

CONSENT BYLAW OF CHS INC.

ARTICLE VIII.

Consent

Section 1 - Consent. Each individual or entity that hereafter applies for and is accepted to membership in this cooperative and each member of this cooperative as of the effective date of this bylaw who continues as a member after such date shall, by such act alone, consent that the amount of any distributions with respect to its patronage which are made in written notices of allocation (as defined in 26 U.S.C. §1388), and which are received by the member from this cooperative, will be taken into account by the member at their stated dollar amounts in the manner provided in 26 U.S.C. §1385(a) in the taxable year in which such written notices of allocation are received by the member.

Section 2 - Consent Notification to Members and Prospective Members. Written notification of the adoption of this Bylaw, a statement of its significance and a copy of the provision shall be given separately to each member and prospective member before becoming a member of this cooperative.

Section 3 - Consent of Nonmember Patrons. If this cooperative obligates itself to do business with a nonmember on a patronage basis, such nonmember must either: (a) agree in writing, prior to any transaction to be conducted on a patronage basis, that the amount of any distributions with respect to patronage which are made in written notices of allocation (as defined in 26 U.S.C. §1388), and which are received by the nonmember patron from this cooperative, will be taken into account by the nonmember patron at their stated dollar amounts in the manner provided in 26 U.S.C. §1385(a) in the taxable year in which such written notices of allocation are received by the nonmember patron and further, that any revocation of such agreement will terminate this cooperative's obligation to distribute patronage with respect to transactions with such nonmember that occur after the close of this cooperative's fiscal year in which the revocation is received; or (b) consent to take the stated dollar amount of any written notice of allocation into account in the manner provided in 26 U.S.C. §1385 by endorsing and cashing a qualified check as defined in and within the time provided in 26 U.S.C. §1388(c)(2)(C); provided that failure to so consent shall cause the written notice of allocation that accompanies said check to be canceled with no further action on the part of this cooperative.

STATEMENT OF SIGNIFICANCE

The significance of this Bylaw is that if you become a member after adoption of the Bylaw (and after receipt of this notice), or if you were already a member and remain a member after receipt of notice, any patronage distribution made to you in written notices of allocation (with respect to your patronage of this cooperative for a tax year of this cooperative beginning on or after June 1, 1963 and accompanied by a distribution of 20 percent or more in cash) will be included in your income. (However, the patronage distribution does not have to be included in your income if it represents a patronage distribution on the purchase of personal, living or family items: capital assets or property used in a trade of business subject to depreciation. The patronage distribution relating to capital assets or property used in a trade or business, however, must be used to reduce the cost basis of said assets or property.)

The amount included in your income will be the full amount of the patronage refund distribution (with the exception above stated), not just the portion of it paid in cash.

ENTITY ELIGIBILITY REQUIREMENTS

If an Entity does not meet the definition of a Qualifying Association, the Entity may still qualify for patronage. The requirements to qualify for patronage in such case are: (i) a minimum of **20%** ownership of the Entity must be held by Qualifying Associations or Agricultural Producers, (ii) a minimum of **75%** of the business of the Entity must be done with or for Qualifying Associations or Agricultural Producers and must relate to the production, processing, or transportation of agricultural product, as may be further defined and regulated by rules and decisions of the Capital Committee of the Board of Directors. (iii) additional forms will be sent to the Entity by CHS and will be required to be completed and returned by the Entity, along with a copy of the governing documents of agreements of the Entity, and (iv) the application for patronage must be approved by the Capital Committee of the Board of Directors, which approval is in the sole discretion of the Committee.

NOTE: PATRONAGE PAID TO ELIGIBLE ENTITIES WILL BE NON-VOTING. ENTITIES OWNED 100% BY CHS MEMBERS MAY HAVE THE OPTION OF ASSIGNING PATRONAGE TO THE OWNERS IN WHICH CASE THE PATRONAGE WILL BE VOTING.

Return form to: CHS Inc., Patron Equities Dept. MS 682, P.O. Box 64089, St. Paul, MN 55164. For questions call: 1-800-328-6539 ext. 6124.



**CHS Inc.
Patronage Application and Eligibility Form**

Legal Name of Individual or Entity (AS RECORDED WITH THE IRS)

Care of Name/Attention

Mailing Address

City State Zip Code

CHS Use Only: Employee Initial: _____

Location Number Patron Number Consent Code

Telephone Number (Include Area Code)

Birth Date: (If Individual) _____ - _____ - _____
Month Day Year

1. The undersigned certifies that the type of entity or individual holding the account is a/an:

- Qualifying Association – Operating on a coop basis (As defined below)
 Individual Agricultural Producer (As defined below)
 Family Farm Entity engaged in agricultural production
 Trust or Estate engaged in agricultural production
 Entity (100% owned by CHS Members)*
 Entity (at least 20% owned by Qualifying Associations or Agricultural Producers as defined below)*

Brief Description of Business of the Entity: _____

An "Entity" means a partnership, corporation, limited liability company, limited liability partnership, trust or similar entity.

*SEE DESCRIPTION OF ENTITY ELIGIBILITY REQUIREMENTS ON REVERSE SIDE OF THIS FORM.

A "Qualifying Association" is an association of agricultural producers organized and operating on a cooperative basis and so as to adhere to the provisions of the Agricultural Marketing Act or the Capper-Volstead Act.

An "Agricultural Producer" is a person who is actually engaged in the production of agricultural products, including tenants of land used for the production of any such product, and lessors of such land who receive as rent therefore a product of such land.

OR

2. [] The above named account is not an entity or individual described in 1. above. (IF #2 IS CHECKED YOU DO NOT QUALIFY FOR PATRONAGE)

Certification — Under penalties of perjury, I certify that:

- (1) The number I have provided below on this form is my correct Taxpayer Identification Number.
(2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions — You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of under reporting interest of dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to the backup withholding, do not cross out item #2.

IT IS IMPORTANT TO NOTE THAT ONLY ONE NUMBER CAN BE USED AND THAT NUMBER SHOULD MATCH THE NUMBER ON FILE WITH THE IRS. THIS IS THE NUMBER CHS WILL REPORT PATRONAGE EARNINGS UNDER.

Social Security Number (If Individual)

Signature

Date

OR

Federal Identification Number (For Entity/Coop)

Title of Officer if Patron is an Entity

Consent — Please check either section (1) or (2) below. By checking Waiver, you will be waiving any patronage you would otherwise be eligible for.

DO NOT CHECK BOTH

- (1) CONSENT – I consent to include in my gross income as provided in the Federal Income tax laws, the stated dollar amount of each written notice of allocation which I received from CHS Inc. and its successors with respect to my patronage occurring during the current and all subsequent taxable years unless the written allocation is attributable to personal, living, or family items or is properly taken into account as an adjustment to basis of property. This individual consent shall be revocable by me in writing at any time. I also acknowledge receipt of the CHS Inc. Consent Bylaw and Statement of Significance on the reverse side of this form.

OR

- (2) WAIVER – I waive any patronage dividends that I may be eligible for arising out of my business with CHS Inc. and its successors during its current and subsequent fiscal years. This disclaimer of patronage dividends shall be valid until revoked by me in writing in accordance with the Federal Income Tax Laws.

Date

Signature

Title of Officer if Patron is an Entity