

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name BLUESTEM GROUP INC.		2 Issuer's employer identification number (EIN) 91-1902188	
3 Name of contact for additional information PETER MICHELUTTI	4 Telephone No. of contact 612-570-9969	5 Email address of contact PETER.MICHELUTTI@BLUESTEMGROUP.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact PO BOX 24567		7 City, town, or post office, state, and ZIP code of contact EDINA, MN 55424	
8 Date of action NOVEMBER 9, 2020	9 Classification and description COMMON STOCK & SERIES A PARTICIPATING CONVERTIBLE PREFERRED STOCK		
10 CUSIP number 09628D104	11 Serial number(s)	12 Ticker symbol BGRP	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 ► **THE ISSUER DECLARED A SPECIAL CASH DISTRIBUTION OF \$0.462 PER SHARE OF THE COMPANY'S OUTSTANDING COMMON STOCK AND SERIES A PARTICIPATING CONVERTIBLE PREFERRED STOCK. THE DISTRIBUTION WAS PAYABLE ON NOVEMBER 9, 2020 TO HOLDERS OF RECORD AT THE CLOSE OF BUSINESS ON OCTOBER 27, 2020.**

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 ► **THE CASH DISTRIBUTION WAS NOT PAID FROM CURRENT OR ACCUMULATED EARNINGS AND PROFITS. CONSEQUENTLY, SHAREHOLDERS WILL RECOGNIZE A RETURN OF CAPITAL (REDUCTION IN STOCK BASIS) OF \$0.462 PER SHARE. TO THE EXTENT THAT A SHAREHOLDER HAS PER SHARE BASIS LESS THAN \$0.462, THE PER SHARE AMOUNT OF DISTRIBUTION IN EXCESS OF BASIS WILL CONSTITUTE A CAPITAL GAIN.**

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 ► **THE CHANGE IN BASIS IS BASED UPON THE SPECIAL CASH DISTRIBUTION OF \$0.462 PER SHARE MADE ON NOVEMBER 9, 2020.**

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ §§301-312; §§1221-1223

18 Can any resulting loss be recognized? ▶ NO

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ NOT APPLICABLE

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 ▶

Date ▶

12/10/20

Print your name ▶ PETER MICHELUTTI

Title ▶ EVP & CFO

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054