

CENEX HARVEST STATES COOPERATIVES  
Form S-2/A  
October 26, 2001

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 26, 2001  
Registration No. 333-65364

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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Amendment No. 1  
to  
FORM S-2  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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CENEX HARVEST STATES COOPERATIVES  
(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 Number)

5500 CENEX DRIVE  
INVER GROVE HEIGHTS, MINNESOTA 55077  
(651) 451-5151  
(Address, including zip code, and telephone number, including  
area code, of Registrant's principal executive offices)

DAVID KASTELIC  
SENIOR VICE PRESIDENT AND GENERAL COUNSEL  
CENEX HARVEST STATES COOPERATIVES  
5500 CENEX DRIVE  
INVER GROVE HEIGHTS, MINNESOTA 55077  
(651) 451-5151  
(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

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COPIES TO:

William B. Payne  
Dorsey & Whitney LLP  
220 South Sixth Street  
Minneapolis, Minnesota 55402  
(612) 340-2722

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:  
As soon as practicable after this Registration Statement becomes effective.

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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. [X]

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, 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(d) 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 delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

Up to 50,000,000 Shares of 8% Preferred Stock

CENEX HARVEST STATES COOPERATIVES

\$1.00 per share

(a minimum investment of \$1,000 is required)

We are offering 50,000,000 shares of preferred stock designated as 8% Preferred Stock. Your purchase of the preferred stock requires a minimum investment of \$1,000. Holders of the preferred stock will be entitled to receive cash dividends at an annual rate of 8% per share. If you hold 10,000 shares or more of preferred stock, dividends will be payable monthly, when declared; otherwise you will receive quarterly dividends when declared. Dividends payable on the preferred stock are cumulative. The preferred stock is being issued in book-entry form only.

Investing in our preferred stock involves certain risks. See "Risk Factors" beginning on page 5.

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.

	Per Share	Total
	-----	-----
Public Offering Price	\$ 1.00	\$ 50,000,000
Sales Commission*	\$ .03	\$ 1,500,000
Proceeds to CHS (before expenses)	\$ .97	\$ 48,500,000

\*You will not incur a direct sales charge. All commissions will be paid by CHS. See "Plan of Distribution."

Sumner Harrington Ltd. will act as our agent in selling the preferred stock. It is not required to sell any specific number or dollar amount of

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preferred stock but will use its best efforts to sell the preferred stock offered.

SUMNER HARRINGTON LTD.

The date of this prospectus is November 1, 2001

	NINE MONTHS ENDED MAY 31,		YEARS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31, 1998 (1)	-----
	2001	2000	2000	1999	1998 (1)	-----
	(UNAUDITED)	(UNAUDITED)				
	(DOLLARS IN THOUSANDS, EXCEPT FOR RATIO)					
<b>Income Statement Data:</b>						
<b>Revenues:</b>						
Net sales .....	\$ 5,903,801	\$ 6,227,645	\$ 8,435,805	\$ 6,328,618	\$ 1,518,253	\$ 8,435,805
Patronage dividends .....	5,621	5,019	5,494	5,876	5,111	5,494
Other revenues .....	94,519	83,360	103,199	85,128	18,290	103,199
	6,003,941	6,316,024	8,544,498	6,419,622	1,541,654	8,544,498
<b>Costs and expenses:</b>						
Cost of goods sold .....	5,691,878	6,112,181	8,240,415	6,144,519	1,463,120	8,240,415
Marketing, general and administrative .....	135,199	118,857	159,028	152,031	34,998	159,028
Interest .....	49,283	43,008	57,566	42,438	12,311	57,566
Equity (income) loss from investments .....	(13,519)	(21,238)	(28,325)	(22,363)	9,142	(28,325)
Minority interests .....	25,517	4,487	24,546	10,017	3,252	24,546
	5,888,358	6,257,295	8,453,230	6,326,642	1,522,823	8,453,230
Income before income taxes .....	115,583	58,729	91,268	92,980	18,831	91,268
Income taxes .....	(34,701)	2,576	3,880	6,980	2,895	3,880
Net income .....	\$ 150,284	\$ 56,153	\$ 87,388	\$ 86,000	\$ 15,936	\$ 87,388
<b>Balance Sheet Data (at end of period):</b>						
Working capital .....	\$ 306,572	\$ 213,317	\$ 214,223	\$ 219,045	\$ 284,452	\$ 214,223
Net property, plant and equipment .....	1,028,481	1,025,730	1,034,768	968,333	915,770	1,034,768
Total assets .....	3,028,236	3,367,586	3,172,680	2,787,664	2,469,103	3,172,680
Long-term debt, including current maturities .....	572,058	510,961	510,500	482,666	456,840	510,500
Total equities .....	1,262,743	1,148,770	1,164,426	1,117,636	1,065,877	1,164,426
Ratio of earnings to fixed charges and preferred dividends (2) .....	3.4x	2.1x	2.7x	2.6x	3.0x	

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(1) Reflects the Company's change in fiscal year end from May 31 to August 31.

(2) For purposes of computing the ratio of earnings to fixed charges and preferred dividends, earnings consist of earnings before income taxes on consolidated operations, distributed income from equity investees and fixed charges. Fixed charges consist of interest expense and one-third of rental expense, considered representative of that portion of rental expense estimated to be attributable to interest.

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	NINE MONTHS ENDED MAY 31,		YEARS ENDED AUGUST 31,		THREE MONTHS ENDED	
	2001	2000	2000	1999	AUGUST 31, 1998 (1)	
	(UNAUDITED)	(UNAUDITED)				
(DOLLARS IN THOUSANDS, EXCEPT FOR RATIO)						
Income Statement Data:						
Revenues:						
Net sales .....	\$ 5,903,801	\$ 6,227,645	\$ 8,435,805	\$ 6,328,618	\$ 1,518,253	\$ 8,435,805
Patronage dividends .....	5,621	5,019	5,494	5,876	5,111	5,494
Other revenues .....	94,519	83,360	103,199	85,128	18,290	103,199
	6,003,941	6,316,024	8,544,498	6,419,622	1,541,654	8,544,498
Costs and expenses:						
Cost of goods sold .....	5,691,878	6,112,181	8,240,415	6,144,519	1,463,120	8,240,415
Marketing, general and administrative .....	135,199	118,857	159,028	152,031	34,998	159,028
Interest .....	49,283	43,008	57,566	42,438	12,311	57,566
Equity (income) loss from investments .....	(13,519)	(21,238)	(28,325)	(22,363)	9,142	(28,325)
Minority interests .....	25,517	4,487	24,546	10,017	3,252	24,546
	5,888,358	6,257,295	8,453,230	6,326,642	1,522,823	8,453,230
Income before income taxes and cumulative effect of accounting change .....						
	115,583	58,729	91,268	92,980	18,831	91,268
Income taxes .....	(34,701)	2,576	3,880	6,980	2,895	3,880
Net income .....	\$ 150,284	\$ 56,153	\$ 87,388	\$ 86,000	\$ 15,936	\$ 87,388
Balance Sheet Data (at end of period):						
Working capital .....	\$ 306,572	\$ 213,317	\$ 214,223	\$ 219,045	\$ 284,452	\$ 214,223
Net property, plant and equipment .....	1,028,481	1,025,730	1,034,768	968,333	915,770	1,034,768
Total assets .....	3,028,236	3,367,586	3,172,680	2,787,664	2,469,103	3,172,680
Long-term debt, including current maturities .....	572,058	510,961	510,500	482,666	456,840	510,500
Total equities .....	1,262,743	1,148,770	1,164,426	1,117,636	1,065,877	1,164,426

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Ratio of earnings to fixed charges and preferred dividends (2) .....	3.4x	2.1x	2.7x	2.6x	3.0x
----------------------------------------------------------------------	------	------	------	------	------

(1) Reflects the Company's change in fiscal year end from May 31 to August 31.

(2) For purposes of computing the ratio of earnings to fixed charges and preferred dividends, earnings consist of earnings before income taxes on consolidated operations, distributed income from equity investees and fixed charges. Fixed charges consist of interest expense and one-third of rental expense, considered representative of that portion of rental expense estimated to be attributable to interest.

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(DOLLARS IN THOUSANDS)	FOR THE YEAR ENDED AUGUST 31,	FOR THE YEAR ENDED AUGUST 31,	FOR THE THREE MONTHS ENDED AUGUST 31,
	2000	1999	1998
-----			
Revenues:			
Net sales	\$ 8,435,805	\$ 6,328,618	\$ 1,518,253
Patronage dividends	5,494	5,876	5,111
Other revenues	103,199	85,128	18,290
	-----	-----	-----
	8,544,498	6,419,622	1,541,654
	-----	-----	-----
Costs and expenses:			
Cost of goods sold	8,240,415	6,144,519	1,463,120
Marketing, general and administrative	159,028	152,031	34,998
Interest	57,566	42,438	12,311
Equity (income) loss from investments	(28,325)	(22,363)	9,142
Minority interests	24,546	10,017	3,252
	-----	-----	-----
	8,453,230	6,326,642	1,522,823
	-----	-----	-----
Income before income taxes	91,268	92,980	18,831
Income taxes	3,880	6,980	2,895
	-----	-----	-----
Net income	\$ 87,388	\$ 86,000	\$ 15,936
	=====	=====	=====
Distribution of net income:			
Patronage refunds	\$ 87,400	\$ 57,500	\$ 32,650
Nonpatronage refunds			
Deferred patronage	(24,900)	21,773	(24,134)
Unallocated capital reserve	24,888	6,727	7,420
	-----	-----	-----
Net income	\$ 87,388	\$ 86,000	\$ 15,936
	=====	=====	=====

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The accompanying notes are an integral part of the consolidated financial statements.

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(DOLLARS IN THOUSANDS)	CAPITAL EQUITY CERTIFICATES	NONPATRONAGE EQUITY CERTIFICATES	COMMON STOCK	PREFERRED STOCK	WHEAT MILLING EQUITY
Balances, June 1, 1997	\$ 267,384	\$ 15,144	\$ 20	\$ 469,201	\$ 9,
Patronage determination					
Patronage distribution	31,258	6,863		52,831	
Equity retirement determination				27,453	
Equities retired	(9,542)	(520)		(27,362)	
Equities issued	10,561				
Other, net	128	(178)		(3,451)	
Comprehensive income:					
Net income		8,609			
Other comprehensive loss					
Total comprehensive income					
Cash patronage and equity retirement provisions	(13,329)			(31,273)	
Balances, May 31, 1998	286,460	29,918	20	487,399	9,
Results of operations of CENEX, Inc. for the eight months ended May 31, 1998	(21)	(36)		52,639	
Exchange of equities to effect pooling	540,058		(20)	(540,038)	
Included with May 31, 1998 equity retirements payable	4,429				
Equities retired	(4,429)	(13)			
Equities issued	911				
Other, net		(64)			
Comprehensive income:					
Net income					
Other comprehensive loss					
Total comprehensive income					
Cash patronage and equity retirement provisions	1,832				
Balances, August 31, 1998	829,240	29,805	--	--	9,
Patronage and equity retirement determination	19,412				
Patronage distribution	99,052	(612)			
Equities retired	(23,700)	(97)			
Equities issued	14,714				
Other, net	(674)	(311)			
Comprehensive income:					
Net income					
Other comprehensive loss					
Total comprehensive income					

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Cash patronage and equity retirement provisions	(25,750)				
Balances, August 31, 1999	912,294	28,785	--	--	9,
Patronage and equity retirement determination	25,750				
Patronage distribution	41,182				
Equities retired	(28,615)	(82)			
Equities issued	7,921				
Other, net	(178)	(194)			
Comprehensive income:					
Net income					
Other comprehensive loss					
Total comprehensive income					
Cash patronage and equity retirement provisions	(17,474)				
Balances, August 31, 2000	\$ 940,880	\$ 28,509	\$ --	\$ --	\$ 9,

The accompanying notes are an integral part of the consolidated financial statements.

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DEFERRED PATRONAGE	UNALLOCATED CAPITAL RESERVE	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	ALLOCATED CAPITAL RESERVE	TOTAL EQUITIES
\$ (71,725)	\$ 158,003	\$ 1,281	\$ 8,200	\$ 944,798
	(309)			35,752
	(7,511)			(36,040)
				27,453
				(37,424)
				10,561
	299		(6)	(3,400)
(2,482)	26,596			177,301
		(86)		(86)
				177,215
				(88,942)
(74,207)	177,078	1,195	8,194	1,029,973
(13,086)	13,401			29,587
				--
				4,429
				(4,442)
				911

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	(1,177)		(2)	(1,255)
(24,134)	7,420			15,936
		(1,294)		(1,294)
				-----
				14,642
				-----
				(7,968)
-----	-----	-----	-----	-----
(111,427)	196,722	(99)	8,192	1,065,877
	1,738			63,562
				(43,750)
				(23,797)
	350		(44)	14,714
				(899)
21,773	6,727			86,000
		(1,071)		(1,071)
				-----
				84,929
				-----
				(43,000)
-----	-----	-----	-----	-----
(89,654)	205,537	(1,170)	8,148	1,117,636
	(1,588)			43,000
				(17,906)
				(28,697)
	453		(28)	7,921
				35
(24,900)	24,888			87,388
		(1,257)		(1,257)
				-----
				86,131
				-----
				(43,694)
-----	-----	-----	-----	-----
\$ (114,554)	\$ 229,290	\$ (2,427)	\$ 8,120	\$ 1,164,426
=====	=====	=====	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

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			For the year	For the year	For t
			ended	ended	mont
			August 31,	August 31,	Aug
			2000	1999	
-----					
(DOLLARS IN THOUSANDS)					
-----					
Cash flows from operating activities:					



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Net income	\$ 87,388	\$ 86,000	\$
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	92,699	81,246	
Noncash net (income) loss from joint ventures	(28,325)	(22,363)	
Minority interests	24,546	10,017	
Adjustment of inventories to market value		(35,346)	
Noncash portion of patronage dividends received	(6,825)	(4,847)	
Loss (gain) on sale of property, plant and equipment	1,167	(1,706)	
Other, net	(3,130)	196	
Changes in operating assets and liabilities:			
Receivables	(229,067)	(133,641)	
Inventories	1,717	(34,623)	
Other current assets and other assets	(7,508)	(29,483)	
Customer credit balances	(8,191)	3,646	
Customer advance payments	4,180	(20,266)	
Accounts payable and accrued expenses	202,980	66,968	
Other liabilities	(3,244)	12,383	
Net cash provided by (used in) operating activities	128,387	(21,819)	1
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(153,796)	(124,471)	
Proceeds from disposition of property, plant and equipment	7,655	6,785	
Investments	(35,297)	(63,324)	
Equity investments redeemed	41,250	8,829	
Investments redeemed	2,638	2,412	
Changes in notes receivable	600	334	
Acquisitions of intangibles	(26,513)		
Distribution to minority owners	(21,089)	(2,255)	
Other investing activities, net	(339)	926	
Net cash used in investing activities	(184,891)	(170,764)	
Cash flows from financing activities:			
Changes in notes payable	20,940	196,511	
Long-term debt borrowings	49,914	40,000	3
Principal payments on long-term debt	(22,502)	(14,585)	(3
Changes in checks and drafts outstanding	35,481	(6,137)	
Retirements of equity	(28,697)	(23,797)	
Cash patronage dividends paid	(17,906)	(43,750)	
Net cash provided by (used in) financing activities	37,230	148,242	
Net cash flows of CENEX, Inc. from October 1, 1997 through May 31, 1998			
Net (decrease) increase in cash and cash equivalents	(19,274)	(44,341)	
Cash and cash equivalents at beginning of period	75,667	120,008	
Cash and cash equivalents at end of period	\$ 56,393	\$ 75,667	\$ 1

The accompanying notes are an integral part of the consolidated financial statements.

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(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999	August 31, 1998
Trade	\$ 834,349	\$ 595,403	\$ 474,454
Other	23,643	34,493	20,377
	857,992	629,896	494,831
Less allowances for doubtful accounts	23,249	23,255	23,315
	\$ 834,743	\$ 606,641	\$ 471,516

All export sales are denominated in U.S. dollars. Export sales for the years ended August 31, 2000 and 1999, for the three months ended August 31, 1998 and for the year ended May 31, 1998 are as follows:

(DOLLARS IN MILLIONS)	For the year ended August 31, 2000	For the year ended August 31, 1999	For the three months ended August 31, 1998	For the year ended May 31, 1998
Africa	\$ 191	\$ 158	\$ 94	\$ 280
Asia	552	310	149	1,217
Europe	304	358	79	404
North America	324	198	104	331
South America	119	122	10	268
	\$ 1,490	\$ 1,146	\$ 436	\$ 2,500

3. INVENTORIES:

Inventories as of August 31, 2000, 1999 and 1998 are as follows:

(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999	August 31, 1998
Energy	\$ 286,276	\$ 209,661	\$ 170,544
Grain and oilseed	215,570	202,166	153,384
Agronomy		69,050	67,760
Processed grain and oilseed	32,993	14,342	37,464
Feed and farm supplies	63,909	50,908	47,842
Other	3,637	3,576	2,740
	\$ 602,385	\$ 549,703	\$ 479,734

As of August 31, 2000, the Company valued approximately 40% of inventories,

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primarily related to energy, using the lower of cost, determined on the LIFO method, or market (29% and 22% as of August 31, 1999 and 1998, respectively). As of August 31, 2000, 1999 and 1998, reserves amounting to no dollars, \$20.4 million and \$61.7 million, respectively, have been established to reduce energy inventories to estimated market value. If the FIFO method of accounting for inventories had been used, inventories would have been higher than the reported amount by \$86.3 million and \$5.3 million at August 31, 2000 and August 31, 1999, respectively. In fiscal 2000, the liquidation of certain LIFO layers decreased cost of goods sold by \$4.3 million. The inventories in these LIFO layers were acquired in prior years at lower costs.

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(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999
<b>Cooperatives:</b>		
CF Industries, Inc.	\$152,996	\$152,996
National Bank for Cooperatives (CoBank)	32,817	33,942
Ag Processing, Inc.	23,036	23,252
Land O'Lakes, Inc.	21,967	19,256
<b>Joint Ventures:</b>		
Ventura Foods, LLC	87,315	55,562
Cenex/Land O' Lakes Agronomy Company		36,933
Agro Distribution, LLC		45,741
United Country Brands, LLC	70,099	
Tacoma Export Marketing Company	9,378	8,821
Other	53,603	51,393
	\$451,211	\$427,896

In March 2000, the Company purchased an additional 10% interest in Ventura Foods, LLC, its consumer products and packaging joint venture for approximately \$25.6 million. The Company now has a 50% interest in this joint venture.

The following provides summarized financial information for Ventura Foods, LLC as of and for the periods indicated below.

(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999
Current assets	\$133,112	\$141,763
Non-current assets	222,334	220,037
Current liabilities	107,570	149,238
Non-current liabilities	117,822	97,232

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(DOLLARS IN THOUSANDS)	months ended August 31, 2000	months ended August 31, 1999	months ended August 31, 1998	mo M
Net sales	\$873,922	\$881,016	\$208,242	
Gross profit	143,394	107,326	17,830	
Net income	55,115	30,475	2,245	

Effective January 1, 2000, Cenex Harvest States, Farmland and Land O'Lakes created Agriliance, a distributor of crop nutrients, crop protections products and other agronomy inputs and services. At formation, Agriliance managed the agronomy marketing operations of Cenex Harvest States, Farmland and Land O'Lakes, with the Company exchanging the right to use its agronomy operations for 26.455% of the results of the jointly managed operations.

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(DOLLARS IN THOUSANDS)	Estimated useful life in years	August 31, 2000	August 31, 1999	Au
Energy refineries	3-40	\$ 682,823	\$ 660,424	\$
Distribution and general	3-40	323,361	298,931	
Grain terminals and country elevators	3-50	304,451	272,311	
Energy pipelines and terminals	3-40	241,687	220,367	
Grain processing plants	3-40	230,756	208,210	
Feed plants	3-40	26,630	27,216	
Construction in progress		79,163	64,508	
		1,888,871	1,751,967	1,
Less accumulated depreciation and amortization		854,103	783,634	
		\$1,034,768	\$ 968,333	\$

6. OTHER ASSETS:

Other assets as of August 31, 2000, 1999 and 1998 are as follows:

(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999	Au
Intangible assets, less accumulated amortization of \$16,753, \$15,348, and \$20,886, respectively	\$ 44,904	\$ 21,539	\$
Prepaid pension cost and other benefit plan assets	92,767	78,668	
Notes receivable	5,201	4,547	
Other assets	12,531	15,256	
	\$155,403	\$120,010	\$

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(DOLLARS IN THOUSANDS)	Interest rates at August 31, 2000	August 31, 2000	August 31,
Notes payable (a) (f)	7.00% to 8.42%	\$217,926	\$196,98
Long-term debt:			
Revolving term loans from cooperative banks, payable in installments through 2009, when the balance is due (b) (c) (f)	6.48% to 14.32%	\$259,657	\$227,21
Private placement, payable in equal installments beginning in 2008 through 2013 (d) (f)	6.81%	225,000	225,00
Industrial Revenue Bonds, Payable in installments through 2010 (e)	5.23% to 9.26%	18,535	27,04
Other notes and contracts	4.00% to 12.00%	7,308	3,41
Total long-term debt		510,500	482,66
Less current portion		30,173	21,56
Long-term portion		\$480,327	\$461,10

- (a) The Company finances its working capital needs through short-term lines of credit with a syndication of banks. In June 1998, the Company established a 364-day credit facility of \$400.0 million, and in May 2000, the Company renewed and expanded this credit facility to \$500.0 million, all of which is committed, and of which \$185.7 million was outstanding on August 31, 2000. In addition to this short-term line of credit, the Company has a 364-day credit facility dedicated to NCRA with a syndication of banks in the amount of \$50.0 million, all of which is committed, with \$31.0 million outstanding on August 31, 2000. Other miscellaneous notes payable totaled \$1.2 million at August 31, 2000.
- (b) In June 1998, the Company established a \$200.0 million five-year revolving credit facility with a syndication of banks. On August 31, 2000, the Company had an outstanding balance of \$45.0 million.
- (c) In June 1998, the Company repaid certain of its existing debt and established a new long-term credit agreement under which the term loan balance outstanding as of May 31, 1998 was repaid and partially refinanced through the new agreement. This long-term agreement committed \$200.0 million of long-term borrowing capacity to the Company through May 31, 1999, of which \$164.0 million was drawn before the expiration date of that commitment. On August 31, 2000, \$157.4 million was outstanding. NCRA term loans are collateralized by NCRA's investment in CoBank.

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- (d) In June 1998, as a part of the refinancing program for the merged operations, the Company entered into a private placement with several insurance companies for long-term debt in the amount of \$225.0 million.
- (e) Industrial Revenue Bonds are collateralized by property, plant and equipment, primarily energy refinery equipment, with a cost of approximately \$155.7 million, \$155.9 million and \$156.1 million, less accumulated depreciation of approximately \$103.6 million, \$97.5 million and \$91.3 million as of August 31, 2000, 1999 and 1998, respectively.

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(DOLLARS IN THOUSANDS)	For the year ended August 31, 2000	For the year ended August 31, 1999	For the three months ended August 31, 1998
Current	\$4,347	\$5,783	\$ 5,189
Deferred	(467)	1,197	(2,294)
Income taxes	\$3,880	\$6,980	\$ 2,895

The tax effect of temporary differences that give rise to significant portions of deferred tax assets and liabilities as of August 31, 2000, 1999 and 1998 are as follows:

(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999	Aug
Deferred tax assets:			
Accrued expenses and valuation reserves	\$10,970	\$10,741	
Postretirement health care and pension liabilities	3,282	3,665	
Alternative minimum tax credit and patronage loss carryforward	4,842	883	
Other	5,718	5,880	
Total deferred tax assets	24,812	21,169	
Deferred tax liabilities:			
Property, plant and equipment	3,345	3,185	
Equity method investments	11,405	8,513	
Other	3,289	3,165	
Total deferred tax liabilities	18,039	14,863	
Net deferred tax assets	\$ 6,773	\$ 6,306	

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	For the year ended August 31, 2000	For the year ended August 31, 1999	For the three months ended August 31, 1998
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	3.9	3.9	4.1
Patronage earnings	(37.3)	(24.1)	(67.4)
Tax effect of changes in deferred patronage	4.4	(6.8)	51.3
Rate changes on deferred tax assets and liabilities	(2.5)	0.5	(11.2)
Other	0.8	(1.0)	3.6
Effective tax rate	4.3%	7.5%	15.4%

The principal differences between financial statement income and taxable income for the years ended August 31, 2000 and 1999, for the three months ended August 31, 1998 and for the year ended May 31, 1998 are as follows:

(DOLLARS IN THOUSANDS)	For the year ended August 31, 2000	For the year ended August 31, 1999	For the three months ended August 31, 1998
Income before income taxes	\$ 91,268	\$ 92,980	\$ 18,831
Financial reporting/tax differences:			
Environmental reserves	(728)	1,343	(563)
Oil and gas activities, net	2,600	18,005	8,448
Energy inventory market reserves	(19)	(48,445)	7,150
Other, net	3,255	9,258	12,310
Patronage refund provisions	(87,400)	(57,500)	(32,650)
Taxable income	\$ 8,976	\$ 15,641	\$ 13,526

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(DOLLARS IN THOUSANDS)	Pension Benefits			Other Benefits	
	August 31, 2000	August 31, 1999	August 31, 1998	August 31, 2000	August 31, 1999
Change in benefit obligation:					
Benefit obligation at beginning of period	\$ 266,651	\$ 265,045	\$ 245,444	\$ 28,543	\$ 28,543
Service cost	8,777	8,733	5,212	657	
Interest cost	18,058	17,817	11,771	1,470	
Plan participants' contributions					
Plan amendments	251	10,673	772	(7,679)	
Actuarial (gain) loss	(13,616)	(8,322)	6,021	226	

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Assumption change		(6,103)	5,348		
Settlements		275	674		
Benefits paid	(22,062)	(21,467)	(10,197)	(1,778)	(1,778)
<hr/>					
Benefit obligation at end of period	\$ 258,059	\$ 266,651	\$ 265,045	\$ 21,439	\$ 21,439
<hr/>					
Change in plan assets:					
Fair value of plan assets at beginning of period	\$ 259,360	\$ 241,949	\$ 252,659		
Actual return (loss) on plan assets	22,240	35,622	(6,263)		
Company contributions	7,358	3,256	5,750	\$ 1,778	\$ 1,778
Other					
Benefits paid	(22,062)	(21,467)	(10,197)	(1,778)	(1,778)
<hr/>					
Fair value of plan assets at end of period	\$ 266,896	\$ 259,360	\$ 241,949	\$ --	\$ --
<hr/>					
<hr/>					
	Pension Benefits			Other Benefits	
(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999	August 31, 1998	August 31, 2000	August 31, 1999
<hr/>					
Funded status:	\$ 8,837	\$ (7,291)	\$ (23,096)	\$ (21,439)	\$ (21,439)
Employer contributions after measurement date	4,586	5,331		2,618	
Unrecognized actuarial loss (gain)	11,976	27,869	59,511	(9,046)	(9,046)
Unrecognized transition (asset) obligation	(1,570)	(2,690)	(3,938)	12,069	12,069
Unrecognized prior service cost	10,821	10,386	524	(660)	(660)
<hr/>					
Prepaid (accrued) benefit cost	\$ 34,650	\$ 33,605	\$ 33,001	\$ (16,458)	\$ (16,458)
<hr/>					
Amounts recognized on balance sheets consist of:					
Prepaid benefit cost	\$ 43,516	\$ 42,099	\$ 41,554		
Accrued benefit liability	(12,253)	(13,158)	(9,396)	\$ (16,458)	\$ (16,458)
Intangible asset	2,148	3,272	350		
Accumulated other comprehensive loss	1,239	1,392	493		
<hr/>					
Net amounts recognized	\$ 34,650	\$ 33,605	\$ 33,001	\$ (16,458)	\$ (16,458)
<hr/>					

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	Pension Benefits			Other Benefits	
	For the	For the	For the	For the	For the
		three			



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(DOLLARS IN THOUSANDS)	year ended August 31, 2000	year ended August 31, 1999	months ended August 31, 1998	year ended May 31, 1998	year ended August 31, 2000	year ended August 31, 1999
Components of net periodic benefit cost:						
Service cost	\$ 8,777	\$ 8,733	\$ 5,212	\$ 7,046	\$ 657	\$ 1,42
Interest cost	18,058	17,817	11,771	16,275	1,470	1,76
Expected return on assets	(20,485)	(26,552)	(14,809)	(18,199)		
Prior service cost amortization	1,182	812	214	189	(77)	(3
Actuarial (gain) loss amortization	(530)	8,145	671	1,307	(604)	(8
Transition amount amortization	(1,120)	(1,248)	(1,143)	(2,506)	936	93
Special termination benefits			674			
Other		275				
Net periodic benefit cost	\$ 5,882	\$ 7,982	\$ 2,590	\$ 4,112	\$ 2,382	\$ 4,00
Weighted-average assumptions:						
Discount rate	7.50%	7.30%	6.83%	7.25%	7.50%	7.3
Expected return on plan assets	9.00%	8.50%	8.63%	8.40%	N/A	N/
Rate of compensation increase	5.00%	5.00%	5.02%	5.08%	5.00%	5.0

The aggregate projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were as follows as of August 31, 2000, 1999 and 1998:

(DOLLARS IN THOUSANDS)	August 31, 2000	August 31, 1999	August 31, 1998
Projected benefit obligation	\$23,864	\$25,264	\$22,268
Accumulated benefit obligation	19,978	19,746	17,002
Fair value of plan assets	8,602	8,092	7,604

The Company provides defined life insurance and health care benefits for certain retired employees. The plan is contributory based on years of service and family status, with retiree contributions adjusted annually.

The Company has other contributory defined contribution plans covering substantially all employees. Total contributions by the Company to these plans were approximately \$4.6 million, \$4.5 million, \$1.1 million and \$4.2 million, for the years ended August 31, 2000 and 1999, for the three months ended August 31, 1998 and for the year ended May 31, 1998, respectively.

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(DOLLARS IN THOUSANDS)	1% point increase	1% point decrease
Effect on total of service and interest cost components	\$ 177	\$ (150)
Effect on postretirement benefit obligation	1,350	(1,170)

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(DOLLARS IN THOUSANDS)	Agronomy	Energy	Grain Marketing	Country Operations	Processed Grains and Foods
For the year ended August 31, 2000:					
Net sales	\$ 808,659	\$2,959,622	\$3,428,020	\$1,404,106	\$ 553,580
Patronage dividends	224	311	861	3,830	100
Other revenues	5,817	2,792	15,440	74,050	(10)
Cost of goods sold	814,700	2,962,725	3,444,321	1,481,986	553,670
Marketing, general and administrative	764,744	2,862,715	3,414,076	1,404,062	513,000
Interest	20,832	43,332	19,956	45,478	25,224
Equity loss (income) from investments	(3,512)	27,926	8,701	12,782	9,851
Minority interests	4,336	(856)	(6,452)	(1,007)	(24,367)
Income (loss) before income taxes	\$ 28,300	\$ 5,165	\$ 8,040	\$ 20,568	\$ 29,962
Total identifiable assets at August 31, 2000					
	\$ 228,277	\$1,379,019	\$ 321,813	\$ 660,358	\$ 391,286
For the year ended August 31, 1999:					
Net sales	\$ 653,629	\$1,381,282	\$3,176,490	\$1,266,129	\$ 532,174
Patronage dividends	184	(1,236)	(393)	7,146	(492)
Other revenues		717	17,267	64,554	3
Cost of goods sold	653,813	1,380,763	3,193,364	1,337,829	531,685
Marketing, general and administrative	621,165	1,264,995	3,159,295	1,271,254	508,896
Interest	16,605	51,057	22,419	41,307	17,852
Equity loss (income) from investments	1,413	16,584	7,510	10,184	6,561
Minority interests	1,386	(4,741)	(5,145)	(1,250)	(12,193)
Income before income taxes	\$ 13,244	\$ 42,979	\$ 9,285	\$ 16,206	\$ 10,569
Total identifiable assets at August 31, 1999					
	\$ 361,381	\$1,112,127	\$ 281,912	\$ 568,833	\$ 293,499

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(DOLLARS IN THOUSANDS)	Agronomy	Energy	Grain Marketing	Country Operations	Processed Grains and Foods
For the three months ended					
August 31, 1998:					
Net sales	\$ 99,309	\$ 357,123	\$ 762,584	\$ 281,741	\$ 145,834
Patronage dividends		51	22	4,891	
Other revenues		15	3,544	13,980	990
Cost of goods sold	99,309	357,189	766,150	300,612	146,824
Marketing, general and administrative	84,331	320,145	759,370	288,705	138,907
Interest	3,813	12,340	5,327	8,886	3,937
Equity loss (income) from investments	78	4,389	1,471	4,694	1,208
Minority interests	10,124	(11)	299	(299)	(898)
Income (loss) before income taxes	\$ 963	\$ 17,066	\$ (317)	\$ (1,366)	\$ 3,670
Total identifiable assets at					
August 31, 1998					
	\$ 314,469	\$ 943,004	\$ 271,447	\$ 454,551	\$ 296,340
For the year ended May 31, 1998:					
Net sales	\$ 762,790	\$1,930,609	\$4,419,230	\$1,337,460	\$ 615,667
Patronage dividends	57,552	1,276	631	10,806	
Other revenues		521	20,599	61,232	3,163
Cost of goods sold	820,342	1,932,406	4,440,460	1,409,498	618,830
Marketing, general and administrative	727,292	1,813,290	4,410,884	1,349,480	568,886
Interest	14,637	42,637	18,837	30,964	13,830
Equity loss (income) from investments	43	15,163	7,945	7,659	4,143
Minority interests	1,295	(854)	(2,983)	(707)	(7,121)
Income (loss) before income taxes	\$ 77,075	\$ 55,421	\$ 5,777	\$ 21,971	\$ 39,092

12. COMMITMENTS AND CONTINGENCIES:

ENVIRONMENTAL:

The Company is required to comply with various environmental laws and regulations incidental to its normal business operations. In order to meet its compliance requirements, the Company establishes reserves for the future costs of remediation of identified issues, which are included in cost of goods sold in the consolidated statements of operations. Additional costs for matters which may be identified in the future cannot be presently determined; while the resolution of any such matters may have an impact on the Company's consolidated financial results for a particular reporting period, management believes any such matters will not have a material adverse effect on the consolidated financial position of the Company.

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(DOLLARS IN THOUSANDS)	Rail Cars	Vehicles	Equipment and other
2001	\$14,248	\$ 7,785	\$11,954
2002	10,968	5,589	11,400
2003	7,149	3,652	9,671
2004	3,353	2,450	8,154
2005	1,879	1,708	1,939
Thereafter	6,433	3,935	4,616
Total minimum future lease payments	\$44,030	\$25,119	\$47,734

13. SUPPLEMENTAL CASH FLOW AND OTHER INFORMATION:

Additional information concerning supplemental disclosures of cash flow activities for the years ended August 31, 2000 and 1999, for the three months ended August 31, 1998 and for the year ended May 31, 1998 is as follows:

(DOLLARS IN THOUSANDS)	For the year ended August 31, 2000	For the year ended August 31, 1999	For the three months ended August 31, 1998
Net cash paid during the period for:			
Interest	\$ 57,062	\$ 42,765	\$ 10,851
Income taxes	3,785	8,161	8,248
Other significant noncash transactions:			
Contribution of inventories from minority interest	54,399		
Capital equity certificates issued in exchange for elevator properties	7,921	14,714	911

Summarized financial information of Cenex for the period October 1, 1997 through May 31, 1998 is as follows (dollars in thousands):

Net sales	\$ 1,798,219
Net income	62,776
Cash flow from:	
Operating activities	\$ 83,118
Investing activities	(49,666)
Financing activities	(18,718)
Net cash flow	\$ 14,734

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ASSETS

(dollars in thousands)

MAY 31, 2001

AUGUST 31, 2000

MAY 31, 2000

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	(Unaudited)		(Unaudited)
CURRENT ASSETS			
Cash and cash equivalents	\$ 84,114	\$ 56,393	\$ 42,9
Receivables	684,086	834,743	963,7
Inventories	495,170	602,385	674,8
Other current assets	83,897	37,777	58,6
Total current assets	1,347,267	1,531,298	1,740,1
INVESTMENTS	461,428	451,211	466,7
PROPERTY, PLANT AND EQUIPMENT	1,028,481	1,034,768	1,025,7
OTHER ASSETS	191,060	155,403	135,0
Total assets	\$ 3,028,236	\$ 3,172,680	\$ 3,367,5

LIABILITIES AND EQUITIES

CURRENT LIABILITIES			
Notes payable	\$ 255,019	\$ 217,926	\$ 343,0
Current portion of long-term debt	26,517	30,173	20,6
Customer credit balances	44,550	36,779	36,4
Customer advance payments	58,929	131,935	138,4
Checks and drafts outstanding	61,058	84,086	58,7
Accounts payable	401,854	624,772	758,6
Accrued expenses	133,238	147,710	141,0
Patronage dividends and equity retirements payable	59,530	43,694	29,8
Total current liabilities	1,040,695	1,317,075	1,526,7
LONG-TERM DEBT	545,541	480,327	490,3
OTHER LIABILITIES	92,481	84,929	79,8
MINORITY INTERESTS IN SUBSIDIARIES	86,776	125,923	121,8
COMMITMENTS AND CONTINGENCIES			
EQUITIES	1,262,743	1,164,426	1,148,7
Total liabilities and equities	\$ 3,028,236	\$ 3,172,680	\$ 3,367,5

The accompanying notes are an integral part of the consolidated financial statements (unaudited).

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	FOR THE NINE MONTHS ENDED MAY 31,	
(dollars in thousands)	2001	2000
REVENUES:		
Net sales	\$ 5,903,801	\$ 6,227,645
Patronage dividends	5,621	5,019
Other revenues	94,519	83,360
	6,003,941	6,316,024

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COSTS AND EXPENSES:		
Cost of goods sold	5,691,878	6,112,181
Marketing, general and administrative	135,199	118,857
Interest	49,283	43,008
Equity income from investments	(13,519)	(21,238)
Minority interests	25,517	4,487
	-----	-----
	5,888,358	6,257,295
	-----	-----
INCOME BEFORE INCOME TAXES	115,583	58,729
Income taxes	(34,701)	2,576
	-----	-----
NET INCOME	\$ 150,284	\$ 56,153
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements (unaudited).

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	FOR THE NINE MONTHS ENDED MAY 31,	
	-----	-----
(dollars in thousands)	2001	2000
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 150,284	\$ 56,153
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	82,795	66,697
Noncash net income from equity investments	(13,519)	(21,238)
Minority interests	25,517	4,487
Noncash portion of patronage dividends received	(3,837)	(3,368)
Gain on sale of property, plant and equipment	(13,599)	(577)
Other, net	(968)	378
Changes in operating assets and liabilities:		
Receivables	150,657	(354,411)
Inventories	52,816	(70,773)
Other current assets and other assets	(86,921)	(28,728)
Customer credit balances	7,771	(8,543)
Customer advance payments	(73,006)	10,649
Accounts payable and accrued expenses	(237,390)	330,272
Other liabilities	5,045	(8,365)
	-----	-----
Net cash provided by (used in) operating activities	45,645	(27,367)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(73,205)	(121,763)
Proceeds from disposition of property, plant and equipment	29,181	4,494
Investments	(13,372)	(35,283)
Equity investments redeemed	20,836	17,688
Investments redeemed	1,186	2,519
Changes in notes receivable	(1,643)	(1,124)

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Acquisition of intangibles	(7,038)	(9,250)
Distribution to minority owners	(13,108)	(5,596)
Other investing activities, net	4,190	255
	-----	-----
Net cash used in investing activities	(52,973)	(148,060)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Changes in notes payable	37,093	146,051
Long-term debt borrowings	116,809	45,000
Principal payments on long-term debt	(55,251)	(17,126)
Changes in checks and drafts outstanding	(23,028)	10,121
Retirements of equities	(14,444)	(23,452)
Cash patronage dividends paid	(26,130)	(17,920)
	-----	-----
Net cash provided by financing activities	35,049	142,674
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	27,721	(32,753)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	56,393	75,667
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 84,114	\$ 42,914
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements (unaudited).

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	MAY 31, 2001	AUGUST 31, 2000	MAY 31, 2000
	-----	-----	-----
Trade	\$ 682,585	\$ 834,349	\$ 972,865
Other	26,235	23,643	15,002
	-----	-----	-----
	708,820	857,992	987,867
Less allowances for doubtful accounts	24,734	23,249	24,162
	-----	-----	-----
	\$ 684,086	\$ 834,743	\$ 963,705
	=====	=====	=====

NOTE 3. INVENTORIES

	MAY 31, 2001	AUGUST 31, 2000	MAY 31, 2000
	-----	-----	-----
Energy	\$ 207,149	\$ 286,276	\$ 294,622
Grain and oilseed	176,656	215,570	208,948
Feed and farm supplies	81,368	63,909	65,447
Processed grain and oilseed	25,929	32,993	21,551
Agronomy	--	--	80,684
Other	4,068	3,637	3,624
	-----	-----	-----
	\$ 495,170	\$ 602,385	\$ 674,876
	=====	=====	=====

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NOTE 4. INVESTMENTS

The following provides summarized unaudited financial information for Ventura Foods, LLC and Agriliance, LLC for the nine-month periods as indicated below.

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	AGRONOMY	ENERGY	GRAIN MARKETING	COUNTRY OPERATIONS	PROCESSED GRAINS AND FOODS	OTH
For the Nine Months Ended May 31, 2001						
Net sales		\$2,185,794	\$2,665,893	\$1,187,692	\$ 456,104	
Patronage dividends	\$ 196	666	756	3,412	339	\$
Other revenues		1,731	16,708	67,964	35	
	196	2,188,191	2,683,357	1,259,068	456,478	
Cost of goods sold		2,008,429	2,666,654	1,182,847	425,630	
Marketing, general and administrative	6,281	34,465	16,732	40,093	34,304	
Interest	(3,713)	20,117	6,449	12,192	10,541	
Equity loss (income) from investments	259	(859)	(3,120)	(45)	(21,425)	1
Minority interests		25,301		216		
(Loss) income before income taxes	\$ (2,631)	\$ 100,738	\$ (3,358)	\$ 23,765	\$ 7,428	\$ (1
Total identifiable assets	\$ 223,789	\$1,194,434	\$ 251,774	\$ 721,028	\$ 410,229	\$ 22
For the Nine Months Ended May 31, 2000						
Net sales	\$ 601,392	\$2,105,664	\$2,626,375	\$1,066,581	\$ 396,937	
Patronage dividends	131	279	810	3,549	100	\$
Other revenues	8,214	1,382	11,550	57,022	155	
	609,737	2,107,325	2,638,735	1,127,152	397,192	
Cost of goods sold	572,279	2,058,640	2,615,479	1,063,411	371,676	
Marketing, general and administrative	13,688	35,312	16,178	36,723	14,269	
Interest	(1,786)	20,481	6,797	9,306	5,841	
Equity loss (income) from investments	3,922	(1,018)	(6,128)	(731)	(17,303)	
Minority interests		4,403		84		
Income (loss) before income taxes	\$ 21,634	\$ (10,493)	\$ 6,409	\$ 18,359	\$ 22,709	\$
Total identifiable assets	\$ 465,891	\$1,364,749	\$ 332,712	\$ 701,801	\$ 377,846	\$ 12



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