



WHAT YOU NEED TO KNOW

PREFERRED STOCK

QUESTIONS?

Preferred stock questions and transactions: Wells Fargo Shareowner Services, 866-280-0241
CHS equity account information: patronequity@chsinc.com

Why did we receive these shares?

CHS records showed that your cooperative is an eligible member-owner of CHS that met the criteria for this year's equity retirement as established by the CHS Board of Directors.

Why is CHS redeeming equity with preferred stock rather than cash?

This distribution allows CHS to deliver direct economic value to our owners by redeeming eligible qualified equity with shares of CHS preferred stock. It is in keeping with the CHS Board of Directors' goals of providing an appropriate economic return to the cooperative's owners while maintaining a strong balance sheet and taking a long-term view in operating our businesses on behalf of CHS owners.

Which member cooperatives were eligible?

Member cooperatives eligible for this redemption must hold CHS capital equity certificates of \$500 or more. Their account could not be delinquent and they must have done business with CHS in the last five fiscal years. A total of 1,064 CHS member cooperatives were eligible for this pro rata qualified equity redemption using preferred stock.

How was the distribution determined?

CHS redeemed eligible member cooperative qualified equity on a pro rata or percentage basis, with oldest equity retired first. Using the approximately \$20 million in preferred stock, CHS redeemed a portion of eligible, qualified equity issued up to fiscal 2006. The number of shares issued was based on the value set at the date of pricing of \$28.74 per share.

What period of equity does the preferred stock redeem?

Eligible member cooperatives received redemption of previously earned qualified equity through a portion of fiscal 2006 on a pro rata (percentage) basis.

What companies are selling CHS preferred stock?

Wells Fargo Shareowner Services is our transfer agent, but sales and purchases can be conducted through the broker of the shareholder's choice.

How often has CHS used preferred stock to redeem member cooperative and association equity?

This distribution marks the tenth time since 2004 that CHS has issued preferred stock to redeem previously earned qualified equity held by eligible member cooperatives and associations. During fiscal 2017, CHS expects to return \$330 million in cash and preferred stock to its owners.

What do we do with the stock upon receiving it?

Those receiving shares of CHSCO as retirement of qualified equity have three options:

- Retain all or part of their shares and receive dividends, which are paid quarterly
- Sell all or part of their shares into the public market through the broker of their choice
- Transfer all or part of their shares to someone else

How can we buy more CHS preferred stock?

CHS preferred stock can be purchased at market price through the broker of your choice.

Our co-op plans to keep the preferred stock shares. Do we have to do anything now?

If you would like to retain your stock, there are no additional steps required. You will receive a dividend check or ACH transfer on a quarterly calendar basis from Wells Fargo, our transfer agent.

When are dividends paid?

If you are selling, transferring or buying CHS preferred stock, you should be aware of two important dates. They are the "record date" or "date of record" and the "ex-dividend date" or "ex-date." When CHS declares a dividend, it sets a record date when you must be on the books as a shareholder to receive the dividend. The record date is 10 business days prior to the payment date which is the last business day of the calendar quarter. Once the record date is determined, the NASDAQ exchange sets the ex-dividend date. The ex-dividend date is normally set for stocks **two business days before** the record date. If you purchase a stock on its ex-dividend date or after, you will not receive the next dividend payment. Instead, the seller gets the dividend. If you purchase before the ex-dividend date, you get the dividend.

What is the dividend rate?

Dividends on CHSCO are \$1.96875 per share/per year.

How can our cooperative sell our shares?

To sell CHS Preferred Stock, contact a broker of your choice and complete and/or secure the following three documents for the broker and Wells Fargo Shareowner Services:

- **Incumbency Certificate or Board Resolution** dated within six months of the date of Preferred Stock sale indicating the person(s) authorized to sell the stock.
- **Medallion Guarantee** which may be obtained from any financial institution that participates in the Medallion program. Signature guarantees by a notary public or non-Medallion signature guarantees are **NOT** acceptable.
- **Irrevocable Stock Power** is completed with a broker who may have a similar form that can be used in place of the Irrevocable Stock Power.

What is the procedure for our cooperative to transfer stock to someone else?

To transfer CHS Preferred Stock, complete and send the following to Wells Fargo Shareowner Services:

- **Irrevocable Stock Power** authorizing an individual to transfer stock shares.
- **Incumbency Certificate or Board Resolution** dated within six months of the date of Preferred Stock transfer indicating the person(s) authorized to transfer the stock.
- **Medallion Guarantee** which may be obtained from any financial institution that participates in the Medallion program. Signature guarantees by a notary public or non-Medallion signature guarantees are **NOT** acceptable.

IMPORTANT NOTE: Be certain you have written a price per share agreement with the party to whom you are transferring the stock.

Mail the three completed documents to Wells Fargo at:

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854

For more information regarding transfer procedures:

Visit wellsfargo.com/shareownerservices or call 866-280-0241. Member cooperatives must follow the procedures listed here to complete a transfer. Additional information and required documents are available at chsinc.com under Investor Information.

Do preferred stock shares have CHS voting rights?

Preferred stock carries no voting rights except in limited circumstances as required by law. Member allocated equity earned through patronage is the only true voting equity for CHS governance purposes.