



## NEWS RELEASE

### **COBANK ANNOUNCES PRELIMINARY RESULTS OF EXCHANGE OFFER AND CONSENT SOLICITATION FOR SERIES A PREFERRED STOCK**

*\$136.8 Million Of Series A Stock Tendered During Early Exchange Period*

**DENVER (August 10, 2009)** — CoBank, a leading cooperative bank serving agribusinesses and rural utilities throughout the United States, today announced preliminary results of its offer to exchange newly issued 11.0% Series D Non-Cumulative Subordinated Perpetual Preferred Stock for its outstanding 7.814% Series A Cumulative Perpetual Preferred Stock. Holders of 2,735,000 shares of CoBank's Series A Preferred Stock, representing approximately 46% of the 6,000,000 aggregate outstanding shares (or \$136.8 million of the Series A Preferred Stock), tendered their shares in exchange for shares of Series D Preferred Stock through the expiration date of the early exchange period.

In addition, holders of 4,055,000 shares of CoBank's Series A Preferred Stock, representing approximately 68% of the aggregate outstanding shares, consented to a proposed amendment to the Series A Stock Purchase Agreement pursuant to which the Series A Preferred Stock was issued. The proposed amendment will eliminate certain restrictions on CoBank's ability to make open market purchases or exchanges of Series A Preferred Stock. As of the end of the early exchange period, CoBank has received the majority consent required in order to allow this exchange offer and future open market purchases and exchanges of Series A Preferred Stock.

As previously announced, the exchange offer remains open for a "Final Exchange Period" that will expire at 11:59 p.m., New York City time, on August 21, 2009. During the Final Exchange Period, for each \$1,000 in aggregate liquidation preference of Series A Preferred Stock that is properly tendered, CoBank will issue \$950 in aggregate liquidation preference of Series D Preferred Stock. Any shares of Series A Preferred Stock that were tendered during the early exchange period cannot be withdrawn.

Successful completion of the exchange offer will result in an enhanced capital position for CoBank with a higher core surplus ratio under current applicable Farm Credit Administration regulations and interpretations.

#### **About CoBank**

CoBank is a \$63 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 borrowers, the bank also provides wholesale loans and other financial services to affiliated Farm Credit associations and other partners across 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](http://www.cobank.com).

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## **Forward-Looking Statements**

Certain of the statements contained 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:

- Fluctuations in the agricultural, communications, energy and water, international, financing and leasing sectors;
- Weak U.S. and global economic conditions;
- Sovereign or regulatory actions;
- Macro-economic factors and political policies and developments in the U.S. and other countries in which we make loans;
- The level of interest rates;
- Changes in assumptions underlying the valuations of financial instruments;
- Changes in the bases for our estimates underlying the reserve for credit exposure;
- Economic conditions and credit performance of the loan and lease portfolios, portfolio growth and seasonal factors;
- Failure of our investment portfolio to perform as expected or deterioration in the credit quality of such investments, including the credit quality of insurers of such investments;
- The effect of banking and financial services reforms;
- Possible amendments to, and interpretations of, risk-based capital guidelines and reporting instructions;
- The ability of states to adopt more extensive consumer protections through legislation or regulation;
- The resolution of legal proceedings and related matters;
- Changes in the U.S. government's support of the agriculture industry;
- Weather-related, disease, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- Environmental-related conditions or laws impacting our lending activities;
- Actions taken by the U.S. Congress relative to Government Sponsored Enterprises;
- Actions taken by the U.S. government to manage the credit crisis and economic downturn;
- Actions taken by the Federal Reserve to manage the monetary policy of the U.S.;
- Nonperformance by counterparties to our derivative positions; and

- Our ability to successfully integrate and profitably operate 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, 2008 and its Quarterly Report for the quarter ended March 31, 2009. 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.