

## **BULLETIN: Coserv's Bankruptcy Settlement Is Potentially Positive for CFC**

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Standard & Poor's believes that CoServ's recently filed plan to emerge from bankruptcy and begin repayment of National Rural Utilities Cooperative Finance Corp.'s (CFC) \$1 billion in principal is a potentially positive credit event for CFC. Standard & Poor's needs to evaluate both the CoServ settlement agreement and the creditworthiness of the top 10 credits of CFC's loan portfolio in order to update CFC's rating and outlook. Additionally, Standard & Poor's expects CFC to adjust its loan loss reserves and general reserves in proportion to the portfolio asset quality. Standard & Poor's also expects CFC to reduce debt-to-equity to 6-to-1 or below, and decrease the telecommunications portfolio to less than 20% of the total loan portfolio by year end fiscal 2003.