



NEWS RELEASE

CoBank Closes Merger With U.S. AgBank

DENVER, COLORADO (January 3, 2012) — CoBank, a cooperative bank serving agribusinesses, rural infrastructure providers and Farm Credit associations throughout the United States, announced today that it has successfully completed its merger with Wichita-based U.S. AgBank.

The merger, which formally closed on January 1, 2012, creates an \$85 billion financial services institution that serves as a leading source of credit to the U.S. rural economy. The combined bank's customer base includes agricultural cooperatives and rural power, water and communications service providers in all 50 states. In addition, the bank offers wholesale financing to 29 Farm Credit associations that provide loans and financial services to more than 70,000 farmers, ranchers and other rural borrowers in the west, northwest, southwest, central and northeastern parts of the country.

"We're delighted to have finalized this merger on behalf of our customer-owners across rural America," said Everett Dobrinski, chairman of the CoBank board of directors. "The merger builds CoBank's financial strength, greatly increases the diversity of our loan portfolio and expands our overall lending capacity. Most importantly, it enhances our ability to serve our borrowers and fulfill our mission for future generations. We're thankful for the strong support our stockholders have provided us throughout the merger approval process, and we're committed to delivering on our promises to them in the months and years ahead."

The combined bank continues to do business under the CoBank name and remains headquartered outside Denver, Colorado, with Robert B. Engel in the role of president and chief executive officer. The bank retains its cooperative structure, with qualified borrowers earning cash and equity patronage in proportion to the amount of business they do with the organization.

For the first year following the merger, the bank will be governed by a 32-member board of directors consisting of the entire former CoBank and U.S. AgBank boards. On January 1, 2013, the size of the board will be reduced to 24 directors elected by customer-owners in six geographic voting regions, plus between two and five appointed directors.

"The directors of both CoBank and U.S. AgBank have worked closely together for more than a year to make this transaction happen," said John Eishenhut, former chairman of the U.S. AgBank board and now first vice chairman of CoBank. "We greatly look forward to joining as one team in the coming year, and to providing the combined bank with good governance and leadership in keeping with the best cooperative principles."

Engel noted the employees of the bank have been working continuously for the past nine months on a merger integration plan designed to ensure a seamless transition for customers, including the 25 Farm Credit associations formerly served by U.S. AgBank.

“As a customer-owned organization, we are dedicated to providing our borrowers with the highest quality service and business experience,” Engel said. “Thanks to the detailed planning we’ve conducted, we’re confident we can bring the two organizations together smoothly while continuing to deliver on our value proposition.”

The merger occurs following a lengthy process involving consultation with customer-owners, federal regulators, and other Farm Credit System institutions. The boards of the two organizations executed a Letter of Intent to merge in December 2010 and submitted a formal merger application to their independent regulator, the Farm Credit Administration, in March 2011. The FCA granted preliminary approval in June last year, after which stockholders approved the merger by substantial majorities during special meetings held on September 7. Final regulatory approval was received from the FCA on December 12, 2011.

“We very much appreciate the deliberate and thoughtful process that was used to evaluate the merger by our board, our regulator, our partners in the Farm Credit System and the stockholders of both organizations,” Engel said. “Based on all the feedback we received from our stakeholders, there is strong consensus that this transaction creates a more durable bank that is better positioned to fulfill its mission over the long term. We look forward to a new chapter in the history of CoBank, and to continued service as a strategic financial partner to our customers in rural America.”

Effective with the merger, CoBank is now one of four funding banks in the Farm Credit System, a nationwide network of cooperatively-owned lending institutions specifically chartered to meet the credit needs of agriculture and other key sectors of the nation’s rural economy. On a combined basis, the System has over \$225 billion in total assets and recorded earnings of approximately \$3.5 billion in 2010.

About CoBank

CoBank is an \$85 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.

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. In addition to serving its direct retail borrowers, 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.

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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