

Erik Ahlgren, as the assignee in the Assignment for the Benefit of Creditors of William Sczepanski, Minnesota District Court File Number 45-CV-17-39 (the "Assignee"), is selling the right to receive American Crystal Sugar Company unit retain redemption payments listed in Exhibit A.

What are Unit Retains?

American Crystal Sugar Company, an agricultural cooperative formed under 308A of the Minnesota Statutes, is authorized under the company's bylaws and grower contracts to retain a uniform portion of the beet payments otherwise due members for their crops in order to capitalize the company. This retainage is commonly referred to, and will be referred to herein, as the "Unit Retains". Article VI, Section 4 of the company's bylaws provides that the Unit Retains may be returned to members if the company's board, in its discretion, finds the aggregate amount of outstanding unit retains to be in excess of the amounts needed for operating the Company's business and servicing its debts. The bylaws provide that it is the general policy to pay the oldest outstanding unit retains first. Historically, the practice of the company's board has been to return Unit Retains after seven years.

Are the payments guaranteed?

No. The Unit Retains represent equity in American Crystal Sugar Company. It has been the historical practice of the company to pay out Unit Retains after seven years, but there is no guaranty this practice will continue. For example, it is possible that the company could determine that the funds are required to fund an internal investment project, in which case the company could decide to change its historical practice and either delay or halt further payments of Unit Retains. The Assignee has inquired as to whether there are any plans to change the company's historical practice and has been informed that there is no current plan to change its practice, but there is no guarantee that the company will not change its practice.

Can the buyer subsequently transfer the right to receive payments?

No. Unless the unit retains have been explicitly transferred as provided in Article VI, Section 5 of the bylaws, the unit retains are paid to the original grower from whom they were retained or to a Board approved transferee. The company is expected to approve Assignee's sale because it has been court ordered. It is not expected that the Board would approve a subsequent transfer.

What are the Terms of the Sale?

Pursuant to the terms of the court order attached as Exhibit B, the purchaser of the right to receive Unit Retains redemption payments will take the payments free and clear of liens. Other than as provided in Exhibit B, the purchaser takes the rights on an "as is" basis, with no representations or warranties whatsoever. Bids will be accepted through June 27, 2018 at www.steffesgroup.com. Following notice to the successful bidder, the bidder will be required to submit payment as provided in the Terms and Conditions listed at www.steffesgroup.com along with the Application for Assignment attached as Exhibit C. The Assignee will deposit the funds into his trust account pending the final closing. The assignment of the right to receive Unit Retains redemption payments must be approved by the American Crystal Sugar Company board of directors. If the assignment is not approved by the company's board of directors within 90 days following submission of payment and the Application for Assignment, the Assignee will

refund the payment upon request. Upon approval of the assignment by the company's board of directors, the Assignee will deliver an executed bill of sale and the payment will be non-refundable.

What is the income tax treatment of the payment?

The transferee will be responsible for income taxes accrued from the receipt of Unit Retains redemption payments. The receipt of non-qualified Unit Retains, as listed on Exhibit A, are expected to be taxable as ordinary income. Income taxes have been paid on qualified Unit Retains and it is possible that redemption payments accruing from the qualified Unit Retains will be subject to more favorable tax treatment. However, the Assignee makes no representations whatsoever regarding the tax treatment of the Unit Retains payments to any party. You should consult with your own accountants, attorneys and/or advisors regarding the tax treatment of Unit Retains payments made to you.

Available for review are the following:

- Exhibit A – Schedule of Unit Retains to be bid upon
- Exhibit B – April 9, 2018 order approving the sale
- Exhibit C – Application for Assignment

Questions regarding the Unit Retains may be addressed to:

Daniel Mott
General Counsel – American Crystal Sugar Company
Email: dmott@fredlaw.com
Office: 612.492.7322

Questions to the Assignee may be addressed to:

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