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## NEWS RELEASE

### **COBANK SHAREHOLDERS APPROVE PREFERRED STOCK PROPOSALS**

**DENVER (March 14, 2008)** — CoBank, a leading national cooperative bank serving agribusinesses and rural utilities, announced today that its shareholders have authorized the bank to issue, in one or more issuances, up to \$250 million in aggregate of Series C non-cumulative preferred stock in 2008 or 2009.

Shareholders have also approved an amendment to the bank's bylaws enabling it to increase the bank's overall level of preferred stock from \$500 million to \$1 billion. Ballots in favor of both proposals exceeded 98 percent of all votes cast on both an equity-weighted and one-stockholder-one-vote basis.

"We're extremely pleased that our customer-owners have authorized these important measures," said Everett Dobrinski, chairman of the CoBank board of directors. "The overwhelming support for both proposals underscores the strength of the CoBank value proposition and the strategic role the bank plays as a financial partner to agribusiness and rural utility customers across the United States."

Bob Engel, CoBank president and chief executive officer, said: "The ability to leverage third-party capital remains an integral part of our overall strategy, especially given continued volatility in U.S. agricultural markets and exceptional growth in loan volumes. Our enhanced authority to issue preferred stock as well as other forms of third-party capital provides us with even greater flexibility as we work to meet the borrowing needs of both existing and prospective customers. Our ability to continue to serve the growing needs of our customers is at the core of our mission."

CoBank has issued a total of \$500 million in preferred stock. 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. The bank also issued \$500 million of subordinated debt in June 2007.

“Both preferred stock and subordinated debt serve as important financial tools for CoBank,” said Brian Jackson, CoBank’s chief financial and administrative officer. “We continue to manage our capital strategy carefully in order to maximize our ability to serve customers and maintain our overall foundation of financial strength and stability. Any future issuances of third-party capital will be driven by the projected growth and capital needs of the bank as well as overall conditions in the capital markets.”

The Series C preferred stock issuance approved by shareholders is subject to final approval by the bank’s regulator, the Farm Credit Administration.

On an unaudited basis, CoBank’s net income was \$95.1 million for the two months ended February 29, 2008, a 38 percent increase over the same period in 2007. The increase in earnings was due to a \$34.1 million increase in net interest income driven principally by strong loan growth to agribusiness customers, especially those serving the U.S. grain and oilseeds markets. The bank’s overall net interest margin remained consistent with the same period one year ago and slightly higher than for all of 2007.

CoBank’s total assets were \$59.4 billion at February 29, 2008, a 14 percent increase from \$52.2 billion at December 31, 2007. Total loan and lease volume stood at \$47.5 billion, up 17 percent from \$40.5 billion at year-end 2007 and up \$12.3 billion or 35 percent compared to February 28, 2007. This increase represents the continuation of the exceptional growth trends discussed in CoBank’s 2007 annual report to shareholders. Agriculture remains a seasonal business and the bank’s loan demand typically peaks during the first quarter of the year and then declines through the fall, when it again begins its normal seasonal increase.

CoBank’s overall credit quality remained consistent through the first two months of 2008 compared with year-end 2007. No provision for credit losses was recorded during the first two months of 2008. CoBank’s regulatory capital ratios continue to remain well in excess of all regulatory requirements.

### **About CoBank**

CoBank 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](http://www.cobank.com).

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