



## NEWS RELEASE

### **COBANK COMMENCES EXCHANGE OFFER FOR ITS SERIES A PREFERRED STOCK**

**DENVER (July 27, 2009)** — CoBank, a leading cooperative bank serving agribusiness and rural utilities throughout the United States, today commenced an offer to exchange its newly issued Series D Non-Cumulative Subordinated Perpetual Preferred Stock for any and all of its outstanding Series A Cumulative Perpetual Preferred Stock. Successful completion of the “Exchange Offer” will result in an enhanced capital position for CoBank with a higher core surplus ratio under applicable Farm Credit Administration regulations.

The Exchange Offer period will have two parts, the “Early Exchange Period” and the “Final Exchange Period.” The Early Exchange Period will begin on the date the Exchange Offer commences and will expire at 5 p.m., New York City time, on August 7, 2009. The Final Exchange Period will begin immediately following the Early Exchange Premium Deadline and end at 11:59 p.m., New York City time, on August 21, 2009.

In connection with the Exchange Offer, for each \$1,000 in aggregate liquidation preference of Series A Preferred Stock that is properly tendered during the Early Exchange Period, CoBank will issue \$1,000 in aggregate liquidation preference of Series D Preferred Stock. For each \$1,000 aggregate liquidation preference of Series A Preferred Stock that is properly tendered during the Final Exchange Period, CoBank will issue \$950 in aggregate liquidation preference of Series D Preferred Stock.

In connection with the Exchange Offer, CoBank is also soliciting consents from holders of the Series A Preferred Stock to a proposed amendment to the Preferred 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 the Series A Preferred Stock, thereby allowing CoBank to consummate the Exchange Offer. To effect the proposed amendment, CoBank must receive consents in writing from holders owning at least a majority of the aggregate outstanding shares of the Series A Preferred Stock. CoBank refers to this as the “Consent Solicitation.”

Holders must consent in writing to the proposed amendment in order to tender their shares pursuant to the Exchange Offer. Even if a holder does not wish to tender its shares, it still may provide consent to the proposed amendment by submitting its written consent according to the specified procedures.

Series A Preferred Stock tendered during the Early Exchange Period may be withdrawn in writing prior to the Early Exchange Premium Deadline. Series A Preferred Stock tendered after the Early Exchange Premium Deadline may not be withdrawn, unless CoBank makes a material change in the terms of the Exchange Offer or is otherwise required by law to permit withdrawal. A valid withdrawal of Series A Preferred Stock will be deemed a revocation of any related consent. However, if Series A Preferred Stock is withdrawn, consent may still be provided if the consent is submitted in accordance with the terms and conditions of the Consent Solicitation.

CoBank has retained Barclays Capital Inc. and Morgan Stanley & Co. Incorporated to act as Dealer Managers in connection with the Exchange Offer and Consent Solicitation.

The complete terms and conditions of the Exchange Offer and Consent Solicitation are set forth in the Exchange Offer and Solicitation Statement and the Letter of Transmittal and Consent that are being sent to holders of the Series A Preferred Stock. Holders are urged to read these documents carefully.

Copies of the Exchange Offer and Solicitation Statement and the Letter of Transmittal and Consent may be obtained from Global Bondholder Services Corporation, the Information Agent, at 866-294-2200 or, for bankers and brokers, at 212-430-3774 (collect). Questions regarding the Exchange Offer may be directed to the Dealer Managers, Barclays Capital at 800-438-3242 and Morgan Stanley at 800-624-1808. The Exchange Agent for the Exchange Offer and Consent Solicitation is Global Bondholder Services Corporation, available at 866-294-2200.

This press release is neither an offer to purchase nor a solicitation to buy any shares of the Series A Preferred Stock, nor is it a solicitation for acceptance of the Exchange Offer. CoBank is making the Exchange Offer only by, and pursuant to the terms of, the Exchange Offer and Solicitation Statement and the related Letter of Transmittal and Consent. The Exchange Offer and Consent Solicitation is not being made in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. None of CoBank or its affiliates, the Exchange Agent, the Information Agent or the Dealer Managers is making any recommendation as to whether or not holders should tender their shares of Series A Preferred Stock in connection with the Exchange Offer or consent to the Proposed Amendment in connection with the Consent Solicitation.

#### **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 energy, 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. 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).

#### **Contact**

Arthur Hodges  
Vice President, Corporate Communications  
303-740-4061  
[ahodges@cobank.com](mailto:ahodges@cobank.com)

Kyle Henley  
Corporate Communications Manager  
303-694-5862  
[khenley@cobank.com](mailto:khenley@cobank.com)

## **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.*