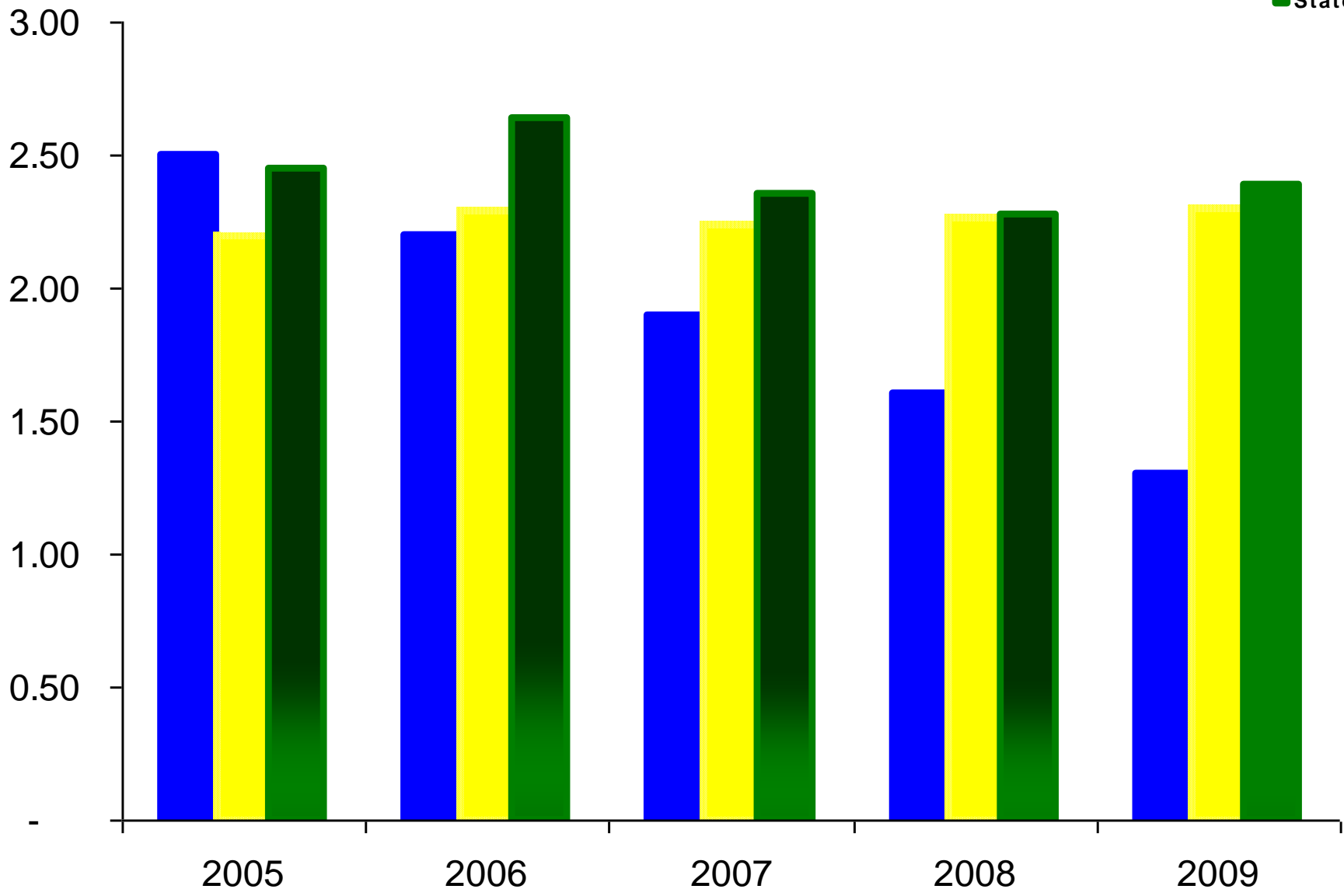




RATIO 6 --- TIER

ABC Cooperative (MN999)

- MN999
- US Total
- State

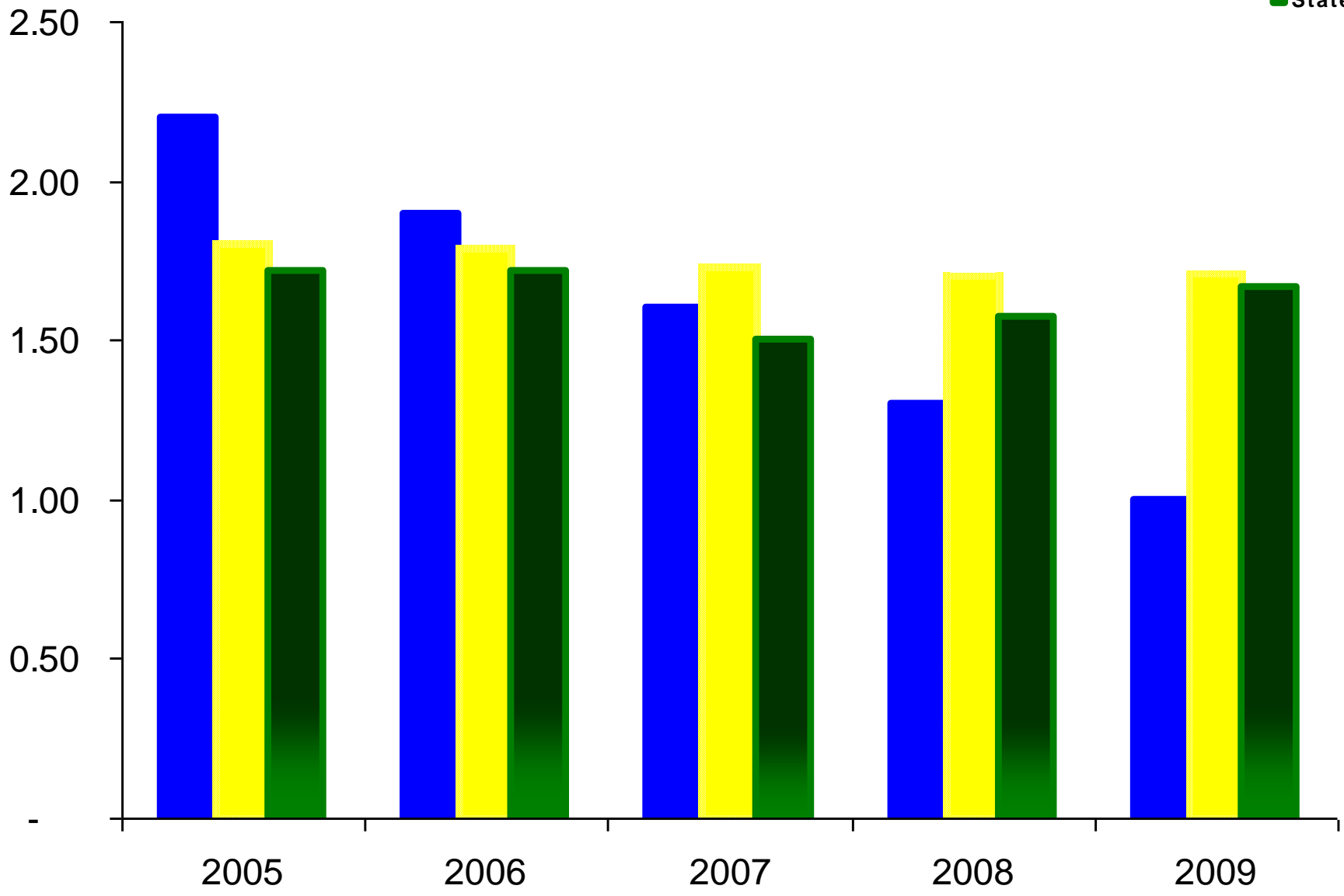




RATIO 8 --- OTIER

ABC Cooperative (MN999)

- MN999
- US Total
- State

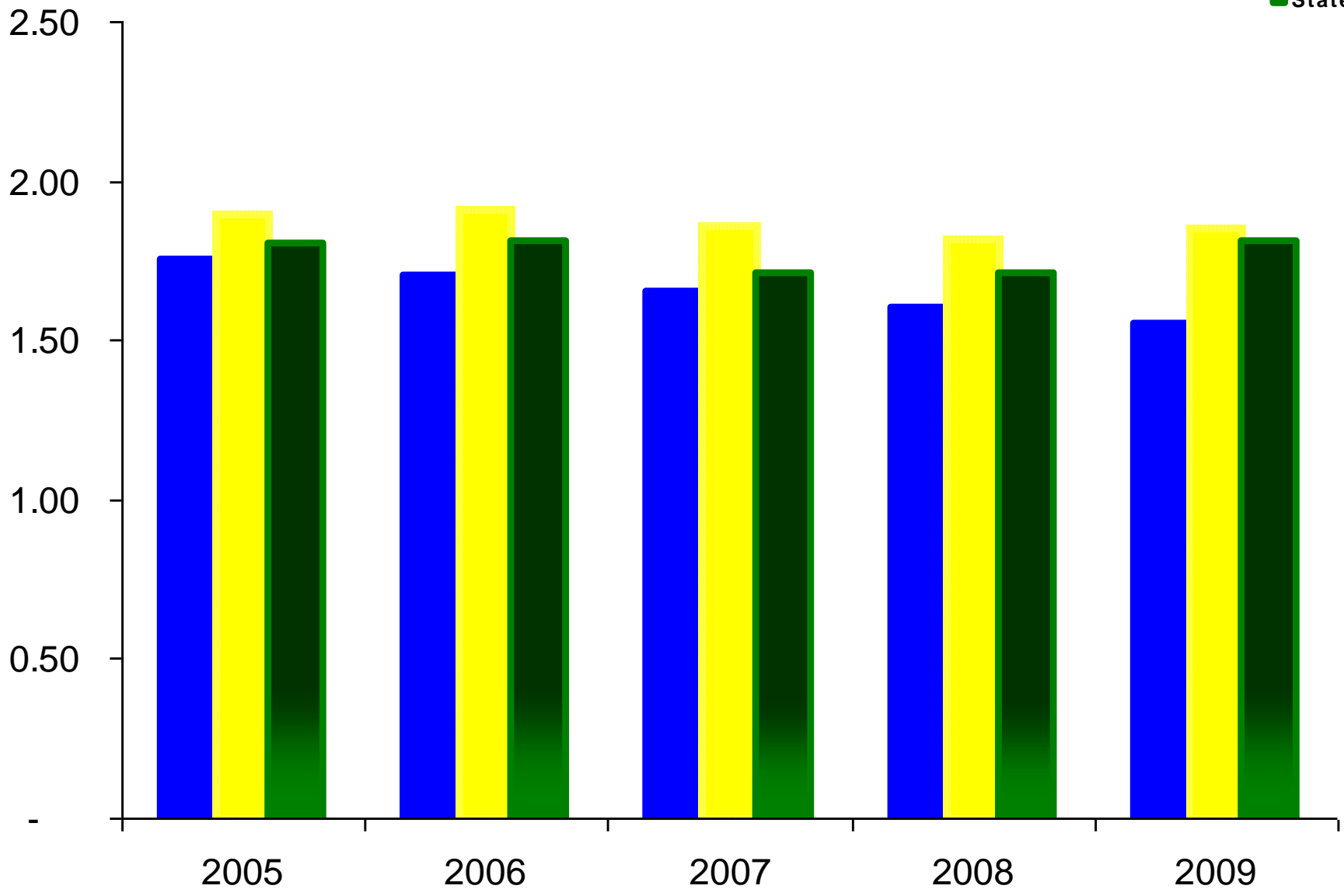




RATIO 10 --- MODIFIED DSC (MDSC)

ABC Cooperative (MN999)

- MN999
- US Total
- State

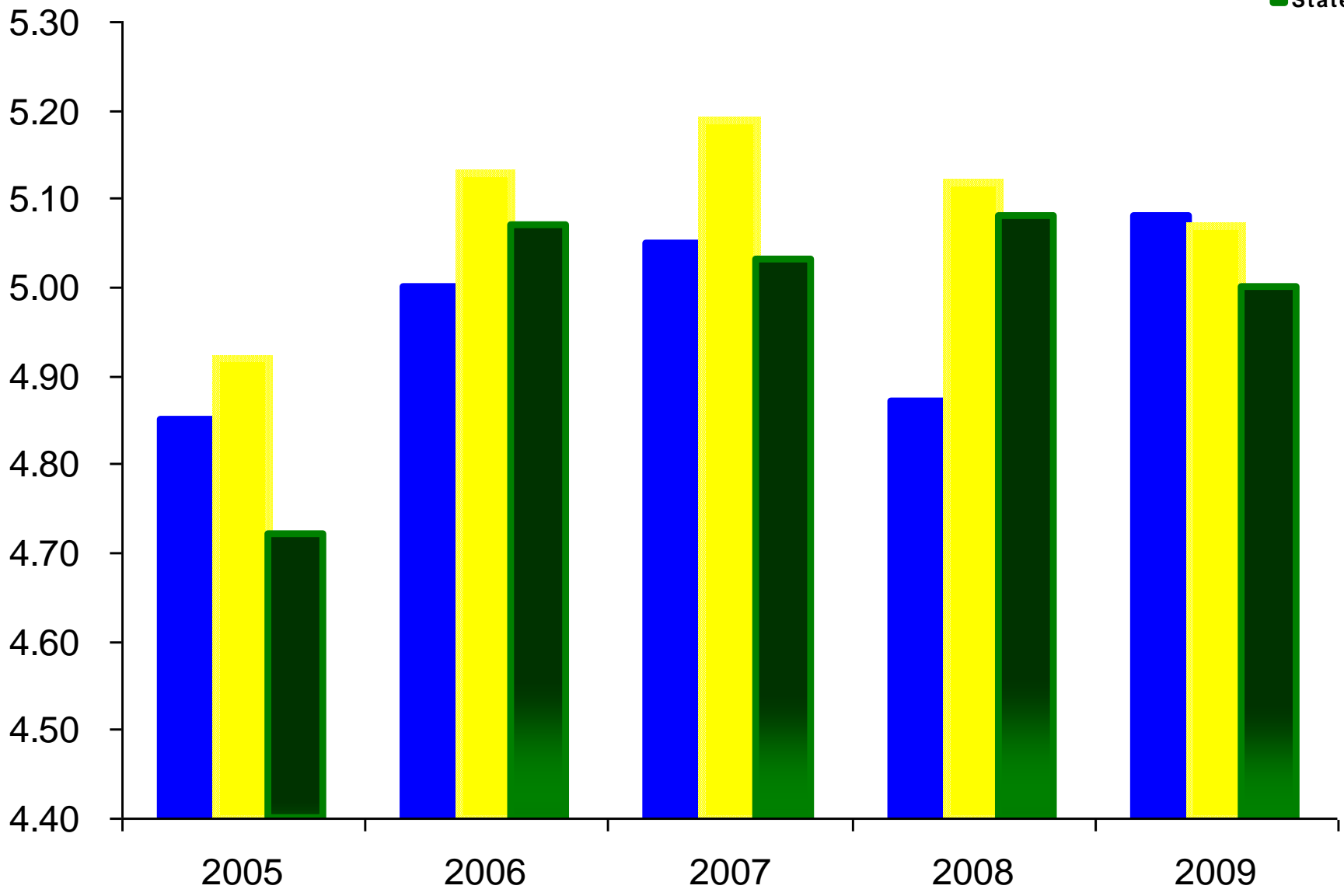




RATIO 23 -- BLENDED INTEREST RATE (%)

ABC Cooperative (MN999)

- MN999
- US Total
- State

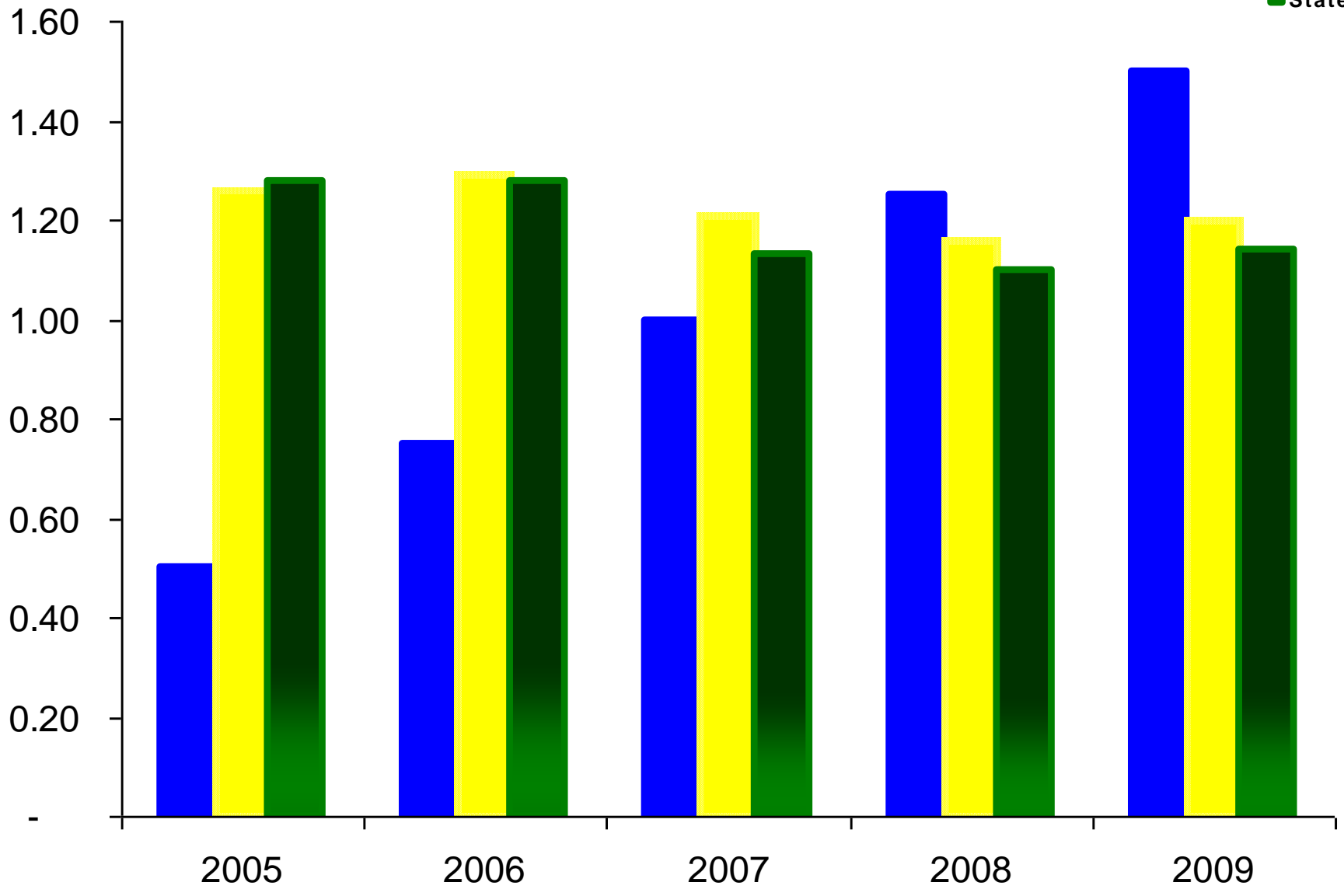




RATIO 29 -- CURRENT RATIO

ABC Cooperative (MN999)

- MN999
- US Total
- State

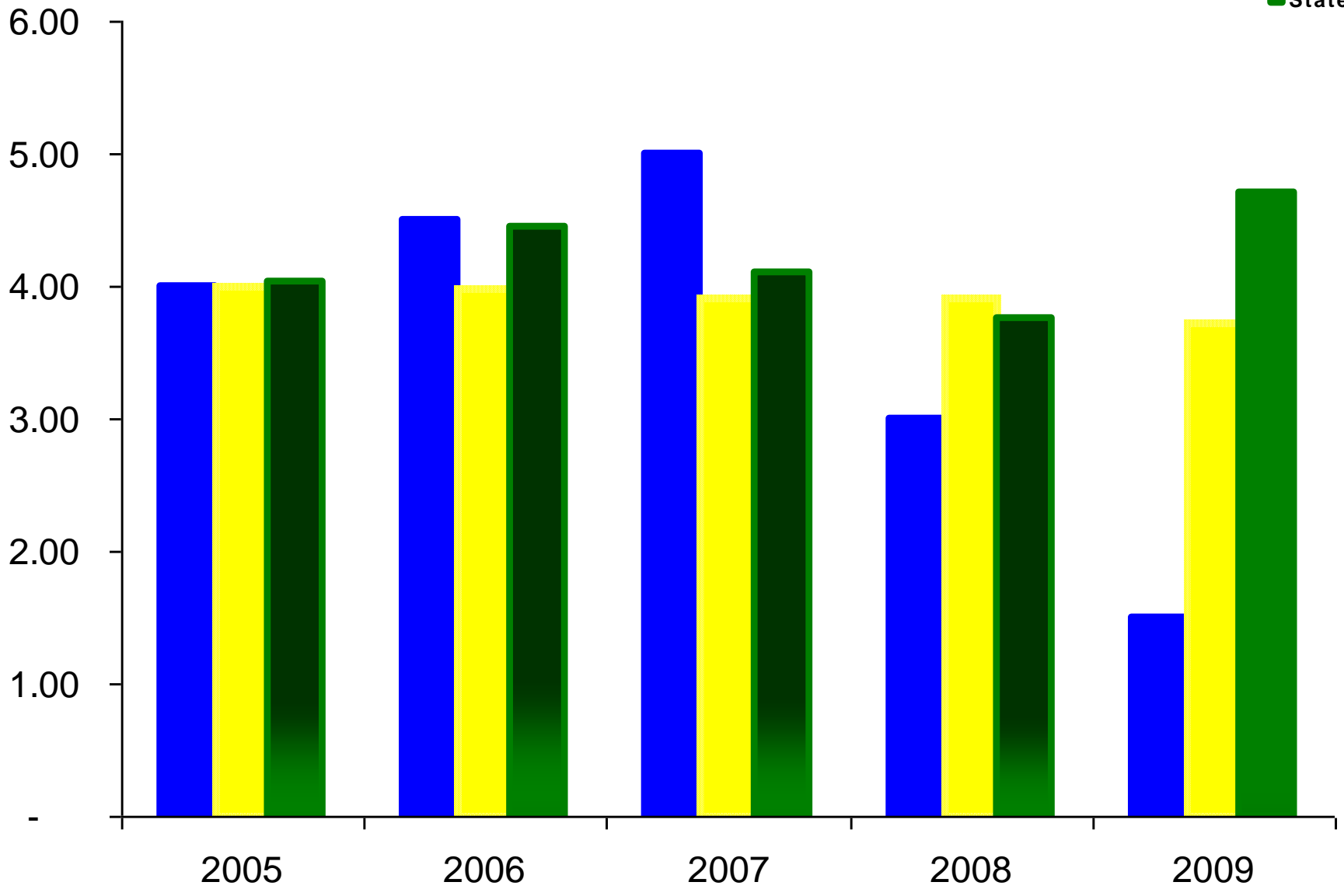




RATIO 30 -- GENERAL FUNDS PER TUP (%)

ABC Cooperative (MN999)

- MN999
- US Total
- State

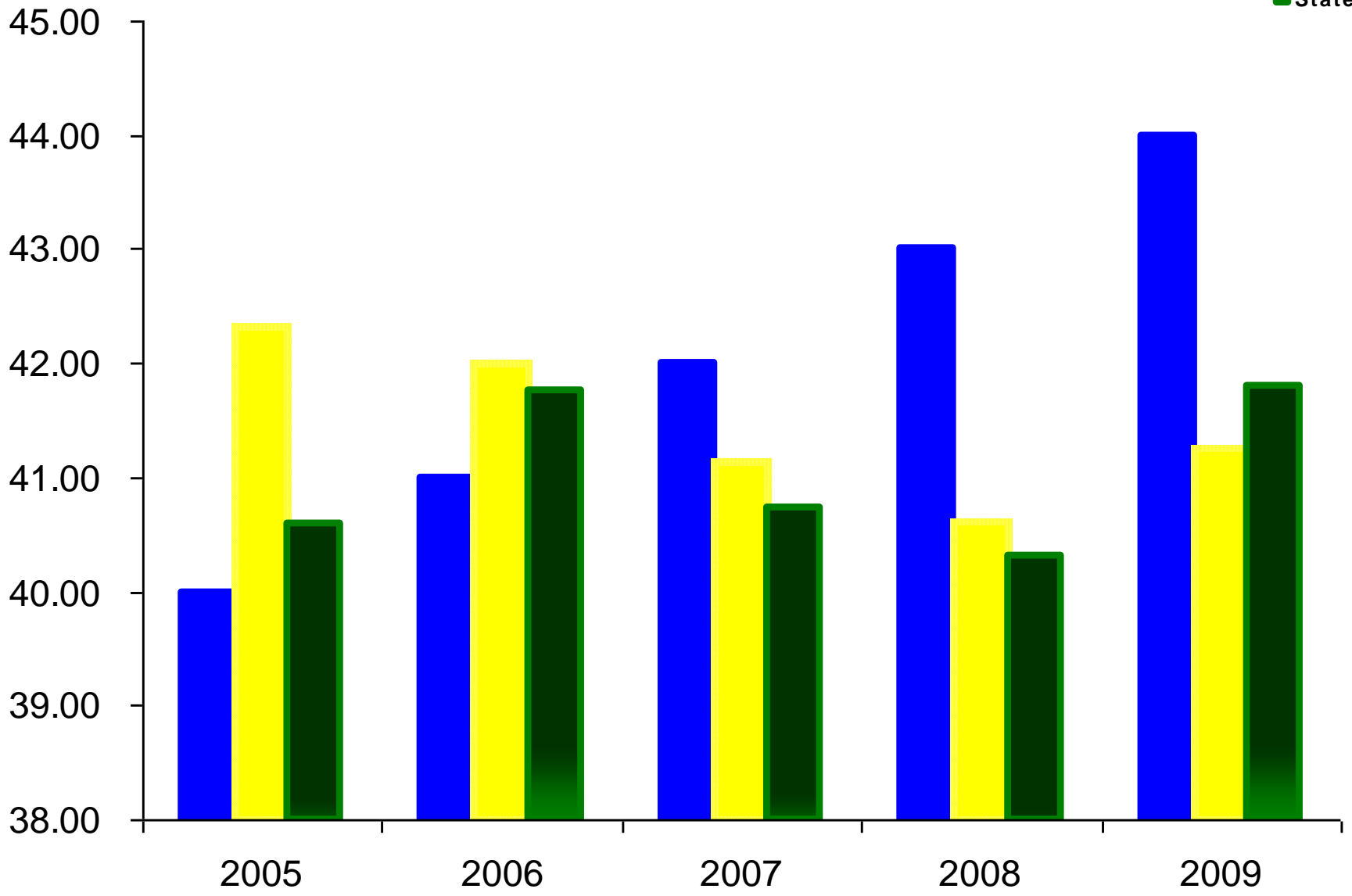




RATIO 16 -- EQUITY AS A % OF ASSETS

ABC Cooperative (MN999)

- MN999
- US Total
- State

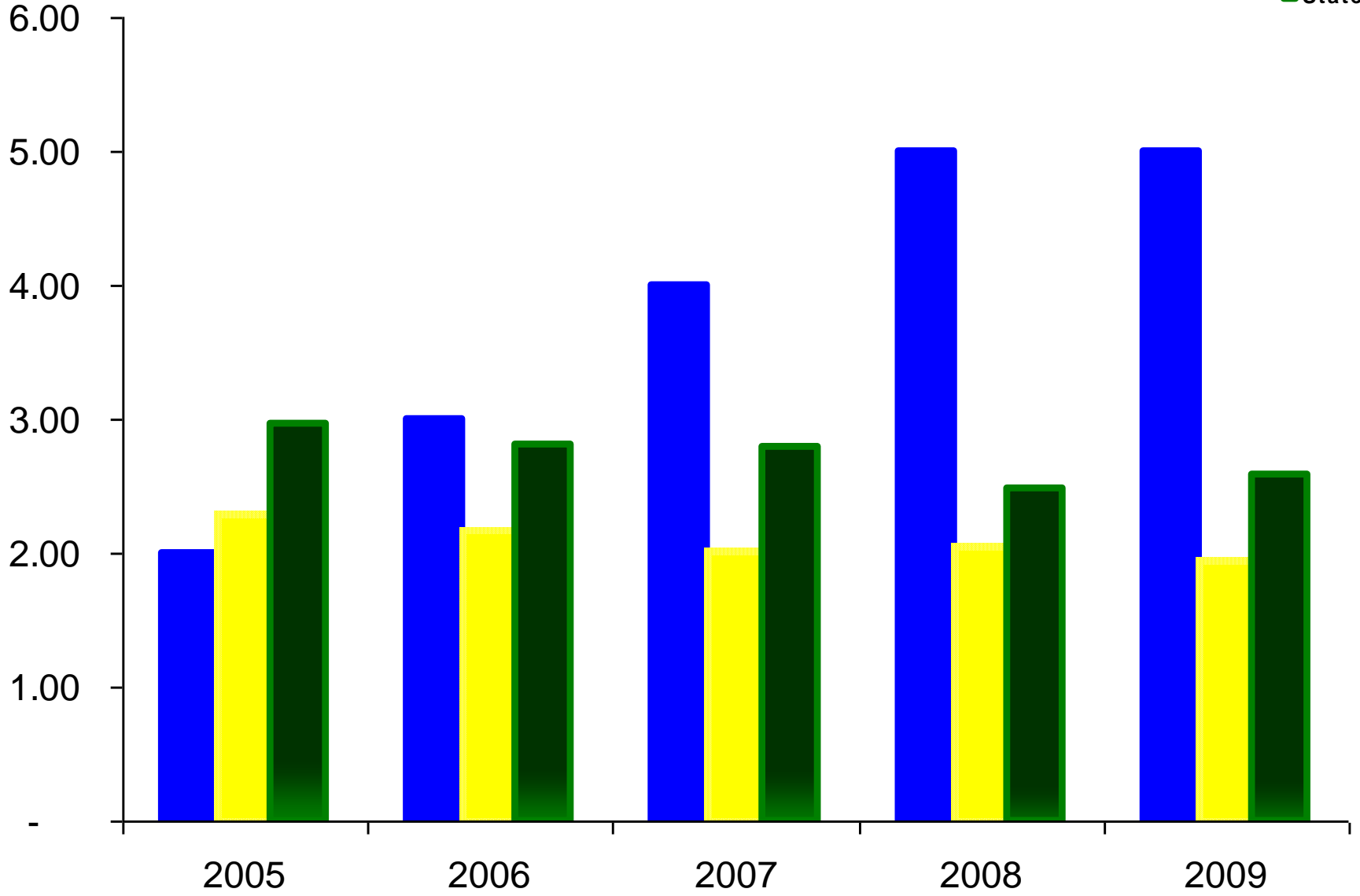




RATIO 24 --- ANNUAL CAPITAL CREDITS RETIRED PER TOTAL EQUITY (%)

ABC Cooperative (MN999)

- MN999
- US Total
- State

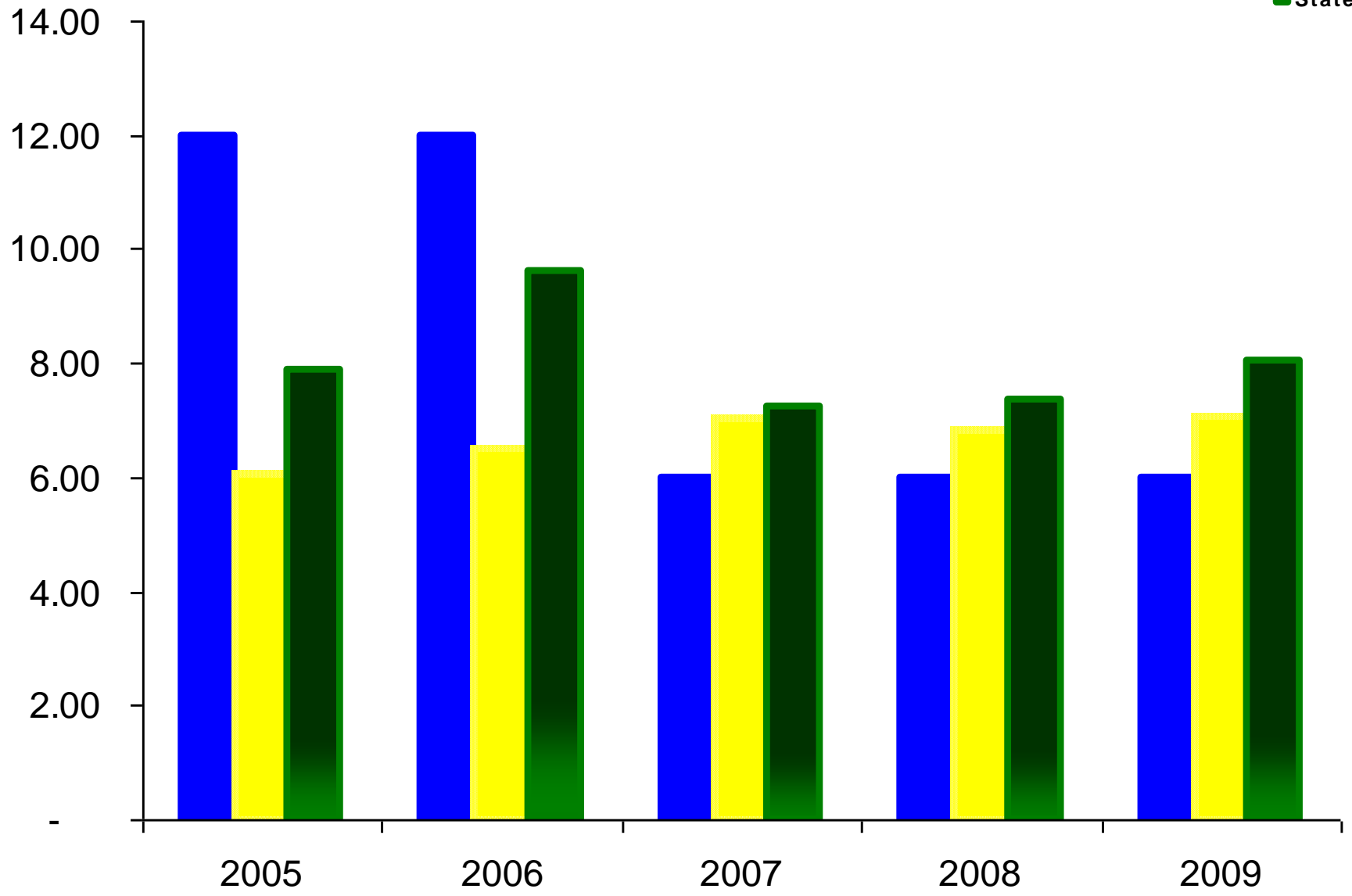




RATIO 27 --- RATE OF RETURN ON EQUITY (%)

ABC Cooperative (MN999)

- MN999
- US Total
- State





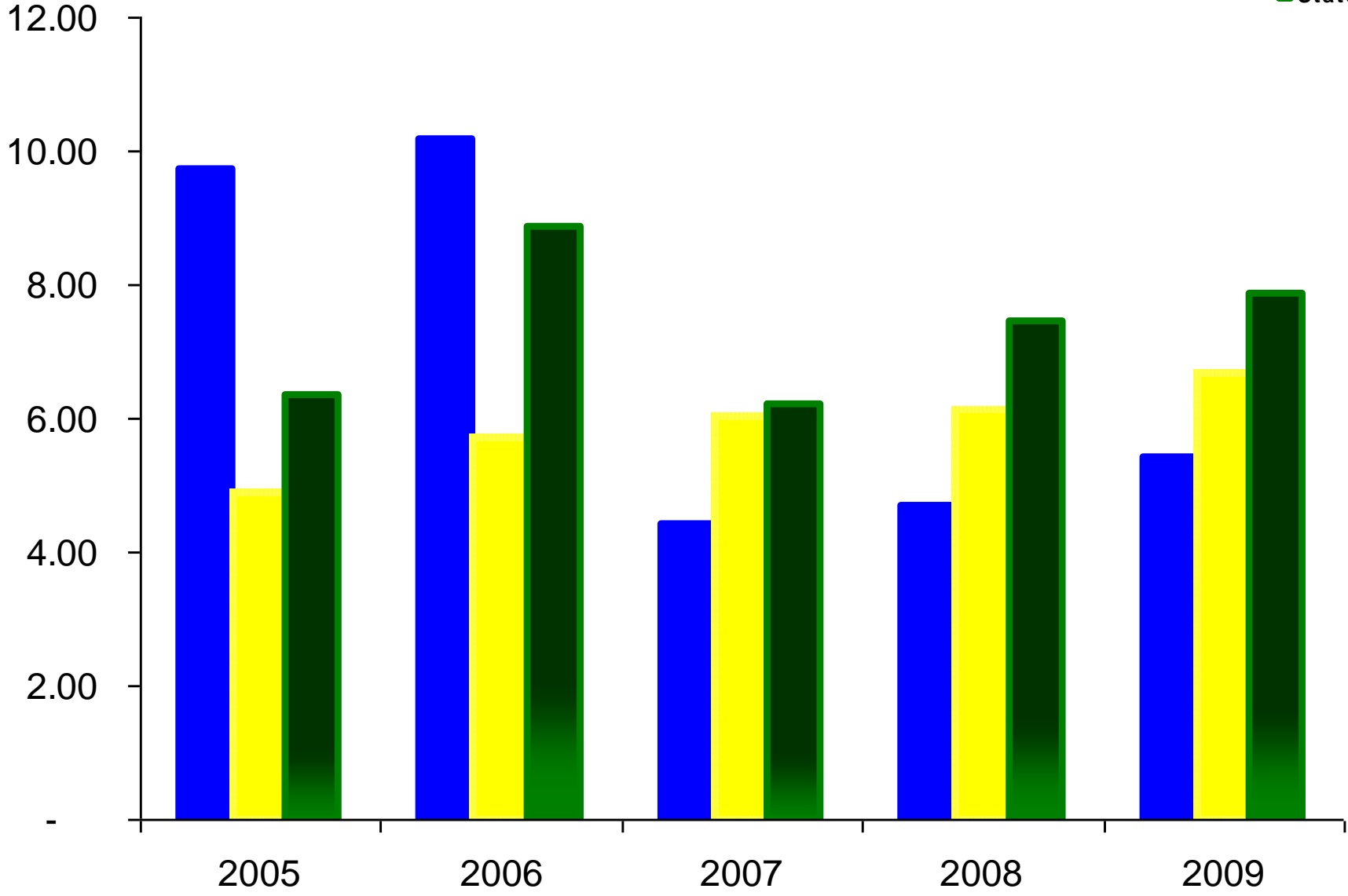
RATIO 56 --- TOTAL MARGINS PER KWH SOLD (MILLS)

ABC Cooperative (MN999)

M N999

US Total

State

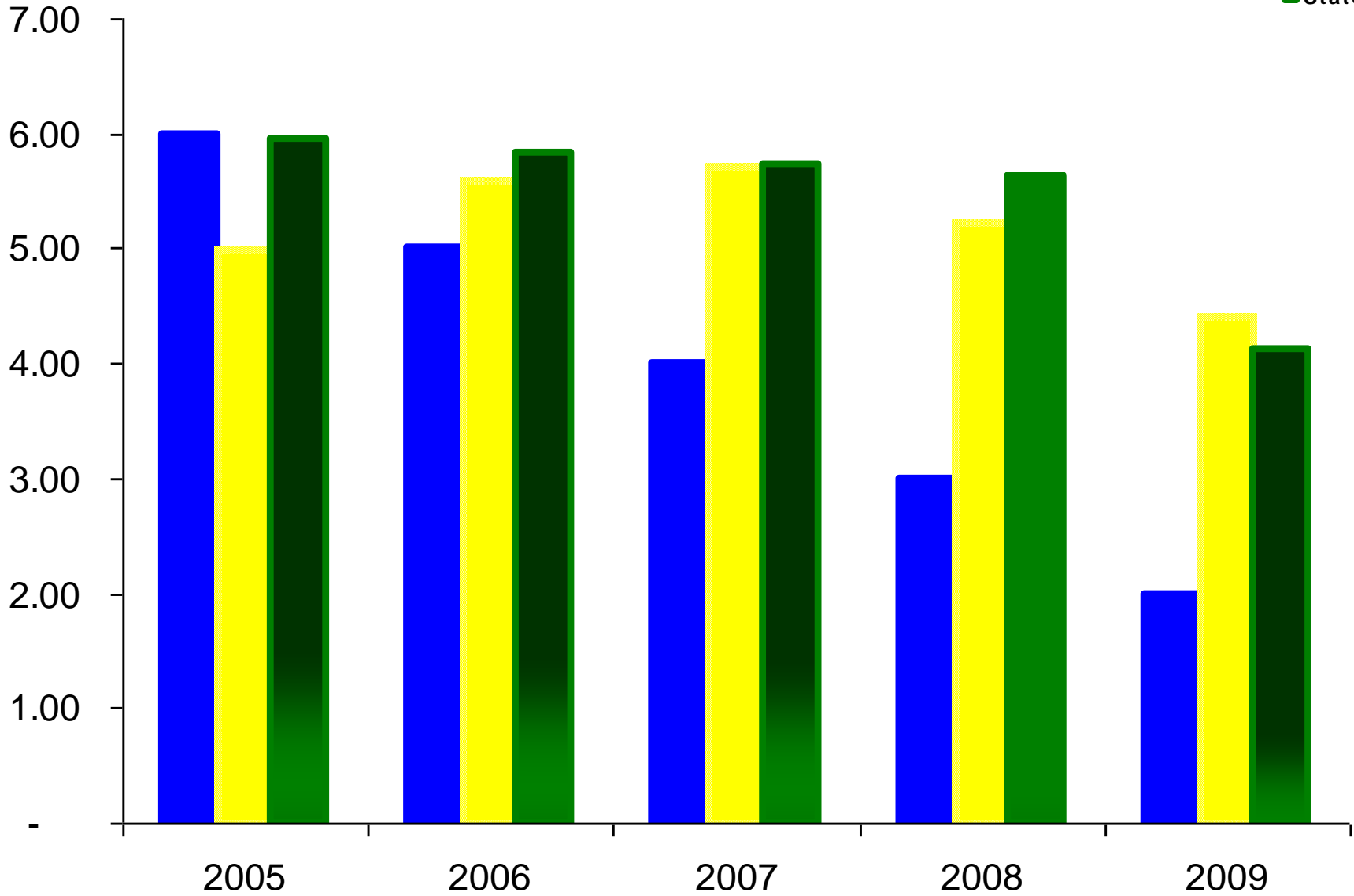




RATIO 116 --- ANNUAL GROWTH IN TUP DOLLARS (%)

ABC Cooperative (MN999)

- M N 999
- US Total
- State





National Rural Utilities
Cooperative Finance Corporation

Questions



National Rural Utilities
Cooperative Finance Corporation

CFC Update

Thank you!

Mike Bunney

Cell Phone: 952-201-4041

Phone: 651-322-4561

E-mail: mike.bunney@nrucfc.coop