

## Conversation ID: 09b5b62d328d3d0719b6825357fdfb48

in the rate of our LIBOR-based credit facility. We had a negligible amount of CapEx during the quarter.

Once again, we believe there is a significant discount between public and private valuations of plant assets, and we see proof of that in our process.

we will -- the more we believe in the -- excuse me, as we make progress in deploying this process technology, the more we believe in the revaluation of this industry through a technology revolution.

the -- some of the assets that we have to prove value for the rest of the assets. And so we're certainly looking across the portfolio. We've had interest across the portfolio in every good business that we operate.

That's helpful. And then when you look at the ethanol market in your release, you highlighted that

we had sold significantly -- or not significantly but higher basis levels and index values than we did all of last year, which was very weak.

And we just won't buy cattle under a certain level. And so the fixed investment is still very low relative to the opportunity. And so

And so while in the past a lot of cattle feeders were directly focused on taking care of the packing demand that was owned by those companies,

what has happened in the past in a number of small refinery exemptions, especially with the money that refiners are making, there is not a lot of hardship anymore,

and has really taken the market a bit out of whack this year and out of balance. And so

So I think we're living with the refinery waivers this year that were given out, and I don't see a lot of remediation for the immediate term. Over the long term, potentially,

Can you maybe describe the conversations that are going forward today in spite of the trade issues going back and forth?

And -- but obviously, he's trying to win Pennsylvania as well, and I think that -- so we have to deal with that.

Okay, maybe last one from me just on the cattle acquisition. I mean, just remind me how we should think about that transitioning to Green Plains' own cattle. Should we think about similar to the

Yes. At this point, obviously, our strong sense of what we're looking for based on the things that we do is to look for terminals that we can enhance profitability

And we still believe that using Green Plains Partners as a growth vehicle in downstream

if there's no opportunity to do that, we can keep -- we can pay off our debt at the MLP. And thirdly, the other thing we can do then is tender for shares

we are seeing an overall trend of higher repair and maintenance costs and inconsistent run rates more broadly, which we believe allows us to ramp production up as we have made the necessary repairs and maintenance as a top priority in any market conditions.

While we have reduced inventories at all of our locations, the opportunity to refill these locations is actually coming before harvest as farmers and commercial grain companies are making space for another year of large corn and bean crops.

With this acquisition, we are purchasing the existing cattle in inventory, which will provide us the opportunity to ensure

We certainly understand the need to communicate developments of this plan as they occur. We will do so when we are ready for both our Green Plains shareholders and our partnership unitholders. As I said earlier, we will remain focused on proving value for our shareholders.

Global demand and processing margins remain very strong for all things protein, and the ethanol industry should participate in that going forward, as we raise the protein levels for the products we produce through various technologies.

The corn crop is in good shape. We believe there could be an upward revision to the yield per acre in the coming weeks.

We also believe that the reduction of term debt for Green Plains improves its credit quality, which should have a positive impact on the partnership.

And so I think continuing with a strong gasoline demand numbers at least keeps the market

from a much more volatile ethanol business than what we see in our ability to manage risk in cattle.

is that we are looking at a potential -- at potential off-balance sheet transactions to see if there's a way to get it off balance sheet and talking with partners on that. And that's our focus there so that it does help a lot of our ratios to take that debt off balance sheet.

It's a little harder to buy cattle in the beginning of the years that are going to get marketed in the half of the year

it could be either through more -- a reallocation down the road, a reset down the road. It's really kind of hard to say what will happen, but I think what has happened is now something we have to deal with

from a market perspective.

by owning the supply that goes into at least a piece of that terminal, and then using our

is what it was meant for and what we will still use it for in the future. And so that hasn't changed much. Obviously, not getting this deal through is a bit of a setback,

done work in the past, which is, what else can an ethanol plant do? And so while we look across multiple agricultural processing industries and we see that if you can make high-protein, you're getting paid for it in the world,

We think if you're going to increase the value of the distillers proteins, you should increase it to the soybean -- high-protein soybean meal

We have potential new retailers that are still going through the process and want to be a part of the plan. And that's in

So yes, I think you can anticipate that the last half of the year, probably not as strong as the first half because the first half was exceptionally strong but still within the range of what we had indicated to you earlier.

because there is basis with weakness in the West, the farmer has a significant amount of corn still to market, the commercial needs to make space for a big harvest coming in corn and beans. And without a Chinese program,

As a reminder, our regular scheduled maintenance and the amount of export products we produce can have an effect on our production rates during any quarter.

For our company, I have to say we are disappointed by the Federal Trade Commission's decision to put us through a second request related to the proposed GPP-Delek Logistics joint venture to acquire terminal assets from American Midstream.

More importantly, the term structure of the market is allowing those who have space to earn above-average returns on that space.

These numbers exclude any capital related to our high-protein DDG project, which is still in the engineering and contracting phase.

Now I'd like to turn the call back to over to Todd. Thanks, John. As I -- as we indicated in the release this morning, our portfolio optimization plan is on track with the strategic objectives we communicated in May.

We have also made good progress in our plan to reduce controllable expenses starting with this quarter. I'd like to point out that some of these expense reductions will come through some of our segments and are not all on our corporate activities' lines, although we have made some workforce

reductions

We are determining the next several locations where we would deploy technology to increase the value of our products.

Overall, our goal remains to improve the market capitalization, delever our balance sheet and improve our financial flexibility as we focus on the future.

down from last year. Is -- should we think of it short of in line with the June quarter? Or how should we think about what you're realizing on the gallons you're producing?

that puts us in a good spot for the time being, and I don't anticipate any significant growth in that area at this point. But we still believe that the all things protein initiative that we have

the cattle feeding industry has consolidated. You saw the acquisition earlier in the year, the big one of the largest

And it's very hard to say when and if and how the courts will rule down the road and then what that impact would be. We were asking

come back to the table to negotiate. So now it's really just a function of the administration realizing that the hurt is gone from

from the farm states between Nebraska, South Dakota, Iowa and other states that are very important to this administration, are pushing very hard in trying to get clarity.

Yes, this one is a little bit different. With the Cargill acquisition, we fed their cattle and got paid a fee to do that. With the Bartlett acquisition, as of right now we own all the cattle in the lots,

supply chain to see if we can enhance those volumes instead of paying others to go through their terminals. That's really been the goal of acquisitions. That was the goal of the American Midstream acquisition in Little Rock

and so but we do have extra capacity now to get a transaction done, and we will continue to search for transactions, as we do every day.

there are now technologies that exist that an ethanol plant can increase the value of their co-products of distillers range through multiple different opportunities. And so we chose the first one, which was

is we'll have the debt cleared to have it not be interrupted as we go into summer driving

our cost structure, while certainly last year at this time when we did get it, we made it all up. What we're starting to see now is that as we ramped our volumes back up, we're really not starting to see a big growth in stocks

have you seen any slowdown or do you anticipate any slowdown in farmer marketing while they await those payments?

In terms of farmer marketing, this is very interesting because we are

we're going to have -- what are you going to do with 200 million to 300 million bushels of extra beans every single month except to push out storage

These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in this morning's press releases and the comments made during this conference call

We, along with Delek through the JV, have decided to terminate our agreement to acquire the Amid terminal assets because there was no assurance we could overcome the regulatory obstacles from the FTC's review.

We are in the middle of a robust process, which we believe will allow us to significantly reduce or eliminate term debt by the end of the year.

in your mind that you really need some sort of change on the tariff structure in the export market

But the stronger market still has remained one of the weaker spots while everything else has been

And I think we're on a path. I think we've given up everything so far from the side of what the refineries have gotten,

and we will earn a margin on that, which is why we said we believe it will be accretive immediately and going forward. So

broadening your search for what kind of assets you would have partners invest in? Or can you give any

and down in Texas, is that we both believe in the JV we can enhance the profitability through pushing our own volumes through as well as keeping third-party volumes flowing as well.

No, I think what you have to assume is that if we divest an ethanol plant, there is a contract that we would have to then monetize back to the partnership. The partnership would then get cash back that they can do

next June 1. Our -- I believe what we also have to put out there is the amount of gallons going into '19 with the waiver

or growth in production, which means others are either not able to ramp up quite as much as they thought or

as we said, we lifted our grain storage and sold our grain storage and lifted our piles that we have. You know that we have made a significant investment

We expect in the next 90 days to be able to make announcements and discuss some of the things to achieve the goal that we outlined on May 7 to you. And it all remains on track, and we continue to thank you for your patience. And hopefully,