

Post Holdings, Inc.  
Form 424B5  
March 10, 2014

Filed pursuant to Rule 424(b)(5)  
Registration No. 333-194459

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

Subject to Completion, dated March 10, 2014

PROSPECTUS SUPPLEMENT  
(To Prospectus dated March 10, 2014)

4,000,000 Shares

Post Holdings, Inc.

Common Stock

We are offering 4,000,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol POST. On March 7, 2014, the last reported sale price of our common stock on the New York Stock Exchange was \$59.44 per share.

*Investing in our common stock involves risks. See Risk Factors beginning on page S-21 of this Prospectus Supplement and in the documents incorporated by reference into this Prospectus Supplement concerning factors you should consider before investing in our common stock.*

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	<b>Per Share</b>	<b>Total</b>
Price to the public	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to Post Holdings, Inc. before expenses	\$	\$

We have granted the underwriters an option for a period of 30 days to purchase an additional 600,000 shares of our common stock at the initial price to public less the underwriting discount.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Delivery of the shares of common stock is expected to be made on or about March , 2014.

**Barclays**  
**Credit Suisse**

**Goldman, Sachs & Co.**  
**Wells Fargo Securities**

**BMO Capital Markets**

**Nomura**

**Stifel**

**SunTrust Robinson Humphrey**

Prospectus Supplement dated March , 2014

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### ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this common stock offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference herein. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement or any free writing prospectus we may authorize to be delivered to you and the information contained in the accompanying prospectus or any document incorporated by reference therein filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement or such free writing prospectus, as the case may be. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference herein were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

We have not authorized, and the underwriters have not authorized, anyone to provide you with information other than the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into the prospectus supplement and the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. The information contained in this prospectus supplement or the accompanying prospectus, or incorporated by reference herein is accurate only as of the respective dates thereof, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our common stock. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. You should also read and consider the information in the documents to which we have referred you in the sections entitled Where You Can Find More Information; Incorporation of Certain Information by Reference in this prospectus supplement and in the sections entitled Where You Can Find More Information; Incorporation by Reference in the accompanying prospectus, respectively.

We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about, and observe any restrictions relating to, this offering of the common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Except as otherwise indicated or unless the context otherwise requires, all references to we, our, us, Post or the Company refer to Post Holdings Inc., a Missouri corporation, together with its consolidated subsidiaries. References in this prospectus supplement to Ralcorp refer to Ralcorp Holdings, Inc. and its consolidated subsidiaries (other than Post). On January 29, 2013, Ralcorp was acquired by ConAgra Foods, Inc.

by means of the merger of a wholly-owned subsidiary of ConAgra Foods, Inc. into Ralcorp and as a result Ralcorp is now a wholly-owned subsidiary of ConAgra Foods, Inc. References in this prospectus supplement to the separation refer to the separation of Post from Ralcorp on February 3, 2012. Post cereals business refers to the branded ready-to-eat cereals business of Post or, if prior to the separation, of Ralcorp. All references to we, our, us, Post or the Company in the context of historical results prior to the separation refer to the Post cereals business.

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## NON-GAAP FINANCIAL MEASURES

The non-GAAP financial measures presented herein or incorporated by reference herein and discussed below do not comply with U.S. generally accepted accounting principles ( GAAP ), because they are adjusted to exclude (include) certain cash and non-cash income and expenses that would otherwise be included in (excluded from) the most directly comparable GAAP measure in the statement of operations. These non-GAAP financial measures, which are not necessarily comparable to similarly titled captions of other companies due to differences in the methods of calculation, should not be considered an alternative to, or more meaningful than, related measures determined in accordance with GAAP. As further discussed below, these non-GAAP measures supplement other metrics used by management to internally evaluate our business and facilitate the comparison of operations over time.

EBITDA represents operating profit plus depreciation and amortization. We present EBITDA because we consider it an important supplemental measure of our performance and believe it is commonly reported and frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, management understands that investors, analysts and rating agencies consider EBITDA useful in measuring the ability of issuers of high yield securities to meet debt service obligations. Our management believes EBITDA (which, as derived from operating profit, has not been reduced by interest expense or provision for taxes) is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up. Depreciation and amortization are non-cash charges.

The indentures governing our senior notes and our credit agreement use EBITDA (with additional adjustments similar to those discussed below regarding our calculation of Adjusted EBITDA ) to measure our compliance with covenants such as interest coverage and debt incurrence. Our management also believes EBITDA is an accepted indicator of our ability to incur and service debt and make capital expenditures. We believe that EBITDA is a useful financial metric to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

it does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

it does not reflect changes in, or cash requirements for, our working capital needs;

it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and such measures do not reflect any cash requirements for such replacements;

it does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations, as discussed under Adjusted EBITDA below; and

other companies in our industry may calculate such measures differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. You should compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally.

Adjusted EBITDA represents a further supplemental measure of our performance and ability to service debt. Adjusted EBITDA is often used to assess our performance because it allows comparison of operating performance on a consistent basis across periods by removing the effects of capital structure (such as varying levels of interest expense), items largely outside the control of the management team (such as income taxes), asset base (such as depreciation, amortization and impairments), derivatives accounting that is not representative of the economic effect of hedges and irregular or non-recurring costs (such as transition, integration, restructuring and plant closure costs, and inventory revaluation adjustments on acquired businesses). We have also included in our preparation of Adjusted EBITDA an adjustment for estimated additional costs we would have incurred as a stand-alone company in the historical periods prior to the separation from Ralcorp presented herein and incremental costs Post would have incurred had it been a stand-alone public company for the entirety of the periods presented. You are encouraged to evaluate each adjustment and the reasons we consider them appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA and therefore you should rely primarily on our GAAP results and use Adjusted EBITDA only supplementally. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments we use in deriving Adjusted EBITDA and our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Pro Forma Adjusted EBITDA represents a further supplemental measure of our performance and ability to service debt. We prepare Pro Forma Adjusted EBITDA by further adjusting Adjusted EBITDA to give effect to recent acquisitions as if those acquisitions had occurred on January 1, 2013 by adding, (i) with respect to the business of Dakota Growers Pasta Company, Inc. (the Dakota Growers Business), which manufactures and distributes pasta to the private label retail, food service and ingredient channels and was acquired effective January 1, 2014, the Adjusted EBITDA for the Dakota Growers Business based upon the audited financial statements for the fiscal year ended October 31, 2013 of Agricore United Holdings Inc., the sole shareholder of Dakota Growers and (ii) with respect to the other recently acquired businesses, management's estimate of the Adjusted EBITDA for each such business (based on the unaudited financial statements that were prepared by their respective prior management), as follows:

Our acquisition of the branded and private label cereal, granola and snacks business of Hearthside Food Solutions, LLC (the Hearthside Business) was completed on May 28, 2013. Our financial results for the 12 month period ended December 31, 2013 includes seven months of financial results related to this acquisition. The adjustments to Pro Forma Adjusted EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Hearthside Business for January 1, 2013 through May 27, 2013. Because the financial statements for the assets that comprised the Hearthside Business did not include an allocation of taxes or interest expense, EBITDA for the Hearthside Business was calculated as net income plus depreciation and amortization, without further adjustment.

Our acquisition of the branded food and beverage business, including high protein bars and shakes and nutritional supplements, of Premier Nutrition Corporation and its subsidiary Premier Protein, Inc. (the Premier Business) was completed on September 1, 2013. Our financial results for the 12 month period ended December 31, 2013 includes four months of financial results related to this acquisition. The adjustments to Pro Forma Adjusted EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Premier Business for January 1, 2013 through August 31, 2013 and include adjustments to remove certain non-recurring compensation and transaction related costs.

Our acquisition of the premium protein powders, bars and nutritional supplements business of Dymatize Enterprises, LLC (the Dymatize Business) was completed effective February 1, 2014. The adjustments to Pro Forma Adjusted EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Dymatize Business for January 1, 2013 through December 31, 2013 and also include adjustments to remove non-recurring transaction and legal expenses and costs incurred by the Dymatize Business as a stand-alone company for its board of directors.

Our acquisition of Golden Boy Foods Ltd., a manufacturer of private label peanut and other nut butters, as well as dried fruits and snacking nuts (the Golden Boy Business), was completed effective February 1, 2014. The adjustments to Pro Forma Adjusted EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Golden Boy Business for January 1, 2013 through December 31, 2013 and also include adjustments to add back estimated lost profits from business interruption, remove non-recurring plant start-up costs and remove transaction costs.

The Adjusted EBITDA presented in this prospectus supplement for the Hearthside, Premier, Dakota Growers, Dymatize and Golden Boy businesses are based on the financial statements for those businesses that were prepared by their respective prior management and do not include any contributions from synergies or cost savings management expects to achieve in the future. Except for Dakota Growers, these financial statements have not been audited or reviewed by independent auditors or any other accounting firm. Investors should be aware that Adjusted EBITDA for these acquired entities may not be entirely comparable to our measure of EBITDA or Adjusted EBITDA. Pro Forma Adjusted EBITDA has not been prepared in accordance with the requirements of Regulation S-X or any other securities laws relating to the presentation of pro forma financial information. Pro Forma Adjusted EBITDA and the related ratios are presented for information purposes only and do not purport to represent what our actual financial position or results or operations would have been if the acquisitions had been completed as of an earlier date or that may be achieved in the future. Pro Forma Adjusted EBITDA does not include any contribution from, or otherwise adjust for, our pending acquisition of the *PowerBar* and *Musashi* branded premium bars, powders and gel products business of Nestlé S.A.

For a reconciliation of EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA to the most directly comparable GAAP measure, see notes 7, 8 and 9 under Summary-Summary Historical Financial Information.



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**PROSPECTUS SUPPLEMENT SUMMARY**

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus and in the documents we incorporate by reference. This summary does not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including our consolidated financial statements and the related notes and the other documents incorporated by reference herein, before making an investment in our common stock.

**Our Company**

We are a consumer goods holding company currently operating in the center-of-the-store, active nutrition and private label food categories primarily in the United States and Canada. In February 2012, we completed our legal separation via a tax free spin-off from Ralcorp and began trading on the New York Stock Exchange under the ticker symbol POST. In 2012, we had a single operating segment, Post Foods. As a result of recent acquisitions, we now operate four principal businesses: Post Foods, Attune Foods, Active Nutrition and Private Brands. The Post Foods business predominately includes the Post branded ready-to-eat cereal business. The Attune Foods business manufactures, markets and distributes premium natural and organic cereals and snacks and includes the business of Attune Foods, Inc., which we acquired in December 2012 and certain assets of the Hearthside Food Solutions private label and branded cereal, granola and snack businesses, which we acquired in May 2013. The Active Nutrition business markets and distributes high protein bars and shakes as well as nutritional supplements, and includes the business of Premier Nutrition Corporation (which we refer to as PNC or the Premier Business), which we acquired in September 2013, and the business of Dymatize Enterprises, LLC (which we refer to as Dymatize), which we acquired in February 2014. Our Private Brands business consists of the recent acquisitions of Dakota Growers Pasta Company, Inc. (which we refer to as Dakota Growers) and Golden Boy Foods Ltd. (which we refer to as Golden Boy), which we acquired in January 2014 and February 2014, respectively.

For the fiscal year ended September 30, 2013, we generated net sales of \$1,034.1 million, operating profit of \$107.8 million, net earnings of \$15.2 million and Adjusted EBITDA of \$216.7 million, and for the quarter ended December 31, 2013, we generated net sales of \$297.0 million, operating profit of \$25.2 million, net loss of \$2.4 million and Adjusted EBITDA of \$55.9 million. These results do not include the partial year results from Dymatize, Dakota Growers or Golden Boy, which were acquired after December 31, 2013.

**Our Businesses**

***Our Strategy and Focus***

We operate four businesses: Post Foods, Attune Foods, Active Nutrition and Private Brands. Our Post Foods and Attune Foods businesses compete in stable categories, centered on strong, iconic brands and produce strong and consistent cash flow. The addition of Attune Foods provides increased exposure to the growing organic and natural channels. Our Active Nutrition businesses are in categories with significant growth opportunities, with product offerings geared towards health and wellness. Our Private Brands businesses operate in stable categories, with private label market share growth opportunities. We intend to seek internal and acquisition opportunities and deliver strong cash flow.

Our acquisition strategy focuses on businesses with product offerings that can strengthen our current portfolio, enable us to expand into complementary categories, geographic regions or distribution channels or provide diversification of cash flows in similar channels. We aim to improve scale in our operations, thereby increasing marketing and distribution efficiencies, and enhance our presence with key retailers. We believe the consumer foods market will continue to provide opportunities for growth through acquisitions of complementary businesses.

### ***Post Foods Business***

The Post Foods business manufactures, markets and sells branded and private label ready-to-eat cereal products. Post Foods leverages the strength of its brands, category expertise, and over a century of institutional knowledge to create a diverse portfolio of cereals that enhances consumer satisfaction. Our Post Foods business is the third largest seller of ready-to-eat cereals in the United States with a 10.5% share of retail sales (based on retail dollar sales) for the 52 week period ended January 25, 2014, based on Nielsen's expanded All Outlets Combined (xAOC) information. Our brands include *Honey Bunches of Oats*, the fourth largest brand of ready-to-eat cereal in the United States with a 4.4% xAOC dollar market share for the 52-week period ended January 25, 2014, as well as *Pebbles*, *Great Grains*, *Grape-Nuts*, *Post Shredded Wheat*, *Honeycomb*, *Golden Crisp*, *Post Raisin Bran*, *Alpha-Bits* and *Shreddies*. Post Foods products are primarily manufactured through a flexible production platform at one of our four owned facilities.

The ready-to-eat cereal category is one of the most prominent categories in the food industry. According to Nielsen xAOC information, the category is approximately \$9.2 billion for the 52-week period ended January 25, 2014. Ready-to-eat cereals appeal to a wide range of consumers who seek value, taste, health, performance and convenience. Since 2012, Post has introduced a number of new line extensions and product improvements, including *Grape-Nuts Fit*, *Honey Bunches of Oats Morning Energy*, new *Great Grains Protein Blends* and *Digestive Blends* flavors, *Honey Bunches of Oats* granola, *Poppin' Pebbles* and a more chocolatey *Cocoa Pebbles*. In September 2013, we began expanding our efforts to address the value-seeking consumer with the limited introduction of large bagged items of *Pebbles*, *Honeycomb* and *Golden Crisp*. We intend to expand this new packaging format and other packaging options to broaden our consumer appeal. We seek to leverage our strong Post Foods brand to expand into adjacent product categories. In fiscal year 2014, we will introduce a beverage drink, *Post Goodness to Go*, in several flavors (Tahitian vanilla, mocha, and Dutch chocolate). We are also focused on increasing our sales by extending product distribution into underrepresented sales channels, such as dollar store, club store, foodservice and drug store channels, introducing private label products and co-manufacturing products for other manufacturers.

While Post Foods participates in a lower growth category, it remains our largest business, and our Post Foods business continues to generate substantial cash flow from operations. This cash flow provides us with the flexibility to invest in cost-saving projects and to pursue strategic acquisitions in higher growth channels, diversifying our product offerings.

### ***Attune Foods Business***

Attune Foods includes the business of Attune Foods, Inc., which we acquired in December 2012, as well as certain assets of the branded and private label cereal, granola and snacks business of Hearthside Food Solutions, which we acquired in May 2013. Through this business unit, we manufacture and market branded premium natural and organic cereals and snacks, including *Uncle Sam* high fiber cereals, *Erewhon* gluten-free cereals and organic graham crackers, and *Willamette Valley Granola Company* granola and granola chips. Attune Foods also includes the *Golden Temple*, *Peace Cereal*, *Sweet Home Farm* brands as well as a private label granola business. Attune Foods' products are largely sold through the natural/health channels, as well as in the bulk foods section of both conventional and natural/specialty retailers.

Our Attune Foods business enables us to further participate in the high-growth, natural, non-GMO and organic cereal and snack categories. Attune Foods' manufacturing facility in Eugene, Oregon provides us the ability to manufacture a wide variety of product and package formats.

### **Active Nutrition Business**

Our Active Nutrition business includes PNC, which we acquired in September 2013, and Dymatize, which we acquired in February 2014. These acquisitions provide us with a platform to participate in the growing sports nutrition and supplements category. Through this business unit, we market and distribute premium protein beverages and foods under the *Premier Protein* brand and nutritional joint health supplements under the *Joint Juice* brand. This business unit also markets and distributes protein powders, bars and beverages under the *Dymatize* and *Supreme Protein* brands. The Active Nutrition business's products are manufactured at a facility owned by us and under co-manufacturing agreements at various third party facilities located in the United States.

The *Premier Protein*, *Dymatize* and *Supreme Protein* brands participate in the approximately \$9 billion sports nutrition and weight loss category. Our Active Nutrition products are primarily sold in grocery, drug, specialty and club stores. We plan to continue to introduce new products in convenient sizes and packaging formats, including various flavors of protein crisp bars and powder shake mixes. Our Active Nutrition business also includes the *Joint Juice* brand, which sells ready-to-drink beverages and other liquid-based solutions, designed to keep joints healthy and flexible.

On February 3, 2014, we entered into an agreement to acquire the *PowerBar* and *Musashi* brands and related worldwide assets from subsidiaries of Nestlé S.A. The *PowerBar* and *Musashi* branded products consist of premium bars, powders and gels sold in the United States and international markets. We expect that this business will become part of our Active Nutrition portfolio. See **Recent Developments** Pending Acquisition.

### **Private Brands Business**

With the acquisitions of Dakota Growers and Golden Boy in January 2014 and February 2014, respectively, we have established an expanded presence in the private label category. Dakota Growers manufactures and distributes pasta to the private label retail, food service and ingredient channels. Dakota Growers, with two manufacturing plants, has vertically integrated durum wheat capacity and pasta production capability of over 150 different shapes of pasta. Dakota Growers is a leader in the approximately \$3+ billion North American retail pasta market. The Golden Boy business manufactures and distributes private label peanut butter and other nut butters, dried fruit snacks and snacking nuts, with sales to grocery retailers and food service channels. These businesses provide us with the ability to participate in the rapidly growing natural and organic categories as well.

## **Recent Developments**

**Pending Acquisition.** On February 3, 2014, newly formed subsidiaries of Post entered into a Stock and Asset Purchase Agreement and an Intellectual Property Purchase Agreement with certain subsidiaries of Nestlé S.A. Under these agreements, we have agreed to acquire substantially all the assets that are used by Nestlé in the business of manufacturing, marketing, distributing and selling *PowerBar* and *Musashi* branded premium bars, powders and gel products. The acquisition includes the assumption of certain operating liabilities related to the business being acquired. Post has unconditionally guaranteed Buyer's obligations under the stock and asset purchase agreement and the intellectual property purchase agreement.

At the closing of the acquisition, we will pay a cash purchase price of \$150.0 million, subject to purchase price adjustments related to inventory in the United States and Australia and net working capital in Germany, less \$5.0 million as a credit for the working capital requirements of the business we are acquiring. We currently expect the transaction to close in our fiscal third quarter. The stock and asset purchase agreement may be terminated by mutual consent of the parties and under certain other circumstances, including if the closing of the acquisition has not occurred prior to November 3, 2014, subject to extension under certain limited circumstances. For the twelve months ended October 31, 2013 (the most recent date for which financial information is available), we estimate that the *PowerBar* and *Musashi* businesses had aggregate net sales of \$169.0 million.

The estimated net sales of the *PowerBar* and *Musashi* business is based on available financial data derived from the books and records of the business. The financial data for the *PowerBar* and *Musashi* business reflects performance under the business's prior ownership group and may not be indicative of the operating results that can be obtained under our cost structure. Further, the financial data for the *PowerBar* and *Musashi* business has not been audited or reviewed by our independent auditor or any other auditors. The future performance or results of the *PowerBar* and *Musashi* business as a subsidiary of Post may be materially different from past performance or results. We encourage investors not to place undue reliance on the above financial data for the business.

***Recently Completed Acquisitions.***

*Dakota Growers Pasta Company, Inc.* Effective January 1, 2014, we completed our acquisition of all of the stock of Agricore United Holdings Inc. (which we refer to as Agricore). Agricore is the parent company of Dakota Growers. The purchase price for the transaction was \$370.0 million in cash, subject to a working capital adjustment, which resulted in a payment at closing of approximately \$366.2 million, and was funded through our existing cash resources. As part of the acquisition, we also acquired the durum wheat inventory held by Viterra, Inc. for the Dakota Growers business. For its fiscal year ended October 31, 2013, Agricore had net revenues of \$283.1 million and Adjusted EBITDA of \$40.1 million.

*Golden Boy Foods Ltd.* Effective February 1, 2014, we completed our acquisition of Golden Boy Foods Ltd., a manufacturer of private label peanut and other nut butters, as well as dried fruits and snacking nuts. The purchase price for the transaction was CAD \$320.0 million in cash, subject to a working capital adjustment, which resulted in a payment at closing of approximately CAD \$321.1 million, and was funded through our existing cash resources. For the twelve months ended December 31, 2013, we estimate that Golden Boy had net sales of CAD \$237.8 million and Adjusted EBITDA of CAD \$35.5 million. The financial information presented above for Golden Boy was prepared by its management in accordance with Canadian generally accepted accounting principles for private enterprises and therefore may not be entirely comparable to our financial information.

*Dymatize Enterprises, LLC.* Effective February 1, 2014, we completed our acquisition of Dymatize. The purchase price for the transaction was \$380.0 million in cash, subject to a working capital adjustment, which resulted in a payment at closing of approximately \$392.5 million, and was funded through our existing cash resources. Additional consideration up to \$17.5 million is contingent upon Dymatize achieving certain profit targets in calendar year 2014. For the twelve months ended December 31, 2013, we estimate that Dymatize had net sales of \$196.0 million and Adjusted EBITDA of \$30.2 million.

The net revenues and Adjusted EBITDA for Agricore, the parent company of Dakota Growers, were derived from the audited consolidated and combined carve-out financial statements of Agricore for its fiscal year ended October 31, 2013. The estimated net sales and Adjusted EBITDA of Golden Boy and Dymatize are based on available financial data derived from the books and records of each business. The financial data for Agricore and the estimates for Golden Boy and Dymatize reflect performance under each business's prior parent company or ownership group and may not be indicative of the operating results that can be obtained under our cost structure. Further, the financial data for Golden Boy and Dymatize has not been audited or reviewed by our independent auditor or any other auditors. The future performance or results of Dakota Growers, Golden Boy and Dymatize as subsidiaries of Post may be materially different from past performance or results. We encourage investors not to place undue reliance on the above financial data for these businesses.

For a reconciliation of Adjusted EBITDA for Dakota, Golden Boy and Dymatize to earnings before income taxes, please see the reconciliation tables under Additional Reconciliations of Non-GAAP Measures. The amounts presented in the reconciliations for Golden Boy and Dymatize are estimates based on the available financial data for each business, as further described above.

**New Secured Credit Facility.** On January 29, 2014, we entered into a credit agreement with certain institutions that are or become lenders under the agreement, Barclays Bank PLC, Credit Suisse Securities (USA) LLC, Goldman Sachs Bank USA and Wells Fargo Securities, LLC, as joint lead arrangers and joint bookrunners, Barclays Bank PLC, as syndication agent, Credit Suisse AG, Cayman Islands Branch and Goldman Sachs Bank USA, as documentation agents, and Wells Fargo Bank, National Association, as administrative agent for the lenders. The credit agreement provides for a revolving credit facility in an aggregate principal amount of \$300.0 million and potential incremental revolving and term facilities at our request and at the discretion of the lenders, on terms to be determined and in a maximum aggregate amount not to exceed the greater of \$300.0 million and an amount such that our pro forma senior secured leverage ratio would not exceed 2.50 to 1.00. Our obligations under the credit agreement are unconditionally guaranteed by our existing and subsequently acquired or organized domestic subsidiaries and are secured by security interests on substantially all of the assets of us and the subsidiary guarantors, except for real property, which will be added to the collateral if we incur additional debt in excess of \$150.0 million under the credit agreement. We intend to use the proceeds of loans under the credit agreement for general corporate purposes, which may include, among other things, our pending acquisitions or future acquisition opportunities, working capital and capital expenditures. The outstanding amounts under the revolving credit facility must be repaid on or before January 29, 2019. As of the date of this prospectus supplement, we have no borrowings outstanding under the credit agreement.

**Concurrent Offering of Debt Securities.** In order to provide us with additional sources of liquidity, including financing for any additional acquisition opportunities, we intend to issue additional debt securities in a concurrent private offering. We anticipate that the debt securities would be senior obligations, rank equal in right of payment with our existing senior notes, not be convertible, be unsecured and be guaranteed by our existing and future domestic subsidiaries (other than immaterial subsidiaries and receivables finance subsidiaries). We expect gross proceeds from such offering of debt securities would be approximately \$260.0 million, including an estimated premium of approximately \$10.0 million. However, the amount and terms and conditions of any such debt securities will be subject to market conditions, and there can be no assurance that we will be able to issue any debt securities on terms and conditions acceptable to us. This offering is not contingent on the consummation of any offering of debt securities.

#### **Revised Outlook for Fiscal Year 2014**

Our reported Adjusted EBITDA for fiscal 2014 (excluding any contribution from the pending *PowerBar* and *Musashi* acquisition) will be lower than Pro Forma Adjusted EBITDA for the twelve months ended December 31, 2013. The operating results for the Dakota Growers, Dymatize and Golden Boy acquisitions will not be included in our results of operations for all of fiscal 2014 (Dakota was acquired on January 1, 2014 and Dymatize and Golden Boy were acquired on February 1, 2014). Additionally, certain operational issues have negatively impacted our expectation for fiscal 2014 results. These operational issues include:

We have experienced elevated costs supporting M&A activity, primarily consisting of increased audit fees for pending or completed acquisitions, due diligence fees on abandoned acquisitions, outside service fees related to IT integrations, and increased headcount to support a larger footprint. Management will continue to prioritize investment in integration and additional M&A over near-term profit targets;

As expected, in late 2013 and early 2014, Dakota Growers lost certain ingredient customers who insourced manufacturing of their ingredients. The replacement of volume is developing more slowly than expected. Management believes Dakota Growers has a strong pipeline of business development opportunities. Some are under contract, and some are in late stage discussions. Management expects Dakota Growers to return to historical volume levels in 2015;

Post management has seen on-going softness in the RTE cereal category in Post's second fiscal quarter, resulting in a revision to the outlook for the Post Foods business for fiscal 2014. Management believes the RTE cereal category will return to a single digit growth rate in 2015.

We also expect these operational issues to impact our second quarter results. As a result of these operational issues, on March 10, 2014, we reduced our previously announced guidance for fiscal 2014.

We believe that overall food sector consolidation will continue to accelerate, as cash flows of potential targets remain attractive and stable. We believe that the industries within the core categories we target remain fragmented, and that the pipeline of actionable acquisition targets will continue to be robust. We are currently evaluating multiple acquisition opportunities across each of our product categories, consistent with our stated M&A strategy.

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### Summary Historical Financial Information

The following tables set forth certain summary historical condensed consolidated financial data for each of the fiscal years in the three-year period ended September 30, 2013 and for the three months ended December 31, 2012 and 2013. The summary historical financial data set forth below should be read in conjunction with: (i) the sections entitled Use of Proceeds and Capitalization, each of which are contained elsewhere in this prospectus supplement and (ii) the audited consolidated financial statements and the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 filed with the SEC and incorporated by reference in this prospectus supplement, and (iii) the unaudited condensed consolidated financial statements and the notes thereto, and Management's Discussion and Analysis of Financial Conditions and Results of Operations contained in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2013 filed with the SEC and incorporated by reference in this prospectus supplement.

The summary historical condensed consolidated financial data for each of the fiscal years in the three-year period ended September 30, 2013 have been derived from Post's audited consolidated financial statements. The summary unaudited historical condensed consolidated financial data for the three months ended December 31, 2013 and 2012 have been derived from Post's unaudited condensed consolidated financial statements, and include, in the opinion of management, all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of such information. The financial data presented for the interim periods are not necessarily indicative of the results for the full fiscal year.

The summary unaudited historical consolidated financial data for the twelve months ended December 31, 2013 were calculated by subtracting the summary historical consolidated financial information for three months ended December 31, 2012 from the summary historical consolidated financial information for the year ended September 30, 2013, and then adding the summary historical consolidated financial information for the three months ended December 31, 2013.

	Year Ended September 30,			Three Months Ended December 31,		Twelve Months Ended December 31,
	2011	2012	2013	2012	2013	2013
<b>Statements of Operations Data:</b>						
Net sales	\$ 968.2	\$ 958.9	\$ 1,034.1	\$ 236.9	\$ 297.0	\$ 1,094.2
Cost of goods sold(1)	(516.6)	(530.0)	(609.2)	(131.2)	(182.5)	(660.5)
Gross profit	451.6	428.9	424.9	105.7	114.5	433.7
Selling, general and administrative expenses(2)	(239.5)	(274.5)	(294.4)	(72.1)	(83.0)	(305.3)
Amortization of intangible assets	(12.6)	(12.6)	(14.6)	(3.2)	(5.7)	(17.1)
Impairment of goodwill and other intangible assets(3)	(566.5)		(2.9)			(2.9)
Restructuring expense(4)			(3.8)		(0.5)	(4.3)
Other operating expenses, net	(1.6)	(2.7)	(1.4)	(0.1)	(0.1)	(1.4)
Operating profit (loss)	(368.6)	139.1	107.8	30.3	25.2	102.7
Interest expense(5)	(51.5)	(60.3)	(85.5)	(19.2)	(29.0)	(95.3)
Other (expense) income	(10.5)	1.6				
(Loss) earnings before income taxes	(430.6)	80.4	22.3	11.1	(3.8)	7.4
Income tax benefit (provision)	6.3	(30.5)	(7.1)	(3.5)	1.4	(2.2)
Net (loss) earnings	(424.3)	49.9	15.2	7.6	(2.4)	5.2
Preferred stock dividends			(5.4)		(2.6)	(8.0)
Net (loss) earnings available to common stockholders	\$ (424.3)	\$ 49.9	\$ 9.8	\$ 7.6	\$ (5.0)	\$ (2.8)
<b>(Loss) earnings per Share:</b>						
Basic	\$ (12.33)	\$ 1.45	\$ 0.30	\$ 0.23	\$ (0.15)	
Diluted	(12.33)	1.45	0.30	0.23	(0.15)	
<b>Weighted-Average Common Shares Outstanding:</b>						
Basic	34.4	34.3	32.7	32.6	32.7	
Diluted	34.4	34.5	33.0	32.7	32.7	

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	Year Ended September 30,			Three Months Ended December 31,		Twelve Months Ended
	2011	2012	2013	2012	2013	December 31, 2013
<b>Statements of Cash Flow Data:</b>						
Depreciation and amortization	\$ 58.7	\$ 63.2	\$ 76.8	\$ 16.2	\$ 21.1	\$ 81.7
Cash provided (used) by:						
Operating activities	143.8	144.0	119.2	23.6	24.9	120.5
Investing activities	(14.9)	(30.9)	(423.8)	(14.2)	(345.7)	(755.3)
Financing activities	(132.1)	(57.1)	648.8	243.4	804.6	1,210.0
<b>Other Financial Data:</b>						
Cash paid or advanced for business acquisitions, net of cash acquired(6)	\$	\$	\$ 352.9		\$ 366.2	\$ 719.1
Capital expenditures	14.9	30.9	32.8	5.0	16.5	44.3
EBITDA(7)	(309.9)	202.3	184.6	46.5	46.3	184.4
Adjusted EBITDA(8)	248.9	214.6	216.7	52.5	55.9	220.1
Pro Forma Adjusted EBITDA(9)						\$ 345.9
Net Debt (as adjusted), as of the last day of the period(10)						1,455.0
Ratio of Net Debt (as adjusted) to Pro Forma Adjusted EBITDA(11)						4.2x

	September 30,		December 31,
	2012	2013	2013
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 58.2	\$ 402.0	\$ 884.9
Working capital, excluding cash and cash equivalents and restricted cash	25.1	82.0	77.5
Total assets	2,732.3	3,473.8	4,289.1
Long-term debt, including current portion(12)	945.6	1,408.6	1,932.9
Other non-current liabilities	129.2	116.3	117.0
Total equity	1,231.5	1,498.6	1,785.7

- (1) In the three months ended December 31, 2013 and 2012 and the years ended September 30, 2013, 2012 and 2011, Post incurred a net pretax gain (loss) of \$0.9 million, \$(0.7) million, \$(0.9) million, \$(0.3) million and \$(7.1) million, respectively, on economic hedges which did not meet the criteria for cash flow hedge accounting. For more information, see Note 12 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 and Note 9 of Notes to Condensed Consolidated Financial Statements (Unaudited) in Post's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, each as filed with the SEC and incorporated by reference in this prospectus supplement.
- (2) In the three months ended December 31, 2013 and 2012 and the years ended September 30, 2013, 2012 and 2011, Post incurred \$0.2 million, \$2.8 million, \$8.9 million, \$12.5 million and \$2.8 million, respectively, of costs reported in selling, general and administrative expense related to the separation of Post from Ralcorp and Post's transition into a separate stand-alone entity. For more information, see Note 19 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements, contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 and Note 14 of Notes to Condensed Consolidated Financial Statements (Unaudited) in Post's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, each as filed with the SEC and incorporated by reference in this prospectus supplement.
- (3) For information about the impairment of goodwill and other intangible assets, see Critical Accounting Policies and Estimates and Notes 2 and 6 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 filed with the SEC and incorporated by reference in this prospectus supplement.
- (4) In April 2013, Post announced management's decision to close our manufacturing facility located in Modesto, California as part of a cost savings and capacity rationalization effort. The transfer of production capabilities and closure of the facility are expected to be completed by September 2014. See Note 4 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements, contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 and Note 2 of Notes to Condensed Consolidated Financial Statements (Unaudited) in Post's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, each as filed with the SEC and incorporated by reference in this prospectus supplement, for further discussion of restructuring expenses.
- (5) For periods prior to Post's separation from Ralcorp on February 3, 2012, interest expense represents intercompany interest expense related to debt obligations assumed by Ralcorp from Kraft in the August 2008 acquisition of Post and other intercompany notes. As part of the separation transaction, Post settled all intercompany debt with Ralcorp. At the time of the separation and thereafter, Post has incurred new indebtedness with a book value as of December 31, 2013 totaling \$1,932.9 million. See Note 14 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, and Note 12 in Notes to Condensed Consolidated Financial Statements (Unaudited) contained in Post's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, each as filed with the SEC and incorporated by reference in this prospectus supplement, for further discussion of long-term debt.
- (6) In December 2012, Post completed its acquisition of the assets of Attune Foods, Inc. In May 2013, Post completed its acquisition of certain assets of the Hearthside Food Solutions private label and branded cereal granola and snacks businesses. In September 2013, Post completed its acquisition of Premier Nutrition Corporation. In December 2013, Post advanced funds for the acquisition of Dakota



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Growers Pasta Company, Inc. The acquisition was effective January 1, 2014. The amount included in cash paid or advanced for business acquisitions, net of cash acquired reflects the cash consideration paid or advanced for these businesses less any cash acquired in the transactions. See Note 5 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, and Note 3 in Notes to Condensed Consolidated Financial Statements (Unaudited) contained in Post's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, each as filed with the SEC and incorporated by reference in this prospectus supplement, for further discussion of business combinations. Effective February 1, 2014, Post completed its acquisitions of Golden Boy Foods Ltd. and Dymatize Enterprises, LLC.

- (7) As used herein, EBITDA represents operating profit plus depreciation and amortization. We present EBITDA because we consider it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

We believe issuers of high yield securities also present EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations. We believe EBITDA (which, as derived from operating profit, has not been reduced by interest expense or provision for taxes), is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up. Depreciation and amortization are non-cash charges.

The indentures governing our senior notes use EBITDA (with additional adjustments similar to those discussed in footnote (8) below regarding our calculation of Adjusted EBITDA) to measure our compliance with covenants such as interest coverage and leverage. Our management also believes EBITDA is an acceptable indicator of our ability to incur and service debt and make capital expenditures. We believe that EBITDA is a useful financial metric to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business.

EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and

other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative benchmark measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally.

The following table reconciles EBITDA to operating profit for the periods indicated:

(in millions)	Year Ended September 30,			Three Months Ended December 31,		Twelve Months Ended December 31,
	2011	2012	2013	2012	2013	2013
Operating profit (loss)	\$ (368.6)	\$ 139.1	\$ 107.8	\$ 30.3	\$ 25.2	\$ 102.7
Depreciation and amortization	58.7	63.2	76.8	16.2	21.1	81.7
<b>EBITDA</b>	<b>\$ (309.9)</b>	<b>\$ 202.3</b>	<b>\$ 184.6</b>	<b>\$ 46.5</b>	<b>\$ 46.3</b>	<b>\$ 184.4</b>

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- (8) We present Adjusted EBITDA as a further supplemental measure of our performance and ability to service debt. We prepare Adjusted EBITDA by adjusting EBITDA to eliminate the impact of a number of items that are non-cash items, unusual items which we do not expect to recur or continue at the same level or other items which we do not believe to be reflective of our ongoing operating performance. We have also included in our preparation of Adjusted EBITDA an adjustment for additional costs we estimated we would have incurred if we would have been a stand-alone company during the periods prior to our separation from Ralcorp. You are encouraged to evaluate each adjustment and the reasons we consider them appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA, including the fact that we may calculate Adjusted EBITDA differently than other companies in our industry. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

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The following table reconciles EBITDA to Adjusted EBITDA for the periods indicated:

(in millions)	Year Ended September 30,			Three Months Ended December 31,		Twelve Months Ended December 31,
	2011	2012	2013	2012	2013	2013
EBITDA	\$ (309.9)	\$ 202.3	\$ 184.6	\$ 46.5	\$ 46.3	\$ 184.4
Stock compensation(a)	1.1	4.5	10.5	2.5	3.4	11.4
Retention and severance costs(b)		0.9				
Intangible asset impairment(c)	566.5		2.9			2.9
Impact of mark-to-market accounting for economic hedges(d)	7.1	0.3	0.9	0.7	(0.9)	(0.7)
Losses on hedge of purchase price of acquisitions(e)					1.3	1.3
Intercompany servicing fees(f)	(3.7)	(0.8)				
Separation costs(g)	2.8	12.5	8.9	2.8	0.2	6.3
Inventory revaluation adjustment on acquired businesses(h)			1.4			1.4
Public company costs(i)	(15.0)	(5.1)				
Restructuring and plant closure costs(j)			4.8		2.2	7.0
Acquisition related transaction costs(k)			2.7		3.4	6.1
<b>Adjusted EBITDA</b>	<b>\$ 248.9</b>	<b>\$ 214.6</b>	<b>\$ 216.7</b>	<b>\$ 52.5</b>	<b>\$ 55.9</b>	<b>\$ 220.1</b>

- (a) Represents non-cash expenses related to stock-based compensation.
- (b) Represents non-recurring retention expense for certain Post employees to ensure continuity during the transition/integration of the Post business from Kraft into Ralcorp and for the separation of Post from Ralcorp. Also includes severance for job eliminations triggered by the spin-off from Ralcorp.
- (c) For the fiscal year ended September 30, 2011, represents a non-cash expense for the impairment of goodwill and certain trademark intangible assets. For the fiscal year ended September 30, 2013, represents a non-cash expense for the impairment of certain trademark intangible assets. For more information about these expenses, see Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates and Notes 2 and 6 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements, each contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 filed with the SEC and incorporated by reference in this prospectus supplement.
- (d) Represents a non-cash expense for mark-to-market adjustments on economic hedges. For more information, see Note 12 of Notes to Consolidated Financial Statements in Post's audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, and Note 9 in Notes to Condensed Consolidated Financial Statements (unaudited) contained in Post's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, each as filed with the SEC and incorporated by reference in this prospectus supplement.
- (e) On December 7, 2013, Post entered into a share purchase agreement to acquire Golden Boy Foods Ltd. for a purchase price of 320 million Canadian dollars. From that date through December 31, 2013, Post began to accumulate Canadian dollars in preparation for closing the transaction on February 1, 2014. In addition, Post entered into a financial instrument as an economic hedge against fluctuations in the foreign currency exchange rate of the Canadian dollar against the U.S. dollar. In aggregate, Post incurred a loss of \$1.3 million during the quarter ended December 31, 2013 on the Canadian dollars accumulated and the economic hedge.
- (f) Represents intercompany servicing fees from an accounts receivable securitization program that did not continue after Post's separation from Ralcorp.
- (g) Represents certain expenses incurred to effect the separation of Post from Ralcorp and to support Post's transition into a separate stand-alone entity.
- (h) Represents the profit impact of inventory basis step-up related to business combinations.
- (i) Represents additional costs we estimate we would have incurred had we been a stand-alone company for the duration of the periods presented, consisting primarily of executive office costs, incremental costs to perform core corporate support functions, independent board of director fees and costs and external and internal audit costs. We estimated that these costs (excluding non-cash components) would have been approximately \$15.0 million per year and have used \$15.0 million in our calculation of Adjusted EBITDA for each applicable fiscal year shown in the table above.
- (j) Represents certain plant closure related expenses associated with the closing of the Modesto, California facility as part of a cost savings and capacity rationalization effort. The transfer of production capabilities and closure of the facility is expected to be completed by September 2014.
- (k) Represents acquisition related professional service fees associated with the signed and closed business combinations.

- (9) We present Pro Forma Adjusted EBITDA as a further supplemental measure of our performance and ability to service debt. We prepare Pro Forma Adjusted EBITDA by further adjusting Adjusted EBITDA to give effect to recent acquisitions as if those acquisitions had occurred on January 1, 2013 by adding, (i) with respect to the Dakota Growers Business, which was acquired effective January 1, 2014, the Adjusted EBITDA for the Dakota Growers Business based upon the audited financial statements for the fiscal year ended October 31, 2013 of Agricore United Holdings Inc., the sole shareholder of Dakota Growers and (ii) with respect to the other recently acquired businesses, management's estimate of the Adjusted EBITDA for each such business (based on the financial statements that were prepared by their respective prior management), as follows:

Our acquisition of the Hearthside Business was completed on May 28, 2013. Our financial results for the 12 month period ended December 31, 2013 includes seven months of financial results related to this acquisition. The adjustments to Pro Forma Adjusted



EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Hearthside Business for January 1, 2013 through May 27, 2013. Because the financial statements for the assets that comprised the Hearthside Business did not include an allocation of taxes or interest expense, Adjusted EBITDA for the Hearthside Business was calculated as net income plus depreciation and amortization, without further adjustment.

Our acquisition of the Premier Business was completed on September 1, 2013. Our financial results for the 12 month period ended December 31, 2013 includes four months of financial results related to this acquisition. The adjustments to Pro Forma Adjusted EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Premier Business for January 1, 2013 through August 31, 2013 and include adjustments to remove certain non-recurring compensation and transaction related costs.

Our acquisition of the Dymatize Business was completed effective February 1, 2014. The adjustments to Pro Forma Adjusted EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Dymatize Business for January 1, 2013 through December 31, 2013 and also include adjustments to remove non-recurring transaction and legal expenses and costs incurred by the Dymatize Business as a stand-alone company for its board of directors.

Our acquisition of the Golden Boy Business was completed effective February 1, 2014. The adjustments to Pro Forma Adjusted EBITDA for the 12 month period ended December 31, 2013 include management's estimate of the pre-acquisition Adjusted EBITDA of the Golden Boy Business for January 1, 2013 through December 31, 2013 and also include adjustments to add back estimated lost profits from business interruption, remove non-recurring plant start-up costs and remove transaction costs.

The Adjusted EBITDA presented in this prospectus supplement for the Hearthside, Premier, Dakota Growers, Dymatize and Golden Boy businesses are based on the financial statements for those businesses that were prepared by their respective prior management and do not include any contributions from synergies or cost savings management expects to achieve in the future. Except for Dakota Growers, these financial statements have not been audited or reviewed by independent auditors or any other accounting firm. Investors should be aware that Adjusted EBITDA for these acquired entities may not be entirely comparable to our measure of EBITDA or Adjusted EBITDA. Pro Forma Adjusted EBITDA has not been prepared in accordance with the requirements of Regulation S-X or any other securities laws relating to the presentation of pro forma financial information. Pro Forma Adjusted EBITDA and the related ratios are presented for information purposes only and do not purport to represent what our actual financial position or results or operations would have been if the acquisitions had been completed as of an earlier date or that may be achieved in the future. Pro Forma Adjusted EBITDA does not include any contribution from, or otherwise adjust for, our pending acquisition of the *PowerBar* and *Musashi* branded premium bars, powders and gel products business of Nestlé S.A.

The following table reconciles Adjusted EBITDA to Pro Forma Adjusted EBITDA for the period indicated:

<b>(in millions)</b>	<b>Twelve Months Ended</b>	
	<b>December 31, 2013</b>	
Adjusted EBITDA	\$	220.1
Hearthside Business Adjusted EBITDA Adjustment(a)		7.3
Premier Business Adjusted EBITDA Adjustment(b)		13.8
Dakota Growers Business Adjusted EBITDA(c)		40.1
Dymatize Business Adjusted EBITDA(d)		30.2
Golden Boy Business Adjusted EBITDA(e)		34.4
<b>Pro Forma Adjusted EBITDA</b>	<b>\$</b>	<b>345.9</b>

- (a) Adjustment gives effect to the acquisition of the Hearthside Business, which was consummated on May 28, 2013, as if such acquisition had occurred on January 1, 2013, by including management's estimate of the Adjusted EBITDA of the Hearthside Business for the period from January 1, 2013 through May 27, 2013. This estimate does not include any contributions from synergies or cost savings management expects to achieve in the future.
- (b) Adjustment gives effect to the acquisition of the Premier Business, which was consummated on September 1, 2013, as if such acquisition had occurred on January 1, 2013, by including management's estimate of the Adjusted EBITDA of the Premier Business for the period from January 1, 2013 through August 31, 2013, including adjustments to remove certain non-recurring compensation and transaction related costs. This estimate does not include any contributions from synergies or cost savings management expects to achieve in the future.
- (c) Adjustment gives effect to the acquisition of the Dakota Growers Business, which was consummated effective January 1, 2014, as if such acquisition had occurred on January 1, 2013, by including the Adjusted EBITDA of the Dakota Growers Business for the fiscal year ended October 31, 2013 of Agricore United Holdings Inc., the sole shareholder of Dakota Growers. This measure does not include any contributions from synergies or cost savings management expects to achieve in the future.

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- (d) Adjustment gives effect to the acquisition of the Dymatize Business, which was consummated effective February 1, 2014, as if such acquisition had occurred on January 1, 2013, by including management's estimate of the Adjusted EBITDA of the Dymatize Business for the period from January 1, 2013 through December 31, 2013, including adjustments to remove non-recurring transaction and legal expenses and costs incurred by Dymatize as a stand-alone company for its board of directors.
- (e) Adjustment gives effect to the acquisition of the Golden Boy Business, which was consummated effective February 1, 2014, as if such acquisition had occurred on January 1, 2013, by including management's estimate of the Adjusted EBITDA of the Golden Boy Business for the period from January 1, 2013 through December 31, 2013, including adjustments to add back estimated lost profits from business interruption, remove non-recurring plant start-up costs and remove transaction costs. This estimate does not include

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any contributions from synergies or cost savings management expects to achieve in the future. In the table above, US dollar Adjusted EBITDA of the Golden Boy Business was derived by dividing the Golden Boy Business Adjusted EBITDA denominated in Canadian dollars by the average weekly foreign exchange rate during the period of January 1, 2013 to December 31, 2013 of 1 US dollar to 1.0305 Canadian dollars.

Reconciliation of earnings before income taxes to Adjusted EBITDA for the Hearthsides, Premier, Dakota Growers, Golden Boy and Dymatize Businesses is set forth below under Additional Reconciliations of Non-GAAP Measures.

- (10) Net Debt (as adjusted) is defined as (a) the aggregate principal amount of our long term debt of \$2,150.0 million less (b) cash and cash equivalents of \$695.0 million, in each case after giving effect to the offering of the shares of our common stock hereby and estimated gross proceeds of \$260.0 million from the concurrent offering of our new notes, as if each had occurred on December 31, 2013 and, in the case of cash and cash equivalents, also giving effect to an estimated \$10.0 million of financing expenses for this offering and an estimated \$4.4 million of financing expenses for the concurrent offering of our new notes, \$19.4 million of net proceeds for the issuance of 200,000 additional shares of Series C convertible preferred stock and the CAD \$321.1 million (approximately US \$300.2 million) and \$392.5 million, respectively, paid to purchase the Golden Boy and Dymatize Businesses as if these transactions had closed on December 31, 2013. Net Debt does not give pro forma effect to, or include any adjustment for, our pending acquisition of the *PowerBar* and *Musashi* branded premium bars, powders and gel products business of Nestlé S.A.
- (11) Ratio of Net Debt (as adjusted) to Pro Forma Adjusted EBITDA represents the ratio of our Net Debt (as adjusted) as of December 31, 2013 (calculated as described above in footnote (10)) to our Pro Forma Adjusted EBITDA for the twelve months ended December 31, 2013 (calculated as described in footnote (9)). Ratio of Net Debt (as adjusted) to Pro Forma Adjusted EBITDA does not give pro forma effect to, or include any adjustment for, our pending acquisition of the *PowerBar* and *Musashi* branded premium bars, powders and gel products business of Nestlé S.A.
- (12) Includes unamortized premium of \$32.9 million at December 31, 2013 and \$33.6 million at September 30, 2013.

**Additional Reconciliations of Non-GAAP Measures**

**RECONCILIATION OF EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA**

**FOR THE HEARTHSIDE BUSINESS**

(in millions)

	January 1, 2013 to May 27, 2013
<b>Earnings before income taxes</b>	\$ 5.5
Depreciation and amortization	1.8
<b>Adjusted EBITDA</b>	\$ 7.3

**RECONCILIATION OF EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA**

**FOR PREMIER**

(in millions)

	January 1, 2013 to August 31, 2013
<b>Earnings before income taxes</b>	\$ (0.6)
Depreciation and amortization	5.2
Interest expense, net	2.0
Transaction expenses	6.1
Stock compensation	1.3
Other, net	(0.2)
<b>Adjusted EBITDA</b>	\$ 13.8

**RECONCILIATION OF EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA**

**FOR DAKOTA GROWERS**

(in millions)

	Twelve Months Ended October 31, 2013
<b>Earnings before income taxes</b>	\$ 24.3
Depreciation and amortization	10.5
Interest expense	5.7
Loss on disposition of property	3.5
Commodity hedging gains	(3.9)
<b>Adjusted EBITDA</b>	\$ 40.1



**RECONCILIATION OF EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA**

**FOR DYMATIZE**

(in millions)

	<b>Twelve Months Ended December 31, 2013</b>	
<b>Earnings before income taxes</b>	\$	10.0
Depreciation and amortization		10.4
Interest expense, net		8.3
Board of directors costs		0.3
Transaction and legal expenses		1.2
 <b>Adjusted EBITDA</b>	 \$	 30.2

**RECONCILIATION OF EARNINGS BEFORE INCOME TAXES TO ADJUSTED EBITDA**

**FOR GOLDEN BOY**

(in CAD millions)

	<b>Twelve Months Ended December 31, 2013</b>	
<b>Earnings before income taxes</b>	\$	24.1
Depreciation and amortization		6.9
Interest expense, net		3.1
Lost profits from business interruption		0.6
Plant start-up costs		0.3
Transaction costs		0.5
 <b>Adjusted EBITDA</b>	 \$	 35.5

Adjusted EBITDA in US dollars (CAD converted to USD using the average weekly foreign exchange rate for the period of January 1, 2013 to December 31, 2013 of 1 US dollar to 1.0305 Canadian dollars)	\$	34.4
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### The Offering

Common stock offered by us: 4,000,000 shares, or 4,600,000 if the underwriters exercise their option in full to purchase additional shares

Common stock to be outstanding immediately after this offering: 36,706,241 shares, or 37,306,241 if the underwriters exercise their option in full to purchase additional shares

Use of proceeds We estimate that, based upon an assumed price of \$59.44, which was the closing price of our common stock on the NYSE on March 7, 2014, the net proceeds to us from this offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses, will be approximately \$227.8 million, or approximately \$262.0 million if the underwriters exercise their option to purchase additional shares from us in full. We intend to use the net proceeds from this offering, including any net proceeds received from an exercise of the underwriters' option to purchase additional shares, for general corporate purposes, which could include, among other things, financing our pending acquisition and any future acquisition opportunities, working capital and capital expenditures.

Risk factors You should read the Risk Factors section of this prospectus supplement beginning on page S-21 before deciding to purchase shares of our common stock.

Listing Our common stock is listed on the New York Stock Exchange under the symbol POST. The number of shares of our common stock to be outstanding after this offering is based on 32,706,241 shares outstanding as of March 7, 2014, and excludes as of such date:

3,020,000 outstanding stock options, 453,501 outstanding stock settled restricted stock units and 312,440 outstanding stock-settled stock appreciation rights;

an aggregate of 2,676,514 additional shares of common stock available for future issuance under our equity compensation plans; and

11,030,508 shares of common stock issuable upon conversion of our outstanding 3.75% Series B Cumulative Perpetual Convertible Preferred Stock, which we refer to as the Series B preferred stock, and 2.5% Series C Cumulative Perpetual Convertible Preferred Stock, which we refer to as the Series C preferred stock, at the conversion rates in effect as of the date of this prospectus supplement. Except as otherwise noted, all information in this prospectus supplement:

assumes no exercise of outstanding options or conversion of outstanding convertible preferred stock; and

assumes no exercise by the underwriters of their option to purchase additional shares of common stock.



## RISK FACTORS

*Investment in our common stock involves risks. Before acquiring any shares of our common stock, you should carefully consider the risk factors set forth below and those incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 10, 2014 (the second Form 8-K only). The risks described below or incorporated by reference herein are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks or those incorporated by reference herein could materially and adversely affect our business, financial condition or results of operations. In such case, you could lose all or part of your original investment.*

***Our management will have broad discretion in the use of the net proceeds from this offering and may not use them effectively.***

Our management will have broad discretion in the application of the net proceeds from this offering, and our shareholders will not have the opportunity as part of their investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may use the net proceeds for general corporate purposes which may include paying a portion of the purchase price for pending or future acquisitions or investing in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments and U.S. government securities. These investments may not yield a favorable return to our shareholders.

***The price of our common stock may fluctuate significantly.***

The trading price of our shares of common stock has from time to time fluctuated widely and in the future may be subject to similar fluctuations. This volatility may affect the price at which you could sell your common stock. The market price of our common stock is likely to continue to be volatile and may fluctuate significantly in response to many factors, including:

operating results that vary from the expectations of management, securities analysts and investors;

developments in our business or in sectors in which we operate generally;

the operating and securities price performance of companies that investors consider to be comparable to us;

announcements of strategic developments, acquisitions and other material events by us or our competitors;

negative economic conditions that adversely affect the economy, commodity prices, the job market and other factors that may affect the markets in which we operate;

publication of research reports about us or the sectors in which we operate generally;

changes in market valuations of similar companies;

adverse market reaction to any additional debt we incur in the future;

additions or departures of key management personnel;

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actions by institutional shareholders;

speculation in the press or investment community;

the failure to identify and complete favorable acquisitions in the future or unexpected difficulties or developments related to the integration of recently completed or future acquisitions; and

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the realization of any of the other risk factors included in, or incorporated by reference to, this prospectus supplement or the prospectus.

Holders of our common stock will be subject to the risk of volatile and depressed market prices of our common stock. In addition, many of the factors listed above are beyond our control. These factors may cause the market price of our common stock to decline, regardless of the financial condition, results of operations, business or prospects of us and our subsidiaries. It is impossible to assure investors in our capital stock that the market price of our common stock will not fall in the future.

***Our preferred stock may adversely affect the market price of our common stock.***

The market price of our common stock is likely to be influenced by our convertible preferred stock. We have issued 2,415,000 shares of our 3.75% Series B Cumulative Perpetual Convertible Preferred Stock, which we refer to as the Series B preferred stock, and 3,200,000 shares of our 2.5% Series C Cumulative Perpetual Convertible Preferred Stock, which we refer to as the Series C preferred stock. At the conversion rates in effect as of the date of this prospectus supplement, 11,030,508 shares of our common stock are issuable upon conversion of the Series B preferred stock and the Series C preferred stock. The conversion rates of the Series B preferred stock and the Series C preferred stock are subject to adjustments that could significantly increase the number of shares of our common stock issuable upon conversion. The market price of our common stock could become more volatile and could be depressed by:

investors' anticipation of the sale into the market of a substantial number of additional shares of common stock received upon conversion of our convertible preferred stock;

possible sales of our common stock by investors who view our convertible preferred stock as a more attractive means of equity participation in us than owning shares of our common stock; and

hedging or arbitrage trading activity that may develop involving our convertible preferred stock and our common stock.

***Sales of a substantial number of shares of our common stock in the public market by our existing shareholders could cause our stock price to fall.***

Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise adequate capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

***Provisions in our articles of incorporation and bylaws and provisions of Missouri law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.***

Our articles of incorporation, bylaws and Missouri law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, among others:

the board of directors is divided into three classes with staggered terms;

the board of directors fixes the number of members on the board;

elimination of the rights of our shareholders to act by written consent (except when such consent is unanimous) and to call shareholder meetings;

rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;

the right of our board of directors to issue preferred stock without shareholder approval;

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supermajority vote requirements for certain amendments to our articles of incorporation and bylaws;

anti-takeover provisions of Missouri law which may prevent us from engaging in a business combination with an interested shareholder, or which may deter third parties from acquiring our common stock above certain thresholds; and

limitations on the right of shareholders to remove directors.

These provisions may deter an acquisition of us that might otherwise be attractive to shareholders.

***We may issue debt and equity securities or securities convertible into equity securities, any of which may be senior to our common stock as to distributions and liquidation.***

In the future, we may issue additional debt or equity securities or securities convertible into or exchangeable for equity securities, or we may enter into debt-like financing that is unsecured or secured by any or all of our properties. Such securities may be senior to our common stock as to distributions. In addition, in the event of our liquidation, our lenders and holders of our debt and preferred securities would receive distributions of our available assets before distributions to the holders of our common stock.

***We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations.***

We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers from our subsidiaries to meet our obligations. Any agreements governing the indebtedness of our subsidiaries could impose restrictions on such subsidiaries' ability to pay dividends or other distributions to us. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.

***Our pending acquisition of the PowerBar and Musashi brands may not be consummated.***

On February 3, 2014, we entered into agreements with certain subsidiaries of Nestlé S.A. to acquire substantially all the assets that are used by Nestlé in the business of manufacturing, marketing, distributing and selling *PowerBar* and *Musashi* branded premium bars, powders and gel products, including the intellectual property and equity of a German entity engaged in the business. See Recent Developments Pending Acquisition. Completion of this acquisition is subject to certain limited conditions, including the expiration or termination of any applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the receipt of third party consents under material agreements and the parties' negotiation of a reasonably satisfactory transition services agreement, pursuant to which the Nestlé subsidiaries would provide certain services to us for a limited period of time after the closing of the acquisition, and manufacturing agreements, pursuant to which the parties would manufacture certain products for each other after the closing of the acquisition.

We expect the transaction to close in our fiscal third quarter. There can be no assurance, however, that all closing conditions for the acquisition will be satisfied and, if they are satisfied, that they will be satisfied in time for the closing to occur during the period noted above. The acquisition agreement may be terminated by the mutual consent of the parties and under certain other circumstances.

With this acquisition, if consummated, we will expand our footprint into various foreign countries in which we currently do not have operations. We also will need to replicate certain corporate functions previously provided to the business by Nestlé. If we are unable to successfully integrate the acquisition and support the business, or if we cannot successfully replicate the functions previously provided by Nestlé in a cost-effective way, our results could be adversely affected.

*There is a limited amount of financial information currently available for Golden Boy, Dymatize and the PowerBar and Musashi businesses.*

The estimated net sales and Adjusted EBITDA of Golden Boy and Dymatize and the estimated net sales of the *PowerBar* and *Musashi* businesses presented in this prospectus supplement are based on available financial data derived from the books and records of each such business; these estimates reflect performance under each such business's prior parent company or ownership group and may not be indicative of the operating results that can be obtained under our cost structure. Further, the financial data have not been audited or reviewed by our independent registered public accounting firm or any other auditors. In addition, we made adjustments to the prior management-prepared financial statements to reflect additional estimated costs identified during our due diligence procedures. The future performance or results of Golden Boy, Dymatize and the *PowerBar* and *Musashi* businesses as subsidiaries of Post may be materially different from past performance or results. We encourage investors not to place undue reliance on the estimated financial results included in this prospectus supplement.

*Our actual operating results may differ significantly from our guidance.*

From time to time, we release guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in such release and the factors described under "Forward-Looking Statements" in this prospectus supplement. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firms nor any other independent expert or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in, or incorporated by reference into, this prospectus supplement could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

**FORWARD-LOOKING STATEMENTS**

Forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, are made throughout this prospectus supplement. These forward-looking statements are sometimes identified by the use of terms and phrases such as believe, should, expect, project, estimate, anticipate, aim, intend, plan, will, can, may, or similar expressions throughout this prospectus supplement. Our results of operations and financial condition may differ materially from those in the forward-looking statements. Such statements are based on management's current views and assumptions, and involve risks and uncertainties that could affect expected results. Those risks and uncertainties include but are not limited to the following:

our high leverage and substantial debt, including covenants that restrict the operation of our business;

our ability to service our outstanding debt or obtain additional financing;

our ability to continue to compete in our product markets and our ability to retain our market position;

our ability to identify and complete acquisitions, manage our growth and integrate acquisitions;

changes in our cost structure, management, financing and business operations;

significant increases in the costs of certain commodities, packaging or energy used to manufacture our products;

our ability to recognize the expected benefits of the closing of our Modesto, California manufacturing facility;

our ability to maintain competitive pricing, successfully introduce new products or successfully manage our costs;

our ability to successfully implement business strategies to reduce costs;

impairment in the carrying value of goodwill or other intangibles;

the loss or bankruptcy of a significant customer;

allegations that our products cause injury or illness, product recalls and product liability claims and other litigation;

our ability to anticipate changes in consumer preferences and trends;

changes in economic conditions and consumer demand for our products;

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disruptions in the U.S. and global capital and credit markets;

labor strikes or work stoppages by our employees;

legal and regulatory factors, including changes in food safety, advertising and labeling laws and regulations;

our ability to comply with increased regulatory scrutiny related to certain of our products and/or international sales;

disruptions or inefficiencies in supply chain;

our reliance on third party manufacturers for certain of our products;

fluctuations in foreign currency exchange rates;

consolidations among the retail grocery and foodservice industries;

change in estimates in critical accounting judgments and changes to or new laws and regulations affecting our business;

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losses or increased funding and expenses related to our qualified pension plans;

loss of key employees;

our ability to protect our intellectual property;

changes in weather conditions, natural disasters and other events beyond our control;

our ability to successfully operate our international operations in compliance with applicable laws and regulations;

our ability to operate effectively as a stand-alone, publicly traded company;

our ability to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, including with respect to acquired companies;

business disruptions caused by information technology failures; and

other risks and uncertainties included under **Risk Factors** in this prospectus supplement and those included in our Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2014 (the second Form 8-K only).

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus supplement and those included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 and in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2013, each of which is filed with the SEC and incorporated by reference in the prospectus supplement, to conform these statements to actual results or to changes in our expectations.

**USE OF PROCEEDS**

We estimate that based upon an assumed price of \$59.44, which was the closing price of our common stock on the NYSE on March 7, 2014, the net proceeds from this offering will be approximately \$227.8 million, or approximately \$262.0 million if the underwriters exercise their option to purchase additional shares from us in full, in each case after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for general corporate purposes, which could include, among other things, financing our pending acquisition and any future acquisition opportunities, working capital and capital expenditures.

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**DIVIDEND POLICY AND MARKET FOR COMMON STOCK****Dividend Policy**

The holders of our common stock are entitled to receive dividends if and when declared by our board of directors out of legally available funds. We have no plans to pay cash dividends on our common stock in the foreseeable future, and our senior credit facility and the indentures governing our debt securities restrict, and future credit facilities may restrict, our ability to pay dividends. Our Series B preferred stock earns cumulative dividends at a rate of 3.75% per annum, and our Series C preferred stock earns cumulative dividends at a rate of 2.5% per annum. Dividends on each series of preferred stock are payable quarterly on February 15, May 15, August 15 and November 15. We have paid the dividends on the Series B preferred stock on each quarterly dividend payment date since the initial issuance of the Series B preferred stock, and we have declared a dividend on the Series C preferred stock payable on February 15, 2014, the first dividend payment date to occur since our initial issuance of the Series C preferred stock, to holders of record as of February 1, 2014. Subject to compliance with the terms of our senior credit facility and our indentures, we expect to continue to pay dividends on the Series B and Series C preferred stock for future dividend periods.

**Price Range of our Common Stock**

Our common stock is traded on the New York Stock Exchange under the symbol POST. The high and low closing sale prices of our common stock, as reported by the New York Stock Exchange, for each quarter since Post's separation from Ralcorp are reported below.

Period	Price Range of Common Stock	
	High	Low
<b>Fiscal Year Ended September 30, 2012:</b>		
Second Quarter (February 6, 2012 through March 31, 2012)	\$ 32.93	\$ 26.02
Third Quarter	33.98	28.00
Fourth Quarter	32.92	28.58
<b>Fiscal Year Ended September 30, 2013:</b>		
First Quarter	\$ 35.13	\$ 30.05
Second Quarter	42.93	33.93
Third Quarter	47.12	41.88
Fourth Quarter	49.14	40.37
<b>Fiscal Year Ending September 30, 2014:</b>		
First Quarter	\$ 52.61	\$ 38.70
Second Quarter (through March 7, 2014)	\$ 59.44	\$ 49.50

On March 7, 2014, the closing sale price of our common stock as reported on the NYSE was \$59.44.

As of February 28, 2014, there were approximately 6,695 record holders of our common stock.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2013:

on an actual basis; and

on an as adjusted basis to give effect to:

(i) the sale of 4.0 million shares of common stock, after deducting estimated discounts and commissions and estimated offering expenses and excluding any shares that may be issued if the underwriters exercise their option to purchase additional shares of common stock, at an assumed price of \$59.44 per share (which was the closing price of our common stock on the NYSE on March 7, 2014), and our receipt of the estimated net proceeds thereof as described in Use of Proceeds; and

(ii) the issuance, concurrent with this offering, of \$250.0 million in aggregate principal amount of our debt securities,

and, in each case, the other items or events described in the footnotes in the table below.

The information below is not necessarily indicative of our future cash and cash equivalents and capitalization. You should read the information in this table together with Management's Discussions and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and the related notes contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, and in our Quarterly Report on Form 10-Q for the quarter ended December 31, 2013, each of which is filed with the SEC and incorporated by reference in this prospectus supplement.

(in millions)	As of December 31, 2013		
	Historical	As Adjusted(1)(2) For Common Stock Offering Only	For Common Stock Offering and Debt Offering
Cash and cash equivalents	\$ 884.9	\$ 439.4(3)	\$ 695.0(4)
Debt, including current and long-term:			
Senior notes due 2022	\$ 1,407.9	\$ 1,407.9	\$ 1,407.9
Senior notes due 2021	525.0	525.0	785.0(5)
<b>Total debt</b>	<b>1,932.9</b>	<b>1,932.9</b>	<b>2,192.9</b>
Shareholders' Equity:			
Preferred stock, par value \$.01 per share; 50,000,000 shares authorized:			
Series B \$100 liquidation value; 2,415,000 shares issued and outstanding and Series C \$100 liquidation value; 3,000,000 shares issued and outstanding	0.1	0.1	0.1
Common stock, par value \$.01 per share; 300,000,000 shares authorized; 32,688,799 shares outstanding	0.3	0.4	0.4
Additional paid-in capital(6)	1,811.2	2,058.3	2,058.3
Retained earnings	42.9	42.9	42.9
Accumulated other comprehensive loss	(15.4)	(15.4)	(15.4)
Treasury stock	(53.4)	(53.4)	(53.4)
<b>Total stockholders' equity</b>	<b>1,785.7</b>	<b>2,032.9</b>	<b>2,032.9</b>
<b>Total capitalization</b>	<b>\$ 3,718.6</b>	<b>\$ 3,965.8</b>	<b>\$ 4,225.8</b>



- (1) The as adjusted balances give effect to the \$19.4 million net proceeds of our issuance on January 14, 2014 of an additional 200,000 shares of our Series C preferred stock upon exercise by the initial purchasers in our December 2013 private offering of the Series C preferred stock of their option to purchase additional shares.
- (2) The as adjusted balances give effect to the acquisitions of Golden Boy, for which we used approximately CAD\$321.1 million of cash and cash equivalents (approximately US \$300.2 million using the CAD to USD exchange rate on December 31, 2013), and Dymatize, for which we used approximately \$392.5 million of cash and cash equivalents. The as adjusted balances do not give effect to our pending acquisition of the *PowerBar* and *Musashi* brands from Nestlé S.A. for which we expect to use \$150.0 of cash and cash equivalents.
- (3) The as adjusted balance for the offering of common stock includes, in addition to the historical balance, the Series C preferred stock net proceeds discussed in footnote (1) and reductions for the acquisition of Golden Boy and Dymatize discussed in footnote (2), the gross proceeds of \$237.8 million from this offering, reduced by an estimated \$10.0 million of fees and expenses for this offering.
- (4) The as adjusted balance for the offering of common stock and the concurrent debt securities offering includes, in addition to the historical balance and the Series C preferred stock net proceeds discussed in footnote (1) and reductions for the acquisitions of Golden Boy and Dymatize discussed in footnote (2), the following: gross proceeds of \$237.8 million from this offering of common stock, reduced by an estimated \$10.0 million of fees and expenses of this offering, plus estimated gross proceeds of \$260.0 million from the concurrent offering of debt securities, including an estimated \$10.0 million premium, reduced by an estimated \$4.4 million of fees and expenses of such offering.
- (5) The as adjusted balance gives effect to estimated gross proceeds of \$260.0 from the debt securities offering, including an estimated \$10.0 million premium.
- (6) As adjusted additional paid in capital assumes the Series C preferred stock net proceeds discussed in footnote (1) and gross proceeds of \$237.8 million from the issuance of 4.0 million shares of common stock at an assumed price of \$59.44 per share (which was the closing price of our common stock on the NYSE on March 7, 2014), less par value and estimated fees and expenses for this offering of \$10.0 million.

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**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS**

The following is a discussion of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or IRS, in each case in effect as of the date of this offering. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a non-U.S. holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to non-U.S. holders that hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to non-U.S. holders subject to particular rules, including, without limitation:

U.S. expatriates and certain former citizens or long-term residents of the United States;

persons subject to the alternative minimum tax;

persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;

banks, insurance companies and other financial institutions;

brokers, dealers or traders in securities;

controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;

tax-exempt organizations or governmental organizations;

persons deemed to sell our common stock under the constructive sale provisions of the Code;

persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;  
and

tax-qualified retirement plans.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

**INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

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**Definition of a Non-U.S. Holder**

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our common stock that is neither a U.S. person nor a partnership (or entity treated as a partnership) for U.S. federal income tax purposes. A U.S. person is any of the following:

an individual who is a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income tax regardless of its source; or

a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more United States persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has made a valid election under applicable Treasury Regulations to be treated as a United States person.

**Distributions**

As described in the section entitled Dividend Policy and Market for Common Stock, we do not anticipate declaring or paying cash dividends to holders of our common stock in the foreseeable future. However, cash or other property distributions, if any, on our common stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under Sale or Other Taxable Disposition.

Subject to the discussions below on effectively connected income, dividends paid to a non-U.S. holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or a lower rate specified by an applicable income tax treaty).

Non-U.S. holders will be entitled to a reduction in or an exemption from withholding on dividends as a result of either (a) qualifying for an applicable income tax treaty or (b) the non-U.S. holder holding our common stock in connection with the conduct of a trade or business within the United States and dividends being paid in connection with that trade or business. To claim such a reduction in or exemption from withholding, the non-U.S. holder must provide the applicable withholding agent with a properly executed (a) IRS Form W-8BEN or other applicable documentation claiming an exemption from or reduction of the withholding tax under the benefit of an income tax treaty between the United States and the country in which the non-U.S. holder resides or is established, or (b) IRS Form W-8ECI or other applicable documentation stating that the dividends are not subject to withholding tax because they are effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, as may be applicable. These certifications must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If dividends paid to a non-U.S. holder are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from U.S. federal withholding tax (provided the non-U.S. holder provides appropriate certification, as described above), the non-U.S. holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular graduated U.S. federal income tax rates. In addition, a non-U.S.

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holder that is a corporation may be subject to a branch profits tax at a rate of 30% (or a lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items.

### **Sale or Other Taxable Disposition**

Non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);

the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or

our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A non-U.S. holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or a lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or a lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States) provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we are not currently and do not anticipate becoming a USRPHC. Because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs relative to the fair market value of our other business assets and our non-U.S. real property interests, however, there can be no assurance we are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock will not be subject to U.S. federal income tax if our common stock is regularly traded, as defined by applicable Treasury Regulations, on an established securities market, and such non-U.S. holder owns, actually or constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other disposition or the non-U.S. holder's holding period for such stock.

Non-U.S. holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

### **Information Reporting and Backup Withholding**

A non-U.S. holder will not be subject to backup withholding with respect to payments of dividends on our common stock we make to the non-U.S. holder, provided the applicable withholding agent does not have actual knowledge or reason to know such holder is a United States person and the holder certifies its non-U.S. status, such as by providing a valid IRS Form W-8BEN or W-8ECI, or other applicable certification, or otherwise establishes an exemption. However, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.



Information reporting and backup withholding may apply to the proceeds of a sale of our common stock within the United States, and information reporting may (although backup withholding generally will not) apply to the proceeds of a sale of our common stock outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder on IRS Form W-8BEN or other applicable form (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person) or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

#### **Additional Withholding Tax on Payments Made to Foreign Accounts**

Withholding taxes may be imposed under sections 1441 to 1447 of the Code (such sections commonly referred to as FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or a non-financial foreign entity (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any substantial United States owners (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it will be required to, among other things, undertake to identify accounts held by certain specified United States persons or United States-owned foreign entities (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. The 30% withholding tax under FATCA would apply regardless of whether the applicable payment would otherwise be exempt from U.S. withholding tax (e.g. as effectively connected income or as capital gain upon the sale, exchange, redemption or other disposition of our common stock).

Under the applicable Treasury Regulations and IRS guidance, withholding under FATCA generally will apply to payments of dividends on our common stock made on or after July 1, 2014 and to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2017.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA and the circumstances under which a claim for refund could be made to their investment in our common stock.

**UNDERWRITING**

Barclays Capital Inc. and Goldman, Sachs & Co. are acting as representatives of the underwriters of this offering. Under the terms of an underwriting agreement, each of the underwriters named below has severally agreed to purchase from us the respective number of shares of common stock shown opposite its name below:

Underwriters	Number of Shares
Barclays Capital Inc.	
Goldman, Sachs & Co.	
Credit Suisse Securities (USA) LLC	
Wells Fargo Securities, LLC	
BMO Capital Markets Corp.	
Nomura Securities International, Inc.	
Stifel, Nicolaus & Company, Incorporated	
SunTrust Robinson Humphrey, Inc.	
<b>Total</b>	<b>4,000,000</b>

The underwriting agreement provides that the underwriters' obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement including:

the obligation to purchase all of the shares of common stock offered hereby (other than those shares of common stock covered by their option to purchase additional shares as described below), if any of the shares are purchased;

the representations and warranties made by us to the underwriters are true;

there is no material change in our business or the financial markets; and

we deliver customary closing documents to the underwriters.

**Commissions and Expenses**

The following table summarizes the underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriters pay to us for the shares.

Per Share	No Exercise	Full Exercise
	\$	\$
<b>Total</b>	<b>\$</b>	<b>\$</b>

Barclays Capital Inc. and Goldman, Sachs & Co. have advised us that the underwriters propose to offer the shares of common stock directly to the public at the public offering price on the cover of this prospectus supplement and to selected dealers, which may include the underwriters, at such offering price less a selling concession not in excess of \$ per share. After the offering, the representatives may change the offering price and other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The expenses of the offering that are payable by us are estimated to be approximately \$500,000 (excluding underwriting discounts and commissions).



### **Option to Purchase Additional Shares**

We have granted the underwriters an option exercisable for 30 days after the date of this prospectus supplement to purchase, from time to time, in whole or in part, up to an aggregate of 600,000 shares from us at the public offering price less underwriting discounts and commissions. To the extent that this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase its pro rata portion of these additional shares based on the underwriter's percentage underwriting commitment in the offering as indicated in the table at the beginning of this Underwriting section.

### **Clear Market**

We, and our executive officers and directors, have agreed, subject to certain exceptions, that we and they will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock, without the prior written consent of Barclays Capital Inc. for a period of 90 days after the date of this prospectus supplement.

Notwithstanding the foregoing, the underwriters have agreed that the lock-up agreement will not apply to us with respect to (a) our sale of common stock pursuant to this offering, (b) our issuance of any shares of common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof, (c) any grants under our equity or stock plans in accordance with the terms of such plans, (d) common stock or rights to receive common stock (including securities convertible into or exercisable or exchangeable for common stock) issued or contemplated to be issued in connection with an acquisition or with a strategic or minority investment transaction, provided that the aggregate number of shares of common stock issued or issuable upon exchange or conversion of any securities convertible into or exchangeable for common stock under clause (d) during the 90-day restricted period shall not exceed 20.0% of the total number of shares of common stock issued and outstanding as of the date of such acquisition or strategic or minority investment transaction and any such recipient of our securities pursuant to clause (d) will agree to be bound by lock-up agreements for the remainder of the 90-day restricted period or (e) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock (subject to certain conditions). We have also agreed that, without the prior written consent of Barclays Capital Inc., we will not, during the period beginning on the date hereof and continuing to and including the closing date of this offering, offer, sell, contract to sell or otherwise dispose of any of our common stock or warrants to purchase common stock substantially similar to the common stock (other than the sale of the common stock in this offering).

In addition, notwithstanding the lock-up agreements applicable to our directors and executive officers, the underwriters have agreed that such directors and executive officers may, subject to certain restrictions, (1) make transfers as a bona fide gift, (2) make transfers to an affiliate, (3) make transfers to a trust, (4) establish a trading plan that complies with Rule 10b5-1 under the Exchange Act, (5) make purchases pursuant to an option or warrant, (6) surrender common stock or any security convertible into common stock to us in payment of the exercise price of any options or withholdings in respect of tax obligations, (7) make sales or dispositions of common stock solely to cover tax obligations which arise from the exercise or vesting of options or restricted stock units, (8) make pledges of common stock or any security convertible into common stock, (9) make transfers of common stock or any security convertible into common stock acquired in open market transactions, or (10) make tenders involving the acquisition of a majority of our common stock or a majority of our securities convertible into common stock.

Barclays Capital Inc. in its sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

### **Indemnification**

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

### **Stabilization, Short Positions and Penalty Bids**

The representatives may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Exchange Act:

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in the offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions. These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

### **Stamp Taxes**

If you purchase shares of common stock offered in this prospectus supplement, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus supplement.

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## Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer.

The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The underwriters and their affiliates have engaged, and may in the future engage, in commercial banking, investment banking or financial advisory transactions with us, and our affiliates, in the ordinary course of their business. For example, in connection with our revolving credit facility, Barclays Bank PLC, Credit Suisse Securities (USA) LLC, Goldman Sachs Bank USA and Wells Fargo Securities, LLC, acted as joint lead arrangers and joint bookrunners, Barclays Bank PLC acted as syndication agent, Credit Suisse AG, Cayman Islands Branch and Goldman Sachs Bank USA acted as documentation agents and Wells Fargo Bank, National Association, acted as administrative agent for the lenders. In addition, affiliates of certain of the underwriters are lenders under our revolving credit facility. Goldman, Sachs & Co. served as our financial advisor in connection with the Dakota Growers transaction. In addition, certain of the underwriters were initial purchasers with respect to the offerings of our convertible preferred stock and senior notes and may act as initial purchasers or otherwise participate in our planned issuance of additional senior debt securities. See *Recent Developments Concurrent Offering of Debt Securities*. The underwriters and/or their affiliates have received customary compensation and expenses for these commercial banking, investment banking or financial advisory transactions.

## Selling Restrictions

### *European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*) an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the relevant dealer or dealers nominated by us for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an *offer to the public* in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression *Prospectus Directive* means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression *2010 PD Amending Directive* means Directive 2010/73/EU.

***United Kingdom***

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ( FSMA )) received by it in connection with the issue or sale of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

***Switzerland***

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ( SIX ) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ( CISA ). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

***Dubai International Financial Centre***

This prospectus supplement and the accompanying prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ( DFSA ). This prospectus supplement and the accompanying prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement and the accompanying prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement and the accompanying prospectus. The shares to which this prospectus supplement and the accompanying prospectus relate may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

***Australia***

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ( ASIC ), in relation to the offering. This prospectus supplement does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the Corporations Act ), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the Exempt Investors ) who are sophisticated investors (within the meaning of section 708(8) of the Corporations Act), professional investors (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus supplement and the accompanying prospectus contain general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus supplement and the accompanying prospectus are appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

### ***Hong Kong***

The shares of our common stock will not be offered or sold in Hong Kong other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### ***Japan***

The shares of our common stock have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

### ***Singapore***

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA ), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the



SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### **LEGAL MATTERS**

Lewis, Rice & Fingersh, L.C., St. Louis, Missouri, will pass upon certain legal matters in connection with the offering of the common stock. Latham & Watkins LLP, New York, New York, will pass upon certain legal matters for the underwriters in connection with the offering of the common stock.

#### **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS**

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 2013 have been so incorporated in reliance on the report (which contains an explanatory paragraph on the effectiveness of internal control over financial reporting due to the exclusion of certain elements of the internal control over financial reporting of Attune Foods, Hearthside Food Solutions and Premier Nutrition Corporation due to their acquisition by Post Holdings, Inc. during 2013) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Agricore United Holdings Inc. for the fiscal year ended October 31, 2013 filed on January 21, 2013, incorporated in this prospectus supplement by reference to the Current Report on Form 8-K/A of Post Holdings, Inc., have been audited by Eide Bailly LLP, an independent registered public accounting firm, as stated in their report incorporated herein.

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**WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE**

**Available Information**

We file reports, proxy statements and other information with the SEC. Information filed with the SEC by us can be inspected and copied at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of this information by mail from the Public Reference Section of the SEC at prescribed rates. Further information on the operation of the SEC's Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements and other information about issuers, such as us, who file electronically with the SEC. The address of that website is <http://www.sec.gov>.

Our website address is <http://www.postholdings.com>. The information on our website, however, is not, and should not be deemed to be, a part of this prospectus supplement or the accompanying prospectus.

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the SEC and do not contain all of the information in the registration statement. The full registration statement may be obtained from the SEC or us, as provided below. Documents establishing the terms of the offered securities, are or may be filed as exhibits to the registration statement. Statements in this prospectus supplement or the prospectus about these documents are summaries, and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters. You may inspect a copy of the registration statement at the SEC's Public Reference Room in Washington, D.C. or through the SEC's website, as provided above.

**Incorporation by Reference**

The SEC's rules allow us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, and subsequent information that we file with the SEC will automatically update and supersede that information. Any statement contained in a previously filed document incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in this prospectus supplement and the accompanying prospectus modifies or replaces that statement.

We incorporate by reference our documents listed below and any filings made by us with the SEC subsequent to the date hereof under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act in this prospectus, until we sell all of the shares of common stock offered hereby or otherwise terminate this offering. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed below or filed in the future, that are not deemed filed with the SEC, including our Compensation Committee report and performance graph or any information furnished pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K or related exhibits furnished pursuant to Item 9.01 of Form 8-K.

This prospectus supplement and the accompanying prospectus incorporate by reference the documents set forth below that have previously been filed with the SEC:

our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 filed with the SEC on November 27, 2013;

our Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2013 filed with the SEC on February 7, 2014;

our Current Reports on Form 8-K filed with the SEC on October 17, 2013, November 13, 2013 (the second and fourth Form 8-Ks only); November 18, 2013, December 9, 2013 (the second Form 8-K and Items 1.01 and 9.01 only of the first Form 8-K), December 10, 2013, December 16, 2013, January 2, 2014 (as amended by the Form 8-K/A filed on January 21, 2014), January 7, 2014, January 14, 2014, February 3, 2014, February 6, 2014 (the second Form 8-K) and March 10, 2014 (the second, third and fourth Form 8-Ks only);

our Definitive Proxy Statement on Schedule 14A, as filed with the SEC on December 13, 2013, to the extent incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013; and

the description of our common stock contained in our Form 10 registration statement which was declared effective January 26, 2012. All reports and other documents we subsequently file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until we sell all of the shares of common stock offered hereby or otherwise terminate this offering, but excluding any information furnished to, rather than filed with, the SEC, including information furnished pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K, will also be incorporated by reference into this prospectus supplement and the accompanying prospectus and deemed to be part of this prospectus supplement and the accompanying prospectus from the date of the filing of such reports and documents.

Documents incorporated by reference are available from us without charge. You may obtain documents incorporated by reference in this prospectus supplement and the accompanying prospectus by requesting them in writing or by telephone from:

Post Holdings, Inc.

2503 S. Hanley Road

St. Louis, MO 63144

Attention: Investor Relations

(314) 644-7600

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## Post Holdings, Inc.

Common Stock

Preferred Stock

Warrants

Purchase Contracts

Units

We may offer and sell any of the following securities from time to time, in one or more offerings, in amounts, at prices and on terms determined at the time of any such offering:

common stock;

preferred stock;

warrants to purchase common stock or preferred stock;

purchase contracts; and

units.

When we use the term "securities" in this prospectus, we mean any of the securities we may offer with this prospectus, unless we say otherwise.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be described in a supplement to this prospectus. You should read this prospectus and the accompanying prospectus supplement carefully before you make your investment decision.

Our common stock is listed on the New York Stock Exchange and trades under the symbol POST. On March 7, 2014, the last reported sale price of our common stock on the New York Stock Exchange was \$59.44 per share. Each prospectus supplement will indicate if the securities offered thereby will be listed or quoted on a securities exchange or quotation system.

*INVESTING IN OUR SECURITIES INVOLVES RISKS. SEE THE RISK FACTORS ON PAGE 7 OF THIS PROSPECTUS AND ANY SIMILAR SECTION CONTAINED IN THE APPLICABLE PROSPECTUS SUPPLEMENT CONCERNING FACTORS YOU SHOULD CONSIDER BEFORE INVESTING IN OUR SECURITIES.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 10, 2014.

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### ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended, using a shelf registration process. By using a shelf registration statement, we may sell securities from time to time and in one or more offerings as described in this prospectus. Each time that we offer and sell securities, we will provide a prospectus supplement to this prospectus that contains specific information about the securities being offered and sold and the specific terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus with respect to that offering. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement, you should rely on the prospectus supplement. Before purchasing any securities, you should carefully read both this prospectus and the applicable prospectus supplement, together with the additional information described under the heading **Where You Can Find More Information; Incorporation by Reference**.

We have not authorized any other person to provide you with different information. We will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the applicable prospectus supplement to this prospectus is accurate as of the date on its respective cover, and that any information incorporated by reference is accurate only as of the date of the document incorporated by reference, unless we indicate otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.

Except as otherwise indicated or unless the context otherwise requires, all references to **we**, **our**, **us**, **Post** or the **Company** refer to Post Holdings, Inc., a Missouri corporation, together with its consolidated subsidiaries. References in this prospectus to **Ralcorp** refer to Ralcorp Holdings, Inc. and its consolidated subsidiaries (other than Post prior to the separation). References in this prospectus to the **separation** refer to the separation of Post from Ralcorp on February 3, 2012. **Post cereals business** refers to the branded ready-to-eat cereals business of Post or, if prior to the separation, of Ralcorp. All references to **we**, **our**, **us**, **Post** or the **Company** in the context of historical results prior to the separation refer to the Post cereals business.

**FORWARD LOOKING STATEMENTS**

Forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, are made throughout this prospectus. These forward-looking statements are sometimes identified by the use of terms and phrases such as believe, should, expect, project, estimate, anticipate, aim, intend, plan, will, can, may, or similar expressions elsewhere of operations and financial condition may differ materially from those in the forward-looking statements. Such statements are based on management's current views and assumptions, and involve risks and uncertainties that could affect expected results. Those risks and uncertainties include but are not limited to the following:

our high leverage and substantial debt, including covenants that restrict the operation of our business;

our ability to service our outstanding debt or obtain additional financing;

our ability to continue to compete in our product markets and our ability to retain our market position;

our ability to identify and complete acquisitions, manage our growth and integrate acquisitions;

changes in our cost structure, management, financing and business operations;

significant increases in the costs of certain commodities, packaging or energy used to manufacture our products;

our ability to recognize the expected benefits of the closing of our Modesto, California manufacturing facility;

our ability to maintain competitive pricing, successfully introduce new products or successfully manage our costs;

our ability to successfully implement business strategies to reduce costs;

impairment in the carrying value of goodwill or other intangibles;

the loss or bankruptcy of a significant customer;

allegations that our products cause injury or illness, product recalls and product liability claims and other litigation;

our ability to anticipate changes in consumer preferences and trends;

changes in economic conditions and consumer demand for our products;



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disruptions in the U.S. and global capital and credit markets;

labor strikes or work stoppages by our employees;

legal and regulatory factors, including changes in food safety, advertising and labeling laws and regulations;

our ability to comply with increased regulatory scrutiny related to certain of our products and/or international sales;

disruptions or inefficiencies in supply chain;

our reliance on third party manufacturers for certain of our products;

fluctuations in foreign currency exchange rates;

consolidations among the retail grocery and foodservice industries;

change in estimates in critical accounting judgments and changes to or new laws and regulations affecting our business;

losses or increased funding and expenses related to our qualified pension plans;

loss of key employees;

our ability to protect our intellectual property;

changes in weather conditions, natural disasters and other events beyond our control;

our ability to successfully operate our international operations in compliance with applicable laws and regulations;

our ability to operate effectively as a stand-alone, publicly traded company;

our ability to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, including with respect to acquired businesses;

business disruptions caused by information technology failures; and

other risks and uncertainties included under **Risk Factors** in this prospectus and those included in our Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2014 (the second Form 8-K only).

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this document to conform these statements to actual results or to changes in our expectations.

#### **INDUSTRY AND MARKET DATA**

This prospectus and the documents incorporated by reference herein include industry and trade association data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys and other independent sources available to us. Some data also are based on our good faith estimates, which are derived from management's knowledge of the industry and from independent sources. These third-party publications and surveys generally state that the information included therein has been obtained from sources believed to be reliable, but that the publications and surveys can give no assurance as to the accuracy or completeness of such information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions on which such data are based. Similarly, we believe our internal research is reliable, even though such research has not been verified by any independent sources and we cannot guarantee its accuracy or completeness. Market share data is based on information from Nielsen and is referenced Food, Drug and Mass Merchandisers ( **FDM** ) or Expanded All Outlets Combined ( **xAOC** ), which includes FDM plus Walmart, club stores and certain other retailers. Nielsen's **xAOC** is representative of food, drug and mass merchandisers (including Walmart), some club retailers (Sam's & BJ's), some dollar retailers (Dollar General, Family Dollar & Dollar Tree) and military.

#### **TRADEMARKS AND SERVICE MARKS**

The logos, trademarks, trade names and service marks mentioned in this prospectus, including Honey Bunches of Oats<sup>®</sup>, Pebbles<sup>®</sup>, Post Selects<sup>®</sup>, Great Grains<sup>®</sup>, Post Shredded Wheat<sup>®</sup>, Golden Crisp<sup>®</sup>, Alpha-Bits<sup>®</sup>, Spoon Size<sup>®</sup> Shredded Wheat, Post<sup>®</sup> Raisin Bran, Grape-Nuts<sup>®</sup>, Honeycomb<sup>®</sup>, Attune<sup>®</sup>, Uncle Sam<sup>®</sup>, Erewhon<sup>®</sup>, Golden Temple<sup>®</sup>, Peace Cereals<sup>®</sup>, Sweet Home Farm<sup>®</sup>, Willamette Valley Granola Company<sup>®</sup>, Premier Protein<sup>®</sup>, Joint Juice<sup>®</sup>, Dymatize<sup>®</sup> and Supreme Protein<sup>®</sup> brands are currently the property of, or are under license by, Post or its subsidiaries. We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this prospectus may be registered in the United States and other jurisdictions. Each trademark, trade name or service mark of any other company appearing in this prospectus is owned or used under license by such company.

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**WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE**

**Available Information**

We file reports, proxy statements and other information with the SEC. Information filed with the SEC by us can be inspected and copied at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of this information by mail from the Public Reference Section of the SEC at prescribed rates. Further information on the operation of the SEC's Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements and other information about issuers, such as us, who file electronically with the SEC. The address of that website is <http://www.sec.gov>.

Our website address is <http://www.postholdings.com>. The information on our website, however, is not, and should not be deemed to be, a part of this prospectus.

This prospectus and any prospectus supplement are part of a registration statement that we filed with the SEC and do not contain all of the information in the registration statement. The full registration statement may be obtained from the SEC or us, as provided below. Documents establishing the terms of the offered securities are or may be filed as exhibits to the registration statement. Statements in this prospectus or any prospectus supplement about these documents are summaries and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters. You may inspect a copy of the registration statement at the SEC's Public Reference Room in Washington, D.C. or through the SEC's website, as provided above.

**Incorporation by Reference**

The SEC's rules allow us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, and subsequent information that we file with the SEC will automatically update and supersede that information. Any statement contained in a previously filed document incorporated by reference will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or replaces that statement.

We incorporate by reference our documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act in this prospectus, between the date of this prospectus and the termination of the offering of the securities described in this prospectus. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed below or filed in the future, that are not deemed filed with the SEC, including our Compensation Committee report and performance graph or any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or related exhibits furnished pursuant to Item 9.01 of Form 8-K.

This prospectus and any accompanying prospectus supplement incorporate by reference the documents set forth below that have previously been filed with the SEC:

our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 filed with the SEC on November 27, 2013;

our Current Reports on Form 8-K filed with the SEC on October 17, 2013, November 13, 2013 (the second and fourth Form 8-Ks only); November 18, 2013, December 9, 2013 (the second Form 8-K and Items 1.01 and 9.01 only of the first Form 8-K), December 10, 2013, December 16, 2013, January 2, 2014 (as amended by the Form 8-K/A filed on January 21, 2014), January 7, 2014, January 14, 2014, February 3, 2014, February 6, 2014 (the second Form 8-K) and March 10, 2014 (the second, third and fourth Form 8-Ks only);

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our Definitive Proxy Statement on Schedule 14A, as filed with the SEC on December 13, 2013, to the extent incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013; and

the description of our common stock contained in our Form 10 registration statement which was declared effective January 26, 2012. All reports and other documents we subsequently file pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering, but excluding any information furnished to, rather than filed with, the SEC, will also be incorporated by reference into this prospectus and deemed to be part of this prospectus from the date of the filing of such reports and documents.

Documents incorporated by reference are available from us without charge. You may obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from:

Post Holdings, Inc.

2503 S. Hanley Road St. Louis, MO 63144 Attention: Investor Relations (314) 644-7600

## THE COMPANY

We are a consumer goods holding company currently operating in the center-of-the-store, active nutrition and private label food categories primarily in the United States and Canada. In February 2012, we completed our legal separation via a tax free spin-off from Ralcorp and began trading on the New York Stock Exchange under the ticker symbol POST. In 2012, we had a single operating segment, Post Foods. As a result of recent acquisitions, we now operate four principal businesses: Post Foods, Attune Foods, Active Nutrition and Private Brands. The Post Foods business predominately includes the Post branded ready-to-eat cereal business. The Attune Foods business manufactures, markets and distributes premium natural and organic cereals and snacks and includes the business of Attune Foods, Inc., which we acquired in December 2012 and certain assets of the Hearthside Food Solutions private label and branded cereal, granola and snack businesses, which we acquired in May 2013. The Active Nutrition business markets and distributes high protein bars and shakes as well as nutritional supplements, and includes the business of Premier Nutrition Corporation, which we acquired in September 2013, and the business of Dymatize Enterprises, LLC, which we acquired in February 2014. Our Private Brands business consists of the recent acquisitions of Dakota Growers Pasta Company, Inc. and Golden Boy Foods Ltd., which we acquired in January 2014 and February 2014, respectively.

Our principal executive offices are located at 2503 S. Hanley Road, St. Louis, Missouri 63144, and our telephone number is (314) 644-7600.

**RISK FACTORS**

Investment in any securities offered pursuant to this prospectus and the applicable prospectus supplement involves risks. You should carefully consider the risk factors incorporated by reference to our second Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2014 and any subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q or Current Reports on Form 8-K we file after the date of this prospectus, and all other information contained or incorporated by reference into this prospectus, as updated by our subsequent filings under the Exchange Act, and the risk factors and other information contained in the applicable prospectus supplement before acquiring any of such securities. The occurrence of any of these risks might cause you to lose all or part of your investment in the offered securities.

**USE OF PROCEEDS**

We intend to use the net proceeds from the sale of the securities as set forth in the applicable prospectus supplement.

**RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The ratio of earnings to fixed charges and preferred stock dividends for each of the periods indicated are set forth below. For purposes of calculating this ratio, earnings represent income before income taxes and equity earnings from affiliates plus fixed charges. Fixed charges plus preferred stock dividends include interest expense, capitalized interest, our estimate of the interest component of rent expense and, for fiscal year 2013 and subsequent periods, dividends on our Series B and Series C preferred stock.

	<b>Quarter Ended</b>	<b>Fiscal Year Ended September 30,</b>				
	<b>December 31, 2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends	0.8	1.2	2.3	(1)	3.6	3.6

(1) For the year ended September 30, 2011, earnings were insufficient to cover fixed charges by \$434.9 million.

The fiscal year ratios presented above are based on our historical audited consolidated financial statements and selected financial data included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 filed with the SEC and incorporated by reference in this prospectus. The ratio presented above for the quarter ended December 31, 2013 is based on our unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2013 filed with the SEC and incorporated by reference in this prospectus.



## DESCRIPTION OF CAPITAL STOCK

### General

Our amended and restated articles of incorporation provide that we may issue up to 300,000,000 shares of common stock. As of February 28, 2014, there were 32,706,241 shares of our common stock issued and outstanding.

### Common Stock

**Voting Rights.** The holders of our common stock are entitled to one vote for each share held of record on the applicable record date on all matters voted on by shareholders, including elections of directors, and, except as otherwise required by law or provided in any resolution adopted by the our board of directors with respect to any shares of our preferred stock, the holders of such shares will exclusively possess all voting power. Our articles of incorporation do not provide for cumulative voting in the election of directors.

**Dividends.** Subject to any preferential rights of any outstanding series of preferred stock created by our board of directors from time to time, the holders of our common stock on the applicable record date will be entitled to such dividends as may be declared from time to time by our board of directors from funds available therefor, and upon liquidation will be entitled to receive pro rata all of our assets available for distribution to such holders.

**Other Rights.** Our articles of incorporation do not provide for any preemptive rights to purchase or subscribe for any stock or other securities, and there are no conversion rights or redemption or sinking fund provisions with respect to such stock. We are able to issue additional shares of common stock without shareholder approval, subject to applicable rules of the NYSE and Missouri law, for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions and employee benefit plans and equity grants. The existence of unissued and unreserved common stock may enable us to issue shares to persons who are friendly to current management, which could discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise. We will not solicit approval of our shareholders for issuance of common stock unless our board of directors believes that approval is advisable or is required by applicable stock exchange rules or Missouri law.

### Preferred Stock

Our board of directors has the authority to issue shares of preferred stock in one or more series and to fix, by resolution, the voting powers, which may be full or limited or no voting powers, designations, preferences and relative, participating, optional or other special rights and the qualifications and limitations or restrictions thereof of the shares constituting any series, without any further vote or action by the shareholders. Any shares of preferred stock so authorized and issued could have priority over our common stock with respect to dividend and/or liquidation rights. Our board of directors is expressly authorized to determine, for each class or series of preferred stock, the following information:

the number of shares constituting such series of preferred stock and the designation thereof;

the rate and times at which, and the conditions, if any, under which dividends will be payable on shares of that series, the status of those dividends as cumulative or non-cumulative and the priority of payments;

the voting rights pertaining to shares of the series;

whether or not the shares of the series are convertible into or exchangeable for other securities, including common stock, and the price and other terms and conditions of conversion or exchange;

the price or prices, times, terms and conditions upon which the shares of the series may be redeemed;

the terms of a sinking fund, if any, to be provided for such shares;



the rights which the holders of shares of the series have in the event of our voluntary or involuntary liquidation, dissolution, or winding up;

whether to include, from time to time, any additional shares of preferred stock in the series; and

any other relative powers, preferences and rights, and any qualifications, limitations or restrictions thereof.

Authorizing the board of directors to establish preferred stock eliminates delays associated with seeking shareholder approval of the creation of a particular class or series of preferred stock. The rights of the holders of common stock will be subject to the rights of holders of any preferred stock issued at any time, including in the future. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of discouraging, delaying or preventing an acquisition of us at a price which many shareholders find attractive. These provisions could also make it more difficult for our shareholders to effect certain corporate actions, including the election of directors.

### **Series B Preferred Stock**

We have issued 2,415,000 shares of our 3.75% Series B Cumulative Perpetual Convertible Preferred Stock, which we refer to as the Series B preferred stock. The terms of the Series B preferred stock are set forth in a Certificate of Designation, Preferences and Rights of 3.75% Series B Cumulative Perpetual Convertible Preferred Stock (which we refer to as the Series B certificate of designation), which we have filed with the Missouri Secretary of State and which has become a part of our amended and restated articles of incorporation.

**Ranking.** The Series B preferred stock ranks, with respect to dividend rights and rights upon our liquidation, dissolution or winding up:

senior to all classes or series of our common stock and to any other class or series of our capital stock expressly designated as ranking junior to the Series B preferred stock;

on parity with any other class or series of our capital stock, including the 2.5% Series C Cumulative Perpetual Convertible Preferred Stock described below, expressly designated as ranking on parity with the Series B preferred stock;

junior to any other class or series of our capital stock expressly designated as ranking senior to the Series B preferred stock;

junior to all of our existing and future indebtedness; and

structurally junior to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries and any capital stock of our subsidiaries not held by us.

**Dividends.** Holders of the Series B preferred stock are entitled to receive cumulative cash dividends at the rate of 3.75% per annum of the \$100 liquidation preference per share of the Series B preferred stock, subject to certain adjustments. Dividends on the Series B preferred stock will be payable, when, as and if declared by our board of directors, quarterly in arrears on February 15, May 15, August 15 and November 15 of each year. Dividends on the Series B preferred stock accrue even if any of our agreements prohibit the current payment of dividends, we do not have earnings or funds legally available to pay such dividends or we do not declare the payment of dividends.

**Liquidation Preference.** If we liquidate, dissolve or wind up, holders of shares of the Series B preferred stock will have the right to receive \$100 per share of the Series B preferred stock, plus accrued and unpaid dividends (whether or not authorized or declared) up to, but excluding, the date of payment, before any payment is made to holders of our common stock and any other class or series of capital stock ranking junior to the Series B preferred stock as to liquidation rights.

**Maturity.** The Series B preferred stock has no maturity date, and will remain outstanding unless converted by the holders or redeemed by us.

**Optional Redemption.** We may not redeem the Series B preferred stock prior to February 15, 2018. On or after February 15, 2018, we will have the option to redeem some or all the shares of the Series B preferred stock at a redemption price equal to 100% of the liquidation preference per share, plus accrued and unpaid dividends to the redemption date if the closing sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. The redemption price will be paid solely in cash. However, if accrued and unpaid dividends on the Series B preferred stock for all complete dividend periods prior to the dividend period in which the redemption date falls have not been paid, the Series B preferred stock may not be called for redemption. Our right to redeem the Series B preferred stock is subject to the right of holders of Series B preferred stock to convert their Series B preferred stock prior to the redemption date, as described below.

**Limited Voting Rights.** Holders of shares of the Series B preferred stock will generally have no voting rights, except as otherwise required by Missouri law. However, if dividends on any shares of the Series B preferred stock or any other class or series of preferred stock that ranks equally with the Series B preferred stock as to payment of dividends and with equivalent voting rights have not been declared or paid for the equivalent of six or more dividend periods, whether or not for consecutive dividend periods, holders of the outstanding shares of the Series B preferred stock, together with holders of any other series of our preferred stock ranking equally with the Series B preferred stock as to payment of dividends and with equivalent voting rights, will be entitled to vote for the election of two additional directors to our board, subject to certain terms and limitations. Without the consent of the holders of at least two-thirds of the outstanding shares of Series B preferred stock together with any other series of our preferred stock ranking on parity as to dividends or liquidation rights and with equivalent voting rights, voting as a single class, we may not create, or increase the shares of, any class or series of stock ranking senior to the Series B preferred stock with respect to dividend payments or liquidation rights, or create any obligation or security convertible into or evidencing the right to purchase any such shares or amend our Amended and Restated Articles of Incorporation so as to materially and adversely affect any rights of the Series B preferred stock.

**Conversion Rights.** Holders of shares of the Series B preferred stock, at their option, may, at any time and from time to time, convert some or all of their outstanding shares of the Series B preferred stock at an initial conversion rate of 2.1192 shares of our common stock per \$100 liquidation preference, which is equivalent to an initial conversion price of approximately \$47.19 per share of our common stock (subject to adjustment in certain events). Subject to certain exceptions, we will not make any payments in respect of, or adjust the conversion rate to account for, accrued and unpaid dividends on the Series B preferred stock to the conversion date except as provided in the certificate and noted below.

**Make-Whole Premium Upon a Fundamental Change.** The conversion rate of the Series B preferred stock may be adjusted in connection with a fundamental change. The term fundamental change generally includes events such as:

a person or group other than us or our subsidiaries beneficially owning more than 50% of the voting power of our common stock;

with certain exceptions, including where at least 90% of the consideration received by holders of our common stock for the fundamental change transaction consists of publicly traded common stock and our Series B preferred stock is convertible into such stock, consummation of a recapitalization or reclassification of our common stock that results in our common stock being converted into or exchanged for stock or other securities or assets, or a business combination involving us that results in our common stock being converted into cash, securities or other property, or a sale, lease or other transfer of all or substantially all of our assets to any person other than one of our subsidiaries;

approval by our shareholders of our liquidation or dissolution, or

our common stock ceasing to be listed or quoted on the NYSE, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors).

Upon the occurrence of a fundamental change, a holder may elect to convert its convertible Series B preferred stock in connection with the fundamental change as follows:

(A) if our stock price (as defined in the Series B Certificate of Designation) is greater than or equal to \$37.75 per share (subject to adjustment as provided in the certificate of designation), the holder may elect to have the conversion rate increased by a number of additional shares of our common stock determined based on the stock price and effective date of the fundamental change; or

(B) regardless of the stock price, the holder may elect to have the conversion rate increased to equal the quotient of (x) divided by (y), where (x) equals the sum of the \$100 liquidation preference of the Series B preferred stock and all accrued and unpaid dividends to the fundamental change settlement date (as defined in the Series B Certificate of Designation), and where (y) equals the average of the closing sale prices of our common stock for the five consecutive trading days ending on the third business day prior to the fundamental change settlement date.

The certificate of designation for the Series B preferred stock originally provided that the conversion rate adjustment described in clause (B) above would not exceed 2.6490 shares of our common stock per share of Series B Preferred Stock, which we refer to as the share cap. However, at our 2014 annual meeting of shareholders, our shareholders approved a proposal to increase the share cap to 5.2980 shares of our common stock per share of our Series B Preferred Stock, which we refer to as the adjusted share cap. The adjusted share cap permits us to issue up to 12,794,670 shares of common stock upon conversion of our Series B Preferred Stock in connection with clause (B) above.

A description of how the fundamental change make-whole premium will be determined and a table showing the fundamental change make-whole premium that would apply at various stock prices and effective dates is set forth in the Series B certificate of designation.

**Conversion Rate Adjustments.** The conversion rate of the Series B preferred stock is subject to adjustment upon the occurrence of certain events, including if we distribute cash dividends to holders of outstanding shares of our common stock. At our 2014 annual meeting, our shareholders approved a proposal that had the effect of approving the increase in the share cap to the adjusted share cap as described above and all increases in the number of shares of our common stock arising from changes in the conversion rate of the Series B preferred stock due to recapitalizations, reclassifications and other changes in our common stock.

**No Registration Rights; Increased Dividend Rate.** Holders of the Series B preferred stock may only resell their shares or the common stock issuable upon conversion of the Series B preferred stock pursuant to an exemption from the registration requirements of the Securities Act and other applicable securities laws. However, if and for so long as, the restrictive legend on the Series B preferred stock has not been removed, the Series B preferred stock is assigned a restricted CUSIP number or the Series B preferred stock is not otherwise freely tradable by holders other than our affiliates (as a result of restrictions pursuant to U.S. securities laws or the terms of the Series B preferred stock or the related certificate of designations), as of the 365th day after the last date of original issuance of the Series B preferred stock, the per annum dividend rate on the Series B preferred stock will be increased to 4.25% until the restrictive legend is removed, the Series B preferred stock is assigned an unrestricted CUSIP number and the Series B preferred stock is freely tradable.

### **Series C Preferred Stock**

We have issued 3,200,000 shares of our 2.5% Series C Cumulative Perpetual Convertible Preferred Stock, which we refer to as the Series C preferred stock. The terms of the Series C preferred stock are set forth in a Certificate of Designation, Preferences and Rights of 2.5% Series C Cumulative Perpetual Convertible Preferred Stock (which we refer to as the Series C certificate of designation), which we have filed with the Missouri Secretary of State and which has become a part of our amended and restated articles of incorporation.

**Ranking.** The Series C preferred stock ranks, with respect to dividend rights and rights upon our liquidation, dissolution or winding up:

senior to all classes or series of our common stock and to any other class or series of our capital stock expressly designated as ranking junior to the Series C preferred stock;

on parity with any other class or series of our capital stock, including the Series B preferred stock, expressly designated as ranking on parity with the Series C preferred stock;

junior to any other class or series of our capital stock expressly designated as ranking senior to the Series C preferred stock;

junior to all of our existing and future indebtedness; and

structurally junior to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries and any capital stock of our subsidiaries not held by Post.

**Dividends.** Holders of the Series C preferred stock are entitled to receive cumulative cash dividends at the rate of 2.5% per annum of the \$100 liquidation preference per share of the Series C preferred stock, subject to certain adjustments. Dividends on the Series C preferred stock will be payable, when, as and if declared by our board of directors, quarterly in arrears on February 15, May 15, August 15 and November 15 of each year. Dividends on the Series C preferred stock accrue even if any of our agreements prohibit the current payment of dividends, we do not have earnings or funds legally available to pay such dividends or we do not declare the payment of dividends.

**Liquidation Preference.** If we liquidate, dissolve or wind up, holders of shares of the Series C preferred stock will have the right to receive \$100 per share of the Series C preferred stock, *plus* accrued and unpaid dividends (whether or not authorized or declared) up to, but excluding, the date of payment, before any payment is made to holders of our common stock and any other class or series of capital stock ranking junior to the Series C preferred stock as to liquidation rights.

**Maturity.** The Series C preferred stock has no maturity date, and will remain outstanding unless converted by the holders or redeemed by us.

**Optional Redemption.** We may not redeem the Series C preferred stock prior to February 15, 2019. On or after February 15, 2019, we will have the option to redeem some or all the shares of the Series C preferred stock at a redemption price equal to 100% of the liquidation preference per share, *plus* accrued and unpaid dividends to the redemption date if the closing sale price of our common stock has been at least 150% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Post provides notice of redemption. The redemption price will be paid solely in cash. However, if accrued and unpaid dividends on the Series C preferred stock for all complete dividend periods prior to the dividend period in which the redemption date falls have not been paid, the Series C preferred stock may not be called for redemption. Our right to redeem the Series C preferred stock is subject to the right of holders of Series C preferred stock to convert their Series C preferred stock prior to the redemption date, as noted below and provided for in the Certificate.

**Limited Voting Rights.** Holders of shares of the Series C preferred stock will generally have no voting rights, except as otherwise required by Missouri law. However, if dividends on any shares of the Series C preferred stock or any other class or series of preferred stock that ranks equally with the Series C preferred stock as to payment of dividends and with equivalent voting rights have not been declared and paid for the equivalent of six or more dividend periods, whether or not for consecutive dividend periods, holders of the outstanding shares of the Series C preferred stock, voting together as a single class with holders of any other series of our preferred stock ranking equally with the Series C preferred stock as to payment of dividends and with equivalent voting rights, will be entitled to vote for the election of two additional directors to our board, subject to certain

terms and limitations. Without the consent of the holders of at least two-thirds of the outstanding shares of Series C preferred stock together with any other series of our preferred stock ranking on parity as to dividends or liquidation rights and with equivalent voting rights, voting as a single class, we may not create, or increase the shares of, any class or series of stock ranking senior to the Series C preferred stock with respect to dividend payments or liquidation rights, or create any obligation or security convertible into or evidencing the right to purchase any such shares or amend our Amended and Restated Articles of Incorporation so as to materially and adversely affect any rights of the Series C preferred stock.

**Conversion Rights.** Holders of shares of the Series C preferred stock, at their option, may, at any time and from time to time, convert some or all of their outstanding shares of the Series C preferred stock at an initial conversion rate of 1.8477 shares of our common stock per \$100 liquidation preference, which is equivalent to an initial conversion price of approximately \$54.12 per share of our common stock (subject to adjustment in certain events). Subject to certain exceptions, we will not make any payments in respect of, or adjust the conversion rate to account for, accrued and unpaid dividends on the Series C preferred stock to the conversion date except as provided in the Series C certificate of designation and noted below.

**Make-Whole Premium Upon a Fundamental Change.** If a fundamental change occurs, a holder may elect to convert the Series C preferred stock in connection with the fundamental change. The term fundamental change generally includes events such as:

a person or group other than us or our subsidiaries owning more than 50% of the voting power of our common stock;

with certain exceptions, including where at least 90% of the consideration received by holders of our common stock for the fundamental change transaction consists of publicly traded common stock and our Series C preferred stock is convertible into such stock, consummation of a recapitalization or reclassification of our common stock that results in our common stock being converted into or exchanged for stock or other securities or assets, or a business combination involving us that results in our common stock being converted into cash, securities or other property, or a sale, lease or other transfer of all or substantially all of our assets to any person other than one of our subsidiaries;

approval by our shareholders of our liquidation or dissolution; or

our common stock ceasing to be listed or quoted on the NYSE, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors).

Upon the occurrence of a fundamental change, a holder may elect to convert its Series C preferred stock in connection with the fundamental change as follows:

(A) if our stock price (as defined in the Series C certificate of designation) is greater than or equal to \$49.20 per share (subject to adjustment as described in the certificate of designation), the holder may elect to have the conversion rate increased by a number of additional shares of our common stock based on the stock price and effective date of the fundamental change; or

(B) regardless of the stock price, the holder may elect to have the conversion rate increased to equal the quotient of (x) divided by (y), where (x) equals the sum of the \$100 liquidation preference of the Series C preferred stock and all accrued and unpaid dividends to the fundamental change settlement date (as defined in the Series C certificate of designations), and where (y) equals by the average of the closing sale prices of our common stock for the five consecutive trading days ending on the third business day prior to the fundamental change settlement date.

The certificate of designation for the Series C preferred stock provides that the conversion rate as adjusted as described in clause (B) above will not exceed 2.0325 shares of our common stock per share of Series C preferred stock, which we refer to as the share cap, unless and until we receive shareholder approval (as described below), in which case the conversion rate as so adjusted will not exceed 4.0650 shares of common stock per \$100 liquidation preference of Series C preferred stock, which we refer to as the adjusted share cap.

If we do not obtain the requisite shareholder approval to increase the share cap to the adjusted share cap by January 31, 2015, the per annum dividend rate on the Series C preferred stock will increase to 2.75%, and the increased dividend rate will remain in effect until such time, if ever, that our shareholders approve the adjusted share cap.

A description of how the fundamental change make-whole premium will be determined and a table showing the fundamental change make-whole premium that would apply at various stock prices and effective dates is set forth in the Series C certificate of designation.

**Conversion Rate Adjustments.** The conversion rate of the Series C preferred stock is subject to adjustment upon the occurrence of certain events, including if we distribute cash dividends to holders of outstanding shares of our common stock.

**Increased Dividend Rate.** If, at any time during the six-month period beginning on, and including, the date that is six months after the last date of original issuance of the Series C preferred stock, Post fails to timely file any document or report that it is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (other than reports on Form 8-K), or the Series C preferred stock is not otherwise freely tradable by holders other than our affiliates (as a result of restrictions pursuant to U.S. securities laws or the terms of the Series C preferred stock or the related certificate of designations), the per annum dividend rate on the Series C preferred stock will increase by 0.50% during the period for which our failure to file continues or the Series C preferred stock fails to be so freely tradable, as the case may be. Further, if, and for so long as, the restrictive legend on the Series C preferred stock has not been removed, the Series C preferred stock is assigned a restricted CUSIP number or the Series C preferred stock is not otherwise freely tradable by holders other than our affiliates (as a result of restrictions pursuant to U.S. securities laws or the terms of the Series C preferred stock or the related certificate of designations), as of the 380th day after the last date of original issuance of the Series C preferred stock, the dividend rate on the Series C preferred stock will be increased to 3.0% until the restrictive legend is removed, the Series C preferred stock is assigned an unrestricted CUSIP number and the Series C preferred stock is freely tradable as described above.

#### **Certain Provisions of Missouri Law and Our Articles and Bylaws**

**Amendment of Articles of Incorporation and Bylaws.** The General Business Corporation Law of Missouri ( GBCL ) provides that a corporation may amend its articles of incorporation upon a resolution of the board of directors, proposing the amendment and its submission to the shareholders for their approval by the holders of a majority of the shares of common stock entitled to vote. Our articles of incorporation provide that the articles of incorporation may be amended in accordance with and upon the vote prescribed by the laws of the State of Missouri, except that:

two-thirds of all of the outstanding shares of capital stock then entitled to vote generally in the election of directors, voting together as a single class, is required to amend, alter, change or repeal, or adopt any provision inconsistent with the provisions relating to directors, and

85% of all of the outstanding shares of capital stock then entitled to vote generally in the election of directors voting together as a single class, is required to amend, alter, change or repeal, or adopt any provision inconsistent with the provisions relating to indemnification of directors, officers and certain other persons, or, unless approved by a majority of the board of directors, any provision relating to certain business combinations.

**Anti-Takeover Provisions in Our Articles of Incorporation and Bylaws.** Some of the provisions in our articles of incorporation and bylaws and Missouri law could have the following effects, among others:

delaying, deferring or preventing a change in control of us;

delaying, deferring or preventing the removal of our existing management or directors;

detering potential acquirors from making an offer to our shareholders; and



limiting our shareholders' opportunity to realize premiums over prevailing market prices of our common stock in connection with offers by potential acquirors.

The following is a summary of some of the provisions in our articles of incorporation and bylaws that could have the effects described above.

*Supermajority Voting Requirements for Certain Business Combinations.* Our articles of incorporation contain a restriction on transactions defined as business combinations (as defined below). No business combination with an interested shareholder (as defined below) may be consummated without first being recommended by the board of directors and approved by the affirmative vote of 85% of our then outstanding voting stock of which the interested shareholder is not the beneficial owner. This approval requirement is in addition to any other requirement of law, our articles of incorporation and our bylaws. This approval requirement does not apply to a business combination that:

has been approved by a majority of our continuing directors, which generally include our directors who were members of our board of directors prior to the time that any interested shareholder became a interested shareholder and any successors of such members who are designated as continuing directors by a majority of our then continuing directors; or

the consideration paid in the transaction is in cash or in the same form as the interested shareholder previously paid for a majority of shares owned by the interested shareholder, and the value of consideration received is not less than the higher of (i) the highest price paid by the interested shareholder for any shares in the two years immediately preceding the announcement of the business combination or (ii) the market value of the shares on the date the business combination is approved by our board of directors.

*Business combination* generally includes a merger or consolidation, sale or other disposition of a substantial amount of our assets, a plan of liquidation or dissolution of Post, or other transactions involving the transfer, issuance, reclassification or recapitalization of Post securities, in each case benefiting an individual or entity that, together with its affiliates and associates, is the beneficial owner of more than 10% of the outstanding shares entitled to vote in the election of directors. In certain circumstances, our board of directors may approve any of the foregoing in lieu of the super-majority shareholder approval provision. *Interested shareholder* generally includes a person who, together with its affiliates and associates, is the beneficial owners of 20% or more of our then outstanding voting stock.

*Other Supermajority Voting Requirements.* Generally, all matters on which shareholders vote must be approved by a majority of the voting power represented at the meeting, subject to any voting rights granted to holders of any preferred stock. However, in addition to the supermajority requirement for amendment of our articles of incorporation and certain business combinations discussed above, our articles of incorporation also provide that a director may be removed by shareholders only for cause and only by the affirmative vote of (i) two-thirds of all members of our board of directors, and (ii) the holders of at least two-thirds of our voting stock.

*Classified Board of Directors.* Our articles of incorporation and bylaws provide that our board of directors is divided into three classes of directors serving staggered three-year terms. Each class, to the extent possible, will be equal in number. Each class holds office until the third annual shareholders' meeting for election of directors following the most recent election of such class.

*Directors, and Not Shareholders, Fix the Size of the Board of Directors.* Our articles of incorporation and bylaws provide that the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by a majority of our board of directors, but in no event will it consist of less than five nor more than twelve directors. Our board of directors currently contains nine members.

**Directors are Removed for Cause Only.** Missouri law provides that, unless a corporation's articles of incorporation provide otherwise, the holders of a majority of the corporation's voting stock may remove any director from office. Our articles of incorporation provide that shareholders may remove a director only for cause and with the approval of the holders of two-thirds of our outstanding voting stock.

**Board Vacancies to Be Filled by Remaining Directors and Not Shareholders.** Any vacancy created by any reason prior to the expiration of the term in which the vacancy occurs will be filled only by a majority of the remaining directors, even if less than a quorum. A director elected to fill a vacancy will be elected for the unexpired term of his predecessor.

**Shareholders May Only Act by Written Consent Upon Unanimous Written Consent.** Under our bylaws and Missouri law, shareholder action by written consent must be unanimous.

**No Special Meetings Called by Shareholders.** Our bylaws provide that special meetings may only be called by the chairman of our board of directors, our president, or a majority of the entire board of directors. Only such business will be conducted, and only such proposals acted upon, as are specified in the notice of the special meeting.

**Advance Notice for Shareholder Proposals and Nominations.** Our bylaws contain provisions requiring that advance notice be delivered to Post of any business to be brought by a shareholder before an annual meeting and providing for procedures to be followed by shareholders in nominating persons for election to our board of directors. Ordinarily, the shareholder must give notice not less than 90 days nor more than 120 days prior to the date of the first anniversary of the prior year's annual meeting; provided, however, that in the event that the date of the meeting is more than 30 days before or more than 60 days after such date, notice by the shareholder must be received not earlier than the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of the annual meeting is first made. The notice must include a description of the proposal, the reasons for the proposal, and other specified matters. Our board of directors may reject any proposals that have not followed these procedures or that are not a proper subject for shareholder action in accordance with the provisions of applicable law.

**Amendment of Bylaws.** Our articles of incorporation and bylaws provide that only two-thirds of the entire board of directors may amend the bylaws.

**Missouri Statutory Provisions.** Missouri law also contains certain provisions which may have an anti-takeover effect and otherwise discourage third parties from effecting transactions with us, including control share acquisition and business combination statutes.

**Business Combination Statute.** Missouri law contains a business combination statute which is similar to the provision in our articles of incorporation and restricts certain business combinations (as defined below) between us and an interested shareholder (as defined below) or affiliates of the interested shareholder, for a period of five years after the date of the transaction in which the person becomes an interested shareholder, unless either such transaction or the interested shareholder's acquisition of stock is approved by our board of directors on or before the date the interested shareholder obtains such status.

The statute also provides that, after the expiration of such five-year period, business combinations are prohibited unless:

the holders of a majority of the outstanding voting stock, other than the stock owned by the interested shareholder, or any affiliate or associate of such interested shareholder, approve the business combination; or

the business combination satisfies certain detailed fairness and procedural requirements.

A business combination for this purpose includes a merger or consolidation, some sales, leases, exchanges, pledges and similar dispositions of corporate assets or stock and any reclassifications or recapitalizations that generally increase the proportionate voting power of the interested shareholder. An interested shareholder for this purpose generally means any person who, together with his or her affiliates and associates, owns or controls 20% or more of the outstanding shares of the corporation's voting stock.

A Missouri corporation may opt out of coverage by the business combination statute by including a provision to that effect in its governing corporate documents. We have not done so. The business combination statute may make it more difficult for a 20% beneficial owner to effect other transactions with us and may encourage persons that seek to acquire us to negotiate with our board prior to acquiring a 20% interest. It is possible that such a provision could make it more difficult to accomplish a transaction which shareholders may otherwise deem to be in their best interest.

*Control Share Acquisition Statute.* Missouri also has a control share acquisition statute. This statute may limit the rights of a shareholder to vote some or all of his shares. Generally, a shareholder whose acquisition of shares results in that shareholder having voting power, when added to the shares previously held by him, to exercise or direct the exercise of more than a specified percentage of our outstanding stock (beginning at 20%), will lose the right to vote some or all of his shares in excess of such percentage unless the shareholders approve the acquisition of such shares.

In order for the shareholders to grant approval, the acquiring shareholder must meet disclosure requirements specified in the statute. In addition, a majority of the outstanding shares entitled to vote must approve the acquisition. Furthermore, a majority of the outstanding shares entitled to vote, but excluding all interested shares, such as shares held by the acquiring shareholder or employee directors and officers, must approve the acquisition.

Not all acquisitions of shares constitute control share acquisitions. The following acquisitions do not constitute control share acquisitions:

good faith gifts;

transfers in accordance with wills or the laws of descent and distribution;

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the change of control conversion date (unless the change of control conversion date is after a record date for a Series A Preferred Stock dividend payment and prior to the corresponding Series A Preferred Stock dividend payment date, in which case no additional amount for any accrued and unpaid dividend that will be paid on such dividend payment date will be included in this sum) by (ii) the common stock price (as defined in the Articles Supplementary); and

1.7864 (the share cap), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration as described in the Articles Supplementary governing the Series A Preferred Stock.

Upon issuance of the Series A Preferred Stock, the Company classified the par value as preferred equity on its condensed consolidated balance sheets with the balance of the liquidation preference, net of any issuance costs, recorded as a reduction to paid-in capital.

Common Stock

The following table lists the cash dividends on common stock declared and paid by the Company during the nine months ended September 30, 2013:

Declaration Date	Record Date	Amount Per Share	Dividend Payable Date
January 7, 2013	February 15, 2013	\$0.34	February 28, 2013
May 1, 2013	May 15, 2013	0.34	May 31, 2013
July 31, 2013	August 15, 2013	0.34	August 30, 2013

During the nine months ended September 30, 2013, the Company issued 200,799 shares of common stock as a result of restricted stock unit vestings and in connection with amounts payable under the Company's 2012 Bonus Plan pursuant to an election by certain participants to receive the bonus payment in shares of the Company's common stock. During the nine months ended September 30, 2013, the Company issued 33,935 shares of common stock as a result of stock options exercised.

At-The-Market Common Stock Offering Program ("ATM Program")

On March 18, 2013, the Company entered into a sales agreement (each, a "Sales Agreement") with each of Barclays Capital Inc., Cantor Fitzgerald & Co., Credit Agricole Securities (USA) Inc., RBC Capital Markets, LLC, RBS Securities Inc. and Wells Fargo Securities, LLC (individually, a "Sales Agent" and together, the "Sales Agents") to sell shares of its common stock having aggregate gross proceeds of up to \$100.0 million (the "ATM Shares") from time to time through the Sales Agents.

Pursuant to the terms of the Sales Agreements, the ATM Shares may be sold by any method permitted by law deemed to be an "at-the-market" offering, including, without limitation, sales made directly on the NASDAQ Global Select Market, on any other existing trading market for the Company's common stock or to or through a market maker. In addition, with the Company's prior consent, the Sales Agents may also sell the ATM Shares in privately negotiated transactions. The Company will pay each Sales Agent a commission equal to 2% of the gross proceeds from the sales of ATM Shares sold pursuant to the applicable Sales Agreement.

No ATM Shares were sold under the ATM Program during the three and nine months ended September 30, 2013.

#### 9. EARNINGS PER COMMON SHARE

The following table illustrates the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2013 and 2012 (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Numerator				
Net income attributable to common stockholders	\$9,242	\$5,226	\$15,310	\$15,554
Denominator				
Basic weighted average common shares	37,358,334	37,178,162	37,334,120	37,121,384
Dilutive stock options and restricted stock units	470,239	286,952	443,338	154,629
Diluted weighted average common shares	37,828,573	37,465,114	37,777,458	37,276,013
Net income attributable to common stockholders, per:				
Basic common share	\$0.25	\$0.14	\$0.41	\$0.42
Diluted common share	\$0.24	\$0.14	\$0.41	\$0.42

Certain of our outstanding restricted stock units are considered participating securities because dividend payments are not forfeited even if the underlying award does not vest. Accordingly, the Company uses the two-class method when computing basic and diluted earnings per share. During the three months ended September 30, 2013 and 2012, no restricted stock units were considered anti-dilutive. During the nine months ended September 30, 2013, approximately 3,000 restricted stock units were not included because they were anti-dilutive. During the nine months ended September 30, 2012, approximately 5,000 restricted stock units were not included because they were anti-dilutive. During the three and nine months ended September 30, 2012, approximately 31,000 and 89,000 stock options, respectively, were not included because they were anti-dilutive. No stock options were considered anti-dilutive during the three and nine months ended September 30, 2013.

#### 10. SUMMARIZED CONDENSED CONSOLIDATING INFORMATION

In connection with the offerings of the Senior Notes by the Issuers in October 2010, July 2012 and May 2013, the Company and certain 100% owned subsidiaries of the Company (the "Guarantors") have, jointly and severally, fully and unconditionally guaranteed the Senior Notes, subject to release under certain customary circumstances as described below. These guarantees are subordinated to all existing and future senior debt and senior guarantees of the Guarantors and are unsecured. The Company conducts all of its business through and derives virtually all of its income from its subsidiaries. Therefore, the Company's ability to make required payments with respect to its indebtedness (including the Senior Notes) and

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other obligations depends on the financial results and condition of its subsidiaries and its ability to receive funds from its subsidiaries.

A Guarantor will be automatically and unconditionally released from its obligations under the guarantees with respect to the Senior Notes in the event of:

• Any sale of the subsidiary Guarantor or of all or substantially all of its assets;

• A merger or consolidation of a subsidiary Guarantor with an issuer of the Senior Notes or another Guarantor, provided that the surviving entity remains a Guarantor;

• A subsidiary Guarantor is declared “unrestricted” for covenant purposes under the Senior Notes Indentures;

• The requirements for legal defeasance or covenant defeasance or to discharge the Senior Notes Indentures have been satisfied;

• A liquidation or dissolution, to the extent permitted under the Senior Notes Indentures, of a subsidiary Guarantor; and

• The release or discharge of the guaranty that resulted in the creation of the subsidiary guaranty, except a discharge or release by or as a result of payment under such guaranty.

Pursuant to Rule 3-10 of Regulation S-X, the following summarized consolidating information is provided for the Company (the “Parent Company”), the Issuers, the Guarantors, and the Company’s non-Guarantor subsidiaries with respect to the Senior Notes. This summarized financial information has been prepared from the books and records maintained by the Company, the Issuers, the Guarantors and the non-Guarantor subsidiaries. The summarized financial information may not necessarily be indicative of the results of operations or financial position had the Issuers, the Guarantors or non-Guarantor subsidiaries operated as independent entities. Sabra’s investments in its consolidated subsidiaries are presented based upon Sabra's proportionate share of each subsidiary's net assets. The Guarantor subsidiaries’ investments in the non-Guarantor subsidiaries and non-Guarantor subsidiaries’ investments in Guarantor subsidiaries are presented under the equity method of accounting. Intercompany activities between subsidiaries and the Parent Company are presented within operating activities on the condensed consolidating statement of cash flows.

Condensed consolidating financial statements for the Company and its subsidiaries, including the Parent Company only, the Issuers, the combined Guarantor subsidiaries and the combined non-Guarantor subsidiaries, are as follows:

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## CONDENSED CONSOLIDATING BALANCE SHEET

September 30, 2013

(dollars in thousands, except per share amounts)

(unaudited)

	Parent Company	Issuers	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
Assets						
Real estate investments, net of accumulated depreciation	\$ 113	\$—	\$ 643,753	\$ 165,405	\$—	\$ 809,271
Loans receivable and other investments, net	—	—	46,123	—	—	46,123
Cash and cash equivalents	95,887	—	—	754	—	96,641
Restricted cash	—	—	1,040	5,769	—	6,809
Deferred tax assets	24,212	—	—	—	—	24,212
Prepaid expenses, deferred financing costs and other assets	576	9,402	29,136	5,080	—	44,194
Intercompany	—	284,428	—	39,707	(324,135 )	—
Investment in subsidiaries	382,334	514,017	24,930	—	(921,281 )	—
Total assets	\$ 503,122	\$ 807,847	\$ 744,982	\$ 216,715	\$(1,245,416 )	\$ 1,027,250
Liabilities and stockholders' equity						
Mortgage notes	\$—	\$—	\$—	\$ 142,241	\$—	\$ 142,241
Senior unsecured notes	—	414,538	—	—	—	414,538
Accounts payable and accrued liabilities	5,222	10,975	6,060	812	—	23,069
Tax liability	24,212	—	—	—	—	24,212
Intercompany	50,498	—	273,637	—	(324,135 )	—
Total liabilities	79,932	425,513	279,697	143,053	(324,135 )	604,060
Stockholders' equity:						
Preferred stock, \$.01 par value; 10,000,000 shares authorized, 5,750,000 shares issued and outstanding as of September 30, 2013	58	—	—	—	—	58
Common stock, \$.01 par value; 125,000,000 shares authorized, 37,333,943 shares issued and outstanding as of September 30, 2013	373	—	—	—	—	373
Additional paid-in capital	494,802	292,296	324,101	49,772	(666,169 )	494,802
Cumulative distributions in excess of net income	(72,043 )	90,038	141,184	23,890	(255,112 )	(72,043 )
Total stockholders' equity	423,190	382,334	465,285	73,662	(921,281 )	423,190
	\$ 503,122	\$ 807,847	\$ 744,982	\$ 216,715	\$(1,245,416 )	\$ 1,027,250

Total liabilities and  
stockholders' equity

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## CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2012

(dollars in thousands, except per share amounts)

	Parent Company	Issuers	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
<b>Assets</b>						
Real estate investments, net of accumulated depreciation	\$151	\$—	\$655,881	\$171,103	\$—	\$827,135
Loans receivable, net	—	—	12,017	—	—	12,017
Cash and cash equivalents	15,075	—	—	2,026	—	17,101
Restricted cash	—	—	92	4,497	—	4,589
Deferred tax assets	24,212	—	—	—	—	24,212
Assets held for sale, net	—	—	—	2,215	—	2,215
Prepaid expenses, deferred financing costs and other assets	1,315	7,339	18,133	2,826	—	29,613
Intercompany	—	227,396	—	37,466	(264,862 )	—
Investment in subsidiaries	351,632	451,975	23,142	—	(826,749 )	—
<b>Total assets</b>	<b>\$392,385</b>	<b>\$686,710</b>	<b>\$709,265</b>	<b>\$220,133</b>	<b>\$(1,091,611 )</b>	<b>\$916,882</b>
<b>Liabilities and stockholders' equity</b>						
Mortgage notes	\$—	\$—	\$—	\$152,322	\$—	\$152,322
Secured revolving credit facility	—	—	92,500	—	—	92,500
Senior unsecured notes	—	330,666	—	—	—	330,666
Accounts payable and accrued liabilities	3,281	4,412	3,348	653	—	11,694
Tax liability	24,212	—	—	—	—	24,212
Intercompany	59,404	—	205,458	—	(264,862 )	—
<b>Total liabilities</b>	<b>86,897</b>	<b>335,078</b>	<b>301,306</b>	<b>152,975</b>	<b>(264,862 )</b>	<b>611,394</b>
<b>Stockholders' equity:</b>						
Preferred stock, \$.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of December 31, 2012	—	—	—	—	—	—
Common stock, \$.01 par value; 125,000,000 shares authorized, 37,099,209 shares issued and outstanding as of December 31, 2012	371	—	—	—	—	371
Additional paid-in capital	353,861 (48,744 )	292,939 ) 58,693	321,666 86,293	53,952 13,206	(668,557 ) (158,192 )	353,861 ) (48,744 )

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Cumulative distributions  
in excess of net income

Total stockholders' equity	305,488	351,632	407,959	67,158	(826,749 )	305,488
Total liabilities and stockholders' equity	\$392,385	\$686,710	\$709,265	\$220,133	\$(1,091,611 )	\$916,882

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## CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Three Months Ended September 30, 2013

(dollars in thousands, except per share amounts)

(unaudited)

	Parent Company Issuers		Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
Revenues:						
Rental income	\$ —	\$—	\$24,380	\$7,319	\$—	\$31,699
Interest and other income	13	—	1,214	—	—	1,227
Total revenues	13	—	25,594	7,319	—	32,926
Expenses:						
Depreciation and amortization	13	—	6,365	1,880	—	8,258
Interest	—	7,147	817	1,775	—	9,739
General and administrative	2,996	—	41	20	—	3,057
Total expenses	3,009	7,147	7,223	3,675	—	21,054
Other income (expense):						
Loss on extinguishment of debt	—	—	(351	) —	—	(351 )
Other income (expense)	—	—	300	—	—	300
Total other income (expense)	—	—	(51	) —	—	(51 )
Income in subsidiary	14,817	21,964	982	—	(37,763	) —
Net income	11,821	14,817	19,302	3,644	(37,763	) 11,821
Preferred dividends	(2,579	) —	—	—	—	(2,579 )
Net income attributable to common stockholders	\$ 9,242	—\$14,817	\$19,302	—\$3,644	\$(37,763	) \$9,242
Net income attributable to common stockholders, per:						
Basic common share						\$0.25
Diluted common share						\$0.24
Weighted-average number of common shares outstanding, basic						37,358,334
Weighted-average number of common shares outstanding, diluted						37,828,573



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## CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Three Months Ended September 30, 2012

(dollars in thousands, except per share amounts)

(unaudited)

	Parent Company Issuers		Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
Revenues:						
Rental income	\$ —	\$—	\$18,972	\$6,448	\$—	\$25,420
Interest and other income	7	—	611	—	—	618
Total revenues	7	—	19,583	6,448	—	26,038
Expenses:						
Depreciation and amortization	12	—	5,446	2,038	—	7,496
Interest	—	6,162	708	2,215	—	9,085
General and administrative	3,627	—	133	18	—	3,778
Total expenses	3,639	6,162	6,287	4,271	—	20,359
Other income (expense):						
Loss on extinguishment of debt	—	—	—	(453	) —	(453
Total other income (expense)	—	—	—	(453	) —	(453
Income (loss) in subsidiary	8,858	15,020	(52	) —	(23,826	) —
Net income attributable to common stockholders	\$ 5,226	\$8,858	\$13,244	\$1,724	\$(23,826	) \$5,226
Net income attributable to common stockholders, per:						
Basic common share						\$0.14
Diluted common share						\$0.14
Weighted-average number of common shares outstanding, basic						37,178,162
Weighted-average number of common shares outstanding, diluted						37,465,114

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## CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Nine Months Ended September 30, 2013

(dollars in thousands, except per share amounts)

(unaudited)

	Parent Company Issuers		Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
Revenues:						
Rental income	\$ —	\$—	\$72,733	\$21,959	\$—	\$94,692
Interest and other income	82	—	2,449	—	—	2,531
Total revenues	82	—	75,182	21,959	—	97,223
Expenses:						
Depreciation and amortization	38	—	18,983	5,705	—	24,726
Interest	—	21,585	2,797	5,502	—	29,884
General and administrative	10,671	4	453	68	—	11,196
Total expenses	10,709	21,589	22,233	11,275	—	65,806
Other income (expense):						
Loss on extinguishment of debt	—	(9,750 )	(351 )	—	—	(10,101 )
Other income (expense)	—	—	(600 )	—	—	(600 )
Total other income (expense)	—	(9,750 )	(951 )	—	—	(10,701 )
Income in subsidiary	31,343	62,682	2,892	—	(96,917 )	—
Net income	20,716	31,343	54,890	10,684	(96,917 )	20,716
Preferred dividends	(5,406 )	—	—	—	—	(5,406 )
Net income attributable to common stockholders	\$ 15,310	-\$31,343	\$54,890	-\$10,684	\$(96,917 )	\$ 15,310
Net income attributable to common stockholders, per:						
Basic common share						\$0.41
Diluted common share						\$0.41
Weighted-average number of common shares outstanding, basic						37,334,120
Weighted-average number of common shares outstanding, diluted						37,777,458



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## CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Nine Months Ended September 30, 2012

(dollars in thousands, except per share amounts)

(unaudited)

	Parent Company Issuers		Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
Revenues:						
Rental income	\$ —	\$—	\$54,558	\$19,345	\$—	\$73,903
Interest and other income	15	—	964	—	—	979
Total revenues	15	—	55,522	19,345	—	74,882
Expenses:						
Depreciation and amortization	36	—	16,170	6,150	—	22,356
Interest	—	15,675	1,887	7,119	—	24,681
General and administrative	10,548	2	971	67	—	11,588
Total expenses	10,584	15,677	19,028	13,336	—	58,625
Other income (expense):						
Loss on extinguishment of debt	—	—	—	(703	) —	(703 )
Total other income (expense)	—	—	—	(703	) —	(703 )
Income in subsidiary	26,123	41,800	94	—	(68,017 )	—
Net income attributable to common stockholders	\$ 15,554	\$26,123	\$36,588	\$5,306	\$(68,017 )	\$15,554
Net income attributable to common stockholders, per:						
Basic common share						\$0.42
Diluted common share						\$0.42
Weighted-average number of common shares outstanding, basic						37,121,384
Weighted-average number of common shares outstanding, diluted						37,276,013



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## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2013

(in thousands)

(unaudited)

	Parent Company	Issuers	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
Net cash provided by operating activities	\$ 36,878	\$—	\$—	\$12,333	\$—	\$49,211
Cash flows from investing activities:						
Acquisitions of real estate	—	—	(6,175	) —	—	(6,175 )
Origination of note receivable	—	—	(26,393	) —	—	(26,393 )
Preferred equity investment	—	—	(6,624	) —	—	(6,624 )
Additions to real estate	—	—	(388	) —	—	(388 )
Net proceeds from the sale of real estate	—	—	—	2,208	—	2,208
Distribution from Subsidiary	3,345	3,345	—	—	(6,690	) —
Intercompany financing	(52,041	) (132,883	) —	—	184,924	—
Net cash (used in) provided by investing activities	(48,696	) (129,538	) (39,580	) 2,208	178,234	(37,372 )
Cash flows from financing activities:						
Proceeds from issuance of senior unsecured notes	—	200,000	—	—	—	200,000
Principal payments on senior unsecured notes	—	(113,750	) —	—	—	(113,750 )
Payments on secured revolving credit facility	—	—	(92,500	) —	—	(92,500 )
Principal payments on mortgage notes	—	—	—	(10,081	) —	(10,081 )
Payments of deferred financing costs	—	(5,408	) (3,011	) (179	) —	(8,598 )
Issuance of preferred stock	138,257	—	—	—	—	138,257
Issuance of common stock	(2,950	) —	—	—	—	(2,950 )
Dividends paid on common and preferred stock	(42,677	) —	—	—	—	(42,677 )
Distribution to Parent	—	(3,345	) —	(3,345	) 6,690	—
Intercompany financing	—	52,041	135,091	(2,208	) (184,924	) —
	92,630	129,538	39,580	(15,813	) (178,234	) 67,701

Net cash provided by  
(used in) financing  
activities

Net increase (decrease) in cash and cash equivalents	80,812	—	—	(1,272	) —	79,540
Cash and cash equivalents, beginning of period	15,075	—	—	2,026	—	17,101
Cash and cash equivalents, end of period	\$ 95,887	\$—	\$—	\$754	\$—	\$96,641

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## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2012

(in thousands)

(unaudited)

	Parent Company	Issuers	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Elimination	Consolidated
Net cash provided by operating activities	\$ 44,798	\$—	\$—	\$3,104	\$—	\$47,902
Cash flows from investing activities:						
Acquisitions of real estate	—	—	(98,050 )	—	—	(98,050 )
Origination of note receivable	—	—	(22,111 )	—	—	(22,111 )
Additions to real estate	(7 )	—	(1,032 )	—	—	(1,039 )
Investment in Subsidiary	(1,759 )	(1,759 )	—	—	3,518	—
Distribution from Subsidiary	345	345	—	—	(690 )	—
Intercompany financing	(20,764 )	(123,775 )	—	—	144,539	—
Net cash used in investing activities	(22,185 )	(125,189 )	(121,193 )	—	147,367	(121,200 )
Cash flows from financing activities:						
Proceeds from issuance of senior unsecured notes	—	106,000	—	—	—	106,000
Proceeds from secured revolving credit facility	—	—	42,500	—	—	42,500
Proceeds from mortgage notes	—	—	—	35,829	—	35,829
Principal payments on secured revolving credit facility	—	—	(42,500 )	—	—	(42,500 )
Principal payments on mortgage notes	—	—	—	(36,701 )	—	(36,701 )
Payments of deferred financing costs	—	(2,989 )	(2,582 )	(1,474 )	—	(7,045 )
Issuance of common stock	144	—	—	—	—	144
Dividends paid	(36,702 )	—	—	—	—	(36,702 )
Contribution from Parent	—	1,759	—	1,759	(3,518 )	—
Distribution to Parent	—	(345 )	—	(345 )	690	—
Intercompany financing	—	20,764	123,775	—	(144,539 )	—
Net cash (used in) provided by financing activities	(36,558 )	125,189	121,193	(932 )	(147,367 )	61,525
	(13,945 )	—	—	2,172	—	(11,773 )

Net (decrease) increase in cash and cash equivalents					
Cash and cash equivalents, beginning of period	41,736	—	—	514	—
Cash and cash equivalents, end of period	\$ 27,791	\$—	\$—	\$2,686	\$—
					42,250
					\$30,477

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11.COMMITMENTS AND CONTINGENCIES

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state and local governments. The Company is not aware of any environmental liability that could have a material adverse effect on its financial condition or results of operations. However, changes in applicable environmental laws and regulations, the uses and conditions of properties in the vicinity of the Company's properties, the activities of its tenants and other environmental conditions of which the Company is unaware with respect to the properties could result in future environmental liabilities. Compliance with existing environmental laws is not expected to have a material adverse effect on the Company's financial condition and results of operations as of September 30, 2013.

Separation and REIT Conversion Merger

On May 24, 2010, Old Sun announced its intention to restructure its business by separating its real estate assets and its operating assets into two separate publicly traded companies, Sabra and SHG Services Inc. (which was then renamed "Sun Healthcare Group, Inc." or "Sun"). In order to effect the restructuring, Old Sun distributed to its stockholders on a pro rata basis all of the outstanding shares of common stock of Sun (this distribution is referred to as the "Separation"), together with an additional cash distribution. Immediately following the Separation, Old Sun merged with and into Sabra, with Sabra surviving the merger and Old Sun stockholders receiving shares of Sabra common stock in exchange for their shares of Old Sun common

stock (this merger is referred to as the "REIT Conversion Merger"). Effective November 15, 2010, the Separation and REIT Conversion Merger were completed and Sabra and Sun began operations as separate companies.

Following the Separation, Sun, through its subsidiaries, continued the business and operations of Old Sun and its subsidiaries. Sabra did not operate prior to the Separation. Immediately following the Separation, subsidiaries of Sabra owned substantially all of Old Sun's owned real property. The owned real property held by subsidiaries of Sabra following the Separation includes fixtures and certain personal property associated with the real property. The historical consolidated financial statements of Old Sun became the historical consolidated financial statements of Sun at the time of the Separation. At the time of the Separation, the balance sheet of Sabra included the owned real property and mortgage indebtedness to third parties on the real property as well as indebtedness incurred by Sabra prior to completion of the Separation. The statements of income and cash flows of Sabra consist solely of its operations after the Separation. The Separation was accounted for as a reverse spinoff. Accordingly, Sabra's assets and liabilities are recorded at the historical carrying values of Old Sun.

In connection with the Separation and REIT Conversion Merger, any liability arising from or relating to legal proceedings involving the Company's real estate investments has been assumed by the Company and the Company will indemnify Sun (and its subsidiaries, directors, officers, employees and agents and certain other related parties) against any losses arising from or relating to such legal proceedings. In addition, pursuant to a distribution agreement entered into among Old Sun, the Company and Sun in connection with the Separation and REIT Conversion Merger, Sun has agreed to indemnify the Company (and the Company's subsidiaries, directors, officers, employees and agents and certain other related parties) for any liability arising from or relating to legal proceedings involving Old Sun's healthcare business prior to the Separation, and, pursuant to the lease agreements between the Company and subsidiaries of Sun, the tenants agree to indemnify the Company for any liability arising from operations at the real property leased from the Company.

Immediately prior to the Separation, Old Sun was a party to various legal actions and administrative proceedings, including various claims arising in the ordinary course of its healthcare business, which are subject to the indemnities to be provided by Sun to the Company. While these actions and proceedings are not believed to be material, individually or in the aggregate, the ultimate outcome of these matters cannot be predicted. The resolution of any such legal proceedings, either individually or in the aggregate, could have a material adverse effect on Sun's business, financial position or results of operations, which, in turn, could have a material adverse effect on the Company's business, financial position or results of operations if Sun or its subsidiaries are unable to meet their indemnification

obligations.

For income tax purposes, the Company is the surviving taxpayer of the Separation. Accordingly, tax positions taken by Old Sun prior to the Separation remained the Company's obligations after the Separation. However, under an agreement with Sun relating to tax allocation matters, Sun is responsible for and will indemnify the Company against, among other things, federal, state and local taxes (including penalties and interest) related to periods prior to the Separation to the extent the deferred tax assets allocated to the Company as part of the Separation are not sufficient and/or cannot be utilized to satisfy these taxes. After the 2010 tax year, the Company and Sun have agreed, to the extent allowable by applicable law, to allocate all net operating loss attributes generated in prior years to Sun. In addition, Sun will generally have the right to control the conduct and disposition of any tax audits or other proceedings with regard to such periods, and will be entitled to any refund or credit for such periods.

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Effective December 1, 2012, Sun was acquired by Genesis HealthCare LLC (“Genesis”). As a result of its acquisition of Sun, Genesis became successor to the obligations of Sun described above.

### Legal Matters

From time to time, the Company is party to legal proceedings that arise in the ordinary course of its business. Management is not aware of any legal proceedings where the likelihood of a loss contingency is reasonably possible and the amount or range of reasonably possible losses is material to the Company's results of operations, financial condition or cash flows.

## 12. SUBSEQUENT EVENTS

The Company evaluates subsequent events up until the date the condensed consolidated financial statements are issued.

### Dividend Declaration

On October 23, 2013, the Company announced that its board of directors declared a quarterly cash dividend of \$0.34 per share of common stock. The dividend will be paid on November 29, 2013 to stockholders of record as of the close of business on November 15, 2013.

On October 23, 2013, the Company also announced that its board of directors declared a quarterly cash dividend of \$0.4453125 per share of Series A Preferred Stock. The dividend will be paid on November 29, 2013 to preferred stockholders of record as of the close of business on November 15, 2013.

### Forest Park Medical Center - Frisco

On October 22, 2013, the Company purchased Forest Park Medical Center - Frisco, a 54-bed acute care hospital located in Frisco, Texas for \$119.8 million. This acute care hospital contains 30 inpatient rooms, 14 family suites, 10 ICU beds and 12 operating rooms. Approximately \$10.5 million of the purchase price is being held in escrow for up to 20 months, the release of which is contingent on the tenant achieving certain performance hurdles. The seller will be paid a fee of \$0.5 million per annum during the escrow period. Concurrently with the purchase, the Company assumed the existing long-term triple net lease with Forest Park Medical Center at Frisco, LLC, resulting in annual lease revenues determined in accordance with GAAP of \$13.3 million. The obligations under the lease with Forest Park Medical Center - Frisco, LLC are guaranteed by the physician-owners of the tenant. The Forest Park Medical Center - Frisco acquisition was funded with available cash and proceeds from the Company's Revolving Credit Facility.

### Forest Park Medical Center - Dallas Mortgage Loan

On October 22, 2013, the Company entered into a \$110.0 million mortgage loan secured by Forest Park Medical Center - Dallas, an 84-bed acute care hospital located in Dallas, Texas (the “Forest Park - Dallas Mortgage Loan”). This acute care hospital contains 22 operating rooms and 84 patient rooms. The Forest Park - Dallas Mortgage Loan has a three-year term, bears interest at a fixed rate of 8.0% per annum and cannot be prepaid until the final six months of the loan term. The Forest Park - Dallas Mortgage Loan is secured by the Forest Park Medical Center - Dallas facility. In addition, the Company has an option to purchase the facility securing the Forest Park - Dallas Mortgage Loan for up to \$168.0 million. The borrowers under the Forest Park - Dallas Mortgage Loan have the right, if Forest Park Medical Center - Dallas is able to achieve certain EBITDAR coverage levels, to require the Company to purchase the facility for up to \$168.0 million. If the purchase option on the facility is exercised, the Company would expect to assume the existing long-term triple net lease on the facility. The Forest Park - Dallas Mortgage Loan origination was funded with available cash and proceeds from the Company's Revolving Credit Facility.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The discussion below contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those which are discussed in the "Risk Factors" section in Part I, Item 1A of our 2012 Annual Report on Form 10-K. Also see "Statement Regarding Forward-Looking Statements" preceding Part I.

The following discussion and analysis should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is organized as follows:

Overview

Recent Transactions

Critical Accounting Policies

Results of Operations

Liquidity and Capital Resources

Concentration of Credit Risk

Skilled Nursing Facility Reimbursement Rates

Obligations and Commitments

Off-Balance Sheet Arrangements

Overview

We were incorporated on May 10, 2010 as a wholly owned subsidiary of Sun Healthcare Group, Inc. ("Old Sun"), a provider of nursing, rehabilitative and related specialty healthcare services principally to the senior population in the United States. Pursuant to a restructuring plan by Old Sun, Old Sun restructured its business by separating its real estate assets and its operating assets into two separate publicly traded companies, Sabra and SHG Services Inc. (which was then renamed "Sun Healthcare Group, Inc." or "Sun"). In order to effect the restructuring, Old Sun distributed to its stockholders on a pro rata basis all of the outstanding shares of common stock of Sun (this distribution is referred to as the "Separation"), together with an additional cash distribution. Immediately following the Separation, Old Sun merged with and into Sabra, with Sabra surviving the merger and Old Sun stockholders receiving shares of Sabra common stock in exchange for their shares of Old Sun common stock (this merger is referred to as the "REIT Conversion Merger"). The Separation and REIT Conversion Merger were completed on November 15, 2010, which we refer to as the Separation Date.

Following the restructuring of Old Sun's business and the completion of the Separation and REIT Conversion Merger, we began operating as a self-administered, self-managed REIT that, directly or indirectly, owns and invests in real estate serving the healthcare industry.

As of September 30, 2013, our investment portfolio consisted of 120 real estate properties held for investment (consisting of (i) 96 skilled nursing/post-acute facilities, (ii) 23 senior housing facilities, and (iii) one acute care hospital), six debt investments (consisting of (i) two mortgage loans, (ii) one mezzanine loan, (iii) two pre-development loans, and (iv) one construction mortgage loan) and two preferred equity investments. As of September 30, 2013, our real estate properties had a total of 12,414 licensed beds, or units, spread across 27 states. As of September 30, 2013, all of our real estate properties were leased under triple-net operating leases with expirations ranging from seven to 21 years.

We expect to continue to grow our portfolio primarily through the acquisition of senior housing and memory care facilities and with a secondary focus on acquiring skilled nursing facilities. We have and will continue to opportunistically acquire other types of healthcare real estate (including acute care hospitals) and originate financing secured directly or indirectly by healthcare facilities. We also expect to continue to work with operators to identify strategic development opportunities. These opportunities may involve replacing or renovating facilities in our portfolio that may have become less competitive and new development opportunities that present attractive risk-adjusted returns. In addition to pursuing acquisitions with triple-net leases, we expect to continue to pursue other forms of investment, including investments in senior housing through RIDEA-compliant structures, mezzanine and secured debt investments, and joint ventures for senior housing, memory care and skilled nursing assets.



As we acquire additional properties and expand our portfolio, we expect to further diversify by tenant, asset class and geography within the healthcare sector. We employ a disciplined, opportunistic approach in our healthcare real estate investment strategy by investing in assets that provide attractive opportunities for dividend growth and appreciation of asset values, while maintaining balance sheet strength and liquidity, thereby creating long-term stockholder value.

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We elected to be treated as a REIT with the filing of our U.S. federal income tax return for the taxable year beginning January 1, 2011. We believe that we have been organized and have operated, and we intend to continue to operate, in a manner to qualify as a REIT. We operate through an umbrella partnership (commonly referred to as an UPREIT) structure in which substantially all of our properties and assets are held by the Operating Partnership, of which we are the sole general partner, or by subsidiaries of the Operating Partnership.

### Recent Transactions

#### Forest Park Medical Center - Frisco

On October 22, 2013, we purchased Forest Park Medical Center - Frisco, a 54-bed acute care hospital located in Frisco, Texas for \$119.8 million. This acute care hospital contains 30 inpatient rooms, 14 family suites, 10 ICU beds and 12 operating rooms. Approximately \$10.5 million of the purchase price is being held in escrow for up to 20 months, the release of which is contingent on the tenant achieving certain performance hurdles. The seller will be paid a fee of \$0.5 million per annum during the escrow period. Concurrently with the purchase, we assumed the existing long-term triple net lease with Forest Park Medical Center at Frisco, LLC, resulting in annual lease revenues determined in accordance with GAAP of \$13.3 million and an initial yield on cash rent of 8.75%. The obligations under the lease with Forest Park Medical Center - Frisco, LLC are guaranteed by the physician-owners of the tenant. The Forest Park Medical Center - Frisco acquisition was funded with available cash and proceeds from our Revolving Credit Facility.

#### Forest Park Medical Center - Dallas Mortgage Loan

On October 22, 2013, we entered into a \$110.0 million mortgage loan secured by Forest Park Medical Center - Dallas, an 84-bed acute care hospital located in Dallas, Texas (the "Forest Park - Dallas Mortgage Loan"). This acute care hospital contains 22 operating rooms and 84 patient rooms. The Forest Park - Dallas Mortgage Loan has a three-year term, bears interest at a fixed rate of 8.0% per annum and cannot be prepaid until the final six months of the loan term. The Forest Park - Dallas Mortgage Loan is secured by the Forest Park Medical Center - Dallas facility. In addition, we have an option to purchase the facility securing the Forest Park - Dallas Mortgage Loan for up to \$168.0 million. The borrowers under the Forest Park - Dallas Mortgage Loan have the right, if Forest Park Medical Center - Dallas is able to achieve certain EBITDAR coverage levels, to require us to purchase the facility for up to \$168.0 million. If the purchase option on the facility is exercised, we would expect to assume the existing long-term triple net lease on the facility. The Forest Park - Dallas Mortgage Loan origination was funded with available cash and proceeds from our Revolving Credit Facility.

#### Forest Park Medical Center - Fort Worth Construction Mortgage Loan

On September 30, 2013, we entered into an agreement to provide up to \$66.8 million of construction financing to FPMC Fort Worth Realty Partners, LP ("Forest Park - Fort Worth") for the construction of a 54-bed acute care hospital with 12 operating rooms, a medical office building and associated parking structure located in Fort Worth, Texas (the "Forest Park - Fort Worth Construction Mortgage Loan"). Also on September 30, 2013, we funded \$0.5 million of this loan with available cash. Construction of the facility is expected to be completed by mid-2014. The Forest Park - Fort Worth Construction Mortgage Loan has a three-year term and bears interest at a fixed rate of 7.25% per annum, with an option to extend the term for a fourth year with a fixed rate increasing to 8% per annum. The Forest Park - Fort Worth Construction Mortgage Loan will be secured by the facility when built and is partially guaranteed by two founding members of the Forest Park Medical Center system. In addition, we have an option to purchase the acute care hospital and associated parking structure starting 12 months after the facility receives a certificate of occupancy through and until the maturity date of the loan, subject to certain limited rights of the borrower. The purchase price under the purchase option agreement will be calculated by dividing the contractual rent due under the existing lease for the facility over the twelve months following closing by the greater of (i) 8.75% and (ii) the sum of (x) the then current 10-year Treasury rate and (y) 525 basis points. If the purchase option on the facility is exercised, we would expect to assume the existing long-term triple net lease on the facility. The annualized GAAP interest income will be \$4.8 million when the loan is fully funded.

#### Marshfield II Pre-Development Loan

On September 13, 2013, we entered into a \$0.4 million pre-development loan (the "Marshfield II Pre-Development Loan") with First Phoenix Group, LLC ("First Phoenix") to fund the acquisition of land and certain other costs associated

with the second development project (and third overall investment), a 24-unit memory care facility located in Marshfield, Wisconsin, under the forward purchase program entered into on August 16, 2012 between us and First Phoenix (the “First Phoenix Pipeline Agreement”). The First Phoenix Pipeline Agreement provides for the acquisition of, as well as certain interim funding arrangements for, up to ten assisted living and memory care facilities to be identified by First Phoenix and approved by us before the end of 2014. Under the First Phoenix Pipeline Agreement, First Phoenix will identify and develop the properties, subsidiaries of Sabra will purchase the properties once stabilized and a 50%/50% RIDEA-compliant joint venture partnership

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between affiliates of Sabra and First Phoenix will operate the facilities, subject to certain terms and conditions. We will own 100% of the real estate and lease it to the joint venture partnership under a triple-net lease structure with an initial annual yield on cash rent of 8%. Pursuant to the First Phoenix Pipeline Agreement, we would be obligated to purchase a property only after satisfactory completion of customary due diligence and agreed upon closing conditions. The Marshfield II Pre-Development Loan bears interest at a fixed rate of 9.0% per annum. Repayment of the Marshfield II Pre-Development Loan is expected to occur in connection with the acquisition of the stabilized property by Sabra, or earlier in certain circumstances. The Marshfield II Pre-Development Loan was funded with available cash.

### Meridian Pipeline Agreement

On July 29, 2013, we agreed to terms on a non-binding term sheet (the “Term Sheet”) on a forward purchase program with Meridian Realty Advisors, L.P. (“Meridian,” and such forward purchase program the “Meridian Pipeline Agreement”) to acquire newly constructed senior housing, memory care and skilled nursing properties to be developed by affiliates of Meridian. The Term Sheet provides for the acquisition of, as well as certain interim capital commitments for, up to ten facilities, consisting of senior housing, memory care and skilled nursing facilities, with an estimated aggregate cost of \$100.0 million through 2015. Under the Term Sheet, Meridian will identify and develop the properties, we will contribute preferred equity capital and we will have the option to purchase the facilities upon stabilization. The preferred equity investments will earn an annual 15% preferred rate of return, which will accrue on a quarterly compounding basis with payment of the preferred return deferred until the earlier of the closing under the applicable purchase option, the exercise of Meridian's applicable call option, the exercise of our applicable put option or the sale of the applicable property. Should we exercise our purchase option on a facility, we would expect to lease the facility to Meridian under a long-term, triple net lease with an initial cash yield 7.5% to 9.0% depending on the type of facility. The Term Sheet is non-binding and is subject to the parties' negotiation of final terms, which is expected to be completed during the fourth quarter of 2013.

### Revolving Credit Facility

On July 29, 2013, the Operating Partnership entered into an amended and restated secured revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility provides for a borrowing capacity of \$375.0 million, of which \$286.5 million was available for borrowing as of September 30, 2013. The Revolving Credit Facility also includes an accordion feature that allows the Operating Partnership to increase the borrowing availability by up to \$225.0 million, subject to terms and conditions. While the Prior Revolving Credit Facility (as defined in Note 6, “Debt,” in the Notes to the Condensed Consolidated Financial Statements) was secured by mortgages on certain of our real estate assets, the Revolving Credit Facility is secured by pledges of equity by our wholly-owned subsidiaries that own certain of our real estate assets. This feature provides us with increased flexibility to increase the available borrowings under the Revolving Credit Facility.

The Revolving Credit Facility has a maturity date of July 29, 2016, and includes a one year extension option. Borrowings under the Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to an applicable percentage plus, at the Operating Partnership's option, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0% (the “Base Rate”). The applicable percentage for borrowings will vary based on the Consolidated Leverage Ratio, as defined in the Revolving Credit Facility, and will range from 2.50% to 3.50% per annum for LIBOR based borrowings and 1.50% to 2.50% per annum for borrowings at the Base Rate. In addition, the Operating Partnership is required to pay a facility fee to the lenders equal to between 0.35% and 0.50% per annum based on the amount of unused borrowings under the Revolving Credit Facility. See “—Liquidity and Capital Resources” for further information.

### Critical Accounting Policies

Our condensed consolidated interim financial statements have been prepared in accordance with GAAP and in conjunction with the rules and regulations of the SEC. The preparation of our financial statements requires significant management judgments, assumptions and estimates about matters that are inherently uncertain. These judgments affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. With different

estimates or assumptions, materially different amounts could be reported in our financial statements. Additionally, other companies may utilize different estimates that may impact the comparability of our results of operations to those of companies in similar businesses. A discussion of the accounting policies that management considers critical in that they involve significant management judgments, assumptions and estimates is included in our 2012 Annual Report on Form 10-K filed with the SEC. There have been no significant changes to our critical accounting policies during the nine months ended September 30, 2013.

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## Results of Operations

As of September 30, 2013, our investment portfolio included 120 real estate properties held for investment, six investments in loans receivable and two preferred equity investments. As of September 30, 2012, our investment portfolio included 105 real estate properties and three investments in loans receivable. In general, we expect that our income and expenses related to our portfolio will increase in future periods as a result of owning investments acquired in 2013 and 2012 for an entire period and the anticipated future acquisition of additional investments. The results of operations presented for the three and nine months ended September 30, 2013 and 2012 are not directly comparable due to the increase in acquisitions made subsequent to the beginning of the respective comparable period in the preceding year.

Comparison of results of operations for the three months ended September 30, 2013 versus the three months ended September 30, 2012 (dollars in thousands):

	Three Months Ended September 30,		Increase / (Decrease)	Percentage Difference	Increase (Decrease) due to Acquisitions and Originations (1)	Remaining Increase (Decrease) (2)
	2013	2012				
<b>Revenues:</b>						
Rental income	\$31,699	\$25,420	\$6,279	25	% \$3,710	\$2,569
Interest and other income	1,227	618	609	99	% 918	(309 )
<b>Expenses:</b>						
Depreciation and amortization	8,258	7,496	762	10	% 1,013	(251 )
Interest	9,739	9,085	654	7	% —	654
General and administrative	3,057	3,778	(721 )	(19 )	)% (55 )	(666 )
<b>Other income (expense):</b>						
Loss on extinguishment of debt	(351 )	(453 )	102	(23 )	)% —	102
Other income	300	—	300	100	% —	300

(1) Represents the dollar amount increase (decrease) for the three months ended September 30, 2013 compared to the three months ended September 30, 2012 as a result of investments made on or after July 1, 2012.

(2) Represents the dollar amount increase (decrease) for the three months ended September 30, 2013 compared to the three months ended September 30, 2012 that is not a direct result of investments made after July 1, 2012.

## Rental Income

During the three months ended September 30, 2013, we recognized \$31.7 million of rental income compared to \$25.4 million for the three months ended September 30, 2012. The \$6.3 million increase in rental income is due to an increase of \$3.7 million from properties acquired on or after July 1, 2012 and an increase of \$2.6 million primarily due to straight-line rental income adjustments recognized on Genesis properties that did not have fixed rent escalators until December 2012 and therefore did not have straight-line rental income adjustments during the three months ended September 30, 2012. Under our original lease agreements with subsidiaries of Sun, the annual rent escalator was equal to the product of (a) the lesser of the percentage change in the Consumer Price Index (but not less than zero) or 2.5%, and (b) the prior year's rent. Effective December 1, 2012 with the acquisition of Sun by Genesis, these lease agreements were amended to fix the annual rent escalators at 2.5%. Amounts due under the terms of all of our lease agreements are subject to contractual increases, and there is no contingent rental income that may be derived from our properties.

## Interest and Other Income

During the three months ended September 30, 2013, we recognized \$1.2 million of interest and other income, which consisted primarily of interest income earned on our six loans receivable investments and preferred dividends on our two preferred equity investments. During the three months ended September 30, 2012, we recognized \$0.6 million of interest income, which consisted primarily of interest income earned on three loans receivable investments, one of which was repaid in November 2012 when we exercised our option to acquire the properties securing the loan.

#### Depreciation and Amortization

During the three months ended September 30, 2013, we incurred \$8.3 million of depreciation and amortization expense compared to \$7.5 million for the three months ended September 30, 2012. The \$0.8 million net increase in depreciation and amortization was primarily due to an increase of \$1.0 million from properties acquired on or after July 1, 2012, partially offset by a decrease of \$0.3 million related to assets that have been fully depreciated.

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## Interest Expense

We incur interest expense comprised of costs of borrowings plus the amortization of deferred financing costs related to our indebtedness. During the three months ended September 30, 2013, we incurred \$9.7 million of interest expense compared to \$9.1 million for the three months ended September 30, 2012. The \$0.6 million net increase is primarily related to a \$2.8 million increase in interest expense and amortization of deferred financing costs related to the May 2013 issuance of the \$200.0 million aggregate principal amount of 2023 Notes, partially offset by (i) a \$1.8 million net decrease in interest expense, amortization of deferred financing costs and premium related to the redemption of \$113.8 million in aggregate principal amount of the outstanding 2018 Notes and (ii) a \$0.4 million decrease in interest expense and amortization of deferred financing costs due to the decreased interest rates on the refinanced mortgage notes and the 50 basis point reduction in the interest rate spread on certain floating rate mortgage notes.

## General and Administrative Expenses

General and administrative expenses include compensation-related expenses as well as professional services, office costs and other costs associated with acquisition pursuit activities. During the three months ended September 30, 2013, general and administrative expenses were \$3.1 million compared to \$3.8 million during the three months ended September 30, 2012. The \$0.7 million net decrease is primarily related to (i) a \$0.1 million decrease in acquisition pursuit costs from \$0.4 million during the three months ended September 30, 2012 to \$0.3 million during the three months ended September 30, 2013 and (ii) a \$0.5 million net decrease in payroll expenses. The \$0.5 million net decrease includes a \$0.1 million increase due to increased staffing and annual pay increases, offset by a \$0.6 million decrease in stock-based compensation expense. The decrease in stock-based compensation expense, from \$1.9 million during the three months ended September 30, 2012 to \$1.3 million during the three months ended September 30, 2013, is primarily related to annual bonuses paid to our management team. Management has elected to receive annual bonuses in stock rather than in cash and therefore changes in our stock price will result in changes to our bonus expense. The decrease in stock-based compensation as a result of the annual bonuses to be received in stock is due to the decrease in our stock price during the three months ended September 30, 2013 (a decrease of \$3.10 per share) compared to the three months ended September 30, 2012 (an increase of \$2.90 per share). We expect acquisition pursuit costs to fluctuate from period to period depending on acquisition activity. We also expect stock-based compensation expense to fluctuate from period to period depending upon changes in our stock price and estimates associated with performance-based compensation.

## Loss on Extinguishment of Debt

During the three months ended September 30, 2013, we recognized \$0.3 million of loss on debt extinguishment related to the write-offs of deferred financing costs in connection with the Revolving Credit Facility. During the three months ended September 30, 2012, we recognized \$0.5 million of debt extinguishment loss due to the write-offs of unamortized deferred financing costs associated with mortgage debt refinancing.

## Other Income (Expense)

During the three months ended September 30, 2013, we recognized \$0.3 million in other income as a result of adjusting the fair value of our contingent consideration liability related to the Stoney River Marshfield facility acquisition as described in Note 4, "Real Estate Properties Held for Investment," in the Notes to Condensed Consolidated Financial Statements. This contingent consideration payment, estimated at \$1.9 million as of September 30, 2013, is expected to be paid in the fourth quarter of 2013 and will result in additional rental income from the time of payment through the term of the related lease starting at an initial cash yield of 8.0%, increasing over time through annual rent escalators equal to the greater of the change in the Consumer Price Index or 3.0%.



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Comparison of results of operations for the nine months ended September 30, 2013 versus the nine months ended September 30, 2012 (dollars in thousands):

	Nine Months Ended September 30,		Increase	Percentage Difference	Increase (Decrease) due to Acquisitions and Originations (1)	Remaining Increase (Decrease) (2)
	2013	2012				
<b>Revenues:</b>						
Rental income	\$94,692	\$73,903	\$20,789	28	% \$13,270	\$7,519
Interest and other income	2,531	979	1,552	159	% 1,536	16
<b>Expenses:</b>						
Depreciation and amortization	24,726	22,356	2,370	11	% 3,427	(1,057 )
Interest	29,884	24,681	5,203	21	% —	5,203
General and administrative	11,196	11,588	(392 )	(3 )	% (605 )	213
<b>Other income (expense):</b>						
Loss on extinguishment of debt	(10,101 )	(703 )	(9,398 )	1,337	% —	(9,398 )
Other expense	(600 )	—	(600 )	100	% —	(600 )

(1) Represents the dollar amount increase (decrease) for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 as a result of investments made on or after January 1, 2012.

(2) Represents the dollar amount increase (decrease) for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 that is not a direct result of investments made on or after January 1, 2012.

**Rental Income**

During the nine months ended September 30, 2013, we recognized \$94.7 million of rental income compared to \$73.9 million for the nine months ended September 30, 2012. The \$20.8 million increase in rental income is due to an increase of \$13.3 million from properties acquired after January 1, 2012 and an increase of \$7.5 million primarily due to straight-line rental income adjustments recognized on Genesis properties that did not have fixed rent escalators until December 2012 and therefore did not have straight-line rental income adjustments during the nine months ended September 30, 2012. Under our original lease agreements with subsidiaries of Sun, the annual rent escalator was equal to the product of (a) the lesser of the percentage change in the Consumer Price Index (but not less than zero) or 2.5%, and (b) the prior year's rent. Effective December 1, 2012 with the acquisition of Sun by Genesis, these lease agreements were amended to fix the annual rent escalators at 2.5%. Amounts due under the terms of all of our lease agreements are subject to contractual increases, and there is no contingent rental income that may be derived from our properties.

**Interest and Other Income**

During the nine months ended September 30, 2013, we recognized \$2.5 million of interest and other income, which consisted primarily of interest income earned on our six loans receivable investments and preferred dividends on our two preferred equity investments. During the nine months ended September 30, 2012, we recognized \$1.0 million of interest income, which consisted mostly of interest income earned on three loans receivable investments, one of which was repaid in November 2012 when we exercised our option to acquire the properties securing the loan.

**Depreciation and Amortization**

During the nine months ended September 30, 2013, we incurred \$24.7 million of depreciation and amortization expense compared to \$22.4 million for the nine months ended September 30, 2012. The \$2.3 million net increase in depreciation and amortization was primarily due to an increase of \$3.4 million from properties acquired after January 1, 2012, partially offset by a decrease of \$1.1 million related to assets that have been fully depreciated.

**Interest Expense**

We incur interest expense comprised of costs of borrowings plus the amortization of deferred financing costs related to our indebtedness. During the nine months ended September 30, 2013, we incurred \$29.9 million of interest expense compared to \$24.7 million for the nine months ended September 30, 2012. The \$5.2 million net increase is primarily related to (i) a \$4.0 million increase in interest expense and amortization of deferred financing costs related to the May 2013 issuance of the \$200.0 million aggregate principal amount of 2023 Notes, (ii) a \$1.9 million net increase in interest expense, amortization of deferred financing costs and premium related to the July 2012 issuance of the \$100.0 million aggregate principal amount of 2018 Notes and (iii) \$0.9 million increase in interest expense, unused facility fees and amortization of deferred financing costs related to the amounts outstanding (which we repaid during the nine months ended September 30, 2013) and increase in capacity under our

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Prior Revolving Credit Facility from \$100.0 million to \$375.0 million. Included in the \$1.9 million increase in interest expense on the 2018 Notes is \$0.8 million of interest incurred from May 23, 2013 (the date 2023 Notes were issued) to June 24, 2013 (the date that \$113.8 million in aggregate principal amount of the outstanding 2018 Notes were redeemed) related to the \$113.8 million of redeemed 2018 Notes. These increases were offset by a decrease in interest expense and amortization of deferred financing costs of \$1.6 million primarily due to the decreased interest rates on the refinanced mortgage notes and the 50 basis point reduction in the interest rate spread on certain floating rate mortgage notes.

#### General and Administrative Expenses

General and administrative expenses include compensation-related expenses as well as professional services, office costs and other costs associated with acquisition pursuit activities. During the nine months ended September 30, 2013, general and administrative expenses were \$11.2 million compared to \$11.6 million during the nine months ended September 30, 2012. The \$0.4 million net decrease is primarily related to a \$0.5 million decrease in acquisition pursuit costs, from \$1.2 million during the nine months ended September 30, 2012 to \$0.7 million during the nine months ended September 30, 2013, offset by a \$0.2 million net increase in payroll expenses. The \$0.2 million increase includes a \$0.7 million increase in payroll expenses due in part to increased staffing and annual pay increases, offset by a \$0.5 million decrease in stock-based compensation expense. The decrease in stock-based compensation expense, from \$5.7 million during the nine months ended September 30, 2012 to \$5.2 million during the nine months ended September 30, 2013, is primarily related to annual bonuses paid to our management team. Management has elected to receive annual bonuses in stock rather than in cash and therefore changes in our stock price will result in changes to our bonus expense. The decrease in stock-based compensation as a result of the annual bonuses to be received in stock is due to the change in our stock price during the nine months ended September 30, 2013 (an increase of \$1.29 per share) compared to the nine months ended September 30, 2012 (an increase of \$7.92 per share). We expect acquisition pursuit costs to fluctuate from period to period depending on acquisition activity. We also expect stock-based compensation expense to fluctuate from period to period depending upon changes in our stock price and estimates associated with performance-based compensation.

#### Loss on Extinguishment of Debt

During the nine months ended September 30, 2013, we recognized \$10.1 million of loss on debt extinguishment. Of this amount, \$9.8 million related to the write-offs of deferred financing costs and issuance premium and the redemption fee paid in connection with the June 2013 redemption of \$113.8 million in aggregate principal amount of the outstanding 2018 Notes and \$0.3 million related to the write-offs of deferred financing costs in connection with the Revolving Credit Facility. During the nine months ended September 30, 2012, we recognized \$0.7 million of debt extinguishment loss due to the write-offs of unamortized deferred financing costs associated with mortgage debt refinancing.

#### Other Income (Expense)

During the nine months ended September 30, 2013, we recognized \$0.6 million in other expense as a result of adjusting the fair value of our contingent consideration liability related to the Stoney River Marshfield facility acquisition as described in Note 4, "Real Estate Properties Held for Investment," in the Notes to Condensed Consolidated Financial Statements. This contingent consideration payment, estimated at \$1.9 million as of September 30, 2013, is expected to be paid in the fourth quarter of 2013 and will result in additional rental income from the time of payment through the term of the related lease starting at an initial cash yield of 8.0%, increasing over time through annual rent escalators equal to the greater of the change in the Consumer Price Index or 3.0%.

#### Funds from Operations and Adjusted Funds from Operations

We believe that net income attributable to common stockholders as defined by GAAP is the most appropriate earnings measure. We also believe that funds from operations ("FFO"), as defined in accordance with the definition used by the National Association of Real Estate Investment Trusts ("NAREIT"), and adjusted funds from operations ("AFFO") (and related per share amounts) are important non-GAAP supplemental measures of operating performance for a REIT. Because the historical cost accounting convention used for real estate assets requires straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time.

However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that uses historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income attributable to common stockholders, as defined by GAAP. FFO is defined as net income attributable to common stockholders, computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges. AFFO is defined as FFO excluding non-cash revenues (including, but not limited to, straight-line rental income adjustments and non-cash interest income adjustments), non-cash expenses (including, but not limited to, stock-based compensation expense, amortization of deferred financing costs and amortization of debt discounts and

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premiums) and acquisition pursuit costs. We believe that the use of FFO and AFFO (and the related per share amounts), combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and makes comparisons of operating results among such companies more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating and financial performance because, by excluding gains or losses from real estate dispositions, impairment charges, and real estate depreciation and amortization, and for AFFO, by excluding non-cash revenues (including, but not limited to, straight-line rental income adjustments and non-cash interest income adjustments), non-cash expenses (including, but not limited to, stock-based compensation expense, amortization of deferred financing costs and amortization of debt discounts and premiums) and acquisition pursuit costs, FFO and AFFO can help investors compare our operating performance between periods or as compared to other companies. While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income attributable to common stockholders as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance. FFO and AFFO also do not consider the costs associated with capital expenditures related to our real estate assets nor do they purport to be indicative of cash available to fund our future cash requirements. Further, our computation of FFO and AFFO may not be comparable to FFO and AFFO reported by other REITs that do not define FFO in accordance with the current NAREIT definition or that interpret the current NAREIT definition or define AFFO differently than we do.

The following table reconciles our calculations of FFO and AFFO for the three and nine months ended September 30, 2013 and 2012, to net income attributable to common stockholders, the most directly comparable GAAP financial measure, for the same periods (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income attributable to common stockholders	\$9,242	\$5,226	\$15,310	\$15,554
Depreciation and amortization of real estate assets	8,258	7,496	24,726	22,356
<b>FFO</b>	<b>17,500</b>	<b>12,722</b>	<b>40,036</b>	<b>37,910</b>
Acquisition pursuit costs	281	367	707	1,239
Stock-based compensation expense	1,276	1,907	5,209	5,749
Straight-line rental income adjustments	(3,536)	(1,167)	(10,836)	(2,857)
Amortization of deferred financing costs	806	720	2,395	1,917
Amortization of debt premiums	(134)	(143)	(535)	(151)
Change in fair value of contingent consideration	(300)	—	600	—
Non-cash portion of loss on extinguishment of debt	351	453	859	703
Non-cash interest income adjustments	17	9	29	18
<b>AFFO</b>	<b>\$16,261</b>	<b>\$14,868</b>	<b>\$38,464</b>	<b>\$44,528</b>
FFO per diluted common share	\$0.46	\$0.34	\$1.06	\$1.02
AFFO per diluted common share	\$0.43	\$0.39	\$1.01	\$1.18
Weighted average number of common shares outstanding, diluted:				
FFO	37,828,573	37,465,114	37,777,458	37,276,013
AFFO	38,065,299	37,748,716	38,067,386	37,660,657

Set forth below is additional information related to certain other items included in net income attributable to common stockholders above, which may be helpful in assessing our operating results. Please see the accompanying consolidated statement of cash flows for details of our operating, investing, and financing cash activities.

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## Significant Items Included in Net Income:

During the three and nine months ended September 30, 2013, we incurred \$0.3 million and \$10.1 million, respectively, of debt extinguishment loss. The \$0.3 million of debt extinguishment loss during the three months ended September 30, 2013 consisted of write-offs of deferred financing costs in connection with the Revolving Credit Facility. The \$10.1 million of debt extinguishment loss during the nine months ended September 30, 2013 also included \$9.3 million for the cash payment made to noteholders for early redemption of \$113.8 million in aggregate principal amount of the outstanding 2018 Notes and \$0.5 million for the write-off of unamortized deferred financing costs and issuance premiums. This entire amount of the loss on extinguishment of debt is included in FFO for the three and nine months ended September 30, 2013 and the \$9.3 million early redemption premium is included in AFFO for three and nine months ended September 30, 2013.

During the three and nine months ended September 30, 2013, we incurred \$0.3 million and \$0.6 million, respectively, of other income (expense), as a result of adjusting the fair value of our contingent consideration liability related to the Stoney River Marshfield facility acquisition as described in Note 4, “Real Estate Properties Held for Investment,” in the Notes to Condensed Consolidated Financial Statements. This entire amount is included in FFO for the three and nine months ended September 30, 2013.

## Liquidity and Capital Resources

As of September 30, 2013, we had approximately \$383.1 million in liquidity, consisting of unrestricted cash and cash equivalents of \$96.6 million and available borrowings under our Revolving Credit Facility of \$286.5 million. The Revolving Credit Facility provides for a borrowing capacity of \$375.0 million and includes an accordion feature that allows the Operating Partnership to increase the borrowing availability by up to \$225.0 million, subject to terms and conditions. Subsequent to September 30, 2013, we funded \$229.8 million for our investment in the Forest Park Medical Center - Dallas Mortgage Loan and our acquisition of Forest Park Medical Center - Frisco with available cash and \$131.0 million of borrowing under our Revolving Credit Facility as discussed in “—Recent Transactions.” On May 23, 2013, we completed an underwritten public offering of \$200 million aggregate principal amount of 2023 Notes, providing net proceeds of approximately \$194.6 million after deducting commissions and expenses.

On June 24, 2013, pursuant to the terms of the 2018 Notes Indenture, the Issuers redeemed \$113.8 million in aggregate principal amount of the outstanding 2018 Notes, representing 35% of the aggregate principal amount of the 2018 Notes outstanding. The 2018 Notes were redeemed at a redemption price of 108.125% of the principal amount redeemed, plus accrued and unpaid interest up to the redemption date. The redemption resulted in approximately \$9.8 million of redemption related costs and write-offs, including \$9.3 million in payments made to noteholders for early redemption and \$0.5 million of write-offs associated with unamortized deferred financing and premium costs.

On March 18, 2013, we entered into a sales agreement (each, a “Sales Agreement”) with each of Barclays Capital Inc., Cantor Fitzgerald & Co., Credit Agricole Securities (USA) Inc., RBC Capital Markets, LLC, RBS Securities Inc. and Wells Fargo Securities, LLC (individually, a “Sales Agent” and together, the “Sales Agents”) to sell shares of our common stock having aggregate gross proceeds of up to \$100.0 million (the “ATM Shares”) from time to time through the Sales Agents.

Pursuant to the terms of the Sales Agreements, the ATM Shares may be sold by any method permitted by law deemed to be an “at-the-market” offering, including, without limitation, sales made directly on the NASDAQ Global Select Market, on any other existing trading market for our common stock or to or through a market maker. In addition, with our prior consent, the Sales Agents may also sell the ATM Shares in privately negotiated transactions. We will pay each Sales Agent a commission equal to 2% of the gross proceeds from the sales of ATM Shares sold pursuant to the applicable Sales Agreement. We are not obligated to sell and the Sales Agents are not obligated to buy or sell any ATM Shares under the Sales Agreements. No assurance can be given that we will sell any shares under the Sales Agreements, or, if we do, as to the price or amount of shares that we sell, or the dates when such sales will take place. No ATM Shares were sold under the ATM Program during the three and nine months ended September 30, 2013.

In addition, we have filed a shelf registration statement with the SEC that expires in May 2016, which will allow us to offer and sell shares of common stock, preferred stock, warrants, rights, units, and certain of our subsidiaries to offer and sell debt securities, through underwriters, dealers or agents or directly to purchasers, on a continuous or delayed

basis, in amounts, at prices and on terms we determine at the time of the offering.

We believe that our available cash, operating cash flows and borrowings available to us under the Revolving Credit Facility provide sufficient funds for our operations, scheduled debt service payments with respect to our senior notes, mortgage indebtedness on our properties, and dividend requirements for the next twelve months.



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We intend to invest in additional healthcare properties as suitable opportunities arise and adequate sources of financing are available. We expect that future investments in properties, including any improvements or renovations of current or newly-acquired properties, will depend on and will be financed, in whole or in part, by our existing cash, borrowings available to us under our Revolving Credit Facility, future borrowings or the proceeds from issuances of common stock, preferred stock, debt or other securities. In addition, we expect to seek financing from U.S. government agencies, including through Fannie Mae and HUD, in appropriate circumstances in connection with acquisitions and refinancings of existing mortgage loans.

As of September 30, 2013, we had \$411.3 million of indebtedness with respect to our 2018 Notes and 2023 Notes (collectively, the “Senior Notes”) and aggregate mortgage indebtedness to third parties of approximately \$142.2 million on certain of our properties. In addition, as of September 30, 2013, we had no amounts outstanding under our Revolving Credit Facility with borrowing capacity of \$375.0 million and \$286.5 million available for borrowing.

Subsequent to September 30, 2013, we funded \$229.8 million for our investment in the Forest Park Medical Center – Dallas Mortgage Loan and our acquisition of Forest Park Medical Center – Frisco with available cash and \$131.0 million of borrowing under our Revolving Credit Facility as discussed in “—Recent Transactions.”

Although we are subject to restrictions on our ability to incur indebtedness under the 2018 Notes Indenture and 2023 Notes Indenture (collectively, the “Senior Notes Indentures”) governing the Senior Notes and under the terms of the Revolving Credit Facility, we expect that we will be able to refinance existing indebtedness or incur additional indebtedness for acquisitions or other purposes, if needed. However, there can be no assurance that in the future we will be able to refinance our indebtedness, incur additional indebtedness or access additional sources of capital, such as by issuing common stock or other debt or equity securities, on terms that are acceptable to us or at all.

### Cash Flows from Operating Activities

Net cash provided by operating activities was \$49.2 million and \$47.9 million for the nine months ended September 30, 2013 and 2012, respectively. Operating cash flows were derived primarily from the rental payments received under the lease agreements with subsidiaries of Genesis and rental payments from our other tenants. Operating cash outflows consisted primarily of interest payments on our outstanding debt and payment of general and administrative expenses. Net cash provided by operating activities increased in 2013 primarily as a result of acquisitions which resulted in increased rental income, offset by \$9.3 million in payments made to noteholders for early redemption of \$113.8 million in aggregate principal amount of the outstanding 2018 Notes. We expect our annualized cash flows provided by operating activities to increase as a result of completed and anticipated future real estate investments.

### Cash Flows from Investing Activities

During the nine months ended September 30, 2013, net cash used in investing activities was \$37.4 million and consisted of \$26.4 million used to originate four loans receivable, \$6.6 million used for two preferred equity investments, \$6.2 million for the acquisition of one senior housing facility and \$0.4 million used for tenant improvements, partially offset by \$2.2 million net proceeds from the sale of one real estate asset. During the nine months ended September 30, 2012, net cash used in investing activities was \$121.2 million and consisted of \$98.1 million used in the acquisition of six skilled nursing facilities and two senior housing facilities, \$22.1 million used to originate three loans receivable and \$1.0 million used for tenant improvements.

We expect to continue using available liquidity in connection with anticipated future real estate investments and loan originations.

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## Cash Flows from Financing Activities

During the nine months ended September 30, 2013, net cash provided by financing activities was \$67.7 million and consisted of \$138.3 million from the issuance of preferred stock and \$200.0 million in proceeds from the June 2013 offering of \$200.0 million aggregate principal amount of 2023 Notes, offset by the redemption of \$113.8 million in aggregate principal amount of the outstanding 2018 Notes, the \$92.5 million repayment of the balance then outstanding under our Prior Revolving Credit Facility, \$3.0 million in net payments related to the issuance of common stock pursuant to equity compensation arrangements as well as expenses with respect to the ATM Program, \$42.7 million of dividends paid to stockholders, \$10.1 million of principal repayments of mortgage notes payable and \$8.6 million of payments for deferred financing costs primarily related to the issuance of the 2023 Notes and the Revolving Credit Facility. During the nine months ended September 30, 2012, net cash provided by financing activities was \$61.5 million and consisted of \$106.0 million in proceeds from the July 2012 offering of \$100.0 million aggregate principal amount of Senior Notes issued at 106% and \$0.1 million in net proceeds related to the issuance of common stock, partially offset by a net decrease in mortgage borrowings of \$0.9 million, \$36.7 million of dividends paid to common stockholders and \$7.0 million of payments for deferred financing costs related to the entry into the Prior Revolving Credit Facility, the refinancing of certain mortgage notes and the July 2012 offering of \$100.0 million aggregate principal amount of Senior Notes. The \$0.9 million net decrease in mortgage borrowings consisted of \$1.5 million of incremental borrowings through refinancings of existing mortgage notes less \$2.4 million from normal amortizing principal payments. In addition, during the nine months ended September 30, 2012, we borrowed \$42.5 million on our Prior Revolving Credit Facility, which was repaid during the same period.

## Loan Agreements

2023 Notes. On May 23, 2013, the Issuers issued \$200.0 million aggregate principal amount of 2023 Notes. The 2023 Notes were sold at par, resulting in gross proceeds of \$200.0 million and net proceeds of approximately \$194.6 million after deducting commissions and expenses. The 2023 Notes accrue interest at a rate of 5.375% per annum payable semiannually on June 1 and December 1 of each year.

The 2023 Notes are redeemable at the option of the Issuers, in whole or in part, at any time, and from time to time, on or after June 1, 2018, at the redemption prices set forth in the 2023 Notes Indenture, plus accrued and unpaid interest to the applicable redemption date. In addition, prior to June 1, 2018, the Issuers may redeem all or a portion of the 2023 Notes at a redemption price equal to 100% of the principal amount of the 2023 Notes redeemed, plus a “make-whole” premium, plus accrued and unpaid interest to the applicable redemption date. At any time, or from time to time, on or prior to June 1, 2016, the Issuers may redeem up to 35% of the principal amount of the 2023 Notes, using the proceeds of specific kinds of equity offerings, at a redemption price of 105.375% of the principal amount to be redeemed, plus accrued and unpaid interest, if any, to the applicable redemption date. Assuming the 2023 Notes are not redeemed, the 2023 Notes mature on June 1, 2023.

2018 Notes. On October 27, 2010, the Issuers issued \$225.0 million aggregate principal amount of 2018 Notes resulting in gross proceeds of \$225.0 million and net proceeds of approximately \$219.9 million after deducting commissions and expenses. The 2018 Notes accrue interest at a rate of 8.125% per annum payable semiannually on May 1 and November 1 of each year.

On July 26, 2012, the Issuers issued an additional \$100.0 million aggregate principal amount of 2018 Notes, which are treated as a single class with the existing 2018 Notes. The notes were issued at 106.0% providing net proceeds of \$103.0 million after underwriting costs and other offering expenses and a yield-to-maturity of 6.92%. We used a portion of the proceeds from this offering to repay the borrowings outstanding under the Prior Revolving Credit Facility. Pursuant to exchange offers completed on March 14, 2011 and November 14, 2012, respectively, the Issuers exchanged \$225.0 million and \$100.0 million aggregate principal amount of Senior Notes that were issued in October 2010 and July 2012 for substantially identical 2018 Notes registered under the Securities Act of 1933, as amended.

On June 24, 2013, pursuant to the terms of the 2018 Notes Indenture, the Issuers redeemed \$113.8 million in aggregate principal amount of the outstanding 2018 Notes, representing 35% of the aggregate principal amount of the 2018 Notes outstanding. The 2018 Notes were redeemed at a redemption price of 108.125% of the principal amount redeemed, plus accrued and unpaid interest up to the redemption date. The redemption resulted in a \$9.8 million loss on extinguishment of debt, including \$9.3 million in payments made to noteholders for early redemption and \$0.5

million of write-offs associated with unamortized deferred financing costs and issuance premium.

The 2018 Notes are redeemable at the option of the Issuers, in whole or in part, at any time, and from time to time, on or after November 1, 2014, at the redemption prices set forth in the 2018 Notes Indenture, plus accrued and unpaid interest to the applicable redemption date. In addition, prior to November 1, 2014, the Issuers may redeem all or a portion of the 2018 Notes at a redemption price equal to 100% of the principal amount of the 2018 Notes redeemed, plus a “make-whole” premium, plus

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accrued and unpaid interest to the applicable redemption date. Assuming the 2018 Notes are not redeemed, the 2018 Notes mature on November 1, 2018.

The obligations under the Senior Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by us and certain of our other existing and, subject to certain exceptions, future material subsidiaries; provided, however, that such guarantees are subject to release under certain customary circumstances. See Note 10, "Summarized Condensed Consolidating Information," in the Notes to Condensed Consolidated Financial Statements for additional information concerning the circumstances pursuant to which the guarantors will be automatically and unconditionally released from their obligations under the guarantees.

The Senior Notes Indentures contain restrictive covenants that, among other things, restrict the ability of Sabra, the Issuers and their restricted subsidiaries to: (i) incur or guarantee additional indebtedness; (ii) incur or guarantee secured indebtedness; (iii) pay dividends or distributions on, or redeem or repurchase, their capital stock; (iv) make certain investments or other restricted payments; (v) sell assets; (vi) create liens on their assets; (vii) enter into transactions with affiliates; (viii) merge or consolidate or sell all or substantially all of their assets; and (ix) create restrictions on the ability of Sabra's restricted subsidiaries to pay dividends or other amounts to Sabra. The Senior Notes Indentures also provide for customary events of default, including, but not limited to, the failure to make payments of interest or premium, if any, on, or principal of, the Senior Notes, the failure to comply with certain covenants and agreements specified in the Senior Notes Indentures for a period of time after notice has been provided, the acceleration of other indebtedness resulting from the failure to pay principal on such other indebtedness prior to its maturity, and certain events of insolvency. If any event of default occurs, the principal of, premium, if any, and accrued interest on all the then outstanding Senior Notes may become due and payable immediately. As of September 30, 2013, we were in compliance with all applicable financial covenants under the Senior Notes Indentures.

Revolving Credit Facility. On November 3, 2010, the Operating Partnership and certain subsidiaries of the Operating Partnership (together with the Operating Partnership, the "Borrowers") entered into the Prior Revolving Credit Facility with certain lenders as set forth in the related credit agreement and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (each as defined in such credit agreement). On February 10, 2012, the Borrowers amended the Prior Revolving Credit Facility to increase the borrowing capacity from \$100.0 million to \$200.0 million (up to \$20.0 million of which may be utilized for letters of credit) and to include an accordion feature that allowed the Borrowers to increase borrowing availability under the Prior Revolving Credit Facility by up to an additional \$150.0 million, subject to certain terms and conditions. On September 20, 2012, the Borrowers utilized the accordion feature to increase the borrowing capacity to \$230.0 million.

On July 29, 2013, the Operating Partnership entered into an amended and restated secured revolving credit facility (which we refer to as the Revolving Credit Facility). The Revolving Credit Facility provides for a borrowing capacity of \$375.0 million and includes an accordion feature that allows the Operating Partnership to increase the borrowing availability by up to \$225.0 million, subject to terms and conditions. While the Prior Revolving Credit Facility was secured by mortgages on certain of our real estate assets, the Revolving Credit Facility is secured by pledges of equity by our wholly-owned subsidiaries that own certain of our real estate assets. This feature provides us with increased flexibility to increase the available borrowings under the Revolving Credit Facility. Borrowing availability under the Revolving Credit Facility is subject to a borrowing base calculation based on, among other factors, the mortgageability cash flow (as such term is defined in the Revolving Credit Facility). The Revolving Credit Facility has a maturity date of July 29, 2016, and includes a one year extension option. As of September 30, 2013, there were no amounts outstanding under the Revolving Credit Facility and \$286.5 million available for borrowing.

Borrowings under the Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to an applicable percentage plus, at the Operating Partnership's option, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0% (referred to as the Base Rate). The applicable percentage for borrowings will vary based on the Consolidated Leverage Ratio, as defined in the Revolving Credit Facility, and will range from 2.50% to 3.50% per annum for LIBOR based borrowings and 1.50% to 2.50% per annum for borrowings at the Base Rate. As of September 30, 2013, the interest rate on the Revolving Credit Facility was 3.18%. In addition, the Operating Partnership is required to pay a facility fee

to the lenders equal to between 0.35% and 0.50% per annum based on the amount of unused borrowings under the Revolving Credit Facility. During the nine months ended September 30, 2013, we incurred \$0.8 million in interest expense on amounts outstanding under the Prior Revolving Credit Facility. We did not incur any interest expense during the three months ended September 30, 2013. During the three and nine months ended September 30, 2013, we incurred \$0.4 million and \$0.9 million, respectively, of unused facility fees.

The obligations of the Operating Partnership under the Revolving Credit Facility are guaranteed by us and certain of our subsidiaries.

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The Revolving Credit Facility contains customary covenants that include restrictions or limitations on the ability to make acquisitions and other investments, pay dividends, incur additional indebtedness, engage in non-healthcare related business activities, enter into transactions with affiliates and sell or otherwise transfer certain assets as well as customary events of default. The Revolving Credit Facility also requires us, through the Operating Partnership, to comply with specified financial covenants, which include a maximum leverage ratio, a minimum fixed charge coverage ratio and a minimum tangible net worth requirement. As of September 30, 2013, we were in compliance with all applicable financial covenants under the Revolving Credit Facility.

**Mortgage Indebtedness**

Of our 120 properties, 24 are subject to mortgage indebtedness to third parties that, as of September 30, 2013, totaled approximately \$142.2 million. As of September 30, 2013 and December 31, 2012, our mortgage notes payable consisted of the following (dollars in thousands):

Interest Rate Type	Book Value as of September 30, 2013	Book Value as of December 31, 2012	Weighted Average Effective Interest Rate at September 30, 2013	Maturity Date
Fixed Rate	\$85,247	\$94,373	4.01	% August 2015 - June 2047
Variable Rate <sup>(1)</sup>	56,994	57,949	5.00	% August 2015
	\$142,241	\$152,322	4.41	%

<sup>(1)</sup> Contractual interest rates under variable rate mortgages are equal to the 90-day LIBOR plus 4.0% (subject to a 1.0% LIBOR floor).

**Capital Expenditures**

There was \$0.4 million of capital expenditures for the nine months ended September 30, 2013 and \$1.0 million in capital expenditures for the nine months ended September 30, 2012. The \$1.0 million in capital expenditures for the nine months ended September 30, 2012 includes \$7,000 of capital expenditures for corporate office needs for the nine months ended September 30, 2012. There are no present plans for the improvement or development of any unimproved or undeveloped property; however, from time to time we may agree to fund improvements our tenants make at our facilities. Accordingly, we anticipate that our aggregate capital expenditure requirements for the next 12 months will not exceed \$3.0 million, and that such expenditures will principally be for improvements to our facilities and result in incremental rental income.

**Dividends**

We paid dividends of \$42.7 million on our common and preferred stock during the nine months ended September 30, 2013. On October 23, 2013, our board of directors declared a quarterly cash dividend of \$0.34 per share of common stock. The dividend will be paid on November 29, 2013 to stockholders of record as of November 15, 2013. Also on October 23, 2013, our board of directors declared the a quarterly cash dividend of \$0.4453125 per share of Series A Preferred Stock. The dividend will be paid on November 29, 2013 to preferred stockholders of record as of the close of business on November 15, 2013.

**Concentration of Credit Risk**

Concentrations of credit risks arise when a number of operators, tenants or obligors related to our investments are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations, including those to us, to be similarly affected by changes in economic conditions. We regularly monitor our portfolio to assess potential concentrations of risks.

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## Genesis

Effective December 1, 2012, Sun was acquired by Genesis, becoming a wholly owned subsidiary of Genesis. In connection with this transaction, we obtained a parent guaranty from Genesis to replace the then-existing Sun guaranty of the lease obligations of its subsidiaries that are tenants under our lease agreements. As of September 30, 2013, 81 of our 120 real estate properties held for investment were leased to subsidiaries of Genesis. During the nine months ended September 30, 2013 and 2012, 63% and 72%, respectively, of our total revenues were derived from these leases. Prior to December 1, 2012, Sun was subject to the reporting requirements of the SEC and was required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. Genesis is not an SEC registrant and is not subject to SEC reporting requirements. As of September 30, 2013, Genesis and its subsidiaries operated or managed 374 skilled nursing centers, 33 assisted or independent living centers and 6 mental health centers across 28 states. Genesis also provides rehabilitation therapy services to approximately 1,500 affiliated and non-affiliated centers in 44 states. During the three and nine months ended September 30, 2013, Genesis's net revenues were \$1.2 billion and \$3.6 billion, respectively, and adjusted normalized earnings before interest, taxes, depreciation, amortization and rent were \$139.7 million and \$442.0 million, respectively. During the three and nine months ended September 30, 2012, Genesis's net revenues were \$0.7 billion and \$2.2 billion, respectively, and adjusted normalized earnings before interest, taxes, depreciation, amortization and rent were \$90.1 million and \$256.6 million, respectively. As of September 30, 2013 and December 31, 2012, Genesis's long-term debt, net of cash, totaled \$461.0 million and \$407.8 million, respectively. As of September 30, 2013 and December 31, 2012, Genesis had liquidity of approximately \$115.4 million and \$132.8 million, respectively, consisting of unrestricted cash and cash equivalents and available borrowings under its revolving credit facility.

We have presented below unaudited summary financial information for Genesis as of September 30, 2013 and December 31, 2012 and for the three and nine months ended September 30, 2013 and 2012. As described above, Genesis has provided a parent guaranty of the lease obligations of its subsidiaries that are tenants under our lease agreements. The summary financial information presented below has been provided by Genesis, is unaudited and has not been independently verified by us. We have no reason to believe that such information is inaccurate in any material respect.

	Three Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
	2013	2012	2013	2012
	(unaudited) (in thousands)			
Statements of Operations:				
Revenues	\$1,185,103	\$731,306	\$3,551,573	\$2,181,397
Operating expenses (including building expenses)	1,079,873	649,608	3,212,692	1,951,988
Net loss	(44,167	) (30,264	) (122,943	) (119,889
	September 30, December 31, 2013 2012 (unaudited) (in thousands)			
Balance Sheets:				
Cash and cash equivalents	\$46,815	\$50,218		
Total current assets	915,413	876,012		
Total current liabilities	619,461	640,255		
Long-term debt, excluding current portion	490,999	446,302		
	968,727	1,024,340		

Capital lease obligations, excluding current  
portion

Financing obligation	2,814,802	2,668,793
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Other than our significant tenant concentrations, management believes our current portfolio is reasonably diversified across healthcare related real estate and geographical location and does not contain any other significant concentration of credit risks. Our portfolio of 120 real estate properties held for investment as of September 30, 2013 is diversified by location across 27 states. The properties in any one state did not account for more than 13% of the Company's total rental revenue during the three and nine months ended September 30, 2013 and 14% during the three and nine months ended September 30, 2012.

#### Skilled Nursing Facility Reimbursement Rates

Medicare reimburses skilled nursing facilities for Medicare Part A services under the Prospective Payment System ("PPS"), as implemented pursuant to the Balanced Budget Act of 1997 and modified pursuant to subsequent laws, most recently the Patient Protection and Affordable Care Act of 2010 (the "Affordable Care Act"). PPS regulations predetermine a payment



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amount per patient, per day, based on a market basket index calculated for all covered costs. The amount to be paid is determined by classifying each patient into one of 66 Resource Utilization Group (“RUG”) categories that represent the level of services required to treat different conditions and levels of acuity.

The current system of 66 RUG categories, or Resource Utilization Group version IV (“RUG IV”), became effective as of October 1, 2010. RUG IV resulted from research performed by the Centers for Medicare & Medicaid Services (“CMS”) and was part of CMS's continuing effort to increase the correlation of the cost of services to the condition of individual patients.

On July 31, 2013, CMS released final fiscal year 2014 Medicare rates for skilled nursing facilities providing a net increase of 1.3% over fiscal year 2013 payments (comprised of a market basket increase of 2.3% less 0.5% for a forecast error correction and less the productivity adjustment of 0.5%).

**Obligations and Commitments**

The following table summarizes our contractual obligations and commitments in future years, including our Senior Notes and our mortgage indebtedness to third parties on certain of our properties that, as of September 30, 2013, totaled \$142.2 million. The following table is presented as of September 30, 2013 (in thousands):

	Total	October 1 through December 31, 2013	2014	Year Ended December 31,			
				2015	2016	2017	After 2017
Mortgage indebtedness <sup>(1)</sup>	\$ 172,134	\$ 2,489	\$ 9,959	\$ 90,551	\$ 2,899	\$ 2,899	\$ 63,337
Senior Notes <sup>(2)</sup>	613,152	13,957	27,914	27,914	27,914	27,914	487,539
Contingent consideration	1,900	1,900	—	—	—	—	—
Operating lease	209	23	95	91	—	—	—
Total	\$ 787,395	\$ 18,369	\$ 37,968	\$ 118,556	\$ 30,813	\$ 30,813	\$ 550,876

Mortgage indebtedness includes principal payments and interest payments through the maturity dates. Total

<sup>(1)</sup> interest on mortgage indebtedness, based on contractual rates, is \$29.9 million, of which \$5.4 million is attributable to variable interest rates determined using the weighted average method.

<sup>(2)</sup> Senior Notes includes interest payments through the maturity dates. Total interest on the Senior Notes is \$201.9 million.

In addition to the above, we have committed to provide up to \$66.8 million of construction funding for the construction of an acute care hospital. The Forest Park - Fort Worth Construction Loan has a three-year term and as of September 30, 2013, we funded \$0.5 million.

**Off-Balance Sheet Arrangements**

None.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our primary market risk exposure is interest rate risk with respect to our indebtedness. As of September 30, 2013, this indebtedness included \$411.3 million aggregate principal amount of Senior Notes outstanding and \$142.2 million of mortgage indebtedness to third parties on certain of the properties that our subsidiaries own. As of September 30, 2013, we had \$57.0 million of outstanding variable rate indebtedness. In addition, as of September 30, 2013, we had \$286.5 million available for borrowing under our Revolving Credit Facility. From time to time, we may borrow under the Revolving Credit Facility to finance future investments in properties, including any improvements or renovations of current or newly acquired properties, or for other purposes. Because borrowings under the Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to an applicable percentage plus, at our option, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0%, the interest rate we will be required to pay on any such borrowings

will depend on then applicable rates and may vary. An increase in interest rates could make the financing of any acquisition by us more costly. Rising interest rates could also limit our ability to refinance our debt when it matures or cause us to pay higher interest rates upon refinancing and increase interest expense on refinanced indebtedness. Assuming a 100 basis point increase in the interest rate related to our variable rate debt, and assuming no change in our outstanding debt balance as of September 30, 2013, interest expense would increase \$0.1 million for the twelve months following September 30, 2013. As of September 30, 2013, the index underlying our variable rate mortgages was below 100 basis points and is not expected to go below zero and after giving consideration to interest rate floors imbedded in our variable rate debt agreements, interest expense would not be expected to be impacted by a decline in current interest rates.

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We expect to manage our exposure to interest rate risk by maintaining a mix of fixed and variable rates for our indebtedness. We also may manage, or hedge, interest rate risks related to our borrowings by means of interest rate swap agreements, although we are not currently a party to any swap agreements.

**ITEM 4. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

As of the end of the period covered by this report, management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon, and as of the date of, the evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2013 to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None of the Company or any of its subsidiaries is a party to, and none of their respective property is the subject of, any material legal proceeding, although we are from time to time party to legal proceedings that arise in the ordinary course of our business.

ITEM 1A. RISK FACTORS

There have been no material changes in our assessment of our risk factors from those set forth in our 2012 Annual Report on Form 10-K.

ITEM 6. EXHIBITS

Ex.	Description
2.1	Agreement and Plan of Merger, dated as of September 23, 2010, by and between Sun Healthcare Group, Inc. and Sabra Health Care REIT, Inc. (incorporated by reference to Annex A to the proxy statement/prospectus included in Amendment No. 4 to the Registration Statement on Form S-4 (File No. 333-167040) filed by Sabra Health Care REIT, Inc. on September 28, 2010).
2.2	Distribution Agreement, dated November 4, 2010, by and among Sun Healthcare Group, Inc., Sabra Health Care REIT, Inc. and SHG Services, Inc. (which has been renamed Sun Healthcare Group, Inc.) (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on November 5, 2010).†
3.1	Articles of Amendment and Restatement of Sabra Health Care REIT, Inc., dated October 20, 2010, filed with the State Department of Assessments and Taxation of the State of Maryland on October 21, 2010 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on October 26, 2010).
3.1.1	Articles Supplementary designating Sabra Health Care REIT, Inc.'s 7.125% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on March 21, 2013).
3.2	Amended and Restated Bylaws of Sabra Health Care REIT, Inc. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on October 26, 2010).
10.1	Amended and Restated Credit Agreement, dated July 29, 2013, among Sabra Health Care Limited Partnership, as Borrower; Sabra Health Care REIT, Inc., as REIT Guarantor; the other guarantors party thereto; the lenders party thereto; Bank of America, N.A., as administrative agent, swing line lender and L/C issuer; Barclays Bank PLC, Citibank, N.A., Credit Agricole Corporate and Investment Bank, RBS Citizens, N.A., Royal Bank of Canada and Wells Fargo Bank, N.A., as Co-Documentation Agents; and Merrill Lynch, Pierce, Fenner & Smith, as Sole Lead Arranger and Sole Book Manager (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by Sabra Health Care REIT, Inc. on July 31, 2013).
12.1*	Statement Re: Computation of Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 31.2\* Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\* Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.

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32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

\* Filed herewith.

† Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrants hereby agree to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

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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.

SABRA HEALTH CARE REIT, INC.

Date: November 4, 2013

By: /S/ RICHARD K. MATROS  
Richard K. Matros  
Chairman, President and  
Chief Executive Officer  
(Principal Executive Officer)

Date: November 4, 2013

By: /S/ HAROLD W. ANDREWS, JR.  
Harold W. Andrews, Jr.  
Executive Vice President,  
Chief Financial Officer and Secretary  
(Principal Financial and Accounting Officer)