

EQUITY MANAGEMENT Q&A

Q How much cash patronage and equity does CHS intend to distribute based on fiscal 2017 results?

A CHS will issue non-qualified equity certificates for any remaining FY17 patronage-based earnings; no cash patronage will be issued in 2018 based on FY17 performance. Non-qualified equity certificates are included in the company's equity revolvment program and will be redeemed at the Board's discretion. Recipients will not typically incur tax liabilities until the non-qualified certificates are redeemed.

Q What's affecting this year's financial returns?

A Despite solid performance in our core businesses, a few large events have resulted in substantial financial losses in certain patronage-based businesses in FY17. These events included a loss attributed to a large producer loan and business unit asset impairments in the United States. CHS management and the Board are taking active steps to improve our risk management effectiveness across the company to ensure the CHS balance sheet remains strong, now and for the future.

Q Will non-qualified equity certificates be a part of the CHS revolvment program?

A The non-qualified equity certificates being issued in FY17 will be included as part of the equity revolvment program and will be redeemed at the Board's discretion. Non-qualified equity certificates are generally not taxed until redeemed.

Q Will member cooperative equity be redeemed in 2018?

A No member cooperative equity will be redeemed in 2018; and the CHS Board has designated a \$10 million cap for individual member redemption for estates and producers who reach the age of 70. The Board will continue to review equity retirements on a quarterly basis.

Q Will CHS pass through any unused portion of its IRC Section 199/DPAD deduction?

A Yes. CHS intends to pass through to eligible owners the unused portion of this deduction generated for fiscal 2017.

Q Will CHS continue to redeem the equity requested by producers who reach age 70 or to estates of deceased owners?

A Individual member redemption for estates and age of 70 retirements will continue in 2018; however, there will be a delay in receiving age of 70 request payments. The CHS Board has designated a \$10 million cap for estates and producers who reach the age of 70. Per the company's established policy, estates will be given priority and will be processed as received. CHS will process all age 70 requests at the end of fiscal 2018, with the balance of the cap. Once the cap has been reached, requests will roll over to the next fiscal year. Your redemption request will be filled in the order in which it was received. The Board will continue to review equity retirements on a quarterly basis.

Q What is CHS leadership doing to strengthen the organization for the future?

A The CHS Board and management continue to focus on five core areas that will help restore financial flexibility:

- Managing controllable operating expenses to maintain overhead and cost controls.
- Optimizing working capital to ensure appropriate levels of liquidity.
- Limiting capital investments to safety, regulatory and maintenance capital.
- Continuing a strategic portfolio review of our assets to be prepared to selectively monetize assets.
- Analyzing equity management options and proactively communicating those decisions to our owners.

Q How much cash has CHS returned to owners in recent years?

A Between fiscal years 2012 and 2017 (based on fiscal 2011 - 2016 earnings), CHS will have distributed a total of \$2.6 billion in cash, preferred stock and dividends on preferred stock to its owners. This includes a special one-time redemption of \$200 million in August 2014 using preferred stock.