

RUS PROJECT DESIGNATION:

KENTUCKY 52-AU8 FLEMING

SUPPLEMENTAL MORTGAGE

made by and among

FLEMING-MASON ENERGY COOPERATIVE, INC.
1449 Elizaville Road
Flemingsburg, Kentucky 41041,

Mortgagor, and

UNITED STATES OF AMERICA
Rural Utilities Service
Washington, D.C. 20250-1500,


Mortgagee, and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
2201 Cooperative Way
Herndon, Virginia 20171-3025,

Mortgagee

Dated as of December 1, 2008

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, FIXTURES, AFTER-ACQUIRED PROPERTY, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.
NOTICE - THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF UP TO \$300,000,000.00.
INDEBTEDNESS SECURED HEREUNDER, INCLUDING FUTURE INDEBTEDNESS, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER MORTGAGES AND LENS FILED OR RECORDED SUBSEQUENT HERETO.
THIS INSTRUMENT WAS PREPARED BY TERENCE M. BRADY, ASSISTANT GENERAL COUNSEL, USDA, AS ATTORNEY FOR UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE, WASHINGTON, D.C. 20250-1500.


MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 0017666.

No. 1

Generated: November 4, 2008

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SUPPLEMENTAL MORTGAGE, dated as of December 1, 2008 (hereinafter sometimes called this "Supplemental Mortgage"), is made by and among FLEMING-MASON ENERGY COOPERATIVE, INC. (hereinafter called the "Mortgagor"), a corporation existing under the laws of the Commonwealth of Kentucky, and the UNITED STATES OF AMERICA acting by and through the Administrator of the Rural Utilities Service (hereinafter called the "Government") and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia, and is intended to confer rights and benefits on both the Government and CFC, in accordance with this Supplemental Mortgage and the Original Mortgage (hereinafter defined) (the Government and CFC being hereinafter sometimes collectively referred to as the "Mortgagees").

RECITALS

WHEREAS, the Mortgagor, the Government and CFC are parties to that certain Restated Mortgage and Security Agreement (the "Original Mortgage" as identified in Schedule "A" of this Supplemental Mortgage) originally entered into among the Mortgagor, the Government acting by and through the Administrator of the Rural Utilities Service (hereinafter called "RUS"), and CFC; and

WHEREAS, the Original Mortgage as the same may have been previously supplemented, amended or restated is hereinafter referred to as the "Existing Mortgage"; and

WHEREAS, the Mortgagor deems it necessary to borrow money for its corporate purposes and to issue its promissory notes and other debt obligations therefor, and to mortgage and pledge its property hereinafter described or mentioned to secure the payment of the same, and to enter into this Supplemental Mortgage pursuant to which all secured debt of the Mortgagor hereunder shall be secured on parity, hereunder and under the Existing Mortgage (this Supplemental Mortgage and the Existing Mortgage, hereinafter sometimes collectively referred to as the "Mortgage"); and

WHEREAS, all of the Mortgagor's Outstanding Notes listed in Schedule "A" hereto are secured pari passu by the Existing Mortgage for the benefit of all of the Mortgagees under the Existing Mortgage; and

WHEREAS, the Existing Mortgage provides the terms by which additional pari passu obligations may be issued thereunder and further provides that the Existing Mortgage may be supplemented from time to time to evidence that such obligations are entitled to the security of the Existing Mortgage and to add additional Mortgagees; and

WHEREAS, by their execution and delivery of this Supplemental Mortgage the parties hereto do hereby secure the Additional Notes listed in Schedule "A" pari passu with the Outstanding Notes under the Existing Mortgage; and

WHEREAS, all acts necessary to make this Supplemental Mortgage a valid and binding legal instrument for the security of such notes and obligations under the terms of the Mortgage, have been in all respects duly authorized;

Now, Therefore, This Supplemental Mortgage Witnesseth: That to secure the payment of the principal of (and premium, if any) and interest on all Notes and all Notes issued hereunder according to their tenor and effect, and the performance of all provisions therein and herein contained, and in consideration of the covenants herein contained and the purchase or guarantee of Notes by the guarantors or holders thereof, the Mortgagor has mortgaged, pledged and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, release, convey, assign, transfer, hypothecate, pledge, set over and confirm, pledge, and grant a continuing security interest in for the purposes hereinafter expressed, unto the Mortgagees all property, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible and intangible, of the kind or nature specifically mentioned herein or any other kind or nature, except any Excepted Property, set forth in

the Existing Mortgage, owned or hereafter acquired by the Mortgagor (by purchase, consolidation, merger, donation, construction, erection or in any other way) wherever located, including (without limitation) all and singular the following:

- A. all of those fee and leasehold interests in real property set forth in Schedule "B" hereto, subject in each case to those matters set forth in such Schedule; and
- B. all of those fee and leasehold interests in real property set forth in Schedule "B" of the Existing Mortgage or in any restatement, amendment or supplement thereto, subject in each case to those matters set forth in such Schedule; and
- C. all of the kinds, types or items of property, now owned or hereafter acquired, described as Mortgaged Property in the Existing Mortgage or in any restatement, amendment or supplement thereto as Mortgaged Property.

It is further Agreed and Covenanted That the Original Mortgage, as previously restated, amended or supplemented, and this Supplement shall constitute one agreement and the parties hereto shall be bound by all of the terms thereof and, without limiting the foregoing.

- 1. All capitalized terms not defined herein shall have the meaning given in Article I of the Existing Mortgage.
- 2. This Supplemental Mortgage is one of the Supplemental Mortgages contemplated by Article II of the Original Mortgage.
- 3. The Maximum Debt Limit for the Mortgage shall be as set forth in Schedule "A" hereto.

IN WITNESS WHEREOF, FLEMING-MASON ENERGY COOPERATIVE, INC., as Mortgagor, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, UNITED STATES OF AMERICA, as Mortgagee and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee, have each caused this Supplemental Mortgage to be signed in their respective names by duly authorized persons, all as of this day and year first above written.

FLEMING-MASON ENERGY COOPERATIVE, INC.

by J. E. Smith, Jr. Chairman
J. E. SMITH, Jr.

(Seal)

Attest: Ronnie C. Vee
Ronnie C. Vee, Secretary

Executed by the Mortgagor
in the presence of:

[Signatures]
Witnesses

UNITED STATES OF AMERICA

by James M. Anderson

Administrator
of the
Rural Utilities Service

Executed by United States of America,
Mortgagee, in the presence of:

Mary E. Weber
Jane V. Wright
Witnesses

MARY E. WEBER
Jane V. Wright

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF FLEMING)

I, Joni K Hazelrigg, a Notary Public in and for the County and
personally known to me to be the Chairman of Fleming-Mason Energy Cooperative, Inc., a corporation of the
Commonwealth of Kentucky, and to me known to be the identical person whose name is as Chairman of said
corporation, subscribed to the foregoing instrument, appeared before me this day in person and produced the
foregoing instrument to me in the County aforesaid and acknowledged that as such Chairman he signed the foregoing
instrument pursuant to authority given by the board of directors of said corporation as his free and voluntary act and
deed and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth and
that the seal affixed to the foregoing instrument is the corporate seal of said corporation.

Given under my hand this 8th day of Jan, 2009.

Joni K Hazelrigg
Notary Public
in and for Fleming County, Kentucky

(Notarial Seal)

My Commission expires:

6/20/2010

DISTRICT OF COLUMBIA) SS

On this 12 day of December, 2008, personally appeared before me
JAMES M. ANDREW, who, being duly sworn, did say that he is the Administrator of
the Rural Utilities Service, an agency of the United States of America, and acknowledged to me that, acting under a
delegation of authority duly given and evidenced by law and presently in effect, he executed said instrument as the
act and deed of the United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF I have heretofore set my hand and official seal the day and year last above
written.


William A. Frost
Notary Public

(Notarial Seal)

William A. Frost
Notary Public, District of Columbia
My Commission Expires 04-14-2011

My commission expires: _____

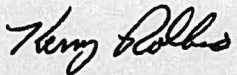
NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

by 

BRYAN RUSSELL

Assistant Secretary-Treasurer

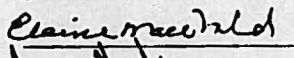
(SEAL)

Attest: 

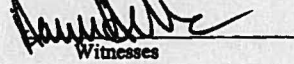
KERRY ROLLINS

Assistant Secretary-Treasurer

Executed by the above-named, Mortgagee, in the presence of:



ELAINE M MACDONALD


Witnesses

Aamer Arshad

COMMONWEALTH OF VIRGINIA

)

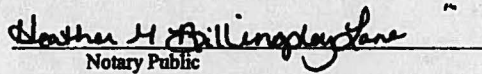
) SS

COUNTY OF FAIRFAX

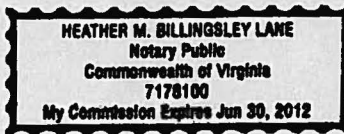
)

On this 22nd day of December, 20 08, before me appeared **BRYAN RUSSELL**, to ~~be~~ personally known, who, being by me duly sworn, did say that he is the ASSISTANT SECRETARY-TREASURER of the National Rural Utilities Cooperative Finance Corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and said ASSISTANT SECRETARY-TREASURER acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.


Notary Public

(Notarial Seal)



My commission expires: _____

Supplemental Mortgage Schedule A - Part One

Maximum Debt Limit and Other Information

1. The Maximum Debt Limit is \$500,000,000.00.
2. The Original Mortgage as referred to in the first WHEREAS clause above is more particularly described as follows:

<u>Instrument Title</u>	<u>Instrument Date</u>
Restated Mortgage and Security Agreement	September 1, 2004

3. The Outstanding Notes referred to in the fourth WHEREAS clause above that are Government Notes are more particularly described as follows:

<u>Loan Designation</u>	<u>Face Amount</u>	<u>Date</u>	<u>Final Maturity</u>	<u>% Rate¹</u>
AF6	\$350,000.00	3 Jul 1974	3 Jul 2009	5.00
AG6	\$350,000.00	3 Apr 1975	3 Apr 2010	5.00
AH6	\$711,000.00	19 Jul 1977	19 Jul 2012	5.00
AK6	\$710,000.00	8 Jun 1978	8 Jun 2013	5.00
AL6	\$1,797,000.00	1 Oct 1979	1 Oct 2014	5.00
AM6	\$1,625,000.00	12 Nov 1981	12 Nov 2016	5.00
AN6	\$1,830,000.00	8 Feb 1989	8 Feb 2024	5.00
AP6	\$1,966,000.00	1 Oct 1992	1 Oct 2027	5.00
AR6	\$4,025,000.00	3 Feb 1994	3 Feb 2029	5.00
AS8 ²	\$20,437,000.00	1 Nov 1999	31 Dec 2033	V

¹V=variable interest rate calculated by RUS pursuant to title 7 of the Code of Federal Regulations or by the Secretary of Treasury. CFC=an interest rate which may be fixed or variable from time to time as provided in the CFC Loan Agreement pertaining to a loan which has been made by CFC and guaranteed by RUS. CoBank=an interest rate which may be fixed or variable from time to time as provided in the CoBank Loan Agreement pertaining to a loan which has been made by CoBank and guaranteed by RUS.

²In addition to this note which the Mortgagor has issued to FFB, the Mortgagor has also issued a corresponding promissory note to RUS designated as the certain "Reimbursement Note" bearing even date therewith. Such Reimbursement Note is payable to the Government on demand and evidences the Mortgagor's obligation

AT44 \$16,535,000.00 1 Sep 2004 1 Sep 2039 V

4. The Additional Notes described in the sixth WHEREAS clause above are more particularly described as follows:

<u>Loan Designation</u>	<u>Face Amount</u>	<u>Date</u>	<u>Final Maturity</u>	<u>% Rate³</u>
AU8 ⁴	\$10,934,000.00	1 Dec 2008	31 Dec 2042	V

immediately to repay RUS, any payment which RUS may make pursuant to the RUS guarantee of such FFB note, together with interest, expenses and penalties (all as described in such Reimbursement Note). Such Reimbursement Note is an "Additional Note issued to the Government" for purposes of this Part One of Schedule A of this Supplemental Mortgage and is entitled to all of the benefits and security of the Mortgage.

³See footnote 1 in this Schedule A.

⁴See footnote 2 in this Schedule A.

SCHEDULE A: Part Two

The outstanding secured obligations of the Mortgagor referred to in the fourth WHEREAS clause above are evidenced by the Original Notes described below:

ORIGINAL NOTES issued to CFC

<u>CFC Loan Designation</u>	<u>Face Amount of Note</u>	<u>Note Date</u>	<u>Maturity Date</u>
KY052-C-9003	\$150,000.00	07/03/1974	07/03/2009
KY052-C-9005	\$150,000.00	04/03/1975	04/03/2010
KY052-C-9009	\$305,000.00	07/19/1977	07/19/2012
KY052-C-9010	\$304,000.00	06/08/1978	06/08/2013
KY052-C-9013	\$811,000.00	10/01/1979	10/01/2014
KY052-C-9016	\$733,000.00	11/12/1981	11/12/2016
KY052-C-9017	\$800,000.00	02/08/1989	02/08/2024
KY052-C-9018	\$860,204.00	10/01/1992	10/01/2027
KY052-C-9019	\$1,778,351.00	02/03/1994	02/03/2029

Supplemental Mortgage Schedule B

Property Schedule

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DOCUMENT# 30342
DATE: 1-1-09 TIME: 2:23
DEED TAX
JARROD R. FRITZ, FLEMING CO. CLERK
BY: Dawnella Fritz
BOOK: 102168 PAGE: 589

STATE OF KENTUCKY)
COUNTY OF FLEMING)

I, JARROD R. FRITZ, CLERK OF FLEMING COUNTY DO HEREBY CERTIFY
THE FOREGOING NOTE FOUND IN BOOK 102168 PAGE 589 A TRUE
AND CORRECT COPY IN THE FLEMING COUNTY CLERK'S OFFICE.
WITNESS IN HAND AND SEAL THIS THE 17 DAY OF 4 2009

JARROD R. FRITZ, CLERK

Dawnella Fritz DEPUTY CLERK

RUS PROJECT DESIGNATION:

KENTUCKY 0052-AV8 FLEMING

SUPPLEMENTAL MORTGAGE

made by and among

FLEMING-MASON ENERGY COOPERATIVE, INC.
1449 Elizaville Road
Flemingsburg, Kentucky 41041,

Mortgagor, and

UNITED STATES OF AMERICA
Rural Utilities Service
Washington, D.C. 20250-1500,

Mortgagee, and

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION
20701 Cooperative Way
Dulles, Virginia 20166,

Mortgagee, and

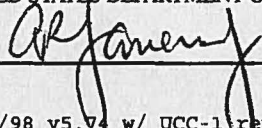
CoBank, ACB
5500 South Quebec Street
Greenwood Village, Colorado 80111-1914

Mortgagee

Dated as of July 1, 2013

EXHIBIT

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, FIXTURES, AFTER-ACQUIRED PROPERTY, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.
NOTICE THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF UP TO \$500,000,000.00. INDEBTEDNESS SECURED HEREUNDER, INCLUDING FUTURE INDEBTEDNESS, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER MORTGAGES AND LIENS FILED OR RECORDED SUBSEQUENT HERETO.
THIS INSTRUMENT WAS PREPARED BY ANDREW JAMERSON, AS ATTORNEY FOR UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE, WASHINGTON, D.C. 20250-1500.
MORTGAGOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 17666.



SUPPLEMENTAL MORTGAGE, dated as of July 1, 2013 (hereinafter sometimes called this "Supplemental Mortgage"), is made by and among FLEMING-MASON ENERGY COOPERATIVE, INC. (hereinafter called the "Mortgagor"), a corporation existing under the laws of the Commonwealth of Kentucky, and the UNITED STATES OF AMERICA acting by and through the Administrator of the Rural Utilities Service (hereinafter called the "Government"), NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia and CoBank, ACB (hereinafter called "CoBank"), a federally chartered instrumentality of the United States, and is intended to confer rights and benefits on the Government, CFC and CoBank, in accordance with this Supplemental Mortgage and the Original Mortgage (hereinafter defined) (the Government, CFC and CoBank being hereinafter sometimes collectively referred to as the "Mortgagees").

RECITALS

WHEREAS, the Mortgagor, the Government, CFC and CoBank or its predecessor are parties to that certain Restated Mortgage and Security Agreement (the "Original Mortgage" as identified in Schedule "A" of this Supplemental Mortgage) originally entered into among the Mortgagor, the Government acting by and through the Administrator of the Rural Utilities Service (hereinafter called "RUS"), CFC and CoBank; and

WHEREAS, the Original Mortgage as the same may have been previously supplemented, amended or restated is hereinafter referred to as the "Existing Mortgage"; and

WHEREAS, the Mortgagor deems it necessary to borrow money for its corporate purposes and to issue its promissory notes and other debt obligations therefor, and to mortgage and pledge its property hereinafter described or mentioned to secure the payment of the same, and to enter into this Supplemental Mortgage pursuant to which all secured debt of the Mortgagor hereunder shall be secured on parity, hereunder and under the Existing Mortgage (this Supplemental Mortgage and the Existing Mortgage, hereinafter sometimes collectively referred to as the "Mortgage"); and

WHEREAS, all of the Mortgagor's Outstanding Notes listed in Schedule "A" hereto are secured pari passu by the Existing Mortgage for the benefit of all of the Mortgagees under the Existing Mortgage; and

WHEREAS, the Existing Mortgage provides the terms by which additional pari passu obligations may be issued thereunder and further provides that the Existing Mortgage may be supplemented from time to time to evidence that such obligations are entitled to the security of the Existing Mortgage and to add additional Mortgagees; and

WHEREAS, by their execution and delivery of this Supplemental Mortgage the parties hereto do hereby secure the Additional Notes listed in Schedule "A" pari passu with the Outstanding Notes under the Existing Mortgage; and

WHEREAS, all acts necessary to make this Supplemental Mortgage a valid and binding legal instrument for the security of such notes and obligations under the terms of the Mortgage, have been in all respects duly authorized;

Now, Therefore, This Supplemental Mortgage Witnesseth: That to secure the payment of the principal of (and premium, if any) and interest on all Notes and all Notes issued hereunder according to their tenor and effect, and the performance of all provisions therein and herein contained, and in consideration of the covenants herein contained and the purchase or guarantee of Notes by the guarantors or holders thereof, the Mortgagor has mortgaged, pledged and granted a continuing security interest in, and by these presents does hereby grant, bargain, sell, alienate, remise, release, convey, assign, transfer, hypothecate, pledge, set over and confirm, pledge, and grant a continuing security interest in for the purposes hereinafter expressed, unto the Mortgagees all property, rights, privileges and franchises of the Mortgagor of every kind and description, real, personal or mixed, tangible and intangible, of the kind or nature specifically mentioned herein or any other kind or nature, except any Excepted Property, set forth in the Existing Mortgage, owned or hereafter acquired by the Mortgagor (by purchase, consolidation, merger, donation, construction, erection or in any other way) wherever located, including (without limitation) all and singular the following:

- A. all of those fee and leasehold interests in real property set forth in Schedule "B" hereto, subject in each case to those matters set forth in such Schedule; and
- B. all of those fee and leasehold interests in real property set forth in Schedule "B" of the Existing Mortgage or in any restatement, amendment or supplement thereto, subject in each case to those matters set forth in such Schedule; and
- C. all of the kinds, types or items of property, now owned or hereafter acquired, described as Mortgaged Property in the Existing Mortgage or in any restatement, amendment or supplement thereto as Mortgaged Property.

It is further Agreed and Covenanted That the Original Mortgage, as previously restated, amended or supplemented, and this Supplement shall constitute one agreement and the parties hereto shall be bound by all of the terms thereof and, without limiting the foregoing.

- 1. All capitalized terms not defined herein shall have the meaning given in Article I of the Existing Mortgage.
- 2. This Supplemental Mortgage is one of the Supplemental Mortgages contemplated by Article II of the Original Mortgage.
- 3. The Maximum Debt Limit for the Mortgage shall be as set forth in Schedule "A" hereto.

IN WITNESS WHEREOF, FLEMING-MASON ENERGY COOPERATIVE, INC., as Mortgagor, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, UNITED STATES OF AMERICA, as Mortgagee, NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, as Mortgagee and COBANK, ACB, as Mortgagee, have each caused this Supplemental Mortgage to be signed in their respective names by duly authorized persons, all as of this day and year first above written.

FLEMING-MASON ENERGY COOPERATIVE, INC.

by

, Chairman

J. E. Smith, Jr.

(Seal)

Attest:

Lennie C. Vice Secretary

Executed by the Mortgagor in the presence of:

Witnesses

UNITED STATES OF AMERICA

by Joseph S. Badin

JOSEPH S. BADIN

Director - Northern Regional
Division
of the
Rural Utilities Service

Executed by United States of
America, Mortgagee, in the presence
of:

Sara R. Jordan
Douglas P. Jenkins

SARA R. JORDAN

DOUGLAS P. JENKINS

Witnesses

DISTRICT OF COLUMBIA) SS

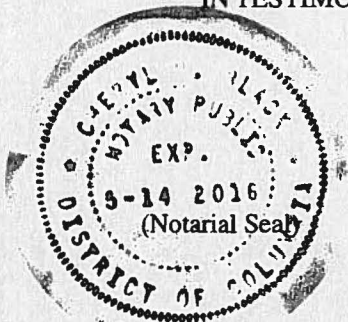
On this 18th day of June, 2013, personally appeared before me

Joseph S. Badin, who, being duly sworn, did say that he is the Director - Northern
Regional Division of the Rural Utilities Service, an agency of the United States of America, and acknowledged to me
that, acting under a delegation of authority duly given and evidenced by law and presently in effect, he executed said
instrument as the act and deed of the United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF I have heretofore set my hand and official seal the day and year last above written.

Cheryl D. Black
Notary Public

CHERYL D. BLACK
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires May 14, 2016



My commission expires: _____

COBANK, ACB

by

Assistant Corporate Secretary

(SEAL)

Attest:

Assistant Corporate
Secretary

Executed by CoBank, ACB,
Mortgagee, in the presence of:

Witnesses

STATE OF COLORADO)

) SS

COUNTY OF ARAPAHOE)

This instrument was acknowledged before me on _____, 20____, by _____
and _____, each an Assistant Corporate Secretary of CoBank, ACB, a
federally chartered instrumentality of the United States, on behalf of said entity.

Witness my hand and official seal.

My commission expires:

Notary Public - State of Colorado

COMMONWEALTH OF KENTUCKY)

) SS

COUNTY OF FLEMING)

I, Joni K. Hazelrigg, a Notary Public in and for the County and Commonwealth aforesaid, do hereby certify that IE Smith, Jr., personally known to me to be the Chairman of Fleming-Mason Energy Cooperative, Inc., a corporation of the Commonwealth of Kentucky, and to me known to be the identical person whose name is as Chairman of said corporation, subscribed to the foregoing instrument, appeared before me this day in person and produced the foregoing instrument to me in the County aforesaid and acknowledged that as such Chairman he signed the foregoing instrument pursuant to authority given by the board of directors of said corporation as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth and that the seal affixed to the foregoing instrument is the corporate seal of said corporation.

Given under my hand this 1st day of August, 20 13.

Notary Public in and for Fleming
County, Kentucky

(Notarial Seal)

My Commission expires: June 20, 2014

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

by

Assistant Secretary-Treasurer

(SEAL)

Attest:

Assistant Secretary-Treasurer

Executed by the above-named, Mortgagee, in the presence of:

Witnesses

COMMONWEALTH OF VIRGINIA)

) SS

COUNTY OF LOUDOUN)

I, _____, a Notary Public in and for the Commonwealth of Virginia, County of Loudoun, do certify that _____, whose name is signed to the writing above, bearing date on the _____ day of _____, 20_____, has acknowledged the same before me in my county aforesaid.

Given under my hand this _____ day of _____, 20_____.

Notary Public

(Notarial Seal)

My commission expires: _____.

Supplemental Mortgage SCHEDULE A: Part One

Maximum Debt Limit and Other Information

1. The Maximum Debt Limit is \$500,000,000.00.
2. The Original Mortgage as referred to in the first WHEREAS clause above is more particularly described as follows:

<u>Instrument Title</u>	<u>Instrument Date</u>
Restated Mortgage and Security Agreement	September 1, 2004
Supplemental Mortgage	December 1, 2008

3. Outstanding Notes referred to in the fourth WHEREAS clause above that are Government Notes are more particularly described as follows:

<u>Loan Designation</u>	<u>Face Amount</u>	<u>Date</u>	<u>Final Maturity</u>	<u>% Rate¹</u>
AS8 ²	\$20,437,000.00	01 Nov 1999	31 Dec 2033	V
AT44	\$16,535,000.00	01 Sep 2004	01 Sep 2039	V
AU8 ³	\$10,934,000.00	01 Dec 2008	31 Dec 2042	V

¹V=variable interest rate calculated by RUS pursuant to title 7 of the Code of Federal Regulations or by the Secretary of Treasury. CFC=an interest rate which may be fixed or variable from time to time as provided in the CFC Loan Agreement pertaining to a loan which has been made by CFC and guaranteed by RUS. CoBank=an interest rate which may be fixed or variable from time to time as provided in the CoBank Loan Agreement pertaining to a loan which has been made by CoBank and guaranteed by RUS.

²In addition to this note which the Mortgagor has issued to FFB, the Mortgagor has also issued a corresponding promissory note to RUS designated as the certain "Reimbursement Note" bearing even date therewith. Such Reimbursement Note is payable to the Government on demand and evidences the Mortgagor's obligation immediately to repay RUS, any payment which RUS may make pursuant to the RUS guarantee of such FFB note, together with interest, expenses and penalties (all as described in such Reimbursement Note). Such Reimbursement Note is an "Additional Note issued to the Government" for purposes of this Part One of Schedule A and this Mortgage and is entitled to all of the benefits and security of this Mortgage.

³See footnote 2 in this Schedule A.

4. The Additional Notes described in the sixth WHEREAS clause above are more particularly described as follows:

<u>Loan Designation</u>	<u>Face Amount</u>	<u>Date</u>	<u>Final Maturity</u>	<u>% Rate⁴</u>
AV8 ⁵	\$12,380,000.00	01 Jul 2013	31 Dec 2047	V

⁴See footnote 1 in this Schedule A.

⁵See footnote 2 in this Schedule A.

SCHEDULE A: Part Two

The outstanding secured obligations of the Mortgagor referred to in the fourth WHEREAS clause above are evidenced by the Original Notes described below:

ORIGINAL NOTES issued to CFC

<u>CFC Loan Designation</u>	<u>Face Amount of Note</u>	<u>Note Date</u>	<u>Maturity Date</u>
KY052-C-9013	\$811,000.00	10/01/1979	10/01/2014
KY052-C-9016	\$733,000.00	11/12/1981	11/12/2016
KY052-C-9017	\$800,000.00	02/08/1989	02/08/2024
KY052-C-9018	\$860,204.00	10/01/1992	10/01/2027
KY052-C-9019	\$1,778,351.00	02/03/1994	02/03/2029

SCHEDULE A: PART THREE

CoBank

The outstanding secured obligations of the Mortgagor referred to in the _____th WHEREAS clause above are evidenced by the Original Notes described below:

ORIGINAL NOTES issued to CoBank, ACB

Payor: Fleming-Mason Energy Cooperative, Inc.

<u>CoBank Loan</u>	<u>Face Amount of</u>	<u>Note Date</u>	<u>Maturity Date</u>	<u>% Rate</u>
<u>Designation</u>	<u>Note</u>			
RX0861TI	\$6,649,696.48	October 10, 2010	September 20, 2020	3.73

Schedule B- Property Schedule

1. HEADQUARTERS FACILITY

A certain tract of land situated at the intersection of KY Highway #32 and the Flemingsburg and Craintown Turnpike in Fleming County, Kentucky, and more particularly described as follows:

BEGINNING in the center of Kentucky Highway #32 and corner to H. S. Dunbar corner; thence leaving road with his line, S 2 ½ W, 704 feet to a post; thence S 84 ½ E, 1960 feet to the center of Kentucky Highway #57; thence with its center, N 8 ½ E, 611 feet to the center of Kentucky Highway #32; thence with its center, N 82 W, 2031 feet to the beginning, containing 30.12 acres.

A certain tract of land containing 30.12 acres conveyed by Emma B. Landrigan and Russell Landrigan, her husband, to Fleming-Mason Rural Electric Cooperative Corporation as described in a certain deed dated April 22, 1958, and recorded in Deed Book 115, Page 309, in the Fleming County Court Clerk's Office.

THERE IS EXCEPTED THEREFROM A CERTAIN TRACT conveyed to The Commonwealth of Kentucky, for the use and benefit of the Transportation Cabinet, Department of Highways, by Fleming-Mason Electric Cooperative Corporation, 1449 Elizaville Road, Flemingsburg, Kentucky 41041, by deed dated December 7, 2007, and recorded in Deed Book 230, Page 153, in the Fleming County Court Clerk's Office.

Being a tract of land lying in Fleming County, Kentucky, about 0.4 mile west of the intersection of KY 11 and KY 57, and south of KY 32, and being more particularly described as follows:

Beginning at a point on the property line of William & Barbara Walton, 57.44 feet right of New KY 32 station 19+17.23; thence along said property line, North 2°01'18" East, 45.16 feet to a point on the existing KY 32 right-of-way, 12.48 feet right of New KY 32 station 19+13.02; thence along said right-of-way, South 82°38'13" East, 1496.44 feet to a point 12.37 feet right of New KY 32 station 34+09.44; thence along an arc 111.31 feet to the right, having a radius of 11470.00 feet, the chord of which is South 82°21'32" East, 111.31 feet to a point 13.55 feet right of New KY 32 station 35+20.63; thence South 82°04'51" East, 147.49 feet to a point 17.43 feet right of New KY 32 station 36+67.87; thence along an arc 255.71 feet to the left, having a radius of 11530.00 feet, the chord of which is South 82°42'58" East, 255.70 feet to a point on the corner of the right-of-way of KY 57, 25.61 feet right of New KY 32 station 39+22.99; thence, leaving the existing KY 32 right-of-way along the KY 57 right-of-way, South 6°40'59" East, 18.83 feet to a point 44.05 feet right of New KY 32 station 39+26.74; thence along an arc 32.22 feet to the right, having a radius of 125.00 feet, the chord of which is South 0°42'31" West, 32.13 feet to a point 76.11 feet right of New KY 32 station 39+29.03; thence South 8°05'38" West, 8.69 feet to a point 84.78 feet right of New KY 32 station 39+28.54; thence North 77°56'59" West, 287.02 feet to a point 52.00 feet right of New KY 32 station 36+45.00; thence North 84°40'03" West, 180.85 feet to a point 56.00 feet right of New KY 32 station 34+65.00; thence North 74°12'18" West, 114.57 feet to a point 39.00 feet right of New KY 32 station 33+52.00; thence North 82°37'56" West, 441.00 feet to a point 39.00 feet right of New KY 32 station 29+11.00; thence South 88°18'36" West, 209.61 feet to a point 72.00 feet right of New KY 32 station 27+04.00; thence North 71°36'32" West, 156.89 feet to a point 42.00 feet right of New KY 32 station 25+50.00; thence North 81°56'46" West, 167.01 feet to a point 40.00 feet right of New KY 32 station 23+83.00; thence North 85°23'46" West, 377.44 feet to a point 58.20 feet right of New

KY 32 station 20+06.00; thence North 82°08'41" West, 88.78 feet to the POINT OF BEGINNING.

The above described parcel contains 1.710 acres (74,485 square feet).

2. POLEYARD

A lot or parcel of land lying and being in Flemingsburg, Fleming County, Kentucky, on the west side of Stockton Run, and more particularly described as follows:

Beginning at an iron pin sunk in the ground at the stone wall adjoining the branch; thence running in a straight line parallel with the east side of the Flemingsburg Light and Ice Company Building and 60 feet from the foundation of said building 130 feet and 2 inches, more or less, to an iron pin in the line of the Cincinnati, Flemingsburg and Southeastern Railroad Company, and 20 feet from the present center of said road; thence running with the line of said railroad in an eastwardly direction to where the line of W. S. Fant intersects said lot and railroad, and thence with the lands of W. S. Fant and Stockton Run (known as the Town Branch) to the point of beginning, being the same property conveyed to the Cincinnati, Flemingsburg, and Southeastern Railroad Company by the Flemingsburg Light and Ice Company, by deed dated June 2, 1909, and recorded in the office of the clerk of the Fleming County Court, in Deed Book 72, Page 145.

There is, however, excepted from the property last above described, the following lot of land in Flemingsburg, Fleming County, Kentucky; Beginning at a point corner to Stockton Run and the east line of the Flemingsburg Light and Ice Company; thence running with said line a distance of 100 feet; thence at a right angle to this line in an eastwardly direction a distance of 45 feet; thence a straight line parallel with the line of the Flemingsburg Light and Ice Company to the Branch (Stockton Run); thence with the west bank of said branch to the point of beginning, said property so excepted having heretofore been conveyed by the Cincinnati, Flemingsburg, and Southeastern Railroad Company to the Sugar Loaf Creamery Company by deed dated June 28, 1915, and recorded in the office of the Clerk of the Fleming County Court, in Deed Book 78, Page 549.

There is also excepted the following lot of land in Flemingsburg, Fleming County, Kentucky: Beginning at a point corner to Stockton Run and the east line of the lot of Sugar Loaf Creamery Company; thence running with said line a distance of 86 feet; thence at right angles to this line in an easterly direction a distance of 44 feet, thence in a straight line parallel to the line of the Sugar Loaf Creamery Lot, a distance of 44 feet therefrom to Stockton Run; thence with the west bank of Stockton Run to the point of beginning, said property having heretofore been conveyed by the Cincinnati, Flemingsburg and Southeastern Railroad Company to T. A. Dudley and J. M. McIntire, by deed dated June 5, 1918, and recorded in the office of the Clerk of the Fleming County Court, in Deed Book 82, Page 314.

Being the same land conveyed to Fleming-Mason Rural Electric Cooperative Corporation by George Faulkner, Receiver of the Fleming Circuit Court, by deed dated October 6, 1956, and recorded in Commissioner's Deed Book 4, Page 424, Fleming County Court Clerk's Office.

APPLICATION OF FLEMING-MASON ENERGY COOPERATIVE, INC.

CASE NO. 2015-00013

EXHIBIT 2

FINANCIAL EXHIBIT — 807 KAR 5:001, SECTION 6

Unless otherwise noted, the financial information contained in this Exhibit is for the twelve months ending or as of December 31, 2014, which is within the 90-day requirement of 807 KAR 5:001, Section 6.

- Section 6(1) Fleming-Mason Energy has no stock authorized.
- Section 6(2) Fleming-Mason Energy has no stock issued or outstanding.
- Section 6(3) Fleming-Mason Energy has no preferred stock issued.
- Section 6(4) All of Fleming-Mason Energy's loans with the RUS, CFC and CoBank are secured by the Restated Mortgage and Security Agreement which was executed on September 1, 2004, shown in Exhibit 1a and the Supplemental Mortgage executed July 1, 2013, shown in Exhibit 1b. Fleming-Mason Energy is the mortgagor, while the RUS, CFC and CoBank are the mortgagees. The total debt limit is \$500,000,000. The current actual indebtedness is shown as Attachment A, pages 1-2 of Exhibit 2. There are no sinking fund provisions contained in the Restated Mortgage.
- Section 6(5) Fleming-Mason Energy has no bonds authorized or issued.
- Section 6(6) Attachment A to this Exhibit contains the listing of Fleming-Mason Energy's total notes outstanding.
- Section 6(7) Fleming-Mason Energy has no other indebtedness.
- Section 6(8) As Fleming-Mason Energy has no stock authorized, issued or outstanding, no dividends have been paid during the five previous fiscal years.
- Section 6(9) Attachments B and C to this Exhibit contains Fleming-Mason Energy's detailed income statement and balance sheet.

CASE NO. 2015-00013
 FINANCIAL EXHIBITS FOR FLEMING-MASON ENERGY
 NOTES EXECUTED
 AS OF DECEMBER 31, 2014
 ATTACHMENT A
 Page 1 of 2

RUS TREASURY NOTES

Note No. (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Principal Payments (e)	Balance Long Term Debt (f)	Final Maturity Date (g)	2014 Interest Paid (h)
1B370	4.58%	09/01/05	2,000,000	265,641	1,734,359	11/30/40	80,356
1B371	4.72%	03/20/06	4,000,000	516,620	3,483,380	02/28/41	166,620
1B372	4.95%	10/24/06	3,000,000	370,542	2,629,458	11/30/41	131,764
1B373	4.87%	01/01/07	2,000,000	243,566	1,756,434	02/28/42	86,484
1B374	5.18%	07/01/07	2,000,000	221,262	1,778,738	08/31/42	93,113
1B375	1.62%	11/01/07	2,000,000	292,243	1,707,757	11/30/42	28,155
1B376	4.08%	09/18/08	1,535,000	176,643	1,358,357	11/30/43	56,276
TOTAL			16,535,000	2,086,518	14,448,482		642,769
Less Advance Payments Unapplied						(12,555)	
						14,435,927	

COBANK

Note No. (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Principal Payments (e)	Balance Long Term Debt (f)	Final Maturity Date (g)	2014 Interest Paid (h)
2440284	3.73%	10/13/10	6,649,662	2,580,844	4,068,819	09/20/20	168,146

CFC

Note No. (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Principal Payments (e)	Balance Long Term Debt (f)	Final Maturity Date (g)	2014 Interest Paid (h)
9013	5.90%	10/01/79	811,000	811,000	0	11/30/14	1,211
9016	5.95%	11/12/81	733,000	645,492	87,508	11/30/16	6,788
9017	3.10%	02/08/89	800,000	439,427	360,573	02/28/24	11,366
9018	4.05%	10/01/92	860,204	331,620	528,584	11/30/27	21,513
9019-001	3.10%	02/03/94	1,000,000	348,371	651,629	02/28/29	20,070
9019-002	3.10%	02/03/94	725,000	246,675	478,325	02/28/29	13,940
TOTAL			4,929,204	2,822,584	2,106,620		74,888

CASE NO. 2015-00013

FLEMING-MASON ENERGY

STATEMENT OF OPERATIONS

ITEM	Twelve Months Ending December 31, 2014
1. Operating Revenue and Patronage Capital	\$76,182,083
2. Power Production Expense	
3. Cost of Purchased Power	\$63,006,794
4. Transmission Expense	
5. Distribution Expense - Operation	\$1,971,517
6. Distribution Expense - Maintenance	\$2,817,769
7. Customer Accounts Expense	\$1,767,599
8. Customer Service and Informational Expense	\$120,206
9. Sales Expense	\$58,210
10. Administrative and General Expense	\$1,415,043
11. Total Operations & Maintenance Expense (2 thru 10)	\$71,157,139
12. Depreciation and Amortization Expense	\$3,286,785
13. Tax Expense - Property & Gross Receipts	\$0
14. Tax Expense - Other	\$78,163
15. Interest on Long-Term Debt	\$927,977
16. Interest Charged to Construction - Credit	
17. Interest Expense - Other	\$110,280
18. Other Deductions	\$22,320
19. Total Cost of Electric Service (11 thru 18)	\$75,582,664
20. Patronage Capital & Operating Margins (1 minus 19)	\$599,419
21. Non Operating Margins - Interest	\$43,756
22. Allowance for Funds Used During Construction	
23. Income (Loss) from Equity Investments	
24. Non Operating Margins - Other	(\$4,718)
25. Generation and Transmission Capital Credits	\$4,491,381
26. Other Capital Credits and Patronage Dividends	\$136,271
27. Extraordinary Items	
28. Patronage Capital or Margins (20 thru 27)	\$5,266,109

CASE NO. 2015-00013

FLEMING-MASON ENERGY

BALANCE SHEET AS OF DECEMBER 31, 2014

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	97,838,822	29. Memberships	233,645
2. Construction Work in Progress	387,483	30. Patronage Capital	47,843,104
3. Total Utility Plant (1 + 2)	98,226,305	31. Operating Margins - Prior Years	
4. Accum. Provision for Depreciation and Amort.	31,880,183	32. Operating Margins - Current Year	5,227,071
5. Net Utility Plant (3 - 4)	66,346,122	33. Non-Operating Margins	39,038
6. Non-Utility Property (Net)	0	34. Other Margins and Equities	(5,825,955)
7. Investments In Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34)	47,516,903
8. Invest. In Assoc Org-Patronage Capital	36,641,731	36. Long-Term Debt - RUS (Net)	14,450,143
9. Invest. In Assoc Org-Other-General Funds	0	37. Long-Term Debt - RUS - Econ. Devel. (Net)	935,253
10. Invest. In Assoc Org-Other-Nongen Funds	890,734	38. Long-Term Debt - FFB - RUS Guaranteed	25,164,337
11. Invest. In Economic Development Projects	0	39. Long-Term Debt - Other - RUS Guaranteed	0
12. Other Investments	316,335	40. Long-Term Debt Other (Net)	6,175,439
13. Special Funds	0	41. Prepayments - Unapplied	14,216
14. Total Other Property & Investments (6 thru 13)	37,848,800	42. Total Long-Term Debt (36 thru 40)	46,710,956
15. Cash - General Funds	930,748	43. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	44. Accumulated Operating Provisions	5,822,390
17. Special Deposits	0	45. Total Other Noncurrent Liabilities (42 + 43)	5,822,390
18. Temporary Investments	0	46. Notes Payable	5,730,000
19. Notes Receivable (Net)	0	47. Accounts Payable	6,446,045
20. Accounts Receivable-Sales of Energy (Net)	7,643,585	48. Consumers Deposits	807,014
21. Accounts Receivable - Other (Net)	1,410,970	49. Current Maturities Long-Term Debt	0
22. Materials and Supplies - Electric & Other	402,989	50. Current Maturities Long-Term Debt-Economic Develop	0
23. Prepayments	110,381	51. Current Maturities Capital Leases	0
24. Other Current and Accrued Assets	6,506	52. Other Current and Accrued Liabilities	1,599,733
25. Total Current and Accrued Assets (15 thru 24)	10,505,179	53. Total Current & Accrued Liabilities (45 thru 51)	14,582,792
26. Regulatory Assets	0	54. Regulatory Liabilities	0
27. Other Deferred Debits	10,659	55. Other Deferred Credits	77,719
28. Total Assets & Other Debits (5+14+25thru27)	114,710,760	56. Total Liabilities and Other Credits (35+41+44+52 thru 54)	114,710,760

Fleming-Mason Energy Cooperative, Inc.

Resolution of Board of Directors

Refinancing of Rural Utilities Service Treasury Notes

WHEREAS, a refinancing of Rural Utilities Service (RUS) secured debt is permitted under Article II, Section 2.02 of the RUS mortgage,

WHEREAS, Fleming-Mason Energy has approximately \$14.5 million of RUS fixed Treasury notes with maturities averaging 25 years,

WHEREAS, in the current interest rate environment it appears that Fleming-Mason will realize a savings if it replaces said RUS Treasury notes with CoBank notes,

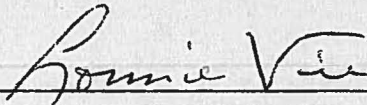
WHEREAS, the interest rate changes daily and the exact date of the loan closing is undeterminable because Kentucky Public Service Commission (KPSC) approval is required,

NOW THEREFORE BE IT RESOLVED, that Joni K. Hazelrigg, President/CEO, is authorized and directed, on behalf of Fleming-Mason, to seek KPSC approval for refinancing all or a portion of said RUS Treasury notes, as determined by the President/CEO and approved by KPSC.

BE IT FURTHER RESOLVED, that the effective interest rate on these new notes, exclusive of capital credit retirements, shall be 5% or less, the schedule for the new note payments shall be accelerated to 15 years versus the current 25 years, and the stated interest rate shall be fixed with no interest repricing risk.

I, Lonnie C. Vice, Secretary/Treasurer of Fleming-Mason Energy, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Fleming-Mason Energy on January 8, 2015, at which a quorum was present and voted.

(Seal)



Lonnie C. Vice, Secretary/Treasurer

Fleming-Mason Energy Cooperative

RUS Refinancing Term Loan \$14,309,162

January 29, 2015

Table of Contents

Executive Summary

- 1. Existing RUS Loan Profile & Summary Analysis**
- 2. Side by Side Comparison of RUS Notes and CoBank Loan**
- 3. CoBank Patronage and Effective Cost of Borrowing - RUS Notes**

Executive Summary

Fleming-Mason Energy Cooperative (Fleming-Mason) currently holds seven notes totaling approximately \$14.3 million in RUS debt at interest rates that range from 1.62% to 5.18% (blended interest rate of 4.42%) which would qualify for CoBank refinancing at a life time fixed rate currently of 3.26%. At such a rate, CoBank's patronage refunds would result in an effective rate of approximately 2.39%, an effective savings of 87 basis points. The total projected savings amounts to \$6,332,159. CoBank requests Fleming-Mason's consideration as lender for these loans. Such refinancing of mortgage debt is permitted by RUS under the regulations outlined in 7 CFR Part 1786.

We have enclosed for your review a profile of existing eligible notes including a comparison of savings opportunity (Tab 1), a side by side comparison of the RUS loans' interest cost versus CoBank's loan interest cost and patronage payments (Tab 2), an analysis of CoBank's Patronage Refunds, Capital Plan and Effective Cost of Borrowing (Tab 3).

We propose to consolidate the seven RUS notes into a single note with a principal repayment tenor of 15 years versus the RUS consolidated notes' remaining life of 24 years. Shortening the life of these notes to fifteen years would not dramatically increase your total debt service and will provide for a greater lifetime interest expense savings.

CoBank is pleased to have this opportunity to present this information as part of its effort to find innovative ways for Fleming-Mason to enhance its success. This booklet is not a commitment to lend or an offer to make a loan. A commitment shall be in the form of a loan agreement upon receipt of an acceptable application, resolution, and other documentation as required by CoBank. Thank you for your consideration.

TAB 1

RUS notes proposed for refinancing:

Loan Balances as of 5/31/2015

Note ID	Principal Balance	Final Payment Date	Years Remaining	Weighted Average Life
1B370	1,718,117.00	07/31/2039	24.18	14.13
1B371	3,451,559.00	08/31/2039	24.27	14.27
1B372	2,606,347.00	07/31/2039	24.18	14.30
1B373	1,740,743.00	08/31/2039	24.27	14.33
1B374	1,763,415.00	07/31/2039	24.18	14.44
1B375	1,684,083.00	08/31/2039	24.27	12.69
1B376	1,344,898.00	08/31/2039	24.27	13.97
Totals	14,309,162.00		24.27	14.07

Interest Savings (over life of notes):

Total Interest RUS @ 4.42% Blended Rate	Total Interest CoBank @ 3.26%	Total Savings
\$9,007,466	\$3,835,948	\$5,171,518
CoBank Cash Patronage Refund:		\$870,481
CoBank Stock Patronage Refund:		<u>\$290,160</u>
Total Life Time Benefit:		<u>\$6,332,159</u>

There are no prepayment penalties arising from prepayment of RUS debt.

TAB 2

**Fleming-Mason Energy
Summary of RUS Buyout**

January 29, 2015: Forward Fix Rate Lock Date with a Forward Fix Expiration Date of June 30, 2015
CoBank 15 Year Loan (Only RUS Notes Refinanced)

RUS: (Estimated Loan Balances as of May 31, 2015)

CoBank:

	Existing Rate	Remaining Years	Weighted Average Life (in Years)	Principal Balance	Total Monthly Payment	Total Annual Payment	Total Lifetime Interest	Loan Amount	CoBank Loan Years	CoBank Rate	CoBank Net Effective Rate	CoBank Total Monthly Payment	CoBank Total Annual Payment	CoBank Lifetime Interest	CoBank Cash Patronage	CoBank Equity Patronage	CoBank Net Lifetime Interest
RUS Notes:																	
B370 - B376 (7 Notes) Blended Rate	1.62% to 5.18% 4.42%	24.27	14.07	\$14,309,162	\$ 80,447	\$ 965,364	\$ 9,007,466	\$ 14,309,162	15	3.26%	2.39%	\$ 101,381	\$ 1,216,572	\$ 3,835,948	\$ 870,481	\$ 290,160	\$ 2,675,307
Total RUS Notes				\$14,309,162	\$ 80,447	\$ 965,364	\$ 9,007,466	\$ 14,309,162				\$ 101,381	\$ 1,216,572	\$ 3,835,948	\$ 870,481	\$ 290,160	\$ 2,675,307
FFB Notes:																	
				\$ -	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total RUS & FFB				\$14,309,162	\$ 80,447	\$ 965,364	\$ 9,007,466	\$ 14,309,162				\$ 101,381	\$ 1,216,572	\$ 3,835,948	\$ 870,481	\$ 290,160	\$ 2,675,307

Cash Flow Impact With CoBank Loans:

Additional Monthly/Annual Debt Service (Savings):	\$ 20,934	\$ 251,208
Additional Lifetime Interest Expense (Savings) with CoBank Patronage:		\$ (6,332,159)
Additional Lifetime Interest Expense (Savings) Excluding CoBank Patronage:		\$ (5,171,518)

TAB 3



Rural America's Cooperative Bank

Projection of Cash Flows and Effective Interest Rate

The projection of cash flows is based on loan amounts, dates and interest rates shown below along with the present capital plan and expected retirement of bank equities.

The capital plan, patronage rate and equity retirements may be changed at the discretion of the bank's board of directors. The following projections are intended for illustrative purposes only, are not intended to represent a commitment to a specific interest rate, and will not become part of any loan documentation.

The effective interest rate shown is the discount rate applied on a monthly basis at which the net present value of all the cash flows equal to zero (commonly called the internal rate of return).

Borrower Name	Fleming-Mason Energy
Schedule	RUS Note Buyout 15 Year Loan Tenor
Account Officer	LaDuca
Prepared by:	LaDuca
Quote Date	January 29, 2015
Origination Date	June 30, 2015
Amortization Start Date	July 31, 2015
Loan Amount	\$14,309,162
Years to Maturity	15
Nominal Interest Rate	3.26%
Origination Fee (\$)	0
Payments/Year	12
Amort Method	Level Payment
Days per Year	360
Payment Amount	\$101,381

Nominal Interest Rate	3.26%
Net Effective Interest Rate	2.39%
Reduction of Interest Rate	0.87%
Patronage Rate	1.00%
% Cash Patronage	75.00%
Initial Capital Purchase Amount	\$0
Target Equity	8.00%
Prior Year End Capital Balance	0
Avg Loan Balance - 1 year ago	0
Avg Loan Balance - 2 years ago	0
Avg Loan Balance - 3 years ago	0
Avg Loan Balance - 4 years ago	0
Avg Loan Balance - 5 years ago	0
Avg Loan Balance - 6 years ago	0
Avg Loan Balance - 7 years ago	0
Avg Loan Balance - 8 years ago	0

Borrower: Fleming-Mason Energy													
Quote Date		January 29, 2015		Schedule:				RUS Note Buyout 15 Year Loan Tenor					
Origination Date		June 30, 2015		Effective Interest Rate:				2.39%					
Year	Principal Advance	Principal Payments	Interest Payments	Capital Purchases	Cash Patronage	Capital Retired in Cash	Net Cash Flow	Patronage Paid as Capital	Capital Balance	End of Period Loan Balance	1 Year Avg Loan Balance	10 Year Avg Loan Balance	Target Equity
	A	B	C	D	E	F	G	H	I	J	K	L	M
2015	14,309,162	373,612	234,675	0	0	0	13,700,874	17,839	17,839	13,935,550	7,135,490	713,549	71,355
2016	0	767,525	449,051	0	53,516	0	-1,163,059	33,962	51,801	13,168,025	13,584,992	2,072,048	186,484
2017	0	793,282	423,294	0	101,887	0	-1,114,688	32,012	83,813	12,374,743	12,804,888	3,352,537	268,203
2018	0	819,903	396,673	0	96,037	0	-1,120,539	29,999	113,812	11,554,840	11,999,421	4,552,479	364,198
2019	0	847,417	369,158	0	89,996	0	-1,126,580	27,917	141,729	10,707,423	11,166,923	5,669,171	453,534
2020	0	875,855	340,721	0	83,752	0	-1,132,824	25,768	167,498	9,831,568	10,307,387	6,699,910	535,993
2021	0	905,247	311,329	0	77,305	0	-1,139,270	23,543	191,041	8,926,321	9,417,178	7,641,628	611,330
2022	0	935,625	280,950	0	70,629	0	-1,145,947	21,245	212,286	7,990,696	8,498,025	8,491,430	679,314
2023	0	967,023	249,552	0	63,735	0	-1,152,840	18,870	231,156	7,023,673	7,548,027	9,246,233	739,699
2024	0	999,475	217,101	0	56,610	0	-1,159,965	16,418	247,574	6,024,198	6,567,175	9,902,951	792,236
2025	0	1,033,015	183,560	0	49,254	0	-1,167,322	13,878	261,452	4,991,183	5,551,320	9,744,534	779,563
2026	0	1,067,681	148,894	0	41,635	0	-1,174,941	11,256	272,708	3,923,502	4,502,436	8,836,278	706,902
2027	0	1,103,511	113,065	0	33,768	0	-1,182,807	8,546	281,254	2,819,991	3,418,354	7,897,625	631,810
2028	0	1,140,542	76,033	0	25,638	0	-1,190,938	5,748	287,002	1,679,449	2,299,062	6,927,589	554,207
2029	0	1,178,817	37,759	0	17,243	0	-1,199,333	2,850	289,851	500,632	1,139,829	5,924,879	473,990
2030	0	500,632	4,133	0	8,549	0	-496,216	309	290,160	0	123,589	4,906,500	392,520
2031	0	0	0	0	927	0	927	0	290,160	0	0	3,964,782	317,183
2032	0	0	0	0	0	0	0	0	290,160	0	0	3,114,979	249,198
2033	0	0	0	0	0	40,962	40,962	0	249,198	0	0	2,360,177	188,814
2034	0	0	0	0	0	60,384	60,384	0	188,814	0	0	1,703,459	136,277
2035	0	0	0	0	0	52,537	52,537	0	136,277	0	0	1,148,327	91,866
2036	0	0	0	0	0	44,411	44,411	0	91,866	0	0	698,083	55,847
2037	0	0	0	0	0	36,019	36,019	0	55,847	0	0	356,248	28,500
2038	0	0	0	0	0	27,347	27,347	0	28,500	0	0	126,342	10,107
2039	0	0	0	0	0	18,392	18,392	0	10,107	0	0	12,359	989
2040	0	0	0	0	0	9,119	9,119	0	989	0	0	0	0
2041	0	0	0	0	0	989	989	0	0	0	0	0	0
TOTAL	\$14,309,162	\$14,309,162	\$3,835,948	\$0	\$870,481	\$290,160	(\$2,675,307)	\$290,160					



Rural America's Cooperative Bank

Projection of Cash Flows and Effective Interest Rates

The following provides a column-by-column description of CoBank's Loan Rate Model. The Loan Rate Model provides projections of cash flows and effective interest rates based upon the assumptions given for each printout.

- Column C reflects the principal advances on the loan.
- Column E reflects the periodic principal payments.
- Column F reflects the periodic interest payments.
- Column H shows the capital purchases required based upon the assumptions. A new borrower must purchase \$1,000 capital.
- Column I reflects the cash patronage. Total patronage is calculated as a percentage of the one year average loan balance. CoBank is required by statute to pay a minimum of 20 percent patronage capital allocated to a borrower during each year in cash.
- Column J shows capital retirements in cash.
- Column K reflects the net cash flow for the borrower throughout the term of the loan.
- Column L reflects the allocated patronage used to purchase additional capital in CoBank. This represents the balance of the capital allocated each year which was not paid in cash.
- Column M shows the balance of purchased and allocated capital on a cumulative basis each year.
- Column N reflects the loan balance at the end of the year.
- Column O represents the one year average loan balance which is the basis for annual patronage.
- Column P represents average ten year loan balance which is the basis for determining the capital target for the borrower.
- Column Q shows the target equity for the borrower based upon the ten year average loan balance.