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NEWS RELEASE

COBANK ISSUES \$500 MILLION IN SUBORDINATED DEBT

DENVER (April 18, 2008) — CoBank, a leading cooperative bank serving agribusiness and rural utilities throughout the U.S., announced today that it has successfully issued \$500 million in fixed-rate subordinated notes due 2018.

The net proceeds of the offering will be used to increase regulatory capital ratios, which have been reduced as a result of the bank's exceptional growth over the last year, as well as for general corporate purposes. The debt is unsecured and subordinate to all other categories of creditors, including general creditors, and senior to all classes of shareholders. The debt bears interest at an annual rate equal to 7.875 %.

The securities were issued at a rating of "A+" from Fitch Ratings and "A" from Standard & Poor's.

"This transaction creates significant additional strength for CoBank's capital base and enhances our flexibility to meet our customers' borrowing needs at a time of tremendous growth and volatility in the industries we serve," said Robert B. Engel, president and chief executive officer of CoBank. "The ability to secure third-party capital remains an important competitive advantage for CoBank as we continue to expand the business and deliver value to our customer-owners in the market."

The issuance brings the total amount of third-party capital raised by CoBank in the last seven years to \$1.5 billion. The bank issued \$500 million of subordinated debt in June 2007. In June 2001, the bank issued \$300 million of Series A cumulative preferred stock. An additional \$200 million in Series B cumulative preferred stock was issued in November 2003.

Earlier this year, CoBank shareholders authorized the bank to issue up to \$250 million in aggregate of Series C non-cumulative preferred stock in 2008 or 2009. Shareholders also

approved an amendment to the bank's bylaws enabling it to increase the overall level of preferred stock from \$500 million to \$1 billion.

Brian Jackson, CoBank's chief financial and administrative officer, noted that the latest subordinated debt offering was significantly oversubscribed. "The robust investor interest we saw in this transaction underscores the fundamental strength of our business model and the benefits that CoBank securities offer to institutional investors," Jackson said. "We continue to manage our capital strategy carefully in order to leverage this demand on behalf of our customer-owners."

Lehman Brothers served as structuring coordinator and bookrunner on the transaction. Merrill Lynch & Co. served as joint lead manager.

About CoBank

CoBank, a 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 its national office in Denver, CoBank has offices across the U.S. 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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