

NEWS RELEASE

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FOR RELEASE

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AGFIRST SUPPORTS AGSTAR MERGER PROPOSAL

Columbia, S.C. — AgFirst Farm Credit Bank today announced that it supports the proposal offered by AgStar Financial Services for a merger with Farm Credit Services of America (FCSA). The bank's board and management said they believe the AgStar proposal is a much better deal for FCSA's farmer- and rancher-stockholders than the takeover offer by Dutch-owned Rabobank.

"The AgStar proposal would preserve capital for the benefit of the farmer-stockholders," said AgFirst CEO F. A. (Andy) Lowrey. According to published reports, FCSA has \$1.323 billion in capital and surplus. Under Rabobank's proposal, the stockholders of FCSA would receive \$600 million in cash for their company. Under the AgStar proposal, stockholders would receive \$650 million in cash, and they would retain the remaining equity in their cooperative.

"Just as important," continued Lowrey, "the farmer-stockholders of FCSA would continue to own and control their own financial institution." As a customer-owned cooperative, Farm Credit's mission is to help ensure the availability of credit and the quality of life in rural America and on the farm. "As owners, farmers and ranchers can ensure that Farm Credit remains dedicated to this mission in good times and bad," he added.

Under the AgStar proposal, the merged association would operate on a cooperative basis. Stockholders of FCSA would continue to own and control their lending institution, retain borrower rights and protections, and be eligible for future patronage payments. "We urge the farmer-stockholders of FCSA to seriously consider the AgStar proposal," said E. MacDonald (Mac) Berryman, a Virginia row-crop and timber farmer and chairman of the AgFirst board of directors, "because it will enable them to enjoy the benefits of operating as a true cooperative."

A cornerstone of cooperative philosophy is that the owner-users of a cooperative should benefit from its successful operations. FCSA borrowers do not currently receive patronage dividends, nor would they receive dividends under the Rabobank offer. AgStar has had a patronage dividend program in place since 1998. “It is important to note,” Lowrey commented, “that, under the AgStar business model, the owners can share annually in the earnings of the organization through a patronage dividend program, which greatly enhances the value of their proposal.”

“Paying patronage dividends and improving stockholder value are the drivers behind a successful cooperative,” said Lowrey. “AgFirst and its affiliated associations have a long and impressive history of returning value to their stockholders through patronage dividends,” he continued. Associations in the AgFirst District have paid more than \$1.7 billion in patronage dividends to their borrowers over the last 15 years. “Increasingly, farmers and others in rural America are becoming aware of the value proposition inherent in our cooperative structure,” Lowrey added, “and that is reflected in our growth, market share and customer satisfaction ratings.”

“I believe the AgStar proposal is a much better financial deal for the farmer-stockholders of FCSA,” said Lowrey. “The stockholders would retain, rather than give away, their equity, and they would continue to own and control their own financial institution together with the stockholders of AgStar.”

About AgFirst Farm Credit Bank: AgFirst provides funding and financial services to 23 Agricultural Credit Associations (ACAs) in 15 eastern states and Puerto Rico. These ACAs, operating as Farm Credit and Ag Credit associations, provide real estate and production financing to more than 80,000 farmers, agribusinesses, and rural homeowners. AgFirst also operates a Capital Markets Group, which arranges and participates in loans for agribusinesses, and a Secondary Mortgage Market Unit, which buys and sells agricultural and rural home loans throughout the United States.

AgFirst Farm Credit Bank is part of the Farm Credit System, a nationwide network of agricultural and rural lending institutions cooperatively owned by their borrowers. The bank, which is the largest financial institution headquartered in South Carolina, reported total assets of \$16.3 billion as of June 30, 2004. Nationally, the Farm Credit System reported combined assets of \$119.6 billion as of June 30, 2004.

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Note: AgFirst CEO Andy Lowrey is available for interviews. To schedule an interview, please call Donna Camacho, director of advertising and communications, at 803-753-2251, or email her at dcamacho@agfirst.com . Additional information is available at www.agfirst.com .

