



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

Powerful Financial Solutions

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CFC's Ratings Outlook Improved to Stable By Moody's

Herndon, VA - National Rural Utilities Cooperative Finance Corporation ("CFC") announced that Moody's Investors Service ("Moody's") has affirmed CFC's senior secured rating of "A1", senior unsecured rating of "A2", subordinate debt rating of "A3", and commercial paper rating of "Prime-1". Moody's has revised the rating outlook from negative to stable.

According to Moody's, the ratings confirmation considers CFC's strong competitive position, the quality of its loan portfolio, which has a strong collateral position and a favorable loan loss history, and that CFC's "status as a not-for-profit entity allows management to take a longer-term view." In addition, Moody's noted "CFC enjoys a very strong and loyal relationship with its cooperatives, which helps in maintaining its dominant market niche."

Moody's also cites the "significant improvement in the quality of CFC's loan portfolio," "substantially reduced reliance upon short-term debt," "more measured loan growth," and "a decline in leverage" as the rationale behind the positive movement to a stable outlook.

CFC recently reported first quarter financial results for the fiscal year 2004, which are available via CFC's website at www.nrucfc.org.

CFC is a not-for-profit finance cooperative that serves the nation's more than 1,000 electric cooperatives and their subsidiaries. With more than \$20 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. Further information regarding CFC may be obtained at nrucfc.org.

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