



5500 South Quebec Street
Greenwood Village, CO 80111
800-542-8072
www.cobank.com

Ex Parte Notice

May 25, 2012

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Reform – Mobility Fund, WT Docket No. 10-208

Dear Ms. Dortch:

On Thursday, May 24, 2012, Rob West, Senior Vice President, Communications Banking Group and Mike Ivie, Vice President and Senior Credit Manager, Communications Banking Group participated by conference call in a meeting that included Sarah Tyree, Vice President, Government Affairs, Michael Steffen, Legal Advisor to Chairman Julius Genachowski, Sharon Gillett, Chief, Wireline Bureau, Carol Matte, Deputy Chief Wireline Bureau and Jonathan Levy, Office of Strategic Planning. The meeting was held to further discuss the points CoBank made in their May 8, 2012 ex parte filing.

CoBank elaborated on how the uncertainty of regulatory reform has impacted how CoBank evaluates loans to RLECs. CoBank discussed the use of various key ratios for decision-making and risk assessment, such as Debt/EBTIDA (Earnings Before Interest, Taxes, Depreciation and Amortization). In general there has been a clear correlation in recent years between CoBank's maximum RLEC Debt/EBTIDA tolerance and the uncertainty regarding cost recovery and regulatory reform, in addition to increasing competitive substitution and technological obsolescence. CoBank's leverage tolerance has been declining due to these factors.

Sincerely,

/s/ Sarah B. Tyree

Sarah B. Tyree
Vice President, Government Relations