



NEWS RELEASE

CoBank Announces Pension Financing Program For Rural Electric Cooperatives

*Bank Earmarks Up To \$2.5 Billion To Help Electric Cooperatives
Reduce Pension Expense*

DENVER (January 14, 2013) — CoBank, a cooperative bank serving agribusinesses, rural infrastructure providers and Farm Credit System associations throughout the United States, today announced the launch of a new pension financing program for rural electric cooperatives.

Under the bank's "Pension Prepayment Loan Program," U.S. rural electric cooperatives that participate in the NRECA's Retirement Security Plan can finance up to 100 percent of pension contribution buy-downs with a low-cost loan that is customized to meet their specific needs. Loans issued under the program will offer multiple benefits to participating customers, including:

- ✓ Historically low interest rates;
- ✓ Fixed or variable rates with maturities up to 10 years;
- ✓ Easy-access, 100 percent unsecured credit; and, a
- ✓ Eligibility for patronage refunds from the bank. CoBank has consistently paid 1 percent of eligible loan balances, of which 75 percent will be paid in cash for 2012.

CoBank has earmarked up to \$2.5 billion to fund the new program.

"We're extremely pleased to announce this offering for existing and prospective rural electric customers," said Mary McBride, CoBank's chief banking officer. "We believe it provides NRECA members with a significant opportunity to rationalize pension expense while taking advantage of the current low interest rate environment and the unique benefits of CoBank's cooperative patronage plan."

Earlier today, the National Rural Electric Cooperative Association announced that it is allowing member co-ops to buy-down future pension obligations at a discount over the next four years. The buy-down feature enables cooperatives to pre-pay their pension liability in return for reduced pension expense in the future.

"We recognize that rural electric cooperatives across the country will be carefully analyzing their future pension obligations in light of the NRECA's announcement," said Paul Narduzzo, executive vice president

and manager of CoBank's Rural Infrastructure Banking Group. "Our banking professionals stand ready to assist customers as they go through their analysis to determine if a loan from CoBank under our new program makes sense for their business."

Additional information about CoBank's Pension Prepayment Loan Program is available [here](#). Cooperatives with questions may also contact their CoBank relationship manager or the bank's Rural Infrastructure Banking Group at 303-793-2289.

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

Arthur Hodges
Senior Vice President, Corporate Communications
303-740-4061
ahodges@cobank.com

Dan Haley
Director of Corporate Communications
303-793-2239
dhaley@cobank.com

Sherry Johnson
Corporate Communications Manager
303-740-6518
sjohnson@cobank.com