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NEWS RELEASE

COBANK REPORTS RECORD FINANCIAL RESULTS FOR 2007

Net Earnings Increase 24 Percent To \$416 Million

2007 Patronage Distributions Increase To \$245 Million

DENVER (February 15, 2008) — CoBank, a leading national cooperative bank serving agribusinesses and rural utilities, today announced record financial results for 2007, driven by robust growth in loan volume to both agricultural and utility customers.

Net earnings rose 24 percent to \$416 million, up from \$335 million in 2006. Net interest income increased 23 percent to \$645 million, compared to \$525 million in 2006. Average loan and lease volume for the entire year was \$35.4 billion, reflecting year-over-year growth of 23 percent. At year end, total loans and leases outstanding stood at \$40.5 billion, compared to \$33.1 billion at the end of 2006.

Exceptional conditions impacting broad sectors within the bank's agribusiness portfolio, in particular the grain and oilseeds markets, along with increased prices and demand for farm supplies were a primary factor driving increased loan volume. Strong loan growth was also attributable to increased lending to Farm Credit associations and rural energy customers.

"By virtually any measure, 2007 was an outstanding year for CoBank," said Bob Engel, president and chief executive officer. "Throughout the year, we served as a reliable source of debt capital for our customer-owners, despite tremendous pricing volatility in commodity markets and significant turbulence in the global financial services industry. That performance enabled the bank to deliver the financial results we are reporting today. We remain committed to meeting the needs of our customers in these exceptional markets."

CoBank's 2007 patronage payments will total \$245 million, compared with \$193 million in the prior year. Of that, \$157 million will be paid in cash to customer-owners, with the remainder distributed in CoBank stock. Patronage distributions for 2007 will represent a 21 percent return on average invested capital for active borrowers.

“We’re extremely pleased with the level of patronage our customers will receive this year,” said Brian Jackson, CoBank chief financial and administrative officer. “Total patronage will rise by almost 27 percent above last year’s levels, returning real value to our customer-owners and lowering their overall net cost of borrowing. The increased patronage payout authorized by our board of directors underscores the strength of the cooperative model and the overall value proposition that CoBank offers its customer-owners.”

Total assets were \$52.2 billion at the end of the year, a \$10.8 billion increase from the year before. Meanwhile, overall credit quality remained strong in 2007, with 98.6 percent of the bank’s year-end loan and lease portfolio ranking in the two highest categories used to classify credit quality. Throughout the year, the bank continued to increase the size of its investment portfolio to maintain liquidity requirements.

“CoBank places heavy emphasis on credit and risk management in order to ensure our overall financial strength and ability to serve customers over the long term,” Engel said. “We’re pleased to have maintained high levels of credit quality despite the significant expansion of our loan portfolio over the course of the year.”

Engel noted that many of the key factors driving CoBank loan volumes – including increased international demand for U.S. agricultural products, biofuels mandates and higher input costs – appear to be longer-term dynamics in the market.

“We believe the conditions that helped drive our performance last year will persist well into 2008,” Engel said. “Regardless of market conditions, however, we are committed to serving as a strategic partner for our customer-owners, while maintaining the bank’s foundation of financial strength and stability.”

CoBank Financial Highlights for 2007

- Net earnings increased to \$416 million, a 24 percent increase from \$335 million in 2006. Net interest income increased 23 percent to \$645 million, compared to \$525 million in 2006. This year’s earnings include a \$5 million reversal of the allowance for credit losses, reflecting the continued strength of the bank’s overall credit quality and the impact of loan and lease recoveries, net of charge-offs, of \$14 million during the year.
- Average loan and lease volume for the entire year was \$35.4 billion, reflecting year-over-year growth of 23 percent. At year end, total loans and leases outstanding stood at \$40.5 billion, compared to \$33.1 billion at the end of the prior year. Total assets increased to \$52.2 billion at year-end 2007, up from \$41.4 billion in 2006.
- CoBank issued \$500 million of subordinated debt in the second quarter, providing an expanded capital base to meet the growing needs of customers.
- The Agribusiness Banking Group’s loans outstanding increased \$3.7 billion in 2007 to \$13.8 billion, or 34 percent of the bank’s total loan portfolio at year-end. The ABG

segment serves grain marketing and farm supply cooperatives; biofuel producers; financial cooperatives and other co-ops specializing in cotton, livestock, dairy, timber, sugar, oilseed processing, fruits, nuts and vegetables. The banking group also includes the bank's Farm Credit Leasing subsidiary, which had leases outstanding of approximately \$1.5 billion at year-end.

- The Strategic Relationships Division's loans outstanding increased \$2.2 billion to \$12.2 billion, or 30 percent of the bank's total loan portfolio at year-end. The SRD portfolio consists of loans to the bank's five affiliated Farm Credit Associations as well as participations in loans made by two other Farm Credit System banks to certain of their affiliated associations. Of the division's total loan portfolio, \$9.2 billion comprised loans to CoBank's five affiliated Farm Credit Associations, which combined serve approximately 26,000 customers in 13 states in the Northeast and Northwest.
- The Communications and Energy Banking Group's loans outstanding increased \$1.0 billion in 2007 to \$8.7 billion, or approximately 22 percent of the bank's total loan portfolio at year-end. Customers served by the group include energy, communications and water utilities in rural areas throughout the United States.
- The Global Financial Services Group's loans outstanding increased by \$449 million to a total of \$5.8 billion, or 14 percent of the bank's total loan portfolio at year-end. The group serves large corporate agribusiness, food and international customers.

About CoBank

CoBank, a \$52 billion Denver-based cooperative bank, provides financing to rural cooperatives and critical lifeline businesses – food, water, electricity and communications – across the United States. Part of the \$186-billion U.S. Farm Credit System, the bank also finances agricultural exports. In addition to the national office in Denver, CoBank has offices across the United States and one international representative office in Singapore. For more information about CoBank, visit the bank's web site at www.cobank.com.

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COBANK, ACB
CONSOLIDATED FINANCIAL STATEMENT INFORMATION
(\$ in millions)

BALANCE SHEET INFORMATION

As of December 31,	2007	2006
Loans and leases	\$ 40,491	\$ 33,076
Less: Allowance for credit losses	447	438
Net loans and leases	40,044	32,638
Investment securities	10,434	7,462
Cash, federal funds sold, securities purchased under resale agreements and other	688	675
Accrued interest receivable and other assets	567	536
Interest rate swaps and other financial instruments	456	68
Total assets	<u>\$ 52,189</u>	<u>\$ 41,379</u>
Bonds and notes	\$ 47,564	\$ 37,434
Subordinated debt	500	-
Accrued interest payable and other liabilities	835	684
Interest rate swaps and other financial instruments	57	221
Total liabilities	48,956	38,339
Shareholders' equity	3,233	3,040
Total liabilities and shareholders' equity	<u>\$ 52,189</u>	<u>\$ 41,379</u>

STATEMENT OF INCOME INFORMATION

For the year ended December 31,	2007	2006
Interest income	\$ 2,763	\$ 2,164
Interest expense	2,118	1,639
Net interest income	645	525
Provision (Reversal) for credit losses	(5)	4
Net interest income after provision (reversal) for credit losses	650	521
Noninterest income	48	54
Noninterest expenses	185	167
Provision for income taxes	97	73
Net income	<u>\$ 416</u>	<u>\$ 335</u>