UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 2013

Commission File Number 001-32924

Green Plains Renewable Energy, Inc.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Iowa<br>(State or other jurisdiction of incorporation or organization) | 84-1652107<br>(I.R.S. Employer Identification No.) |
| 450 Regency Parkway, Suite 400, Omaha, NE 68114<br>(Address of principal executive offices, including zip code) | (402) 884-8700<br>(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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o 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).

x Yes o No

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

Large accelerated filer o Accelerated filer x Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes x No

The number of shares of common stock, par value $0.001 per share, outstanding as of October 28, 2013 was 30,477,300 shares.

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GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

| | September 30, 2013 (unaudited) | December 31, 2012 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 334,509 | $ 254,289 |
| Restricted cash | 27,626 | 25,815 |
| Accounts receivable, net of allowances of $252 and $219, respectively | 76,982 | 80,537 |
| Inventories | 116,098 | 172,009 |
| Prepaid expenses and other | 7,766 | 12,314 |
| Deferred income taxes | 6,373 | 2,133 |
| Derivative financial instruments | 26,372 | 20,938 |
| Total current assets | 595,726 | 568,035 |
| Property and equipment, net of accumulated depreciation of $202,338 and $164,445, respectively | 697,751 | 708,110 |
| Goodwill | 40,877 | 40,877 |
| Other assets | 48,778 | 32,712 |
| Total assets | $ 1,383,132 | $ 1,349,734 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | $ 84,989 | $ 95,564 |
| Accrued and other liabilities | 28,531 | 32,475 |
| Unearned revenue | 10,899 | 3,617 |
| Short-term notes payable and other borrowings | 96,432 | 171,302 |
| Current maturities of long-term debt | 62,846 | 129,426 |
| Total current liabilities | 283,697 | 432,384 |
| | | |
| Long-term debt | 487,926 | 362,549 |
| Deferred income taxes | 84,414 | 60,082 |
| Other liabilities | 5,039 | 4,217 |

| | | |
|---|---|---|
| Total liabilities | 861,076 | 859,232 |
| | | |
| Stockholders' equity | | |
| Common stock, $0.001 par value; 75,000,000 shares authorized; 37,407,240 and 36,903,777 shares issued, and 30,207,240 and 29,703,777 shares outstanding, respectively | 37 | 37 |
| Additional paid-in capital | 462,831 | 445,198 |
| Retained earnings | 124,263 | 107,540 |
| Accumulated other comprehensive income | 733 | 3,535 |
| Treasury stock, 7,200,000 shares | (65,808) | (65,808) |
| Total stockholders' equity | 522,056 | 490,502 |
| Total liabilities and stockholders' equity | $ 1,383,132 | $ 1,349,734 |

See accompanying notes to the consolidated financial statements.

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited and in thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues | $ 757,971 | $ 947,413 | $ 2,328,142 | $ 2,593,163 |
| Cost of goods sold | 716,947 | 919,516 | 2,227,294 | 2,538,363 |
| Gross profit | 41,024 | 27,897 | 100,848 | 54,800 |
| Selling, general and administrative expenses | 15,490 | 19,273 | 44,048 | 58,350 |
| Operating income (loss) | 25,534 | 8,624 | 56,800 | (3,550) |
| Other income (expense) | | | | |
| Interest income | 64 | 46 | 166 | 144 |
| Interest expense | (7,608) | (9,832) | (23,440) | (28,741) |
| Other, net | (947) | (448) | (2,077) | (1,859) |
| Total other expense | (8,491) | (10,234) | (25,351) | (30,456) |
| Income (loss) before income taxes | 17,043 | (1,610) | 31,449 | (34,006) |
| Income tax expense (benefit) | 7,633 | (604) | 13,519 | (12,749) |
| Net income (loss) | 9,410 | (1,006) | 17,930 | (21,257) |
| Net loss attributable to noncontrolling interests | - | 4 | - | 13 |
| Net income (loss) attributable to Green Plains | $ 9,410 | $ (1,002) | $ 17,930 | $ (21,244) |
| | | | | |
| Earnings per share: | | | | |
| Net income (loss) attributable to Green Plains - basic | $ 0.31 | $ (0.03) | $ 0.60 | $ (0.70) |
| Net income (loss) attributable to Green Plains - diluted | $ 0.28 | $ (0.03) | $ 0.56 | $ (0.70) |
| Weighted average shares outstanding: | | | | |
| Basic | 30,204 | 29,655 | 30,100 | 30,499 |
| Diluted | 37,483 | 29,655 | 36,818 | 30,499 |
| | | | | |
| Cash dividend declared per share | $ 0.04 | $ - | $ 0.04 | $ - |

See accompanying notes to the consolidated financial statements.

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited and in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Net income (loss) | $ 9,410 | $ (1,006) | $ 17,930 | $ (21,257) |
| Other comprehensive income (loss), net of tax: | | | | |
| Unrealized gains (losses) on derivatives arising during period, net of tax (expense) benefit of $6,307, $(9,957), $24,746 and $(17,045), respectively | (9,092) | 16,540 | (37,683) | 28,493 |
| Reclassification of realized (gains) losses on derivatives, net of tax expense (benefit) of $(6,797), $4,245, $(22,906) and $3,557, respectively | 9,903 | (7,052) | 34,881 | (5,945) |
| Total other comprehensive income (loss), net of tax | 811 | 9,488 | (2,802) | 22,548 |
| Comprehensive income | 10,221 | 8,482 | 15,128 | 1,291 |
| Comprehensive loss attributable to noncontrolling interests | - | 4 | - | 13 |
| Comprehensive income attributable to Green Plains | $ 10,221 | $ 8,486 | $ 15,128 | $ 1,304 |

See accompanying notes to the consolidated financial statements.

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GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited and in thousands)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2013 | 2012 |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 17,930 | $ (21,257) |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 37,807 | 39,922 |
| Amortization of debt issuance costs | 2,697 | 2,314 |
| Deferred income taxes | 12,897 | 741 |
| Stock-based compensation expense | 2,863 | 3,149 |
| Undistributed equity in loss of affiliates | 2,078 | 1,858 |
| Allowance for doubtful accounts | 33 | 225 |
| Changes in operating assets and liabilities before effects of business combinations: | | |
| Accounts receivable | 3,522 | 3,492 |
| Inventories | 56,309 | (11,297) |
| Derivative financial instruments | (10,121) | (2,858) |
| Prepaid expenses and other assets | 2,239 | (971) |
| Accounts payable and accrued liabilities | (15,343) | (21,319) |
| Unearned revenues | 7,282 | (11,151) |
| Other | 903 | (270) |
| Net cash provided (used) by operating activities | 121,096 | (17,422) |
| | | |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (12,593) | (23,892) |
| Acquisition of businesses, net of cash acquired | (15,305) | (1,490) |
| Investments in unconsolidated subsidiaries | (3,147) | (6,513) |
| Net cash used by investing activities | (31,045) | (31,895) |
| | | |
| Cash flows from financing activities: | | |
| Proceeds from the issuance of long-term debt, including convertible notes | 185,600 | 53,200 |
| Payments of principal on long-term debt | (110,476) | (87,690) |
| Proceeds from short-term borrowings | 2,489,569 | 2,457,848 |

| | | |
|---|---|---|
| Payments on short-term borrowings | (2,564,337) | (2,398,289) |
| Payments for repurchase of common stock | - | (10,445) |
| Payment of dividend | (1,207) | - |
| Change in restricted cash | (1,811) | 46 |
| Payments of loan fees | (7,766) | (306) |
| Proceeds from exercises of stock options | 597 | 142 |
| Net cash provided (used) by financing activities | (9,831) | 14,506 |
| | | |
| Net change in cash and cash equivalents | 80,220 | (34,811) |
| Cash and cash equivalents, beginning of period | 254,289 | 174,988 |
| Cash and cash equivalents, end of period | $ 334,509 | $ 140,177 |

Continued on the following page

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited and in thousands)

Continued from the previous page

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2013 | 2012 |
| Supplemental disclosures of cash flow: | | |
| Cash paid for income taxes | $ 2,069 | $ 495 |
| Cash paid for interest | $ 22,209 | $ 24,479 |
| | | |
| Supplemental noncash investing and financing activities: | | |
| Assets acquired in acquisitions and mergers | $ 15,870 | $ 1,590 |
| Less: liabilities assumed | (565) | (100) |
| Net assets acquired | $ 15,305 | $ 1,490 |
| | | |
| Short-term note payable issued to repurchase common stock | $ - | $ 27,162 |

See accompanying notes to the consolidated financial statements.

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

## 1. BASIS OF PRESENTATION, DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### References to the Company

References to “Green Plains” or the “Company” in the consolidated financial statements and in these notes to the consolidated financial statements refer to Green Plains Renewable Energy, Inc., an Iowa corporation, and its subsidiaries.

### Consolidated Financial Statements

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and entities which it controls. All significant intercompany balances and transactions have been eliminated on a consolidated basis for reporting purposes. Unconsolidated entities are included in the financial statements on an equity basis. Results for the interim periods presented are not necessarily indicative of results to be expected for the entire year.

The accompanying unaudited consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles, or GAAP, for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The consolidated financial statements should be read in conjunction with the Company’s annual report on Form 10-K for the year ended December 31, 2012.

The unaudited financial information reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. The adjustments are of a normal recurring nature, except as otherwise noted.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Description of Business

Green Plains is North America’s fourth largest ethanol producer. The Company operates its business within four segments: (1) production of ethanol and distillers grains, collectively referred to as ethanol production, (2) corn oil production, (3) grain handling and storage, collectively referred to as agribusiness, and (4) marketing and logistics services for Company-produced and third-party ethanol, distillers grains, corn oil and other commodities, and the operation of blending and terminaling facilities, collectively referred to as marketing and distribution. Additionally, the Company is a partner in a joint venture that was formed to commercialize advanced photo-bioreactor technologies for the growing and harvesting of algal biomass.

Revenue Recognition

The Company recognizes revenue when all of the following criteria are satisfied: persuasive evidence of an arrangement exists; risk of loss and title transfer to the customer; the price is fixed and determinable; and collectability is reasonably assured.

For sales of ethanol, distillers grains and other commodities by the Company’s marketing business, revenue is recognized when title to the product and risk of loss transfer to an external customer. Revenues related to marketing operations for third parties are recorded on a gross basis as the Company takes title to the product and assumes risk of loss. Unearned revenue is reflected on the consolidated balance sheets for goods in transit for which the Company has received payment and title has not been transferred to the customer. Revenues from the Company’s biofuel terminal operations, which include ethanol transload and splash blending services, are recognized as these services are rendered.

The Company routinely enters into fixed-price, physical-delivery ethanol sales agreements. In certain instances, the Company intends to settle the transaction by open market purchases of ethanol rather than by delivery from its own production. These transactions are reported net as a component of revenues. Revenues also include realized gains and losses on related derivative financial instruments, ineffectiveness on cash flow hedges, and reclassifications of realized gains and losses on effective cash flow hedges from accumulated other comprehensive income (loss).

Sales of agricultural commodities are recognized when title to the product and risk of loss transfer to the customer, which is dependent on the agreed upon sales terms with the customer. These sales terms provide for passage of title either at the time shipment is made or at the time the commodity has been delivered to its destination and final weights, grades and settlement prices have been agreed upon with the customer. Revenues related to grain merchandising are presented gross in the statements of operations with amounts billed for shipping and handling included in revenues and also as a component of cost of goods sold. Revenues from grain storage are recognized as services are rendered.

Cost of Goods Sold

Cost of goods sold includes costs for direct labor, materials and certain plant overhead costs. Direct labor includes all compensation and related benefits of non-management personnel involved in the operation of the Company's ethanol plants. Grain purchasing and receiving costs, other than labor costs for grain buyers and scale operators, are also included in cost of goods sold. Direct materials consist of the costs of corn feedstock, denaturant, and process chemicals. Corn feedstock costs include unrealized gains and losses on related derivative financial instruments not designated as cash flow hedges, inbound freight charges, inspection costs and transfer costs. Corn feedstock costs also include realized gains and losses on related derivative financial instruments, ineffectiveness on cash flow hedges, and reclassifications of realized gains and losses on effective cash flow hedges from accumulated other comprehensive income (loss). Plant overhead costs primarily consist of plant utilities, plant depreciation and outbound freight charges. Shipping costs incurred directly by the Company, including railcar lease costs, are also reflected in cost of goods sold.

The Company uses exchange-traded futures and options contracts to minimize the effects of changes in the prices of agricultural commodities on its agribusiness segment's grain inventories and forward purchase and sales contracts. Exchange-traded futures and options contracts are valued at quoted market prices. Grain inventories held for sale, forward purchase contracts and forward sale contracts in the agribusiness segment are valued at market prices, where available, or other market quotes adjusted for differences, primarily transportation, between the exchange-traded market and the local markets on which the terms of the contracts are based. Changes in the fair value of grain inventories held for sale, forward purchase and sale contracts, and exchange-traded futures and options contracts in the agribusiness segment, are recognized in earnings as a component of cost of goods sold. These contracts are predominantly settled in cash. The Company is exposed to loss in the event of non-performance by the counter-party to forward purchase and forward sales contracts.

Derivative Financial Instruments

To minimize the risk and the effects of the volatility of commodity price changes primarily related to corn, ethanol and natural gas, the Company uses various derivative financial instruments, including exchange-traded futures, and exchange-traded and over-the-counter options contracts. The Company monitors and manages this exposure as part of its overall risk management policy. As such, the Company seeks to reduce the potentially adverse effects that the volatility of these markets may have on its operating results. The Company may take hedging positions in these commodities as one way to mitigate risk. While the Company attempts to link its hedging activities to purchase and sales activities, there are situations in which these hedging activities can themselves result in losses.

By using derivatives to hedge exposures to changes in commodity prices, the Company has exposures on these derivatives to credit and market risk. The Company is exposed to credit risk that the counterparty might fail to fulfill its performance obligations under the terms of the derivative contract. The Company minimizes its credit risk by entering into transactions with high quality counterparties, limiting the amount of financial exposure it has with each counterparty and monitoring the financial condition of its counterparties. Market risk is the risk that the value of the financial instrument might be adversely affected by a change in commodity prices or interest rates. The Company manages market risk by incorporating monitoring parameters within its risk management strategy that limit the types of derivative instruments and derivative strategies the Company uses, and the degree of market risk that may be undertaken by the use of derivative instruments.

The Company evaluates its contracts that involve physical delivery to determine whether they may qualify for the normal purchases or normal sales exemption and are expected to be used or sold over a reasonable period in the normal course of business. Any contracts that do not meet the normal purchase or sales criteria are recorded at fair value with the change in fair value recorded in operating income unless the contracts qualify for, and the Company elects, hedge accounting treatment.

Certain qualifying derivatives within the ethanol production segment are designated as cash flow hedges. Prior to entering into cash flow hedges, the Company evaluates the derivative instrument to ascertain its effectiveness. For cash flow hedges, any ineffectiveness is recognized in current period results, while other unrealized gains and losses are reflected in accumulated other comprehensive income until gains and losses from the underlying hedged transaction are realized. In the event that it becomes probable that a forecasted transaction will not occur, the Company would discontinue cash flow hedge treatment, which would affect earnings. These derivative financial instruments are recognized in current assets or other current liabilities at fair value.

At times, the Company hedges its exposures to changes in the value of inventories and designates certain qualifying derivatives as fair value hedges. The carrying amount of the hedged inventory is adjusted through current period results for changes in the fair value arising from changes in underlying prices. Any ineffectiveness is recognized in current period results to the extent that the change in the fair value of the inventory is not offset by the change in the fair value of the derivative.

Recent Accounting Pronouncements

Effective January 1, 2013, the Company adopted the amended guidance in ASC Topic 210, Balance Sheet. The amended guidance addresses disclosure of offsetting financial assets and liabilities. It requires entities to add disclosures showing both gross and net information about instruments and transactions eligible for offset in the balance sheet and instruments and transactions subject to an agreement similar to a master netting arrangement. The updated disclosures have been implemented retrospectively and do not impact the Company's financial position or results of operations.

Effective January 1, 2013, the Company adopted the amended guidance in ASC Topic 220, Comprehensive Income. The amended guidance requires entities to disclose additional information about reclassification adjustments, including (1) changes in accumulated other comprehensive income by component and (2) significant items reclassified out of accumulated other comprehensive income by presenting the amount reclassified and the individual income statement line items affected. The updated disclosures have been implemented prospectively and do not impact our financial position or results of operations. Refer to Note 10, Stockholders' Equity, for expanded disclosures.

2. FAIR VALUE DISCLOSURES

The following methods, assumptions and valuation techniques were used in estimating the fair value of the Company's financial instruments:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 1 unrealized gains and losses on commodity derivatives relate to exchange-traded open trade equity and option values in the Company's brokerage accounts.

Level 2 – directly or indirectly observable inputs such as quoted prices for similar assets or liabilities in active markets other than quoted prices included within Level 1; quoted prices for identical or similar assets in markets that are not active; and other inputs that are observable or can be substantially corroborated by observable market data by correlation or other means. Grain inventories held for sale in the agribusiness segment are valued at nearby futures values, plus or minus nearby basis levels.

Level 3 – unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities. The Company currently does not have any recurring Level 3 financial instruments.

There have been no changes in valuation techniques and inputs used in measuring fair value.

The following tables set forth the Company's assets and liabilities by level for the periods indicated (in thousands):

| | Fair Value Measurements at September 30, 2013 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Reclassification for Balance Sheet Presentation | Total |
| Assets: | | | | |
| Cash and cash equivalents | $ 334,509 | $ - | $ - | $ 334,509 |
| Restricted cash | 27,626 | - | - | 27,626 |
| Margin deposits | 28,290 | - | (28,290) | - |
| Inventories carried at market | - | 90 | - | 90 |
| Derivative financial instruments | 2,690 | 8,603 | 15,079 | 26,372 |
| Other assets (1) | 2,200 | - | - | 2,200 |
| Total assets measured at fair value | $ 395,315 | $ 8,693 | $ (13,211) | $ 390,797 |
| | | | | |
| Liabilities: | | | | |
| Derivative financial instruments | $ 13,211 | $ 4,972 | $ (13,211) | $ 4,972 |
| Other | 93 | - | - | 93 |
| Total liabilities measured at fair value | $ 13,304 | $ 4,972 | $ (13,211) | $ 5,065 |

(1) Represents long-term restricted cash related to the $22.0 million revenue bond of Green Plains Bluffton.

| | Fair Value Measurements at December 31, 2012 | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Reclassification for Balance Sheet Presentation | Total |
| Assets: | | | | |
| Cash and cash equivalents | $ 254,289 | $ - | $ - | $ 254,289 |
| Restricted cash | 25,815 | - | - | 25,815 |
| Margin deposits | 12,847 | - | (12,847) | - |

| | | | | |
|---|---|---|---|---|
| Inventories carried at market | - | 61,763 | - | 61,763 |
| Derivative financial instruments | 7,337 | 3,254 | 10,347 | 20,938 |
| Other assets (1) | 2,200 | - | - | 2,200 |
| Total assets measured at fair value | $ 302,488 | $ 65,017 | $ (2,500) | $ 365,005 |
| | | | | |
| Liabilities: | | | | |
| Derivative financial instruments | $ 2,544 | $ 2,103 | $ (2,500) | $ 2,147 |
| Other | 107 | - | - | 107 |
| Total liabilities measured at fair value | $ 2,651 | $ 2,103 | $ (2,500) | $ 2,254 |

(1) Represents long-term restricted cash related to the $22.0 million revenue bond of Green Plains Bluffton.

The Company believes the fair value of its debt approximated $676.0 million compared to a book value of $647.2 million at September 30, 2013. The Company estimates the fair value of its outstanding debt using Level 2 inputs. The Company believes the fair values of its accounts receivable and accounts payable, which were $77.0 million and $85.0 million, respectively, at September 30, 2013 approximated book value. The Company believes the fair values of its debt, accounts receivable and accounts payable, which were $663.3 million, $80.5 million and $95.6 million, respectively, at December 31, 2012 approximated book value.

Although the Company currently does not have any recurring Level 3 financial measurements, the fair values of the tangible assets and goodwill acquired represent Level 3 measurements and were derived using a combination of the income approach, the market approach and the cost approach as considered appropriate for the specific assets being valued.

3. SEGMENT INFORMATION

Company management reviews financial and operating performance in the following four separate operating segments: (1) production of ethanol and distillers grains, collectively referred to as ethanol production, (2) corn oil production, (3) grain handling and storage, collectively referred to as agribusiness, and (4) marketing and logistics services for Company-produced and third-party ethanol, distillers grains, corn oil and other commodities, and the operation of blending and terminaling facilities, collectively referred to as marketing and distribution. Selling, general and administrative expenses, primarily consisting of compensation of corporate employees, professional fees and overhead costs not directly related to a specific operating segment, are reflected in the table below as corporate activities.

During the normal course of business, the Company enters into transactions between segments. Examples of these intersegment transactions include, but are not limited to, the ethanol production segment selling ethanol to the marketing and distribution segment and the agribusiness segment selling grain to the ethanol production segment. These intersegment activities are recorded by each segment at prices approximating market and treated as if they are third-party transactions. Consequently, these transactions impact segment performance. However, revenues and corresponding costs are eliminated in consolidation and do not impact the Company's consolidated results.

In June 2013, the Company acquired an ethanol plant located in Atkinson, Nebraska for approximately $15.2 million, with the capacity to produce approximately 50 million gallons of ethanol per year. The plant began ethanol production on July 25, 2013. Also in June 2013, the Company acquired a grain elevator in Archer, Nebraska. During the third quarter of 2013, the Company completed construction of additional storage capacity of 2.4 million bushels at its grain elevators and 7.0 million bushels at its ethanol plants.

In December 2012, the Company sold twelve grain elevators located in northwestern Iowa and western Tennessee. The transaction involved approximately 32.6 million bushels, or 83%, of the Company's reported agribusiness grain storage capacity and all of its agronomy and retail petroleum operations. The divested assets were reported within the Company's agribusiness segment.

The following tables set forth certain financial data for the Company's operating segments for the periods indicated (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | |
| Ethanol production: | | | | |

| | | | | |
|---|---|---|---|---|
| Revenues from external customers | $ 39,766 | $ 52,982 | $ 118,511 | $ 149,115 |
| Intersegment revenues | 477,103 | 439,917 | 1,437,821 | 1,268,851 |
| Total segment revenues | 516,869 | 492,899 | 1,556,332 | 1,417,966 |
| Corn oil production: | | | | |
| Revenues from external customers | - | 1 | - | 518 |
| Intersegment revenues | 17,290 | 14,530 | 49,304 | 43,003 |
| Total segment revenues | 17,290 | 14,531 | 49,304 | 43,521 |
| Agribusiness: | | | | |
| Revenues from external customers | 5,055 | 125,446 | 43,178 | 300,051 |
| Intersegment revenues | 274,100 | 50,254 | 498,189 | 134,725 |
| Total segment revenues | 279,155 | 175,700 | 541,367 | 434,776 |
| Marketing and distribution: | | | | |
| Revenues from external customers | 713,150 | 768,984 | 2,166,453 | 2,143,479 |
| Intersegment revenues | 9,629 | 111 | 13,042 | 302 |
| Total segment revenues | 722,779 | 769,095 | 2,179,495 | 2,143,781 |
| Revenues including intersegment activity | 1,536,093 | 1,452,225 | 4,326,498 | 4,040,044 |
| Intersegment eliminations | (778,122) | (504,812) | (1,998,356) | (1,446,881) |
| Revenues as reported | $ 757,971 | $ 947,413 | $ 2,328,142 | $ 2,593,163 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Gross profit (loss): | | | | |
| Ethanol production | $ 22,269 | $ (3,701) | $ 34,228 | $ (20,610) |
| Corn oil production | 9,649 | 7,865 | 25,431 | 25,205 |
| Agribusiness | 815 | 12,513 | 2,986 | 27,357 |
| Marketing and distribution | 8,615 | 10,980 | 39,074 | 21,769 |
| Intersegment eliminations | (324) | 240 | (871) | 1,079 |
| | $ 41,024 | $ 27,897 | $ 100,848 | $ 54,800 |
| Operating income (loss): | | | | |
| Ethanol production | $ 17,851 | $ (7,520) | $ 22,508 | $ (32,435) |
| Corn oil production | 9,596 | 7,811 | 25,226 | 25,011 |
| Agribusiness | 163 | 5,849 | 781 | 8,916 |
| Marketing and distribution | 4,456 | 7,162 | 26,654 | 10,546 |
| Intersegment eliminations | (324) | | | |