

## Open Letter To Customers And Partners

March 2, 2010

To Our Valued Customers and Partners:

For many years, the financial needs of America's rural electric industry have been primarily served by two cooperatively organized lending institutions, CoBank and National Rural Utilities Cooperative Finance Corporation (CFC), in addition to the Rural Utilities Service. Though competitors, both CoBank and CFC have a common mission to provide dependable credit to electric cooperatives serving business and residential power consumers throughout the United States.

As you may be aware already, our two companies have recently been involved in a business dispute that, regrettably, has made its way into the public domain and become visible to our borrowers and business partners. Last December, CFC notified CoBank that it had detected some unusual activity on its web site and asked us to look into the matter. CoBank immediately launched an independent investigation and determined that, for a period of years, certain CoBank employees accessed the CFC site and obtained proprietary information, without authorization from CFC.

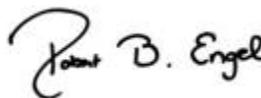
At CoBank, we've taken this matter very seriously. The employee conduct in question was not in keeping with our corporate values or standards of professional conduct, and the bank has implemented a number of measures to ensure there is no repeat of this activity in the future. We disclosed what we found through the investigation to CFC and apologized for the conduct at issue.

Over the past few days CoBank has reached an agreement with CFC to fully resolve the matter. We're pleased that this matter is now behind us. Going forward, CoBank will continue working to meet the borrowing needs of all our customers in vital industries across rural America. We remain, as always, deeply appreciative of the relationships we have with our customers, and mindful of the enormous trust they place in CoBank as their financial partner.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Everett Dobrinski".

Everett Dobrinski  
Chairman

A handwritten signature in black ink, appearing to read "Robert B. Engel".

Robert B. Engel  
President & Chief Executive Officer