

NEWS RELEASE

Farm Credit Administration Board Votes to Grant Preliminary Approval of CoBank-U.S. AgBank Merger

WICHITA, KANSAS, and DENVER, COLORADO (June 22, 2011) — CoBank and U.S. AgBank announced that the board of the Farm Credit Administration (FCA) voted earlier today to grant preliminary approval of the proposed plan of merger between the two banks.

The FCA serves as the independent regulator for both banks and the rest of the Farm Credit System. The agency's three-member board considered the merger at a special meeting at its headquarters in McLean, Virginia. The board voted unanimously to grant preliminary approval for the transaction, subject to certain conditions. The preliminary approval will enable CoBank and U.S. AgBank to submit the merger proposal to their stockholders for a vote later this summer.

"This is a critical milestone in the merger approval process," said John Eisenhut, chairman of the U.S. AgBank board of directors. "We appreciate the care and diligence with which the FCA considered our merger application, and we look forward to commencing our shareholder vote in the next few weeks."

Under statute and applicable regulations, the FCA reviews merger proposals involving Farm Credit entities to ensure they don't present safety and soundness issues, and also to ensure that disclosure materials prepared for stockholders adequately communicate key aspects of the merger. The agency's conditions for the CoBank-U.S. AgBank merger constitute post-merger requirements in a number of areas, including governance and reporting. The entire body of conditions will be provided in disclosure materials that will be sent to stockholders in connection with the merger vote.

"The FCA has thoughtfully evaluated our merger proposal with a long-term view of Farm Credit's mission and the important role the System plays in America's rural economy," said Everett Dobrinski, chairman of the CoBank board. "Today's action by our regulator reaffirms our belief that the merger will create a stronger, more durable bank that is better able to fulfill its mission and serve its customers for generations to come. We believe the conditions articulated by the FCA can be accommodated by the combined bank without significant financial or operational impacts."

The directors of both CoBank and U.S. AgBank will meet over the next week to formally consider the FCA's conditions. Provided the boards accept the conditions, the banks will finalize and distribute disclosure and ballot materials to their voting stockholders.

In December 2010, CoBank and U.S. AgBank executed a Letter of Intent to merge. 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 Rhodes, president & chief executive officer of U.S. AgBank, will retire in connection with the merger.

Rhodes said the merger disclosure materials are designed to provide stockholders with a comprehensive view of the combined bank's governance structure and financial profile. "We are committed to giving the owners of both banks all the information they need to accurately assess this merger," Rhodes said. "We are confident that stockholders will appreciate the unique benefits afforded by the merger, which include significantly improved diversification, a stronger capital position, and an enhanced ability to deliver stable pricing and dependable patronage to customers over the long term."

Engel noted that the boards of the two banks have also approved a merger effective date of January 1, 2012. "We're extremely pleased with the progress we are making on integration planning," Engel said. "We're committed to delivering a seamless transition for our borrowers and to ensuring that they continue to receive the highest quality customer service."

The banks plan to distribute disclosure and voting materials to stockholders in the first half of July, with completed merger ballots due to be returned by September 7, 2011. If stockholders of both banks authorize the transaction, it would be deemed approved after a statutorily required 35-day reconsideration period and receipt of final regulatory approval from the FCA.

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 \$69 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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