

NEWS RELEASE

CoBank-U.S. AgBank Merger Approved By Stockholders

Merger Scheduled To Close On January 1, 2012

DENVER, COLORADO, and WICHITA, KANSAS (September 8, 2011) — CoBank and U.S. AgBank announced today that their voting stockholders have approved the proposed plan of merger between the two banks.

Ballots for the merger vote were formally tabulated at special meetings held yesterday at the banks' headquarters in Colorado and Kansas. Regulations issued by the Farm Credit Administration, the independent regulator for the Farm Credit System, prohibit the disclosure of exact vote tallies in order to preserve voter confidentiality. However, the stockholders of both organizations approved the merger by substantial majorities.

"We're delighted that our stockholders have demonstrated such enthusiastic support for this merger, which will create an even stronger, more durable bank that is better able to fulfill its mission to serve future generations of rural borrowers," said Everett Dobrinski, chairman of the CoBank board of directors.

"Stockholder voting is a critical step in merger approval process," said John Eisenhut, chairman of U.S. AgBank. "We look forward to receiving final regulatory approval and closing the merger at the beginning of the year. When accomplished, we can begin delivering the numerous benefits that this transaction offers to our customers across the country."

CoBank and U.S. AgBank executed a Letter of Intent to merge in December 2010. The merged bank will continue to do business under the CoBank name and be headquartered in Colorado but will maintain U.S. AgBank's existing presence and operations in Wichita, Kansas, and Sacramento, California. It will also continue to be organized and operate as a cooperative, with eligible borrowers earning cash and equity patronage based on the amount of business they do with the organization. Robert B. Engel, CoBank's president & chief executive officer, will remain as the chief executive of the combined entity. Darryl W. Rhodes, president & chief executive officer of U.S. AgBank, will retire in connection with the merger.

Rhodes noted that the bank will have over \$90 billion in projected assets post-merger and a well-diversified loan portfolio encompassing every major sector of U.S. agriculture, as well as the rural water, power and communications industries. "Through its wholesale lending to 30 Farm Credit associations and direct lending to agribusiness and rural infrastructure companies, the combined bank will be one of the leading providers of credit to America's rural economy," Rhodes said.

Engel said the banks are dedicated to ensuring that customers continue to receive the highest quality of service following the merger close. "Our customer relationship management model is designed to provide each borrower with the highest value and best possible customer experience," Engel said. "We continue to execute our carefully prepared merger integration plan, and we are committed to delivering a seamless transition."

The Farm Credit Administration has already granted preliminary approval to the transaction. Final approval from the FCA is expected following a statutorily required 35-day reconsideration period.

Also today, CoBank announced that its stockholders have approved a capitalization bylaw amendment authorizing the bank to have up to \$1.5 billion in preferred stock outstanding at any time. Previously, the limit on outstanding preferred stock was \$1.0 billion. Additionally, stockholders approved an amendment to CoBank's Preferred Stock Revolver that allows the bank to issue additional series of preferred stock as needed, subject to board and regulatory approvals, up to the \$1.5 billion limit. The Preferred Stock Revolver authorization expires on September 8, 2018.

"We're pleased that our stockholders have approved the amendments, which provide us with additional flexibility to raise non-member capital as warranted by volatile economic and market conditions," said David P. Burlage, CoBank's chief financial officer. "The ability to issue preferred stock has been an important strategic advantage for CoBank in recent years and has substantially enhanced our lending capacity and our overall ability to meet the borrowing needs of our customers."

The amendment is effective immediately; however, the bank has no current plans to issue additional preferred stock in conjunction with the approved amendment. The last time the bank increased its outstanding preferred stock was in July 2008. "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," Burlage said.

About U.S. AgBank

U.S. AgBank provides loan funds and financial services to Agricultural Credit Associations (ACAs), Federal Land Credit Associations (FLCAs), and other financing institutions across 11 states. Headquartered in Wichita, Kansas, the bank has approximately \$25 billion in total assets. Through its associations, the bank supports the credit and financial services needs of farmers, ranchers and other rural borrowers throughout its lending territory. For more information about U.S. AgBank, visit the bank's web site at www.usagbank.com.

About CoBank

CoBank is a \$66 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. In addition to serving its direct retail 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.

About Farm Credit

U.S. AgBank and CoBank are members 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. For more information about the Farm Credit System, visit www.farmcredit.com.



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