

CHS INC  
Form S-2/A  
February 13, 2004

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As filed with the Securities and Exchange Commission on February 13, 2004

Registration No. 333-110810

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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**Amendment No. 2  
to  
FORM S-2  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933**

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**CHS INC.**

**(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)**

**Minnesota**

(State or other jurisdiction of incorporation or organization)

**41-0251095**

(I.R.S. Employer Identification No.)

**5500 Cenex Drive**

**Inver Grove Heights, Minnesota 55077**

**(651) 355-6000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

David Kastelic

Senior Vice President and General Counsel

CHS Inc.

5500 Cenex Drive

Inver Grove Heights, Minnesota 55077

(651) 355-3712

Fax (651) 355-4554

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Copy to:

**William B. Payne**

**Dorsey & Whitney LLP**

**50 South Sixth Street**

**Minneapolis, Minnesota 55402**

**(612) 340-2600**

**Fax (612) 340-8738**

**Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.**

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If the registrant elects to deliver its latest annual report to security holders, or a complete and legible facsimile thereof, pursuant to Item 11(a)(1) of this form, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a) of the Securities Act, may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION**

**DATED FEBRUARY 13, 2004**

**PRELIMINARY PROSPECTUS**

**516,487 Shares**

**CHS Inc.**

**8% Cumulative Redeemable Preferred Stock**

We are issuing up to 516,487 shares of our 8% Cumulative Redeemable Preferred Stock to redeem up to \$13,000,000 of our patrons equities that have been outstanding for at least 10 years and that are held by active members. For those members whose redemption amount is less than \$500, that amount will be paid in cash. For those members whose redemption amount is equal to or greater than \$500, that amount will be paid by the issuance of preferred stock, subject to the exceptions described below in Plan of Distribution. See Membership in CHS and Authorized Capital Patrons Equities for a description of patrons equities and our annual pro rata redemptions of patrons equities. The amount of patrons equities that will be redeemed with each share of preferred stock issued will be \$ , which is the greater of \$ (equal to the \$25.00 liquidation preference per share of preferred stock plus \$ of accumulated dividends from and including January 1, 2004 to and including February , 2004) and the \$ closing price for one share of the preferred stock on The NASDAQ National Market on February , 2004. We will not issue any fractional shares of preferred stock. The amount of patrons equities that would otherwise be issued as a fractional share to any member will instead be retained as part of that member's patrons equities. There will not be any cash proceeds from the issuance of the preferred stock. However, by issuing shares of preferred stock in redemption of patrons equities we will make the cash that we would otherwise have used to redeem those patrons equities available for working capital purposes.

Holders of the preferred stock are entitled to receive cash dividends at the rate of \$2.00 per share per year. Dividends are payable quarterly in arrears when, as and if declared on March 31, June 30, September 30 and December 31 of each year (each, a payment date ), except that if a payment date is a Saturday, Sunday or legal holiday, the dividend is paid without interest on the next day that is not a Saturday, Sunday or legal holiday. Dividends payable on the preferred stock are cumulative. The preferred stock is subject to redemption and has the preferences described in this prospectus. The preferred stock is not convertible into any of our other securities and is non-voting except in certain limited circumstances.

The preferred stock is traded on The NASDAQ National Market under the trading symbol CHSCP. On February 12, 2004 the closing price of the preferred stock was \$27.73 per share.

**Ownership of our preferred stock involves risks. See Risk Factors beginning on page 7.**

We expect to issue the preferred stock on or about February , 2004.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**CHS Inc.**

5500 Cenex Drive  
Inver Grove Heights, Minnesota 55077  
(651) 355-6000

**The date of this prospectus is February 13, 2004.**

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**IMPORTANT INFORMATION ABOUT THIS PROSPECTUS**

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different or additional information. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates. We are not making an offer of these securities in any state where the offer is not permitted. The information in this prospectus may only be current as of the date on the front of this prospectus. Our business, financial condition or results of operations may have changed since that date.

References in this prospectus, and the documents incorporated by reference in this prospectus, to CHS, CHS Cooperatives, Cenex Harvest States Cooperatives, the Company, we, our and us refer to CHS Inc., a Minnesota cooperative, and its subsidiaries. We maintain a web site at <http://www.chsinc.com>. Information contained in our website does not constitute part of this prospectus.

All references to preferred stock in this prospectus are to our 8% Cumulative Redeemable Preferred Stock unless the context requires otherwise.

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**PROSPECTUS SUMMARY**

*The following summary highlights information we present in greater detail elsewhere in this prospectus and in the information incorporated by reference in it. This summary may not contain all of the information that is important to you and you should carefully consider all of the information that is important to you and you should consider all of the information contained or incorporated by reference in this prospectus. This prospectus contains forward-looking statements that are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. These factors include those listed under Risk Factors and elsewhere in this prospectus.*

**CHS Inc.**

CHS Inc. is one of the nation's leading integrated agricultural companies. As a cooperative, we are owned by farmers and ranchers and their local cooperatives from the Great Lakes to the Pacific Northwest and from the Canadian border to Texas. We buy commodities from and provide products and services to our members and other customers. We provide a wide variety of products and services, from initial agricultural inputs such as fuels, farm supplies, crop nutrients and crop protection products, to agricultural outputs that include grains and oilseeds, grain and oilseed processing and food products. A portion of our operations are conducted through equity investments and joint ventures whose operating results are not fully consolidated with our results; rather, a proportionate share of the income or loss from those entities is included as a component in our net income under the equity method of accounting. For the fiscal year ended August 31, 2003, our total revenues were \$9.4 billion.

Our operations are organized into five business segments: Agronomy, Energy, Country Operations and Services, Grain Marketing and Processed Grains and Foods. Together these business segments create vertical integration to link producers with consumers. The first two segments, Agronomy and Energy, produce and provide for the wholesale distribution of inputs that are essential for crop production. The third segment, Country Operations and Services, serves as the Company-owned retailer of a portion of these crop inputs and also serves as the first handler of a significant portion of the crops marketed and processed by us. The fourth segment, Grain Marketing, purchases and resells grains and oilseeds originated by the Country Operations and Services segment, by member cooperatives and also by third parties. The fifth business segment, Processed Grains and Foods, converts grains and oilseeds into value-added products.

Only producers of agricultural products and associations of producers of agricultural products may be members of CHS. Our earnings or losses derived from business conducted with these members are allocated to members based on the volume of business they do with us. Members receive earnings in the form of patronage refunds in cash and patron's equities, which may be redeemed over time. Earnings derived from non-members are taxed at regular corporate rates and are retained by CHS as unallocated equity.

The origins of CHS Inc. date back to the early 1930s with the founding of the predecessor companies of Cenex, Inc. and Harvest States Cooperatives. Cenex Harvest States Cooperatives emerged as the result of the merger of the two entities in 1998. In August 2003 we changed our name to CHS Inc. We are headquartered in Inver Grove Heights, Minnesota. Our address is 5500 Cenex Drive, Inver Grove Heights, Minnesota 55077. Our telephone number is (651) 355-6000.

***Agronomy***

Through our Agronomy business segment, we are engaged in the manufacture of crop nutrients and the wholesale distribution of crop nutrients and crop protection products. We conduct our agronomy operations primarily through two investments—a 20% cooperative ownership interest in CF Industries, Inc. (CF Industries) and a 25% ownership interest in Agriliance, LLC (Agriliance). CF Industries manufactures crop nutrient products, particularly nitrogen and phosphate fertilizers, and is one of the largest suppliers to Agriliance. Agriliance is one of North America's largest wholesale distributors of crop nutrients, crop protection products and other agronomy products based on sales. Our minority ownership



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interests in CF Industries and Agriliance are treated as investments and, therefore, those entities' revenues and expenses are not reflected in our operating results.

### ***Energy***

We are the nation's largest cooperative energy company based on sales, with operations that include petroleum refining and pipelines; the supply, marketing and distribution of refined fuels (gasoline, diesel, and other energy products); the blending, sale and distribution of lubricants; and the wholesale and retail supply of propane. Our Energy business segment processes crude oil into refined petroleum products at refineries in Laurel, Montana (wholly owned) and McPherson, Kansas (National Cooperative Refinery Association, a cooperative in which we have an approximate 74.5% ownership interest) and sells those products under the Cenex brand to our member cooperatives and others through a network of approximately 1,500 independent retailers, including approximately 800 that operate Cenex/ Ampride convenience stores.

### ***Country Operations and Services***

Our Country Operations and Services business segment purchases a variety of grains from our producer members and provides our members and producers with access to a full range of products and services including farm supplies, programs for crop and livestock production, hedging and insurance services, and agricultural operations financing. Country Operations and Services operates at approximately 282 locations dispersed throughout Minnesota, North Dakota, South Dakota, Nebraska, Montana, Idaho, Washington and Oregon. Most of these locations purchase grain from farmers and sell agronomy products, energy products and feed to those same producers and others, although not all locations provide every product and service.

### ***Grain Marketing***

We are the nation's largest cooperative marketer of grain and oilseed based on grain storage capacity and grain sales, handling about 1.1 billion bushels annually. During fiscal year 2003, we purchased approximately 67% of our total grain volumes from individual and member cooperatives and the Country Operations and Services business segment, with the balance purchased from third parties. We arrange for the transportation of the grains either directly to customers or to our owned or leased grain terminals and elevators awaiting delivery to domestic and foreign purchasers. We conduct most of our Grain Marketing operations directly, although we do conduct some of our business through two joint ventures in which we have a 50% ownership.

### ***Processed Grain and Foods***

Our Processed Grains and Foods business segment converts raw agricultural commodities into ingredients for finished food products or into finished consumer food products. We have focused on areas that utilize the products supplied by our member producers. These areas are oilseed processing and refining, wheat milling and foods, including oilseed-based products (such as margarine and salad dressing) and Mexican foods.

## **The Issuance**

We are issuing up to 516,487 shares of our 8% Cumulative Redeemable Preferred Stock in connection with our redemption of up to \$13,000,000 of our patrons' equities that have been outstanding for at least 10 years and that are held by active members. For those members whose redemption amount is less than \$500, that amount will be paid in cash. For those members whose redemption amount is equal to or greater than \$500, that amount will be paid by the issuance of shares of preferred stock, subject to the exceptions described below in "Plan of Distribution". See "Membership in CHS and Authorized Capital Patrons' Equities" for a description of patrons' equities and our annual pro rata redemptions of patrons' equities. The amount of patrons' equities that will be redeemed with each share of preferred stock

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issued will be \$ \_\_\_\_\_, which is the greater of \$ \_\_\_\_\_ (equal to the \$25.00 liquidation preference per share of preferred stock plus \$ \_\_\_\_\_ of accumulated dividends from and including January 1, 2004 to and including February \_\_\_\_\_, 2004) and the \$ \_\_\_\_\_ closing price for one share of the preferred stock on The NASDAQ National Market on February \_\_\_\_\_, 2004. We will not issue any fractional shares of preferred stock. The amount of patrons' equities that would otherwise be issued as a fractional share to any member will instead be retained as part of that member's patrons' equities. There will not be any cash proceeds from the issuance of the preferred stock. However, by issuing shares of preferred stock in redemption of patrons' equities we will make the cash that we would otherwise have used to redeem those patrons' equities available for working capital purposes.

**Terms of the Preferred Stock**

**Dividends**

Holders of the preferred stock are entitled to receive cash dividends at the rate of \$2.00 per share per year when, as and if declared by our board of directors. Dividends are cumulative and are payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year (each, a payment date), except that if a payment date is a Saturday, Sunday or legal holiday, the dividend is paid without interest on the next day that is not a Saturday, Sunday or legal holiday.

**Liquidation Rights**

In the event of our liquidation, holders of the preferred stock are entitled to receive \$25.00 per share plus all dividends accumulated and unpaid on the shares to and including the date of liquidation, subject, however, to the rights of any of our securities that rank senior or on parity with the preferred stock.

**Rank**

As to payment of dividends and as to distributions of assets upon the liquidation, dissolution or winding up of CHS, whether voluntary or involuntary, the preferred stock ranks prior to:

- any patronage refund;
- any other class or series of our capital stock designated by our board of directors as junior to the preferred stock; and
- our common stock, if any.

Shares of any class or series of our capital stock that are not junior to the preferred stock, rank equally with the preferred stock as to the payment of dividends and the distribution of assets.

**Redemption at our Option**

We may not redeem the preferred stock prior to February 1, 2008. On or after that date we may, at our option, redeem the preferred stock, in whole or from time to time in part, for cash at a price of \$25.00 per share plus all dividends accumulated and unpaid on that share to and including the date of redemption.

**Redemption at the Holder's Option**

In the event of a change in control initiated by our board of directors, holders of the preferred stock will

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have the right, for a period of 90 days from the date of the change in control, to require us to repurchase their shares of preferred stock at a price of \$25.00 per share plus all dividends accumulated and unpaid on that share to and including the date of redemption. Change in control is defined in Description of the Preferred Stock-Redemption at the Holder's Option.

**No Exchange or Conversion Rights, No Sinking Fund**

The preferred stock is not exchangeable for or convertible into shares of any other shares of our capital stock or any other securities or property. The preferred stock is not subject to the operation of any purchase, retirement or sinking fund.

**Voting Rights**

Holders of the preferred stock do not have voting rights, except as required by applicable law; provided, that the affirmative vote of two-thirds of the outstanding preferred stock will be required to approve:

- any amendment to our articles of incorporation or the resolutions establishing the terms of the preferred stock if the amendment adversely affects the rights or preferences of the preferred stock; and
- the creation of any class or series of equity securities having rights senior to the preferred stock as to the payment of dividends or distribution of assets upon the liquidation, dissolution or winding up of CHS.

**No Preemptive Rights**

Holders of the preferred stock have no preemptive right to acquire shares of any class or series of our capital stock.

**Trading**

The preferred stock is listed on The NASDAQ National Market under the symbol CHSCP.

**Comparison of Rights**

Holders of the preferred stock have different rights from those of holders of patrons' equities. See Comparison of Rights of Holders of Patrons' Equities and Rights of Holders of Preferred Stock.

**Risk Factors**

Ownership of our preferred stock involves risks. See Risk Factors beginning on page 7.

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The selected consolidated financial data below has been derived from our consolidated financial statements for the periods indicated below. The selected consolidated financial information for August 31, 2003, 2002 and 2001 should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this filing. The selected consolidated financial data for the three months ended November 30, 2003 and 2002 are unaudited and have been derived from, and should be read together with, our unaudited consolidated financial statements and notes thereto contained in the quarterly report on Form 10-Q for the quarterly period ended November 30, 2003, incorporated by reference in this prospectus. In the opinion of our management, the unaudited historical financial data were prepared on the same basis as the audited historical financial data and include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of this information. Results of operations for the three-month periods are not necessarily indicative of results of operations that may be expected for the full fiscal year.

**Summary Consolidated Financial Data**

	Three Months Ended November 30,		Years Ended August 31,				
	2003	2002	2003	2002	2001	2000	1999
	(Unaudited)	(Unaudited)	(dollars in thousands)				
Income statement data:							
Revenues:							
Net sales	\$2,489,344	\$2,400,596					