



March 13, 2009

For Immediate Release

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National Rural Utilities Cooperative Finance Corporation Signs \$1 Billion Credit Agreement with Banks

HERNDON, VA—National Rural Utilities Cooperative Finance Corporation (National Rural) announced today that each of 12 banks acknowledged performing an independent credit analysis of National Rural and committed to provide \$1 billion of available revolving credit to National Rural for commercial paper back-up and general corporate purposes. The 364-day credit agreement expires on March 12, 2010. The Bank of Nova Scotia, N.A. and the Royal Bank of Scotland, Plc. are the co-lead arrangers and joint book runners. The Bank of Nova Scotia, N.A. is the administrative agent.

“In spite of the extreme credit contraction in the capital markets, National Rural was able to arrange this revolving credit facility,” said Andrew Don, National Rural vice president, Capital Market Relations. “At a time when many other companies are having difficulty securing the credit they need, closing this revolver is a testament to the financial strength of National Rural and electric cooperatives.”

CFC also has two other credit facilities which remain in effect—one totaling \$967.3 million and maturing March 22, 2011, and the second totaling \$1,049 million and maturing March 16, 2012. When combined with the new 364-day facility, the total of the three credit facilities provides CFC with an available borrowing capacity of \$3,016.3 million.

The facilities will be used primarily to support National Rural’s commercial paper programs and to provide standby liquidity for outstanding variable-rate demand bond obligations where National Rural acts as standby purchaser. With approximately \$1.2 billion of outstanding commercial paper notes issued to members and approximately \$1.2 billion outstanding in the dealer commercial paper program, the three credit facilities provide a 100-percent backstop for National Rural’s commercial paper programs, with a substantial cushion for growth.

The credit agreement requires National Rural to comply with maximum leverage and minimum times-interest-earned-ratio covenants as defined in the agreement; the agreement does not contain a material adverse change provision. If National Rural were to borrow funds under the agreement, it would be required to repay the amount borrowed plus interest at variable rates that are specified in the agreement.

On March 13, 2009, National Rural terminated its existing \$1.5 billion 364-day revolving credit agreement, which was scheduled to expire March 14, 2009, as a condition of the new agreement.

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National Rural also announced it has entered into a collateralized note purchase agreement in the amount of \$500 million with the Federal Agricultural Mortgage Corporation (Farmer Mac). The agreement allows National Rural to borrow up to \$500 million from Farmer Mac through February 29, 2016.

In addition, National Rural announced that as of March 12, 2009, it has no notes outstanding in the Federal Reserve's commercial paper funding facility (CPFF). As National Rural's CPFF notes have matured, National Rural has not re-issued this type of debt because it has achieved the funding it needs from other sources, including member and dealer commercial paper, at lower costs.

National Rural 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 approximately \$20 billion in assets, National Rural provides its member-owners with an assured source of low-cost capital and state-of-the-art financial products and services.

National Rural's senior secured collateral trust bonds are rated A1/A+/A+ and its short-term commercial paper is rated P-1/A-1/F-1 by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively.

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