

ARTICLE: A CASE FOR OPEN BORDERS 1-10

NET MIGRATION AS OF AUGUST 2011..... 4

WHERE THEY'RE COMING FROM..... 5

WILLING TO TRAVEL 9

INTEREST RATES AND ECONOMIC INDICATORS 11

ARTICLE: COBANK CLOSES MERGER WITH U.S. AGBANK 12-13

ABOUT COBANK 12

A Case for Open Borders

The word “globalization” makes most people think about things like outsourced manufacturing, trade agreements, foreign exchange rates and international supply chains.

For Robert Guest, business editor of *The Economist*, the most important aspect of globalization is the movement of people. More than 200 million people around the world now live outside the country where they were born – far more than at any other time in human history. Policymakers in the U.S., Europe and other developed regions are grappling with how to control their borders and slow illegal immigration. Developing countries, meanwhile, fear depleting their human capital when their most educated, skilled, ambitious citizens leave to seek a better life.

Nonetheless, Guest argues that the free flow of people and ideas is, on balance, highly beneficial. Migration and more open borders, he says, fuel the exchange of ideas and make nations smarter, more innovative and competitive.

Guest has recently published a book on the subject, called “*Borderless Economics: Chinese Sea Turtles, Indian Fridges and the New Fruits of Global Capitalism.*” Guest has lived in a half dozen countries and reported from nearly 70. His ideas stem not only from experience covering world economies, but relationships formed and personal anecdotes gathered during his career.

How mobile is the world’s population today compared to previous periods in human history?

For most of history, people lived very local lives. They seldom ventured more than a few miles from the village where they were born. There were occasional great migrations, of course; otherwise we’d all still be living in Africa. But most people didn’t move much.

As technology improved, things changed. Ocean-going ships allowed people to colonize the New World. Steam trains opened up the hinterland. Cars brought mobility to the masses.

We now live in a world of cheap air travel and virtually free communications. A journey that once took months, now takes only hours.

About this article

Robert Guest is the business editor at *The Economist*, overseeing the magazine's global business coverage. Previously, he was the magazine's Washington correspondent, covering U.S. news and politics. He is also the author of "The Shackled Continent" and "Borderless Economics: Chinese Sea Turtles, Indian Fridges and the New Fruits of Global Capitalism." He has appeared on CNN and BBC.

And people can talk to their friends thousands of miles away for free, using Skype.

All this makes us far more mobile than we were a generation ago, and far more interconnected. Some 215 million people live outside the country where they were born. That's about 3 percent of the world's population, and an increase of about 40 percent in the past two decades. Nearly all these migrants communicate constantly with people in the countries they came from, so they form bridges between nations.

This has far-reaching consequences, mostly because when people move around, they pick up new ideas and spread them.

I asked the chief executive of a large Indian software company what proportion of his top people had studied or worked outside India and he said, "all of them," as if that was completely obvious.

OUTLOOK: *The core idea of your book is that a more open, free exchange of people and ideas helps promote economic growth. Explain.*

Robert Guest: My central idea is that migration makes the world brainier.

Suppose you are at work and you encounter a problem. You wander over to the water cooler and bounce it off a colleague. Maybe she can solve your problem or she knows someone else who can. Or maybe she makes a suggestion that stimulates you to think about the problem in a different way, and you both solve it together.

This is how a lot of progress occurs – through collaboration. I'd argue that the wider the circle of people you meet, the more ideas and ways of thinking you are likely to encounter.

When a nation welcomes immigrants, it widens its circle of contacts. Immigrants bring ideas and connections. They turn the national water cooler, if you will, into a global one.

OUTLOOK: *Give us an example of this dynamic at work.*

RG: Three Indian-American engineers – Uttam Ghoshal, Himanshu Pokharna and Ayan Guha – had an idea for a cheap refrigerator. One of them had worked at IBM for several years. They figured out how to adapt the cooling mechanism that you use in a laptop computer so that it worked in a fridge. They thought their idea would be ideal for the Indian market because millions of Indians can't afford standard fridges.

They needed a partner to make the device. So they approached a big manufacturer in Mumbai called Godrej and Boyce. One of them had gone to business school with the daughter of one of the founding families. That connection helped them get a foot in the door, and it led to a fruitful

The North Korean regime has shut out nearly all contact with the outside world. When you do that, you shut out ideas. And over time, this makes you poor.

cross-border collaboration. The Indians in the U.S. worked with the Indians in India to produce a small, portable fridge that costs about \$70. It may be the cheapest in the world. They are on the verge of mass-producing it.

This is an example of how migration creates connections that speed the flow of ideas across borders. It is also an example of the next 'big thing' from Asia: frugal technology. There are hundreds of millions of people in Asia who have a bit of spare cash, but nowhere near as much as Americans. They want modern products, but they can't afford to pay much for them. So companies in India and China are saying, "How do we make things 10 times cheaper?" And the results are stunning. We're talking about \$300 prefabricated houses and heart scanners that cost a tenth as much as their Western equivalents.

Frugal products don't have all the frills we expect in the West but it turns out many of these frills are unnecessary. Frugal technology is sweeping Asia, and it's eventually going to make a difference in the West, because we appreciate value for our money, too. If we want to plug into all these new frugal ideas, we need to let in brainy immigrants from the places that are producing them.

Let me give you a counter-example that illustrates my point. In 1995, I went to North Korea, the world's most isolated state. I walked into a library and asked the librarian what kind of books people read there. He said they read books by the Great Leader Kim Il Sung and his son the Dear Leader Kim Jong Il. "Do they read any other books?" I asked. He went completely silent.

The North Korean regime has shut out nearly all contact with the outside world. When you do that, you shut out ideas. And over time, this makes you poor. South Korea, which was poorer than the North when the two Koreas split, is now 20 times richer.

OUTLOOK: What are some other examples of idea exchange driving economic growth?

RG: A Chinese woman named Cheung Yan came to America. With her outsider's eye, she noticed two things: first, that Americans throw out a lot of wastepaper; second, that lots of ships come from China to the U.S. packed with consumer goods and go back to China almost empty.

She took that insight and created a business out of it – Nine Dragons Paper. It gathers American wastepaper, sends it to China on those empty ships,

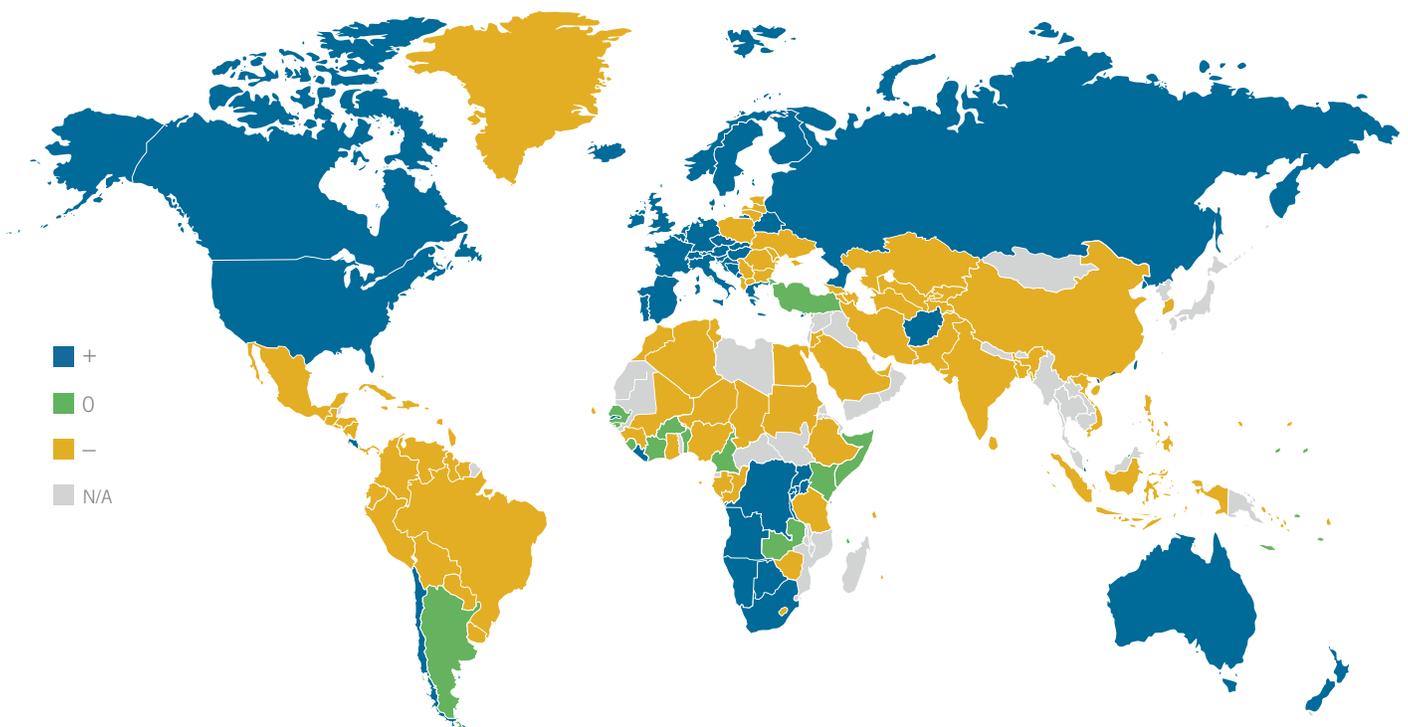
and recycles it into cardboard boxes. Many come back to America with TVs inside. She's now the richest self-made woman in China, with a net worth of \$1.6 billion in 2011. Her success depended on her being a migrant. Had she never moved, she would not have spotted the opportunity. And had she not had contacts in China, she would have found it hard to set up a factory there.

Here's another case: Devi Shetty, an Indian doctor who studied heart surgery in London, took the skills he'd learned in Britain and combined them with mass production techniques of the sort you'd see in a car factory. He went back to India and set up the world's cheapest heart hospital. His surgeons perform many, many more operations than they would in America, and because they do so many, they've learned to do them fast and well. He charges only \$1,800 for an operation that might cost tens of thousands of dollars in America, yet his success rate is the same.

OUTLOOK: *You talk about the United States being one of the first great experiments in open migration. How so?*

RG: The country was built on mass immigration. Waves and waves of people moved there to escape the stifling old hierarchies of the places they came from. They moved to America because it was a free country and it didn't

NET MIGRATION AS OF AUGUST 2011



Source: Wikipedia, based on CIA World Factbook

matter who your parents were. They married each other, intermingled and swapped ideas. From this great mixing they created a society that was wealthier and more dynamic than anything that had come before. America has its flaws, but that's still broadly true.

OUTLOOK: *The economic downturn significantly increased the jobless rate in the United States, which in turn has increased concerns about immigrants taking jobs away from Americans. How do you answer that concern?*

RG: I think it's unfounded. Most studies show little or no evidence that immigrants take jobs away from Americans.

Skilled immigrants clearly create jobs. Often they are hired to fulfill a role that no local can fill. Hiring them enables a company to grow and hire more Americans. Plus, because they are skilled, they command high wages, so they spend money in restaurants, hire gardeners, et cetera.

With unskilled immigrants it's less clear-cut, but they often create jobs, too. If a college-educated American woman hires a Mexican nanny, that enables

her to go out and work. If you don't think cheap childcare matters, look at Japan, which allows virtually no unskilled immigration at all. It is almost impossible to find cheap childcare there, unless the grandparents volunteer. So college-educated Japanese women are much less likely than their American sisters to get jobs.

Newly-arrived Mexicans in the United States often do hard work that locals shun. It's worthwhile for them because wages are so much better than in Mexico. Over time, they move up the income scale, perhaps by saving their wages and opening a taco stand and then maybe a restaurant. I know people who have done this. In general, immigrants come when they're needed and they go away when they're not needed. When the housing market crashed, close to a million Mexicans went home, because there were no longer jobs on building sites.

WHERE THEY'RE COMING FROM

Place of birth for the foreign-born population in the United States

Top Ten Countries	2010	2000	1990
1. Mexico	11,711,103	9,117,487	4,298,014
2. China	2,166,526	1,518,652	921,070
3. India	1,780,322	1,022,552	450,406
4. Philippines	1,777,588	1,369,070	912,674
5. Vietnam	1,240,542	988,174	543,262
6. El Salvador	1,214,049	817,336	465,433
7. Cuba	1,104,679	872,716	736,971
8. South Korea	1,100,422	864,125	568,397
9. Dominican Republic	879,187	687,677	347,858
10. Guatemala	830,824	480,665	225,739
All of Latin America	21,224,087	16,086,974	8,407,837
All Immigrants	39,955,854	31,107,889	19,767,316

Source: 1990 and 2000 decennial Census and 2010 American Community Survey

If you graduate with a hard science degree in the United States – physics, engineering, bioinformatics or something like that – you should have a green card stapled to your diploma.

Unskilled immigrants boost all kinds of businesses. Say you want to hold a conference in a big hotel. Immigrants change the sheets, clean the rooms, serve the drinks and probably built the hotel in the first place. That's one reason why hotels in the U.S. are much cheaper to stay in than they are in a place like Japan.

OUTLOOK: *The United States awards 65,000 H-1B visas each year to highly skilled foreign workers. Is that enough in your view? At what point do those numbers become detrimental to the U.S.?*

RG: For highly skilled people, I don't think there should be a limit. If you graduate with a hard science degree in the United States – physics, engineering, bioinformatics or something like that – you should have a green card stapled to your diploma.

Many of these graduates will work in America. Some will stay for a while and then go home. When they go home, they'll continue to talk to their old colleagues and that will continue to benefit America.

The U.S. should make it easier for people to come and study. American universities are the best in the world by far. When a foreign student comes to America and pays \$50,000 tuition to a university, that's an export. That's like selling a \$50,000 car to China, but better. That person who has studied in America picks up a taste for American products and meets Americans who he'll want to do business with in the future.

Right now the hoops you need to jump through to come to the U.S. are incredible. And the main effect is to keep skilled workers out. The unskilled ones may be prepared to crawl through the Mexican desert in the middle of the night to get in, but the doctors and engineers are not.

Borders matter a lot, but the American government makes less effort to woo skilled migrants than any other rich country I can think of. It actually graduates foreign engineers and then deports them. Michael Bloomberg calls this "national suicide." He is right.

So my advice to governments is: open the doors. Allowed unlimited migration of highly-skilled workers and unlimited migration from other rich countries.

The American government makes less effort to woo skilled migrants than any other rich country. It actually graduates foreign engineers and then deports them. Michael Bloomberg calls this “national suicide.”

OUTLOOK: *What about unskilled labor?*

RG: I think America could absorb at least 3 million immigrants a year, skilled and unskilled. That’s about 1 percent of the population every year – far more than it currently allows in, but not absurd when you see how much of the country is practically empty.

Immigrants are people with get up and go. The dynamism that results from them coming is immense. And it is good for humanity if more people live under American law, governed by American institutions. Immigration raises the proportion of people in the world who are free.

OUTLOOK: *“Brain drain” is a term that’s often used to characterize the cost that out-migration imposes on developing economies. Is that a major problem?*

RG: People look at very poor countries like Liberia or Congo and say, “All of their doctors have left; western countries are poaching these doctors with higher salaries; it’s terrible and should be banned.”

There is a little bit of truth to this argument, but on balance it’s wrong. The brain drain actually reduces global poverty, in several ways.

First, the prospect of emigrating gives people an incentive to acquire valuable skills. For example, many Filipinas work abroad as nurses. Their sisters back home see them earning good money and train as nurses, too. But not all those nurses emigrate. Some decide not to leave after all, perhaps because they get married. Some work abroad for a while, save money and come back. So even though the Philippines is the largest exporter of nurses in the world, they still have more nurses per capita there than many rich countries. If you told them they couldn’t leave, they wouldn’t burn the midnight oil at the library to get their nursing degree, and the Philippines would have fewer nurses. It’s very counterintuitive, but it’s true.

Another thing to keep in mind is that many migrants, when they go overseas, send money back. An engineer who makes \$5,000 a year in a poor country can move to a rich country and make \$40,000 a year in a similar job and send \$5,000 home. He’s still contributing as much to his own country. These remittances we’re talking about are very, very large and they’ve gotten much bigger. They are far more important to poor countries than foreign aid.

Most poor countries should celebrate emigration. One study found that losing up to 20 percent of your skilled workers is beneficial.

Finally, migration creates connections that benefit poor countries. For example, I met a guy in Nigeria, Chike Obidigbo, who runs a factory making soap. He buys his machines from China, but he doesn't speak Chinese and he can't afford to travel there every time he needs a new machine.

So when he needs a new machine, he contacts a migrant from his tribe who lives in China. Mr. Obidigbo knows he can trust a fellow Ibo, (the name of his tribe), because it's a close-knit group. If one Ibo cheats another, no Ibo will work with him again. The trust that's fostered through kinship ties is very important in countries that lack the rule of the law. It's not like in Britain or the United States where you can settle disputes in court. In India, China and most of Africa, contacts matter more than contracts. And migration creates cross-border contacts.

For all these reasons, most poor countries should celebrate emigration. One study found that losing up to 20 percent of your skilled workers is beneficial. So basket-cases like Congo don't need to lose any more, but places like China and India would benefit from seeing a lot of more of their people spend some time abroad.

OUTLOOK: *In your book you talk about people from China who go abroad to study and then return home. Chinese slang for these people is "sea turtles." How are they changing things in that country?*

RG: It used to be that no one went back to China, because under Mao Zedong the country was a hellhole. Now it's a much, much nicer place, so even the Chinese who get degrees from American universities think about going back.

At least 325,000 Chinese have lived abroad and then returned to China, mostly in the past decade. These "sea turtles" are typically very bright and well connected. They dominate China's technology industry, its universities and the think-tanks that advise the government on economic policy, urban planning, the environment – everything.

And they are rising within the ruling party itself. Among the members of the Central Committee of the Communist Party in China, about 6 percent had studied abroad in 2002. It was 11 percent by 2007, and it will be 15 percent to 17 percent this year, estimates Cheng Li of the Brookings Institution.

While studying or working abroad, the sea turtles pick up subversive ideas. They don't shout about them, of course. To do so would ruin any chance of a good job back home. But living in America, they notice that the air is cleaner, the people are richer and that democracy is an amazing system for settling disputes without bloodshed. I predict that the sea turtles will eventually turn China democratic.

OUTLOOK: *What about the cultural changes that immigration brings about in countries? They aren't necessarily always positive. Is that a valid concern, particularly in the developed world?*

RG: Whether a cultural change is good or bad is a matter of opinion. Personally, I like Chinese food, African music and the opportunity to work with people from a variety of backgrounds. I worry about Islamist terrorism, but that's a problem best dealt with by the intelligence services, not the guys handing out student visas.

In the ways that matter, immigrants to the West adapt pretty quickly to the Western way of doing things. They follow the law; they embrace pluralism; they learn English. This is especially true in America, which is unusually good at absorbing people from pretty much anywhere. It's relatively easy to become a patriotic American without abandoning the bits of your native culture that you value.

WILLING TO TRAVEL

Some of the world's most important migration routes



Source: National Public Radio; The Economist

Technology gets better every year. Knowledge is cumulative. You build on the brilliant ideas that came before you. That's why we no longer live in caves, and that's why we'll carry on getting richer.

OUTLOOK: *You are very optimistic about globalization and the future of the world economy despite the significant economic problems that exist today, particularly in the developed world. What makes you so sure?*

RG: It's a long view. The current economic crisis was caused by people taking on too much debt and clever financiers not understanding the risks they were taking. Governments made matters worse, for example by pushing Fannie Mae and Freddie Mac to provide credit to the un-creditworthy. This was a massive mess up. It's like a terrible hangover we're suffering at the moment, but eventually we'll get through it.

Meanwhile, the forces that have always driven progress are fundamentally unchanged.

Technology gets better every year. Not just electronics, but ideas about how you can organize your companies, make your supply chain more efficient, et cetera. Knowledge is cumulative. You don't have to reinvent the internal combustion engine or the joint-stock company. You build on the brilliant ideas that came before you. People keep figuring out ways to do things better. That's why we no longer live in caves, and that's why we'll carry on getting richer.

Migration and cheap communications can turbo-charge this process. Ideas travel around the world faster than they used to. They can be bounced around and recombined. Matt Ridley, who wrote "The Rational Optimist," describes progress as when ideas meet and have sex. Mix two ideas together and the result is a little like the mother and a little like the father, but you jumble up the DNA and get something new.

OUTLOOK: *Can too much idea exchange threaten a nation's competitive edge? How does a country compete when its top people share their innovations with their counterparts overseas?*

RG: It's a problem when people steal other people's intellectual property. But what I'm talking about is the free exchange of ideas. I don't see how you can have too much of that.

Nations do best when they collaborate. America, because it has more migrants from more parts of the world than anywhere else, is at the center of cross-border collaboration. Other countries like to collaborate with America more than any other country in the world. And that's a reason for optimism. ■

Interest Rates and Economic Indicators

The interest rate and economic data on this page were updated as of 12/31/11. They are intended to provide rate or cost indications only and are for notional amounts in excess of \$5 million except for forward fixed rates.

KEY ECONOMIC INDICATORS

Gross Domestic Product (GDP) measures the change in total output of the U.S. economy. The Consumer Price Index (CPI) is a measure of consumer inflation. The federal funds rate is the rate charged by banks to one another on overnight funds. The target federal funds rate is set by the Federal Reserve as one of the tools of monetary policy. The interest rate on the 10-year U.S. Treasury Note is considered a reflection of the market's view of longer-term macroeconomic performance; the 2-year projection provides a view of more near-term economic performance.

ECONOMIC AND INTEREST RATE PROJECTIONS

Source: Insight Economics, LLC and Blue Chip Economic Indicators

US Treasury Securities

2011	GDP	CPI	Fed Funds	2-year	10-year
Q4	2.70%	1.60%	0.07%	0.30%	2.00%
2012	GDP	CPI	Funds	2-year	10-year
Q1	1.90%	1.90%	0.10%	0.30%	2.00%
Q2	2.10%	1.90%	0.10%	0.30%	2.10%
Q3	2.30%	2.20%	0.13%	0.30%	2.10%
Q4	2.60%	2.10%	0.13%	0.30%	2.20%

PROJECTIONS OF FUTURE INTEREST RATES

The table below reflects current market expectations about interest rates at given points in the future. Implied forward rates are the most commonly used measure of the outlook for interest rates. The forward rates listed are derived from the current interest rate curve using a mathematical formula to project future interest rate levels.

IMPLIED FORWARD SWAP RATES

Years Forward	3-month LIBOR	1-year Swap	3-year Swap	5-year Swap	7-year Swap	10-year Swap
Today	0.59%	0.68%	0.82%	1.22%	1.64%	2.03%
0.25	0.60%	0.70%	0.88%	1.32%	1.70%	2.09%
0.50	0.72%	0.74%	0.96%	1.41%	1.78%	2.16%
0.75	0.75%	0.76%	1.04%	1.51%	1.86%	2.23%
1.00	0.75%	0.77%	1.12%	1.59%	1.98%	2.29%
1.50	0.77%	0.86%	1.33%	1.81%	2.11%	2.42%
2.00	0.83%	1.02%	1.56%	1.99%	2.31%	2.57%
2.50	1.10%	1.29%	1.81%	2.19%	2.46%	2.67%
3.00	1.37%	1.57%	2.06%	2.39%	2.60%	2.78%
4.00	1.95%	2.11%	2.47%	2.70%	2.85%	2.97%
5.00	2.44%	2.53%	2.85%	2.93%	3.02%	3.10%

HEDGING THE COST OF FUTURE LOANS

A forward fixed rate is a fixed loan rate on a specified balance that can be drawn on or before a predetermined future date. The table below lists the additional cost incurred today to fix a loan at a future date.

FORWARD FIXED RATES

Cost of Forward Funds

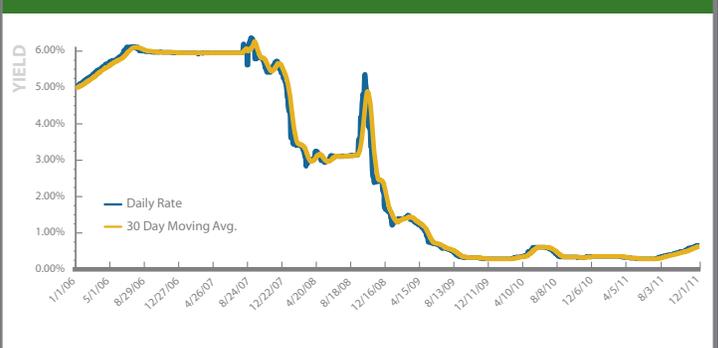
Forward Period (Days)	Average Life of Loan			
	2-yr	3-yr	5-yr	10-yr
30	3	6	6	5
90	3	12	11	12
180	2	21	20	21
365	19	44	43	41

Costs are stated in basis points per year.

SHORT-TERM INTEREST RATES

This graph depicts the recent history of the cost to fund floating rate loans. Three-month LIBOR is the most commonly used index for short-term financing.

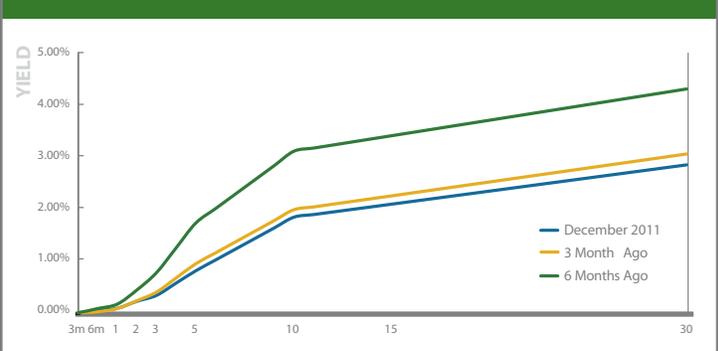
3-MONTH LIBOR



RELATION OF INTEREST RATE TO MATURITY

The yield curve is the relation between the cost of borrowing and the time to maturity of debt for a given borrower in a given currency. Typically, interest rates on long-term securities are higher than rates on short-term securities. Long-term securities generally require a risk premium for inflation uncertainty, for liquidity, and for potential default risk.

TREASURY YIELD CURVE





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.

Commentary in Outlook is for general information only and does not necessarily reflect the opinion of CoBank. The information was obtained from sources that CoBank believes to be reliable but is not intended to provide specific advice.

CoBank Closes Merger With U.S. AgBank

CoBank announced this month that it 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.

CoBank 2011 Financial Conference Call and Webcast

CoBank will hold a conference call and webcast at 12 p.m. Mountain Standard Time on Tuesday, February 28 to discuss full-year 2011 financial results.

The call will feature remarks from CoBank President and Chief Executive Officer Bob Engel, Chief Financial Officer David Burlage and Board Chairman Everett Dobrinski. All three will be available for Q&A after the presentation.

Joining via phone:

Dial-in number: 800-901-5217

Passcode: 56880824

Instructions will be provided on how to submit questions during the webcast. In addition, you can submit questions in advance by emailing them to corp.comm@cobank.com.

If you have additional questions, please contact CoBank Corporate Communications at 800-542-8072 x 32239.

“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. ■