

ANDERSONS INC  
Form 10-Q  
August 07, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

**☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2009**

**○ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 000-20557**

**THE ANDERSONS, INC.**

(Exact name of the registrant as specified in its charter)

OHIO

(State of incorporation or organization)

34-1562374

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

480 W. Dussel Drive, Maumee, Ohio  
(Address of principal executive offices)

43537  
(Zip Code)

(419) 893-5050  
(Telephone Number)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No   
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The registrant had approximately 18.3 million common shares outstanding, no par value, at July 31, 2009.

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**The Andersons, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)(In thousands)**

|   | <b>June 30,<br/>2009</b> | <b>December 31,<br/>2008</b> | <b>June 30,<br/>2008</b> |
|---|--------------------------|------------------------------|--------------------------|
| Current assets:                                   |                          |                              |                          |
| Cash and cash equivalents                         | \$ 179,752               | \$ 81,682                    | \$ 33,379                |
| Restricted cash                                   | 4,243                    | 3,927                        | 3,664                    |
| Accounts and notes receivable, net                | 130,824                  | 126,255                      | 187,184                  |
| Margin deposits, net                              | 38,009                   | 13,094                       | 79,017                   |
| Inventories:                                      |                          |                              |                          |
| Grain   | 107,722                  | 223,107                      | 230,781                  |
| Agricultural fertilizer and supplies              | 41,784                   | 144,536                      | 119,680                  |
| Lawn and garden fertilizer and corncob products   | 22,906                   | 38,011                       | 22,043                   |
| Retail merchandise                                | 29,615                   | 27,579                       | 30,463                   |
| Other   | 3,057                    | 3,687                        | 3,872                    |
|   | <b>205,084</b>           | 436,920                      | 406,839                  |
| Commodity derivative assets - current             | 48,635                   | 84,919                       | 493,571                  |
| Deferred income taxes                             | 8,478                    | 15,338                       | 4,827                    |
| Prepaid expenses and other current assets         | 32,086                   | 93,827                       | 42,662                   |
| Total current assets                              | <b>647,111</b>           | 855,962                      | 1,251,143                |
| Other assets:                                     |                          |                              |                          |
| Pension asset                                     |                          |                              | 7,229                    |
| Commodity derivative assets - noncurrent          | 1,354                    | 3,662                        | 84,297                   |
| Other assets and notes receivable, net            | 15,386                   | 12,433                       | 11,655                   |
| Investments in and advances to affiliates         | 137,895                  | 141,055                      | 137,121                  |
|   | <b>154,635</b>           | 157,150                      | 240,302                  |
| Railcar assets leased to others, net              | 176,656                  | 174,132                      | 152,879                  |
| Property, plant and equipment:                    |                          |                              |                          |
| Land  | 14,566                   | 14,524                       | 13,560                   |
| Land improvements and leasehold improvements      | 39,524                   | 39,040                       | 37,224                   |
| Buildings and storage facilities                  | 121,548                  | 119,174                      | 114,786                  |
| Machinery and equipment                           | 156,005                  | 151,401                      | 144,767                  |
| Software  | 9,527                    | 8,899                        | 8,631                    |
| Construction in progress                          | 3,822                    | 6,597                        | 3,258                    |
|   | <b>344,992</b>           | 339,635                      | 322,226                  |
| Less allowances for depreciation and amortization | <b>(224,457)</b>         | (218,106)                    | (212,080)                |
|   | <b>120,535</b>           | 121,529                      | 110,146                  |

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|              |                    |             |             |
|--------------|--------------------|-------------|-------------|
| Total assets | <b>\$1,098,937</b> | \$1,308,773 | \$1,754,470 |
|--------------|--------------------|-------------|-------------|

See notes to condensed consolidated financial statements

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**The Andersons, Inc.**  
**Condensed Consolidated Balance Sheets (continued)**  
**(Unaudited)(In thousands)**

|   | June 30,<br>2009   | December 31,<br>2008 | June 30,<br>2008 |
|---|--------------------|----------------------|------------------|
| Current liabilities:  |                    |                      |                  |
| Short-term borrowings   | \$                 | \$                   | \$ 432,500       |
| Accounts payable for grain  | <b>63,475</b>      | 216,307              | 76,409           |
| Other accounts payable  | <b>90,907</b>      | 97,770               | 135,294          |
| Customer prepayments and deferred revenue   | <b>18,344</b>      | 55,953               | 30,992           |
| Commodity derivative liabilities current  | <b>66,698</b>      | 67,055               | 160,611          |
| Accrued expenses and other current liabilities  | <b>35,047</b>      | 60,437               | 83,444           |
| Current maturities of long-term debt non-recourse   | <b>13,336</b>      | 13,147               | 13,175           |
| Current maturities of long-term debt  | <b>21,947</b>      | 14,594               | 11,481           |
| <b>Total current liabilities</b>  | <b>309,754</b>     | 525,263              | 943,906          |
| Deferred income and other long-term liabilities   | <b>12,026</b>      | 12,977               | 3,910            |
| Commodity derivative liabilities noncurrent   | <b>4,555</b>       | 3,706                | 19,923           |
| Employee benefit plan obligations   | <b>36,875</b>      | 35,513               | 19,880           |
| Long-term debt non-recourse, less current maturities  | <b>28,938</b>      | 40,055               | 47,934           |
| Long-term debt, less current maturities   | <b>285,619</b>     | 293,955              | 281,496          |
| Deferred income taxes   | <b>36,871</b>      | 32,197               | 29,268           |
| <b>Total liabilities</b>  | <b>714,638</b>     | 943,666              | 1,346,317        |
| Shareholders equity:  |                    |                      |                  |
| The Andersons, Inc. shareholders equity:  |                    |                      |                  |
| Common shares, without par value (25,000 shares authorized; 19,198 shares issued and outstanding)     | <b>96</b>          | 96                   | 96               |
| Preferred shares, without par value (1,000 shares authorized; none issued)                            |                    |                      |                  |
| Additional paid-in-capital  | <b>174,108</b>     | 173,393              | 171,571          |
| Treasury shares (941; 1,069 and 1,074 shares at 6/30/09, 12/31/08 and 6/30/08, respectively; at cost) | <b>(15,408)</b>    | (16,737)             | (16,242)         |
| Accumulated other comprehensive loss  | <b>(29,266)</b>    | (30,046)             | (10,099)         |
| Retained earnings   | <b>244,386</b>     | 226,707              | 250,355          |
| <b>Total shareholders equity of The Andersons, Inc.</b>   | <b>373,916</b>     | 353,413              | 395,681          |
| Noncontrolling interest   | <b>10,383</b>      | 11,694               | 12,472           |
| <b>Total shareholders equity</b>  | <b>384,299</b>     | 365,107              | 408,153          |
| <b>Total liabilities, and shareholders equity</b>   | <b>\$1,098,937</b> | \$1,308,773          | \$1,754,470      |

See notes to condensed consolidated financial statements



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**The Andersons, Inc.**  
**Condensed Consolidated Statements of Income**  
**(Unaudited)(In thousands, except per share data)**

|  | Three months ended |             | Six months ended   |             |
|--|--------------------|-------------|--------------------|-------------|
|  | June 30,           |             | June 30,           |             |
|  | 2009               | 2008        | 2009               | 2008        |
| Sales and merchandising revenues   | <b>\$810,954</b>   | \$1,100,700 | <b>\$1,508,346</b> | \$1,813,701 |
| Cost of sales and merchandising revenues                                 | <b>737,620</b>     | 980,363     | <b>1,373,638</b>   | 1,641,123   |
| Gross profit   | <b>73,334</b>      | 120,337     | <b>134,708</b>     | 172,578     |
| Operating, administrative and general expenses                           | <b>46,723</b>      | 49,973      | <b>93,253</b>      | 91,264      |
| Interest expense   | <b>5,161</b>       | 8,521       | <b>10,851</b>      | 17,643      |
| Other income (loss):   |                    |             |                    |             |
| Equity in earnings (loss) of affiliates                                  | <b>784</b>         | 7,781       | <b>(2,890)</b>     | 16,420      |
| Other income, net  | <b>2,724</b>       | 2,155       | <b>3,963</b>       | 5,039       |
| Income before income taxes   | <b>24,958</b>      | 71,779      | <b>31,677</b>      | 85,130      |
| Income tax expense   | <b>9,312</b>       | 26,835      | <b>12,118</b>      | 31,428      |
| Net income   | <b>15,646</b>      | 44,944      | <b>19,559</b>      | 53,702      |
| Net (income) loss attributable to the noncontrolling interest            | <b>272</b>         | 682         | <b>1,311</b>       | (253)       |
| Net income attributable to The Andersons, Inc.                           | <b>\$ 15,918</b>   | \$ 45,626   | <b>\$ 20,870</b>   | \$ 53,449   |
| <b>Earnings per common share:</b>  |                    |             |                    |             |
| Basic earnings attributable to The Andersons, Inc. common shareholders   | <b>\$ 0.87</b>     | \$ 2.52     | <b>\$ 1.15</b>     | \$ 2.95     |
| Diluted earnings attributable to The Andersons, Inc. common shareholders | <b>\$ 0.87</b>     | \$ 2.48     | <b>\$ 1.14</b>     | \$ 2.90     |
| Dividends paid   | <b>\$ 0.0875</b>   | \$ 0.0775   | <b>\$ 0.1725</b>   | \$ 0.155    |

See notes to condensed consolidated financial statements



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**The Andersons, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)(In thousands)**

|   | Six months ended<br>June 30, |           |
|---|------------------------------|-----------|
|   | 2009                         | 2008      |
| <b>Operating Activities</b>   |                              |           |
| Net income  | \$ 19,559                    | \$ 53,702 |
| Adjustments to reconcile net income to cash provided by (used in) operating activities: |                              |           |
| Depreciation and amortization   | 16,212                       | 13,900    |
| Bad debt expense  | 90                           | 2,569     |
| Equity in earnings/loss of unconsolidated affiliates, net of distributions received     | 3,260                        | 2,391     |
| Realized gains on sales of railcars and related leases                                  | (1,168)                      | (3,317)   |
| Excess tax benefit from share-based payment arrangement                                 | (340)                        | (1,502)   |
| Deferred income taxes   | 11,080                       | 2,010     |
| Stock based compensation expense  | 1,518                        | 2,657     |
| Lower of cost or market inventory and contract adjustment                               | 2,944                        |           |
| Other   | 15                           | 6         |
| Changes in operating assets and liabilities:  |                              |           |
| Accounts and notes receivable   | (4,535)                      | (65,976)  |
| Inventories   | 228,892                      | 102,443   |
| Commodity derivatives and margin deposits   | 14,169                       | (345,048) |
| Prepaid expenses and other assets   | 60,214                       | 616       |
| Accounts payable for grain  | (152,832)                    | (67,071)  |
| Other accounts payable and accrued expenses   | (67,801)                     | 46,559    |
| Net cash provided by (used in) operating activities                                     | 131,277                      | (256,061) |
| <b>Investing Activities</b>   |                              |           |
| Acquisition of business, net of \$0.3 million cash acquired                             |                              | (6,699)   |
| Purchases of railcars   | (11,884)                     | (55,123)  |
| Proceeds from sale of railcars and related leases                                       | 4,943                        | 41,331    |
| Purchases of property, plant and equipment  | (7,290)                      | (7,833)   |
| Proceeds from sale of property, plant and equipment                                     | 128                          | 67        |
| Change in restricted cash   | (316)                        | 62        |
| Investments in affiliates   | (100)                        | (20,600)  |
| Net cash used in investing activities   | (14,519)                     | (48,795)  |
| <b>Financing Activities</b>   |                              |           |
| Net increase in short-term borrowings   |                              | 187,000   |
| Proceeds received from issuance of long-term debt                                       | 4,744                        | 201,535   |
| Payments on long-term debt  | (5,727)                      | (61,574)  |
| Payments of non-recourse long-term debt   | (10,928)                     | (8,891)   |
| Proceeds from sale of treasury shares to employees and directors                        | 755                          | 1,057     |

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|   |                   |           |
|---|-------------------|-----------|
| Purchase of treasury stock                              | <b>(229)</b>      |           |
| Payments of debt issuance costs                         | <b>(4,494)</b>    | (1,893)   |
| Dividends paid  | <b>(3,149)</b>    | (2,801)   |
| Excess tax benefit from share-based payment arrangement | <b>340</b>        | 1,502     |
| Net cash provided by (used in) financing activities     | <b>(18,688)</b>   | 315,935   |
| Increase in cash and cash equivalents                   | <b>98,070</b>     | 11,079    |
| Cash and cash equivalents at beginning of period        | <b>81,682</b>     | 22,300    |
| Cash and cash equivalents at end of period              | <b>\$ 179,752</b> | \$ 33,379 |

See notes to condensed consolidated financial statements

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**The Andersons, Inc.**  
**Condensed Consolidated Statements of Shareholders Equity**  
**(Unaudited)(In thousands)**

|  | The Andersons, Inc. Shareholders |                    |             |                                |               |                |               |
|--|----------------------------------|--------------------|-------------|--------------------------------|---------------|----------------|---------------|
|  | Common                           | Additional         | Treasury    | Accumulated                    | Retained      | Noncontrolling | Total         |
|  | Shares                           | Paid-in<br>Capital | Shares      | Other<br>Comprehensive<br>Loss | Earnings      | Interest       |               |
| Balance at<br>December 31, 2007  | \$ 96                            | \$ 168,286         | \$ (16,670) | \$ (7,197)                     | \$ 199,849    | \$ 12,219      | \$ 356,583    |
| Net income (loss)  |                                  |                    |             |                                | 53,449        | 253            | 53,702        |
| Other<br>comprehensive<br>income:  |                                  |                    |             |                                |               |                |               |
| Unrecognized<br>actuarial loss and<br>prior service costs<br>(net of income tax of<br>\$1,716)   |                                  |                    |             | (2,921)                        |               |                | (2,921)       |
| Cash flow hedge<br>activity (net of<br>income tax of \$11)   |                                  |                    |             | 19                             |               |                | 19            |
| Comprehensive<br>income  |                                  |                    |             |                                |               |                | 50,800        |
| Stock awards, stock<br>option exercises and<br>other shares issued<br>to employees and<br>directors, net of<br>income tax of<br>\$1,821 (121 shares) |                                  | 3,285              | 428         |                                |               |                | 3,713         |
| Dividends declared<br>(\$0.1625 per<br>common share)   |                                  |                    |             |                                | (2,943)       |                | (2,943)       |
| Balance at June 30,<br>2008  | 96                               | 171,571            | (16,242)    | (10,099)                       | 250,355       | 12,472         | 408,153       |
| Balance at<br>December 31, 2008  | 96                               | 173,393            | (16,737)    | (30,046)                       | 226,707       | 11,694         | 365,107       |
| Net income (loss)  |                                  |                    |             |                                | <b>20,870</b> | <b>(1,311)</b> | <b>19,559</b> |
| Other<br>comprehensive   |                                  |                    |             |                                |               |                |               |



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**The Andersons, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**

**Note A: Basis of Presentation and Consolidation**

These consolidated financial statements include the accounts of The Andersons, Inc. and its wholly and majority-owned subsidiaries (the Company). All significant intercompany accounts and transactions are eliminated in consolidation.

Investments in unconsolidated entities in which the Company has significant influence, but not control, are accounted for using the equity method of accounting.

In the opinion of management, all adjustments, consisting of normal recurring items, considered necessary for a fair presentation of the results of operations for the periods indicated, have been made. The Company has evaluated subsequent events through the date of issuance, which is August 7, 2009. Operating results for the three and six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2009.

The condensed consolidated balance sheet data at December 31, 2008 was derived from audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. A condensed consolidated balance sheet as of June 30, 2008 has been included as the Company operates in several seasonal industries.

In December 2007, the Financial Accounting Standards Board (FASB) released Statement No. 160 (SFAS 160), Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 requires the noncontrolling interest in a subsidiary to be presented within equity, separate from the parent's equity. In addition, the amount of consolidated net income attributable to the parent and the noncontrolling interest must be clearly identified and presented on the face of the income statement with the caption net income being defined as net income attributable to the consolidated group. SFAS 160 became effective for the Company beginning with the first quarter of 2009. Prior periods have been revised to reflect the current presentation.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in The Andersons, Inc. Annual Report on Form 10-K for the year ended December 31, 2008 (the 2008 Form 10-K).

Certain balance sheet items have been reclassified from their prior presentation to more appropriately reflect the nature of such items. These reclassifications are not considered material and had no effect on the income statement, statement of shareholders' equity, current assets, current liabilities, or operating cash flows as previously reported.

*New Accounting Pronouncements*

In April 2009, the FASB issued FSP No. FAS 157-4 Determining Whether a Market is Not Active and a Transaction is Not Distressed. This FSP provides additional guidance to highlight and expand on the factors that should be considered in estimating fair value where there has been a significant decrease in market activity for a financial asset. This FSP became effective during the second quarter ended June 30, 2009 and did not have a material impact on the Company's consolidated financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1 Interim Disclosures about Fair Value of Financial Instruments. This FSP requires an entity to provide disclosures about fair value of financial instruments in interim financial information. This FSP became effective during the second quarter ended

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June 30, 2009 and the Company has provided the required fair value disclosures in our notes to the financial statements.

In May 2009, the FASB issued FAS 165 Subsequent Events . FAS 165 requires entities to evaluate subsequent events through the date that the financial statements are issued or are available to be issued. A Company must disclose within their Quarterly Reports on Form 10Q and Annual Report on Form 10K the date through which subsequent events have been evaluated. This FAS became effective during the second quarter ended June 30, 2009 and the Company has provided the required disclosures.

In June 2009, the FASB issued FAS 167 Amendments to FASB Interpretation No. 46(R) . FAS 167 amends the analysis an entity must perform to determine if it has a controlling financial interest in a variable interest entity ( VIE ). FAS 167 provides that the primary beneficiary of a VIE must have both of the following characteristics:

The power to direct the activities of the VIE that most significantly impact the VIE s economic performance.

The obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

FAS 167 will be effective for the Company beginning January 1, 2010. The Company is currently assessing what the impact, if any, there will be.

In June 2009, the FASB issued FAS 168 The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FAS No. 162 . The FASB Codification will become the source of authoritative U.S. generally accepted accounting principles. On the effective date of this statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. The Codification will not change the current accounting rules, only how they are referenced. FAS 168 will be effective for the Company beginning with the third quarter of 2009.

**Note B: Master Netting Arrangements**

FASB Staff Position No. FIN 39-1 ( FSP FIN 39-1 ), permits a party to a master netting arrangement to offset fair value amounts recognized for derivative instruments against the right to reclaim cash collateral or obligation to return cash collateral under the same master netting arrangement. Note 1 of the Company s 2008 Form 10-K provides information surrounding the Company s various master netting arrangements related to its futures, options and over-the-counter contracts. At June 30, 2009, December 31, 2008 and June 30, 2008, the Company s margin deposit assets and margin deposit liabilities consisted of the following:

| (in thousands)            | June 30, 2009         |                            | December 31, 2008     |                            | June 30, 2008         |                            |
|---------------------------|-----------------------|----------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
|                           | Margin deposit assets | Margin deposit liabilities | Margin deposit assets | Margin deposit liabilities | Margin deposit assets | Margin deposit liabilities |
| Collateral posted         | \$ 7,838              | \$                         | \$ 26,023             | \$                         | \$ 276,285            | \$ 45,884                  |
| Collateral received       | (14,210)              |                            |                       | (5,858)                    |                       |                            |
| Fair value of derivatives | 44,381                |                            | (12,929)              | 4,080                      | (197,268)             | (70,257)                   |
| Balance at end of period  | \$ 38,009             | \$                         | \$ 13,094             | \$(1,778)                  | \$ 79,017             | \$(24,373)                 |

**Note C: Derivatives**

In March 2008, the FASB issued SFAS 161 Disclosures about Derivative Instruments and Hedging Activities which requires companies with derivative instruments to disclose additional information that will enable users of financial statements to understand how and why a company uses derivative instruments, how

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derivative instruments and related hedged items are accounted for under FASB Statement No. 133, as amended, Accounting for Derivative Instruments and Hedging Activities ( SFAS 133 ), and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows.

The Company's operating results are affected by changes to commodity prices. The Company has established unhedged grain position limits (the amount of grain, either owned or contracted for, that does not have an offsetting derivative contract to lock in the price). To reduce the exposure to market price risk on grain owned and forward grain and ethanol purchase and sale contracts, the Company enters into regulated commodity futures contracts for corn, soybeans, wheat and oats and over-the-counter contracts for ethanol. The forward contracts are for physical delivery of the commodity in a future period. Contracts to purchase grain from producers generally relate to the current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of grain to processors or other consumers generally do not extend beyond one year. Contracts for the purchase and sale of ethanol currently do not extend beyond one year. The terms of the contracts for the purchase and sale of grain and ethanol are consistent with industry standards. The Company, although to a lesser extent, also enters into option contracts for the purpose of providing pricing features to its customers.

All of these contracts are considered derivatives under SFAS 133. While the Company considers its commodity contracts to be effective economic hedges, the Company does not designate or account for its commodity contracts as hedges. The Company records forward commodity contracts on the balance sheet as assets or liabilities, as appropriate, and accounts for them at estimated fair value, the same method it uses to value its grain inventory. The estimated fair value of the regulated commodity futures and options contracts as well as the over-the-counter contracts is recorded on a net basis (offset against cash collateral posted or received) within Margin deposits on the balance sheet. Management determines fair value based on exchange-quoted prices and in the case of its forward purchase and sale contracts, estimated fair value is adjusted for differences in local markets and non-performance risk.

Realized and unrealized gains and losses in the value of commodity contracts (whether due to changes in commodity prices, changes in performance or credit risk, or due to sale, maturity or extinguishment of the commodity contract) and grain inventories are included in sales and merchandising revenues in the statements of income.

The following table presents the fair value of the Company's commodity derivatives as of June 30, 2009, and the balance sheet line item in which they are located:

| (in thousands)  | <b>June 30, 2009</b> |
|---|----------------------|
| Forward commodity contracts included in Commodity derivative assets - current         | \$ 48,635            |
| Forward commodity contracts included in Commodity derivative assets - noncurrent      | 1,354                |
| Forward commodity contracts included in Commodity derivative liabilities - current    | (66,698)             |
| Forward commodity contracts included in Commodity derivative liabilities - noncurrent | (4,555)              |
| Regulated futures and options contracts included in Margin deposits (a)               | 38,566               |
| Over  |                      |