# FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2013-01-14** | Period of Report: **2012-11-30**
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## FILER

**AMERICAN CRYSTAL SUGAR CO /MN/**

CIK:**4828**| IRS No.: **840004720** | State of Incorp.:**MN** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **033-83868** | Film No.: **13527019**
SIC: **2060** Sugar & confectionery products

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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 November 30, 2012**

**Commission file number: 33-83868**

# AMERICAN CRYSTAL SUGAR COMPANY

(Exact name of registrant as specified in its charter)

| **Minnesota** | **84-0004720** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**101 North Third Street**
**Moorhead, Minnesota 56560**
(Address of principal executive offices)

**Telephone Number (218) 236-4400**
(Registrant' s telephone number, including area code)

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, 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Act). YES ☐ NO ☒

Indicate the number of shares outstanding of each of the issuer' s classes of common stock, as of the latest practicable date.

| Class of Common Stock | Outstanding at January 9, 2013 |
|---|---|
| $10 Par Value | 2,763 |



**AMERICAN CRYSTAL SUGAR COMPANY**

**FORM 10-Q**

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**American Crystal Sugar Company**
**Consolidated Balance Sheets**
**(Unaudited)**
**(In Thousands)**

**Assets**

| | November 30 | | August 31 |
|---|---|---|---|
| | 2012 | 2011 | 2012* |
| **Current Assets:** | | | |
| Cash and Cash Equivalents | $ 126 | $ 127 | $ 123 |
| Receivables: | | | |
| Trade | 80,180 | 76,623 | 72,314 |
| Members | 5,590 | 4,548 | 4,817 |
| Other | 5,033 | 5,749 | 5,938 |
| Advances to Related Parties | 8,909 | 3,072 | 34,619 |
| Inventories | 901,906 | 718,296 | 272,686 |
| Prepaid Expenses | 2,760 | 2,381 | 904 |
| **Total Current Assets** | 1,004,504 | 810,796 | 391,401 |
| **Property and Equipment:** | | | |
| Land and Land Improvements | 88,578 | 83,781 | 88,186 |
| Buildings | 137,160 | 135,378 | 137,156 |
| Equipment | 1,029,117 | 994,992 | 1,023,625 |
| Construction in Progress | 8,239 | 4,217 | 9,353 |
| Less Accumulated Depreciation | (866,078) | (829,108) | (852,369) |
| **Net Property and Equipment** | 397,016 | 389,260 | 405,951 |
| **Net Property and Equipment Held for Lease** | 82,179 | 90,540 | 84,095 |
| **Other Assets:** | | | |
| Investments in CoBank, ACB | 6,131 | 7,348 | 6,131 |
| Investments in Marketing Cooperatives | 82 | 1,098 | 82 |
| Other Assets | 12,133 | 12,291 | 11,820 |

| | | | |
|---|---|---|---|
| **Total Other Assets** | 18,346 | 20,737 | 18,033 |
| **Total Assets** | $ 1,502,045 | $ 1,311,333 | $ 899,480 |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

* Derived from audited financial statements



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**American Crystal Sugar Company**
**Consolidated Balance Sheets**
**(Unaudited)**
**(In Thousands)**

**Liabilities and Members' Investments**

| | November 30 | | August 31 |
|---|---|---|---|
| | **2012** | **2011** | **2012*** |
| **Current Liabilities:** | | | |
| Short-Term Debt | $ 386,390 | $ 361,812 | $ 110,640 |
| Current Maturities of Long-Term Debt | 280 | 5,765 | 280 |
| Accounts Payable | 35,660 | 38,130 | 54,911 |
| Advances Due to Related Parties | 4,322 | 4,029 | 5,307 |
| Accrued Continuing Costs | 67,970 | 18,810 | – |
| Other Current Liabilities | 37,768 | 33,979 | 50,055 |
| Amounts Due Growers | 383,365 | 279,257 | 99,359 |
| **Total Current Liabilities** | 915,755 | 741,782 | 320,552 |
| **Long-Term Debt, Net of Current Maturities** | 128,360 | 128,640 | 128,360 |
| **Accrued Employee Benefits** | 94,868 | 62,400 | 94,653 |
| **Advances Due to Related Parties** | 4,815 | – | 5,033 |
| **Other Liabilities** | 12,816 | 12,608 | 10,692 |
| **Total Liabilities** | 1,156,614 | 945,430 | 559,290 |
| **Commitments and Contingencies** | | | |
| **Members' Investments:** | | | |
| Preferred Stock, Shares Outstanding: 498,570; 498,570 and 498,570 | 38,275 | 38,275 | 38,275 |
| Common Stock, Shares Outstanding: 2,765; 2,770 and 2,764 | 28 | 28 | 28 |

| | | | |
|---|---|---|---|
| Additional Paid-In Capital | 152,261 | 152,261 | 152,261 |
| Unit Retains | 216,035 | 207,563 | 216,035 |
| Accumulated Other Comprehensive Income (Loss) | (106,176) | (70,047) | (108,970) |
| Retained Earnings (Accumulated Deficit) | 4,520 | (6,934) | 1,180 |
| Total American Crystal Sugar Company Members' Investments | 304,943 | 321,146 | 298,809 |
| Noncontrolling Interests | 40,488 | 44,757 | 41,381 |
| **Total Members' Investments** | 345,431 | 365,903 | 340,190 |
| **Total Liabilities and Members' Investments** | $ 1,502,045 | $ 1,311,333 | $ 899,480 |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

* Derived from audited financial statements



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**American Crystal Sugar Company**
**Consolidated Statements of Operations**
**(Unaudited)**
**(In Thousands)**

| | For the Three Months Ended November 30 | |
|---|---|---|
| | **2012** | **2011** |
| **Net Revenue** | $ 408,937 | $ 363,272 |
| **Cost of Sales** | (31,390) | 81,182 |
| **Gross Proceeds** | 440,327 | 282,090 |
| **Selling, General and Administrative Expenses** | 76,959 | 71,424 |
| **Accrued Continuing Costs** | 67,970 | 18,810 |
| **Operating Proceeds** | 295,398 | 191,856 |
| **Other Income (Expense):** | | |
| Interest Income | 2 | 17 |
| Interest Expense, Net | (1,867) | (1,681) |
| Other, Net | (1) | 14 |
| **Total Other Income (Expense)** | (1,866) | (1,650) |
| **Proceeds Before Income Tax Expense** | 293,532 | 190,206 |

| | | |
|---|---|---|
| **Income Tax Expense** | (2,321) | (1,933) |
| **Consolidated Net Proceeds** | 291,211 | 188,273 |
| **Less: Net Proceeds Attributable to Noncontrolling Interests** | (1,732) | (1,552) |
| **Net Proceeds Attributable to American Crystal Sugar Company** | $ 289,479 | $ 186,721 |
| **Distributions of Net Proceeds Attributable to American Crystal Sugar Company:** | | |
| Credited (Charged) to American Crystal Sugar Company' s Members' Investments: | | |
| Non-Member Business Income | $ 3,340 | $ 2,781 |
| Unit Retains Declared to Members | – | – |
| Net Credit to American Crystal Sugar Company' s Members' Investments | 3,340 | 2,781 |
| Payments To/Due Members for Sugarbeets, Net of Unit Retains Declared | 286,139 | 183,940 |
| **Total** | $ 289,479 | $ 186,721 |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.



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**American Crystal Sugar Company**

**Consolidated Statements of Comprehensive Income**

**(Unaudited)**

**(In Thousands)**

| | For the Three Months Ended November 30 | |
|---|---|---|
| | **2012** | **2011** |
| Non-Member Business Income | $ 3,340 | $ 2,781 |
| Pension & Post-Retirement Adjustment | 2,474 | 1,605 |
| OCI of Equity Method Investees | 218 | 82 |
| Foreign Currency Forward Contract Adjustment | 18 | (7) |
| Derivative Interest Rate Contract Adjustment | 84 | 176 |
| **Total Comprehensive Income** | $ 6,134 | $ 4,637 |

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.



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**American Crystal Sugar Company**
**Consolidated Statements of Cash Flows**
**(Unaudited)**
**(In Thousands)**

| | For the Three Months Ended November 30 | |
|---|---|---|
| | 2012 | 2011 |
| **Cash Provided By (Used In) Operating Activities:** | | |
| Net Proceeds Attributable to American Crystal Sugar Company | $ 289,479 | $ 186,721 |
| Payments To/Due Members for Sugarbeets, Net of Unit Retains Declared | (286,139) | (183,940) |
| Add (Deduct) Non-Cash Items: | | |
| Depreciation and Amortization | 17,087 | 17,515 |
| Income from Equity Method Investees | – | (19) |
| Loss on the Disposition of Property and Equipment | 18 | 21 |
| Deferred Gain Recognition | (16) | (16) |
| Noncontrolling Interests | 1,732 | 1,552 |
| Changes in Assets and Liabilities: | | |
| Receivables | (7,734) | 2,145 |
| Inventories | (629,220) | (474,258) |
| Prepaid Expenses | (1,856) | (1,646) |
| Advances To/Due to Related Parties | 24,725 | 28,310 |
| Accounts Payable | (11,277) | 10,414 |
| Accrued Continuing Costs | 67,970 | 18,810 |
| Other Liabilities | (7,353) | (5,868) |
| Amounts Due Growers | 284,006 | 118,371 |
| **Net Cash Used In Operating Activities** | (258,578) | (281,888) |
| **Cash Provided By (Used In) Investing Activities:** | | |
| Purchases of Property and Equipment | (13,082) | (11,247) |
| Purchases of Property and Equipment Held for Lease | (950) | (573) |
| Changes in Other Assets | (512) | (122) |
| **Net Cash Used In Investing Activities** | (14,544) | (11,942) |
| **Cash Provided By (Used In) Financing Activities:** | | |
| Net Proceeds from Short-Term Debt | 275,750 | 295,615 |
| Payment of Unit Retains | – | (36) |
| Distributions to Noncontrolling Interests | (2,625) | (1,749) |
| **Net Cash Provided By Financing Activities** | 273,125 | 293,830 |
| **Increase In Cash and Cash Equivalents** | 3 | – |
| **Cash and Cash Equivalents, Beginning of Year** | 123 | 127 |
| **Cash and Cash Equivalents, End of Period** | $ 126 | $ 127 |

**Non-Cash Investing Activities:** Purchases of Property and Equipment include the changes in accounts payable related to these purchases of ($7,975,000) and ($5,925,000) for the three months ended November 30, 2012 and 2011, respectively.

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**AMERICAN CRYSTAL SUGAR COMPANY**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE THREE MONTHS ENDED**
**November 30, 2012 and 2011**
**(Unaudited)**

**Note 1: Basis of Presentation**

The unaudited consolidated financial statements of American Crystal Sugar Company (Company) contained herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. These financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company' s Annual Report on Form 10-K for the year ended August 31, 2012.

The Company' s consolidated financial statements are comprised of: American Crystal Sugar Company; its wholly-owned subsidiaries Sidney Sugars Incorporated (Sidney Sugars) and Crab Creek Sugar Company (Crab Creek); and ProGold Limited Liability Company (ProGold), a limited liability company in which the Company holds a 51 percent ownership interest. All material inter-company transactions have been eliminated.

The operating results for the three months ended November 30, 2012 are not necessarily indicative of the results that may be expected for the year ended August 31, 2013. The amount paid to shareholders for sugarbeets (member beet payment) depends on the future selling prices of sugar and agri-products as well as processing and other costs incurred during the remainder of the fiscal year associated with the 2012 Red River Valley sugarbeet crop (RRV crop). The amount paid to non-member growers for sugarbeets (non-member beet payment) depends on the future selling prices of sugar and the related selling expenses associated with the 2012 Sidney Sugars sugarbeet crop (Sidney crop). For the purposes of this report, the amount of the beet payments, future revenues and costs have been estimated. Therefore, adjustments with respect to these estimates may be necessary in the future, as additional information becomes available.

**Note 2: Recently Issued Accounting Pronouncements**

In June 2011, the FASB issued an update to the authoritative guidance which improves the comparability, consistency and transparency of financial reporting and increases the prominence of items reported in other comprehensive income. The guidance provided by this update became effective and was adopted by the Company in the first quarter of fiscal 2013.

In September 2011, the FASB issued an update to the authoritative guidance which reduces the complexity and cost by allowing for a qualitative evaluation about the likelihood of goodwill impairment to determine whether the calculation of the fair value of a reporting unit is required. The guidance provided by this update became effective and was adopted by the Company in the first quarter of fiscal 2013.

In December 2011, the FASB issued an update to the authoritative guidance which defers the effective date of the presentation of reclassification adjustments out of accumulated other comprehensive income. The guidance provided by this update became effective and was adopted by the Company in the first quarter of fiscal 2013.

In December 2011, the FASB issued an update to the authoritative guidance which requires disclosure information about offsetting and related arrangements for financial instruments and derivative instruments. The guidance provided by this update becomes effective for the Company in the first quarter





of fiscal 2014. The Company does not expect that the adoption of this guidance will have a material effect on the Company' s financial statements.

**Note 3: Accounts Receivable and Credit Policies**

The Company grants credit, individually and through its marketing cooperatives, to its customers, which are primarily companies in the food processing industry located throughout the United States.

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 15 to 90 days from the invoice date. The receivables are non-interest bearing. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer' s remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Ongoing credit evaluations of customers' financial condition are performed and the Company maintains a reserve for potential credit losses. The carrying amount of trade receivables is reduced by a valuation allowance that reflects the Company' s best estimate of the amounts that will not be collected. The Company determines a receivable to be uncollectable and is written off against the reserve based on several criteria including such items as the credit evaluation of a customer' s financial condition, the aging of the receivable and previous unsuccessful collection efforts.

**Note 4: Inventories**

The major components of inventories are as follows:

| | November 30 | | August 31 |
|---|---|---|---|
| **(In Thousands)** | **2012** | **2011** | **2012** |
| Sugar, Agri-Products, and Sugarbeet Seed | $ 350,187 | $ 271,873 | $ 193,352 |
| Unprocessed Sugarbeets | 487,151 | 380,312 | 11,575 |
| Operating Supplies and Maintenance Parts | 64,568 | 66,111 | 67,759 |
| Total Inventories | $ 901,906 | $ 718,296 | $ 272,686 |

Sugar and agri-products inventories are valued at estimated net realizable value. Unprocessed sugarbeets are valued at the estimated gross beet payment. Operating supplies, maintenance parts and sugarbeet seed inventories are valued at the lower of average cost or market.

The Company' s reserve for inventory obsolescence was $17.8 million, $15.4 million and $16.9 million as of November 30, 2012 and 2011 and August 31, 2012, respectively.

**Note 5: Short-Term Debt**

The Company had a seasonal line of credit through November 2, 2012, with a consortium of lenders led by CoBank, ACB of $350.0 million along with an additional $50.0 million which can be utilized for either short-term or long-term borrowing purposes. On November 2, 2012, the Company entered into a Fourth Amendment to the Amended and Restated Credit Agreement between the Company and CoBank, ACB and received a Facility Increase Notice from CoBank, ACB increasing the Company' s seasonal line of credit from $350.0 million to $410.0 million through May 31, 2013 at which time the seasonal line of credit will revert back to $350.0 million through July 19, 2015. The availability of the additional $50.0 million which can be utilized for either short-term or long-term borrowing purposes remains unchanged during this time. The Company also has a line of credit with Wells Fargo Bank for $1.0 million. The Company' s commercial paper program provides short-term borrowings up to the amount of the CoBank, ACB seasonal line of credit. Any borrowings under the commercial paper program along with outstanding short-term letters of credit will act to reduce the available credit under the CoBank, ACB seasonal line of credit by a commensurate amount.



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The Company can also utilize the Commodity Credit Corporation (CCC) to meet its short-term borrowing needs. The Company can borrow funds on a non-recourse basis from the CCC, with repayment of such funds secured by sugar. The limitations on such borrowings are based on the amount of the Company' s sugar inventory and certain loan covenant restrictions by CoBank, ACB. As of November 30, 2012, the Company had the capacity to obtain non-recourse loans from the CCC of approximately $183.0 million. The Company has not utilized the CCC during fiscal 2013.

As of November 30, 2012, the Company had outstanding commercial paper of $386.4 million at interest rates of .42% to .58% and maturity dates between December 3, 2012 and February 28, 2013. The Company had no outstanding short-term debt with CoBank, ACB, Wells Fargo Bank or the CCC as of November 30, 2012. The Company had $3.3 million of short-term letters of credit outstanding and $3.3 million of the $50.0 million additional line of credit was utilized for long-term borrowing purposes as of November 30, 2012. The unused line of credit as of November 30, 2012 was $68.0 million which includes $46.7 million that can also be utilized for long-term borrowing purposes.

As of November 30, 2011, the Company had outstanding commercial paper of $361.8 million at interest rates of .37% to .50% and maturity dates between December 1, 2011 and January 27, 2012. The Company had no outstanding short-term debt with CoBank, ACB, Wells Fargo Bank or the CCC as of November 30, 2011. The Company had $3.3 million of short-term letters of credit outstanding and $9.3 million of the $50.0 million additional line of credit was utilized for long-term borrowing purposes as of November 30, 2011. The unused line of credit as of November 30, 2011 was $26.6 million which includes $25.6 million that can also be utilized for long-term borrowing purposes.

**Note 6: Long-Term Debt**

The Company has a long-term debt line of credit through July 30, 2015 with CoBank, ACB of $60.8 million along with an additional $50.0 million, as mentioned in Note 5 above, which can be utilized for either short-term or long-term borrowing purposes. As of November 30, 2012, there was no outstanding balance with CoBank, ACB but the Company had $64.1 million in long-term letters of credit outstanding. The unused long-term line of credit as of November 30, 2012 was $46.7 million which can also be utilized for short-term borrowing purposes. In addition, the Company had long-term debt outstanding as of November 30, 2012 of $50 million from a private placement of Senior Notes that occurred in September 1998 and $78.6 million from four separate issuances of Pollution Control and Industrial Development Revenue Bonds.

As of November 30, 2011, there was no outstanding balance with CoBank, ACB. The Company had $70.1 million in long-term letters of credit outstanding and $15.1 million of the $50.0 million additional line of credit was utilized for short-term borrowing purposes as of November 30, 2011. The unused long-term line of credit as of November 30, 2011, was $25.6 million which can also be utilized for short-term borrowing purposes. In addition, the Company had long-term debt outstanding, as of November 30, 2011, of $50 million from a private placement of Senior Notes that occurred in September of 1998 and $84.4 million from five separate issuances of Pollution Control and Industrial Development Revenue Bonds.

**Note 7: Interest Paid and Interest Capitalized**

Interest paid, net of amounts capitalized, was $3.2 million and $3.0 million for the three months ended November 30, 2012 and 2011, respectively. Interest capitalized was $7,000 and $2,000 for the three months ended November 30, 2012 and 2011, respectively.

**Note 8: Derivative Instruments and Hedging Activities**

The Company, as a result of its operating and financing activities, is exposed to changes in foreign currency exchange rates and interest rates which may adversely affect its results of operations and financial position. In seeking to minimize the risks and/or costs associated with such activities, the Company may enter into derivative contracts.



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The Company manages its foreign currency related risks primarily through the use of foreign currency forward contracts. The contracts held by the Company are denominated in Euros. The Company has entered into foreign currency forward contracts that are designated as cash flow hedges of exchange rate risk related to foreign currency-denominated purchases of equipment. Inputs used to measure the fair value of the foreign currency forward contracts are contained within level 1 of the fair value hierarchy. At November 30, 2012, the Company had cash flow hedges for approximately 252,089 Euros with maturity dates of December 14, 2012 to September 16, 2013. At November 30, 2012, the fair value of the open contracts was a loss of approximately $2,000 recorded in accumulated other comprehensive income/(loss) in members' equity. At November 30, 2011, the Company had cash flow hedges for approximately 140,000 Euros with a maturity date of December 6, 2011. At November 30, 2011, the fair value of the open contracts was a loss of approximately $3,000 recorded in accumulated other comprehensive income/(loss) in members' equity. Amounts deferred to accumulated other comprehensive income/(loss) are reclassified into the cost of the equipment when the actual purchase takes place.

The Company is exposed to interest risk primarily through its borrowing activities. On December 24, 2009, the Company entered into an interest rate swap contract associated with a $27.3 million Industrial Development Revenue Bond issue that matures on September 1, 2019. The interest rate swap contract requires payment of a fixed interest rate of 2.827 % and the receipt of a variable rate of interest based on the Securities Industry and Financial Market Association (SIFMA) index of .182 % as of November 30, 2012 on $27.3 million of indebtedness. The Company has designated this interest rate swap contract as a cash flow hedge. Inputs used to measure the fair value of the interest rate swap contracts are contained within level 2 of the fair value hierarchy. As of November 30, 2012, the fair value of the cash flow hedge reflected a loss of approximately $2.7 million recorded in accumulated other comprehensive income/(loss) and will be reclassified to interest expense over the life of the swap contract. No ineffectiveness was recognized in earnings during the quarter ended November 30, 2012. The current period loss of $170,000 is classified as interest expense on the statements of operations. As of November 30, 2012, $705,000 of deferred net losses on the interest rate swap contract contained in accumulated other comprehensive income/(loss) are expected to be reclassified to earnings during the next 12 months. As of November 30, 2011, the fair value of the cash flow hedge reflected a loss of approximately $2.2 million recorded in accumulated other comprehensive income/(loss).

Fair Value of Liability Derivatives

| | | November 30 | | August 31 |
|---|---|---|---|---|
| **(In Thousands)** | **Balance Sheet Location** | **2012** | **2011** | **2012** |
| Derivatives Designated as Hedging Instruments: | | | | |

| | | | | |
|---|---|---|---|---|
| Foreign Currency Forward Contracts | Other Current Liabilities | $ 2 | $ 3 | $ 20 |
| Interest Rate Contracts | Other Current Liabilities | 705 | 651 | 707 |
| Interest Rate Contracts | Other Long-Term Liabilities | 2,037 | 1,511 | 2,119 |
| | | | | |
| Total Liability Derivatives | | $ 2,744 | $ 2,165 | $ 2,846 |

**Note 9: Accrued Continuing Costs**

For interim reporting, the net proceeds from member business is based on the estimated gross beet payment and the percentage of the tons of sugarbeets processed to the total estimated tons of sugarbeets to be processed for a given crop year. The net proceeds from the operations of Sidney Sugars is based on the forecasted net income for the fiscal year and the percentage of the tons of non-member sugarbeets processed to the total estimated tons of non-member sugarbeets to be processed for a given fiscal year.

Accrued continuing costs represent the difference between the net proceeds as determined above and actual member business crop year and Sidney Sugars fiscal year revenues realized and expenses incurred through the end of the reporting period. Accrued continuing costs are reflected in the Consolidated Financial Statements as a cost on the Consolidated Statements of Operations and as a current liability on the Consolidated Balance Sheets.



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**Note 10: Net Periodic Pension and Post-Retirement Costs**

The following schedules provide the components of the Net Periodic Pension and Post-Retirement Costs for the three months ended November 30, 2012 and 2011:

***Components of Net Periodic Pension Cost***

| | For the Three Months Ended November 30 | |
|---|---|---|
| **(In Thousands)** | **2012** | **2011** |
| Service Cost | $ 542 | $ 1,116 |
| Interest Cost | 2,201 | 2,414 |
| Expected Return on Plan Assets | (3,490) | (3,128) |
| Amortization of Prior Service Costs | 2 | – |
| Amortization of Net Actuarial Loss | 2,415 | 1,782 |
| Net Periodic Pension Cost | $ 1,670 | $ 2,184 |

***Components of Net Periodic Post-Retirement Cost***

| | For the Three Months Ended November 30 | |
|---|---|---|
| **(In Thousands)** | **2012** | **2011** |
| Service Cost | $ 280 | $ 160 |
| Interest Cost | 382 | 420 |
| Amortization of Net Actuarial (Gain)/Loss | 57 | (177) |
| Net Periodic Post-Retirement Cost | $ 719 | $ 403 |

The Company did not make any contributions to the pension plans during the three months ended November 30, 2012 but is anticipating making total contributions of $6.8 million to the pension plans during the remainder of the fiscal year. The Company has contributed and made benefit payments of approximately $25,000 related to the Supplemental Executive Retirement Plans during the three months ended November 30, 2012. The Company expects to contribute and make benefit payments totaling approximately $99,000 this fiscal year related to the Supplemental Executive Retirement Plans.

The Company has contributed and made benefit payments of approximately $265,000 related to the post-retirement plans during the three months ended November 30, 2012. The Company expects to contribute and make benefit payments of approximately $1.3 million related to the post-retirement plans during the current fiscal year.



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**Note 11: Members' Investments**

| | Par Value | Shares Authorized | Shares Issued & Outstanding |
|---|---|---|---|
| Preferred Stock: | | | |
| November 30, 2012 | $ 76.77 | 600,000 | 498,570 |
| August 31, 2012 | $ 76.77 | 600,000 | 498,570 |
| November 30, 2011 | $ 76.77 | 600,000 | 498,570 |
| | | | |
| Common Stock: | | | |
| November 30, 2012 | $ 10.00 | 4,000 | 2,765 |
| August 31, 2012 | $ 10.00 | 4,000 | 2,764 |
| November 30, 2011 | $ 10.00 | 4,000 | 2,770 |

The components of Accumulated Other Comprehensive Income (Loss) as reflected in Members' Investments on the Consolidated Balance Sheets are as follows:

| | November 30 | | August 31 |
|---|---|---|---|
| **(In Thousands)** | **2012** | **2011** | **2012** |
| Pension and Other Post-Retirement Benefits | $ (91,905) | $ (62,169) | $ (94,379) |
| Interest Rate Contract | (2,742) | (2,162) | (2,826) |
| Foreign Currency Forward Contracts | (2) | (3) | (20) |
| OCI of Equity Method Investees | (11,527) | (5,713) | (11,745) |
| | | | |
| Total Accumulated Other Comprehensive Income (Loss) | $ (106,176) | $ (70,047) | $ (108,970) |

**Note 12: Shipping and Handling Costs**

The costs incurred for the shipping and handling of products sold are classified in the financial statements as a selling expense on the Statements of Operations. Shipping and handling costs were $53.4 million and $47.8 million for the three months ended November 30, 2012 and 2011, respectively.

**Note 13: Segment Reporting**

The Company has identified two reportable segments: Sugar and Leasing. The sugar segment is engaged primarily in the production and marketing of sugar from sugarbeets. It also sells agri-products and sugarbeet seed. The leasing segment is engaged in the leasing of a corn wet-milling plant used in the production of high-fructose corn syrup sweetener. The segments are managed separately. There are no inter-segment sales. The leasing segment has a major customer that accounts for all of that segment' s revenue.

Summarized financial information concerning the Company' s reportable segments for the three months ended November 30, 2012 and 2011 is shown below:



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| | For the Three Months Ended November 30, 2012 | | |
|---|---|---|---|
| **(In Thousands)** | **Sugar** | **Leasing** | **Consolidated** |
| Net Revenue from External Customers | $ 402,512 | $ 6,425 | $ 408,937 |
| Gross Proceeds | $ 436,751 | $ 3,576 | $ 440,327 |
| Depreciation and Amortization | $ 14,238 | $ 2,849 | $ 17,087 |
| Interest Income | $ 2 | $ – | $ 2 |
| Interest Expense | $ 1,867 | $ – | $ 1,867 |
| Income from Equity Method Investees | $ – | $ – | $ – |
| Other Income/(Expense), Net | $ 17 | $ (18) | $ (1) |
| Consolidated Net Proceeds | $ 287,677 | $ 3,534 | $ 291,211 |
| | | | |
| Capital Additions | $ 5,107 | $ 950 | $ 6,057 |

| | For the Three Months Ended November 30, 2011 | | |
|---|---|---|---|
| **(In Thousands)** | **Sugar** | **Leasing** | **Consolidated** |
| Net Revenue from External Customers | $ 357,224 | $ 6,048 | $ 363,272 |
| Gross Proceeds | $ 278,899 | $ 3,191 | $ 282,090 |
| Depreciation and Amortization | $ 14,658 | $ 2,857 | $ 17,515 |
| Interest Income | $ 17 | $ – | $ 17 |
| Interest Expense | $ 1,681 | $ – | $ 1,681 |
| Income from Equity Method Investees | $ 19 | $ – | $ 19 |
| Other Expense, Net | $ (5) | $ – | $ (5) |
| Consolidated Net Proceeds | $ 185,105 | $ 3,168 | $ 188,273 |
| | | | |
| Capital Additions | $ 5,322 | $ 573 | $ 5,895 |

| | As of November 30, 2012 | | |
|---|---|---|---|
| **(In Thousands)** | **Sugar** | **Leasing** | **Consolidated** |
| Property and Equipment, Net | $ 397,016 | $ – | $ 397,016 |
| Assets Held for Lease, Net | $ – | $ 82,179 | $ 82,179 |
| Segment Assets | $ 1,417,378 | $ 84,667 | $ 1,502,045 |

| | As of November 30, 2011 | | |
|---|---|---|---|
| **(In Thousands)** | **Sugar** | **Leasing** | **Consolidated** |
| Property and Equipment, Net | $ 389,260 | $ – | $ 389,260 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Assets Held for Lease, Net | $ | – | $ | 90,540 | $ | 90,540 |
| Segment Assets | $ | 1,217,554 | $ | 93,779 | $ | 1,311,333 |

| | As of August 31, 2012 | | | | | |
|---|---|---|---|---|---|---|
| **(In Thousands)** | **Sugar** | | **Leasing** | | **Consolidated** | |
| Property and Equipment, Net | $ | 405,951 | $ | – | $ | 405,951 |
| Assets Held for Lease, Net | $ | – | $ | 84,095 | $ | 84,095 |
| Segment Assets | $ | 812,880 | $ | 86,600 | $ | 899,480 |

**Note 14: Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted market prices are generally not available for the Company' s financial instruments. Fair values are based on judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk



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characteristics of various financial instruments and other factors. These estimates involve uncertainties and matters of judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

*Long-Term Debt, Inclusive of Current Maturities* - Based upon discounted cash flows and current borrowing rates with similar maturities, the fair value of the long-term debt as of November 30, 2012 was approximately $144.6 million in comparison to the carrying value of $128.6 million. The fair value of the long-term debt as of November 30, 2011 was approximately $145.8 million in comparison to the carrying value of $134.4 million.

*Investments in CoBank, ACB and Investments in Marketing Cooperatives* - The Company believes it is not practical to estimate the fair value of these investments without incurring excessive costs because there is no established market for these securities and equity interests, and it is inappropriate to estimate future cash flows which are largely dependent on future earnings of these organizations.

*Foreign Currency Forward Contracts* –Based on a variety of pricing factors, which include the market price of the foreign currency forward contract available in the dealer-market, the fair value of the open contracts as of November 30, 2012 was a liability of approximately $2,000. The fair value of the open contracts as of November 30, 2011 was a liability of approximately $3,000. Inputs used to measure the fair value of the foreign currency forward contracts are quoted prices in active markets for identical assets or liabilities and therefore are contained within level 1 of the fair value hierarchy. See the tables below.

*Interest Rate Contracts* – Based on the zero coupon method in which the term, notional amount, and repricing date of the interest rate swap match the term, repricing date, and principal amount of the interest-bearing liability on which the hedging interest payments are due, the fair value of the interest rate contract as of November 30, 2012 was a liability of approximately $2.7 million. The fair value of the interest rate contract as of November 30, 2011 was a liability of approximately $2.2 million. Inputs used to measure the fair value of the interest rate swap contracts are quoted prices in active markets for similar assets or liabilities and therefore are contained within level 2 of the fair value hierarchy. See the tables below.

The tables below reflect the assets and liabilities measured at fair value on a recurring basis as of November 30, 2012 and 2011.

Fair Value of Liabilities as of November 30, 2012

| (In Thousands) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Foreign Currency Forward Contracts | $ 2 | $ – | $ – | $ 2 |
| Interest Rate Contracts | $ – | $ 2,742 | $ – | $ 2,742 |
| Total | $ 2 | $ 2,742 | $ – | $ 2,744 |

Fair Value of Liabilities as of November 30, 2011

| (In Thousands) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Foreign Currency Forward Contracts | $ 3 | $ – | $ – | $ 3 |
| Interest Rate Contracts | – | 2,162 | – | 2,162 |
| Total | $ 3 | $ 2,162 | $ – | $ 2,165 |

**Note 15: Environmental Matters**

The Company is subject to extensive federal and state environmental laws and regulations with respect to water and air quality, solid waste disposal and odor and noise control. The Company conducts an ongoing compliance program designed to meet these environmental laws and regulations. The Company believes that it is in substantial compliance with applicable environmental laws and regulations. From time to time, however, the Company may be involved in investigations or determinations regarding



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matters that may arise in the ordinary course of business. The Company works closely with all affected government agencies to resolve environmental issues that have arisen and believes such issues will be resolved without any material adverse effect on the Company.

The Company' s sugar manufacturing process is energy intensive and generates carbon dioxide and other "Greenhouse Gases" (GHGs). Several bills have been passed or introduced in the United States Senate and House of Representatives that would regulate GHG emissions to reduce the impact of global climate change. The Company believes that industries generating GHGs, including the Company, could be subject to either federal or state regulation relating to climate change policies in the relatively near future. These policies, if adopted, will increase the Company' s energy and other operating costs. Depending on how these policies address imports, the domestic sugar market may have a competitive disadvantage compared with imported sugar. These policies could have a significant negative impact on the Company' s beet payment to shareholders if the Company is not able to pass the increased costs on to its customers**.**

On August 12, 2011, the Company received a Finding of Violation and Notice of Violation from the United States Environmental Protection Agency (EPA) for alleged violations of the Clean Air Act concerning certain air emissions at the Company' s three Minnesota factories. The Company has had some preliminary discussions with the EPA concerning the alleged violations. The Company, at this time, cannot predict the outcome of these discussions or the financial impact, if any, resulting from the resolution of this matter.

The Company has identified capital expenditures for environmental related projects over the next three years at the Company' s factory locations of approximately $31.6 million.

**Note 16: Legal Matters**

The Bakery, Confectionery, Tobacco Workers and Grain Millers (BCTGM) AFL-CIO has filed an unfair labor practices charge against the Company with the National Labor Relations Board (NLRB) associated with the negotiations for a new collective bargaining agreement and the lockout of union employees upon the expiration of the previous collective bargaining agreement. The Company intends to vigorously defend its position but cannot predict the ultimate outcome of this matter.

**Note 17: Subsequent Events**

The Company has evaluated events through the date that the financial statements were issued for potential recognition or disclosure in the November 30, 2012 financial statements.

On January 2, 2013, the Company' s Board of Directors authorized the revolvement of $26.2 million of unit retains for distribution on January 4, 2013.

**Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ended November 30, 2012 and 2011**

This report contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements include, among others, those statements including the words "expect", "anticipate", "believe", "may" and similar expressions. The Company' s actual results could differ materially from those indicated. Risk factors that could cause or contribute to such differences include, without limitation, market factors, weather and general economic conditions, farm and trade policy, and available quantity and quality of sugarbeets. For a more complete discussion of "Risk Factors", please refer to the Company' s 2012 Form 10-K.

**OVERVIEW**

The harvest of the Red River Valley and the Sidney sugarbeet crops grown during 2012 and to be processed during fiscal 2013 produced a total of 12.3 million tons of sugarbeets, or approximately 27.2 tons of sugarbeets per acre from approximately 454,000 acres. This represents an increase in total tons



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harvested of approximately 24.6 percent compared to the 2011 crop. The sugar content of the 2012 crop is 19.1 percent as compared to 18.0 percent for the 2011 crop. The Company expects to produce a total of approximately 37.6 million hundredweight of sugar from the 2012 crop, an increase of approximately 34.0 percent compared to the 2011 crop.

Net proceeds attributable to American Crystal Sugar Company for fiscal 2013 is expected to be approximately 37 percent higher than in fiscal 2012. This expected increase is primarily due to the increased tons harvested and the higher sugar content of this year' s sugarbeet crop resulting in the increased production of sugar and agri-products. Partially offsetting these expected increases is a lower anticipated net selling price for sugar.

**RESULTS OF OPERATIONS**

**Comparison of the Three Months Ended November 30, 2012 and 2011**

Revenue for the three months ended November 30, 2012 was $408.9 million, an increase of $45.7 million from the three months ended November 30, 2011. The table below reflects the percentage changes in product revenues, prices and volumes for the three months ended November 30, 2012 as compared to the three months ended November 30, 2011.

| Product | Revenue | Selling Price | Volume |
| --- | --- | --- | --- |
| Sugar | 8.6% | -0.5% | 9.1% |
| Pulp | 59.6% | 11.0% | 43.8% |
| Molasses | 317.3% | 8.9% | 283.2% |
| CSB | 57.8% | 4.7% | 50.8% |
| Betaine | -25.8% | -1.4% | -24.8% |

The decrease in the selling price of sugar reflects an increased supply of sugar in the domestic sugar market. The increases in selling prices for most of our agri-products reflect strong markets due to supply and demand factors and supported by higher corn prices. The increases in the volume of sugar and most of our agri-products reflect the impact of more product availability due to the earlier start of the processing campaign this year due to a larger sugarbeet crop. The decreased volume for Betaine reflects different timing of sales between the two years.

Rental revenue on the ProGold operating lease was $6.4 million and $6.0 million for the three months ended November 30, 2012 and 2011, respectively.

Cost of sales for the three months ended November 30, 2012, exclusive of payments to members for sugarbeets, decreased $112.6 million as compared to the three months ended November 30, 2011. This decrease was primarily related to product inventories that are recorded at their net realizable value and lower costs related to the lockout of employees represented by the BCTGM partially offset by increased operating costs due to processing 40 percent more sugarbeets this year. The change in the net realizable value of the product inventories from the beginning of the reporting period is recorded on the balance sheet as either an increase or decrease to inventories with a corresponding dollar for dollar adjustment to cost of sales on the statement of operations. The increase in the net realizable value of product inventories for the three months ended November 30, 2012 was $214.2 million as compared to an increase of $90.0 million for the three months ended November 30, 2011 resulting in a $124.2 million favorable change in the cost of sales between the two quarters as shown in the table below:

**Change in the Net Realizable Value of Product Inventories**

| | For the Three Months Ended November 30 | | |
| --- | --- | --- | --- |
| (In Millions) | 2012 | 2011 | Change |
| Beginning Product Inventories at Net Realizable Value | $ (133.8) | $ (176.4) | $ 42.6(1) |
| Ending Product Inventories at Net Realizable Value | 348.0 | 266.4 | 81.6(2) |
| Increase in the Net Realizable Value of Product Inventories | $ 214.2 | $ 90.0 | $ 124.2 |





(1) The change is primarily due to a 28.0 percent decrease in the hundredweight of sugar inventory as of August 31, 2012, as compared to August 31, 2011, partially offset by a 2.4 percent increase in the per hundredweight net realizable value of sugar inventory as of August 31, 2012, as compared to August 31, 2011.
(2) The change is primarily due to a 36.1 percent increase in the hundredweight of sugar inventory as of November 30, 2012 as compared to November 30, 2011, partially offset by a 4.3 percent decrease in the per hundredweight net realizable value of sugar as of November 30, 2012 as compared to November 30, 2011.

Selling, general and administrative expenses increased $5.5 million for the three months ended November 30, 2012 as compared to the three months ended November 30, 2011.  Selling expenses increased $4.9 million primarily due to the increased volume of products sold. General and administrative expenses increased $ .6 million due to general cost increases.

Net proceeds attributable to American Crystal Sugar Company increased $102.8 million for the three months ended November 30, 2012 as compared to the three months ended November 30, 2011. This increase was primarily due to processing 40 percent more tons of sugarbeets for the three months ended November 30, 2012 as compared to the three months ended November 30, 2011 along with a higher forecasted per ton Gross Beet Payment this year as compared to that forecasted at this time last year.

**LIQUIDITY AND CAPITAL RESOURCES**

Under the Company' s agreement with its shareholders, payments for member-delivered sugarbeets for each crop year are calculated based on the revenues from sugar and agri-products derived from the sugarbeet crop less all member business expenses. In addition, the beet payments made to member growers and non-member growers are paid in three payments over the course of a year, and the member payments are made net of any anticipated unit retain for the crop. These procedures have the effect of providing the Company with an additional source of short-term capital.

Because sugar is sold throughout the year (while sugarbeets are processed primarily in the fall, winter and spring) and because substantial amounts of equipment are required for its operations, the Company utilizes substantial outside financing on both a seasonal and long-term basis to fund its operations.

The Company had a seasonal line of credit through November 2, 2012, with a consortium of lenders led by CoBank, ACB of $350.0 million along with an additional $50.0 million which can be utilized for either short-term or long-term borrowing purposes. On November 2, 2012, the Company entered into a Fourth Amendment to the Amended and Restated Credit Agreement between the Company and CoBank, ACB and received a Facility Increase Notice from CoBank, ACB increasing the Company' s seasonal line of credit from $350.0 million to $410.0 million through May 31, 2013 at which time the seasonal line of credit will revert back to $350.0 million through July 19, 2015. The availability of the additional $50.0 million which can be utilized for either short-term or long-term borrowing purposes remains unchanged during this time. The Company also has a line of credit with Wells Fargo Bank for $1.0 million. The Company' s commercial paper program provides short-term borrowings up to the amount of the CoBank, ACB seasonal line of credit. Any borrowings under the commercial paper program along with outstanding short-term letters of credit will act to reduce the available credit under the CoBank, ACB seasonal line of credit by a commensurate amount. As of November 30, 2012, approximately $386.4 million of commercial paper was outstanding. The Company had $3.3 million of short-term letters of credit outstanding and $3.3 million of the $50.0 million additional line of credit was utilized for long-term borrowing purposes as of November 30, 2012. The unused short-term line of credit as of November 30, 2012 was $68.0 million which includes $46.7 million that can also be utilized for long-term borrowing purposes.

Under the Farm Bill, the Company can borrow funds on a non-recourse basis from the CCC, with repayment of such funds secured by sugar. The limitations on such borrowings are based on the amount of the Company' s sugar inventory and certain loan covenant restrictions by CoBank, ACB. As of November 30, 2012, the Company had the capacity to obtain non-recourse loans from the CCC of approximately $183.0 million. The Company has not utilized the CCC during fiscal 2013.



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The Company has a long-term debt line of credit through July 30, 2015 with CoBank, ACB of $60.8 million along with an additional $50.0 million, as mentioned in Note 5 above, which can be utilized for either short-term or long-term borrowing purposes. As of November 30, 2012, there was no outstanding balance with CoBank, ACB but the Company had $64.1 million in long-term letters of credit outstanding. The unused long-term line of credit as of November 30, 2012 was $46.7 million which can also be utilized for short-term borrowing purposes. In addition, the Company had long-term debt outstanding as of November 30, 2012 of $50 million from a private placement of Senior Notes that occurred in September 1998 and $78.6 million from four separate issuances of Pollution Control and Industrial Development Revenue Bonds.

The Company had outstanding purchase commitments totaling $10.0 million as of November 30, 2012 for equipment and construction contracts related to various capital projects.

The Company has a 55 percent ownership interest and a 25 percent voting interest in Midwest Agri-Commodities Company (Midwest). Substantially all of the Company' s agri-products are sold by Midwest as an agent for the Company. The owners of Midwest are guarantors of the short-term line of credit Midwest has with CoBank, ACB. As of November 30, 2012, Midwest had outstanding short-term debt with CoBank, ACB of $8.7 million, of which $5.0 million was guaranteed by the Company.

The net cash used in operations was $258.6 million for the three months ended November 30, 2012 as compared to $281.9 million for the three months ended November 30, 2011. This decrease in the use of cash of $23.3 million was primarily the result of the following:

- Reflected in the change in the net cash used in operating activities is a net cash increase of $ .3 million from the prior year which was the result of increased revenue of $45.7 million and a decrease in costs of $56.8 million partially offset by an increase in the member gross beet payment of $102.2 million.
- There was a net favorable change in assets and liabilities from the prior year of $23.0 million primarily comprised of the following:
    - The decrease in cash related to receivables of $9.9 million is primarily due to the timing of the deliveries of products and collections.
    - The decrease in cash related to the change in inventories of $154.9 million was primarily due to an increase in the tons of unprocessed sugarbeets and in the hundredweight of sugar inventories partially offset by a decreased net realizable value per hundredweight of sugar.
    - The net decrease in cash of $27.0 million related to changes in accounts payable of $21.7 million, other liabilities of $1.5 million, advances to related parties of $3.6 million, and prepaid expenses of $ .2 million are primarily due to the timing of payments.
    - The increase in cash related to changes in accrued continuing costs of $49.2 million was the result of the differences in the timing of actual revenues and expenses and forecasted revenues and expenses between the two years.
    - The increase in cash related to the Amount Due Growers of $165.6 million was due to an increase in the current year' s total estimated grower payment resulting from an increase in tons harvested and a higher forecasted per ton grower payment this year as compared to this time last year.

The net cash used in investing activities was $14.5 million for the three months ended November 30, 2012 as compared to $11.9 million for the three months ended November 30, 2011. The increase of $2.6 million was primarily due to increased purchases of property and equipment of $1.8 million and increased purchases of property and equipment held for lease of $ .4 million.

The net cash provided by financing activities was $273.1 million for the three months ended November 30, 2012 as compared to $293.8 million for the three months ended November 30, 2011. This decrease of $20.7 million was primarily due to decreased net proceeds from short-term debt of $19.8 million and increased distributions to noncontrolling interests of $ .9 million.



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The Company anticipates that the funds necessary for working capital requirements and future capital expenditures will be derived from operations and unit retains along with short-term and long-term borrowings.

**OTHER**

**Significant Accounting Policies and Estimates**

The Company' s significant accounting policies are described in Note 1, *Principal Activity and Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in the Company' s Annual Report on Form 10-K for the fiscal year ended August 31, 2012. The Company' s critical accounting estimates are discussed in Item 7, *Management' s Discussion and Analysis of Financial Condition and Results of Operations*, included in the Company' s Annual Report on Form 10-K for the fiscal year ended August 31, 2012. There has been no significant change in the Company' s significant accounting policies or critical accounting estimates since the end of fiscal 2012.

**Environmental**

The Company is subject to extensive federal and state environmental laws and regulations with respect to water and air quality, solid waste disposal and odor and noise control. The Company conducts an ongoing compliance program designed to meet these environmental laws and regulations. The Company believes that it is in substantial compliance with applicable environmental laws and regulations. From time to time, however, the Company may be involved in investigations or determinations regarding matters that may arise in the ordinary course of business. The Company works closely with all affected government agencies to resolve environmental issues that have arisen and believes such issues will be resolved without any material adverse effect on the Company.

The Company' s sugar manufacturing process is energy intensive and generates carbon dioxide and other "Greenhouse Gases" (GHGs). Several bills have been passed or introduced in the United States Senate and House of Representatives that would regulate GHG emissions to reduce the impact of global climate change. The Company believes that industries generating GHGs, including the Company, could be subject to either federal or state regulation relating to climate change policies in the relatively near future. These policies, if adopted, will increase the Company' s energy and other operating costs. Depending on how these policies address imports, the domestic sugar market may have a competitive disadvantage compared with imported sugar. These policies could have a significant negative impact on the Company' s beet payment to shareholders if the Company is not able to pass the increased costs on to its customers**.**

On August 12, 2011, the Company received a Finding of Violation and Notice of Violation from the United States Environmental Protection Agency (EPA) for alleged violations of the Clean Air Act concerning certain air emissions at the Company' s three Minnesota factories. The Company has had some preliminary discussions with the EPA concerning the alleged violations. The Company, at this time, cannot predict the outcome of these discussions or the financial impact, if any, resulting from the resolution of this matter.

The Company has identified capital expenditures for environmental related projects over the next three years at the Company' s factory locations of approximately $31.6 million.

**Employees**

Substantially all of the hourly employees at the Company' s factories, including full-time and seasonal employees, are represented by the BCTGM. The collective bargaining agreement for the Red River Valley factory employees expired on July 31, 2011. On July 31, 2011, the Red River Valley employees represented by the BCTGM rejected the Company' s new contract offer. On August 1, 2011, the Company locked out the Red River Valley union employees. The collective bargaining agreement for the Sidney, Montana, factory employees will expire on April 30, 2015. Office, clerical and management employees are not unionized, except for certain office employees at the Moorhead and Crookston,



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Minnesota, and Hillsboro, North Dakota, factories who are covered by the collective bargaining agreement with the BCTGM.

On August 1, 2011, the Company commenced operating its Red River Valley factories with contract replacement workers in order to meet its obligations to its customers and shareholders.  The Company is continuing to recruit and hire limited duration non-union employees to replace the contract workers. The Company cannot predict the time-frame for the resolution of this matter.

**Item 3.  Quantitative and Qualitative Disclosures about Market Risk**

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument.  The value of a financial instrument may change as a result of changes in the interest rates, exchange rates, commodity prices, equity prices and other market changes.  Market risk is attributed to all market-risk sensitive financial instruments, including long-term debt.

The Company does not believe that there is any material market risk exposure with respect to interest rates, exchange rates, commodity prices, equity prices and other market changes that would require disclosure under this item.

**Item 4.   Controls and Procedures**

The Company' s chief executive officer and chief financial officer have reviewed and evaluated the effectiveness of the Company' s disclosure controls and procedures (as defined in Rules 240.13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934) as of November 30, 2012.  Based on that review and evaluation, which included inquiries made to certain other employees of the Company, the chief executive officer and chief financial officer have concluded that the Company' s current disclosure controls and procedures, as designed and implemented, are effective in ensuring that information relating to the Company required to be disclosed in the reports the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission' s rules and forms, including ensuring that such information is accumulated and communicated to the Company' s management, including the chief executive officer and the chief financial officer, as appropriate to allow timely decisions regarding required disclosure.  There were no changes in the Company' s internal controls over financial reporting that occurred during the Company' s most recent fiscal quarter that may have materially affected, or are reasonably likely to materially affect, the Company' s internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1.  Legal Proceedings**

From time to time and in the ordinary course of its business, the Company is named as a defendant in legal proceedings related to various issues, including worker' s compensation claims, tort claims and contractual disputes.  The Company is currently involved in certain legal proceedings, which have arisen in the ordinary course of the Company' s business.  The Company is also aware of certain other potential claims, which could result in the commencement of legal proceedings.  The Company carries insurance, which provides protection against certain types of claims.  With respect to current litigation and potential claims of which the Company is aware, the Company' s management believes that (i) the Company has insurance protection to cover all or a portion of any judgments which may be rendered against the Company with respect to certain claims or actions and (ii) any judgments which may be entered against the Company and which may exceed such insurance coverage or which may arise in actions involving potential liabilities not covered by insurance policies are not likely to have a material adverse effect upon the Company, or its assets or operations.

The BCTGM has filed an unfair labor practices charge against the Company with the NLRB associated with the negotiations for a new collective bargaining agreement and the lockout of union



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employees upon the expiration of the previous collective bargaining agreement. The Company intends to vigorously defend its position but cannot predict the ultimate outcome of this matter.

**Item 1A. Risk Factors.**

For a detailed discussion of certain risk factors that could affect the Company's operations, financial condition or results for future periods, see Item 1A, Risk factors, in the Company's 2012 Annual Report on Form 10-K.

**The success or failure of our business is linked to certain government programs, regulations and legislation that may change in the future.**

The nature and scope of future legislation and regulation affecting the sugar market and industry cannot be predicted. The current price supports and market protections in place for sugar may not continue in their present forms. If the price support programs were eliminated in their entirety, or if certain protections the federal government provides from foreign competitors were materially reduced, the amount of sugar we can sell, the amount of sugarbeets we can process and the price for which we can sell our sugar may be impacted, which could reduce the profitability of our business. If legislation or government programs change, we may not be able to adopt strategies that would allow us to compete effectively in a greatly changed domestic market for sugar and the adverse effects could negatively impact the desirability of growing sugarbeets for delivery to us for processing, our financial results, and our continued viability.

The Food, Conservation and Energy Act of 2008 (Farm Bill) enacted in May, 2008, contains several provisions related to the domestic sugar industry aimed at achieving balance and stability in the U.S. sugar market while minimizing the cost to the Federal government. The Farm Bill applies to the 2008 through 2012 crop years. Recent legislative action has extended the current Farm Bill so as to include the 2013 crop year.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None

**Item 3. Defaults Upon Senior Securities.**

None

**Item 4. Mine Safety Disclosures.**

None

**Item 5. Other Information.**

None.



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**Item 6. Exhibits**

| Exhibit No. | Exhibit Description |
| --- | --- |

| | |
|---|---|
| 3.1 | Restated Articles of Incorporation of American Crystal Sugar Company is incorporated by reference to Exhibit 3(i) from the Company' s Registration Statement on Form S-1 (File No. 33-83868), declared effective November 23, 1994. |
| 3.2 | Restated By-laws of American Crystal Sugar Company is incorporated by reference to Exhibit 3(ii) from the Company' s Registration Statement on Form S-1 (File No. 333-11693), declared effective November 13, 1996. |
| 4.1 | Restated Articles of Incorporation of American Crystal Sugar Company is incorporated by reference to Exhibit 3(i) from the Company' s Registration Statement on Form S-1 (File No. 33-83868), declared effective November 23, 1994 |
| 4.2 | Restated By-laws of American Crystal Sugar Company is incorporated by reference to Exhibit 3(ii) from the Company' s Registration Statement on Form S-1 (File No. 333-11693), declared effective November 13, 1996. |
| 10.1 | Form of Operating Agreement between Registrant and ProGold Limited Liability Company is incorporated by reference to Exhibit 10(u) from the Company' s Registration Statement on Form S-1 (File No. 33-83868), declared effective November 23, 1994 |
| 10.2 | Registrant' s Senior Note Purchase Agreement is incorporated by reference to Exhibit 10.24 from the Company' s Annual Report on Form 10-K for the year ended August 31, 1999 (File/Film No. 99764763) filed on November 26, 1999. |
| 10.3 | Registrant' s Senior Note Inter-creditor and Collateral Agency Agreement is incorporated by reference to Exhibit 10.25 from the Company' s Annual Report on Form 10-K for the year ended August 31, 1999 (File/Film No. 99764763) filed on November 26, 1999. |
| 10.4 | Registrant' s Senior Note Restated Mortgage and Security Agreement is incorporated by reference to Exhibit 10.26 from the Company' s Annual Report on Form 10-K for the year ended August 31, 1999 (File/Film No. 99764763) filed on November 26, 1999. |
| *10.5 | Long Term Incentive Plan, dated June 23, 1999 is incorporated by reference to Exhibit 10.31 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2000 (File/Film No. 775168) filed on November 22, 2000. |
| *10.6 | Long Term Incentive Plan, dated August 24, 2005 is incorporated by reference to Exhibit 10.25 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2005 (File/Film No. 051224287) filed on November 23, 2005. |
| *10.7 | Employment Agreement dated March 21, 2007 between the Registrant and David A. Berg is incorporated by reference to Exhibit 10.26 from the Company' s Form 10-Q for the quarter ended February 28, 2007 (File/Film No. 07767289) filed on April 16, 2007. |
| 10.8 | Growers' Contract (5-year Agreement) for the crop years 2008 through 2012 is incorporated by reference to Exhibit 10.24 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2007 (File/Film No. 071273808) filed on November 29, 2007. |

| | |
|---|---|
| 10.9 | Amended and Restated Uniform Member Sugar Marketing Agreement between the Registrant and United Sugars Corporation dated September 20, 2007 is incorporated by reference to Exhibit 10.22 from the Company’ s Annual Report on Form 10-K for the year ended August 31, 2008 (File/Film No. 081215861) filed on November 26, 2008. |
| *10.10 | Restated Supplemental Executive Retirement Plan, dated December 5, 2008 is incorporated by reference to Exhibit 10.20 from the Company’ s Form 10-Q for the quarter ended November 30, 2008 (File/Film No. 09525944) filed on January 14, 2009. |
| *10.11 | Restated Board of Directors Deferred Compensation Plan, dated December 8, 2008 is incorporated by reference to Exhibit 10.21 from the Company’ s Form 10-Q for the quarter ended November 30, 2008 (File/Film No. 09525944) filed on January 14, 2009. |



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| *10.12 | First Amendment to 2005 Long-Term Incentive Plan, dated December 20, 2006 is incorporated by reference to Exhibit 10.22 from the Company’ s Form 10-Q for the quarter ended February 28, 2009 (File/Film No. 09747626) filed on April 14, 2009. |
| *10.13 | Second Amendment to 2005 Long-Term Incentive Plan, dated November 5, 2007 is incorporated by reference to Exhibit 10.23 from the Company’ s Form 10-Q for the quarter ended February 28, 2009 (File/Film No. 09747626) filed on April 14, 2009. |
| *10.14 | Third Amendment to 2005 Long-Term Incentive Plan, dated December 11, 2008 is incorporated by reference to Exhibit 10.24 from the Company’ s Form 10-Q for the quarter ended February 28, 2009 (File/Film No. 09747626) filed on April 14, 2009. |
| 10.15 | Amended and Restated Credit Agreement between the Registrant and CoBank, ACB dated July 30, 2009 is Incorporated by reference to Exhibit 10.17 from the Company’ s Annual Report on Form 10-K for the year ended August 31, 2009 (File/Film No. 091156997) filed on November 4, 2009. |
| 10.16 | Amended and Restated Uniform Member Marketing Agreement between the Registrant and Midwest Agri-Commodities Company dated September 1, 2009 is incorporated by reference to Exhibit 10.18 from the Company’ s Annual Report on Form 10-K for the year ended August 31, 2009 (File/Film No. 091156997) filed on November 4, 2009. |
| 10.17 | Amended and Restated Member Control Agreement between Registrant and Golden Growers Cooperative dated September 1, 2009 is incorporated by reference to Exhibit 10.19 from the Company’ s Annual Report on Form 10-K for the year ended August 31, 2009 (File/Film No. 091156997) filed on November 4, 2009. |
| 10.18 | First Amendment to Amended and Restated Credit Agreement between the Registrant and CoBank, ACB dated July 30, 2010 is incorporated by reference to Exhibit 10.20 from the Company’ s Annual Report on Form 10-K for the year ended August 31, 2010 (File/Film No. 101161560) filed on November 3, 2010. |
| *10.19 | Fourth Amendment to 2005 Long-Term Incentive Plan, dated August 1, 2010 is incorporated by reference to Exhibit 10.21 from the Company’ s Annual Report on Form 10-K for the year ended August 31, 2010 (File/Film No. 101161560) filed on November 3, 2010. |

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| 10.20 | Second Amendment to Amended and Restated Credit Agreement between the Registrant and CoBank, ACB dated November 4, 2010 is incorporated by reference to Exhibit 10.23 from the Company' s Form 10-Q for the quarter ended November 30, 2010 (File/Film No. 11528964) filed on January 14, 2011. |
| 10.21 | Third Amendment to Amended and Restated Credit Agreement between the Registrant and CoBank, ACB dated July 19, 2011 is incorporated by reference to Exhibit 10.23 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2011 (File/Film No. 111224383) filed on November 23, 2011. |
| *10.22 | Employment Agreement dated July 15, 2012 between the Registrant and Joseph J. Talley is incorporated by reference to Exhibit 10.22 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2012 (File/Film No. 121189319) filed on November 8, 2012. |
| *10.23 | First amendment to the Restated Supplemental Executive Retirement Plan, dated October 2, 2012 is incorporated by reference to Exhibit 10.23 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2012 (File/Film No. 121189319) filed on November 8, 2012. |
| 10.24 | Growers' Contract (5-year Agreement) for the crop years 2013 through 2017 is incorporated by reference to Exhibit 10.24 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2012 (File/Film No. 121189319) filed on November 8, 2012. |
| 10.25 | Fourth Amendment to the Amended and Restated Credit Agreement between the Registrant and CoBank, ACB dated November 2, 2012 is incorporated by reference to |





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|---|---|
| | Exhibit 10.25 from the Company' s Annual Report on Form 10-K for the year ended August 31, 2012 (File/Film No. 121189319) filed on November 8, 2012. |
| | Filed herewith electronically |
| 31.1 | Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-15(e)/15d-15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-15(e)/15d-15(e) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| **101 | The following materials from American Crystal Sugar Company' s Quarterly Report on Form 10-Q for the period ended November 30, 2012, filed with the SEC on January 14, 2013, formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets for at November 30, 2012 and 2011 and August 31, 2012, (ii) Consolidated Statements of Operations for the three-month periods ended November 30, 2012 and 2011, (iii) Consolidated Statements of Comprehensive Income for the three-month periods ended November 30, 2012 and |

2011, (iv) Consolidated Statements of Cash Flows for the three month periods ended November 30, 2012 and 2011, and (v) Notes to Consolidated Financial Statements.

*A management contract or compensatory plan required to be filed with this report.

** Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed part of a registration statement, prospectus or other document filed under the Securities Act of the Exchange Act, except as shall be expressly set forth by specific reference to such filings.

SIGNATURES

**Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.**

**AMERICAN CRYSTAL SUGAR COMPANY**
**(Registrant)**

**Date: January 14, 2013**

**/s/ Teresa Warne**
**Teresa Warne**
**Corporate Controller,**
**Chief Accounting Officer**
**Duly Authorized Officer**

**EXHIBIT 31.1**

**CERTIFICATIONS**

I, David A. Berg, certify that:

1. I have reviewed this report on Form 10-Q of American Crystal Sugar Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any changes in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and.

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors:

    a) all significant deficiencies and material weaknesses in the design or operation of the internal controls over financial reporting which are likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

| | |
|---|---|
| January 14, 2013 | /s/ David A. Berg |
| | David A. Berg |
| | Chief Executive Officer |

**EXHIBIT 31.2**

**CERTIFICATIONS**

I, Thomas S. Astrup, certify that:

1. I have reviewed this report on Form 10-Q of American Crystal Sugar Company (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any changes in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and.

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors:

   a) all significant deficiencies and material weaknesses in the design or operation of the internal controls over financial reporting which are likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

| | |
|---|---|
| January 14, 2013 | /s/ Thomas S. Astrup |
| | Thomas S. Astrup |
| | Chief Financial Officer |

**Exhibit 32.1**

**CERTIFICATE PURSUANT TO SECTION 906
OF SARBANES − OXLEY ACT OF 2002**

The undersigned, David A. Berg, Chief Executive Officer of American Crystal Sugar Company, (the "Company"), does hereby certify that to his knowledge:

1. The Company' s Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2012 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 14th day of January, 2013.

By: /s/ David A. Berg
Name: David A. Berg
Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**CERTIFICATE PURSUANT TO SECTION 906**
**OF SARBANES − OXLEY ACT OF 2002**

The undersigned, Thomas S. Astrup, Chief Financial Officer of American Crystal Sugar Company, (the "Company"), does hereby certify that to his knowledge:

1. The Company' s Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2012 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 14th day of January, 2013.

By: /s/ Thomas S. Astrup
Name: Thomas S. Astrup
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

| Members' Investments (Details) (USD $) In Thousands, except Share data, unless otherwise specified | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Preferred Stock:** | | | |
| Par Value (in dollars per share) | $ 76.77 | $ 76.77 | $ 76.77 |
| Shares Authorized | 600,000 | 600,000 | 600,000 |
| Shares Issued | 498,570 | 498,570 | 498,570 |
| Shares Outstanding | 498,570 | 498,570 | 498,570 |
| **Common Stock:** | | | |
| Par Value (in dollars per share) | $ 10.00 | $ 10.00 | $ 10.00 |
| Shares Authorized | 4,000 | 4,000 | 4,000 |
| Shares Issued | 2,765 | 2,764 | 2,770 |
| Shares Outstanding | 2,765 | 2,764 | 2,770 |
| **Components of Accumulated Other Comprehensive Income (Loss) as reflected in Member's Investments** | | | |
| Pension and Other Post-Retirement Benefits | $ (91,905) | $ (94,379) | $ (62,169) |
| Interest Rate Contract | (2,742) | (2,826) | (2,162) |
| Foreign Currency Forward Contracts | (2) | (20) | (3) |
| OCI of Equity Method Investees | (11,527) | (11,745) | (5,713) |
| Total Accumulated Other Comprehensive Income(Loss) | $ (106,176) | $ (108,970) | $ (70,047) |

| Short-Term Debt (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 | Nov. 30, 2012 Commodity Credit Corporation (CCC) | Nov. 30, 2012 Seasonal line of credit CoBank, ACB | Nov. 02, 2012 Seasonal line of credit CoBank, ACB | Nov. 30, 2011 Seasonal line of credit CoBank, ACB | Nov. 30, 2012 Short-term line of credit Wells Fargo Bank | Nov. 30, 2012 Commercial Paper | Nov. 30, 2011 Commercial Paper | Nov. 30, 2012 Commercial Paper Minimum | Nov. 30, 2011 Commercial Paper Minimum | Nov. 30, 2012 Commercial Paper Maximum | Nov. 30, 2011 Commercial Paper Maximum |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Short-term debt** | | | | | | | | | | | | | | |
| Maximum borrowings | | | | $ 183,000,000 | $ 410,000,000 | $ 350,000,000 | | $ 1,000,000 | | | | | | |
| Maximum borrowings | | | | | 350,000,000 | | | | | | | | | |
| Additional borrowing under line of credit, which can be utilized for either short-term or long-term borrowing purposes | | | | | | 50,000,000 | | | | | | | | |
| Short-Term Debt | 386,390,000 | 110,640,000 | 361,812,000 | | | | | | 386,400,000 | 361,800,000 | | | | |
| Fixed interest rate (as a percent) | | | | | | | | | | | 0.42% | 0.37% | 0.58% | 0.50% |
| Amount outstanding | | | | | 3,300,000 | | 3,300,000 | | | | | | | |
| Amount utilized for long-term borrowing purposes | | | | | 3,300,000 | | 9,300,000 | | | | | | | |
| Unused borrowing capacity | | | | | 68,000,000 | | 26,600,000 | | | | | | | |
| Unused borrowing capacity which can be utilized for short-term and long-term borrowings | | | | | $ 46,700,000 | | $ 25,600,000 | | | | | | | |

| Derivative Instruments and Hedging Activities (Tables) | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Derivative Instruments and Hedging Activities**

Schedule of Fair Value of Liability Derivatives

Fair Value of Liability Derivatives

| (In Thousands) | Balance Sheet Location | November 30 2012 | November 30 2011 | August 31 2012 |
|---|---|---|---|---|
| Derivatives Designated as Hedging Instruments: | | | | |
| Foreign Currency Forward Contracts | Other Current Liabilities | $ 2 | $ 3 | $ 20 |
| Interest Rate Contracts | Other Current Liabilities | 705 | 651 | 707 |
| Interest Rate Contracts | Other Long-Term Liabilities | 2,037 | 1,511 | 2,119 |
| Total Liability Derivatives | | $ 2,744 | $ 2,165 | $ 2,846 |

| Fair Value of Financial Instruments (Details) (USD $) | Nov. 30, 2012 | Nov. 30, 2011 |
|---|---|---|
| **Fair Value of Financial Instruments** | | |
| Fair value of the long-term debt | $ 144,600,000 | $ 145,800,000 |
| Carrying value of the long-term debt | 128,600,000 | 134,400,000 |
| Recurring basis \| Level 1 | | |
| **Assets and liabilities measured at fair value** | | |
| Fair Value of Liabilities | 2,000 | 3,000 |
| Recurring basis \| Level 1 \| Foreign Currency Forward Contracts | | |
| **Assets and liabilities measured at fair value** | | |
| Fair Value of Liabilities | 2,000 | 3,000 |
| Recurring basis \| Level 2 | | |
| **Assets and liabilities measured at fair value** | | |
| Fair Value of Liabilities | 2,742,000 | 2,162,000 |
| Recurring basis \| Level 2 \| Interest Rate Contracts | | |
| **Assets and liabilities measured at fair value** | | |
| Fair Value of Liabilities | 2,742,000 | 2,162,000 |
| Recurring basis \| Total | | |
| **Assets and liabilities measured at fair value** | | |
| Fair Value of Liabilities | 2,744,000 | 2,165,000 |
| Recurring basis \| Total \| Foreign Currency Forward Contracts | | |
| **Assets and liabilities measured at fair value** | | |
| Fair Value of Liabilities | 2,000 | 3,000 |
| Recurring basis \| Total \| Interest Rate Contracts | | |
| **Assets and liabilities measured at fair value** | | |
| Fair Value of Liabilities | $ 2,742,000 | $ 2,162,000 |

| Derivative Instruments and Hedging Activities (Details 2) (Derivatives Designated as Hedging Instruments, USD $) In Thousands, unless otherwise specified | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Derivative instruments and hedging activities** | | | |
| Fair Value of Liability Derivatives | $ 2,744 | $ 2,846 | $ 2,165 |
| Foreign Currency Forward Contracts \| Other Current Liabilities | | | |
| **Derivative instruments and hedging activities** | | | |
| Fair Value of Liability Derivatives | 2 | 20 | 3 |
| Interest Rate Contracts \| Other Current Liabilities | | | |
| **Derivative instruments and hedging activities** | | | |
| Fair Value of Liability Derivatives | 705 | 707 | 651 |
| Interest Rate Contracts \| Other Long-Term Liabilities | | | |
| **Derivative instruments and hedging activities** | | | |
| Fair Value of Liability Derivatives | $ 2,037 | $ 2,119 | $ 1,511 |

| Accounts Receivable and Credit Policies | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Accounts Receivable and Credit Policies** | |
| Accounts Receivable and Credit Policies | **Note 3:  Accounts Receivable and Credit Policies**<br><br>The Company grants credit, individually and through its marketing cooperatives, to its customers, which are primarily companies in the food processing industry located throughout the United States.<br><br>Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 15 to 90 days from the invoice date.  The receivables are non-interest bearing.  Trade receivables are stated at the amount billed to the customer.  Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.<br><br>Ongoing credit evaluations of customers' financial condition are performed and the Company maintains a reserve for potential credit losses.  The carrying amount of trade receivables is reduced by a valuation allowance that reflects the Company's best estimate of the amounts that will not be collected. The Company determines a receivable to be uncollectable and is written off against the reserve based on several criteria including such items as the credit evaluation of a customer's financial condition, the aging of the receivable and previous unsuccessful collection efforts. |

| Environmental Matters (Details) (USD $) In Millions, unless otherwise specified | 1 Months Ended Aug. 31, 2011 item | 3 Months Ended Nov. 30, 2012 |
|---|---|---|
| **Environmental Matters** | | |
| Number of Minnesota factories at which environmental violations were alleged by US EPA | 3 | |
| Period over which the entity identified capital expenditures for environmental related projects | | 3 years |
| Identified capital expenditures for environmental related projects | | $ 31.6 |

| Fair Value of Financial Instruments (Tables) | 3 Months Ended Nov. 30, 2012 |
| --- | --- |

**Fair Value of Financial Instruments**

Schedule of assets and liabilities measured at fair value on a recurring basis

Fair Value of Liabilities as of November 30, 2012

| (In Thousands) | Level 1 | Level 2 | Level 3 | Total |
| --- | --- | --- | --- | --- |
| Foreign Currency Forward Contracts | $ 2 | $ — | $ — | $ 2 |
| Interest Rate Contracts | $ — | $ 2,742 | $ — | $ 2,742 |
| Total | $ 2 | $ 2,742 | $ — | $ 2,744 |

Fair Value of Liabilities as of November 30, 2011

| (In Thousands) | Level 1 | Level 2 | Level 3 | Total |
| --- | --- | --- | --- | --- |
| Foreign Currency Forward Contracts | $ 3 | $ — | $ — | $ 3 |
| Interest Rate Contracts | — | 2,162 | — | 2,162 |
| Total | $ 3 | $ 2,162 | $ — | $ 2,165 |

| Segment Reporting (Tables) | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Segment Reporting**

Summary of financial information concerning the reportable segments

| (In Thousands) | For the Three Months Ended November 30, 2012 Sugar | Leasing | Consolidated |
|---|---|---|---|
| Net Revenue from External Customers | $ 402,512 | $ 6,425 | $ 408,937 |
| Gross Proceeds | $ 436,751 | $ 3,576 | $ 440,327 |
| Depreciation and Amortization | $ 14,238 | $ 2,849 | $ 17,087 |
| Interest Income | $ 2 | $ — | $ 2 |
| Interest Expense | $ 1,867 | $ — | $ 1,867 |
| Income from Equity Method Investees | $ — | $ — | $ — |
| Other Income/ (Expense), Net | $ 17 | $ (18) | $ (1) |
| Consolidated Net Proceeds | $ 287,677 | $ 3,534 | $ 291,211 |
| | | | |
| Capital Additions | $ 5,107 | $ 950 | $ 6,057 |

| (In Thousands) | For the Three Months Ended November 30, 2011 Sugar | Leasing | Consolidated |
|---|---|---|---|
| Net Revenue from External Customers | $ 357,224 | $ 6,048 | $ 363,272 |
| Gross Proceeds | $ 278,899 | $ 3,191 | $ 282,090 |
| Depreciation and Amortization | $ 14,658 | $ 2,857 | $ 17,515 |
| Interest Income | $ 17 | $ — | $ 17 |
| Interest Expense | $ 1,681 | $ — | $ 1,681 |
| Income from Equity Method Investees | $ 19 | $ — | $ 19 |
| Other Expense, Net | $ (5) | $ — | $ (5) |
| Consolidated Net Proceeds | $ 185,105 | $ 3,168 | $ 188,273 |
| | | | |
| Capital Additions | $ 5,322 | $ 573 | $ 5,895 |

| (In Thousands) | As of November 30, 2012 Sugar | Leasing | Consolidated |
|---|---|---|---|
| Property and Equipment, Net | $ 397,016 | $ — | $ 397,016 |
| Assets Held for Lease, Net | $ — | $82,179 | $ 82,179 |
| Segment Assets | $1,417,378 | $84,667 | $1,502,045 |

As of November 30, 2011

| (In Thousands) | Sugar | Leasing | Consolidated |
|---|---|---|---|
| Property and Equipment, Net | $ 389,260 | $ — | $ 389,260 |
| Assets Held for Lease, Net | $ — | $90,540 | $ 90,540 |
| Segment Assets | $1,217,554 | $93,779 | $1,311,333 |

| | As of August 31, 2012 | | |
|---|---|---|---|
| (In Thousands) | Sugar | Leasing | Consolidated |
| Property and Equipment, Net | $405,951 | $ — | $ 405,951 |
| Assets Held for Lease, Net | $ — | $84,095 | $ 84,095 |
| Segment Assets | $812,880 | $86,600 | $ 899,480 |

| SUBSEQUENT EVENTS: (Details) (Subsequent event, USD $)<br>In Millions, unless otherwise specified | 0 Months Ended<br>Jan. 02, 2013 |
|---|---|
| Subsequent event | |
| **Subsequent events** | |
| Amount authorized for revolvement of unit retains for distribution | $ 26.2 |

| Basis of Presentation (Details) | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Basis of Presentation** | |
| Percentage of ownership interest held by entity | 51.00% |

| Accounts Receivable and Credit Policies (Details) | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| Minimum | |
| **Trade Receivables** | |
| Trade receivables payment period | 15 days |
| Maximum | |
| **Trade Receivables** | |
| Trade receivables payment period | 90 days |

| Recently Issued Accounting Pronouncements | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Recently Issued Accounting Pronouncements** | |
| Recently Issued Accounting Pronouncements | **Note 2: Recently Issued Accounting Pronouncements**<br><br>In June 2011, the FASB issued an update to the authoritative guidance which improves the comparability, consistency and transparency of financial reporting and increases the prominence of items reported in other comprehensive income. The guidance provided by this update became effective and was adopted by the Company in the first quarter of fiscal 2013.<br><br>In September 2011, the FASB issued an update to the authoritative guidance which reduces the complexity and cost by allowing for a qualitative evaluation about the likelihood of goodwill impairment to determine whether the calculation of the fair value of a reporting unit is required. The guidance provided by this update became effective and was adopted by the Company in the first quarter of fiscal 2013.<br><br>In December 2011, the FASB issued an update to the authoritative guidance which defers the effective date of the presentation of reclassification adjustments out of accumulated other comprehensive income. The guidance provided by this update became effective and was adopted by the Company in the first quarter of fiscal 2013.<br><br>In December 2011, the FASB issued an update to the authoritative guidance which requires disclosure information about offsetting and related arrangements for financial instruments and derivative instruments. The guidance provided by this update becomes effective for the Company in the first quarter of fiscal 2014. The Company does not expect that the adoption of this guidance will have a material effect on the Company’s financial statements. |

| Inventories (Details) (USD $) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Inventories** | | | |
| Sugar, Agri-Products, and Sugarbeet Seed | $ 350,187,000 | $ 193,352,000 | $ 271,873,000 |
| Unprocessed Sugarbeets | 487,151,000 | 11,575,000 | 380,312,000 |
| Operating Supplies and Maintenance Parts | 64,568,000 | 67,759,000 | 66,111,000 |
| Total Inventories | 901,906,000 | 272,686,000 | 718,296,000 |
| Reserve for inventory obsolescence | $ 17,800,000 | $ 16,900,000 | $ 15,400,000 |

| Shipping and Handling Costs (Details) (USD $)<br>In Millions, unless otherwise specified | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Shipping and Handling Costs** | | |
| Shipping and handling costs | $ 53.4 | $ 47.8 |

| Consolidated Balance Sheets (USD $) In Thousands, unless otherwise specified | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Current Assets:** | | | |
| Cash and Cash Equivalents | $ 126 | $ 123 | $ 127 |
| **Receivables:** | | | |
| Trade | 80,180 | 72,314 | 76,623 |
| Members | 5,590 | 4,817 | 4,548 |
| Other | 5,033 | 5,938 | 5,749 |
| Advances to Related Parties | 8,909 | 34,619 | 3,072 |
| Inventories | 901,906 | 272,686 | 718,296 |
| Prepaid Expenses | 2,760 | 904 | 2,381 |
| Total Current Assets | 1,004,504 | 391,401 | 810,796 |
| **Property and Equipment:** | | | |
| Land and Land Improvements | 88,578 | 88,186 | 83,781 |
| Buildings | 137,160 | 137,156 | 135,378 |
| Equipment | 1,029,117 | 1,023,625 | 994,992 |
| Construction in Progress | 8,239 | 9,353 | 4,217 |
| Less Accumulated Depreciation | (866,078) | (852,369) | (829,108) |
| Net Property and Equipment | 397,016 | 405,951 | 389,260 |
| Net Property and Equipment Held for Lease | 82,179 | 84,095 | 90,540 |
| **Other Assets:** | | | |
| Investments in CoBank, ACB | 6,131 | 6,131 | 7,348 |
| Investments in Marketing Cooperatives | 82 | 82 | 1,098 |
| Other Assets | 12,133 | 11,820 | 12,291 |
| Total Other Assets | 18,346 | 18,033 | 20,737 |
| Total Assets | 1,502,045 | 899,480 | 1,311,333 |
| **Current Liabilities:** | | | |
| Short-Term Debt | 386,390 | 110,640 | 361,812 |
| Current Maturities of Long-Term Debt | 280 | 280 | 5,765 |
| Accounts Payable | 35,660 | 54,911 | 38,130 |
| Advances Due to Related Parties | 4,322 | 5,307 | 4,029 |
| Accrued Continuing Costs | 67,970 | | 18,810 |
| Other Current Liabilities | 37,768 | 50,055 | 33,979 |
| Amounts Due Growers | 383,365 | 99,359 | 279,257 |
| Total Current Liabilities | 915,755 | 320,552 | 741,782 |
| Long-Term Debt, Net of Current Maturities | 128,360 | 128,360 | 128,640 |
| Accrued Employee Benefits | 94,868 | 94,653 | 62,400 |
| Advances Due to Related Parties | 4,815 | 5,033 | |
| Other Liabilities | 12,816 | 10,692 | 12,608 |
| Total Liabilities | 1,156,614 | 559,290 | 945,430 |
| Commitments and Contingencies | | | |
| **Members' Investments:** | | | |

| | | | |
|---|---|---|---|
| Preferred Stock, Shares Outstanding: 498,570; 498,570 and 498,570 | 38,275 | 38,275 | 38,275 |
| Common Stock, Shares Outstanding: 2,765; 2,770 and 2,764 | 28 | 28 | 28 |
| Additional Paid-In Capital | 152,261 | 152,261 | 152,261 |
| Unit Retains | 216,035 | 216,035 | 207,563 |
| Accumulated Other Comprehensive Income (Loss) | (106,176) | (108,970) | (70,047) |
| Retained Earnings (Accumulated Deficit) | 4,520 | 1,180 | (6,934) |
| Total American Crystal Sugar Company Members' Investments | 304,943 | 298,809 | 321,146 |
| Noncontrolling Interests | 40,488 | 41,381 | 44,757 |
| Total Members' Investments | 345,431 | 340,190 | 365,903 |
| Total Liabilities and Members' Investments | $ 1,502,045 | $ 899,480 | $ 1,311,333 |

| Consolidated Statements of Cash Flows (USD $) In Thousands, unless otherwise specified | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Cash Provided By (Used In) Operating Activities:** | | |
| Net Proceeds Attributable to American Crystal Sugar Company | $ 289,479 | $ 186,721 |
| Payments To/Due Members for Sugarbeets, Net of Unit Retains Declared | (286,139) | (183,940) |
| **Add (Deduct) Non-Cash Items:** | | |
| Depreciation and Amortization | 17,087 | 17,515 |
| Income from Equity Method Investees | | (19) |
| Loss on the Disposition of Property and Equipment | 18 | 21 |
| Deferred Gain Recognition | (16) | (16) |
| Noncontrolling Interests | 1,732 | 1,552 |
| **Changes in Assets and Liabilities:** | | |
| Receivables | (7,734) | 2,145 |
| Inventories | (629,220) | (474,258) |
| Prepaid Expenses | (1,856) | (1,646) |
| Advances To/Due to Related Parties | 24,725 | 28,310 |
| Accounts Payable | (11,277) | 10,414 |
| Accrued Continuing Costs | 67,970 | 18,810 |
| Other Liabilities | (7,353) | (5,868) |
| Amounts Due Growers | 284,006 | 118,371 |
| Net Cash Used In Operating Activities | (258,578) | (281,888) |
| **Cash Provided By (Used In) Investing Activities:** | | |
| Purchases of Property and Equipment | (13,082) | (11,247) |
| Purchases of Property and Equipment Held for Lease | (950) | (573) |
| Changes in Other Assets | (512) | (122) |
| Net Cash Used In Investing Activities | (14,544) | (11,942) |
| **Cash Provided By (Used In) Financing Activities:** | | |
| Net Proceeds from Short-Term Debt | 275,750 | 295,615 |
| Payment of Unit Retains | | (36) |
| Distributions to Noncontrolling Interests | (2,625) | (1,749) |
| Net Cash Provided By Financing Activities | 273,125 | 293,830 |
| Increase In Cash and Cash Equivalents | 3 | |
| Cash and Cash Equivalents, Beginning of Year | 123 | 127 |
| Cash and Cash Equivalents, End of Period | 126 | 127 |
| **Non-Cash Investing Activities:** | | |
| Purchases of Property and Equipment not yet paid | $ (7,975) | $ (5,925) |

| Interest Paid and Interest Capitalized (Details) (USD $) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Interest Paid and Interest Capitalized** | | |
| Interest paid, net of amounts capitalized | $ 3,200,000 | $ 3,000,000 |
| Interest capitalized | $ 7,000 | $ 2,000 |

| Legal Matters | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Legal Matters** | |
| Legal Matters | **Note 16: Legal Matters**<br><br>The Bakery, Confectionery, Tobacco Workers and Grain Millers (BCTGM) AFL-CIO has filed an unfair labor practices charge against the Company with the National Labor Relations Board (NLRB) associated with the negotiations for a new collective bargaining agreement and the lockout of union employees upon the expiration of the previous collective bargaining agreement. The Company intends to vigorously defend its position but cannot predict the ultimate outcome of this matter. |

| Derivative Instruments and Hedging Activities (Details) | | | | | 3 Months Ended | | 3 Months Ended | |
|---|---|---|---|---|---|---|---|---|
| | Nov. 30, 2012 Foreign Currency Forward Contracts Level 1 USD ($) | Nov. 30, 2012 Foreign Currency Forward Contracts Level 1 EUR (€) | Nov. 30, 2011 Foreign Currency Forward Contracts Level 1 USD ($) | Nov. 30, 2011 Foreign Currency Forward Contracts Level 1 EUR (€) | Nov. 30, 2012 Interest rate swap contract Level 2 USD ($) | Nov. 30, 2011 Interest rate swap contract Level 2 USD ($) | Nov. 30, 2012 Interest rate swap contract Level 2 Industrial Development Revenue Bond | Dec. 24, 2009 Interest rate swap contract Level 2 Industrial Development Revenue Bond USD ($) |
| **Derivative instruments and hedging activities** | | | | | | | | |
| Notional amount of cash flow hedges | | € 252,089 | | € 140,000 | | | | |
| Gain (loss) recorded in accumulated other comprehensive income (loss) | (2,000) | | (3,000) | | (2,700,000) | (2,200,000) | | |
| Amount of debt hedged | | | | | | | | 27,300,000 |
| Fixed interest rate (as a percent) | | | | | | | 2.827% | |
| Variable rate basis of interest rate swap | | | | | | | SIFMA | |
| Variable rate of interest based on the SIFMA index (as a percent) | | | | | | | 0.182% | |
| Loss classified as interest expense | | | | | 170,000 | | | |
| Amount of deferred net losses contained in accumulated other comprehensive income (loss), expected to be reclassified to earnings during the next 12 months | | | | | $ 705,000 | | | |

## Inventories (Tables)

**3 Months Ended Nov. 30, 2012**

**Inventories**

Schedule of major components of inventories

| (In Thousands) | November 30 2012 | November 30 2011 | August 31 2012 |
|---|---|---|---|
| Sugar, Agri-Products, and Sugarbeet Seed | $350,187 | $271,873 | $193,352 |
| Unprocessed Sugarbeets | 487,151 | 380,312 | 11,575 |
| Operating Supplies and Maintenance Parts | 64,568 | 66,111 | 67,759 |
| Total Inventories | $901,906 | $718,296 | $272,686 |

| Basis of Presentation | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Basis of Presentation** | |
| Basis of Presentation | **Note 1: Basis of Presentation**<br><br>The unaudited consolidated financial statements of American Crystal Sugar Company (Company) contained herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. These financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended August 31, 2012.<br><br>The Company's consolidated financial statements are comprised of: American Crystal Sugar Company; its wholly-owned subsidiaries Sidney Sugars Incorporated (Sidney Sugars) and Crab Creek Sugar Company (Crab Creek); and ProGold Limited Liability Company (ProGold), a limited liability company in which the Company holds a 51 percent ownership interest. All material inter-company transactions have been eliminated.<br><br>The operating results for the three months ended November 30, 2012 are not necessarily indicative of the results that may be expected for the year ended August 31, 2013. The amount paid to shareholders for sugarbeets (member beet payment) depends on the future selling prices of sugar and agri-products as well as processing and other costs incurred during the remainder of the fiscal year associated with the 2012 Red River Valley sugarbeet crop (RRV crop). The amount paid to non-member growers for sugarbeets (non-member beet payment) depends on the future selling prices of sugar and the related selling expenses associated with the 2012 Sidney Sugars sugarbeet crop (Sidney crop). For the purposes of this report, the amount of the beet payments, future revenues and costs have been estimated. Therefore, adjustments with respect to these estimates may be necessary in the future, as additional information becomes available. |

| Consolidated Balance Sheets (Parenthetical) | Nov. 30, 2012 | Aug. 31, 2012 | Nov. 30, 2011 |
|---|---|---|---|
| **Consolidated Balance Sheets** | | | |
| Preferred Stock, Shares Outstanding | 498,570 | 498,570 | 498,570 |
| Common Stock, Shares Outstanding | 2,765 | 2,764 | 2,770 |

## Members' Investments

**3 Months Ended Nov. 30, 2012**

**Members' Investments**

Members' Investments

**Note 11: Members' Investments**

| | | Par Value | Shares Authorized | Shares Issued & Outstanding |
|---|---|---|---|---|
| Preferred Stock: | | | | |
| November 30, 2012 | $ | 76.77 | 600,000 | 498,570 |
| August 31, 2012 | $ | 76.77 | 600,000 | 498,570 |
| November 30, 2011 | $ | 76.77 | 600,000 | 498,570 |
| | | | | |
| Common Stock: | | | | |
| November 30, 2012 | $ | 10.00 | 4,000 | 2,765 |
| August 31, 2012 | $ | 10.00 | 4,000 | 2,764 |
| November 30, 2011 | $ | 10.00 | 4,000 | 2,770 |

The components of Accumulated Other Comprehensive Income (Loss) as reflected in Members' Investments on the Consolidated Balance Sheets are as follows:

| | November 30 | | August 31 |
|---|---|---|---|
| (In Thousands) | 2012 | 2011 | 2012 |
| Pension and Other Post-Retirement Benefits | $ (91,905) | $ (62,169) | $ (94,379) |
| Interest Rate Contract | (2,742) | (2,162) | (2,826) |
| Foreign Currency Forward Contracts | (2) | (3) | (20) |
| OCI of Equity Method Investees | (11,527) | (5,713) | (11,745) |
| | | | |
| Total Accumulated Other Comprehensive Income (Loss) | $ (106,176) | $ (70,047) | $ (108,970) |

| Document and Entity Information | 3 Months Ended Nov. 30, 2012 | Jan. 09, 2013 |
|---|---|---|
| **Document and Entity Information** | | |
| Entity Registrant Name | AMERICAN CRYSTAL SUGAR CO /MN/ | |
| Entity Central Index Key | 0000004828 | |
| Document Type | 10-Q | |
| Document Period End Date | Nov. 30, 2012 | |
| Amendment Flag | false | |
| Current Fiscal Year End Date | --08-31 | |
| Entity Current Reporting Status | Yes | |
| Entity Filer Category | Non-accelerated Filer | |
| Entity Common Stock, Shares Outstanding | | 2,763 |
| Document Fiscal Year Focus | 2013 | |
| Document Fiscal Period Focus | Q1 | |

| Shipping and Handling Costs | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Shipping and Handling Costs** | |
| Shipping and Handling Costs | **Note 12: Shipping and Handling Costs**<br><br>The costs incurred for the shipping and handling of products sold are classified in the financial statements as a selling expense on the Statements of Operations. Shipping and handling costs were $53.4 million and $47.8 million for the three months ended November 30, 2012 and 2011, respectively. |

| Consolidated Statements of Operations (USD $) In Thousands, unless otherwise specified | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Consolidated Statements of Operations** | | |
| Net Revenue | $ 408,937 | $ 363,272 |
| Cost of Sales | (31,390) | 81,182 |
| Gross Proceeds | 440,327 | 282,090 |
| Selling, General and Administrative Expenses | 76,959 | 71,424 |
| Accrued Continuing Costs | 67,970 | 18,810 |
| Operating Proceeds | 295,398 | 191,856 |
| **Other Income (Expense):** | | |
| Interest Income | 2 | 17 |
| Interest Expense, Net | (1,867) | (1,681) |
| Other, Net | (1) | 14 |
| Total Other Income (Expense) | (1,866) | (1,650) |
| Proceeds Before Income Tax Expense | 293,532 | 190,206 |
| Income Tax Expense | (2,321) | (1,933) |
| Consolidated Net Proceeds | 291,211 | 188,273 |
| Less: Net Proceeds Attributable to Noncontrolling Interests | (1,732) | (1,552) |
| Net Proceeds Attributable to American Crystal Sugar Company | 289,479 | 186,721 |
| **Credited (Charged) to American Crystal Sugar Company's Members' Investments:** | | |
| Non-Member Business Income | 3,340 | 2,781 |
| Net Credit to American Crystal Sugar Company's Members' Investments | 3,340 | 2,781 |
| Payments To/Due Members for Sugarbeets, Net of Unit Retains Declared | 286,139 | 183,940 |
| Total | $ 289,479 | $ 186,721 |

| Long-Term Debt | 3 Months Ended Nov. 30, 2012 |
| --- | --- |

**Long-Term Debt**

Long-Term Debt

**Note 6: Long-Term Debt**

The Company has a long-term debt line of credit through July 30, 2015 with CoBank, ACB of $60.8 million along with an additional $50.0 million, as mentioned in Note 5 above, which can be utilized for either short-term or long-term borrowing purposes. As of November 30, 2012, there was no outstanding balance with CoBank, ACB but the Company had $64.1 million in long-term letters of credit outstanding. The unused long-term line of credit as of November 30, 2012 was $46.7 million which can also be utilized for short-term borrowing purposes. In addition, the Company had long-term debt outstanding as of November 30, 2012 of $50 million from a private placement of Senior Notes that occurred in September 1998 and $78.6 million from four separate issuances of Pollution Control and Industrial Development Revenue Bonds.

As of November 30, 2011, there was no outstanding balance with CoBank, ACB. The Company had $70.1 million in long-term letters of credit outstanding and $15.1 million of the $50.0 million additional line of credit was utilized for short-term borrowing purposes as of November 30, 2011. The unused long-term line of credit as of November 30, 2011, was $25.6 million which can also be utilized for short-term borrowing purposes. In addition, the Company had long-term debt outstanding, as of November 30, 2011, of $50 million from a private placement of Senior Notes that occurred in September of 1998 and $84.4 million from five separate issuances of Pollution Control and Industrial Development Revenue Bonds.

| Short-Term Debt | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Short-Term Debt**

Short-Term Debt

**Note 5: Short-Term Debt**

The Company had a seasonal line of credit through November 2, 2012, with a consortium of lenders led by CoBank, ACB of $350.0 million along with an additional $50.0 million which can be utilized for either short-term or long-term borrowing purposes. On November 2, 2012, the Company entered into a Fourth Amendment to the Amended and Restated Credit Agreement between the Company and CoBank, ACB and received a Facility Increase Notice from CoBank, ACB increasing the Company's seasonal line of credit from $350.0 million to $410.0 million through May 31, 2013 at which time the seasonal line of credit will revert back to $350.0 million through July 19, 2015. The availability of the additional $50.0 million which can be utilized for either short-term or long-term borrowing purposes remains unchanged during this time. The Company also has a line of credit with Wells Fargo Bank for $1.0 million. The Company's commercial paper program provides short-term borrowings up to the amount of the CoBank, ACB seasonal line of credit. Any borrowings under the commercial paper program along with outstanding short-term letters of credit will act to reduce the available credit under the CoBank, ACB seasonal line of credit by a commensurate amount.

The Company can also utilize the Commodity Credit Corporation (CCC) to meet its short-term borrowing needs. The Company can borrow funds on a non-recourse basis from the CCC, with repayment of such funds secured by sugar. The limitations on such borrowings are based on the amount of the Company's sugar inventory and certain loan covenant restrictions by CoBank, ACB. As of November 30, 2012, the Company had the capacity to obtain non-recourse loans from the CCC of approximately $183.0 million. The Company has not utilized the CCC during fiscal 2013.

As of November 30, 2012, the Company had outstanding commercial paper of $386.4 million at interest rates of .42% to .58% and maturity dates between December 3, 2012 and February 28, 2013. The Company had no outstanding short-term debt with CoBank, ACB, Wells Fargo Bank or the CCC as of November 30, 2012. The Company had $3.3 million of short-term letters of credit outstanding and $3.3 million of the $50.0 million additional line of credit was utilized for long-term borrowing purposes as of November 30, 2012. The unused line of credit as of November 30, 2012 was $68.0 million which includes $46.7 million that can also be utilized for long-term borrowing purposes.

As of November 30, 2011, the Company had outstanding commercial paper of $361.8 million at interest rates of .37% to .50% and maturity dates between December 1, 2011 and January 27, 2012. The Company had no outstanding short-term debt with CoBank, ACB, Wells Fargo Bank or the CCC as of November 30, 2011. The Company had $3.3 million of short-term letters of credit outstanding and $9.3 million of the $50.0 million additional line of credit was utilized for long-term borrowing purposes as of November 30, 2011. The unused line of credit as of November 30, 2011 was $26.6 million which includes $25.6 million that can also be utilized for long-term borrowing purposes.

| Subsequent Events | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Subsequent Events** | |
| Subsequent Events | **Note 17: Subsequent Events**<br><br>The Company has evaluated events through the date that the financial statements were issued for potential recognition or disclosure in the November 30, 2012 financial statements.<br><br>On January 2, 2013, the Company's Board of Directors authorized the revolvement of \$26.2 million of unit retains for distribution on January 4, 2013. |

**Segment Reporting**

**Segment Reporting**

Segment Reporting

## 3 Months Ended
## Nov. 30, 2012

**Note 13: Segment Reporting**

The Company has identified two reportable segments: Sugar and Leasing. The sugar segment is engaged primarily in the production and marketing of sugar from sugarbeets. It also sells agri-products and sugarbeet seed. The leasing segment is engaged in the leasing of a corn wet-milling plant used in the production of high-fructose corn syrup sweetener. The segments are managed separately. There are no inter-segment sales. The leasing segment has a major customer that accounts for all of that segment's revenue.

Summarized financial information concerning the Company's reportable segments for the three months ended November 30, 2012 and 2011 is shown below:

| | For the Three Months Ended November 30, 2012 | | |
|---|---|---|---|
| **(In Thousands)** | **Sugar** | **Leasing** | **Consolidated** |
| Net Revenue from External Customers | $ 402,512 | $ 6,425 | $ 408,937 |
| Gross Proceeds | $ 436,751 | $ 3,576 | $ 440,327 |
| Depreciation and Amortization | $ 14,238 | $ 2,849 | $ 17,087 |
| Interest Income | $ 2 | $ — | $ 2 |
| Interest Expense | $ 1,867 | $ — | $ 1,867 |
| Income from Equity Method Investees | $ — | $ — | $ — |
| Other Income/(Expense), Net | $ 17 | $ (18) | $ (1) |
| Consolidated Net Proceeds | $ 287,677 | $ 3,534 | $ 291,211 |
| | | | |
| Capital Additions | $ 5,107 | $ 950 | $ 6,057 |

| | For the Three Months Ended November 30, 2011 | | |
|---|---|---|---|
| **(In Thousands)** | **Sugar** | **Leasing** | **Consolidated** |
| Net Revenue from External Customers | $ 357,224 | $ 6,048 | $ 363,272 |
| Gross Proceeds | $ 278,899 | $ 3,191 | $ 282,090 |
| Depreciation and Amortization | $ 14,658 | $ 2,857 | $ 17,515 |
| Interest Income | $ 17 | $ — | $ 17 |
| Interest Expense | $ 1,681 | $ — | $ 1,681 |
| Income from Equity Method Investees | $ 19 | $ — | $ 19 |
| Other Expense, Net | $ (5) | $ — | $ (5) |
| Consolidated Net Proceeds | $ 185,105 | $ 3,168 | $ 188,273 |
| | | | |
| Capital Additions | $ 5,322 | $ 573 | $ 5,895 |

| | As of November 30, 2012 | | |
|---|---|---|---|
| **(In Thousands)** | **Sugar** | **Leasing** | **Consolidated** |
| Property and Equipment, Net | $ 397,016 | $ — | $ 397,016 |
| Assets Held for Lease, Net | $ — | $ 82,179 | $ 82,179 |
| Segment Assets | $ 1,417,378 | $ 84,667 | $ 1,502,045 |

| (In Thousands) | As of November 30, 2011 Sugar | Leasing | Consolidated |
|---|---|---|---|
| Property and Equipment, Net | $ 389,260 | $ — | $ 389,260 |
| Assets Held for Lease, Net | $ — | $ 90,540 | $ 90,540 |
| Segment Assets | $ 1,217,554 | $ 93,779 | $ 1,311,333 |

| (In Thousands) | As of August 31, 2012 Sugar | Leasing | Consolidated |
|---|---|---|---|
| Property and Equipment, Net | $ 405,951 | $ — | $ 405,951 |
| Assets Held for Lease, Net | $ — | $ 84,095 | $ 84,095 |
| Segment Assets | $ 812,880 | $ 86,600 | $ 899,480 |

| Accrued Continuing Costs | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Accrued Continuing Costs** | |
| Accrued Continuing Costs | **Note 9:  Accrued Continuing Costs**<br><br>For interim reporting, the net proceeds from member business is based on the estimated gross beet payment and the percentage of the tons of sugarbeets processed to the total estimated tons of sugarbeets to be processed for a given crop year.  The net proceeds from the operations of Sidney Sugars is based on the forecasted net income for the fiscal year and the percentage of the tons of non-member sugarbeets processed to the total estimated tons of non-member sugarbeets to be processed for a given fiscal year.<br><br>Accrued continuing costs represent the difference between the net proceeds as determined above and actual member business crop year and Sidney Sugars fiscal year revenues realized and expenses incurred through the end of the reporting period.  Accrued continuing costs are reflected in the Consolidated Financial Statements as a cost on the Consolidated Statements of Operations and as a current liability on the Consolidated Balance Sheets. |

| Interest Paid and Interest Capitalized | 3 Months Ended Nov. 30, 2012 |
| --- | --- |
| **Interest Paid and Interest Capitalized** | |
| Interest Paid and Interest Capitalized | **Note 7:  Interest Paid and Interest Capitalized**<br><br>Interest paid, net of amounts capitalized, was $3.2 million and $3.0 million for the three months ended November 30, 2012 and 2011, respectively.  Interest capitalized was $7,000 and $2,000 for the three months ended November 30, 2012 and 2011, respectively. |

| Derivative Instruments and Hedging Activities | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Derivative Instruments and Hedging Activities** | |
| Derivative Instruments and Hedging Activities | **Note 8: Derivative Instruments and Hedging Activities** |

The Company, as a result of its operating and financing activities, is exposed to changes in foreign currency exchange rates and interest rates which may adversely affect its results of operations and financial position. In seeking to minimize the risks and/or costs associated with such activities, the Company may enter into derivative contracts.

The Company manages its foreign currency related risks primarily through the use of foreign currency forward contracts. The contracts held by the Company are denominated in Euros. The Company has entered into foreign currency forward contracts that are designated as cash flow hedges of exchange rate risk related to foreign currency-denominated purchases of equipment. Inputs used to measure the fair value of the foreign currency forward contracts are contained within level 1 of the fair value hierarchy. At November 30, 2012, the Company had cash flow hedges for approximately 252,089 Euros with maturity dates of December 14, 2012 to September 16, 2013. At November 30, 2012, the fair value of the open contracts was a loss of approximately $2,000 recorded in accumulated other comprehensive income/(loss) in members' equity. At November 30, 2011, the Company had cash flow hedges for approximately 140,000 Euros with a maturity date of December 6, 2011. At November 30, 2011, the fair value of the open contracts was a loss of approximately $3,000 recorded in accumulated other comprehensive income/(loss) in members' equity. Amounts deferred to accumulated other comprehensive income/(loss) are reclassified into the cost of the equipment when the actual purchase takes place.

The Company is exposed to interest risk primarily through its borrowing activities. On December 24, 2009, the Company entered into an interest rate swap contract associated with a $27.3 million Industrial Development Revenue Bond issue that matures on September 1, 2019. The interest rate swap contract requires payment of a fixed interest rate of 2.827 % and the receipt of a variable rate of interest based on the Securities Industry and Financial Market Association (SIFMA) index of .182 % as of November 30, 2012 on $27.3 million of indebtedness. The Company has designated this interest rate swap contract as a cash flow hedge. Inputs used to measure the fair value of the interest rate swap contracts are contained within level 2 of the fair value hierarchy. As of November 30, 2012, the fair value of the cash flow hedge reflected a loss of approximately $2.7 million recorded in accumulated other comprehensive income/(loss) and will be reclassified to interest expense over the life of the swap contract. No ineffectiveness was recognized in earnings during the quarter ended November 30, 2012. The current period loss of $170,000 is classified as interest expense on the statements of operations. As of November 30, 2012, $705,000 of deferred net losses on the interest rate swap contract contained in accumulated other comprehensive income/(loss) are expected to be reclassified to earnings during the next 12 months. As of November 30, 2011, the fair value of the cash flow hedge reflected a loss of approximately $2.2 million recorded in accumulated other comprehensive income/(loss).

Fair Value of Liability Derivatives

| (In Thousands) | Balance Sheet Location | November 30 | | August 31 |
|---|---|---|---|---|
| | | 2012 | 2011 | 2012 |
| Derivatives Designated as Hedging Instruments: | | | | |
| Foreign Currency Forward Contracts | Other Current Liabilities | $ 2 | $ 3 | $ 20 |
| Interest Rate Contracts | Other Current Liabilities | 705 | 651 | 707 |
| Interest Rate Contracts | Other Long-Term Liabilities | 2,037 | 1,511 | 2,119 |
| Total Liability Derivatives | | $ 2,744 | $ 2,165 | $ 2,846 |

| Net Periodic Pension and Post-Retirement Costs | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Net Periodic Pension and Post-Retirement Costs**

Net Periodic Pension and Post-Retirement Costs

**Note 10: Net Periodic Pension and Post-Retirement Costs**

The following schedules provide the components of the Net Periodic Pension and Post-Retirement Costs for the three months ended November 30, 2012 and 2011:

***Components of Net Periodic Pension Cost***

| | For the Three Months Ended November 30 | |
|---|---|---|
| **(In Thousands)** | **2012** | **2011** |
| Service Cost | $ 542 | $ 1,116 |
| Interest Cost | 2,201 | 2,414 |
| Expected Return on Plan Assets | (3,490) | (3,128) |
| Amortization of Prior Service Costs | 2 | — |
| Amortization of Net Actuarial Loss | 2,415 | 1,782 |
| Net Periodic Pension Cost | $ 1,670 | $ 2,184 |

***Components of Net Periodic Post-Retirement Cost***

| | For the Three Months Ended November 30 | |
|---|---|---|
| **(In Thousands)** | **2012** | **2011** |
| Service Cost | $ 280 | $ 160 |
| Interest Cost | 382 | 420 |
| Amortization of Net Actuarial (Gain)/Loss | 57 | (177) |
| Net Periodic Post-Retirement Cost | $ 719 | $ 403 |

The Company did not make any contributions to the pension plans during the three months ended November 30, 2012 but is anticipating making total contributions of $6.8 million to the pension plans during the remainder of the fiscal year. The Company has contributed and made benefit payments of approximately $25,000 related to the Supplemental Executive Retirement Plans during the three months ended November 30, 2012. The Company expects to contribute and make benefit payments totaling approximately $99,000 this fiscal year related to the Supplemental Executive Retirement Plans.

The Company has contributed and made benefit payments of approximately $265,000 related to the post-retirement plans during the three months ended November 30, 2012. The Company expects to contribute and make benefit payments of approximately $1.3 million related to the post-retirement plans during the current fiscal year.

| Long-Term Debt (Details) (USD $) In Millions, unless otherwise specified | 3 Months Ended | |
| --- | --- | --- |
| | Nov. 30, 2012 item | Nov. 30, 2011 item |
| **Long-term debt** | | |
| Outstanding amount | $ 128.6 | $ 134.4 |
| Long-term line of credit \| CoBank, ACB | | |
| **Long-term debt** | | |
| Maximum borrowing capacity | 60.8 | |
| Additional borrowing under line of credit, which can be utilized for either short-term or long-term borrowing purposes | 50.0 | |
| Amount outstanding | 64.1 | 70.1 |
| Additional line of credit outstanding | | 15.1 |
| Unused borrowing capacity which can be utilized for short-term borrowings | 46.7 | 25.6 |
| Term Loans from Insurance Companies | | |
| **Long-term debt** | | |
| Outstanding amount | 50.0 | 50.0 |
| Pollution Control and Industrial Development Revenue Bonds | | |
| **Long-term debt** | | |
| Outstanding amount | $ 78.6 | $ 84.4 |
| Number of bond issuances | 4 | 5 |

| Environmental Matters | 3 Months Ended Nov. 30, 2012 |
|---|---|
| **Environmental Matters** | |
| Environmental Matters | **Note 15: Environmental Matters**<br><br>The Company is subject to extensive federal and state environmental laws and regulations with respect to water and air quality, solid waste disposal and odor and noise control. The Company conducts an ongoing compliance program designed to meet these environmental laws and regulations. The Company believes that it is in substantial compliance with applicable environmental laws and regulations. From time to time, however, the Company may be involved in investigations or determinations regarding matters that may arise in the ordinary course of business. The Company works closely with all affected government agencies to resolve environmental issues that have arisen and believes such issues will be resolved without any material adverse effect on the Company.<br><br>The Company's sugar manufacturing process is energy intensive and generates carbon dioxide and other "Greenhouse Gases" (GHGs). Several bills have been passed or introduced in the United States Senate and House of Representatives that would regulate GHG emissions to reduce the impact of global climate change. The Company believes that industries generating GHGs, including the Company, could be subject to either federal or state regulation relating to climate change policies in the relatively near future. These policies, if adopted, will increase the Company's energy and other operating costs. Depending on how these policies address imports, the domestic sugar market may have a competitive disadvantage compared with imported sugar. These policies could have a significant negative impact on the Company's beet payment to shareholders if the Company is not able to pass the increased costs on to its customers.<br><br>On August 12, 2011, the Company received a Finding of Violation and Notice of Violation from the United States Environmental Protection Agency (EPA) for alleged violations of the Clean Air Act concerning certain air emissions at the Company's three Minnesota factories. The Company has had some preliminary discussions with the EPA concerning the alleged violations. The Company, at this time, cannot predict the outcome of these discussions or the financial impact, if any, resulting from the resolution of this matter.<br><br>The Company has identified capital expenditures for environmental related projects over the next three years at the Company's factory locations of approximately $31.6 million. |

| Net Periodic Pension and Post-Retirement Costs (Tables) | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Net Periodic Pension and Post-Retirement Costs**

Schedule of components of Net Periodic Pension and Postretirement Costs

***Components of Net Periodic Pension Cost***

| | For the Three Months Ended November 30 | |
|---|---|---|
| **(In Thousands)** | **2012** | **2011** |
| Service Cost | $ 542 | $ 1,116 |
| Interest Cost | 2,201 | 2,414 |
| Expected Return on Plan Assets | (3,490) | (3,128) |
| Amortization of Prior Service Costs | 2 | — |
| Amortization of Net Actuarial Loss | 2,415 | 1,782 |
| Net Periodic Pension Cost | $ 1,670 | $ 2,184 |

***Components of Net Periodic Post-Retirement Cost***

| | For the Three Months Ended November 30 | |
|---|---|---|
| **(In Thousands)** | **2012** | **2011** |
| Service Cost | $ 280 | $ 160 |
| Interest Cost | 382 | 420 |
| Amortization of Net Actuarial (Gain)/Loss | 57 | (177) |
| Net Periodic Post-Retirement Cost | $ 719 | $ 403 |

| Segment Reporting (Details) (USD $) In Thousands, unless otherwise specified | 3 Months Ended | | |
|---|---|---|---|
| | Nov. 30, 2012 item | Nov. 30, 2011 | Aug. 31, 2012 |
| **Segment Reporting** | | | |
| Number of reportable segments | 2 | | |
| **Financial information concerning the reportable segments** | | | |
| Net Revenue from External Customers | $ 408,937 | $ 363,272 | |
| Gross Proceeds | 440,327 | 282,090 | |
| Depreciation and Amortization | 17,087 | 17,515 | |
| Interest Income | 2 | 17 | |
| Interest Expense | 1,867 | 1,681 | |
| Income from Equity Method Investees | | 19 | |
| Other Income/(Expense), Net | (1) | (5) | |
| Consolidated Net Proceeds | 291,211 | 188,273 | |
| Capital Additions | 6,057 | 5,895 | |
| Property and Equipment, Net | 397,016 | 389,260 | 405,951 |
| Assets Held for Lease, Net | 82,179 | 90,540 | 84,095 |
| Segment Assets | 1,502,045 | 1,311,333 | 899,480 |
| Sugar | | | |
| **Financial information concerning the reportable segments** | | | |
| Net Revenue from External Customers | 402,512 | 357,224 | |
| Gross Proceeds | 436,751 | 278,899 | |
| Depreciation and Amortization | 14,238 | 14,658 | |
| Interest Income | 2 | 17 | |
| Interest Expense | 1,867 | 1,681 | |
| Income from Equity Method Investees | | 19 | |
| Other Income/(Expense), Net | 17 | (5) | |
| Consolidated Net Proceeds | 287,677 | 185,105 | |
| Capital Additions | 5,107 | 5,322 | |
| Property and Equipment, Net | 397,016 | 389,260 | 405,951 |
| Segment Assets | 1,417,378 | 1,217,554 | 812,880 |
| Leasing | | | |
| **Financial information concerning the reportable segments** | | | |
| Net Revenue from External Customers | 6,425 | 6,048 | |
| Gross Proceeds | 3,576 | 3,191 | |
| Depreciation and Amortization | 2,849 | 2,857 | |
| Other Income/(Expense), Net | (18) | | |
| Consolidated Net Proceeds | 3,534 | 3,168 | |
| Capital Additions | 950 | 573 | |
| Assets Held for Lease, Net | 82,179 | 90,540 | 84,095 |
| Segment Assets | $ 84,667 | $ 93,779 | $ 86,600 |

| Consolidated Statements of Comprehensive Income (USD $) In Thousands, unless otherwise specified | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| **Consolidated Statements of Comprehensive Income** | | |
| Non-Member Business Income | $ 3,340 | $ 2,781 |
| Pension & Post-Retirement Adjustment | 2,474 | 1,605 |
| OCI of Equity Method Investees | 218 | 82 |
| Foreign Currency Forward Contract Adjustment | 18 | (7) |
| Derivative Interest Rate Contract Adjustment | 84 | 176 |
| Total Comprehensive Income | $ 6,134 | $ 4,637 |

| Inventories | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Inventories**

Inventories

**Note 4: Inventories**

The major components of inventories are as follows:

| (In Thousands) | November 30 2012 | November 30 2011 | August 31 2012 |
|---|---|---|---|
| Sugar, Agri-Products, and Sugarbeet Seed | $ 350,187 | $ 271,873 | $ 193,352 |
| Unprocessed Sugarbeets | 487,151 | 380,312 | 11,575 |
| Operating Supplies and Maintenance Parts | 64,568 | 66,111 | 67,759 |
| Total Inventories | $ 901,906 | $ 718,296 | $ 272,686 |

Sugar and agri-products inventories are valued at estimated net realizable value. Unprocessed sugarbeets are valued at the estimated gross beet payment. Operating supplies, maintenance parts and sugarbeet seed inventories are valued at the lower of average cost or market.

The Company's reserve for inventory obsolescence was $17.8 million, $15.4 million and $16.9 million as of November 30, 2012 and 2011 and August 31, 2012, respectively.

| Members' Investments (Tables) | 3 Months Ended Nov. 30, 2012 |
| --- | --- |

**Members' Investments**

Schedule of details of the Preferred Stock and Common Stock

| | Par Value | Shares Authorized | Shares Issued & Outstanding |
| --- | --- | --- | --- |
| Preferred Stock: | | | |
| November 30, 2012 | $76.77 | 600,000 | 498,570 |
| August 31, 2012 | $76.77 | 600,000 | 498,570 |
| November 30, 2011 | $76.77 | 600,000 | 498,570 |
| | | | |
| Common Stock: | | | |
| November 30, 2012 | $10.00 | 4,000 | 2,765 |
| August 31, 2012 | $10.00 | 4,000 | 2,764 |
| November 30, 2011 | $10.00 | 4,000 | 2,770 |

Schedule of components of Accumulated Other Comprehensive Income (Loss) as reflected in Member's Investments

| | November 30 | | August 31 |
| --- | --- | --- | --- |
| (In Thousands) | 2012 | 2011 | 2012 |
| Pension and Other Post-Retirement Benefits | $ (91,905) | $(62,169) | $ (94,379) |
| Interest Rate Contract | (2,742) | (2,162) | (2,826) |
| Foreign Currency Forward Contracts | (2) | (3) | (20) |
| OCI of Equity Method Investees | (11,527) | (5,713) | (11,745) |
| | | | |
| Total Accumulated Other Comprehensive Income (Loss) | $(106,176) | $(70,047) | $(108,970) |

| Net Periodic Pension and Post-Retirement Costs (Details) (USD $) | 3 Months Ended | |
|---|---|---|
| | Nov. 30, 2012 | Nov. 30, 2011 |
| Pension | | |
| **Net periodic pension and post-retirement costs** | | |
| Service Cost | $ 542,000 | $ 1,116,000 |
| Interest Cost | 2,201,000 | 2,414,000 |
| Expected Return on Plan Assets | (3,490,000) | (3,128,000) |
| Amortization of Prior Service Costs | 2,000 | |
| Amortization of Net Actuarial (Gain) Loss | 2,415,000 | 1,782,000 |
| Net Periodic Pension Cost | 1,670,000 | 2,184,000 |
| Total expected contribute and benefit payments during the fiscal year | 6,800,000 | |
| Post-Retirement | | |
| **Net periodic pension and post-retirement costs** | | |
| Service Cost | 280,000 | 160,000 |
| Interest Cost | 382,000 | 420,000 |
| Amortization of Net Actuarial (Gain) Loss | 57,000 | (177,000) |
| Net Periodic Pension Cost | 719,000 | 403,000 |
| Employer's contribution | 265,000 | |
| Total expected contribute and benefit payments during the fiscal year | 1,300,000 | |
| Supplemental Executive Retirement Plans | | |
| **Net periodic pension and post-retirement costs** | | |
| Employer's contribution | 25,000 | |
| Total expected contribute and benefit payments during the fiscal year | $ 99,000 | |

| Fair Value of Financial Instruments | 3 Months Ended Nov. 30, 2012 |
|---|---|

**Fair Value of Financial Instruments**

Fair Value of Financial Instruments

**Note 14: Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted market prices are generally not available for the Company's financial instruments. Fair values are based on judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates involve uncertainties and matters of judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

*Long-Term Debt, Inclusive of Current Maturities* - Based upon discounted cash flows and current borrowing rates with similar maturities, the fair value of the long-term debt as of November 30, 2012 was approximately $144.6 million in comparison to the carrying value of $128.6 million. The fair value of the long-term debt as of November 30, 2011 was approximately $145.8 million in comparison to the carrying value of $134.4 million.

*Investments in CoBank, ACB and Investments in Marketing Cooperatives* - The Company believes it is not practical to estimate the fair value of these investments without incurring excessive costs because there is no established market for these securities and equity interests, and it is inappropriate to estimate future cash flows which are largely dependent on future earnings of these organizations.

*Foreign Currency Forward Contracts* —Based on a variety of pricing factors, which include the market price of the foreign currency forward contract available in the dealer-market, the fair value of the open contracts as of November 30, 2012 was a liability of approximately $2,000. The fair value of the open contracts as of November 30, 2011 was a liability of approximately $3,000. Inputs used to measure the fair value of the foreign currency forward contracts are quoted prices in active markets for identical assets or liabilities and therefore are contained within level 1 of the fair value hierarchy. See the tables below.

*Interest Rate Contracts* — Based on the zero coupon method in which the term, notional amount, and repricing date of the interest rate swap match the term, repricing date, and principal amount of the interest-bearing liability on which the hedging interest payments are due, the fair value of the interest rate contract as of November 30, 2012 was a liability of approximately $2.7 million. The fair value of the interest rate contract as of November 30, 2011 was a liability of approximately $2.2 million. Inputs used to measure the fair value of the interest rate swap contracts are quoted prices in active markets for similar assets or liabilities and therefore are contained within level 2 of the fair value hierarchy. See the tables below.

The tables below reflect the assets and liabilities measured at fair value on a recurring basis as of November 30, 2012 and 2011.

Fair Value of Liabilities as of November 30, 2012

| (In Thousands) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Foreign Currency Forward Contracts | $ 2 | $ — | $ — | $ 2 |
| Interest Rate Contracts | $ — | $ 2,742 | $ — | $ 2,742 |
| Total | $ 2 | $ 2,742 | $ — | $ 2,744 |

Fair Value of Liabilities as of November 30, 2011

| (In Thousands) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Foreign Currency Forward Contracts | $ 3 | $ — | $ — | $ 3 |
| Interest Rate Contracts | — | 2,162 | — | 2,162 |
| Total | $ 3 | $ 2,162 | $ — | $ 2,165 |