



NEWS RELEASE

CoBank Repurchases \$95.3 Million In Subordinated Debt

DENVER (December 14, 2012) — CoBank, a cooperative bank serving agribusinesses, rural infrastructure providers and Farm Credit System associations throughout the United States, announced today that it has repurchased \$95.3 million of its 7.875 percent subordinated notes due 2018.

On November 14, 2012, the bank announced a cash tender offer for up to \$150 million of the notes, with the tender period running through December 12, 2012. The amount actually repurchased was \$95.3 million. As a result, the bank will realize net interest savings of approximately \$6.6 million per year over the next five years. At the same time, the bank recorded debt extinguishment costs of \$28.1 million in the fourth quarter of 2012.

“We’re pleased to have successfully closed this transaction, which will deliver meaningful interest savings for the bank and help us to optimize our overall capital position,” said David P. Burlage, CoBank’s chief financial officer.

The bank has been carefully analyzing its capital structure throughout 2012 to account for a variety of factors, including the U.S. AgBank merger, which further strengthened CoBank’s capital position, as well as the current low interest rate environment and growth conditions in the broader economy.

“CoBank’s strong capital levels allow us to retire a portion of these notes, which carry a relatively high interest cost, while maintaining the capacity necessary to serve the borrowing needs of our customers,” said Mary E. McBride, CoBank’s chief banking officer.

This is the latest in a series of third-party capital transactions for CoBank in recent months. In early October, the bank redeemed \$363.3 million of previously issued cumulative perpetual preferred stock and then issued a new series of higher quality, non-cumulative perpetual preferred stock totaling \$400 million at a lower dividend rate.

“CoBank’s status as an experienced issuer of non-member capital continues to benefit both the bank and its customer-owners,” Burlage said. “We will continue to analyze conditions in the capital markets and look for opportunities that maximize the strength and flexibility of the bank while minimizing our costs.”

Morgan Stanley & Co. LLC acted as Dealer Manager for CoBank on the subordinated debt transaction.

About CoBank

CoBank is a \$90 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. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 70,000 farmers, ranchers and other rural borrowers in 23 states around the country.

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. 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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