



NEWS RELEASE

CoBank commences cash tender offer for its 7.875% Subordinated Notes due 2018

DENVER (November 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 commenced a cash tender offer (the “Offer”) for up to \$150 million aggregate principal amount (the “Tender Cap”) of its 7.875% Subordinated Notes due 2018 (the “Subordinated Notes”).

The purpose of the Offer is to retire a portion of CoBank’s outstanding public debt and, in so doing, reduce the overall level and cost of its indebtedness.

The price paid in the Offer will be determined based on the yield to maturity of the U.S. Treasury reference security specified in the table below (the “UST Reference Security”) plus a spread determined using a modified “Dutch Auction” method, all as more fully described in the Offer to Purchase for Cash dated November 14, 2012 (the “Offer to Purchase”) and related Letter of Transmittal. Subordinated Notes validly tendered (and not subsequently validly withdrawn) on or before 5:00 p.m., New York City time, on November 28, 2012 (the “Early Tender Date”) will be eligible to receive total consideration (the “Total Consideration”), which includes an early tender premium equal to \$30 per \$1,000 principal amount of Subordinated Notes (the “Early Tender Premium”). Subordinated Notes tendered after the Early Tender Date but on or prior to the expiration date, which is 11:59 p.m., New York City time, on December 12, 2012 (the “Expiration Date”), will be eligible to receive only the tender offer consideration (“Tender Offer Consideration”), namely the Total Consideration less the Early Tender Premium. Tendered Subordinated Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on November 28, 2012 (the “Withdrawal Date”) but not thereafter. Subordinated Notes tendered after the Withdrawal Date may not be withdrawn. Acceptance of tendered Subordinated Notes may be subject to proration as described in the Offer to Purchase.

The Total Consideration payable for the Subordinated Notes will be a price per \$1,000 principal amount equal to an amount, calculated as described in the Offer to Purchase, that would reflect, as of the date of purchase, a yield to the maturity date of the Subordinated Notes equal to the sum of (i) the yield to maturity (the “Reference Yield”) of the UST Reference Security and (ii) the “clearing spread” as determined pursuant to a modified “Dutch Auction” described in the Offer to Purchase, without regard to accrued and unpaid interest thereon from the last interest payment date to, but not including, the payment date for Subordinated Notes purchased pursuant to the Offer. Each holder tendering Subordinated Notes in the Offer must specify the maximum spread (the “Bid Spread”) in excess of the Reference Yield that such holder would be willing to accept as the basis for determining the Total Consideration payable in exchange for each \$1,000 principal amount of Subordinated Notes the holder chooses to tender in the Offer that is not less than the minimum spread of basis points or greater than the maximum spread of basis points as

set forth in the table below, provided that holders who validly tender Subordinated Notes without specifying a Bid Spread will be deemed to have specified the maximum spread (lowest Subordinated Note price) as set forth in the table below as their Bid Spread.

Title of Security	CUSIP Number	Principal Amount Outstanding (MM)	Early Tender Premium(1)	Acceptable Bid Spread Range (in basis points)		UST Reference Security	Bloomberg Ref. Page
				Minimum Spread	Maximum Spread		
7.875% Subordinated Notes due 2018	19075QAB8	\$500.0	\$30	140	220	0.750% U.S. Treasury Note due October 31, 2017	PX1

(1) Per \$1,000 principal amount of Subordinated Notes validly tendered at or prior to the Early Tender Date and accepted for purchase.

The Total Consideration and the Tender Offer Consideration will be payable in cash. In addition, holders who validly tender Subordinated Notes that are accepted for purchase by us will receive a cash payment representing the accrued and unpaid interest on those Subordinated Notes from the last interest payment date to, but not including, the payment date for Subordinated Notes purchased in the Offer.

The Offer is conditioned upon certain conditions described in the Offer to Purchase. CoBank expressly reserves the right, in its sole discretion, subject to applicable law, to terminate the Offer at any time prior to the Expiration Date. The Offer is not conditioned on any minimum principal amount of Subordinated Notes being tendered.

CoBank has retained Morgan Stanley & Co. LLC to act as Dealer Manager for the Offer. Global Bondholder Services Corporation has been retained to act as both the Depositary for the Offer and as the Information Agent for the Offer. For additional information regarding the terms of the Offer, please contact: Morgan Stanley & Co. LLC at (800) 624-1808 (toll-free) or (212) 761-1057 (collect). Requests for documents and questions regarding the tendering of Subordinated Notes may be directed to Global Bondholder Services Corporation at (212) 430-3774 (for banks and brokers only) or (866) 540-1500 (for all others toll-free).

This press release does not constitute an offer to sell or purchase, or a solicitation of an offer to sell or purchase, or the solicitation of tenders or consents with respect to, the Subordinated Notes. No offer, solicitation, purchase or sale will be made in any jurisdiction in which such an offer, solicitation, or sale would be unlawful. The Offer is being made solely pursuant to the Offer to Purchase and the related Letter of Transmittal made available to holders of the Subordinated Notes. None of CoBank, the Dealer Manager, the Depositary, the Information Agent or their respective affiliates is making any recommendation as to whether or not holders should tender all or any portion of their Subordinated Notes in the Offer. Holders are urged to evaluate carefully all information in the Offer to Purchase and the related Letter of Transmittal, consult their own investment and tax advisors and make their own decisions whether to tender

Subordinated Notes, and, if so, the principal amount of Subordinated Notes and the Bid Spread at which to tender.

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.

Contact

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CAUTIONARY STATEMENT REGARDING PROJECTIONS AND OTHER INFORMATION ABOUT FUTURE EVENTS

Certain of the statements in this press release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Our actual results may differ materially from those included in the forward-looking statements that relate to our plans, projections, expectations and intentions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "estimate," "plan," "project," "may," "will," "should," "would," "could" or similar expressions. Although we believe that the information expressed or implied in such forward-looking statements is reasonable, we can give no assurance that such projections and expectations will be realized or the extent to which a particular plan, projection or expectation may be realized. These forward-looking statements are based on current knowledge and are subject to various risks and uncertainties, including, but not limited to:

- Potential deterioration in the agricultural, energy, communications, water and leasing industries;
- Weather-related, disease and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income, including the impact of drought in many parts of the United States which may negatively affect certain customer sectors;

- Credit performance of the loan portfolio;
- Loan portfolio growth and seasonal factors;
- Weak U.S. and global economic conditions;
- Government policies and developments in the United States and other countries in which we make loans;
- The European sovereign debt crisis and its potential impact on funding markets;
- Legislative actions and the effect of banking and financial services reforms;
- Regulatory actions, including possible amendments to, and interpretations of, risk-based capital guidelines;
- Changes in the U.S. government's support of the agriculture industry and agricultural exports;
- Actions taken by the U.S. Congress relative to Government Sponsored Enterprises, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Agricultural Mortgage Corporation;
- Actions taken by the U.S. government to manage fiscal policy;
- Actions taken by the Federal Reserve to manage the monetary policy of the United States;
- A decrease in the credit outlook or ratings of U.S. government debt and agency debt, including Farm Credit System debt securities;
- The level of interest rates;
- Relationships between various interest rate indices;
- Changes in assumptions underlying the valuations of financial instruments;
- Changes in the bases for our estimates underlying the allowance for credit losses;
- Failure of our investment portfolio to perform as expected or deterioration in the credit quality of such investments;
- The resolution of legal proceedings and related matters;
- Environmental-related conditions or laws impacting our lending activities;
- Nonperformance by counterparties to our derivative positions; and
- Our ability to successfully execute and integrate any future business combinations or strategic alliances.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For additional information on CoBank and the factors that could cause CoBank's actual results or financial condition to differ materially from those described in the forward-looking statements consult CoBank's Annual Report for the year ended December 31, 2011 and its Quarterly Report for the quarter ended September 30, 2012. Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. We do not assume any obligation to update these forward-looking statements.