




**National Rural Utilities
Cooperative Finance Corporation**

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A Touchstone Energy® Cooperative 

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CFC to Redeem Quarterly Income Capital Securities Issue

Herndon, VA – National Rural Utilities Cooperative Finance Corporation (“CFC”) announced today that it would redeem its entire issue of National Rural Utilities Quarterly Income Capital Securities, Series NRS 7.40% (QUICS) at par. The QUICS are identified by the ticker symbol NRS and CUSIP number 637432600. The redemption date is June 1, 2007, and the redemption agent will be DTC.

The redemption price per share is \$25.00 plus accrued distributions of \$0.154167. The principal amount of the entire series is \$175.0 million. The principal and accrued distributions to the redemption date will be paid from the CFC’s available cash.

CFC is a not-for-profit finance cooperative that serves the nation’s rural utility systems, the majority of which are electric cooperatives and their subsidiaries. With more than \$18 billion in assets, CFC provides its member-owners with an assured source of low-cost capital and state-of-the-art financial products and services.

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