OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
July 26, 2011

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) July 26, 2011

OCCIDENTAL PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	1-9210	95-4035997
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

10889 Wilshire Boulevard Los Angeles, California	90024
(Address of principal executive offices)	(ZIP code)

Registrant's telephone number, including area code:
(310) 208-8800

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition

On July 26, 2011, Occidental Petroleum Corporation released information regarding its results of operations for the three and six months ended June 30, 2011. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speeches given by Jim Lienert and Stephen I. Chazen are attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3. Earnings Conference Call Slides are attached to this report as Exhibit 99.4. Forward-Looking Statements Disclosure for Earnings Release Presentation Materials is attached to this report as Exhibit 99.5. The information in this Item 2.02 and Exhibits 99.1 through 99.5, inclusive, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Section 8 – Other Events

Item 8.01. Other Events

On July 26, 2011, Occidental Petroleum Corporation announced core income of $1.8 billion ($2.23 per diluted share) for the second quarter of 2011, compared with $1.1 billion ($1.32 per diluted share) for the second quarter of 2010. Net income was $1.8 billion ($2.23 per diluted share) for the second quarter of 2011, compared with $1.1 billion ($1.31 per diluted share) for the second quarter of 2010.

QUARTERLY RESULTS

Oil and Gas

Oil and gas segment earnings were $2.6 billion for the second quarter of 2011, compared with $1.9 billion for the same period in 2010. The increase in the second quarter of 2011 earnings was due mainly to higher crude oil prices.

For the second quarter of 2011, daily oil and gas production volumes averaged 715,000 barrels of oil equivalent (BOE), compared with 701,000 BOE in the second quarter of 2010. As a result of higher year-over-year average oil prices and other factors affecting production sharing and similar contracts, production was reduced in the Middle East/North Africa and Colombia by 11,000 BOE per day, with another 1,000 BOE per day reduction at THUMS in Long Beach.

The second quarter 2011 production volume increase was a result of 42,000 BOE per day higher domestic volumes, partially offset by reduced volumes in the Middle East / North Africa. The domestic increase was mainly from the new acquisitions in South Texas and the North Dakota Williston Basin. The Middle East/North Africa was lower primarily due to the lack of production in Libya and price impacts on production sharing contracts, partially offset by production from Iraq coming on line in 2011 and higher volumes from the Mukhaizna field in Oman.

Daily sales volumes remained flat at 705,000 BOE per day in the second quarter of 2011, compared with 705,000 BOE per day in the second quarter of 2010. The 2011 sales volumes were lower than the production volumes due to the timing of liftings in Iraq, Qatar and Oman.

Second quarter realized prices improved for all products on a year-over-year basis. The price for worldwide crude oil was $103.12 per barrel for the second quarter of 2011, compared with $74.39 per barrel for the second quarter of 2010. The second quarter of 2011 realized oil price represents 101 percent of the average WTI price for the quarter. Worldwide NGL prices were $57.67 per barrel in the second quarter of 2011, compared with $44.08 per barrel in the second quarter of 2010. Domestic gas prices increased from $4.19 per MCF in the second quarter of 2010 to $4.27 per MCF for the second quarter of 2011.

Chemicals

Chemical segment earnings for the second quarter of 2011 were $253 million, compared with $108 million for the same period in 2010. The second quarter of 2011 results reflect continued strong export sales demand and higher margins resulting from improved supply and demand balances across most products.

Midstream, Marketing and Other

Midstream segment earnings were $187 million for the second quarter of 2011, compared with $13 million for the second quarter of 2010. Higher earnings for the second quarter of 2011 were primarily due to higher margins in the marketing business and improved earnings in our pipeline businesses.

SIX-MONTH RESULTS

Year-to-date 2011 core results were over $3.4 billion ($4.19 per diluted share), compared with $2.2 billion ($2.67 per diluted share) for the same period in 2010. Net income for the first six months of 2011 was $3.4 billion ($4.13 per diluted share), compared with $2.1 billion ($2.61 per diluted share) for the same period in 2010.

Oil and Gas

Oil and gas segment earnings were $5.1 billion for the six months of 2011, compared with $3.7 billion for the same period of 2010. The $1.4 billion increase in the 2011 results reflected higher crude oil and NGL prices and higher sales volumes, partially offset by higher operating costs and DD&A rates.

Daily oil and gas production volumes for the six months were 723,000 BOE per day for 2011, compared with 701,000 BOE per day for the 2010 period. Higher year-over-year average oil prices and other factors affecting our production sharing and similar contracts lowered our Middle East/North Africa, Long Beach and Colombia production by 14,000 BOE per day.

Domestic volumes increased primarily due to new operations in South Texas and the Williston Basin, partially offset by lower gas volumes in California. The Middle East/North Africa’s production declined due to impacts of price and other factors on production sharing contracts, lower production in Libya and planned maintenance in Dolphin. Partially offsetting these declines were increases from the new production in Iraq and higher production in the Mukhaizna field in Oman.

Daily sales volumes were 717,000 BOE in the first six months of 2011, compared with 695,000 BOE for 2010.

Oxy's realized prices improved for crude oil and NGLs but declined for natural gas on a year-over-year basis. Worldwide crude oil prices were $97.38 per barrel for the six months of 2011, compared with $74.24 per barrel for the six months of 2010. Worldwide NGL prices were $55.38 per barrel for the six months of 2011, compared with $45.73 per barrel in the six months of 2010. Domestic gas prices declined from $4.90 per MCF in the six months of 2010 to $4.24 per MCF in the six months of 2011.

Chemicals

Chemical segment earnings were $472 million for the six months of 2011, compared with $138 million for the same period in 2010. The 2011 six-month results reflect strong export sales demand and higher margins resulting from improved supply and demand balances across most products.

Midstream, Marketing and Other

Midstream segment earnings were $301 million for the six months of 2011, compared with $107 million for the same period in 2010. The 2011 results reflect higher margins in the marketing and trading business and improved results in the pipeline business.

Forward-Looking Statements

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental’s products; general domestic political and regulatory approval conditions; international political conditions; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects; exploration risks such as drilling unsuccessful wells; any general economic recession or slowdown domestically or internationally; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; potential disruption or interruption of Occidental’s production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as “estimate”, “project”, “predict”, “will”, “would”, “should”, “could”, “may” “anticipate”, “plan”, “intend”, “believe”, “expect” or similar expressions that convey the uncertainty of future events or outcom generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental’s results of operations and financial position appear in Part 1, Item 1A “Risk Factors” of the 2010 Form 10-K.

Attachment 1

SUMMARY OF SEGMENT NET SALES AND EARNINGS

($ millions, except per-share amounts)	Second Quarter 2011	Second Quarter 2010	Six Months 2011	Six Months 2010
SEGMENT NET SALES				
Oil and Gas	$ 4,591	$ 3,518	$ 8,958	$ 7,009
Chemical	1,325	1,013	2,490	1,969
Midstream, Marketing and Other	441	236	853	605
Eliminations	(184)	(164)	(402)	(364)
Net Sales	$ 6,173	$ 4,603	$ 11,899	$ 9,219
SEGMENT EARNINGS				
Oil and Gas (a), (b)	$ 2,624	$ 1,867	$ 5,092	$ 3,728
Chemical	253	108	472	138
Midstream, Marketing and Other	187	13	301	107
	3,064	1,988	5,865	3,973
Unallocated Corporate Items				
Interest expense, net (c)	(22)	(20)	(236)	(55)
Income taxes (d)	(1,111)	(809)	(2,165)	(1,555)
Other	(112)	(82)	(240)	(189)
Income from Continuing Operations (a)	1,819	1,077	3,224	2,174
Discontinued operations, net (e)	(2)	(14)	142	(47)
NET INCOME (a)	$ 1,817	$ 1,063	$ 3,366	$ 2,127
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 2.23	$ 1.32	$ 3.96	$ 2.67
Discontinued operations, net	-	(0.01)	0.18	(0.06)
	$ 2.23	$ 1.31	$ 4.14	$ 2.61
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 2.23	$ 1.32	$ 3.96	$ 2.67
Discontinued operations, net	-	(0.01)	0.17	(0.06)
	$ 2.23	$ 1.31	$ 4.13	$ 2.61
AVERAGE COMMON SHARES OUTSTANDING				
BASIC	812.5	812.6	812.5	812.3

DILUTED	813.3	813.8	813.3	813.7

(a) Earnings and Income - Represent amounts attributable to Common Stock, after deducting non-controlling interest amounts of $12 million for the second quarter of 2010 and $36 million for the six months of 2010.
(b) Oil and Gas - The first six months of 2011 include pre-tax charges of $35 million related to exploration write-offs in Libya and $29 million related to Colombia net worth tax. Also, included in the first six months of 2011 results is a pre-tax gain for sale of an interest in a Colombia pipeline of $22 million.
(c) Unallocated Corporate Items - Interest Expense, net - The first six months of 2011 include a pre-tax charge of $163 million related to the premium on debt extinguishment.
(d) Unallocated Corporate Items - Taxes - The first six months of 2011 include a net $21 million charge for out-of-period state income taxes.
(e) Discontinued Operations, net - The first six months of 2011 include a $144 million after-tax gain from the sale of the Argentina operations.

Attachment 2

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

	Second Quarter		Six Months	
($ millions)	2011	2010	2011	2010
CAPITAL EXPENDITURES	$ 1,633	$ 792	$ 2,958	$ 1,560
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS	$ 839	$ 798	$ 1,729	$ 1,561

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Attachment 3

SUMMARY OF OPERATING STATISTICS - PRODUCTION

	Second Quarter		Six Months	
	2011	2010	2011	2010
NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY				
United States				
Crude Oil (MBBL)				
California	78	75	77	76
Permian	132	135	132	136
Midcontinent and other	16	7	15	7
Total	226	217	224	219
NGL (MBBL)				
California	15	17	15	17
Permian	40	28	38	27
Midcontinent and other	16	7	12	6
Total	71	52	65	50
Natural Gas (MMCF)				
California	252	293	247	294
Permian	143	196	154	197
Midcontinent and other	366	192	347	187
Total	761	681	748	678
Latin America				
Crude Oil (MBBL)				
Colombia	30	32	31	33
Natural Gas (MMCF)				
Bolivia	16	15	16	13
Middle East / North Africa				
Crude Oil (MBBL)				
Bahrain	3	3	3	3
Dolphin	10	11	10	12
Iraq	5	-	7	-
Libya	-	14	8	14
Oman	68	60	67	58
Qatar	68	78	72	76
Yemen	23	31	28	33
Total	177	197	195	196
NGL (MBBL)				
Dolphin	11	12	10	12
Libya	-	1	-	1

Total	11	13	10	13
Natural Gas (MMCF)				
Bahrain	172	161	172	163
Dolphin	203	235	199	232
Oman	49	48	50	50
Total	424	444	421	445
Barrels of Oil Equivalent (MBOE)	715	701	723	701

Attachment 4

SUMMARY OF OPERATING STATISTICS - SALES

	Second Quarter		Six Months	
	2011	2010	2011	2010
NET OIL, GAS AND LIQUIDS SALES PER DAY				
United States				
Crude Oil (MBBL)	226	217	224	219
NGL (MBBL)	71	52	65	50
Natural Gas (MMCF)	761	681	748	678
Latin America				
Crude Oil (MBBL)				
Colombia	30	27	31	30
Natural Gas (MMCF)				
Bolivia	16	15	16	13
Middle East / North Africa				
Crude Oil (MBBL)				
Bahrain	3	3	3	3
Dolphin	10	11	10	11
Libya	-	22	8	13
Oman	66	58	69	57
Qatar	65	78	71	76
Yemen	23	32	28	33
Total	167	204	189	193
NGL (MBBL)				
Dolphin	11	12	10	12
Libya	-	3	-	1
Total	11	15	10	13
Natural Gas (MMCF)	424	444	421	445
Barrels of Oil Equivalent (MBOE)	705	705	717	695

Attachment 5

SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

Occidental's results of operations often include the effects of significant transactions and events affecting earnings that vary widely and unpredictably in nature, timing and amount. Therefore, management uses a measure called "core results," which excludes those items. This non-GAAP measure is not meant to disassociate those items from management's performance, but rather is meant to provide useful information to investors interested in comparing Occidental's earnings performance between periods. Reported earnings are considered representative of management's performance over the long term. Core results is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

	Second Quarter			
($ millions, except per-share amounts)	2011	Diluted EPS	2010	Diluted EPS
TOTAL REPORTED EARNINGS	$ 1,817	$ 2.23	$ 1,063	$ 1.31
Oil and Gas				
Segment Earnings	$ 2,624		$ 1,867	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	2,624		1,867	
Chemicals				
Segment Earnings	253		108	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	253		108	
Midstream, Marketing and Other				
Segment Earnings	187		13	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	187		13	
Total Segment Core Results	3,064		1,988	
Corporate				
Corporate Results -- Non Segment *	(1,247)		(925)	
Add:				
Discontinued operations, net **	2		14	

Corporate Core Results - Non Segment	(1,245)		(911)	
TOTAL CORE RESULTS	$ 1,819	$ 2.23	$ 1,077	$ 1.32

* Interest expense, income taxes, G&A expense and other.
** Amounts shown after tax.

Attachment 6

SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

	Six Months			
($ millions, except per-share amounts)	2011	Diluted EPS	2010	Diluted EPS
TOTAL REPORTED EARNINGS	$ 3,366	$ 4.13	$ 2,127	$ 2.61
Oil and Gas				
Segment Earnings	$ 5,092		$ 3,728	
Add:				
Libya exploration write-off	35		-	
Gain on sale of Colombia pipeline interest	(22)		-	
Foreign tax	29		-	
Segment Core Results	5,134		3,728	
Chemicals				
Segment Earnings	472		138	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	472		138	
Midstream, Marketing and Other				
Segment Earnings	301		107	
Add:				
No significant items affecting earnings	-		-	
Segment Core Results	301		107	
Total Segment Core Results	5,907		3,973	
Corporate				
Corporate Results -- Non Segment *	(2,499)		(1,846)	
Add:				
Premium on debt extinguishments	163		-	
State income tax charge	33		-	
Tax effect of pre-tax adjustments	(50)		-	
Discontinued operations, net **	(142)		47	
Corporate Core Results - Non Segment	(2,495)		(1,799)	

TOTAL CORE RESULTS	$ 3,412	$ 4.19	$ 2,174	$ 2.67

* Interest expense, income taxes, G&A expense and other
** Amounts shown after tax.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Press release dated July 26, 2011.

99.2 Full text of speeches given by Jim Lienert and Stephen I. Chazen.

99.3 Investor Relations Supplemental Schedules.

99.4 Earnings Conference Call Slides.

99.5 Forward-Looking Statements Disclosure for Earnings Release Presentation Materials.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION
(Registrant)

DATE: July 26, 2011

/s/ ROY PINECI
Roy Pineci, Vice President, Controller
and Principal Accounting Officer

EXHIBIT INDEX

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Earnings (loss) attributable to SunOpta Inc.[(2)]

14,964 (7,243) 22,207 306.6%

(1) The following table presents a reconciliation of segment operating income (loss) to earnings (loss) from continuing operations before the following , which we consider to be the most directly comparable U.S. GAAP financial measure (refer to footnote (1) to the Consolidated Results of Operations for the quarters ended October 4, 2014 and September 28, 2013 table regarding the use of non-GAAP measures).

For the three quarters ended	Global Sourcing and Supply $	Value Added Ingredients $	Consumer Products $	SunOpta Foods $	Opta Minerals $	Corporate Services $	Consol-idated $
October 4, 2014							
Segment operating income (loss)	17,799	6,218	22,190	46,207	3,494	(8,168)	41,533
Other income (expense), net	757	(86)	1,336	2,007	(1,063)	(38)	906
Earnings (loss) from continuing operations before the following	18,556	6,132	23,526	48,214	2,431	(8,206)	42,439
September 28, 2013							
Segment operating income (loss)	6,874	5,979	21,485	34,338	5,070	(5,596)	33,812
Other income (expense), net	(216)	(472)	121	(567)	(1,171)	(61)	(1,799)
Goodwill impairment	-	-	-	-	(3,552)	-	(3,552)

Earnings (loss) from continuing operations before the following	6,658	5,507	21,606	33,771	347	(5,657)	28,461

(2) The following table presents a reconciliation of adjusted earnings from earnings/loss attributable to SunOpta Inc. , which we consider to be the most directly comparable U.S. GAAP financial measure (refer to footnote (2) to the Consolidated Results of Operations for the quarters ended October 4, 2014 and September 28, 2013 .

For the three quarters ended	$	Per Diluted Share $
October 4, 2014		
Earnings attributable to SunOpta Inc.	14,964	0.22
Adjusted for:		
Impairment loss on investment (net of taxes of $nil)	8,441	0.12
Other income, net (net of taxes and non-controlling interest of $331)	(575)	(0.01)
Adjusted earnings	22,830	0.33
September 28, 2013		
Loss attributable to SunOpta Inc.	(7,243)	(0.11)
Loss from discontinued operations, net of income taxes	(360)	(0.01)
Loss from continuing operations attributable to SunOpta Inc.	(6,883)	(0.10)
Adjusted for:		
Impairment loss on investment (net of taxes of $nil)	21,495	0.32
Goodwill impairment (net of taxes and non-controlling interest of $2,032)	1,520	0.02
Other expense, net (net of taxes and non-controlling interest of $849)	950	0.01
Adjusted earnings	17,082	0.25

Revenues for the three quarters ended October 4, 2014 increased by 10.4% to $990,360 from $896,718 for the three quarters ended September 28, 2013. Revenues in SunOpta Foods increased by 12.3% to $884,693 and revenues in Opta Minerals decreased by 2.7% to $105,667. Excluding the impact of changes including foreign exchange rates and commodity-related pricing, as well as the impact of the additional week of sales in the first three quarters of 2014, revenues increased 11.4% on a consolidated basis and 13.3% within SunOpta Foods. Contributing to the increase in revenues within SunOpta Foods was stronger demand for organic ingredients in the U.S. and Europe; growth in consumer packaged categories including aseptic beverage products and retail frozen foods; and increased value-added fruit ingredient volumes. These positive factors within SunOpta Foods were partially offset by lower volumes and pricing for non-GMO corn. At Opta Minerals, the decrease in revenues reflected lower volumes and pricing for industrial mineral products and weather-related slowdowns in North America in the first quarter of 2014, partially offset by higher volumes of steel products.

Gross profit increased $16,514, or 16.1%, to $119,230 for the three quarters ended October 4, 2014, compared with $102,716 for the three quarters ended September 28, 2013. As a percentage of revenues, gross profit for the three quarters ended October 4, 2014 was 12.0% compared to 11.5% for the three quarters ended September 28, 2013, an increase of 0.5% . Within SunOpta Foods, the gross profit percentage was 11.6% for the first three quarters of 2014, compared with 10.7% for the first three quarters of 2013, which reflected the effect of higher margins on organic ingredient sales in the U.S. and Europe; improved performance in our sunflower operations; and an increased contribution from higher margin aseptic beverage products. These positive factors were offset by lower margins on non-GMO corn and organic feed sales; increased competitive pressures in the re-sealable pouch market; lower plant utilization in our premium juice operation during the retrofit of this facility; and higher operating costs in the first quarter of 2014 due in part to adverse weather conditions in North America. The gross profit percentage at Opta Minerals declined to 15.8% in the first three quarters of 2014, compared with 17.1% in the first three quarters of 2013, primarily due to pricing pressures on certain steel and industrial mineral products, as well as weather-related higher operating costs in the first quarter of 2014, partially offset by the favorable impact of plant cost rationalizations.

Total segment operating income for the three quarters ended October 4, 2014 increased by $7,721, or 22.8%, to $41,533, compared with $33,812 for the three quarters ended September 28, 2013. As a percentage of revenues, segment operating income was 4.2% for the three quarters ended October 4, 2014, compared with 3.8% for the three quarters ended September 28, 2013. The increase in segment operating income reflected higher overall gross profit as described above, partially offset by a $8,398 increase in SG&A expenses, primarily due to increased headcount to support the growth of our international sourcing and supply operations; higher short-term incentive accruals reflecting the improved year-over-year operating performance within SunOpta Foods; and the addition of a number of senior leadership resources in 2013 in connection with the operational realignment within SunOpta Foods. A foreign exchange gain of $377 was recorded for the three quarters ended October 4, 2014, mainly related to the positive impact of a strengthening of the U.S. dollar relative to the euro on open foreign exchange contracts within our international sourcing and supply operations, partially offset by the negative impact of the same exchange rate movement on intercompany and third-party loan balances at Opta Minerals. For the quarter ended September 28, 2013, we recorded a gain of $1,152, which mainly reflected the positive impact on Opta Minerals loan balances of a strengthening of the euro in that period relative to the U.S. dollar.

Further details on revenue, gross margin and segment operating income variances are provided below under Segmented Operations Information .

Other income for the three quarters ended October 4, 2014 of $906 included a gain on sale of assets of $1,018, related to the disposal of certain of our sunflower production and storage facilities in order to reduce the cost structure and improve the production capacity utilization within our North American sunflower operations, and a gain of $1,373 on the settlement of the earn-out related to the acquisition of Edner of Nevada, Inc. in December 2010. These gains were partially offset by employee severance costs (including employees affected by the closure and sale of our sunflower facilities) and an asset impairment charge of $505 at Opta Minerals related to the closure of one of its industrial minerals plants. Other expense for the three quarters ended September 28, 2013 of $1,799 included employee severance and other costs in connection with the operational realignment within SunOpta Foods and the rationalization and integration of acquired businesses by Opta Minerals, as well as an asset impairment charge of $310 to write down certain intangible assets at Opta Minerals.

In the third quarter of 2013, Opta Minerals recognized a non-cash goodwill impairment loss of $3,552 relating to one of its reporting units due to increased competition and reduced demand for industrial mineral products.

The increase in interest expense of $243 to $6,128 for the three quarters ended October 4, 2014, compared with $5,885 for the three quarters ended September 28, 2013, primarily reflected higher applicable interest rates on borrowings under Opta Minerals credit facilities.

In the third quarter of 2014 and second quarter of 2013, we recognized impairment losses of $8,441 and $21,495, respectively, on our non-core investment in Mascoma (as described above under Impairment Loss on Investment in Mascoma). We estimated that the fair value of our investment in Mascoma was $4,780 as at October 4, 2014.

The provision for income tax for the three quarters ended October 4, 2014 was $12,480, or 34.4% of earnings before taxes, compared with $8,576, or 38.0% of earnings before taxes, for the three quarters ended September 28, 2013 (in each case excluding the impairment losses on investment, for which the related deferred tax asset is considered more likely than not to be unrealized). The decrease in the effective tax rate reflected a change in the jurisdictional mix of earnings, as a result of growth in the profitability of our international sourcing and supply operations; the application of available tax credits; and a deferred tax recovery recorded by Opta Minerals.

Earnings attributable to non-controlling interests for the three quarters ended October 4, 2014 were $426, compared with losses of $612 for the three quarters ended September 28, 2013. The $1,038 increase reflected higher net earnings at Opta Minerals and an improved contribution from the specialty coffee operations of a less-than-wholly-owned subsidiary.

Earnings from continuing operations attributable to SunOpta Inc. for the three quarters ended October 4, 2014 were $14,964 (including the $8,441 impairment loss on investment), compared with a loss from continuing operations of $6,883 for the three quarters ended September 28, 2013 (including the $3,552 goodwill impairment loss and $21,495 impairment loss on investment), an increase of $21,847. Diluted earnings per share from continuing operations were $0.22 for the three quarters ended October 4, 2014, compared with a diluted loss per share from continuing operations of $0.10 for the three quarters ended September 28, 2013.

Loss from discontinued operations of $360 for the three quarters ended September 28, 2013 reflected legal fees and interest costs in connection with arbitration proceedings related to Colorado Sun Oil Processing LLC (CSOP), which were settled in June 2013. CSOP was disposed of in August 2011.

On a consolidated basis, we realized earnings of $14,964 (diluted earnings per share of $0.22) for the three quarters ended October 4, 2014, compared with a loss of $7,243 (diluted loss per share of $0.11) for the three quarters ended September 28, 2013.

Adjusting for the impairment loss on investment, goodwill impairment and other income/expense, net, adjusted earnings were $22,830 or $0.33 per diluted share for the three quarters ended October 4, 2014, compared with $17,082 or $0.25 per diluted share for the three quarters ended September 28, 2013. Adjusted earnings is a non-GAAP financial measure. See footnote (2) to the table above for a reconciliation of adjusted earnings from earnings/loss attributable to SunOpta Inc. , which we consider to be the most directly comparable U.S. GAAP financial measure.

Segmented Operations Information

SunOpta Foods

For the three quarters ended	**October 4, 2014**	**September 28, 2013**	**Change**	**% Change**
Revenues	$ 884,693	$ 788,104	$ 96,589	12.3%
Gross margin	102,542	84,186	18,356	21.8%
Gross margin %	11.6%	10.7%		0.9%
Operating income	$ 46,207	$ 34,338	$ 11,869	34.6%
Operating income %	5.2%	4.4%		0.8%

SunOpta Foods contributed $884,693 or 89.3% of consolidated revenue for the three quarters ended October 4, 2014, compared with $788,104 or 87.9% of consolidated revenues for the three quarters ended September 28, 2013, an increase of $96,589 or 12.3% . The table below explains the increase in revenue by reportable segment for SunOpta Foods:

SunOpta Foods Revenue Changes	
Revenues for the three quarters ended September 28, 2013	$788,104
Increase in Global Sourcing and Supply	41,021
Increase in Value Added Ingredients	8,089
Increase in Consumer Products	47,479
Revenues for the three quarters ended October 4, 2014	**$884,693**

Gross margin in SunOpta Foods increased by $18,356, or 21.8%, for the three quarters ended October 4, 2014 to $102,542, or 11.6% of revenues, compared with $84,186, or 10.7% of revenues for the three quarters ended September 28, 2013. The table below explains the increase in gross margin by reportable segment for SunOpta Foods:

SunOpta Foods Gross Margin Changes	
Gross margin for the three quarters ended September 28, 2013	$84,186
Increase in Global Sourcing and Supply	13,080
Increase in Value Added Ingredients	2,187
Increase in Consumer Products	3,089
Gross margin for the three quarters ended October 4, 2014	**$102,542**

Operating income in SunOpta Foods increased by $11,869, or 34.6%, for the three quarters ended October 4, 2014 to $46,207 or 5.2% of revenues, compared with $34,338 or 4.4% of revenues for the three quarters ended September 28, 2013. The table below explains the increase in operating income for SunOpta Foods:

SunOpta Foods Operating Income Changes	
Operating income for the three quarters ended September 28, 2013	$34,338
Increase in gross margin, as explained above	18,356
Increase in foreign exchange gains	1,018
Increase in corporate cost allocations	(3,904)
Increase in SG&A costs	(3,601)
Operating income for the three quarters ended October 4, 2014	**$46,207**

Further details on revenue, gross margin and operating income variances within SunOpta Foods are provided in the segmented operations information that follows.

Global Sourcing and Supply **For the three quarters ended**		**October 4, 2014**		**September 28, 2013**		**Change**	**% Change**
Revenues	$	446,913	$	405,892	$	41,021	10.1%
Gross margin		44,049		30,969		13,080	42.2%
Gross margin %		9.9%		7.6%			2.3%
Operating income	$	17,799	$	6,874	$	10,925	158.9%
Operating income %		4.0%		1.7%			2.3%

Global Sourcing and Supply contributed $446,913 in revenues for the three quarters ended October 4, 2014, compared to $405,892 for the three quarters ended September 28, 2013, an increase of $41,021 or 10.1% . Excluding the impact of changes including foreign exchange rates, commodity-related pricing and the additional week of sales in the first quarter of 2014, Global Sourcing and Supply s revenues increased approximately 13.6% . The table below explains the increase in revenue:

Global Sourcing and Supply Revenue Changes	
Revenues for the three quarters ended September 28, 2013	$405,892
Higher volumes of organic raw materials including alternative sweeteners, chia, quinoa, agave, fruits, vegetables and feed products	78,873
Favourable impact on euro denominated sales due to the weaker U.S. dollar relative to euro	2,835
Reduced pricing for organic food and feed products	(15,322)
Lower volumes of non-GMO corn and soy	(14,094)
Reduced pricing for non-GMO corn and soy	(10,545)
Lower in-shell sunflower sales due to reduced exports, and lower by-product values, partially offset by higher volumes of planting seeds and agronomy products	(726)
Revenues for the three quarters ended October 4, 2014	**$446,913**

Gross margin in Global Sourcing and Supply increased by $13,080 to $44,049 for the three quarters ended October 4, 2014 compared to $30,969 for the three quarters ended September 28, 2013, and the gross margin percentage increased by 2.3% to 9.9% . The increase in gross margin as a percentage of revenue was primarily due to favorable sales mix of organic raw materials and improved sunflower processing yields, partially offset by lower pricing spreads on non-GMO and specialty soy and corn products. The table below explains the increase in gross margin:

Global Sourcing and Supply Gross Margin Changes	
Gross margin for the three quarters ended September 28, 2013	$30,969
Margin impact on increased volumes of organic raw materials, offset by lower pricing spread on organic feed and start-up costs and plant inefficiencies related to our cocoa processing facility	11,013
Improved sunflower processing yields and operating efficiencies, offset by lower contribution from planting seeds	4,364
Decreased losses on commodity futures contracts for cocoa and other commodities	660
Lower pricing spreads on non-GMO and specialty soy and corn products, and lower volumes of non-GMO corn	(2,957)
Gross margin for the three quarters ended October 4, 2014	**$44,049**

Operating income in Global Sourcing and Supply increased by $10,925, or 158.9%, to $17,799 for the three quarters ended October 4, 2014, compared to $6,874 for the three quarters ended September 28, 2013. The table below explains the increase in operating income:

Global Sourcing and Supply Operating Income Changes	
Operating income for the three quarters ended September 28, 2013	$6,874
Increase in gross margin, as explained above	13,080
Increased foreign exchange gains on forward contracts	1,018
Increased SG&A, due primarily to higher compensation costs from increased headcount and short-term incentives, as well as increased professional fees, bad debts, travel, and general office spending	(2,136)
Increase in corporate cost allocations	(936)
Unfavorable impact on expenses due to stronger euro in the current year against the U.S. dollar	(101)
Operating income for the three quarters ended October 4, 2014	**$17,799**

Value Added Ingredients

For the three quarters ended	October 4, 2014	September 28, 2013	Change	% Change
Revenues	$ 106,720	$ 98,631	$ 8,089	8.2%
Gross margin	15,846	13,659	2,187	16.0%
Gross margin %	14.8%	13.8%		1.0%
Operating income	$ 6,218	$ 5,979	$ 239	4.0%
Operating income %	5.8%	6.1%		-0.3%

Value Added Ingredients contributed $106,720 in revenues for the three quarters ended October 4, 2014, compared to $98,631 for the three quarters ended September 28, 2013, an increase of $8,089 or 8.2% . Excluding the additional week of sales in the first quarter of 2014, revenues increased approximately 5.5% in Value Added Ingredients. The table below explains the increase in revenue:

Value Added Ingredients Revenue Changes	
Revenues for the three quarters ended September 28, 2013	$98,631
Higher volumes of fruit ingredients	7,713
Increase in pricing implemented on contract manufacturing and fiber sales partially offset by decreased sales of starches and other grain-based ingredients	376
Revenues for the three quarters ended October 4, 2014	**$106,720**

Value Added Ingredients gross margin increased by $2,187 to $15,846 for the three quarters ended October 4, 2014 compared to $13,659 for the three quarters ended September 28, 2013, and the gross margin percentage increased by 1.0% to 14.8% . The increase in gross margin as a percentage of revenue is due to improved efficiencies from higher production volumes of fruit ingredients. The table below explains the increase in gross margin:

Value Added Ingredients Gross Margin Changes	
Gross margin for the three quarters ended September 28, 2013	$13,659
Higher fruit ingredient margins due to increased volumes and pricing	2,187
Gross margin for the three quarters ended October 4, 2014	**$15,846**

Operating income in Value Added Ingredients increased by $239, or 4.0%, to $6,218 for the three quarters ended October 4, 2014, compared to $5,979 for the three quarters ended September 28, 2013. The table below explains the increase in operating income:

Value Added Ingredients Operating Income Changes	
Operating income for the three quarters ended September 28, 2013	$5,979
Increase in gross margin, as explained above	2,187
Increase in SG&A, primarily due to higher compensation costs including short-term incentives	(1,317)
Increase in corporate cost allocations	(631)
Operating income for the three quarters ended October 4, 2014	**$6,218**

Consumer Products				
For the three quarters ended	**October 4, 2014**	**September 28, 2013**	**Change**	**% Change**
Revenues	$ 331,060	$ 283,581	$ 47,479	16.7%
Gross margin	42,647	39,558	3,089	7.8%
Gross margin %	12.9%	13.9%		-1.0%
Operating income	$ 22,190	$ 21,485	$ 705	3.3%
Operating income %	6.7%	7.6%		-0.9%

Consumer Products contributed $331,060 in revenues for the three quarters ended October 4, 2014, compared to $283,581 for the three quarters ended September 28, 2013, an increase of $47,479 or 16.7% . Excluding the additional week of sales in the first quarter of 2014, revenues increased approximately 15.6% in Consumer Products. The table below explains the increase in revenue:

Consumer Products Revenue Changes	
Revenues for the three quarters ended September 28, 2013	$283,581
Increased volume of aseptically packaged beverages, in particular almond beverage, private label and foodservice soymilk, dairy, as well as teas and broths	33,611
Higher volumes of private label retail frozen food offerings, partially offset by lower volumes of private label beverages	8,690
Increased sales of re-sealable pouch products	4,365
Higher sales of fruit and protein snack products	813
Revenues for the three quarters ended October 4, 2014	**$331,060**

Gross margin in Consumer Products increased by $3,089 to $42,647 for the three quarters ended October 4, 2014 compared to $39,558 for the three quarters ended September 28, 2013, and the gross margin percentage decreased by 1.0% to 12.9% . The decrease in gross margin as a percentage of revenue was due to additional plant and operating costs associated with the significant growth and expansion of our aseptic business, increased operating costs and lower production volumes in our resealable pouch facility, as well as increased costs associated with the retrofit of our premium juice facility. The table below explains the increase in gross margin:

Consumer Products Gross Margin Changes	
Gross margin for the three quarters ended September 28, 2013	$39,558
Higher volume of aseptically packaged beverages as a result of new product lines offset by costs from plant expansions and lower volumes and pricing in fruit and protein snacks	5,916
Increased operating costs and decreased contribution from re-sealable pouch products	(1,475)
Margin impact of outsourcing extraction activities and low production volume during the retrofit of our premium juice facility	(1,352)
Gross margin for the three quarters ended October 4, 2014	**$42,647**

Operating income in Consumer Products increased by $705, or 3.3%, to $22,190 for the three quarters ended October 4, 2014, compared to $21,485 for the three quarters ended September 28, 2013. The table below explains the increase in operating income:

Consumer Products Operating Income Changes	
Operating income for the three quarters ended September 28, 2013	$21,485
Increase in gross margin, as explained above	3,089
Increase in corporate cost allocations	(2,337)
Higher general SG&A expenses	(47)
Operating income for the three quarters ended October 4, 2014	**$22,190**

Opta Minerals

For the three quarters ended		**October 4, 2014**		**September 28, 2013**		**Change**	**% Change**
Revenues	$	105,667	$	108,614	$	(2,947)	-2.7%
Gross margin		16,688		18,530		(1,842)	-9.9%
Gross margin %		15.8%		17.1%			-1.3%
Operating income	$	3,494	$	5,070	$	(1,576)	-31.1%
Operating income %		3.3%		4.7%			-1.4%

Opta Minerals contributed $105,667 in revenues for the three quarters ended October 4, 2014, compared to $108,614 for the three quarters ended September 28, 2013, a decrease of $2,947 or 2.7% . The table below explains the decrease in revenue:

Opta Minerals Revenue Changes	
Revenues for the three quarters ended September 28, 2013	$108,614
Decreased volumes of abrasive and industrial mineral products	(6,943)
Higher volumes of steel and magnesium products, partially offset by reduced pricing	3,996
Revenues for the three quarters ended October 4, 2014	**$105,667**

Gross margin for Opta Minerals decreased by $1,842 to $16,688 for the three quarters ended October 4, 2014 compared to $18,530 for the three quarters ended September 28, 2013, and the gross margin percentage decreased by 1.3% to 15.8% . The decrease in gross margin as a percentage of revenue was due primarily to unfavorable changes in product mix, increased raw material costs and select pricing reductions within the steel and magnesium market. The table below explains the decrease in gross margin:

Opta Minerals Gross Margin Changes	
Gross margin for the three quarters ended September 28, 2013	$18,530
Select pricing reductions for steel and magnesium products, partially offset by margin impact of increased volumes	(1,264)
Margin impact of lower volumes of abrasive and industrial mineral products, as well as increased raw material costs and decreased plant utilization	(578)
Gross margin for the three quarters ended October 4, 2014	**$16,688**

Operating income for Opta Minerals decreased by $1,576, or 31.1%, to $3,494 for the three quarters ended October 4, 2014, compared to $5,070 for the three quarters ended September 28, 2013. The table below explains the decrease in operating income:

Opta Minerals Operating Income Changes	
Operating income for the three quarters ended September 28, 2013	$5,070
Decrease in gross margin, as explained above	(1,842)
Decrease in SG&A, primarily due to lower compensation costs through the rationalization and integration of acquired businesses	1,749
Increase in foreign exchange losses	(1,483)
Operating income for the three quarters ended October 4, 2014	**$3,494**

Corporate Services

For the three quarters ended	**October 4, 2014**	**September 28, 2013**	**Change**	**% Change**
Operating loss	$ (8,168)	$ (5,596)	$ (2,572)	-46.0%

Operating loss at Corporate Services increased by $2,572 to $8,168 for the three quarters ended October 4, 2014, from a loss of $5,596 for the three quarters ended September 28, 2013. The table below explains the increase in operating loss:

Corporate Services Operating Loss Changes	
Operating loss for the three quarters ended September 28, 2013	$(5,596)
Higher compensation-related costs due to increased headcount, short-term incentives, stock-based compensation and health benefits	(4,525)
Increased IT consulting, professional fees and other general office spending, including rent, utilities, supplies and travel	(1,636)
Decrease in foreign exchange gains	(315)
Increase in corporate management fees that are allocated to SunOpta operating groups	3,904
Operating loss for the three quarters ended October 4, 2014	**$(8,168)**

Liquidity and Capital Resources

We have the following sources from which we can fund our operating cash requirements:

- Existing cash and cash equivalents;
- Available operating lines of credit;
- Cash flows generated from operating activities;
- Cash flows generated from the exercise, if any, of stock options or warrants during the year;
- Potential additional long-term financing, including the offer and sale of debt and/or equity securities; and
- Potential sales of non-core divisions, or assets.

On October 14, 2014, The Organic Corporation (TOC) and certain of our other subsidiaries entered into a multipurpose facilities agreement with a syndicate of lenders (collectively, the Lenders), which provides for a total of €92,500 in financing via four main facilities: (i) an €80,000 revolving credit facility covering working capital needs; (ii) a €5,000 facility covering commodity hedging requirements; (iii) a €5,000 facility designated for letters of credit; and (iv) a €2,500 pre-settlement facility covering currency hedging requirements (collectively, the Club Facility). The €80,000 revolving credit facility replaces the previous €45,000 revolving credit facility of TOC and certain of its subsidiaries. The increased facility size will be used to support growth within our international sourcing and supply operations. There is no set maturity to the Club Facility and the Club Facility s credit limit can be extended or adjusted based on the needs of the business and upon approval of the Lenders.

On May 8, 2014, Opta Minerals amended and extended its credit agreement dated May 18, 2012, which provides for a Cdn $20,000 revolving term credit facility and a Cdn $52,500 non-revolving term credit facility. The revolving term credit facility now matures on August 14, 2015, with the outstanding principal amount repayable in full on the maturity date. The principal amount of the non-revolving term credit facility is repayable in equal quarterly installments of approximately Cdn $1,312. Opta Minerals may be required to make additional repayments on the non-revolving term credit facility if certain financial covenants are not met. The non-revolving term credit facility matures on May 18, 2017, with the remaining outstanding principal amount repayable in full on the maturity date. These credit facilities are specific to the operations of Opta Minerals; are standalone and separate from facilities used to finance our core food operations; and are without recourse to SunOpta Inc.

Also on May 8, 2014, certain financial covenants under the Opta Minerals credit agreement were amended for the quarterly periods ending June 30, 2014 through September 30, 2015. Opta Minerals was in compliance with all its financial covenants as at September 30, 2014.

On July 27, 2012, we entered into an amended and restated credit agreement with a syndicate of lenders. The amended agreement provides secured revolving credit facilities of Cdn $10,000 and $165,000, as well as an additional $50,000 in availability upon the exercise of an uncommitted accordion feature. These facilities mature on July 27, 2016, with the outstanding principal amount repayable in full on the maturity date. These facilities support our core North American food operations.

We have an effective registration statement on file with the U.S. Securities and Exchange Commission, pursuant to which we may offer up to $200,000 of debt, equity and other securities. We also have a prospectus on file with Canadian securities regulators covering the offer and sale of up to $200,000 of debt, equity and other securities. While the U.S. registration statement and the Canadian prospectus could be used by us for a public offering of debt, equity or other securities to raise additional capital, our ability to conduct any such future offerings will be subject to market conditions.

In order to finance significant acquisitions that may arise in the future, we may need additional sources of cash that we could attempt to obtain through a combination of additional bank or subordinated financing, a private or public offering of debt or equity securities, or the issuance of common stock as consideration in an acquisition. There can be no assurance that these types of financing would be available or, if so, on terms that are acceptable to us.

In the event that we require additional liquidity due to market conditions, unexpected actions by our lenders, changes to our growth strategy, or other factors, our ability to obtain any additional financing on favorable terms, if at all, could be limited.

Cash Flows

Cash flows for the quarter ended October 4, 2014

Net cash and cash equivalents increased $702 in the third quarter of 2014 to $7,429 as at October 4, 2014, compared with $6,727 at July 5, 2014, which primarily reflected operating cash flows of $18,000 and cash proceeds from the sales of assets of $5,688, mostly offset by the following uses of cash:

- net repayments under our line of credit facilities of $15,973;
- capital expenditures of $5,258, primarily related to expansion of our premium juice and aseptic production facilities and expansion of storage capacity at our Bulgarian grains handling and processing facility, operated as the Organic Land Corporation (OLC); and
- repayments of long-term debt of $1,502.

Cash provided by operating activities of continuing operations was $18,000 in the third quarter of 2014, compared with $10,009 in the third quarter of 2013, an increase of $7,991, reflecting the improved year-over-year operating performance within SunOpta Foods and a lower carryover of end-of-season inventories of raw grains and seeds, partially offset by increased working capital requirements to support the operating growth within SunOpta Foods.

Cash used in investing activities of continuing operations declined by $3,560 to $400 in the third quarter of 2014, compared with $3,960 in the third quarter of 2013, mainly due to a decrease in capital expenditures of $5,539, reflecting higher spending in the third quarter of 2013 related to an expansion of our aseptic processing and packaging operations, construction of our cocoa processing facility in the Netherlands, and expansion of production capabilities at OLC. We generated cash proceeds of $5,688 from the sale of certain of our sunflower production and storage facilities in the third quarter of 2014. In the third quarter of 2013, restricted cash of $6,495 was applied to the repayment of a credit facility used to pre-finance construction of equipment for our Dutch cocoa facility.

Cash used in financing activities of continuing operations was $16,801 in the third quarter of 2014, compared with $5,736 in the third quarter of 2013, an increase of $11,065, which mainly reflected a $11,045 increase in net repayments under our line of credit facilities, due primarily to higher operating cash flows and proceeds from the sale of assets, as well as reduced capital spending in the third quarter of 2014, compared with the third quarter of 2013.

Cash flows for the three quarters ended October 4, 2014

Net cash and cash equivalents decreased $1,108 in the first three quarters of 2014 to $7,429 as at October 4, 2014, compared with $8,537 at December 28, 2013, which primarily reflected the following uses of cash:

- net repayments under our line of credit facilities of $29,538;
- capital expenditures of $12,545, primarily related to expansion of our premium juice and aseptic production facilities, expansion of storage capacity at our Bulgarian grains handling and processing facility and completion of our cocoa processing facility in the Netherlands; and
- net repayments of long-term debt of $4,448.

These uses of cash were mostly offset by operating cash flows of $38,586; cash proceeds from the sales of assets of $5,688; and cash proceeds on the exercise of employee stock options of $2,996.

Cash provided by operating activities of continuing operations was $38,586 in the first three quarters of 2014, compared with $31,767 in the first three quarters of 2013, an increase of $6,819, reflecting the improved year-over-year operating performance within SunOpta Foods and a lower carryover of end-of-season inventories of raw grains and seeds, partially offset by increased working capital requirements to support the operating growth within SunOpta Foods. Cash used in operating activities related to discontinued operations in the first three quarters of 2013 of $4,608 mainly related to cash paid in connection with the CSOP arbitration settlement.

Cash used in investing activities of continuing operations declined by $23,233 to $8,443 in the first three quarters of 2014, compared with $31,676 in the first three quarters of 2013, mainly due to a decrease in capital expenditures of $20,228, reflecting higher spending in the first three quarters of 2013 related to an expansion of our aseptic processing and packaging operations, construction of our cocoa processing facility, expansion of production capabilities at OLC and expansion of our grains milling and roasting capacity. In addition, we generated proceeds of $5,688 from the sale of the sunflower facilities in the first three quarters of 2014. Also contributing to the year-over-year decline in cash used in investing activities was net cash paid of $3,828 to acquire OLC in the first quarter of 2013, offset by the decrease in restricted cash of $6,495.

Cash used in financing activities of continuing operations was $31,144 in the first three quarters of 2014, compared with cash provided of $4,553 in the first three quarters of 2013, an increase in cash used of $35,697, which mainly reflected net repayments under our line of credit facilities of $29,538 in the first three quarters of 2014, compared with net borrowings under those facilities of $7,854 in the first three quarters of 2013, reflecting reduced capital and business acquisition spending in the first three quarters of 2014, compared with the corresponding period of 2013, as well as higher year-over-year operating cash flows and proceeds from the sale of assets.

Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition.

Contractual Obligations

Other than the amendments to the TOC and Opta Minerals credit agreements described above under Liquidity and Capital Resources , there have been no material changes outside the normal course of business in our contractual obligations since December 28, 2013.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, related revenues and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. The estimates and assumptions made require us to exercise our judgment and are based on historical experience and various other factors that we believe to be reasonable under the circumstances. We continually evaluate the information that forms the basis of our estimates and assumptions as our business and the business environment generally changes. The use of estimates is pervasive throughout our financial statements. There have been no material changes to the critical accounting estimates disclosed under the heading Critical Accounting Estimates in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations , of the Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For quantitative and qualitative disclosures about market risk, see Part II, Item 7A, Quantitative and Qualitative Disclosures about Market Risk , of the Form 10-K. There have been no material changes to our exposures to market risks since December 28, 2013.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has established disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the Exchange Act) is recorded, processed, summarized and reported within time periods specified in the Securities and Exchange Commission s rules and forms. Such disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to its management to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures (as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act) as of the end of the period covered by this quarterly report. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of October 4, 2014.

Changes in Internal Control Over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated whether any change in our internal control over financial reporting (as such term is defined under Rule 13a-15(f) promulgated under the Exchange Act) occurred during the quarter ended October 4, 2014. Based on that evaluation, management concluded that there were no changes in our internal control over financial reporting during the quarter ended October 4, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in litigation incident to the ordinary conduct of our business. For a discussion of legal proceedings, see note 12 to the interim consolidated financial statements included under Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

Certain risks associated with our operations are discussed in our Annual Report on Form 10-K for the year ended December 28, 2013. Other than described below, there have been no material changes to the previously-reported risk factors as of the date of this quarterly report. All of such previously reported risk factors continue to apply to our business and should be carefully reviewed in connection with an evaluation of our Company. The following disclosures are in addition to the risk factors reported in the Annual Report on Form 10-K for the year ended December 28, 2013.

The Company Does Not Currently Intend to Pay any Cash Dividends on its Common Shares in the Foreseeable Future; Therefore, the Company s Shareholders May Not be Able to Receive a Return on their Common Shares Until They Sell Them

The Company has never paid or declared any cash dividends on its common shares. The Company does not anticipate paying any cash dividends on its common shares in the foreseeable future because, among other reasons, the Company currently intends to retain any future earnings to finance its business. The future payment of dividends will be dependent on factors such as cash on hand and achieving profitability, the financial requirements to fund growth, the Company s general financial condition and other factors the board of directors of the Company may consider appropriate in the circumstances. Until the Company pays dividends, which it may never do, its shareholders will not be able to receive a return on their common shares unless they sell them.

Item 6. Exhibits

The list of exhibits in the Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements 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.

SUNOPTA INC.

Date: November 12, 2014

/s/ Robert McKeracher
Robert McKeracher
Vice President and Chief Financial Officer
(Authorized Signatory and Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
10.1	Stock Deferral Plan for Non-Employee Directors dated August 12, 2014 (incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended July 5, 2014).
10.2	Amendment and Restatement Agreement, dated October 14, 2014, relating to a €92,500,000 Multipurpose Facilities Agreement, originally dated September 25, 2012, among The Organic Corporation B.V., Tradin Organic Agriculture B.V., SunOpta Foods Europe B.V., Tradin Organics USA Inc. and Trabocca B.V., as Borrowers, and ING Bank N.V., Cooperative Centrale Raiffeissen-Boerenleenbank B.A and Deutsche Bank AG, Amsterdam Branch, as Lenders (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on October 20, 2014).
31.1	Certification by Steven Bromley, Chief Executive Officer, pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification by Robert McKeracher, Vice President and Chief Financial Officer, pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934, as amended.
32	Certifications by Steven Bromley, Chief Executive Officer, and Robert McKeracher, Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.