



NEWS RELEASE

COBANK COMPLETES PREFERRED STOCK EXCHANGE OFFER

Bank Further Strengthens Capital Position Through Exchange Of \$136.8 Million In Series D Preferred Stock

DENVER (August 26, 2009) — CoBank, a leading cooperative bank serving agribusinesses and rural utilities throughout the United States, today announced that it has completed an offer to exchange previously issued Series A Cumulative Perpetual Preferred Stock for new shares of Series D Non-Cumulative Subordinated Perpetual Preferred Stock.

In aggregate, \$136.8 million of Series A preferred stock was tendered during the offer, which closed today, representing approximately 46 percent of outstanding Series A preferred stock. CoBank's Series A preferred stock carries an annual dividend rate of 7.814 percent. The new Series D preferred stock carries an annual dividend rate of 11 percent, but receives improved capital treatment under current applicable Farm Credit Administration regulations and interpretations.

"We're pleased to have successfully completed this exchange offer, which further enhances CoBank's already healthy capital position," said Robert B. Engel, president and chief executive officer. "We continue to access third-party capital opportunistically in order to maintain a strong capital foundation aligned to evolving conditions in the market. With this exchange offer completed, the bank is even better positioned to fulfill its mission to serve as a dependable source of credit for vital industries throughout rural America."

Concurrent with the exchange offer, holders representing 68 percent of CoBank's Series A preferred stock agreed to a proposed amendment to the Series A Preferred Stock Purchase Agreement, eliminating certain restrictions on CoBank's ability to make open market purchases or exchanges of Series A preferred stock.

A total of \$300 million of Series A preferred stock was issued by CoBank in 2001; as a result of the exchange offer, \$163.2 million remains outstanding. The bank issued an additional \$200 million of Series B Cumulative Perpetual Preferred Stock in 2003, and \$200 million of Series C Non-Cumulative Subordinated Perpetual Preferred Stock in 2008. In addition, the bank has issued a total of \$1 billion of subordinated debt since 2007.

"CoBank has maintained strong access to the capital markets across a wide variety of economic conditions," said Brian P. Jackson, executive vice president and chief financial and administrative officer. "The ability to leverage non-member capital remains an important strategic advantage for us and our customers, enabling us to supplement our base of member capital and retained earnings. We will continue to manage our capital strategy as necessary in order to maximize our strength and flexibility in dynamic market conditions."

About CoBank

CoBank is a \$63 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture and the nation's rural economy. In addition to serving its direct borrowers, the bank also provides wholesale loans and other financial services to affiliated Farm Credit associations and other partners across the country.

Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore. For more information about CoBank, visit the bank's web site at www.cobank.com.

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