

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer			
1 Issuer's name		2 Issuer's employer identification number (EIN)	
HOMESTEAD FUNDS, INC. - INTERNATIONAL VALUE FUND		54-2017054	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
HOMESTEAD FUNDS	1-800-258-3030	WWW.HOMESTEADFUNDS.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
4301 WILSON BLVD FIN8-110		ARLINGTON, VA 22203	
8 Date of action		9 Classification and description	
DECEMBER 31, 2012		REGULATED INVESTMENT COMPANY	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
437769805		HISIX	

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 FEBRUARY 15, 2013, IT WAS DETERMINED THAT A PORTION OF THE DIVIDENDS PAID ON DECEMBER 31, 2012 SHOULD BE CLASSIFIED AS A NON-TAXABLE RETURN OF CAPITAL**

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 ▶ **\$0.1324 PER SHARE SHOULD REDUCE THE COST BASIS OF SHARES HELD AS OF DECEMBER 31, 2012.**

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 ▶ **A TAX RETURN OF CAPITAL OCCURS WHEN A FUND PAYS OUT MORE IN DIVIDENDS THAN ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS FOR TAX PURPOSES. DUE TO EVENTS AFTER THE RELEVANT DISTRIBUTION DATES, THE FUND DETERMINED THAT THE DIVIDENDS PAID HAVE EXCEEDED ITS CURRENT AND ACCUMULATED EARNINGS AND PROFITS FOR THE RELEVANT TAXABLE YEAR. THE EXCESS REPRESENTS A TAX RETURN OF CAPITAL BY THE FUND, INSTEAD OF A DIVIDEND.**

Part II Organizational Action (continued)

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

INTERNAL REVENUE CODE SECTIONS 301, 316, 852

18 Can any resulting loss be recognized? ▶ **NO**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____

SEE PART II, ITEM 15 FOR THE PER SHARE AMOUNTS AND PAYMENT DATES.

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 ▶ *Amy D. Mauro* Date ▶ 3/22/13

Print your name ▶ **AMY DIMAURO** Title ▶ **TREASURER**

Paid Preparer Use Only	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.			