



National Rural Utilities
Cooperative Finance Corporation

CFC Update

Tri-State REMA Financial Manager's Conference

August 17, 2011 | Breezy Point Resort
Brainerd, MN



Today we'll go over:

- 2010 KRTA data
- Financial reform efforts in Washington, D.C.
- Upcoming District Meetings
- CFC's new headquarters building
- Patronage Capital Retirement
- Energy Efficiency Reporting



Key Ratio Trend Analysis

2010 showed continued healthy margins, equity growth and strong financial ratios.

Key Findings:

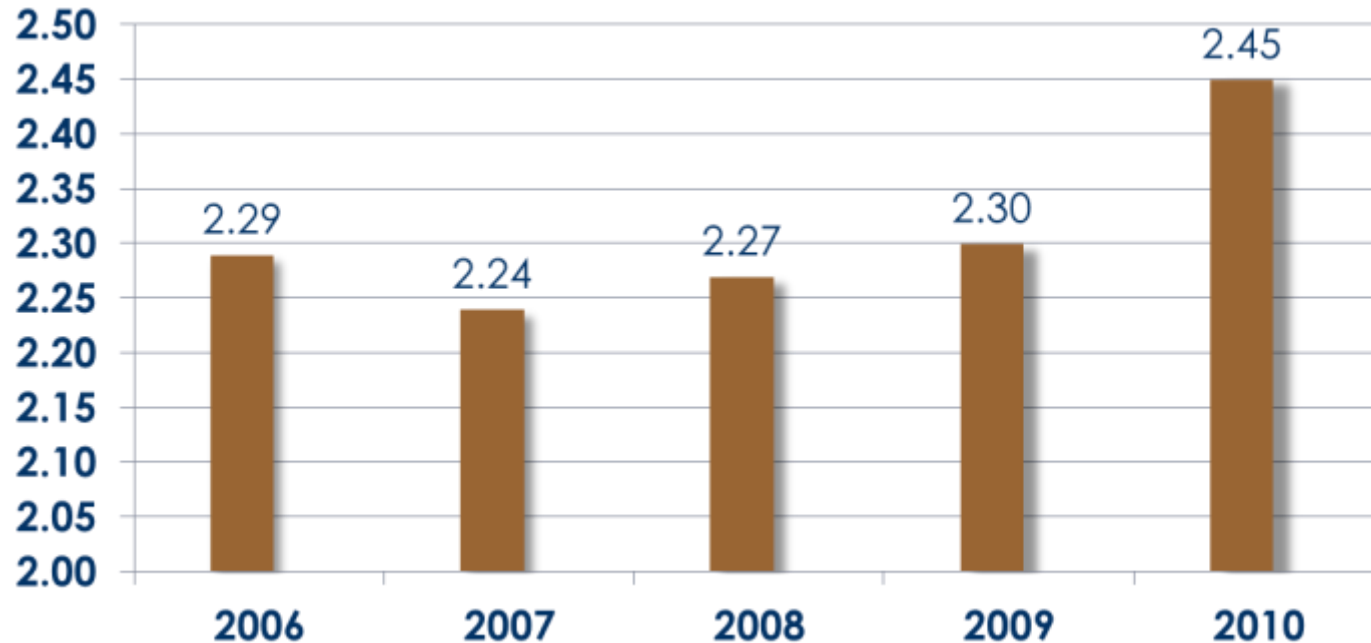
1. Co-op financial ratios remain strong.
2. Median operating revenue grew more than operating expenses.
3. Median kWh sales grew nearly 5 percent in 2010.
4. Consumers paid electric bills despite weak economy.



Key Ratio Trend Analysis

1. Co-op financial ratios remain strong.

TIER: National Median

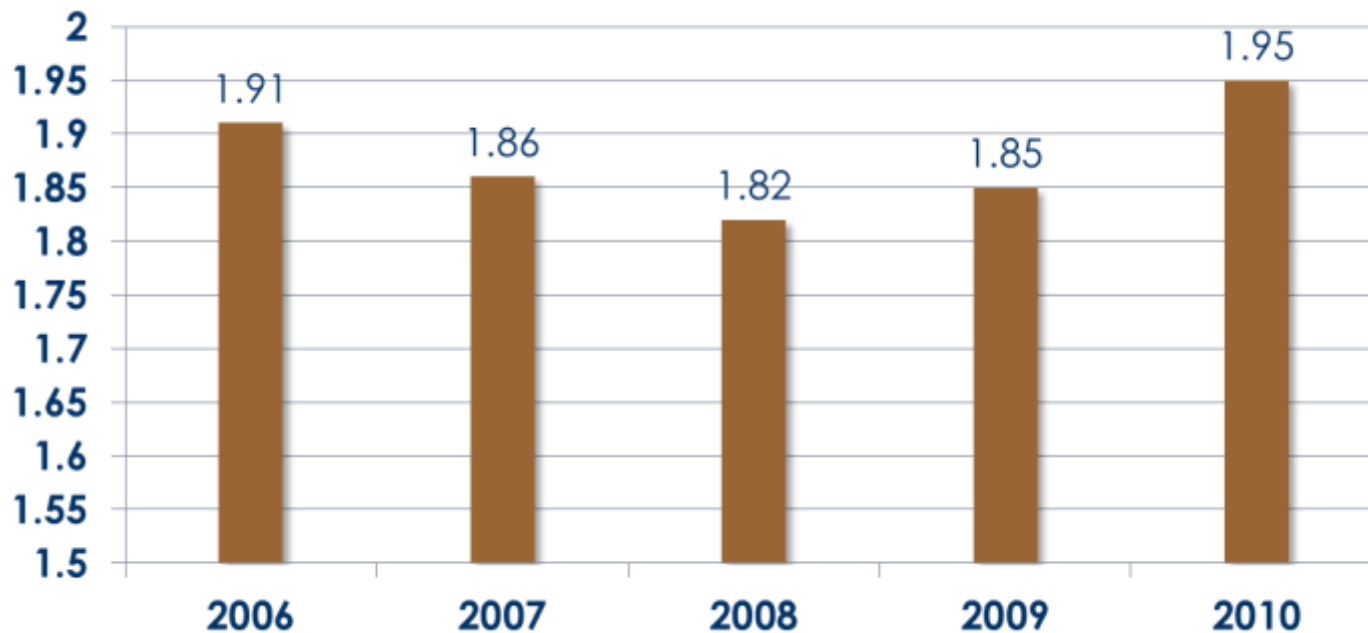




Key Ratio Trend Analysis

1. Co-op financial ratios remain strong.

MDSC: National Median

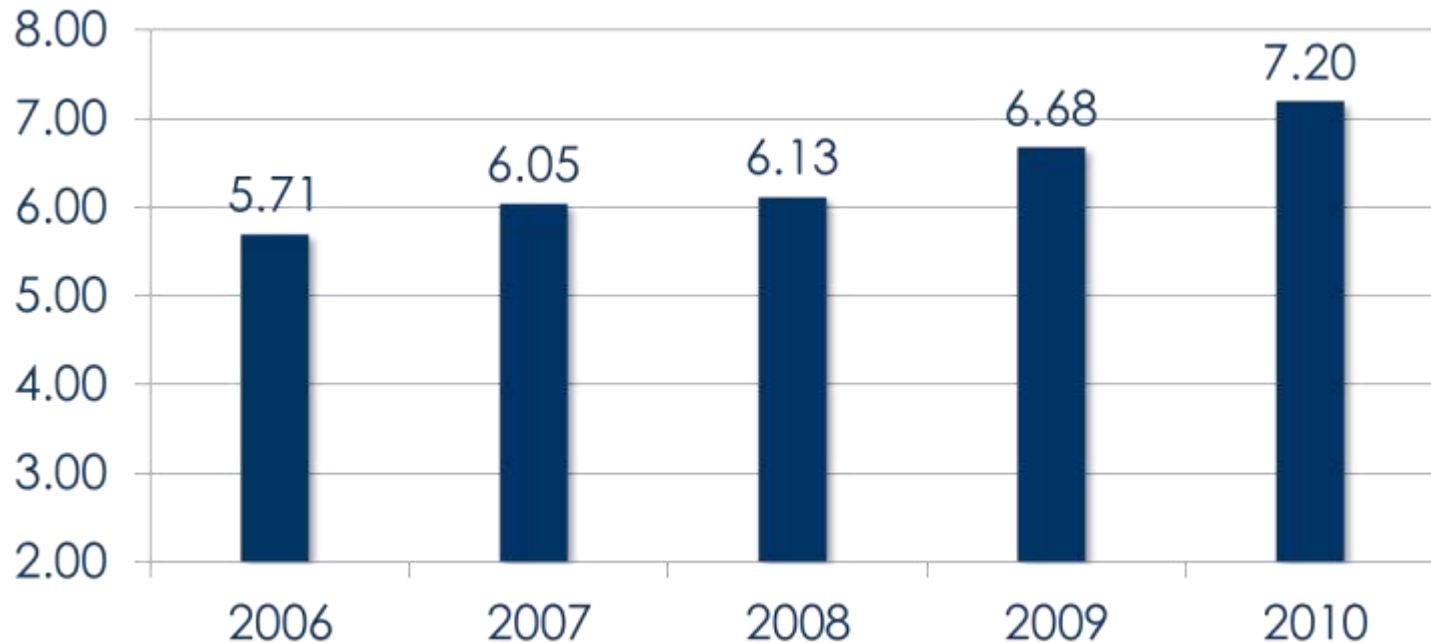




Key Ratio Trend Analysis

2. Operating revenue grew more than op. expenses.

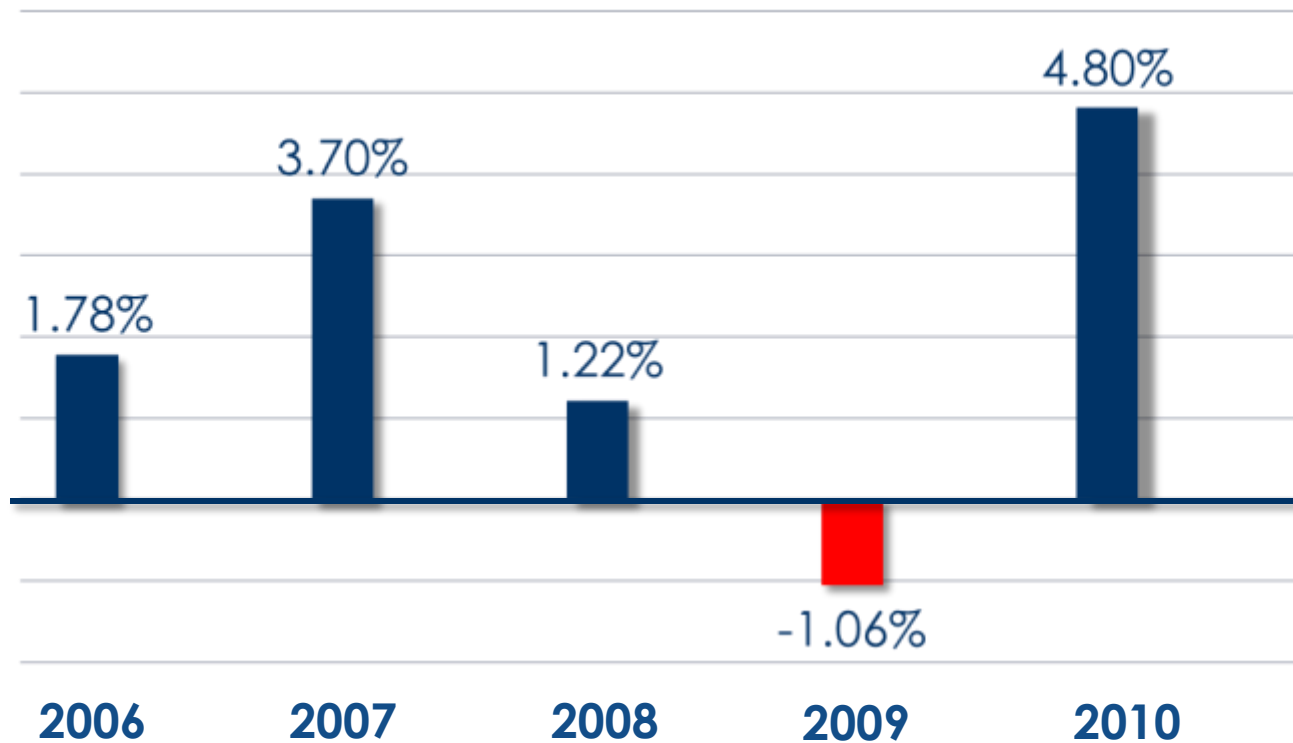
Margins per kWh Sold (in Mills): National Median





Key Ratio Trend Analysis

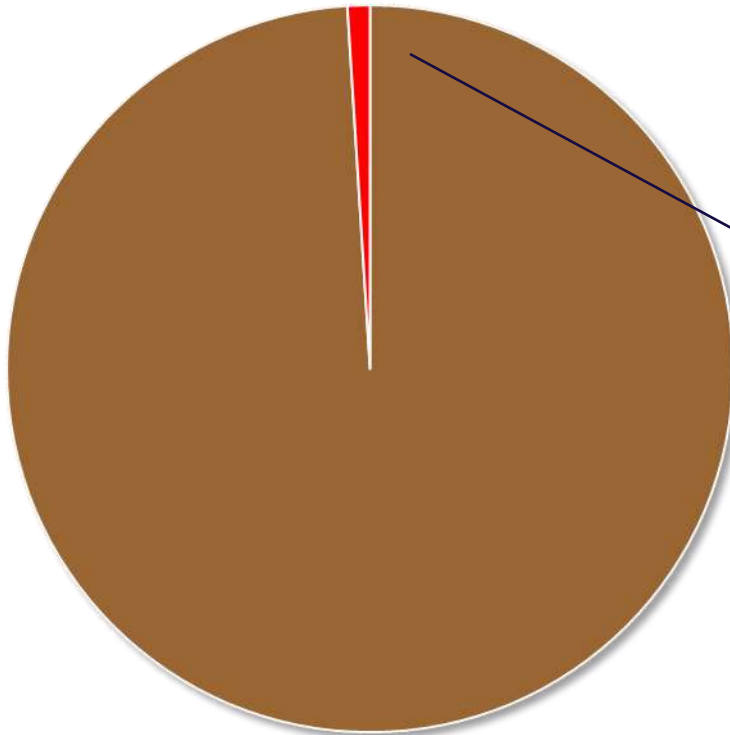
3. Median kWh sales grew nearly 5 percent.





Key Ratio Trend Analysis

4. Consumers paid electric bills.



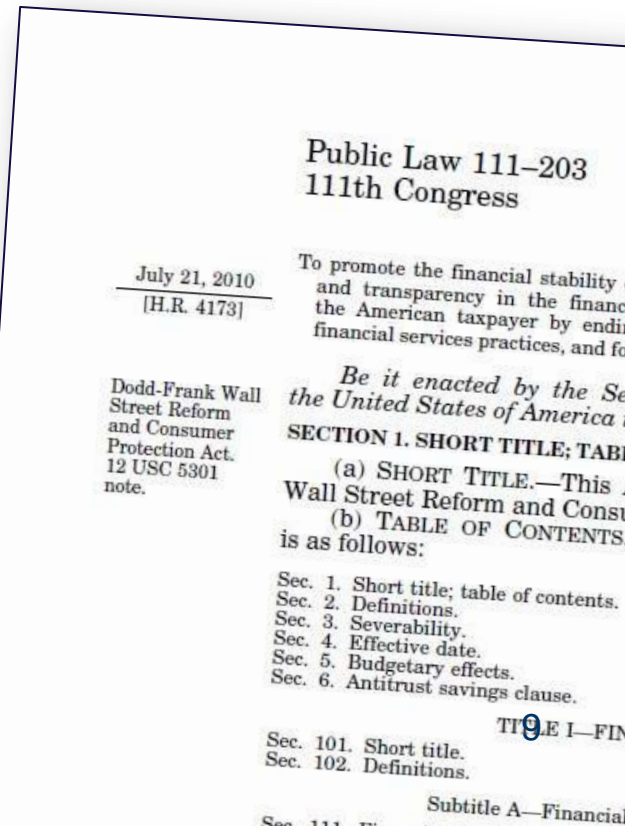
Write-offs =
0.18% of Revenue



Financial Services Reform

2010 Dodd-Frank Wall Street Reform and Consumer Protection Act

- Tasked the Commodity Futures Trading Commission with writing rules to regulate derivatives marketplace.
- Using certain types of derivatives for speculative purposes contributed to financial meltdown of 2008.
- **Neither CFC nor electric cooperatives use derivatives in this manner.**





Financial Services Reform

Legislation provided exemption from certain requirements for “commercial end users” of swaps.

- Exemption includes electric cooperatives.
- CFC is an end user of swaps and is an electric cooperative lender...
- ...but it is not clear that an exemption would be provided to CFC.



Financial Services Reform

CFC should be treated in the same way as our electric cooperative members.

- CFC submitted detailed comments regarding proposed rules.
- At CFC Forum in June, almost 500 cooperative representatives signed a letter to the CFTC in support of our position.



2011 District Meetings

Members can vote by mail ballot this year.

- Included in the District Meeting notification letter.
- If you choose to vote by mail, complete and sign the mail ballot, place it in a provided return envelope and mail it to CFC.



2011 District Meetings

Members can vote by mail ballot this year.

- Mail ballots due to CFC five business days before our meeting.
- Address on envelopes is new—CFC is moving to a new headquarters building in September:



NRUCFC
20701 Cooperative Way
Dulles, Virginia 20166



National Rural Utilities
Cooperative Finance Corporation

New CFC Headquarters Building

CFC will open for business at the new location in Dulles, Virginia, on September 6.



Expected to receive
LEED Gold certification for
building efficiency and design.

Advanced features will lower CFC's operating costs, and provide added security and extensive system backups.



Headquarters Construction Photo





National Rural Utilities
Cooperative Finance Corporation

Headquarters Construction Photo









New Address: September 6, 2011

- **2701 Cooperative Way**
- **Dulles, VA 20166**
- **Phone: 703-467-1800**
- **Toll Free: 1-800-424-2954**



Support of Education Efforts

Every year, CFC and NCSC provide hundreds of thousands of dollars in support of electric co-op educational efforts. Planned for FY 2012:

- CFC Forum 2011
- CFC Cooperative Education Fund grants ~ \$635,000
- NCSC Youth Education grants ~ \$72,000
- CFC & NCSC Cooperative.com support
- Monthly Financial Webinar Series
- Other training seminars, sponsorships & presentations



Patronage Capital Retirement

- **Three Options**

- Commercial Paper
- Wire Funds
- Checks

- **Notification in Early September**

- Tentative Date September 9, 2011



Energy Efficiency Reporting

- CFC Currently Will Not Be Requesting Data
- Changes Adjusted in KRTAs
- CFC Will Continue to Monitor



CFC Update

Thank you!

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