| 6  | Letter from NRECA President |
| 7  | Letter from NRECA CEO       |
| 8  | Board of Directors          |
| 10 | Protecting the Interests of Rural America |
| 12 | Supporting a Cooperative Workforce: Benefits |
| 14 | Supporting a Cooperative Workforce: Advocacy |
| 16 | Safeguarding the Grid       |
| 18 | Facilitating Conversations on Governance |
| 20 | Building a Reputation in Washington |
| 22 | Connecting with the Next Generation |
| 24 | Advancing Energy Technologies |
| 26 | 2019 Financial Highlights (the association) |
| 28 | 2019 Financial Highlights (NRECA multiple employer plans) |
| 31 | Contact |
INSPIRING THE FUTURE

As 2019 began, America’s electric cooperatives faced uncertainties: Can our cooperatives meet increasing—and changing—member demands? How will third-party energy service firms impact us? What happens if we lose our tax-exempt status? Can we stand up to cyber threats? These questions occupy my thoughts each day. They’re among the challenges that all co-ops face, and they are different than the challenges of the past. However, the cooperative values that guide us to a strong and prosperous future remain the same. And NRECA is here to bring us together, facilitate information sharing and lead our response to those challenges—in Washington and beyond. As an industry leader, our national association promotes those values and inspires the future of the electric cooperative movement through advocacy, workforce development and operational strategies. NRECA champions our network by anticipating, shaping and responding to changes in technology, public policy and energy markets. As NRECA’s president, I am gratified to share how our cooperative network addresses common challenges in new and innovative ways. This report is a strong demonstration of the value NRECA delivers to our cooperatives—how we are working together to effectively respond in a changing industry and changing world to improve the quality of life for our consumer-members.

Sincerely,

Curtis Wynn
CEO, Roanoke Electric Cooperative
President, NRECA

PARTNERING FOR SUCCESS

Recent months have been a time for reflection, and I have been thinking about how we best pursue NRECA’s mission to promote, support and protect the community and business interests of electric cooperatives. Our mission drives us and gives us the bearing we need to do our best work for you. This report reviews several projects on which we partnered with you to advance America’s electric cooperatives. From public policy advocacy to member engagement and from cybersecurity and technological innovation to providing affordable benefits plans, we are elevating the cooperative network and advancing engagement with consumer-members. No single cooperative could have accomplished this alone, and NRECA could not have been successful without you. That is the essence of why NRECA exists: to convene our members to succeed in ways that we could not individually. As I reflect on the success of the past year, I am grateful for our board’s leadership and for the network of cooperative partners who put their faith in us and give our work purpose and meaning. I’m also proud of the NRECA staff and their commitment to cooperatives that is summarized in this report. Together, we are setting the stage for the electric cooperatives of tomorrow. I am excited for the journey ahead.

Best Regards,

Jim Matheson
CEO, NRECA
2019 NRECA Board of Directors
(As of Dec. 31, 2019)

OFFICERS

ANTHONY ANDERSON MICHIGAN
JEFFERY ARNOLD LOUISIANA
LAWRENCE BECKER WISCONSIN
BARRY BERNSTEIN VERMONT
PHIL CARSON ILLINOIS
BRYAN CASE IDAHO
CHRIS CHRISTENSEN MONTANA
KENNETH COLBURN NEW HAMPSHIRE
MEL COLEMAN ARKANSAS
MARION DENER IOWA
KEVIN DODDRIDGE MISSISSIPPI
DANIEL DYER MARYLAND
SANDRA GREEN NEVADA
SCOTT HALLOWELL MAINE
CHRISTOPHER HAMON MISSOURI
WILLIAM HART SOUTH CAROLINA
S. EUGENE HERRITT PENNSYLVANIA
MARK HOFF SOUTHDAKOTA
DAVID IHA HAWAII
LYNN JACOBSON NORTH DAKOTA
KERRY KELTON TEXAS
RANDY KLEAVING INDIANA
MEERA KOHLER ALASKA
THOMAS MADSEN NEW JERSEY
JOSEPH MARTIN COLORADO
THOMAS MCQUISTON OHIO
GALEN MILLS GEORGIA
FRED NELSON CALIFORNIA
WILLIAM NOEL DELAWARE
CURTIS NOLAN ARIZONA
RANDY PAPENHAUSEN NEBRASKA
JEFFREY PETERSON UTAH
GARY POTTER NEW YORK
ROY T. PURKEY TENNESSEE
REUBEN RITTHALER WYOMING
KEITH ROSS KANSAS
RONALD SCHWARTAU MINNESOTA
C.B. SHARP WEST VIRGINIA
CHARLES SHORT ALABAMA
KELLEY SMITH FLORIDA
TIMOTHY SMITH OKLAHOMA
DAVID SPRADLIN NEW MEXICO
STEVE WALTER WASHINGTON
GREG WHITE VIRGINIA
MICHAEL I. WILLIAMS KENTUCKY
W. BRYAN WOLFE OREGON
CURTIS WYNN NORTH CAROLINA

CURTIS WYNN
PRESIDENT, NORTH CAROLINA

CHRIS CHRISTENSEN
VICE PRESIDENT, MONTANA

ANTHONY ANDERSON
SECRETARY-TREASURER, MICHIGAN

Page | 8
PROTECTING THE INTERESTS OF RURAL AMERICA

NRECA and our member co-ops give rural America a powerful voice in Washington. In 2019, NRECA harnessed that power, mobilizing the entire industry in a coordinated national lobbying and grassroots effort to support passage of the RURAL Act. The law protects co-ops’ federal tax-exempt status when accepting grants for disaster recovery, broadband service, renewable energy or other investments.

$15 MILLION IN CO-OP TAX SAVINGS*

*Average annual savings across all co-ops

“Losing our tax-exempt status would’ve been devastating for our members when we’re trying to do positive things for our community.”
-Kerry Kelton, CEO, Mid-South Synergy Electric Cooperative

GENERATING STRONG BIPARTISAN SUPPORT

NRECA and co-op members met with legislators, wrote op-eds and used a robust combination of paid, earned and social media to generate support for the bill.

Nearly 28,000 messages sent to Congress through NRECA’s Cooperative Action Network.

311 House co-sponsors
57 Senate co-sponsors

“This was an amazing NRECA team and membership effort, including co-op members at the end of the line. We had great legislative champions in the House and Senate, and they worked tirelessly to get the RURAL Act passed.”
-Paul Gutierrez, Legislative Affairs Director, NRECA
Supporting a Cooperative Workforce: Benefits

As the needs of the electric co-op workforce have evolved over time, NRECA’s benefits programs have evolved with them, expanding comprehensive benefit programs for members while yielding substantial cost savings.

In 2019:

> 36,000 Subscribers and
> 99,000 Participants were covered through NRECA’s Group Benefits Program.

> 880 Co-ops provided NRECA-sponsored retirement programs for > 56,000 Employees.

“Our employees are one of the most integral elements of our success. NRECA’s comprehensive benefit programs are key to our ongoing investment in their health and financial security.”

-Maria Smedley, Vice President, Human Resources & Strategy, Arkansas Electric Cooperative Corporation

From 2010–2019, NRECA:

Launched the Medical Plan’s National Network Strategy, increasing access to qualified providers and saving participants more than $1 billion.*

Introduced the Retirement Security Plan’s prepayment program, allowing co-ops to prepay a portion of their future contributions. This helped lower ongoing billing rates and avoided a deficit reduction contribution in 2013.

Grew combined net trust assets across three plans by 116%, from $10.5 billion to $22.7 billion.**

*Savings realized since 2014 through October 2019
**As of Dec. 31, 2019
SUPPORTING A COOPERATIVE WORKFORCE: ADVOCACY

NRECA also earned significant legislative victories related to the employee benefits programs in 2019. With support from our member co-ops, these efforts ensure NRECA’s comprehensive plans remain affordable and accessible to future generations of co-op employees and their families.

2019 POLICY REFORM:

ADVOCATED PASSAGE OF THE SECURE ACT, WHICH SAVES CO-OPS IN THE RETIREMENT SECURITY PLAN MORE THAN $30 MILLION A YEAR IN PENSION INSURANCE PREMIUMS.

LOBBIED IN SUPPORT OF A FULL REPEAL OF THE CADILLAC TAX, WHICH PREVENTS CO-OPS FROM PAYING A 40% SURCHARGE ON EMPLOYER-SPONSORED HEALTHCARE PLANS.

“This victory demonstrates the strength of our network and enables our members to focus on their core mission to provide affordable, reliable and sustainable services to consumer-members.”

-Christopher Stephen, Senior Legislative Affairs Director, NRECA

“What is so impressive is that with all of the high-powered lobbyists that were trying to cram provisions onto this train, NRECA totally ran the table.”

-Ted Case, Executive Director, Oregon Rural Electric Cooperative Association
SAFEGUARDING
THE GRID

Through federally funded cybersecurity research and collaboration with members, government and industry groups, NRECA is leading the charge to help protect America’s electric grid.

A series of cybersecurity guidebooks will assist members in protecting their co-op.

IN 2019, NRECA CREATED NEW CYBERSECURITY RESOURCES THROUGH THE RURAL COOPERATIVE CYBERSECURITY CAPABILITIES PROGRAM (RC3).

MORE THAN 400 CO-OPS HAVE BENEFITED FROM RC3 RESOURCES AND TRAINING PROGRAMS.

THE CYBERSECURITY SELF-ASSESSMENT TOOLKIT HELPS CO-OPS EVALUATE THEIR CYBERSECURITY POSTURE AND IDENTIFY AREAS FOR IMPROVEMENT.

THE CYBERSECURITY TABLETOP EXERCISE TOOLKIT PROVIDES CO-OPS AN OPPORTUNITY TO TEST THEIR ABILITY TO ASSESS AND RESPOND TO CYBERATTACKS.

“Everyone has a role to play in developing a culture of security. These guidebooks will be an excellent place to start.”

-Nick Pascale, Assistant General Counsel, NRECA

“"The tabletop exercise drilled us down to be more intense in our focus and expanded my mindset with some plausible, real-world scenarios."

-Jon Watkins, Manager of Information Services, Pioneer Electric Cooperative

Everyone has a role to play in developing a culture of security. These guidebooks will be an excellent place to start.”

-Nick Pascale, Assistant General Counsel, NRECA

“"The tabletop exercise drilled us down to be more intense in our focus and expanded my mindset with some plausible, real-world scenarios."

-Jon Watkins, Manager of Information Services, Pioneer Electric Cooperative
Facilitating conversations on governance

NRECA worked with co-ops to create legal resources, educational opportunities and communications tools that help co-ops increase member and public confidence, and support co-ops as they continue to strengthen governance practices.

"Governance communications planning is the most important topic for co-ops right now. NRECA provides co-ops resources that are relatable and easy to understand and have helped me make the case back home for a proactive approach."
-2019 CONNECT Attendee

The governance talk video series features discussions with 22 co-op and industry experts who share advice on today's most important governance topics.

Most viewed topics:
1) Reputation management and communication in the age of scrutiny.
2) Governance communications resource guide and 3) Election of board officers and their roles.

A new guide provides co-ops with proactive communications and reputation management strategies.

The key is having a proactive approach to reputation management. It’s tough to open the closet, find something, and proactively do something about it. But that’s often what’s needed."
-Stephen Bell, Senior Director of Media and Public Relations, NRECA

NRECA supported member discussions and training on governance issues with sessions at NRECA Annual Meeting, Legal Seminars and other conferences, supplemented by member training in more than 20 states.
BUILDING A REPUTATION IN WASHINGTON

Through a comprehensive policymaker branding and education campaign, along with opportunities to connect members with our nation’s leaders, NRECA promoted the strength of America’s electric co-ops among decision-makers and established them as rural champions and innovators in energy technology.

Last year we saw NRECA cement itself as a leading energy association, especially among traditional energy organizations. This year, NRECA emerged not only as an industry leader, but also as a leader among all the associations.”

-Ballast Research

A new Co-op 101 teaching tool educated Congress about electric co-ops and reintroduced ourselves to longstanding allies.

ACRE raised $2,356,697, demonstrating the strength of a grassroots PAC.

A policymaker-focused campaign of earned media, advertising and personal contacts promoted co-ops’ reputation as solution-oriented, community-focused leaders.

NRECA was ranked the sixth most effective trade association in Washington in 2019 by Ballast Research.

2017 28th 2019 6th
Connecting with the Next Generation

NRECA and Touchstone Energy launched the Young Adult Member Engagement initiative, a multiyear, research-based project that empowers co-ops with resources to connect with young adult members and adapt to the values, interests and service expectations of this essential member group.

Resources for Co-ops Include:

- Research and Messaging
- Strategic Guidance
- Planning Tools and Checklists
- Customizable Content and Graphics
- Leading Practices from Co-ops

“Focusing on member engagement is so important for our continued success. NRECA’s YAME initiative has helped us share and keep up with leading practices among the cooperatives, which has been priceless.”

- David Ranallo, Director of Culture, Communications, Marketing and Member Services, Great River Energy

Age of Population on Co-op Lines, 2019

- Heads of Household: 33.9% Under 44 years, 66.1% 45 years and older
- Total Population: 43.9% Under 44 years, 56.1% 45 years and older

Source: NRECA 2019
ADVANCING ENERGY TECHNOLOGIES

For the past decade, NRECA has worked with the U.S. Department of Energy’s 17 national research laboratories on key technology challenges, including cybersecurity, renewable energy, grid resilience and modernization, and data management. In 2019, co-ops used this information and experience gained to help control costs, improve grid reliability and add value to the services they provide.

IN 2019, NRECA WAS AWARDED $11.5 MILLION IN FEDERAL AWARDS FOR TECHNOLOGY RESEARCH.

SINCE 2009, 40 ELECTRIC CO-OPS HAVE BEEN INVOLVED WITH FEDERAL RESEARCH PROJECTS IN PARTNERSHIP WITH NRECA.

The U.S. Department of Energy’s national laboratories are at the pinnacle of global research, tackling the critical scientific challenges of our time. Being able to partner with them is a great opportunity for our member cooperatives.”

-Craig Miller, Chief Scientist, NRECA

NRECA PARTNERSHIPS HAVE ADVANCED ENERGY TECHNOLOGIES AND EXTENDED MEMBER VALUE:

BATTERY STORAGE

Working with Sandia National Laboratories and NRECA, Cordova Electric Cooperative commissioned a 1-MW lithium-ion battery array as the centerpiece of a microgrid that will offset 35,000 gallons of diesel fuel costs for the co-op’s members.

GRID RESILIENCE

Horry Electric Cooperative and Shenandoah Valley Electric are working with NRECA and two national laboratories to develop a tool that analyzes weather conditions and topography, and helps co-ops prioritize work plans after storms.

ADVANCED INVERTERS

Anza Electric Cooperative is working with NRECA and Sandia National Laboratories to deploy solar, battery storage and advanced inverters to improve resilience.
2019 Financial Highlights
[the association]

SUMMARY OF OPERATIONS (REVENUE BY SOURCE)

NRECA ended 2019 with total revenue of $261.7 million and net operating expenses of $258.1 million before the RS Plan Voluntary Contribution Acceleration Program (VCAP) payment. Including the VCAP payment, NRECA ended 2019 with a net margin of $501,000.

Membership programs consist of government relations, communications, business & technology strategies and other programs. Dues for the year of $34.4 million partially funded the $43.1 million cost of these programs. NRECA funded the remaining $8.7 million from margins earned on fee-for-service programs.

Membership
Dues
$34.4 million

Non-Member
Programs
$53.8 million

Fee-for-Service
Programs
$31.4 million

Pension and Welfare Programs
$119.7 million

Cost Reimbursable
Programs
$9.3 million

BTS — Cost Reimbursable
$13.1 million

Revenue of $31.4 million was generated from member fee-for-service programs, including annual and regional meetings, TechAdvantage®, training & conferences, consulting and RE Magazine, for which members who use them pay a fee. These programs ended the year with a net margin of $5.3 million.

Revenue of $53.8 million was generated from non-member fee-for-service programs, including the buildings owned by NRECA, fees for managing the Homestead Funds and NRECA International. These non-member programs ended the year with a net margin of $9.0 million.

NRECA is the plan sponsor and plan administrator of three multiple employer plans. NRECA provides plan administration services on a cost reimbursable basis. Office space is provided at market rates.

NRECA provides administrative services to Touchstone Energy® Cooperatives Inc. on a cost reimbursable basis. Office space is provided at market rates.

Business & Technology Strategies (BTS) conducts research to accelerate technological innovation, which is primarily funded by member research dues and government grants. BTS revenue is recognized to the extent program expenses are incurred.

Revenue of $31.4 million was generated from member fee-for-service programs, including annual and regional meetings, TechAdvantage®, training & conferences, consulting and RE Magazine, for which members who use them pay a fee. These programs ended the year with a net margin of $5.3 million.

Revenue of $53.8 million was generated from non-member fee-for-service programs, including the buildings owned by NRECA, fees for managing the Homestead Funds and NRECA International. These non-member programs ended the year with a net margin of $9.0 million.

Financial information is preliminary and may change. Expanded financial information is available at electric.coop/annualreport.
General Membership Programs

Dues paid to the Association cover almost 73% of the cost to run these programs, and the remaining approximately 27% is subsidized by fee-for-service programs, primarily margins from the buildings.

FUNDING SOURCES

<table>
<thead>
<tr>
<th>Total Cost</th>
<th>$43.1 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>72.6% Dues</td>
<td></td>
</tr>
<tr>
<td>27.4% Fee-for-Service Programs (primarily buildings)</td>
<td></td>
</tr>
</tbody>
</table>

### 2019 Financial Highlights

**[NRECA multiple employer plans]**

The pension and welfare programs administered by NRECA consist of three multiple employer plans: the Retirement Security Plan, the 401(k) Pension Plan and the Group Benefits Program. During 2019, NRECA remained committed to controlling costs while delivering high-quality products and services to member cooperatives and participants.

**Expanded financial information is available at electric.coop/annualreport.**

### FUNDING SOURCES

<table>
<thead>
<tr>
<th>Retirement Security Plan</th>
<th>401(k) Pension Plan</th>
<th>Group Benefits Program</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$10.0 billion</td>
<td>$12.1 billion</td>
<td>$628.0 billion</td>
<td>$22.7 billion</td>
</tr>
<tr>
<td><strong>Contributions/Premiums</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$967.6 million</td>
<td>$733.3 million</td>
<td>$686.2 million</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td><strong>Benefits Paid</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1.1 billion</td>
<td>$730.1 million</td>
<td>$647.8* million</td>
<td>$2.5 billion</td>
</tr>
<tr>
<td><strong>Plan Paid Administrative Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$26.9 million</td>
<td>$34.8 million</td>
<td>$30.4 million</td>
<td>$92.1 million</td>
</tr>
</tbody>
</table>

*Includes $34.5 million in Insurance Premium Payments

Financial information is preliminary and may change.
ACKNOWLEDGEMENTS
RC3 program (page 16-17): The information, data, or work presented herein was funded in part by
the U.S. Department of Energy, Energy Efficiency and Renewable Energy Program, under Award
Number DE-EE0006333.

DISCLAIMERS
The information presented herein relating to the RC3 project was funded in part by an agency of
the United States Government. Neither the United States Government nor any agency thereof,
nor any of their employees, makes any warranty, express or implied, or assumes any legal liability
or responsibility for the accuracy, completeness, or usefulness of any information, apparatus,
product, or process disclosed, or represents that its use would not infringe privately owned
rights. Reference herein to any specific commercial product, process, or service by trade name,
trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement,
recommendation, or favoring by the United States Government or any agency thereof. The views and
opinions of authors expressed herein do not necessarily state or reflect those of the United States
Government or any agency thereof.

This document summarizes the consolidated financials and general activities of NRECA and its
related companies. It is intended to be informational only. For ease of use, references to NRECA may
include entities owned by or affiliated with NRECA; and references to NRECA programs, events, or
activities may include NRECA-owned or affiliated entity programs, events or activities.

PHOTO CREDITS (By page number)
10 U.S. Capitol Building | J. Castro | Getty Images 13 Seniors together on farm | Adie Bush | Getty Images
20 Fall in Washington, D.C. | Matt Anderson | Getty Images