

CAPITAL MARKETS ANNOUNCEMENT

AgStar Financial Services, ACA Closes \$100.0 Million Offering of Perpetual Non-Cumulative Preferred Stock

Sandler O'Neill + Partners served as sole book-runner for this offering.

This transaction represents the 1st offering of preferred stock by a Farm Credit Association. Since 2012, Sandler O'Neill has served as lead book-runner on 29 bank, thrift or FCA association preferred stock offerings.

About the Offering:

On May 30, 2013, AgStar Financial Services, ACA, completed the offering of \$100.0 million in non-cumulative perpetual preferred stock. The Series A-1 non-cumulative perpetual preferred stock has a fixed dividend rate for 10 years at 6.75% percent, after which dividends will accrue at a floating rate. The preferred stock is callable by AgStar after 10 years.

The Company intends to use the proceeds of this offering to increase its regulatory capital for the continued development of its business and for general corporate purposes.

Standard & Poor's released an investment grade issuer rating of BBB- for AgStar. The preferred stock is rated BB.

This announcement is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell securities.

About the Company:

AgStar Financial Services, ACA is one of 82 associations within the Farm Credit System. Headquartered in Mankato, MN, AgStar is the 5th largest association with assets of \$6.5 billion as of March 31, 2013.

AgStar serves 69 counties in Minnesota and Wisconsin, providing a board range of financial services to agricultural and rural clients.

May 30, 2013



\$100.0 Million
Perpetual Non-Cumulative
Preferred Stock
6.75% Fixed-to-Floating

Sole Book-Runner

SANDLER O'NEILL + PARTNERS

Financial Highlights

(Dollars in millions)

Total Assets	\$6,511.5
Net Loans	\$5,758.3
Total Equity	\$896.3
Permanent Capital Ratio	14.1%
Total Surplus Ratio	13.9%
Core Surplus Ratio	10.9%

Financial data of 3/31/13

Source: SNL Financial

Sandler O'Neill Contacts:

Bob Kleinert
Managing Principal
(212) 466-7806

Jacques de Saint Phalle
Principal
(212) 466-7827

Bill Burgess
Principal
(312) 281-3442

Demetrios Hadgis
Associate Director
(212) 466-8019

Eric Ferdinand
Vice President
(312) 281-3447

Eshaan Arora
Analyst
(312) 281-3449