

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

### Part I Reporting Issuer

1 Issuer's name <b>CHS Inc.</b>		2 Issuer's employer identification number (EIN) <b>41-0251095</b>	
3 Name of contact for additional information <b>James Heine</b>	4 Telephone No. of contact <b>651-355-4333</b>	5 Email address of contact <b>james.heine@chsinc.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>5500 Cenex Drive</b>		7 City, town, or post office, state, and Zip code of contact <b>Inver Grove Heights, MN 55077</b>	
8 Date of action <b>August 25, 2014</b>		9 Classification and description <b>Recapitalization - Shares of CHSCO exchanged for patrons' equities</b>	
10 CUSIP number <b>12542R-308</b>	11 Serial number(s)	12 Ticker symbol <b>CHSCO</b>	13 Account number(s)

### Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On August 25, 2014, CHS Inc. issued 6,752,188 shares of its Class B. Cumulative Redeemable Preferred Stock, Series 1 ("CHSCO") in exchange for approximately \$200 million of its patrons' equities (the "Recapitalization"). Patrons' equities are in the form of book entries with a stated dollar amount and represent a right to receive cash or other property when redeemed by CHS Inc. The amount of patrons' equities exchanged in the Recapitalization for each share of CHSCO was the greater of \$25.31 (equal to the \$25.00 liquidation preference per share of CHSCO plus \$0.31 of accumulated dividends from and including July 1, 2014 to and including August 25, 2014) and the closing price for one share of CHSCO on August 18, 2014. Because the closing price of CHSCO on August 18, 2014 was \$29.62 per share, the amount of patrons' equities exchanged for each share of CHSCO was \$29.62.

For additional details on the Recapitalization and its federal income tax consequences, see the Prospectus attached as Exhibit 1.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ A holder's tax basis in each share of CHSCO received in the Recapitalization is the same as the holder's tax basis in the Patrons' Equities surrendered in exchange therefor. Because CHS issued its patrons' equities to holders as the non-cash portion of qualified written notices of allocation of patronage dividends, a holder's tax basis in its patrons' equities equals their stated dollar amount. As noted in line 14 above, the stated dollar amount of patrons' equities exchanged for each share of CHSCO was \$29.62. Accordingly, a holder's tax basis in each share of CHSCO received in the Recapitalization is \$29.62.

For additional details on the Recapitalization and its federal income tax consequences, see the Prospectus attached as Exhibit 1.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Because the Recapitalization constituted a tax-free reorganization under Internal Revenue Code Section 368(a)(1)(E), a holder's tax basis in the patrons' equities exchanged in the Recapitalization is carried over to the CHSCO shares received therefor. (As noted above, a holder's tax basis in its patrons' equities equals their stated dollar amount.) Accordingly, the market values of the patrons' equities and the CHSCO are not relevant in determining a holder's tax basis in the CHSCO shares received in the Recapitalization. (Note, however, that the market value of the CHSCO on August 18, 2014 determined the exchange ratio in the Recapitalization, as described above).

For additional details on the Recapitalization and its federal income tax consequences, see the Prospectus attached as Exhibit 1.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ \_\_\_\_\_

Section 368(a)(1)(E)

Section 354(a)

Section 358(a)

Section 1223

18 Can any resulting loss be recognized? ▶ No

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The Recapitalization was effectuated on August 25, 2014. Accordingly, the reportable tax year for a shareholder is its tax year that includes August 25, 2014 (for example, the 2014 tax year for shareholders on a calendar year tax year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here  
Signature ▶ [Handwritten Signature] Date ▶ 9-5-14  
Print your name ▶ Timothy Skidmore Title ▶ Exec VP & Chief Financial Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.