BRICKMAN DAVID R
Form 4
March 14, 2019

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BRICKMAN DAVID R

(Last) (First) (Middle)

14160 DALLAS PARKWAY, SUITE 300

(Street)

DALLAS, TX 75254

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CAPITAL SENIOR LIVING CORP [CSU]

3. Date of Earliest Transaction (Month/Day/Year)
03/13/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP, Gen. Counsel & Secretary

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/13/2019		P		2,200	A	$ 4.5262 (1)	252,700	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BRICKMAN DAVID R 14160 DALLAS PARKWAY SUITE 300 DALLAS, TX 75254			SVP, Gen. Counsel & Secretary	

Signatures

/s/ David R. Brickman	03/14/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The price reported in Column 4 is a weighted average price. These shares were purchased in multiple transactions at prices ranging from $4.50 to $4.54, inclusive. The reporting person undertakes to provide to Capital Senior Living Corporation, any security holder of Capital Senior Living Corporation, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares purchased at each separate price within the ranges set forth in this footnote.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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	Company	Subsidiaries	Subsidiaries	Eliminations	Consolidated
Net income	$41,539	$64,128	$2,768	$(66,896)	$41,539
Other comprehensive income (loss):					
Foreign currency translation adjustments					

(8,115) (11,352) (19,467)

Pension and post-retirement reclassification adjustment, net of tax

759 759

Derivative reclassification adjustment, net of tax

81 81

Other comprehensive income (loss)

81 (7,356) (11,352) (18,627) Equity in other comprehensive income of subsidiaries (18,708) (11,352) 30,060

Comprehensive income

$22,912	$45,420	$(8,584)	$(36,836)	$22,912

Condensed Supplemental Consolidating Statement of Comprehensive Income

Six Months Ended June 30, 2012

(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 41,585	$ 73,919	$ 7,092	$ (81,011)	$ 41,585
Other comprehensive income (loss):					
Foreign currency translation adjustments		(735)	(1,049)		(1,784)
Pension and post-retirement reclassification adjustment, net of tax		561			561
Derivative reclassification adjustment, net of tax	81				81
Other comprehensive income (loss)	81	(174)	(1,049)		(1,142)
Equity in other comprehensive income of subsidiaries	(1,223)	(1,049)		2,272	
Comprehensive income	$ 40,443	$ 72,696	$ 6,043	$ (78,739)	$ 40,443

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TREEHOUSE FOODS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed Supplemental Consolidating Statement of Cash Flows

Six Months Ended June 30, 2013

(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ (15,554)	$ 153,551	$ (67,955)	$	$ 70,042
Cash flows from investing activities:					
Purchase of investments			(7,585)		(7,585)
Additions to property, plant and equipment	(156)	(31,175)	(4,310)		(35,641)
Additions to other intangible assets	(2,407)	(848)			(3,255)
Proceeds from sale of fixed assets		915	157		1,072
Net cash used in investing activities	(2,563)	(31,108)	(11,738)		(45,409)
Cash flows from financing activities:					
Borrowings under revolving credit facility	111,800				111,800
Payments under revolving credit facility	(195,800)				(195,800)
Payments on capitalized lease obligations		(1,149)			(1,149)
Intercompany transfer	121,021	(121,021)			
Net payments related to stock-based award activities	(1,192)				(1,192)
Excess tax benefits from stock-based compensation	1,097				1,097
Net cash provided by financing activities	36,926	(122,170)			(85,244)
Effect of exchange rate changes on cash and cash equivalents			(5,451)		(5,451)
Net increase in cash and cash equivalents	18,809	273	(85,144)		(66,062)
Cash and cash equivalents, beginning of period		269	94,138		94,407
Cash and cash equivalents, end of period	$ 18,809	$ 542	$ 8,994	$	$ 28,345

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TREEHOUSE FOODS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Condensed Supplemental Consolidating Statement of Cash Flows

Six Months Ended June 30, 2012

(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ (22,807)	$ 41,104	$ 76,321	$	$ 94,618
Cash flows from investing activities:					
Additions to property, plant and equipment	607	(25,526)	(5,100)		(30,019)
Additions to other intangible assets	(4,302)				(4,302)
Acquisition of business, net of cash acquired		(25,000)			(25,000)
Proceeds from sale of fixed assets		46			46
Net cash used in investing activities	(3,695)	(50,480)	(5,100)		(59,275)
Cash flows from financing activities:					
Borrowings under revolving credit facility	198,900				198,900
Payments under revolving credit facility	(160,400)				(160,400)
Payments on capitalized lease obligations		(1,033)			(1,033)
Intercompany transfer	(10,560)	10,560			
Excess tax benefits from stock-based compensation	2,440				2,440
Net payments related to stock-based award activities	(3,878)				(3,878)
Net cash provided by financing activities	26,502	9,527			36,029
Effect of exchange rate changes on cash and cash equivalents			(407)		(407)
Net increase in cash and cash equivalents		151	70,814		70,965
Cash and cash equivalents, beginning of period		6	3,273		3,279
Cash and cash equivalents, end of period	$	$ 157	$ 74,087	$	$ 74,244

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Business Overview

TreeHouse is a food manufacturer servicing primarily the retail grocery and foodservice distribution channels. Our products include non-dairy powdered creamers, private label canned soups, refrigerated and shelf stable salad dressings and sauces, powdered drink mixes, single serve hot beverages, hot cereals, macaroni and cheese, skillet dinners, Mexican sauces, jams and pie fillings, pickles and related products, aseptic sauces, and liquid non-dairy creamer. We believe we are the largest manufacturer of pickles and non-dairy powdered creamer in the United States, and the largest manufacturer of private label salad dressings, powdered drink mixes, and instant hot cereals in the United States and Canada, based on sales volume.

The following discussion and analysis presents the factors that had a material effect on our results of operations for the three and six months ended June 30, 2013 and 2012. Also discussed is our financial position as of the end of those periods. This discussion should be read in conjunction with the Condensed Consolidated Financial Statements and the Notes to those Condensed Consolidated Financial Statements included elsewhere in this report. This Management s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. See Cautionary Statement Regarding Forward-Looking Statements for a discussion of the uncertainties, risks and assumptions associated with these statements.

We discuss the following segments in this Management s Discussion and Analysis of Financial Condition and Results of Operations: North American Retail Grocery, Food Away From Home, and Industrial and Export. The key performance indicators of our segments are net sales dollars and direct operating income, which is gross profit less the cost of transporting products to customer locations (referred to in the tables below as freight out), commissions paid to independent sales brokers, and direct selling and marketing expenses. The segment results are presented on a consistent basis with the manner in which the Company reports its results to the chief operating decision maker, and does not include an allocation of taxes and other corporate expenses, including those associated with restructurings. See Note 21 of the Condensed Consolidated Financial Statements for additional information on the presentation of our reportable segments.

Our current operations consist of the following:

Our North American Retail Grocery segment sells branded and private label products to customers within the United States and Canada. These products include non-dairy powdered creamers; condensed and ready to serve soups, broths and gravies; refrigerated and shelf stable salad dressings and sauces; pickles and related products; Mexican sauces; jams and pie fillings; aseptic products; liquid non-dairy creamer; powdered drinks and single serve hot beverages; hot cereals; macaroni and cheese and skillet dinners.

Our Food Away From Home segment sells non-dairy powdered creamers; pickles and related products; Mexican sauces; refrigerated dressings; aseptic products; hot cereals; powdered drinks and single serve hot beverages to foodservice customers, including restaurant chains and food distribution companies, within the United States and Canada.

Our Industrial and Export segment includes the Company s co-pack business and non-dairy powdered creamer sales to industrial customers for use in industrial applications, including products for repackaging in portion control packages and for use as ingredients by other food manufacturers. The most common products sold in this segment include pickles and related products; Mexican sauces; infant feeding products; refrigerated dressings and single serve hot beverages. Export sales are primarily to industrial customers outside of North America.

The industry environment the Company operates in continues to be one that is challenged by the overall state of the economy, increased competition, and inconsistent volumes. These dynamics have manifested themselves in the operating results of TreeHouse and our peers, where the overall industry is experiencing continued volatility in sales and volumes.

Despite the challenging operating environment, the Company achieved a 1.4% increase in net sales for the six months ended June 30, 2013 as compared to the same period last year, due to additional sales from acquisitions and price increases. This increase was partially offset by a decrease in volume/mix driven primarily by the loss of certain soup business for a particular customer that will be reflected in the Company s results throughout the remainder of the year. For the three months ended June 30, 2013, the Company experienced a 0.2% decrease in net sales compared to the same period last year, due to decreased volume/mix, partially offset by additional sales from acquisitions and price increases. As previously stated, the decrease in volume/mix was primarily related to the loss of certain soup business for a particular customer. The loss of the soup business negatively impacted our net sales attributed to volume/mix by approximately 2.1% and 2.3% for the three and six months ended June 30, 2013, respectively. If not for the negative impact of the partial loss of soup business for a particular customer, the Company s consolidated change in net sales due to volume/mix would have been positive.

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Consistent with 2012, the Company continues to see sales and volumes shift to alternate retail channels, such as limited assortment and discount stores; however, the pace of the shift has slowed in the current year. The Company expects this trend to continue throughout 2013. In response to this continued shift, the Company has focused on lowering our cost to serve and aligned our offerings with shifting customer demands.

Total direct operating income, the measure of our segment profitability, improved to 16.5% and 16.4% of net sales for the three and six months ended June 30, 2013, respectively, representing a 250 and 160 basis point improvement for the respective periods as compared to the same periods last year. The increase in profitability is due to sales mix, pricing, cost containment, and reduced freight rates. The Company continues to experience volatility in energy and commodity prices, and expects that the volatility will continue with an overall upward trend.

Recent Developments

On August 8, 2013, the Company announced it had entered into a definitive agreement to acquire all of the outstanding equity interests of Associated Brands Management Holdings Inc., Associated Brands Holdings Limited Partnership, Associated Brands GP Corporation and 6726607 Canada Ltd., (collectively, Associated Brands), a privately owned Canadian company and a leading private label manufacturer of powdered drinks, specialty teas and sweeteners, from TorQuest Partners LLC and other shareholders. The Company has agreed to pay CAD $187 million in cash for the business, subject to an adjustment for working capital. The acquisition of Associated Brands is expected to strengthen the Company s retail presence in private label dry grocery and will introduce a line of specialty tea products to complement its fast growing single serve coffee business. Associated Brands has approximately $200 million in annual revenue. The transaction is expected to close in the third quarter of 2013, subject to the satisfaction of customary closing conditions, and will be financed through borrowings under the Company s existing $750 million credit facility.

On June 24, 2013, the Company announced it had entered into a definitive agreement to acquire all of the outstanding shares of Cains Foods, L.P. (Cains), a privately owned Ayer, Massachusetts based manufacturer of shelf stable mayonnaise, dressings and sauces, with approximately $80 million in annual revenue. The Cains product portfolio offers retail and foodservice customers a wide array of packaging sizes, sold under both private label and branded products. The Company agreed to pay $35 million in cash for the business, subject to an adjustment for working capital and taxes. The acquisition is expected to expand the Company s footprint in the Northeast United States, enhance its foodservice presence, and enrich its packaging capabilities. The transaction closed on July 1, 2013 and was financed through borrowings under the Company s existing $750 million credit facility.

The Company continues to monitor the soup restructuring and Seaforth closure. Total expected costs of the soup restructuring increased from $20.5 million as of March 31, 2013 to $26.7 million as of June 30, 2013, as estimates were refined and modifications to the plan were made to include the Company s conversion from Company owned and maintained wells to city water. Total expected costs of the Seaforth closure decreased to $12.3 million as of June 30, 2013 from $13.4 million as of March 31, 2013, as estimates were refined. While there were no significant changes in the plan, the expected closure date of the Seaforth facility has been extended to the fourth quarter of this year.

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Results of Operations

The following table presents certain information concerning our financial results, including information presented as a percentage of net sales:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2013		2012		2013		2012	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
	(Dollars in thousands)				(Dollars in thousands)			
Net sales	$ 526,346	100.0%	$ 527,421	100.0%	$ 1,066,456	100.0%	$ 1,051,232	100.0%
Cost of sales	416,778	79.2	420,830	79.8	842,716	79.0	829,709	78.9
Gross profit	109,568	20.8	106,591	20.2	223,740	21.0	221,523	21.1
Operating expenses:								
Selling and distribution	31,394	6.0	33,858	6.4	63,796	6.0	68,152	6.5
General and administrative	29,106	5.5	22,704	4.3	56,579	5.3	49,308	4.7
Other operating (income) expense, net	(136)		(49)		1,282	0.1	411	
Amortization expense	8,227	1.5	8,624	1.6	16,726	1.6	16,887	1.6
Total operating expenses	68,591	13.0	65,137	12.3	138,383	13.0	134,758	12.8
Operating income	40,977	7.8	41,454	7.9	85,357	8.0	86,765	8.3
Other expenses (income):								
Interest expense	12,230	2.3	12,452	2.4	25,008	2.4	25,664	2.5
Interest income	(322)	(0.1)	(14)		(1,000)	(0.1)	(14)	
Loss (gain) on foreign currency exchange	841	0.2	(450)	(0.1)	480		406	
Other expense (income), net	345	0.1	1,970	0.4	(368)		1,509	0.2
Total other expense	13,094	2.5	13,958	2.7	24,120	2.3	27,565	2.7
Income before income taxes	27,883	5.3	27,496	5.2	61,237	5.7	59,200	5.6
Income taxes	9,318	1.8	7,985	1.5	19,698	1.8	17,615	1.6
Net income	$ 18,565	3.5%	$ 19,511	3.7%	$ 41,539	3.9%	$ 41,585	4.0%

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Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Net Sales Second quarter net sales decreased 0.2%, to $526.3 million in 2013, compared to $527.4 million in the second quarter of 2012. The decrease is primarily driven by reductions in volume/mix related to the loss of certain soup business for a particular customer and volume/mix reductions in the aseptic products and pickles categories, partially offset by powdered drinks. This decrease in sales was partially offset by acquisitions and pricing activities. Net sales by segment are shown in the following table:

	Three Months Ended June 30,			
	2013	2012	$ Increase/ (Decrease)	% Increase/ (Decrease)
	(Dollars in thousands)			
North American Retail Grocery	$ 375,744	$ 371,500	$ 4,244	1.1%
Food Away From Home	85,675	87,885	(2,210)	(2.5)
Industrial and Export	64,927	68,036	(3,109)	(4.6)
Total	$ 526,346	$ 527,421	$ (1,075)	(0.2)%

Cost of Sales All expenses incurred to bring a product to completion are included in cost of sales. These costs include raw material and packaging costs, labor costs, facility and equipment costs, costs to operate and maintain our warehouses, and costs associated with transporting our finished products from our manufacturing facilities to distribution centers. Cost of sales as a percentage of net sales was 79.2% in the second quarter of 2013, compared to 79.8% in 2012. Contributing to the decrease in cost of sales as a percent of net sales was continued realization of favorable sales mix and operating efficiencies, partially offset by increased costs associated with sweeteners and thickeners, and $7.8 million of costs associated with restructurings and facility consolidations.

Operating Expenses Total operating expenses were $68.6 million in the second quarter of 2013, compared to $65.1 million in 2012.

Operating expenses in 2013 resulted from the following:

Selling and distribution expenses decreased $2.5 million, or 7.3%, in the second quarter of 2013 compared to 2012. This decrease was primarily due to decreased distribution and delivery costs resulting from efficiencies such as increased utilization of existing shipping capacity, strategic product positioning to reduce distribution expense, and greater use of rail shipments. Also contributing to the decrease were lower freight rates and volumes.

General and administrative expenses increased by $6.4 million in the second quarter of 2013 compared to 2012. This is primarily related to higher incentive compensation as incentive costs returned to normalized levels. Incentive compensation costs in 2012 were lower due to the Company s performance.

Other operating income in the second quarter of 2013 was $0.1 million, compared to an insignificant amount in 2012. The increase was primarily due to gains on the sale of equipment, partially offset by costs associated with the soup restructuring and Seaforth closure.

Amortization expense decreased $0.4 million in the second quarter of 2013 compared to 2012, due primarily to the complete amortization of several assets and projects, partially offset by the amortization of additional ERP system costs and intangible assets acquired in acquisitions.

Interest Expense Interest expense decreased slightly to $12.2 million in the second quarter of 2013, compared to $12.5 million in 2012, due to lower interest rates and debt levels.

Interest Income Interest income of $0.3 million relates to interest earned on the cash held by our Canadian subsidiary and gains on investments as discussed in Note 5 to our Condensed Consolidated Financial Statements.

Foreign Currency The Company s foreign currency impact was a $0.8 million loss for the second quarter of 2013, compared to a gain of $0.5 million in 2012, primarily due to fluctuations in currency exchange rates between the U.S. and Canadian dollar.

Other Expense (Income), Net Other expense was $0.3 million for the second quarter of 2013, compared to expense of $2.0 million in 2012, primarily consisting of mark to market losses on derivative contracts.

Income Taxes Income tax expense was recorded at an effective rate of 33.4% in the second quarter of 2013, compared to 29.0% in 2012. The increase in the effective tax rate for the three months ended June 30, 2013 as compared to 2012 is attributable to an increase in state tax expense and to the tax impact of a shift in revenues between tax jurisdictions.

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Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012 Results by Segment

North American Retail Grocery

	Three Months Ended June 30, 2013 Dollars	Percent	2012 Dollars	Percent
	(Dollars in thousands)			
Net sales	$ 375,744	100.0%	$ 371,500	100.0%
Cost of sales	291,193	77.5	291,373	78.4
Gross profit	84,551	22.5	80,127	21.6
Freight out and commissions	15,342	4.1	16,407	4.4
Direct selling and marketing	8,069	2.1	8,821	2.4
Direct operating income	$ 61,140	16.3%	$ 54,899	14.8%

Net sales in the North American Retail Grocery segment increased by $ 4.2 million, or 1.1%, in the second quarter of 2013 compared to 2012. The change in net sales from 2012 to 2013 was due to the following:

	Dollars	Percent
	(Dollars in thousands)	
2012 Net sales	$ 371,500	
Volume/mix	2,531	0.7%
Pricing	968	0.3
Acquisitions	1,498	0.4
Foreign currency	(753)	(0.3)
2013 Net sales	$ 375,744	1.1%

The increase in net sales from 2012 to 2013 resulted primarily from increases in volume/mix and acquisitions. During the second quarter, the Company experienced volume/mix increases in the powdered drinks, Mexican sauces, and dressings categories, partially offset by volume/mix decreases in the soup and pickles categories. The lost volume/mix in the soup category is the most significant and accounts for approximately a 2.9% loss in the North American Retail Grocery volume/mix, and relates to the partial loss of business for a particular customer. The remainder of the categories account for a 3.6% gain in volume/mix.

Cost of sales as a percentage of net sales in the second quarter of 2013 decreased when compared to the second quarter of 2012, as a favorable sales mix and cost savings from operating efficiencies were partially offset by an increase in input costs such as sweeteners and thickeners. Cost of sales in the second quarter of 2013 was relatively flat on a dollar basis as compared to the second quarter of 2012.

Freight out and commissions paid to independent sales brokers were $15.3 million in the second quarter of 2013, compared to $16.4 million in 2012, a decrease of 6.5%, primarily due to increased efficiencies such as increased utilization of existing shipping capacity, strategic product positioning to reduce distribution expense, and greater use of rail shipments. Also contributing to the decrease were lower freight rates.

Direct selling and marketing expenses were $8.1 million in the second quarter of 2013, and $8.8 million in 2012.

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Food Away From Home

	Three Months Ended June 30,			
	2013		2012	
	Dollars	Percent	Dollars	Percent
	(Dollars in thousands)			
Net sales	$ 85,675	100.0%	$ 87,885	100.0%
Cost of sales	68,754	80.2	71,996	81.9
Gross profit	16,921	19.8	15,889	18.1
Freight out and commissions	3,024	3.5	3,125	3.6
Direct selling and marketing	1,939	2.3	2,285	2.6
Direct operating income	$ 11,958	14.0%	$ 10,479	11.9%

Net sales in the Food Away From Home segment decreased by $2.2 million, or 2.5%, in the second quarter of 2013 compared to the prior year. The change in net sales from 2012 to 2013 was due to the following:

	Dollars	Percent
	(Dollars in thousands)	
2012 Net sales	$ 87,885	
Volume/mix	(7,294)	(8.3)%
Pricing	1,559	1.8
Acquisitions	3,657	4.2
Foreign currency	(132)	(0.2)
2013 Net sales	$ 85,675	(2.5)%

Net sales decreased during the second quarter of 2013, compared to 2012, primarily due to lower volume/mix in the aseptic and pickles categories, partially offset by acquisitions and increases in pricing.

Cost of sales as a percentage of net sales decreased to 80.2% in the second quarter of 2013, as compared to 81.9% in the second quarter of 2012, reflecting the rationalization of low margin aseptic business and cost savings from operating efficiencies that continued to be realized. The decrease in cost of sales in the second quarter of 2013 of $3.2 million is primarily related to decreased volumes.

Freight out and commissions paid to independent sales brokers were slightly lower in the second quarter of 2013, compared to 2012. Lower volume and reduced freight rates resulted in reduced costs. Freight costs did not decrease as much for Food Away From Home as they did for North American Retail Grocery, because most customers in the Food Away From Home segment pick up their products.

Direct selling and marketing was $1.9 million in the second quarter of 2013, and $2.3 million in 2012.

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Industrial and Export

	Three Months Ended June 30,			
	2013		2012	
	Dollars	Percent	Dollars	Percent
	(Dollars in thousands)			
Net sales	$ 64,927	100.0%	$ 68,036	100.0%
Cost of sales	49,721	76.6	57,461	84.5
Gross profit	15,206	23.4	10,575	15.5
Freight out and commissions	1,270	2.0	1,855	2.7
Direct selling and marketing	427	0.6	418	0.6
Direct operating income	$ 13,509	20.8%	$ 8,302	12.2%

Net sales in the Industrial and Export segment decreased $3.1 million, or 4.6%, in the second quarter of 2013, compared to the prior year. The change in net sales from 2012 to 2013 was due to the following:

	Dollars	Percent
	(Dollars in thousands)	
2012 Net sales	$ 68,036	
Volume/mix	(4,634)	(6.8)%
Pricing	135	0.2
Acquisitions	1,403	2.0
Foreign currency	(13)	
2013 Net sales	$ 64,927	(4.6)%

The decrease in net sales is primarily due to decreases in volume/mix, partially offset by acquisitions. Lower sales in the non-dairy powdered creamer and soup and infant feeding categories, were partially offset by higher sales in the powdered drink category.

Cost of sales as a percentage of net sales decreased from 84.5% in the second quarter of 2012, to 76.6% in 2013, due to a shift in sales mix to higher margin products and lower operating costs resulting from plant efficiencies.

Freight out and commissions paid to independent sales brokers were $1.3 million in the second quarter of 2013, and $1.9 million 2012. This decrease was primarily due to lower volume.

Direct selling and marketing was $0.4 million in the second quarter of 2013, and $0.4 million in 2012.

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Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Net Sales Net sales increased 1.4% to $1,066.5 million in the first six months of 2013, compared to $1,051.2 million in the first six months of 2012. The increase is primarily driven by increases in pricing and the acquisitions. Net sales by segment are shown in the following table:

	Six Months Ended June 30,			
	2013	2012	$ Increase/ (Decrease)	% Increase/ (Decrease)
	(Dollars in thousands)			
North American Retail Grocery	$ 761,825	$ 750,541	$ 11,284	1.5%
Food Away From Home	167,488	163,234	4,254	2.6%
Industrial and Export	137,143	137,457	(314)	(0.2)%
Total	$ 1,066,456	$ 1,051,232	$ 15,224	1.4%

Cost of Sales All expenses incurred to bring a product to completion are included in cost of sales. These costs include raw materials, ingredient and packaging costs, labor costs, facility and equipment costs, costs to operate and maintain our warehouses, and costs associated with transporting our finished products from our manufacturing facilities to distribution centers. Cost of sales as a percentage of net sales was 79.0% in the first six months of 2013, compared to 78.9% in 2012. Contributing to the increase in cost of sales, as a percent of net sales, was $13.7 million of costs associated with restructurings and facility consolidations, and lower than average margins associated with the Naturally Fresh acquisition, partially offset by operating efficiencies and lower input costs.

Operating Expenses Total operating expenses were $138.4 million during the first six months of 2013, compared to $134.8 million in 2012. The increase in 2013 resulted from the following:

Selling and distribution expenses decreased $4.4 million, or 6.4%, in the first six months of 2013 compared to 2012, primarily due to decreased distribution and delivery costs resulting from efficiencies such as increased utilization of existing shipping capacity, strategic product positioning to reduce distribution expense, and greater use of rail shipments. Also contributing to the decrease were lower freight rates and volume, partially offset by the acquisition of Naturally Fresh.

General and administrative expenses increased $7.3 million in the first six months of 2013, compared to 2012. The increase is primarily related to increases in incentive based compensation expense as incentive costs returned to normalized levels and the acquisition of Naturally Fresh.

Amortization expense decreased $0.2 million in the first six months of 2013, compared to the first six months of 2012, due primarily to the complete amortization of several assets and projects, partially offset by additional amortization from intangibles acquired in acquisitions.

Other operating expense was $1.3 million in the first six months of 2013, compared to $0.4 million in the first six months of 2012. Expenses in the first six months of 2013 primarily consist of costs related to restructurings and facility closures. Expenses in 2012 were primarily due to executor costs related to previously closed facilities.

Interest Expense Interest expense decreased to $25.0 million in the first six months of 2013, compared to $25.7 million in 2012, due to a decrease in interest rates and lower debt levels.

Interest Income Interest income of $1.0 million relates to interest earned on the cash held by our Canadian subsidiary and gains on investments as discussed in Note 5 to our Condensed Consolidated Financial Statements.

Foreign Currency The Company s foreign currency loss was $0.5 million for the six months ended June 30, 2013 compared to a loss of $0.4 million in 2012, due to fluctuations in currency exchange rates between the U.S. and Canadian dollar.

Other Expense (Income), Net Other income was $0.4 million in the first six months of 2013 compared to expense of $1.5 million in 2012, primarily due to mark to market gain on commodity contracts.

Income Taxes Income tax expense was recorded at an effective rate of 32.2% in the first six months of 2013, compared to 29.8% in 2012. The increase in the effective tax rate for the six months ended June 30, 2013 as compared to 2012 is attributable to an increase in state tax expense and to the tax impact of a shift in revenues between tax jurisdictions.

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Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012 Results by Segment

North American Retail Grocery

	Six Months Ended June 30,			
	2013		2012	
	Dollars	Percent	Dollars	Percent
	(Dollars in thousands)			
Net sales	$ 761,825	100.0%	$ 750,541	100.0%
Cost of sales	587,918	77.2	582,733	77.6
Gross profit	173,907	22.8	167,808	22.4
Freight out and commissions	30,786	4.0	34,639	4.6
Direct selling and marketing	16,672	2.2	16,665	2.3
Direct operating income	$ 126,449	16.6%	$ 116,504	15.5%

Net sales in the North American Retail Grocery segment increased by $11.3 million, or 1.5% in the first six months of 2013, compared to the first six months of 2012. The change in net sales from 2012 to 2013 was due to the following:

	Dollars	Percent
	(Dollars in thousands)	
2012 Net sales	$ 750,541	
Volume/mix	(229)	%
Pricing	1,778	0.2
Acquisition	10,803	1.4
Foreign currency	(1,068)	(0.1)
2013 Net sales	$ 761,825	1.5%

The increase in net sales from 2012 to 2013 is primarily due to the acquisition of Naturally Fresh and increased pricing. Volume/mix decreased slightly in 2013 compared to 2012 as decreases in the soup, dry dinners, jams, and dressings categories were partially offset by increases in the powdered drinks, hot cereals, and Mexican sauces categories. The lost volume/mix in the soup category is the most significant and accounts for approximately a 3.2% loss of volume/mix and relates to the partial loss of business for a customer.

Cost of sales as a percentage of net sales decreased from 77.6% in the first six months of 2012, to 77.2% in 2013, due to sales mix, cost savings from operating efficiencies, and lower ingredient and energy costs, partially offset by higher packaging costs.

Freight out and commissions paid to independent sales brokers were $30.8 million in the first six months of 2013, compared to $34.6 million in 2012, a decrease of 11.1%, due to efficiencies such as increased utilization of existing shipping capacity, strategic product positioning to reduce distribution expense, and greater use of rail shipments. Also contributing to the decrease were lower freight rates and volume, partially offset by the acquisition of Naturally Fresh.

Direct selling and marketing expenses were $16.7 million in the first six months of 2013, compared to $16.7 million in 2012.

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Food Away From Home

	Six Months Ended June 30, 2013			2012		
	Dollars	Percent		Dollars	Percent	
	(Dollars in thousands)					
Net sales	$	167,488	100.0%	$	163,234	100.0%
Cost of sales		134,844	80.5		132,790	81.3
Gross profit		32,644	19.5		30,444	18.7
Freight out and commissions		5,797	3.5		5,967	3.7
Direct selling and marketing		3,989	2.4		4,201	2.6
Direct operating income	$	22,858	13.6%	$	20,276	12.4%

Net sales in the Food Away From Home segment increased by $4.3 million, or 2.6%, in the first six months of 2013 compared to the prior year. The change in net sales from 2012 to 2013 was due to the following:

		Dollars	Percent
		(Dollars in thousands)	
2012 Net sales	$	163,234	
Volume/mix		(15,966)	(9.8)%
Pricing		3,465	2.1
Acquisition		16,944	10.4
Foreign currency		(189)	(0.1)
2013 Net sales	$	167,488	2.6%

Net sales increased during the first six months of 2013, compared to 2012, as a result of the acquisition of Naturally Fresh and price increases, partially offset by volume/mix decreases in our aseptic, pickles, and Mexican sauces categories.

Cost of sales as a percentage of net sales decreased from 81.3% in the first six months of 2012, to 80.5% in 2013, due to the rationalization of low margin aseptic business, lower ingredient and energy costs, and cost savings from operating efficiencies, partially offset by higher packaging costs.

Freight out and commissions paid to independent sales brokers were $5.8 million in the first six months of 2013, compared to $6.0 million in 2012, due to decreased freight costs primarily driven by lower freight rates and lower volume. Freight and commissions were 3.5% of net sales, a slight decrease from 2012.

Direct selling and marketing was $4.0 million in the first six months of 2013, compared to $4.2 million in 2012.

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Industrial and Export

	Six Months Ended June 30, 2013 Dollars	2013 Percent	2012 Dollars	2012 Percent
	(Dollars in thousands)			
Net sales	$ 137,143	100.0%	$ 137,457	100.0%
Cost of sales	107,416	78.3	114,186	83.1
Gross profit	29,727	21.7	23,271	16.9
Freight out and commissions	2,915	2.1	3,162	2.3
Direct selling and marketing	898	0.7	809	0.6
Direct operating income	$ 25,914	18.9%	$ 19,300	14.0%

Net sales in the Industrial and Export segment decreased $0.3 million, or 0.2%, in the first six months of 2013 compared to the prior year. The change in net sales from 2012 to 2013 was due to the following:

	Dollars	Percent
	(Dollars in thousands)	
2012 Net sales	$ 137,457	
Volume/mix	(3,716)	(2.7)%
Pricing	333	0.2
Acquisition	3,086	2.3
Foreign currency	(17)	
2013 Net sales	$ 137,143	(0.2)%

The decrease in net sales is primarily due to volume/mix decreases, partially offset by acquisitions. Volume/mix decreases were primarily in the soup and infant feeding categories, partially offset by increases in the powdered drinks category.

Cost of sales, as a percentage of net sales, decreased from 83.1% in the first six months of 2012, to 78.3% in 2013, primarily due to sales mix, cost savings from operating efficiencies and lower ingredient and energy costs, partially offset by higher packaging costs.

Freight out and commissions paid to independent sales brokers were $2.9 million in the first six months of 2013, compared to $3.2 million in 2012. This decrease is due to the decrease in volume, partially offset by acquisitions.

Direct selling and marketing was $0.9 million in the first six months of 2013, compared to $0.8 million in 2012.

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Liquidity and Capital Resources

Cash Flow

Management assesses the Company s liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. The Company continues to generate substantial cash flow from operating activities and remains in a strong financial position, with resources available for reinvestment in existing businesses, acquisitions and managing its capital structure on a short and long-term basis. If additional borrowings are needed, approximately $430.2 million was available under the revolving credit facility as of June 30, 2013. See Note 11 to our Condensed Consolidated Financial Statements for additional information regarding our revolving credit facility. We believe that, given our cash flow from operating activities and our available credit capacity, we can comply with the current terms of the revolving credit facility and meet our foreseeable financial requirements.

The Company s cash flows from operating, investing and financing activities, as reflected in the Condensed Consolidated Statements of Cash Flows are summarized in the following tables:

	Six Months Ended June 30,	
	2013	2012
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 41,539	$ 41,585
Depreciation and amortization	55,138	42,951
Mark to market gain on investments	(389)	
Stock-based compensation	7,108	5,748
Gain on disposition of assets	(231)	
Deferred income taxes	2,138	3,387
Changes in operating assets and liabilities, net of acquisitions	(34,222)	(865)
Other	(1,039)	1,812
Net cash provided by operating activities	$ 70,042	$ 94,618

Our cash provided by operations was $70.0 million in the first six months of 2013, compared to $94.6 million in 2012, a decrease of $24.6 million. The Company continues to generate consistent net income. The decrease in cash provided by operations was mainly attributable to changes in operating assets and liabilities, specifically a higher inventory balance as of June 30, 2013 as compared to the same period in the prior year. The increased inventory levels resulted from lower than expected sales volumes, as volatility in customer purchases continued. This decrease was partially offset by an increase in depreciation and amortization relating to non-cash charges associated with the restructurings and acquisitions.

	Six Months Ended June 30,	
	2013	2012
	(In thousands)	
Cash flows from investing activities:		
Purchase of investments	$ (7,585)	$
Additions to property, plant and equipment	(35,641)	(30,019)
Additions to other intangible assets	(3,255)	(4,302)
Acquisition of business, net of cash acquired		(25,000)
Other	1,072	46
Net cash used in investing activities	$ (45,409)	$ (59,275)

In the first six months of 2013, cash used in investing activities decreased by $13.9 million, compared to 2012. The decrease in cash used in investing activities was mainly attributable to the acquisition of Naturally Fresh in 2012, partially offset by the purchase of investments with a portion of our cash in Canada and increased investments in property, plant and equipment in 2013.

We expect capital spending programs to be approximately $90 million in 2013. Capital spending in 2013 is focused on food safety, quality, productivity improvements, product line expansions at our North East, Pennsylvania facility, continued implementation of an Enterprise Resource Planning system, and routine equipment upgrades or replacements at our plants.

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	Six Months Ended June 30, 2013	2012
	(In thousands)	
Cash flows from financing activities:		
Borrowings under revolving credit facility	$ 111,800	$ 198,900
Payments under revolving credit facility	(195,800)	(160,400)
Net payments related to stock-based award activities	(1,192)	(3,878)
Other	(52)	1,407
Net cash (used in) provided by financing activities	$ (85,244)	$ 36,029

Net cash flow used in financing activities was $85.2 million in the first six months of 2013, compared to net cash provided by financing activities of $36.0 million in 2012. The Company s first six months is typically a strong cash flow generating period that allows the Company to pay down our revolving credit facility. When comparing the year over year borrowings under the revolving credit facility, 2013 is comparable to 2012 after considering the 2012 borrowings of $67.7 million for the repayment of cross border intercompany loans as well another $25 million for the acquisition of Naturally Fresh. When comparing the payments under our revolving credit facility, the year over year payments are comparable after considering the temporary transfer of $85 million of cash from Canada to the U.S., of which $40 million was used to pay down the revolving credit facility. In July 2013, the Company transferred the $85.0 million, plus interest, back to Canada, by drawing funds from its revolving credit facility. After considering the events described above, the Company would have had net cash used in financing activities of $45.2 million in 2013 and $56.7 million in 2012, reflecting net pay downs in our revolving credit facility resulting from our consistent net income and operating cash flows.

The cash held by E.D. Smith as cash and cash equivalents and short term investments is expected to be used for general corporate purposes in Canada, including capital projects and acquisitions. The cash relates to foreign earnings that, if repatriated, would result in a tax liability.

Cash provided by operating activities is used to pay down debt and fund investments in property, plant and equipment.

The Company s short-term financing needs are primarily to finance working capital during the year. As the Company continues to add new product categories to our portfolio, spikes in financing needs are lessened. Vegetable and fruit production are driven by harvest cycles, which occur primarily during the spring and summer as inventories of pickles and jams generally are at a low point in late spring and at a high point during the fall, increasing our working capital requirements. In addition, the Company builds inventories of salad dressings in the spring and soup in the summer months in anticipation of large seasonal shipments that begin in the second and third quarters, respectively. Non-dairy creamer inventory builds in the fall for the expected winter sales. Our long-term financing needs will depend largely on potential acquisition activity. We expect our revolving credit facility, plus cash flow from operations, to be adequate to provide liquidity for current operations.

Debt Obligations

At June 30, 2013, we had $309.0 million in borrowings outstanding under our revolving credit facility, $400 million of 7.75% High Yield Notes outstanding, $100 million of senior notes outstanding, and $5.9 million of tax increment financing and other obligations. In addition, at June 30, 2013, there were $10.8 million in letters of credit under the revolving credit facility that were issued but undrawn.

Our revolving credit facility provides for an aggregate commitment of $750 million, of which $430.2 million was available at June 30, 2013. Interest rates on debt outstanding under our revolving credit facility for the six months ended June 30, 2013 averaged 1.60%.

Our $100 million outstanding senior notes are due on September 30, 2013. The Company will continue to classify these notes as long-term, as the Company has the ability and intent to refinance them on a long-term basis, using the revolving credit facility or other long-term financing arrangements.

We are in compliance with applicable debt covenants as of June 30, 2013. From an interest coverage ratio perspective, the Company s actual ratio as of June 30, 2013 is nearly 50% higher than the minimum required level. As it relates to the leverage ratio, the Company was nearly 22.9% below the maximum level (where the maximum level is not increased in the event of an acquisition).

See Note 11 to our Condensed Consolidated Financial Statements for additional information regarding our indebtedness and related agreements.

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Other Commitments and Contingencies

We also have the following commitments and contingent liabilities, in addition to contingent liabilities related to the ordinary course of litigation, investigations and tax audits:

- certain lease obligations, and
- selected levels of property and casualty risks, primarily related to employee health care, workers compensation claims and other casualty losses.

See Note 18 to our Condensed Consolidated Financial Statements in Part I Item 1 of this Form 10-Q and Note 17 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for more information about our commitments and contingent obligations.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is provided in Note 2 to the Company s Condensed Consolidated Financial Statements.

Critical Accounting Policies

A description of the Company s critical accounting policies is contained in our Annual Report on Form 10-K for the year ended December 31, 2012. There were no material changes to our critical accounting policies in the six months ended June 30, 2013.

Off-Balance Sheet Arrangements

We do not have any obligations that meet the definition of an off-balance sheet arrangement, other than operating leases and letters of credit, which have or are reasonably likely to have a material effect on our Condensed Consolidated Financial Statements.

Forward Looking Statements

From time to time, we and our representatives may provide information, whether orally or in writing, including certain statements in this Quarterly Report on Form 10-Q, which are deemed to be forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995 (the Litigation Reform Act). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available.

The words anticipate, believe, estimate, project, expect, intend, plan, should and similar expressions, as they relate to us, are intend forward-looking statements. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. We do not intend to update these forward-looking statements following the date of this report.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Quarterly Report on Form 10-Q and other public statements we make. Such factors include, but are not limited to: the outcome of litigation and regulatory proceedings to which we may be a party; the impact of product recalls; actions of competitors; changes and developments affecting our industry; quarterly or cyclical variations in financial results; our ability to obtain suitable pricing for our products; development of new products and services; our level of indebtedness; the availability of financing on commercially reasonable terms; cost of borrowing; our ability to maintain and improve cost efficiency of operations; changes in foreign currency exchange rates; interest rates; raw material and commodity costs; changes in economic conditions; political conditions; reliance on third parties for manufacturing of products and provision of services; general U.S. and global economic conditions; the financial condition of our customers and suppliers; consolidations in the retail grocery and foodservice industries; our ability to continue to make acquisitions in accordance with our business strategy or effectively manage the growth from acquisitions; and other risks that are set forth in the Risk Factors section, the Legal Proceedings section, the Management s Discussion and Analysis of Financial Condition and Results of Operations section and other sections of this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K for the year ended December 31, 2012 and from time to time in our filings with the Securities and Exchange Commission.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Fluctuations

The Company is party to an unsecured revolving credit facility with an aggregate commitment of $750 million. The interest rate under the revolving credit facility is based on the Company s consolidated leverage ratio, and will be determined by either LIBOR plus a margin ranging from 1.00% to 1.60%, or a base rate (as defined in the revolving credit facility) plus a margin ranging from 0.00% to 0.60%.

In July 2006, we entered into a forward interest rate swap transaction for a notional amount of $100 million as a hedge of the forecasted private placement of $100 million senior notes. The interest rate swap transaction was terminated on August 31, 2006, which resulted in a pre-tax loss of $1.8 million. The unamortized loss is reflected, net of tax, in Accumulated other comprehensive loss in our Condensed Consolidated Balance Sheets. The loss is reclassified ratably to our Condensed Consolidated Statements of Income as an increase to interest expense over the term of the senior notes (that expire in September 2013), providing an effective interest rate of 6.29%.

We do not hold any derivative financial instruments which could expose us to significant interest rate market risk, as of June 30, 2013. Our exposure to market risk for changes in interest rates relates primarily to the increase in the amount of interest expense we expect to pay with respect to our revolving credit facility, which is tied to variable market rates. Based on our outstanding debt balance of $309.0 million under our revolving credit facility at June 30, 2013, each 1% rise in our interest rate would increase our interest expense by approximately $3.1 million annually.

Input Costs

The costs of raw materials, packaging materials, fuel, and energy have varied widely in recent years and future changes in such costs may cause our results of operations and our operating margins to fluctuate significantly. When comparing the second quarter of 2013 to the second quarter of 2012, price increases in packaging and commodity costs such as corn sweeteners and thickeners, were offset by price decreases in transportation and energy costs such as natural gas and diesel. We expect the volatile nature of these costs to continue with an overall upward trend.

We manage the cost of certain raw materials by entering into forward purchase contracts. Forward purchase contracts help us manage our business and reduce cost volatility.

We use a significant volume of fruits and vegetables in our operations as raw materials. Certain of these fruits and vegetables are purchased under seasonal grower contracts with a variety of growers strategically located to supply our production facilities. Bad weather or disease in a particular growing area can damage or destroy the crop in that area. If we are unable to buy the fruits and vegetables from local suppliers, we would purchase them from more distant locations, including other locations within the United States, Mexico or India, thereby increasing our production costs.

Changes in the prices of our products may lag behind changes in the costs of our products. Competitive pressures also may limit our ability to quickly raise prices in response to increased raw materials, packaging, fuel, and energy costs. Accordingly, if we are unable to increase our prices to offset increasing costs, our operating profits and margins could be materially affected. In addition, in instances of declining input costs, customers may be looking for price reductions in situations where we have locked into pricing at higher costs.

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Fluctuations in Foreign Currencies

The Company is exposed to fluctuations in the value of our foreign currency investment in E.D. Smith, located in Canada. Input costs for certain Canadian sales are denominated in U.S. dollars, further impacting the effect foreign currency fluctuations may have on the Company.

The Company s financial statements are presented in U.S. dollars, which require the Canadian assets, liabilities, revenues, and expenses to be translated into U.S. dollars at the applicable exchange rates. Accordingly, we are exposed to volatility in the translation of foreign currency earnings due to fluctuations in the value of the Canadian dollar, which may negatively impact the Company s results of operations and financial position. For the six months ended June 30, 2013 the Company recognized a net loss of $20.0 million, of which a loss of $19.5 million was recorded as a component of Accumulated other comprehensive loss and a loss of $0.5 million was recorded on the Company s Condensed Consolidated Statements of Income within the Loss (gain) on foreign currency exchange line. For the six months ended June 30, 2012 the Company recognized a net loss of $2.2 million, of which a loss of $1.8 million was recorded as a component of Accumulated other comprehensive loss and a loss of $0.4 million was recorded on the Company s Condensed Consolidated Statements of Income within the Loss on foreign currency exchange line.

The Company enters into foreign currency contracts due to the exposure to Canadian/U.S. dollar currency fluctuations on cross border transactions. The Company does not apply hedge accounting to these contracts and records them at fair value on the Condensed Consolidated Balance Sheets. The contracts are entered into for the purchase of U.S. dollar denominated raw materials by our Canadian subsidiary. The Company had no foreign currency contracts outstanding as of June 30, 2013, or June 30, 2012.

Item 4. Controls and Procedures

The Company maintains a system of disclosure controls and procedures to give reasonable assurance that information required to be disclosed in the Company s reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

As of June 30, 2013, the Company s Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with management, conducted an evaluation of the effectiveness of the Company s disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures are effective.

There has been no change in the Company s internal control over financial reporting that occurred during the quarter ended June 30, 2013 that has materially affected or is reasonably likely to materially affect the Company s internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

TreeHouse Foods, Inc.

Oak Brook, Illinois

We have reviewed the accompanying condensed consolidated balance sheet of TreeHouse Foods, Inc. and subsidiaries (the Company) as of June 30, 2013, and the related condensed consolidated statements of income and comprehensive income for the three and six month periods ended June 30, 2013 and 2012, and of cash flows for the six-month periods ended June 30, 2013 and 2012. This interim financial information is the responsibility of the Company s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of TreeHouse Foods, Inc. and subsidiaries as of December 31, 2012, and the related consolidated statements of income, comprehensive income, stockholders equity, and cash flows for the year then ended (not presented herein); and in our report dated February 21, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2012 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

August 8, 2013

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Part II Other Information

Item 1. Legal Proceedings

We are party to a variety of legal proceedings arising out of the conduct of our business. While the results of proceedings cannot be predicted with certainty, management believes that the final outcome of these proceedings will not have a material adverse effect on our consolidated financial statements, annual results of operations or cash flows.

Item 1A. Risk Factors

Information regarding risk factors appears in Management s Discussion and Analysis of Financial Condition and Results of Operations Information Related to Forward-Looking Statements, in Part I Item 2 of this Form 10-Q and in Part I Item 1A of the TreeHouse Foods, Inc. Annual Report on Form 10-K for the year ended December 31, 2012. There have been no material changes from the risk factors previously disclosed in the TreeHouse Foods, Inc. Annual Report on Form 10-K for the year ended December 31, 2012.

Item 5. Other Information

None

Item 6. Exhibits

12.1	Computation of Ratio of Earnings to Fixed Changes.
15.1	Awareness Letter from Deloitte & Touche LLP regarding unaudited financial information.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

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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.

TREEHOUSE FOODS, INC.

/s/ Dennis F. Riordan
Dennis F. Riordan
Executive Vice President and Chief Financial Officer

August 8, 2013

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