

DARLING INTERNATIONAL INC

Form 424B5

December 09, 2013

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Filed Pursuant to Rule 424(b)(5)

File No.: 333-192004

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 these securities 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 December 9, 2013

Prospectus Supplement to Prospectus dated October 31, 2013.

40,000,000 Shares

## Darling International Inc.

### Common Stock

Darling International Inc. is offering 40,000,000 shares of its common stock, par value \$0.01 per share, to be sold in the offering. This offering is not conditioned on, among other things, the completion of our previously announced VION Acquisition (as defined herein). If the VION Acquisition is not completed, we will not have any obligation to repurchase the shares of common stock sold in this offering.

The common stock is listed on the New York Stock Exchange (the NYSE ) under the symbol DAR. The last reported sale price of the common stock on December 6, 2013 was \$21.27 per share.

*Investing in our common stock involves risks. See the sections entitled Risk Factors beginning on page S-31 of this prospectus supplement and on page 8 of the accompanying prospectus, the sections entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 29, 2012, and in our subsequently filed Quarterly Reports on Form 10-Q, and other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus to read about factors you should consider before buying shares of the common stock.*

Neither the Securities and Exchange Commission ( SEC ) nor any other regulatory body 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.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts	\$	\$
Proceeds to us (before expenses)	\$	\$

To the extent that the underwriters sell more than 40,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 6,000,000 shares of common stock at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on December , 2013.

*Joint Book-Running Managers*

**Goldman, Sachs & Co.**

**J.P. Morgan**  
*Co-Managers*

**BMO Capital Markets**

**Avondale**

**Stephens Inc.**

Prospectus Supplement dated December , 2013.

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**Prospectus**

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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 offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus before deciding to invest in our common stock.

If the description of this offering or our common stock varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement. You should also read and consider the additional information in the sections entitled *Where You Can Find More Information* and *Incorporation by Reference* in this prospectus supplement.

**In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus and in any free writing prospectus with respect to this offering filed by us with the SEC. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to the offering filed by us with the SEC and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.**

**The underwriters are offering to sell, and are seeking offers to buy, 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 our 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 the offering of our 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.**

For purposes of this prospectus supplement, unless the context otherwise indicates or as otherwise indicated:

references to we, us, our and the combined company refer to Darling International Inc. and its subsidiaries, including Rothsay and VION Ingredients on a pro forma basis, giving effect to the Acquisitions; provided, however, that references to we, us and our, when used in connection with historical descriptions, refer to Darling;

references to \$, dollars or U.S. dollars refer to U.S. dollars, references to CAD \$ refer to Canadian dollars and references to euros refer to euros;

references to Acquisitions refer to the Rothsay Acquisition and the VION Acquisition;

references to Darling or the Company refer to Darling International Inc. and its subsidiaries, excluding Rothsay and VION Ingredients;

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references to **Darling International** refer to Darling International Inc., excluding its subsidiaries;

references to **Debt Offering** refer to the senior notes (the **notes**) currently expected to be offered by a wholly-owned subsidiary of Darling inside the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the **Securities Act**), and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act;

references to **DGD Joint Venture** refer to Diamond Green Diesel Holdings LLC, our 50%/50% renewable diesel joint venture with Valero Energy Corporation (**Valero**);

references to **Dutch GAAP** refer to generally accepted accounting principles in the Netherlands;

references to **Financing Transactions** refer to (i) the financing under the Existing Senior Secured Facilities that was used for the Rothsay Acquisition, (ii) the anticipated \$500 million borrowing under the Bridge Facility (as defined herein) to the extent the Debt Offering is not completed prior to the completion of the VION Acquisition or, if completed, the Debt Offering, and (iii) the common stock offered hereby and the contemplated borrowings under the revolving credit facility and the term loan B facility of the Senior Secured Facilities and the intended use of the proceeds thereof and of the Bridge Facility or the Debt Offering, as applicable, the common stock offered hereby as set forth under **Use of Proceeds**;

references to **Fiscal 2011** refer to (i) for Darling, the combined company, or Rothsay, as applicable, the fifty-two weeks ended December 31, 2011, or (ii) for VION Ingredients, the year ended December 31, 2011;

references to **Fiscal 2012** refer to (i) for Darling, the combined company, or Rothsay, as applicable, the fifty-two weeks ended December 29, 2012, or (ii) for VION Ingredients, the year ended December 31, 2012;

references to **Fiscal 2013** for Darling and the combined company refer to the fifty-three weeks ending January 4, 2014;

references to **Fiscal 2014** for Darling and the combined company refer to the fifty-two weeks ending January 3, 2015;

references to **MFI** refer to Maple Leaf Foods Inc., a Canadian corporation, the previous owner of Rothsay;

references to **Rothsay** or **Rothsay's business** refer to the rendering business previously operated by MFI under the **Rothsay Rendering** name, which business was acquired by Darling International from MFI effective October 28, 2013, and involves the purchasing, collection, processing and recycling of animal by-products and organic waste into finished products such as fats, protein meals and biodiesel, and the sale of such finished products, but does not include the in-line rendering operation at MFI's facility located in Lethbridge, Alberta, which Darling did not purchase from MFI;

references to **Rothsay Acquisition** refer to Darling International's acquisition of Rothsay from MFI that was completed on October 28, 2013;

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references to Rothsay Acquisition Agreement refer to the Acquisition Agreement dated August 23, 2013, between MFI and Darling International with respect to the Rothsay Acquisition, included as an exhibit to Darling's Current Report on Form 8-K filed with the SEC on August 26, 2013, and incorporated by reference in this prospectus supplement;

references to Senior Secured Facilities refer to Darling's (i) existing \$350 million term loan A facility, (ii) existing \$1.0 billion revolving credit facility and (iii) contemplated new term loan B facility in the amount of at least \$1.2 billion;

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references to Transactions refer to the Acquisitions and the Financing Transactions;

references to U.S. GAAP refer to U.S. generally accepted accounting principles;

references to VION refer to VION Holding N.V., a limited liability company incorporated in the Netherlands;

references to VION Acquisition refer to Darling International's pending acquisition of VION Ingredients from VION under the terms of the VION SPA;

references to VION Financing Transactions refer to the financing transactions (and related use of proceeds) referred to under clause (ii) of the definition of Financing Transactions above;

references to VION Ingredients or VION Ingredients business refer to the VION Ingredients division of VION, and its business of developing, producing, marketing and selling products of animal origin for applications in, among others, pharmaceuticals, food, feed, pet food, fertilizer and bioenergy, which business VION has agreed to sell and Darling International has agreed to buy, subject to the terms of the VION SPA;

references to VION SPA refer to the Sale and Purchase Agreement dated October 5, 2013, between VION and Darling International with respect to the VION Acquisition, as such may be amended and supplemented, included as an exhibit to Darling's Current Report on Form 8-K filed with the SEC on October 10, 2013, and incorporated by reference in this prospectus supplement; and

references to VION Transactions refer to the VION Acquisition and the VION Financing Transactions.

Darling intends to complete the VION Acquisition. However, this offering is not conditioned on, and will be completed before, the completion of the VION Acquisition. If the VION Acquisition is not completed, Darling will not have any obligation to repurchase the shares of common stock sold in this offering. Accordingly, you should not place undue reliance on the description of our business in this prospectus supplement. Instead, you should read the information incorporated by reference into this prospectus supplement to understand Darling's business without the VION Ingredients business. See the sections entitled *Risk Factors Risks Related to the Pending VION Acquisition* and *Risk Factors Risks Related to the Acquisitions*, specifically the risk factor entitled *Any failure to complete the pending acquisition of VION Ingredients could materially adversely impact the market price of our common stock as well as our business, financial condition and results of operations*. Further, this offering is not conditioned on, and is expected to be closed prior to the completion of, among other things, the Debt Offering. Accordingly, the Debt Offering may not be completed in the timeframe anticipated, if at all.

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The consolidated and combined financial statements of VION Ingredients included elsewhere in this prospectus supplement are presented in euros. The following table sets forth, for the periods indicated, the period-end, the average and the range of high and low noon buying rates in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York, expressed in U.S. dollars per 1.00. On November 29, 2013, the noon buying rate was \$1.3606.

	<b>At Period End</b>	<b>Average Rate<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
<b>Year Ended December 31</b>				
2010	1.3269	1.3216	1.4536	1.1959
2011	1.2973	1.4002	1.4875	1.2926
2012	1.3186	1.2909	1.3463	1.2062
<b>Nine Months Ended September 30</b>				
2012	1.2856	1.2862	1.3463	1.2062
2013	1.3535	1.3184	1.3692	1.2774

<sup>(1)</sup> Represents the average of the noon buying rates on the last day of each month for which data was certified by the Federal Reserve Bank of New York during the period.



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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements. Statements that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as estimate, project, plan, contemplate, potential, possible, proposed, intend, believe, anticipate, expect, will, would, should, could and similar expressions identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding anticipated synergies, expected acquisition and integration costs, anticipated capital expenditures, potential markets and our combined strategies. Forward-looking statements (including oral representations) are only predictions or statements of current plans, which relate to the future and are therefore inherently uncertain. Forward-looking statements may differ from actual future results due to (but not limited to), and Darling s, Rothsay s, VION Ingredients and the combined company s future results may be adversely affected by, among others, risks and uncertainties relating to:

volatility of ingredient prices and their potential impact on the prices of our raw materials, our products or commodities that may be used as substitutes for our products;

our continued ability to procure good quality raw materials for our products in adequate quantities;

energy prices for natural gas and diesel fuel, on which our operations are highly dependent;

the concentration of our revenue from a limited number of suppliers and customers;

the dependence of certain of our operating facilities upon a few suppliers or a single supplier;

global trends relating to meat and poultry consumption and their effect on raw material availability and demand for feed products;

the international nature of our operations, including exchange rate and exchange control risks, general economic and political conditions, tax-related risks and export or import requirements for, or restrictions related to, our products;

the risks associated with the DGD Joint Venture, including the potential for operational issues at the DGD Joint Venture s renewable diesel plant, particularly in the early months of operation;

changes to worldwide government policies relating to renewable fuels and greenhouse gas emissions;

costs and liabilities associated with compliance with government regulations;

the impact of bovine spongiform encephalopathy, commonly referred to as mad cow disease ( BSE ), and other food safety issues on our business, including the implementation of related laws and regulations;

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the occurrence of any disease correctly or incorrectly linked to animals, such as Bird Flu;

seasonal factors and weather which can impact the quality and volume of raw materials;

potential product liability claims or product recalls;

the continued service of key personnel;

our dependence upon the continued and uninterrupted operation of a single operating facility in certain markets;

our substantial level of indebtedness following the Transactions;

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our ability to incur additional indebtedness;

the possibility of increased contributions to our multi-employer defined benefit pension plans and to pension and welfare plans generally as a result of government action, particularly in our facilities outside of the United States;

the occurrence of any material weaknesses in our internal control over financial reporting;

any impairments in our goodwill or other intangible assets;

the impact of terrorist attacks or acts of war;

potential work stoppages at our principal operating facilities, including due to labor union or works council issues;

the outcome of litigation and other legal proceedings against us;

any third party claims of intellectual property infringement against us;

decline in consumer confidence and discretionary spending;

the completion of the VION Acquisition, including regulatory agency approval and the satisfaction of other conditions for such completion;

the lack of control Darling has over VION Ingredients until completion of the VION Acquisition;

uncertainty about the VION Acquisition making it more difficult to maintain relationships with customers, employees or suppliers;

our efforts to effectively integrate Darling's business with Rothsay's business and VION Ingredients' business;

our ability to realize growth opportunities and cost synergies as a result of the Acquisitions;

our ability to effectively manage our expanded operations following the Acquisitions;

any future acquisitions or strategic alliances; and

the successful financing and consummation of the VION Acquisition and any future acquisitions.

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Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Darling cautions readers that all forward-looking statements speak only as of the date made and, except as required by law, Darling undertakes no obligation to update, revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we have made or will make in our reports to the SEC on Forms 10-K, 10-Q and 8-K. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this prospectus supplement and the accompanying prospectus.

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**SUMMARY**

*This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus supplement, including the section entitled *Risk Factors* beginning on page S-31, the accompanying prospectus, our Annual Report on Form 10-K for the year ended December 29, 2012, our Quarterly Report on Form 10-Q for the quarter ended September 28, 2013, all of the financial statements and the related notes and the other documents included or incorporated by reference in this prospectus supplement before making an investment decision.*

**The Offering**

Issuer	Darling International Inc.
Common Stock Offered	40,000,000 shares offered (or 46,000,000 shares if the underwriters' option to purchase additional shares is exercised in full).
Common Stock Outstanding after This Offering	158,215,666 shares (assuming no exercise of the underwriters' option to purchase additional shares and based on the number of shares outstanding on December 4, 2013).
Underwriters' Option to Purchase Additional Shares	The underwriters have an option exercisable for a period of 30 days from the date of this prospectus supplement to purchase up to an additional 6,000,000 shares of common stock at the public offering price, less the underwriting discount.
Voting Rights	Each share of our common stock entitles its holder to one vote on all matters to be voted on by stockholders generally.
Dividend Policy	We have not paid any dividends on our common stock since January 3, 1989, and we have no current plans to do so.
Use of Proceeds	The gross proceeds from this offering (before deducting the underwriting discounts and commissions) will be \$850.8 million (or \$978.42 million if the underwriters exercise in full their option to purchase additional shares of our common stock). This amount is based on \$21.27, the last reported sale price of our common stock on the NYSE on December 6, 2013. A \$1.00 increase (decrease) in the public offering price of the shares of common stock would increase (decrease) the estimated net proceeds received by us from this offering by approximately \$38.6 million (or approximately \$44.4 million if the underwriters exercise their option to purchase additional shares of our common stock in full), after deducting estimated underwriting discounts and commissions. We intend to use the net proceeds of the common stock offered hereby to pay a portion of the

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consideration for the VION Acquisition, if completed, and related fees and expenses. If the VION Acquisition is not completed, the shares offered hereby will remain outstanding and we will use the proceeds for general corporate purposes. For more information about our use of proceeds and a sensitivity analysis, see the section entitled *Use of Proceeds*.

Risk Factors

An investment in our common stock involves risks. You should consider carefully all of the information set forth in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to this offering filed by us with the SEC and the documents incorporated by reference herein and therein and, in particular, you should evaluate the specific risk factors set forth in the section entitled *Risk Factors* beginning on page S-31 of this prospectus supplement and page 8 of the accompanying prospectus, before deciding whether to purchase our common stock in this offering.

NYSE Symbol

Our common stock is listed on the NYSE under the symbol **DAR**.

*Unless otherwise indicated, all information in this prospectus supplement assumes the underwriters' option to purchase additional shares has not been exercised.*

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**Our Business**

***Historical Overview***

We were founded by the Swift meat packing interests and the Darling family in 1882 and are a leading provider of rendering, used cooking oil and bakery residual recycling and recovery solutions to the U.S. and Canadian food industry. We collect and recycle animal by-products, bakery residuals and used cooking oil from poultry and meat processors, commercial bakeries, grocery stores, butcher shops and food service establishments and provide grease trap cleaning services to many of the same establishments. We operate over 125 processing and transfer facilities located throughout the United States and Canada to process raw materials into finished products such as protein (primarily meat and bone meal ( MBM ) and poultry meal ( PM )), fats (primarily bleachable fancy tallow ( BFT ), poultry grease ( PG ) and yellow grease ( YG )), bakery by-products ( BBP ) and hides, as well as a range of branded and value-added products. We sell these products in North America and throughout the world, primarily to producers of animal feed, pet food, biodiesel, fertilizer and other consumer and industrial ingredients, including oleo-chemicals, soaps and leather goods for use as ingredients in their products or for further processing. Our operations are currently organized into two segments: Rendering (which includes our Dar Pro Solutions® and the Rothsay brands) and Bakery (which includes our Cookie Meal® brand).

Our principal finished products are ingredients that compete with alternatives, such as corn, soybean oil, inedible corn oil, palm oils, soybean meal and heating oil, based on nutritional and functional values; therefore, the actual pricing for our finished products, as well as competing products, can be quite volatile. While our principal finished products are generally sold at prices prevailing at the time of sale, our ability to deliver large quantities of finished products from multiple locations and to coordinate sales from a central location enables us to occasionally receive a premium over the then-prevailing market price. Our premium, value-added and branded products command significantly higher pricing relative to our principal U.S. finished product lines due to their enhanced nutritional content, which is a function of our proprietary processing techniques. In Fiscal 2012, Darling generated \$1,701.4 million in revenues and \$468.8 million in gross profit.

The DGD Joint Venture commenced operations in June 2013. The DGD Joint Venture operates a renewable diesel plant (the DGD Facility ) located in Norco, Louisiana capable of producing approximately 9,300 barrels per day of renewable diesel and certain other co-products.

On October 28, 2013, we completed the Rothsay Acquisition for approximately CAD \$645 million in cash. Rothsay is a leading recycler of animal by-products and producer of biodiesel in Canada. Rothsay processes raw materials into finished products of fats and proteins and manufactures biodiesel for domestic and international markets. Rothsay employs approximately 500 people and has a network of five rendering plants in Manitoba, Ontario and Nova Scotia and a biodiesel operation in Quebec, Canada. Prior to the Rothsay Acquisition, we had no facilities in Canada. This transaction not only adds significant scale by expanding our geographic footprint into Canada, but also provides us with an opportunity for synergies through transferring any best practices between Rothsay and our existing operations and improving operational efficiencies. In Fiscal 2012, Rothsay generated \$227.4 million in revenues and \$72.9 million in gross profit.

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On October 5, 2013, we entered into the VION SPA with VION, pursuant to which we expect to acquire VION Ingredients. VION Ingredients is a worldwide leader in the development and production of specialty ingredients from animal origin for applications in food, pharmaceuticals, pet food, feed, fuel, bioenergy and fertilizer. This offering is not conditioned on the completion of the VION Acquisition. Accordingly, you will be investing in the Darling business without the VION Ingredients business if such acquisition is not completed. You should not place undue reliance on the description of the combined business included herein and should read the documents incorporated by reference herein.

VION Ingredients was formed in 1930 and is headquartered in Son en Breugel, the Netherlands. VION Ingredients employs approximately 5,700 people. Its global network of 67 production facilities across five continents covers all aspects of animal by-product processing through six brands: Rendac (rendering), Sonac (proteins, fats, edible fats and blood products), Ecoson (bioenergy), Rousselot (gelatin), CTH (natural casings) and Best Hides (hides and skins). VION Ingredients' specialized portfolio of over 400 products covers all animal origin raw material types and thereby offers a one-stop solution for suppliers. VION Ingredients' rendering business has leading positions across Europe with operations in the Netherlands, Belgium, Germany, Poland and Italy under the Rendac and Sonac brand names. Value-added products include edible fats, blood products and plasma meals, bone products, protein meals and fats. Rousselot is a global leading market provider of gelatin for the food, pharmaceuticals and technical industries with operations in Europe, the United States, South America and China. CTH is a market leader in natural casings for the sausage business with operations in Europe, China and the United States. In Fiscal 2012, VION Ingredients generated 1,608.9 million in net sales and 73.0 million in net income (as determined under Dutch GAAP).

We believe our acquisition of VION Ingredients will provide us with increased earnings and end-market diversification, including through the food, pharmaceuticals and pet food end markets, insulation from some of the commodity price volatility prevalent in the rendering and used cooking oil markets, and access to high growth emerging markets such as China and Brazil, as well as high value-added segments such as gelatin and blood. The acquisition of VION Ingredients represents a unique opportunity for us to expand our leading North American platform and to transform Darling into a global leader in converting edible and inedible bio-nutrient streams into specialty products and ingredients for the food, pet food, pharmaceutical, feed, fuel, bioenergy and fertilizer industries.

Our corporate headquarters are located at 251 O Connor Ridge Boulevard, Suite 300, Irving, Texas 75038, our telephone number at that location is (972) 717-0300, and our website can be accessed at [www.darlingii.com](http://www.darlingii.com). Information contained on our website does not constitute part of this prospectus and is not incorporated by reference herein.

### ***Our Combined Business***

Following the acquisition of VION Ingredients, our business will be conducted through a global network of over 200 locations, including 140 production facilities, across five continents with approximately 10,000 employees. We will be a global developer and producer of sustainable natural ingredients from edible and inedible bio-nutrients, creating a wide range of ingredients and customized specialty solutions for customers in the food, pet food, pharmaceutical, feed, fuel, bioenergy and fertilizer industries.

Upon completion of the VION Acquisition, which we expect to occur in January 2014, we plan to operate our business through three new operating segments:

***Feed Ingredients*** (which will include the rendering, bakery and hides business lines);



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***Food Ingredients*** (which will include the gelatin, casings and edible fats business lines); and

***Fuel Ingredients*** (which will include the biofuel and bioenergy business lines).

The charts below show (i) our historical Fiscal 2012 revenue by current business lines, (ii) combined revenues by anticipated business lines for our combined businesses upon completion of the VION Acquisition (based on Darling's, Rothsay's and VION Ingredients' Fiscal 2012 revenues) and (iii) combined revenues by country or region for our combined businesses upon completion of the VION Acquisition (based on Darling's, Rothsay's and VION Ingredients' Fiscal 2012 revenues), in each case, without making any pro forma or other adjustments.

- (1) The combined revenue information has been prepared by aggregating Darling's, Rothsay's and VION Ingredients' Fiscal 2012 revenues, without making any pro forma or other adjustments, and is presented herein for informational purposes only. It is not indicative of what our combined revenues actually would have been had we completed the Acquisitions at the beginning of Fiscal 2012, and the combined revenue information does not purport to project future revenues of the combined company.

The combined revenue information should be read in conjunction with all the historical financial statements and the pro forma condensed combined financial statements incorporated by reference or included elsewhere in this prospectus supplement.

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### ***Feed Ingredients***

Upon completion of the VION Acquisition, our Feed Ingredients segment will consist principally of (i) our current U.S. rendering business, including our used cooking oil, trap grease and industrial residuals collection businesses, the Rothsay rendering business, and the rendering and specialty products businesses conducted by VION Ingredients under the Sonac name (proteins, fats, technical fats and blood products) and (ii) our current bakery products business. The businesses that will be included in our Feed Ingredients segment would have accounted for 62% of our combined Fiscal 2012 revenues (based on Darling s, Rothsay s and VION Ingredients Fiscal 2012 revenues, without making any pro forma or other adjustments).

### ***Rendering***

*Our Current Businesses (including Rothsay):*

**Raw Materials:** Our rendering operations collect beef, poultry and pork by-products, which are collected primarily from slaughterhouses, grocery stores, butcher shops and food service establishments. These raw materials are collected in one of two manners. Certain large suppliers, such as large slaughterhouses, are furnished with bulk trailers in which the raw material is loaded. We provide the remaining suppliers, primarily grocery stores and butcher shops, with containers in which to deposit the raw material. The containers are picked up by or emptied into our trucks on a periodic basis. The type and frequency of service is determined by individual supplier requirements, the volume of raw material generated by the supplier, supplier location and weather, among other factors. The raw materials we collect are transported either directly to a processing plant or to a transfer station where materials from several collection routes are loaded into trailers and transported to a processing plant. These raw materials are delivered to plants for processing usually within 24 hours of collection to deter spoilage.

We also collect used cooking oil and service grease traps from restaurants, food service establishments and grocery stores. Many of our customers operate stores that are part of national chains. Used cooking oil from food service establishments is placed in various sizes and types of containers that we supply. In some instances, these containers are unloaded directly onto our trucks, while in other instances used cooking oil is pumped through a vacuum hose into the truck. We sell two types of containers for used cooking oil collection to food service establishments called CleanStar<sup>®</sup> and B.O.S.S., both of which are proprietary self-contained collection systems that are housed either inside or outside the establishment, with the used cooking oil pumped directly into collection vehicles via an outside valve. The frequency of all forms of used-cooking-oil collection is determined by the volume of oil generated by the food service establishment. We either transport trap grease to waste treatment centers or recycle it at our facilities into a host of environmentally safe product streams. We provide our customers with a comprehensive set of solutions to their trap grease disposal needs, including manifests for regulatory compliance, computerized routing for consistent cleaning and comprehensive trap cleaning. As a result of our acquisition of Terra Renewal Services, Inc. ( TRS ) on August 26, 2013, we also collect non-hazardous liquid and semi-solid waste streams from the food processing industry and reprocess and recycle these residuals, primarily by permitted land application to enrich soils in accordance with applicable environmental regulations.

**Processing Operations:** We produce finished products primarily through the grinding, cooking, separating, drying and blending of various raw materials. The process starts with the collection of animal by-products (including fat, bones, feathers, offal and other animal by-products). The animal by-products are ground and heated to evaporate water and separate fats

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from animal tissue, as well as to sterilize and make the material suitable as an ingredient for animal feed. The separated fats, tallows and greases are then centrifuged and/or refined for purity. The remaining solid product is pressed to remove additional oils to create protein meals. The protein meal is then sifted through screens and ground further if necessary to produce an appropriately sized protein meal. The primary finished products derived from the processing of animal by-products are MBM, PM (both feed grade and pet food), PG, tallow, feather meal and blood meal. In addition, at certain of our facilities, we are able to operate multiple process lines simultaneously, which provides us with the flexibility and capacity to manufacture a line of premium and value-added products in addition to our principal finished products. Because of these processing controls, we are able to blend end products together in order to produce premium products with specific mixes that typically have higher protein and energy content and lower moisture than standard finished products and command premium prices.

### *The VION Ingredients Rendering and Specialty Products Businesses:*

Upon completion of the VION Acquisition, our Feed Ingredients segment will also include VION Ingredients rendering and specialty products businesses currently operated by Sonac C3, Sonac Fat, Sonac Bone and Sonac Blood. The Sonac rendering and specialty products businesses of VION Ingredients operate similarly to our historical North American rendering division. However, the Sonac businesses, with the exception of Sonac C3, further separate raw material streams to add additional value to each stream.

Sonac C3 processes slaughterhouse by-products into proteins and fats for applications used in pet food, animal feed, organic fertilizers, biofuels and technical end markets.

Sonac Bone processes porcine bones into fat, bone protein, glue, bone ash and bone chips for the food, pet food, feed and gelatin industries.

Sonac Fat melts, refines and packages animal fat into fat for the pet food, feed, technical, biofuels and oleo markets. Oleo-chemical producers use these fats as feed stocks to produce specialty ingredients used in paint, rubber, paper, concrete, plastics and a variety of other consumer and industrial products.

Sonac Blood processes bovine, porcine and ovine blood by separating blood into plasma and hemoglobin and produces specialized end products for application in the food, pet food and feed markets. Sonac Blood's end products include plasma, fibrimex, globin and hemin.

### ***Bakery Products***

***Raw Materials:*** Bakery products are collected from large commercial bakeries that produce a variety of products, including cookies, crackers, cereal, bread, dough, potato chips, pretzels, sweet goods and biscuits. We collect these materials by bulk loading onsite at the bakeries utilizing proprietary equipment, the majority of which is designed, engineered, manufactured and installed by us. The receipt of bulk-loaded bakery residual allows us to significantly streamline our bakery recycling process, reduce personnel and maximize freight savings by hauling more tons per load.

***Processing Operations:*** The highly automated bakery feed production process involves sorting and separating raw material, mixing it to produce the appropriate nutritional content, drying it to reduce excess moisture and grinding it to the consistency of animal feed. During the bakery residual process, packaging materials are removed. The packaging material is fed into a combustion chamber along with sawdust and heat is produced. This heat is used in the dryers to

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remove moisture from the raw materials that have been partially ground. Finally, the dried meal is ground to the specified granularity. The finished product, which is continually tested to ensure that the caloric and nutrient contents meet specifications, is a nutritious additive used in animal feed.

### ***Other Products***

Our Feed Ingredients segment will also include the hides businesses currently operated by us and operated under the BestHides name by VION Ingredients and our current organic fertilizer business conducted under the Nature Safe® name.

Our hides operations process hides and skins from hog and beef processors into outputs used in commercial applications such as the leather industry. We sell treated hides and skins to external customers, the majority of which are tanneries. The BestHides business of VION Ingredients sources, sorts and processes hides from slaughterhouses, renderers and traders in Western Europe, and has a leading position in the premium South German hides market. Fresh and salted hides and fresh skins are sold to tanneries, automotive companies, leather processors and to the shoe and furniture industries in Italy, Germany and China.

Our fertilizer operations utilize finished products from our rendering division to manufacture organic fertilizers from ingredients approved by the U.S. Department of Agriculture ( USDA ) that contain no waste by-products (*i.e.*, sludge or sewage waste).

### ***Food Ingredients***

Upon completion of the VION Acquisition, our Food Ingredients segment will consist principally of (i) the gelatin business conducted by VION Ingredients under the Rousselot name, (ii) the natural casings and meat-by-products business conducted by VION Ingredients under the CTH name and (iii) certain specialty products businesses conducted by VION Ingredients under the Sonac name. The businesses that will be included in our Food Ingredients segment would have accounted for 29% of our combined Fiscal 2012 revenues (based on Darling s, Rothsay s and VION Ingredients Fiscal 2012 revenues, without making any pro forma or other adjustments). The Food Ingredients business is not currently included in Darling s business operations. Accordingly, if the VION Acquisition is not completed, Darling will not participate in the Food Ingredients business.

### ***Gelatin***

Rousselot is a global leading market provider of gelatin for the food, pharmaceuticals and technical (photographic) industries with operations in Europe, China, South America and the United States. Rousselot has a network of 13 production plants and 7 sales locations, covering sales into more than 75 countries. With the Rousselot gelatin business, we expect to enter the growing global gelatin market. Gelatin is a functional ingredient, which means that it has a role in the end product that creates a critical sale characteristic that is largely non-substitutable. Gelatin is used in a large variety of end products, but only small amounts are used in each specific product. Currently, available substitutes are limited and do not have the broad functionality required for most usages. The Rousselot gelatin net sales of finished products represented 40.4% of VION Ingredients Fiscal 2012 net sales and has enjoyed strong volume growth and margin expansion over the past three years. This is due primarily to growth in the food and pharmaceutical end markets. Additionally, gelatin products have higher sales prices relative to VION Ingredients other end products, but comprise a minimal portion of the cost of final products in the confectionary and pharmaceutical end markets. As a result of these dynamics, end customers are relatively less price sensitive to gelatin products. Rousselot s profitability is mainly

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driven by its ability to transfer increases in net raw materials costs to its customers in order to realize a stable added value per kilogram of gelatin in combination with a strong focus on operations excellence and product quality. Rousselot is involved in all four types of gelatin rendering (pigskin, beef hide, bone and fish). Raw material prices are mainly driven by the availability and quality of raw material, and sales prices are mainly driven by market demand and the expected availability of gelatin supply. As such, securing sufficient raw material positions is key to the business. Rousselot enters into formal arrangements related to raw material purchases that differ by regional area.

### ***Natural Casings and Meat By-Products***

The CTH business of VION Ingredients is a market leader in natural casings for the sausage business with operations in Europe, China and the United States. The activities of this business are divided into two categories:

CTH Casings harvests, sorts and sells hog and sheep casings for worldwide food markets, particularly sausage manufacturers, and harvests, processes and sells hog and beef bowel package items for global pharmaceutical, food and feed market segments. CTH holds a leading position in the highly fragmented global casings market.

CTH Meat By-Products harvests, purchases and processes hog, sheep and beef meat by-products for customers in the global food and European pet food industries. In the meat by-products market, CTH is a major player with established sales networks in Europe and Asia.

### ***Other Specialty Products***

In addition, our Food Ingredients segment will include the heparin and edible fat businesses currently operated by VION Ingredients under the Sonac name:

Sonac Heparin extracts crude heparin from hydrolyzed mucosa for application in the pharmaceutical industry.

Sonac Fat melts, refines and packages animal fat into food grade fat for the food markets. Sonac Fat holds a leading market position in Europe.

### ***Fuel Ingredients***

Upon completion of the VION Acquisition, our Fuel Ingredients segment will consist of (i) our current biofuel business conducted under the Dar Pro<sup>®</sup> and Rothsay names and (ii) the bioenergy business conducted by VION Ingredients under the Ecoson and Rendac names. The businesses that will be included in our Fuel Ingredients segment would have accounted for 9% of our combined Fiscal 2012 revenues (based on Darling s, Rothsay s and VION Ingredients Fiscal 2012 revenues, without making any pro forma or other adjustments).

### ***Biofuel***

We produce biodiesel at our facilities in the United States and Canada. In the United States, we use a portion of our rendered animal fats and recycled greases, as well as third-party additives, to produce Bio G-3000 Premium Diesel Fuel. We have the annual capacity to produce two million gallons of Bio G-3000 at our facility in Butler, Kentucky. Our facility in Sainte-Catherine, Quebec also processes tallow and recycled oils produced by us into biodiesel.

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The Quebec facility, which was acquired in the Rothsay Acquisition, has a current annual capacity to produce approximately 14 million gallons a year. Our biodiesel product is sold to our internal divisions, as well as to commercial biodiesel producers in the United States and Canada to be used as biodiesel fuel, a clean burning additive for diesel fuel or as a biodegradable solvent or cleaning agent.

### ***Bioenergy***

Ecoson produces green power and biofuel for combined heat plant installations, biodiesel and biophosphate from sludge, animal fat and manure. Ecoson is one of the largest industrial digestion operations in the world, focusing on the refining of fat to produce biodiesel, biogas from food waste and biophosphate and biogas for electricity and green gas. End products include green gas, electricity, biofuels, fatty acids, biodiesel and biophosphate fertilizer.

Rendac collects fallen stock and animal waste, also referred to as Category 1 and Category 2 material, from farmers and slaughterhouses, and processes these materials to fats and meals for energy plants and cement kilns. With a specialized collection fleet of approximately 300 trucks, Rendac collects raw materials in the Netherlands, Germany, Switzerland and Belgium. This business is a market leader in the Benelux region, a regulated market with spare capacity requirements and long-term contracts with local governments.

### ***Diamond Green Diesel***

Although not part of our Fuel Ingredients segment, the DGD Joint Venture operates the DGD Facility, which converts grease, used cooking oil and animal fats, which are supplied in part by us, and other feed stocks that become economically and commercially viable, such as inedible corn oil, into renewable diesel. The DGD Facility uses an advanced hydroprocessing-isomerization process licensed from UOP LLC, known as the Ecofining Process, and a pretreatment process developed by the Desmet Ballestra Group designed to convert approximately 1.1 billion pounds per year of recycled animal fats, recycled cooking oils and other feedstocks, into renewable diesel and certain other co-products. Our Diamond Green Diesel renewable diesel product is sold to refiners under the Diamond Green Diesel® name to be blended with diesel fuel and is interchangeable with diesel produced from petroleum.

## **Recent Developments**

### ***Entry into New Credit Agreement***

On September 27, 2013, we entered into an Amended and Restated Credit Agreement (the Existing Credit Agreement) with the lenders from time to time party thereto, JPMorgan Chase Bank, N.A. (JPMorgan), as administrative agent, and the other agents from time to time party thereto.

The Existing Credit Agreement provides for senior secured credit facilities (the Existing Senior Secured Facilities) in the aggregate principal amount of \$1.350 billion comprised of a five-year revolving loan facility of \$1.0 billion (approximately \$100 million of which will be available for a letter of credit sub-facility and \$50 million of which will be available for a swingline sub-facility) and a five-year term loan facility of \$350 million. The revolving loan facility is available to be borrowed by Darling in U.S. dollars and Canadian dollars, and up to \$225 million of the revolving loan facility is available to be

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borrowed in Canadian dollars by Darling International Canada Inc. ( Darling Canada ), a wholly owned subsidiary of Darling. Further, \$200 million of the term loan facility was borrowed in U.S. dollars by Darling and \$150 million of the term loan facility was borrowed in Canadian dollars by Darling Canada. Darling and Darling Canada used the proceeds of the term loan facility and a portion of the revolving loan facility to pay a portion of the consideration of the Rothsay Acquisition and related fees and expenses, and Darling and Darling Canada intend to use the remainder of the revolving loan facility for working capital needs, general corporate purposes and other purposes not prohibited by the Existing Credit Agreement. See the sections entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Financing, Liquidity and Capital Resources*, *Credit Facilities* and *Description of Certain Indebtedness*.

### ***Acquisition of Rothsay***

On October 28, 2013, we completed the acquisition of substantially all of the assets of Rothsay, the rendering and biodiesel division of MFI, for approximately CAD \$645 million in cash, under the terms of the Rothsay Acquisition Agreement.

Rothsay is a leading recycler of animal by-products in Canada that collects, processes and recaptures both edible and inedible by-products. Rothsay processes raw materials into finished products of fats and proteins. These finished products are sold in domestic and international markets including the United States, Europe, Mexico and South America. Our Rothsay business also manufactures biodiesel for domestic and international markets.

### ***Proposed Acquisition of VION Ingredients***

On October 5, 2013, we entered into the VION SPA with VION, pursuant to which we expect to acquire VION Ingredients, subject to the terms and conditions of the VION SPA. VION Ingredients is a leader in the development and production of specialty ingredients from animal origin for applications in pharmaceuticals, food, feed, pet food, bioenergy and fertilizer.

Subject to the terms and conditions of the VION SPA, at the closing of the VION Acquisition we will acquire all of the shares of VION Ingredients Nederland (Holding) B.V., VION Ingredients International (Holding) B.V., VION Ingredients Germany GmbH and 60% of Best Hides GmbH (collectively, the VION Companies ) for approximately 1.6 billion in cash. Each of the VION Companies, except for Best Hides GmbH, is an indirect wholly-owned subsidiary of VION. Upon completion of the VION Acquisition, the VION Companies would directly or indirectly own all of the shares of the subsidiaries in the VION Ingredients division, as well as its existing interests in various operating joint ventures. It is our expectation that VION Ingredients Nederland (Holding) B.V. will merge into VION Ingredients International (Holding) B.V. prior to the closing of the VION Acquisition.

Darling and VION have each made customary representations, warranties and covenants in the VION SPA, including, among others, VION's covenants (i) to use all reasonable efforts to cause the VION Ingredients business to be conducted in the ordinary and usual course between the execution of the VION SPA and the closing of the VION Acquisition, subject to certain exceptions, (ii) to avoid incurring any loss or making any payment under any cash pool or netting arrangement for the benefit of any party other than the companies comprising VION Ingredients, (iii) to cause all positions under foreign exchange agreements to be unwound on customary terms by the closing and (iv) not to solicit any of the employees of VION Ingredients for a certain period of time.

The closing is subject to certain conditions, including (i) receipt of regulatory consents from the relevant competition authorities in the United States, Germany and Poland, (ii) compliance with

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relevant works council and trade union procedures and (iii) completion of a defined debt settlement plan and all the steps necessary to cause VION's direct and indirect interests in all of the companies operated as part of the VION Ingredients division to be transferred to us at closing. Regulatory approvals from the competition authorities in the United States and Germany have been obtained. We anticipate that the transaction will be completed in January 2014.

### ***Financing Arrangements for the VION Acquisition***

In connection with the VION SPA, on October 5, 2013, we received commitments (the *Commitments*) from JPMorgan, Bank of Montreal, acting under its trade name BMO Capital Markets (*BMO*), and Goldman Sachs Bank USA with respect to a \$1.2 billion term loan B facility and a \$1.3 billion senior unsecured bridge facility (the *Bridge Facility*), pursuant to commitment letters to finance the VION Acquisition. The *Commitments* are subject to the satisfaction of certain closing conditions and execution of definitive documentation regarding such loans. See the sections entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Financing, Liquidity and Capital Resources*, *The Proposed VION Acquisition and the Related Financing Transactions* and *Description of Certain Indebtedness*.

### **Raw Materials Pricing and Supply Contracts**

We have two primary pricing arrangements: formula and non-formula arrangements with our suppliers of poultry, beef, pork, bakery residuals and used cooking oil. Under a formula arrangement, the charge or credit for raw materials is tied to a published finished product price for a competing ingredient after deducting a fixed processing fee. We also acquire raw materials under non-formula arrangements whereby suppliers are either paid a fixed price, are not paid or are charged a collection fee, depending on various economic and competitive factors. Historically, a substantial portion of our annual volume of raw materials is acquired on a formula basis. The credit received or amount charged for raw materials under both formula and non-formula arrangements is based on various factors, including the type of raw materials, demand for the raw materials, the expected value of the finished product to be produced, the anticipated yields, the volume of material generated by the supplier and processing and transportation costs. Formula prices are generally adjusted on a weekly, monthly or quarterly basis while non-formula prices or charges are adjusted as needed to respond to changes in finished product prices or related operating costs.

### **Marketing, Sales and Distribution of Finished Products**

Darling sells finished products worldwide. Finished product sales are primarily managed through our ingredients trading departments, which for fats is located at our corporate headquarters in Irving, Texas and for proteins is located at our office in Cold Spring, Kentucky. We also maintain sales offices in Des Moines, Iowa, New Orleans, Louisiana, and Memphis, Tennessee for the sale and distribution of selected products. This sales force is in contact with customers daily and coordinates the sale and assists in the distribution of most finished products produced at our processing plants. Darling sells finished products internationally through commodities brokers and our agents and directly to customers in various countries. We market certain of our finished products under our Dar Pro Solutions® brand.

Upon completion of the VION Acquisition, we will market certain specialty products under the Sonac name, gelatin products under the Rousselot name, natural casings and meat by-products under the CTH name and hides under the BestHides name. VION Ingredients' finished product sales will be managed primarily through the VION Ingredients trading departments, which are located in Son en



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Bruegel, the Netherlands, and through various offices located in Europe, Asia, South America and North America. We intend to coordinate international sales of common products in order to market them more efficiently.

Darling sells finished products primarily to producers of animal feed, pet foods, pharmaceuticals, biofuels, oleo-chemicals, soaps and leather goods for use as ingredients in their products or for further processing. Our finished products are ingredients that compete with alternatives, such as corn, soybean oil, inedible corn oil, palm oils, soybean meal and heating oil, based on nutritional and functional values; therefore, the actual pricing for our finished products, as well as competing products, can be quite volatile. Customers for our premium, value-added and branded products include feed mills, pet food manufacturers, integrated poultry producers, the dairy industry and golf courses. Feed mills purchase meals, greases, tallows and Cookie Meal® for use as feed ingredients. Pet food manufacturers require stringent feed safety certifications and consistently demand premium additives that are high in protein and nutritional content. As a result, pet food manufacturers typically purchase only premium or value-added products. We typically enter into long-term supply contracts with pet food manufacturers. Oleo-chemical producers use fats as feed stocks to produce specialty ingredients used in paint, rubber, paper, concrete, plastics and a variety of other consumer and industrial products.

Darling obtains payment protection for most of its foreign sales by requiring payment before shipment or by requiring bank letters of credit or guarantees of payment from U.S. government agencies. Darling is ordinarily paid for products in U.S. dollars and has not experienced any material currency translation losses or any material foreign exchange control difficulties. Upon completion of the VION Acquisition, product sales will generally be denominated in the local functional currency. However, in certain markets (such as South America), some product sales are denominated in non-functional currencies such as U.S. dollars and euros. Historically, VION has hedged such non-functional currency product sales, which we expect to continue post-closing.

Our management monitors market conditions and prices for our finished products on a daily basis. If market conditions or prices were to significantly change, our management would evaluate and implement any measures that it may deem necessary to respond to the change in market conditions. For larger formula-based pricing suppliers, the indexing of raw material cost to finished-product prices effectively establishes the gross margin on finished-product sales at a stable level, providing us some protection from finished product price declines.

Finished products produced by us are shipped primarily by truck or rail from our plants shortly following production. While there are some temporary inventory accumulations at various Darling and Rothsay locations, particularly port locations for export shipments, Darling and Rothsay inventories rarely exceed three weeks' production and, therefore, we use limited working capital to carry those inventories and reduce our exposure to fluctuations in finished-product prices. VION Ingredients, in contrast, has historically carried much larger inventories, including gelatin and casings inventories. Other factors that influence competition, markets and the prices that we receive for our finished products include the quality of our finished products, consumer health consciousness, worldwide credit conditions and government aid and regulations. From time to time, we enter into arrangements with our suppliers of raw materials pursuant to which these suppliers buy back our finished products.

We operate a fleet of trucks, trailers and railcars to transport raw materials from suppliers and finished products to customers. We also utilize third-party freight to cost-effectively transfer materials and augment our in-house logistics fleet. Within our bakery feed division, substantially all inbound and outbound freight is handled by third-party logistics companies.

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### **Competition**

While we believe we are the only global ingredients company with products generated principally from animal-origin raw material types, we compete with a number of regional and local players in our various sub-segments and end markets.

The procurement of raw materials currently presents greater challenges to our business than the sale of finished products. In developed markets, consolidation within the meat processing industry has resulted in bigger and more efficient slaughtering operations, the majority of which utilize captive renderers (rendering operations integrated with the meat or poultry packing operation). At the same time, the number of small meat processors, which have historically been a dependable source of supply for non-captive U.S. renderers, such as us, has decreased significantly. In addition, the slaughter rates in the meat processing industry are subject to economic conditions and, as a result, during periods of economic decline, the availability, quantity and quality of raw materials available to independent renderers decreases. These factors have been offset, in part, however, by increasing environmental consciousness. The need for food service establishments to comply with environmental regulations concerning the proper disposal of used restaurant cooking oil should continue to provide a growth area for this raw material source. The rendering industry is highly fragmented with a number of local slaughtering operations that provide us with raw materials. In North America, we compete with other rendering, restaurant services, bakery residual businesses and alternative methods of disposal of animal processing by-products and used restaurant cooking oil provided by trash haulers, waste management companies, biodiesel companies and others. In addition, U.S. food service establishments have increasingly experienced theft of used cooking oil. A number of our competitors for the procurement of raw material are experienced, well-capitalized companies that have significant operating experience and historic supplier relationships. Competition for available raw materials is based primarily on price and proximity to the supplier.

In marketing our finished products domestically and internationally, we face competition from other processors and from producers of other suitable alternatives. However, we differentiate ourselves through the scope and depth of our product portfolio and geographic footprint. While we compete with a number of well capitalized companies across our business, such as Cargill, Inc., Tyson Foods, Inc. and Swift & Company in the U.S. products business, Tessengerlo Group in the global gelatin and bone products market and APC in the blood products business, we do not have a single competitor that we compete with across all of our products or geographies.

### **Seasonality**

Although the amount of raw materials made available to us by our suppliers is relatively stable on a weekly basis, it is impacted by seasonal factors, including holidays, during which the availability of raw materials declines because major meat and poultry processors are not operating, and cold weather, which can hinder the collection of raw materials. Warm weather can also adversely affect the quality of raw materials processed and our yields on production because raw material deteriorates more rapidly in warm weather than in cooler weather. Weather can vary significantly from one year to the next and may impact the comparability of our operating results between periods. The amount of bakery residuals we process generally increases during the summer from June to September.

### **Intellectual Property**

We maintain valuable trademarks, service marks, copyrights, trade names, trade secrets, proprietary technologies and similar intellectual property, and consider our intellectual property to be of

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material value. We have registered or applied for registration of certain of our intellectual property, including the tricolor triangle used in our signage and logos and the names Darling, Griffin Industries, Dar Pro Solutions, Dar Pro, Nature Safe, CleanStar, Cookie Meal, Rothsay and Rothsay BioDiesel and certain patents, both domestically and internationally, relating to the process for preparing nutritional supplements and the drying and processing of raw materials. Upon completion of the VION Acquisition, we will also hold the following registered names: Rousselot, Sonac, Ecoson, Rendac, CTH and BestHides.

### **Employees and Labor Relations**

As of November 30, 2013, including our Rothsay business, Darling employed approximately 4,140 persons full-time. Upon completion of the VION Acquisition, we will globally employ approximately 10,000 persons full-time, approximately 60% of whom will be located outside of the United States. While we currently have no national or multi-plant union contracts, approximately 25% of Darling's employees, 24% of Rothsay's employees and 45% of VION Ingredients' employees are covered by various collective bargaining agreements. Management believes that our relations with our employees and their representatives are satisfactory. There can be no assurance, however, that new agreements will be reached without union action or will be on terms satisfactory to us.

### **Regulations**

We are subject to the rules and regulations of various federal, state, local and foreign governmental agencies. Material rules and regulations and the applicable agencies include:

#### ***United States***

The U.S. Food and Drug Administration ( FDA ), which regulates pharmaceutical products and food and feed safety. Effective August 1997, the FDA promulgated a rule prohibiting the use of mammalian proteins, with some exceptions, in feeds for cattle, sheep and other ruminant animals (21 C.F.R. 589.2000, referred to herein as the BSE Feed Rule ) to prevent further spread of BSE. With respect to BSE in the United States, on October 26, 2009, the FDA began enforcing new regulations intended to further reduce the risk of spreading BSE (the Enhanced BSE Rule ). These new regulations included amending the BSE Feed Rule to prohibit the use of tallow having more than 0.15% insoluble impurities in feed for cattle or other ruminant animals. In addition, the FDA implemented rules that prohibit the use of brain and spinal cord material from cattle aged 30 months and older or the carcasses of such cattle, if the brain and spinal cord are not removed, in the feed or food for all animals. Management believes we are in compliance with the provisions of these rules. See the section entitled *Risk Factors Risks Related to the Combined Company Our business may be affected by the impact of BSE and other food safety issues* for more information regarding certain FDA rules that affect our business, including changes to the BSE Feed Rule.

The USDA, which regulates our collection and production methods. Within the USDA, two agencies exercise direct regulatory oversight of our activities:

the Animal and Plant Health Inspection Service ( APHIS ) certifies facilities and claims made for exported materials to meet importing country requirements and establishes and enforces import requirements for live animals and animal products and animal by-products as well as plant products, and

the Food Safety Inspection Service ( FSIS ) regulates the sanitation of our facilities and our food safety programs, among other things.

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On December 30, 2003, the Secretary of Agriculture announced new beef slaughter/meat processing regulations to assure consumers of the safety of the meat supply. These regulations prohibit non-ambulatory animals from entering the food chain, require removal of specified risk materials at slaughter and prohibit carcasses from cattle tested for BSE from entering the food chain until the animals are shown negative for BSE.

On November 19, 2007, APHIS implemented revised import regulations that allowed Canadian cattle over 30 months of age and born after March 1, 1999 and bovine products derived from such cattle to be imported into the United States for any use. Imports of Canadian cattle younger than 30 months of age have been allowed since March 2005. Imports of specified risk materials from Canadian born cattle slaughtered in Canada are not permitted. On March 16, 2012, APHIS proposed amending import regulations for all countries to establish a system for classifying regions as to BSE risk that is consistent with international standards set by the World Organization for Animal Health ( OIE ) and to base importation requirements for cattle and beef products on: (i) the inherent risk of BSE infectivity in the commodity to be imported and (ii) the BSE risk status of the region from which the commodity originates. The USDA announced the finalization of the proposed rule on November 1, 2013.

The U.S. Environmental Protection Agency ( EPA ), which regulates air and water discharge requirements, as well as local and state agencies governing air and water discharge.

State Departments of Agriculture, which regulate animal by-product collection and transportation procedures and animal feed quality.

The U.S. Department of Transportation ( USDOT ), as well as local and state agencies, which regulate the operation of our commercial vehicles.

The U.S. Occupational Safety and Health Administration ( OSHA ), which is the main federal agency charged with the enforcement of safety and health legislation.

The SEC, which regulates securities and information required in annual, quarterly, and other reports filed by publicly traded companies.

## ***Canada***

The Canadian Food Inspection Agency ( CFIA ), which regulates animal health and the disposal of animals and their products or by-products.

Canadian provincial ministries of agriculture, which regulate food safety and quality, air and water discharge requirements and the disposal of deadstock.

The Canadian Department of the Environment ( Environment Canada ), which ensures compliance with Canadian federal air and water discharge and wildlife management requirements.

The Canadian Technical Standards and Safety Authority ( TSSA ), a non-profit organization that regulates the safety of fuels and pressure vessels and boilers.

Upon completion of the VION Acquisition, governmental agencies comparable to the above will regulate our businesses in multiple foreign jurisdictions, including:

*European Union*

The European Commission, Directorate for Health and Consumer, which addresses regulations for food, feed, human and animal health, technical uses of animal products and packaging.

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The European Medicine Agency, which establishes guidance for pharmaceutical products, bovine products and metal residues.

The European Directorate for the Quality for Medicine, which certifies pharmaceutical products.

The European Pharmacopeia, which establishes requirements for pharmaceutical products.

The European Chemical Agency, which is responsible for the implementation of REACH (Registration, Evaluation, Authorization and Restriction of Chemicals).

The European Commission, Environment Directorate, which establishes regulations on pollution and waste, such as the Directives on Industrial Emissions, Integrated Pollution Prevention and Control and Best Available Techniques in the Slaughterhouses and Animal By-products Industries.

The Dutch Food Safety Authority (*Nederlandse Voedsel- en Warenautoriteit*), which issues permits, approvals and registrations to establishments or plants engaged in certain activities related to the handling of animal by-products and food and feed production.

The Belgian Federal Food Safety Agency (*Federal Agentschap voor de Veiligheid van de Voedselketen*), which issues permits, approvals and registrations to establishments or plants engaged in certain activities related to the handling of animal by-products and food and feed production.

The Public Flemish Waste Agency (*Openbare Vlaamse Afvalstoffen Maatschappij*), which issues permits, approvals and registrations to establishments or plants carrying out certain activities related to the handling of animal by-products.

The German Competent Authorities at Länder level, which issue permits, approvals and registrations to establishments or plants carrying out certain activities related to the handling of animal by-products and food and feed production.

***China***

The General Administration of Quality Supervision, Inspection and Quarantine, which supervises the import and export of food and feed.

The Ministry of Health of the People's Republic of China, which establishes standards for food and pharmaceutical products.

The Chinese Pharmacopeia, which establishes standards for pharmaceutical products.

***Brazil***

The Ministry of Agriculture, Cattle and Supply (*Ministério da Agricultura, Pecuária e Abastecimento*), which regulates the production of gelatin.

***Argentina***

The National Department for Food Safety and Quality (*Servicio Nacional de Sanidad y Calidad Agroalimentaria*), which regulates the production of gelatin.

The National Department of Animal Health (*Servicio Nacional de Sanidad Animal*), which at the local level is equivalent to the FDA in Argentina.

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### *Australia*

The Australian Quarantine and Inspection Service, which regulates the import and export of agricultural products, including animal by-products.

The Department of Agriculture, Fisheries and Forestry, which administers meat and animal by-product legislation.

PrimeSafe, which is the principal regulator of meat and animal by-product businesses in the State of Victoria.

The Australian Competition and Consumer Commission, which regulates Australia's competition and consumer protection law.

The Australian Securities and Investments Commission, which regulates Australia's company and financial services laws. These material rules and regulations and other rules and regulations promulgated by other agencies may influence our operating results at one or more facilities.

### **Industry Overview**

Upon completion of the VION Acquisition, we will become a global company focused on the development and production of ingredients from edible and inedible bio-nutrients, including a wide range of value-added products and customized specialty solutions, for a diverse and global set of end markets relating to feed, food and fuel.

We and businesses like ours collect and process edible and inedible animal and other products and convert them into feed, food and fuel ingredients sold globally. If it were not for the services and solutions of businesses participating in our industry, billions of pounds of waste would create a significant ecological problem as the inappropriate disposal of these waste streams would produce significant amounts of carbon dioxide, increase pathogenic risk for disease and use up valuable and scarce landfill capacity. Over the past decade, our industry has evolved significantly as businesses like ours continue to find innovative ways to recover and process more animal bio-nutrients, which historically would have been disposed as waste, into value-added and specialty ingredients that are used in a wide array of products.

On a macro level, our industry is tied to a number of global trends which we believe help support the demand for our value-added products and services. These trends include population growth, demographic changes, emerging market growth and demand for alternative energy. Our industry is principally driven by global consumption and production of beef, poultry, pork and fish, which together account for substantially all of our raw material bio-nutrient inputs. As income levels rise and the middle classes grow in emerging markets, consumers' diets are changing from staple foods such as rice or wheat to diets with higher quantities of animal protein and that demand supports the expected rising supply of inputs in our industry.

We are also impacted, mainly in North America, by factors influencing the production of our other sources of raw material, such as used cooking oil and bakery residuals. The underlying demand within these industries helps provide a continuous supply of raw materials for us and other industry participants.



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Several macro and industry trends affect the global supply of and demand for our raw material inputs and our value-added products which are summarized below.

### ***Supply of Inputs***

Globally, according to a report published by Stanford Woods Institute for the Environment, meat consumption, consisting of pork, beef, poultry and other livestock, is expected to double from current levels by 2020. In U.S. and European markets, animal slaughters have seen modest growth over the last two decades, and this is expected to continue to be supported by gross domestic product ( GDP ) growth and changes in consumer preferences. Additionally, in emerging markets such as South America and Asia, animal slaughters are expected to experience continued strong growth and consolidation, leading to additional raw material supply from these regions. This anticipated emerging market growth is supported by macro trends, including population growth, increased urbanization and wage increases. For example, according to the Organisation for Economic Co-operation and Development ( OECD ), in urban China, meat and poultry consumption increased from 55.6 pounds per capita in 1990 to 77.6 pounds per capita in 2011; in rural China, meat and poultry consumption increased from 27.8 pounds per capita in 1990 to 46.1 pounds per capita in 2011. Total meat production in China is expected to reach 93 million tons by 2022.

### ***Beef***

According to the OECD, global beef consumption is expected to grow at a compound annual growth rate ( CAGR ) of 1.5% from 2013 to 2020; beef consumption in China for the same period is expected to grow at a CAGR of 2.0%; and, according to the USDA, U.S. commercial beef production is expected to increase to 25.9 billion pounds in 2020, up from 24.5 billion in 2013. Increased levels of wealth in emerging markets are driving global beef consumption, as consumers are switching to diets that include more animal protein.

### ***Poultry***

According to the Statistics Division of the Food and Agriculture Organization of the United Nations and the OECD, total poultry consumption is expected to reach 108 million tons in 2013. Additionally, global poultry consumption is expected to grow at a CAGR of 2.0% from 2013 to 2020; consumption in developing countries is expected to grow at a CAGR of 2.4% from 2013 to 2020. Poultry production has grown rapidly as consumer preferences have shifted to relatively healthy and low cost poultry products at the expense of red meat alternatives.

### ***Pork***

Global pork consumption is expected to grow at a CAGR of 1.5% from 2013 to 2020, according to the OECD. According to the USDA, U.S. commercial pork production is expected to increase from 22.9 billion pounds in 2013 to 25.7 billion pounds by 2020. China is expected to be the main driver of global pork consumption with an increase in per capita pork consumption from 66.6 pounds in 2013 to 73.4 pounds by 2020. According to the OECD estimates, pork is China's meat of choice, accounting for nearly two thirds of total meat consumption.

### ***Other Inputs***

Two additional raw materials that support our U.S. business are used cooking oils and bakery residuals.

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Used cooking oils serve as a substantial raw material input for our animal feed and biofuel production. The supply of used cooking oils has been driven by the favorable long-term trends in the United States related to consumers' preference for dining out at quick serve restaurants. According to IBISWorld, global quick serve restaurants revenue will reach \$526 billion in 2013, growing at a CAGR of 2.5% from 2008.

The U.S. bakery industry produces significant volumes of residuals each year. Large bakery and snack food manufacturers produce goods in such large volumes that even a small percentage of their products rejected for quality concerns or that are not otherwise sold can produce millions of pounds of waste each week. The U.S. bakery industry is expected to experience growth as consumer disposable income continues to improve.

Rothsay and VION Ingredients are affected by similar end-market dynamics because they both process all of the above raw material inputs, except for bakery residuals, at their facilities.

### ***Demand for Our Outputs***

We believe we are well-positioned to take advantage of several global trends relating to feed, food and fuel end markets that are driving ongoing demand for our value-added and specialty products.

### ***Feed Ingredients***

Within our Feed Ingredients segment, we will offer value-added feed products, pet food and other products. Our products will include rendering products, bone, fat, blood and bakery products that we will sell through our Darling, Rothsay, NatureSafe and, upon completion of the VION Acquisition, the Sonac brands.

Feed mills utilize our end products as ingredients in animal feed and are our largest group of customers. The animal feed industry is a large and steadily growing global industry that supplies livestock and poultry producers with their primary raw material input and serves as a cornerstone of the world's food supply. According to the International Feed Industry Federation, world compound feed production is fast approaching one billion tons annually and the global commercial feed manufacturing industry generated an estimated annual turnover of over \$370 billion in 2012. Global population growth and expansion of developing economies have further bolstered demand for meat, requiring greater supply of feeds to match growing production.

Pet food manufacturers utilize our finished products as ingredients in pet food and represent our second largest group of customers. The global pet food market size was \$58.6 billion in 2011 and is expected to reach a value of \$74.8 billion in 2017, growing at a CAGR of 4.2% from 2011 to 2017. The pet food market has grown over the past five years, primarily driven by the increase in pet ownership from an aging population, increasing discretionary spending on pet-related products and greater demand for specialty, healthy pet foods.

A potential market for our industry is the aqua feed or aquaculture end market. Growth in aqua feed is driven primarily by growing volumes of aquaculture across the globe. The aqua feed industry is expected to shift from using expensive fish meals to using protein meals produced from beef, pork and poultry. The shortage of protein meals and competition for feed ingredients is expected to lead to an increase in prices.

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### ***Food Ingredients***

Within our Food Ingredients segment, we will offer a wide range of value-added ingredients, including, upon completion of the VION Acquisition, gelatin, natural casings, meat by-products, edible fat and heparin. These products will be offered through VION Ingredients Rousselot, CTH and Sonac brands.

Gelatin is a protein and is a translucent, colorless and flavorless substance derived from collagen obtained from various animal by-products. Gelatin is used in a number of end markets, including food, pharmaceutical and photographic. Within food products, gelatin is used in confectionary, soft drinks, meat processing, bakery, fish processing, dairy products, taste enhancers, dietetic foods and salt reducers, among others. Pharmaceutical companies use gelatin for a number of products such as soft capsules, hard capsules, tableting, blood plasma substitutes and vitamin encapsulation. In the photographic industry, gelatin is used in x-ray film, color film, graphic film and black and color photo paper. Population growth, aging population and increasing global wealth are driving demand for gelatin and its key products. Higher disposable income and a higher percentage of youth in emerging markets are supporting the purchases of confectionary products such as gums and jellies, while increased health awareness and access to health care is driving demand in pharmaceutical products. Historically, the global gelatin market has grown by a CAGR of 2.5% from 2003 to 2012, primarily driven by strong demand in China, India and South America. The global gelatin market is expected to grow by a CAGR of 2.7% through 2017.

We also supply natural casings to the sausage industry. The majority of sausages are made with natural casings, mainly in large sausage markets such as Europe, South America and China. Global sausage demand is expected to grow due to increasing disposable incomes in China and Brazil.

Additionally, we also supply heparin and other blood products and edible fats through VION Ingredients Sonac brands. Heparin is an anticoagulant primarily used to prevent venous thrombosis with patients that are temporarily bedridden. Penetration in end markets relating to blood products is expected to increase, driven by trends such as reduced use of antibiotics in feed products. Sonac's edible fat products are sold primarily to food and pet food producers (for example, for use in production of margarine, frying fats and other meats). The end markets relating to edible fat products are expected to grow in-line with GDP, which should provide for stable growth over the next few years.

### ***Fuel Ingredients***

Upon completion of the VION Acquisition, within our Fuel Ingredients segment, we will offer biofuels and other bioenergy products. These products will be sold under the Dar Pro, Rothsay Biodiesel, Ecoson, Rendac and other brands. Additionally, Diamond Green Diesel sells renewable diesel and other co-products through the Diamond Green Diesel brand, but these sales are not consolidated with our results under our financial statements and are accounted for under the equity method of accounting.

Many industrialized countries have policies in place that mandate the inclusion of a minimum amount of biofuel additives to traditional petroleum blends, and many have proposed to increase these percentages significantly in the future. Under the 2009 Renewable Energy Directive, which requires all member states ( E.U. Member States ) of the European Union (the E.U. ) to source 20% of all energy from renewable sources by 2020, a binding target was introduced to ensure that 10% of transport fuel comes from renewable sources by 2020. The United States is targeting 30% of energy use to be generated from biofuels by 2030 and also passed legislation that mandates minimum levels of biofuel consumption. Government mandates for the use of alternative fuels have also been enacted in many developing countries, including China, India and Brazil.

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### **Competitive Strengths**

For a description of Darling's competitive strengths before giving effect to the VION Acquisition, investors should read the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See the sections entitled *Where You Can Find More Information* and *Incorporation by Reference*. Upon completion of the VION Acquisition, we believe our combined company will be distinguished by the following competitive strengths:

***Leading Global Ingredients Company.*** We expect that the VION Acquisition will transform us from a predominantly North American business into a leading global ingredients company serving a diverse and global marketplace. With Fiscal 2012 pro forma combined revenues in excess of \$4 billion, and combined operations consisting of approximately 200 facilities across five continents, we expect to become one of the largest independent global ingredients players with leading positions in most of our primary product categories. We anticipate that the Acquisitions will place us at the forefront of the processing and conversion of animal bio-nutrients into value-added and specialty products globally for use in the feed, food and fuel end markets. We believe we will have one of the most comprehensive product and service offerings in the industry with over 400 different products across multiple end markets as well as the largest geographic footprint among our competitors, which would give us access to all key market segments and geographies. We believe our leadership position will be based on strong and lasting relationships with a valued global customer base, as well as multi-decade relationships with key raw material suppliers globally.

***Geographic Diversification and Balanced Raw Materials Sourcing.*** We expect that our competitive position will be supported by highly diversified and balanced raw materials procurement across multiple end markets and geographies. Our presence in over 32 countries across five continents will enable us to source raw materials from almost every major and relevant marketplace around the world, including growth markets such as Asia and South America. We believe our raw materials sourcing diversification will help us to meaningfully mitigate earnings volatility attributed to cyclical and other end-market dynamics. We expect this will result in more stable and consistent financial performance and cash flow generation for our business.

***Strong Track Record of Integration of Acquisitions and Robust Organic Growth.*** Historically, we have been able to grow our business significantly through both acquisitions and organic investments. Our integration of the Rothsay business and the acquisition of VION Ingredients, if successful, will not only enable us to expand and diversify our business from a product and geographical perspective, but also presents a significant growth opportunity for us. Management is focused on capitalizing on the future growth initiatives available to us as a result of these transformational acquisitions. These growth initiatives can be categorized into four principal areas across our Food, Feed and Fuel Ingredients segments: (i) to cross-sell new products and services to existing customers, (ii) to expand existing products and services into new geographies, particularly in high-growth emerging markets, (iii) to build new facilities and/or launch new products to take advantage of new market opportunities, and (iv) to implement and share best-practices across a broader portfolio of products and services.

***Strong Industry Fundamentals.*** We believe that we benefit from positive industry fundamentals relating to raw material supply and end-market demand. In terms of raw material supply, human consumption of protein has created a strong ongoing demand for beef, poultry and pork, the processing of which provides us with a recurring source of raw materials. Within our end markets, the global demand for animal feed, pet food, gelatin and other feed, food and fuel products is supported by strong fundamentals, including global GDP growth and trends such as population growth, urbanization,

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higher consumer spending and related changes in dietary preferences in South America, Southeast Asia and China. Further, increasing mandates for the use of biofuels in the United States and globally have escalated demand for biofuel feed stocks. This in turn drives demand for our products, such as our animal fats and oils that may be used as biofuel feed stocks.

***Strong and Consistent Financial Performance.*** Upon completion of the VION Acquisition, we will have a more balanced product mix, which we believe will support stable financial performance and strong cash flow generation. We believe our diverse feed, food and fuel end markets, as well as geographic diversification, will provide us with diverse earnings streams that reduce our exposure to margin volatility in any one end market while lowering earnings volatility. Our historically stable financial performance has been in part attributable to our formula driven and margin focused pricing model, which has allowed us to mitigate margin risk. Additionally, we have historically benefitted from strong cash flow generation, which has enabled us to deploy cash towards either deleveraging our balance sheet or making further investments in the business.

***Experienced Management Team.*** Our senior management team includes seasoned veterans with strong reputations and diverse business experience within our industry who have a successful track record of managing and growing our businesses. Members of the Darling senior management team have an average of more than 25 years of industry experience. Our current management team is responsible for our significant growth over the last decade through organic investments and multiple acquisitions. Additionally, our management team has a strong record of integrating businesses and deleveraging the balance sheet following major acquisitions.

### **Combined Company Strategies**

Darling has a number of strategic objectives related to its existing businesses that are more fully described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. Upon completion of the VION Acquisition, the key elements of the combined company's strategy will be as follows:

***Continue to Enhance our Growth by Delivering Differentiated Feed, Food and Fuel Ingredients for a Growing Population.*** Our goal is to constantly identify, through research and development, acquisition and other means, new and creative ways to be at the forefront of industry trends and have the appropriate global presence to deliver differentiated value added products and services to our global customer base. By consistently evolving to address changing global trends, with regard to both our supply base and end-market demand drivers, we aim to remain a leading supplier of value-added ingredients. We expect to continue to introduce new products and explore new avenues for growth based on our customers' changing needs and preferences across the globe.

***Successfully Integrate and Leverage Business Opportunities from Recent Acquisitions.*** We anticipate that the VION Acquisition will provide us with an opportunity to significantly expand our global footprint beyond North America and to diversify our product base into specialty ingredients products. We believe we will be able to generate synergies and take advantage of new business opportunities arising from the acquisitions of Rothsay and VION Ingredients by enhancing plant processing efficiency and raw materials sourcing, implementing and sharing best practices across a broader portfolio of products and leveraging global leading market positions in ingredients products to establish new relationships with international accounts. Additionally, we intend to cross-sell and expand our footprint while solidifying relationships with existing customers by providing new products such as gelatin and blood products produced by VION Ingredients.

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***Optimize our Footprint and Capacity.*** We presently intend to grow by leveraging the product portfolio of over 400 products that will result from the VION Acquisition across the geographies in which we will operate, particularly high growth markets. For example, VION Ingredients casings business is currently limited to Europe, China and the United States, while we believe that Brazil will present a strong growth opportunity for that product. In addition to expanding in our current geographies, we intend to continue to evaluate opportunities to grow in new high growth markets. Additionally, where we believe it is profitable to do so, we expect to continue to make discretionary investments in our processing facilities in order to expand our current capacity or build new facilities to take advantage of new market opportunities. We believe that investing in our current footprint of operations, while leveraging best practices from Rothsay and VION Ingredients, will allow us to increase the volume of raw materials we process, and, in turn, the breadth and volume of finished products we sell. We believe that our strong cash flow generation will allow us to invest to improve efficiency and invest in future growth.

***Focus on Maintaining a Strong Balance Sheet with a Flexible Capital Structure.*** We intend to continue to deploy capital to maintain a strong balance sheet with a flexible capital structure, including reducing leverage through the generation of free cash flow. We believe that strong cash flow generation will enable us to pay down debt to reach long-term target leverage levels. A significant part of our capital structure is pre-payable and we currently intend to use a portion of our future excess cash to reduce leverage.

***Selectively Pursue Strategic Alliances and Acquisitions to Enhance our Business.*** Since 2003, Darling has acquired and successfully integrated over eleven companies. These strategic acquisitions have allowed Darling to diversify its raw material supply and customer base. Following the completion of the VION Acquisition, we will continue to selectively and opportunistically evaluate potential acquisitions globally, particularly in Asia and South America, which we view as strong growth markets. In addition to the DGD Joint Venture, we may also pursue partnerships and commercial agreements in developing technologies and emerging markets to diversify our product offerings, broaden our geographic reach and take advantage of potential changes in our industry.

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**RISK FACTORS**

*An investment in Darling involves substantial risks. In consultation with your financial, tax and legal advisors, you should carefully consider, among other matters, the following risks as well as the other information contained in this prospectus supplement, before investing in Darling's common stock. If any of the events described in the following risk factors actually occur, our business, financial condition, prospects or results of operations could be materially adversely affected, the market price of our common stock could decline and you may lose all or part of your investment in the common stock. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties that are not currently known or that are currently deemed to be immaterial may also materially and adversely affect our business operations and financial condition or the market price of our common stock. The risks described below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See the section entitled "Forward-Looking Statements."*

*In addition, although Darling intends to complete the VION Acquisition, this offering is not conditioned on, and will be closed before, the completion of the VION Acquisition. If the VION Acquisition is not completed, Darling will not have any obligation to repurchase the shares of common stock sold in this offering. Accordingly, you should not place undue reliance on the description of our business or the risks related thereto in this prospectus supplement. Instead, you should read the information incorporated by reference into this prospectus supplement to understand Darling's business without the VION Ingredients business. See the sections entitled "Risk Factors - Risks Related to the Pending VION Acquisition" and "Risk Factors - Risks Related to the Acquisitions," specifically the risk factor entitled "Any failure to complete the pending acquisition of VION Ingredients could materially adversely impact the market price of our common stock as well as our business, financial condition and results of operations." For more information, see the sections entitled "Where You Can Find More Information" and "Incorporation by Reference."*

**Risks Related to the Combined Company**

*The prices of many of our products are subject to significant volatility associated with commodities markets.*

Our finished products are, with certain exceptions, commodities, the prices of which are quoted on, or derived from prices quoted on, established commodity markets. Accordingly, our results of operations will be affected by fluctuations in the prevailing market prices of these finished products or of other commodities that may be substituted for our products by our customers. Historically, market prices for commodity grains, fats and food stocks have fluctuated in response to a number of factors, including changes in U.S. government farm support programs, changes in energy policies of U.S. and foreign governments, changes in international agricultural trading policies, impact of disease outbreaks on protein sources and the potential effect on supply and demand, as well as weather conditions during the growing and harvesting seasons. While we seek to mitigate the risks associated with price declines, including by diversifying our finished products offerings, through the use of formula pricing tied to commodity prices for a substantial portion of our raw materials (which may not protect our margins in periods of rapidly declining prices) and hedging, a significant decrease in the market price of our products or of other commodities that may be substituted for our products would have a material adverse effect on our results of operations and cash flow.

In addition, increases in the market prices of raw materials would require us to raise prices for our premium, value-added and branded products to avoid margin deterioration. There can be no assurance as to whether we could implement future price increases in response to increases in the market prices of raw materials or how any such price increases would affect future sales volumes to our customers.

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Our results of operations could be materially and adversely affected in the future by this volatility.

*Our business is dependent on the procurement of raw materials, which is the most competitive aspect of our business.*

Our management believes that the most competitive aspect of our business is the procurement of raw materials rather than the sale of finished products:

Pronounced consolidation within the U.S. meat packing industry has resulted in bigger and more efficient slaughtering operations, the majority of which have internal rendering operations.

Concurrently, the number of small U.S. meat processors, which have historically been a dependable source of supply for non-captive U.S. renderers, such as us, has decreased significantly.

The slaughter rates in the meat processing industry are subject to decline during poor economic conditions when consumers generally reduce their consumption of protein, and as a result, during such periods of decline, the availability, quantity and quality of raw materials available to independent renderers decrease.

In addition, we have seen an increase in the use of used cooking oil in the production of biodiesel, which has increased competition for the collection of used cooking oil from restaurants and other food service establishments and contributed to an increase in the frequency and magnitude of theft of used cooking oil in the United States.

Furthermore, a decline in the general performance of the global economy (including a decline in consumer confidence) and any inability of consumers and companies to obtain credit in the financial markets could have a negative impact on our raw material volume, such as through the forced closure of any of our raw material suppliers. A significant decrease in available raw materials or a closure of a significant number of raw material suppliers could materially and adversely affect our business, results of operations and financial condition, including the carrying value of certain of our assets.

The rendering industry is highly fragmented and both the rendering and bakery residual industries are very competitive. We compete with other rendering businesses and alternative methods of disposal of animal by-products, bakery residue and used cooking oil provided by trash haulers, waste management companies and biodiesel companies, as well as the alternative of illegal disposal. See the section entitled

*Summary Competition.* In addition, U.S. restaurants experience theft of used cooking oil, the frequency and magnitude of which has increased with the rise in value of used cooking oil. Depending on market conditions, we either charge a collection fee to offset a portion of the cost incurred in collecting raw material or will pay for the raw material. To the extent suppliers of raw materials look to alternate methods of disposal, whether as a result of our collection fees being deemed too expensive, the payments we offer being deemed too low or otherwise, our raw material supply will decrease and our collection fee revenues will decrease, which could materially and adversely affect our business, results of operations and financial condition.

A majority of Darling's volume of rendering raw materials, including all of its significant poultry accounts, and substantially all of Darling's bakery feed raw materials are acquired on a formula basis, which in most cases is set forth in contracts with our suppliers, generally with multi-year terms. These formulas allow us to manage the risk associated with decreases in commodity prices by adjusting our costs of materials based on changes in the price of our finished products, while also permitting us, in certain cases, to benefit from increases in commodity prices. The formulas provided in these contracts are reviewed and modified both during the term of, and in connection with the renewal of, the contracts to maintain an acceptable level of sharing between us and our suppliers of the costs and benefits from



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movements in commodity prices. Changes to these formulas or the inability to renew such contracts could have a material adverse effect on our business, results of operations and financial condition. A majority of Rothsay's rendering raw materials are acquired based on prices fixed on a quarterly basis with suppliers, with the remaining portion acquired on a formula basis. A majority of VION Ingredients' volume of rendering raw materials are acquired at spot or quarterly fixed prices. Although VION Ingredients, in general, has no long term contracts with its key suppliers, it has procured a series of four-year supply agreements with VION's foods division ( VION Food ) that will become effective concurrent with the completion of the VION Acquisition and is expected to provide approximately 11% of VION Ingredients' raw material supply (based on raw materials procured in Fiscal 2012). Accordingly, pending the integration of VION Ingredients' raw material procurement practices with those of Darling following the VION Acquisition, the prices of VION Ingredients' finished products, particularly those that are derivative of commodity prices, may be more impacted by movements in commodity prices, which could result in lower margins on the sale of VION Ingredients' products and have a material adverse effect on our business, results of operations and financial condition. No assurance can be given that we will be able to integrate VION Ingredients' procurement practices with those of Darling, which could expose us to more price volatility than we currently expect.

***We are highly dependent on natural gas and diesel fuel.***

Our operations are highly dependent on the use of natural gas and diesel fuel. We consume significant volumes of natural gas to operate boilers in our plants, which generate steam to heat raw materials. Natural gas prices represent a significant cost of facility operations included in cost of sales. We also consume significant volumes of diesel fuel to operate our fleet of tractors and trucks used to collect raw materials. Diesel fuel prices represent a significant component of cost of collection expenses included in cost of sales. Prices for both natural gas and diesel fuel can be volatile and therefore represent an ongoing challenge to our operating results. Although we continually manage these costs and hedge our exposure to changes in fuel prices through our formula pricing and derivatives, a material increase in prices for natural gas and/or diesel fuel over a sustained period of time could materially adversely affect our business, results of operations and financial condition.

***A significant percentage of our revenue is attributable to a limited number of suppliers and customers.***

In Fiscal 2012, Darling's top ten customers for finished products accounted for approximately 29% of product sales. In addition, its top ten raw material suppliers accounted for approximately 25% of its raw material supply in the same period.

In Fiscal 2012, Rothsay's top ten customers for finished products accounted for approximately 56% of its product sales, with approximately 12% of that revenue generated from its largest customer. In addition, Rothsay's top ten raw material suppliers accounted for approximately 59% of its raw material supply in the same period. MFI, Rothsay's largest raw materials supplier, accounted for approximately 22% of Rothsay's raw materials supply in Fiscal 2012. In connection with the Rothsay Acquisition, we entered into a seven-year supply agreement with MFI relating to the supply by MFI of all raw materials processed by Rothsay prior to the sale.

In Fiscal 2012, VION Ingredients' top ten customers for finished products accounted for approximately 19% of VION Ingredients' product sales, with approximately 4% of its products sales generated from its largest customer. In addition, VION Ingredients' top ten raw material suppliers accounted for approximately 28% of its raw material supply in the same period. VION Food, VION Ingredients' largest raw materials supplier, accounted for approximately 11% of VION Ingredients' raw materials supply in Fiscal 2012. VION Ingredients has entered into supply agreements with VION Food pursuant to which VION Foods will continue to supply VION Ingredients with substantially all of the raw

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materials currently processed by VION Ingredients that are by-products generated by VION Food's operations. The supply agreements all have a term of four years and will become effective concurrent with the completion of the VION Acquisition.

Disruptions or modifications to, or termination of, our relationships with any of our significant suppliers or customers, or financial difficulties experienced by any of our suppliers or customers that lead to curtailment or termination of their operations, could cause our businesses to suffer significant financial losses and could have a material adverse impact on our business, earnings, financial condition and/or cash flows.

### ***Certain of our operating facilities are highly dependent upon a single or a few suppliers.***

Certain of our operating facilities are highly dependent on one or a few suppliers. Should any of these suppliers choose alternate methods of disposal, cease their operations, have their operations interrupted by casualty, curtail their operations or otherwise cease using our collection services, these operating facilities may be materially and adversely affected, which could materially and adversely affect our business, results of operations and financial condition.

### ***We face risks associated with our international activities, which could negatively affect our sales to customers in foreign countries and our operations and assets in such countries.***

Sales of our products to international customers accounted for approximately 12.7% of our net sales in Fiscal 2012. As a result of the Rothsay Acquisition, we conduct foreign operations in Canada (Manitoba, Ontario, Quebec and Nova Scotia) and, upon the completion of the VION Acquisition, our foreign operations will extend to Europe, South America, Asia and Australia. While we expect that our expanded geographical diversity from the Acquisitions will reduce our exposure to risks in any one country or part of the world, such expansion will also further subject us to the various risks and uncertainties relating to international sales and operations, including:

imposition of tariffs, quotas, trade barriers and other trade protection measures imposed by foreign countries regarding the importation of poultry, beef and pork products, in addition to import or export licensing requirements imposed by various foreign countries;

border restrictions by foreign countries with respect to the import of poultry, beef and pork products due to animal disease or other perceived health or safety issues;

impact of currency exchange rate fluctuations between the U.S. dollar and foreign currencies, particularly the euro, the Canadian dollar, the Chinese renminbi, the Brazilian real and the Argentine peso, which may reduce the U.S. dollar value of the revenues, profits and cash flows we receive from non-U.S. markets or of our assets in non-U.S. countries or increase our supply costs, as measured in U.S. dollars in those markets;

exchange controls and other limits on our ability to import raw materials or finished products or to repatriate earnings from overseas, including exchange controls in effect in China that currently limit our ability to repatriate earnings from those countries;

political or economic instability, social or labor unrest or changing macroeconomic conditions or other changes in political, economic or social conditions in the respective jurisdictions;

different regulatory structures (including creditor rights that may be different than in the United States) and unexpected changes in regulatory environments, including changes resulting in potentially adverse tax consequences or imposition of onerous trade restrictions, price controls, industry controls, animal and human food safety controls, employee welfare schemes or other government controls;

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tax rates that may exceed those in the United States and earnings that may be subject to withholding requirements and incremental taxes upon repatriation;

difficulties and costs associated with complying with, and enforcement of remedies under, a wide variety of complex domestic and international laws, treaties and regulations, including, without limitation, anti-bribery laws such as the U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.K. Bribery Act 2010, the new Brazilian corporate anti-corruption law and similar anti-corruption legislation in many jurisdictions in which we operate, as well as economic and trade sanctions enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the E.U. and other governmental entities; and

distribution costs, disruptions in shipping or reduced availability of freight transportation.

These risks and uncertainties could jeopardize or limit our ability to transact business in one or more of our international markets or in other developing markets and may have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Our business may be adversely impacted by fluctuations in exchange rates, which could affect our ability to comply with our financial covenants.***

Following the completion of the Acquisitions, our international operations will have expanded significantly and our exposure to fluctuations in currency exchange rates will have increased accordingly. As a result of the Acquisitions, we will carry out transactions in a number of foreign currencies, principally the euro, the Canadian dollar, the Chinese renminbi, the Brazilian real and the Argentine peso. To the extent possible, we attempt to match revenues and expenses in each of the currencies in which we operate. However, we will still be exposed to currency fluctuations when we translate the results of our overseas operations into U.S. dollars, our functional currency, in the preparation of our consolidated financial statements. The exchange rates between these currencies and the U.S. dollars may fluctuate and these fluctuations may affect our U.S. dollar-denominated results of operations and financial condition even if our underlying operations and financial condition, in local currency terms, remain unchanged.

Any fluctuations in exchange rates may adversely impact our ability to comply with the financial and other covenants under the documents governing our indebtedness, which could affect our ability to incur indebtedness, pay dividends, make investments or take other actions that might be in our best interest. As we continue to implement our international expansion strategy, our international operations will represent a larger part of our business and such exchange rate fluctuations may have a greater impact on our business, financial condition and results of operations.

***The DGD Joint Venture subjects us to a number of risks.***

In January 2011, our wholly-owned subsidiary entered into a limited liability company agreement with a wholly-owned subsidiary of Valero to form the DGD Joint Venture, which was formed to design, engineer, construct and operate the DGD Facility, which is capable of producing approximately 9,300 barrels per day of renewable diesel fuel and certain other co-products. The DGD Facility, which is located adjacent to Valero's refinery in Norco, Louisiana, reached mechanical completion and began production of renewable diesel in late June 2013. On August 27, 2013, we announced that a heat exchanger at the DGD Facility required replacement to improve the plant's reliability, and that during the replacement, throughput rates would be lowered to approximately 5,000-7,000 barrels per day. During the replacement, the DGD Facility operated at approximately 6,000-7,000 barrels per day, but during this process, other metallurgical wear issues were identified. We completed the replacement of the heat exchanger and other related equipment at the DGD Facility as of November 13, 2013, thereby restoring the DGD Facility to its approximately 9,300 barrels per day capacity. As of September 28,

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2013, under the equity method of accounting, we had an investment in the DGD Joint Venture of approximately \$116.3 million included on the consolidated balance sheet.

We are aware that a third party patent holder has filed patent infringement claims against a producer of renewable diesel fuel and its owners. The producer is unrelated to us, the DGD Joint Venture or, to our knowledge, Valero. We have not, and to our knowledge neither the DGD Joint Venture nor Valero has, received any communication from such patent holder regarding similar claims against the Joint Venture. The DGD Joint Venture has licensed a process from UOP LLC, a subsidiary of Honeywell International Inc., that it will utilize in producing renewable diesel fuel. We believe that the DGD Joint Venture's process differs from the process that is the subject of the infringement suit. Accordingly, any patent infringement claim that might be asserted in the future against either us or the DGD Joint Venture would be vigorously opposed. However, if any patent holder successfully challenged the patents under which the DGD Joint Venture operates, the DGD Joint Venture could incur increased expenses or the need to modify its operation which could negatively impact the DGD Joint Venture's results of operations.

There are no guarantees that other unforeseen issues (such as the need for replacement of the DGD Facility's heat exchanger referred to above) will not arise in connection with the operation of the DGD Facility that could require us or the DGD Joint Venture to incur significant costs. Further, while the two principal technologies licensed for the DGD Joint Venture are established technologies, their use together in the manner currently operated by the DGD Joint Venture is innovative and has not been employed previously. Accordingly, there is no assurance that the DGD Joint Venture will be profitable or allow us to make a return on our investment. In addition, if substantial operational issues develop or prices for the renewable diesel the DGD Joint Venture produces are not sustained, we could lose our entire investment in the DGD Joint Venture.

The DGD Joint Venture is dependent on governmental energy policies and programs, such as the National Renewable Fuel Standard Program (RFS2), which positively impact the demand for and price of renewable diesel. Any changes to, a failure to enforce or a discontinuation of any of these programs could have a material adverse affect on the DGD Joint Venture. See the section entitled *Risk Factors Risks Related to the Combined Company Our biofuels business may be affected by energy policies of U.S. and foreign governments.* Similarly, the DGD Joint Venture is subject to the risk that new or changing technologies may be developed that could meet demand for renewable diesel under governmental mandates in a more efficient or less costly manner than the technologies used by the DGD Joint Venture, which could negatively affect the price of renewable diesel and have a material adverse affect on the DGD Joint Venture.

In addition, the operation of a joint venture such as this involve a number of risks that could harm our business and result in the DGD Joint Venture not performing as expected, such as:

problems integrating or developing operations, personnel, technologies or products;

the unanticipated breakdown or failure of equipment or processes;

the failure of the end product to perform as anticipated;

unforeseen engineering or environmental issues, including new or more stringent environmental regulations affecting operations;

the inaccuracy of our assumptions about the timing and amount of anticipated revenues and operating costs;

the diversion of management time and resources;

difficulty in obtaining and maintaining permits and other regulatory issues, potential license revocation and changes in legal requirements;



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insufficient experience with the technologies and markets involved;

difficulties in establishing relationships with suppliers and end user customers;

limitations in the DGD Joint Venture's operating agreement restricting the payment of dividends to the DGD Joint Venture partners in certain circumstances, including prior to the time that the DGD Joint Venture's existing debt has been repaid and reserves for contingent liabilities have been made;

risks commonly associated with the start-up of "greenfield" projects;

performance below expected levels of output or efficiency;

reliance on Valero and its adjacent refinery facility for many services and processes;

subsequent impairment of the acquired assets, including intangible assets;

possible third party claims of intellectual property infringement; and

being forced to sell our equity interests in the DGD Joint Venture pursuant to buy/sell provisions in the DGD Joint Venture's operating agreement and not realizing the benefits of the DGD Joint Venture.

If any of these risks described above were to materialize and the operations of the DGD Joint Venture were significantly disrupted, a material adverse effect on our business, financial condition and results of operations could result.

***Our biofuels business may be affected by energy policies of U.S. and foreign governments.***

Pursuant to the requirements established by the Energy Independence and Security Act of 2007, the EPA finalized regulations for RFS2 in 2010. The regulation mandated the domestic use of biomass-based diesel (biodiesel or renewable diesel) of 1.0 billion gallons in 2012. Beyond 2012 the regulation requires a minimum of 1.0 billion gallons of biomass-based diesel for each year through 2022, which amount is subject to increase by the Administrator of the EPA. On September 14, 2012, the EPA issued a final rule establishing the biomass-based diesel volume for calendar year 2013 to be 1.28 billion gallons. Though a final rule is yet to be issued, EPA recently proposed maintaining the biomass-based diesel volume for calendar years 2014 and 2015 at the 2013 calendar year level of 1.28 billion gallons. Biomass-based diesel also qualifies to fulfill the non-specified portion of the advanced biofuel requirement. In order to qualify as a "renewable fuel" each type of fuel from each type of feed stock is required to lower greenhouse gas emissions (GHG) by levels specified in the regulation. The EPA has determined that biofuels (either biodiesel or renewable diesel) produced from waste oils, fats and greases result in an 86% reduction in GHG emissions, exceeding the 50% requirement established by the regulation. Prices for our finished products may be impacted by worldwide government policies relating to renewable fuels and GHG. Programs like RFS2 and tax credits for biofuels both in the United States and abroad may positively impact the demand for our finished products. Conversely, legal challenges to, changes to, a failure to enforce, reductions in the mandated volumes under, or discontinuing any of these programs could have a negative impact on our business and results of operations. There have been and are currently pending legal challenges to certain aspects of RFS2 and the EPA's promulgation of renewable fuel mandates. The impacts of such legal challenges on the establishment of volume mandates in future years is uncertain and could have a material adverse effect on our results of operations, cash flows and financial condition.

***We may incur material costs and liabilities in complying with government regulations.***

We are subject to the rules and regulations of various governmental agencies in the United States and Canada and, following the completion of the VION Acquisition, we will be subject to the rules and



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regulations of various governmental agencies in other countries in which VION Ingredients operates. These include rules and regulations administered by governmental agencies at the federal, state, provincial or local level, including the following governmental agencies in the United States and Canada:

***In the United States***

The FDA, which regulates pharmaceutical products and food and feed safety;

The USDA, including its agencies APHIS and FSIS, which regulates our collection and production methods;

The EPA, which regulates air and water discharge requirements, as well as local and state agencies, which monitor air and water discharges;

State Departments of Agriculture, which regulate animal by-product collection and transportation procedures and animal feed quality;

The USDOT, as well as local and state transportation agencies, which regulate the operation of our commercial vehicles;

The OSHA, which is the main federal agency charged with the enforcement of worker safety and health legislation; and

The SEC, which regulates securities and information required in annual and quarterly reports filed by publicly traded companies.

***In Canada***

The CFIA, which regulates animal health and the disposal of animals and their products or by-products;

Canadian provincial ministries of agriculture, which regulate food safety and quality, air and water discharge requirements and the disposal of deadstock;

Environment Canada, which ensures compliance with Canadian federal air and water discharge and wildlife management requirements; and

The TSSA, a non-profit organization that regulates the safety of fuels and pressure vessels and boilers.

Upon completion of the VION Acquisition, various governmental agencies will regulate our business in the various foreign jurisdictions in which VION Ingredients operates, including:

***In the European Union***



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The European Commission, Directorate-General for Health and Consumers, which addresses regulations for food, feed, human and animal health, technical uses of animal products and packaging;

The European Medicines Agency, which establishes guidance for pharmaceutical products, bovine products and metal residues;

The European Pharmacopeia, which establishes requirements for pharmaceutical products;

The European Directorate for the Quality for Medicine, which certifies pharmaceutical products;

The European Chemicals Agency, which is responsible for the implementation of the European Council's Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals;

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The European Commission, Directorate-General for the Environment, which establishes regulations on pollution and waste, such as the Directives on Industrial Emissions and on Integrated Pollution Prevention and Control as well as the Best Available Techniques Reference Document on Slaughterhouses and Animal By-products Industries;

The Dutch Food Safety Authority (*Nederlandse Voedsel- en Warenautoriteit*), which issues permits, approvals and registrations to establishments or plants engaged in certain activities related to the handling of animal by-products and food and feed production;

The Belgian Federal Food Safety Agency (*Federal Agentschap voor de Veiligheid van de Voedselketen*), which issues permits, approvals and registrations to establishments or plants engaged in certain activities related to the handling of animal by-products and food and feed production;

The Public Flemish Waste Agency (*Openbare Vlaamse Afvalstoffen Maatschappij*), which issues permits, approvals and registrations to establishments or plants carrying out certain activities related to the handling of animal by-products; and

The German Competent Authorities at Länder level, which issue permits, approvals and registrations to establishments or plants carrying out certain activities related to the handling of animal by-products and food and feed production.

***In China***

The General Administration of Quality Supervision, Inspection and Quarantine, which supervises the import and export of food and feed;

The Ministry of Health of the People's Republic of China, which establishes standards for food and pharmaceutical products; and

The Chinese Pharmacopeia, which establishes standards for pharmaceutical products.

***In Brazil***

The Ministry of Agriculture, Cattle and Supply (*Ministério da Agricultura, Pecuária e Abastecimento*), which regulates the production of gelatin.

***In Argentina***

The National Department for Food Safety and Quality (*Servicio Nacional de Sanidad y Calidad Agroalimentaria*), which regulates the production of gelatin; and

The National Department of Animal Health (*Servicio Nacional de Sanidad Animal*), which at the local level is equivalent to the FDA in Argentina.

***In Australia***

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The Australian Quarantine and Inspection Service, which regulates the import and export of agricultural products, including animal by-products;

The Department of Agriculture, Fisheries and Forestry, which administers meat and animal by-product legislation;

PrimeSafe, which is the principal regulator of meat and animal by-product businesses in the State of Victoria;

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The Australian Competition and Consumer Commission, which regulates Australia's competition and consumer protection law; and

The Australian Securities and Investments Commission, which regulates Australia's company and financial services laws. The applicable rules and regulations promulgated by these agencies, which are likely to change over time, affect our operations and may influence our operating results at one or more facilities. Furthermore, the loss of or failure to obtain necessary federal, state, provincial or local permits and registrations at one or more of our facilities could halt or curtail operations at impacted facilities, which could result in impairment charges related to the affected facility and otherwise adversely affect our operating results. In addition, our failure to comply with applicable rules and regulations, including obtaining or maintaining required operating certificates or permits, could subject us to: (i) administrative penalties and injunctive relief; (ii) civil remedies, including fines, injunctions and product recalls; and (iii) adverse publicity. There can be no assurance that we will not incur material costs and liabilities in connection with these rules and regulations.

Because of our international operations in Canada as a result of the Rothsay Acquisition and the extensive international operations that will be part of our business if the VION Acquisition is completed, we could be adversely affected by violations of the FCPA and similar worldwide anti-bribery laws. The FCPA and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to government officials or other third parties for the purpose of obtaining or retaining business. While our policies mandate compliance with these anti-bribery laws, we cannot provide assurance that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees, joint venture partners or agents. Violations of these laws, or allegations of such violations, could disrupt our business, result in material fines and other legal costs and have a material adverse effect on our results of operations, cash flows and financial condition.

Given the competitive nature of our industry, we could be adversely affected by violations of various countries' antitrust, competition and consumer protection laws. These laws generally prohibit companies and individuals from engaging in anticompetitive and unfair business practices. While our policies mandate compliance with these laws, we cannot provide assurance that our internal control policies and procedures will always protect us from reckless or criminal acts committed by our employees, joint venture partners or agents. Violations of these laws, or allegations of such violations, could result in lengthy investigations, criminal and/or civil legal proceedings brought by governmental agencies and/or third parties, which could disrupt our business, result in material fines and legal and other costs, and have a material adverse effect on our results of operations, cash flows and financial condition.

***Seasonal factors and weather, including the physical impacts of climate change, can impact the availability, quality and volume of raw materials that we process and negatively affect our operations.***

The quantity of raw materials available to us is impacted by seasonal factors, including holidays, when raw material volumes decline, and cold weather, which can impact the collection of raw materials. In addition, warm weather can adversely affect the quality of raw materials processed and our yield on production due to more rapidly degrading raw materials. In addition to seasonal impacts, depending upon the location of our facilities and those of our suppliers, our operations could be subject to the physical impacts of climate change, including changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels. Physical damage, flooding or drought resulting from changing climate patterns could adversely impact

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our costs and business operations, the availability and costs of our raw materials, and the supply and demand for our end products. These effects could be material to our results of operations, liquidity or capital resources.

The quality and volume of the finished products that we are able to produce could be negatively impacted by unseasonable weather or unexpected declines in the volume of raw materials available during holidays, which in turn could have a material adverse impact on our business, results of operations and financial condition. In addition, severe weather events may also impact our ability to collect or process raw materials or to transport finished products.

### ***Downturns and volatility in global economies and commodity and credit markets could materially adversely affect our business, results of operations and financial condition.***

Our results of operations are materially affected by the conditions of the global economies and the credit, commodities and stock markets. Among other things, we may be adversely impacted if our domestic and international customers and suppliers are not able to access sufficient capital to continue to operate their businesses or to operate them at prior levels. A decline in consumer confidence or changing patterns in the availability and use of disposable income by consumers can negatively affect both our suppliers and customers. Declining discretionary consumer spending or the loss or impairment of a meaningful number of our suppliers or customers could lead to a dislocation in either raw material availability or customer demand. Any tightening in credit supply could negatively affect our customers' ability to pay for our products on a timely basis or at all and could result in a requirement for additional bad debt reserves. Although many of our customer contracts are formula-based, continued volatility in the commodities markets could negatively impact our revenues and overall profits. Counterparty risk on finished product sales can also impact revenue and operating profits when customers either are unable to obtain credit or refuse to take delivery of finished products due to market price declines.

### ***Our business may be affected by the impact of BSE and other food safety issues.***

Effective August 1997, the FDA promulgated the BSE Feed Rule to prevent further spread of BSE. Detection of the first case of BSE in the United States in December 2003 resulted in additional U.S. government regulations, finished product export restrictions by foreign governments, market price fluctuations for our finished products and reduced demand for beef and beef products by consumers. Even though the export markets for U.S. beef rebounded to exceed pre-BSE levels and set records for volume in 2011 and value in 2012, most export markets remain closed to MBM derived from U.S. beef. On April 24, 2012, the USDA confirmed the occurrence of a new, single case of BSE in a dairy cow in central California. Even though the USDA confirmed that material derived from the cow did not enter the food or feed supply and that this appears to be a single, isolated incident of atypical BSE which is not spread through feed and does not affect humans, Indonesia closed its markets to MBM derived from U.S. beef, and only recently reopened its markets to U.S. beef on June 17, 2013. On May 29, 2013, the USDA announced that the OIE had officially upgraded the BSE-status for the United States from controlled risk to negligible risk based on a thorough review of BSE safeguards implemented in the United States. Although attaining a negligible risk status for BSE is an important step toward regaining access to export markets for U.S. MBM, no assurance can be given that currently closed export markets will be reopened as a result of the upgraded status. We do not expect this trade disruption to have material impact on our business, financial condition or results of operations. Continued concern about BSE in the United States, and other countries in which we operate now or in the future, may result in additional regulatory and market related challenges that may affect our operations or increase our operating costs.

With respect to BSE in the United States, on October 26, 2009, the FDA began enforcing the Enhanced BSE Rule. These new regulations amended the BSE Feed Rule to also prohibit the use of

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tallow having more than 0.15% insoluble impurities in feed for cattle or other ruminant animals. In addition, the Enhanced BSE Rule prohibits brain and spinal cord material from cattle aged 30 months and older or the carcasses of such cattle, if the brain and spinal cord are not removed (collectively, Prohibited Cattle Materials), and tallow derived from Prohibited Cattle Materials that also contains more than 0.15% insoluble impurities in the feed or food for all animals. We have followed the Enhanced BSE Rule since it was first published in 2008 and have made capital expenditures and implemented new processes and procedures to be compliant with the Enhanced BSE Rule at all of our U.S. operations. In Canada, the CFIA implemented feed restrictions, which were similar to the FDA's BSE Feed Rule, in 1997 to prevent the spread of BSE. Following confirmation of nine positive cases of BSE between May 2003 and July 2007, however, the CFIA amended the Canadian Health of Animals Regulations to strengthen Canada's BSE safeguards (SRM Ban). These enhanced safeguards, which became effective July 2007, required the removal of all specified risk materials (SRMs) from animal feed, pet food and fertilizer; placed the removal, transport and disposal of SRM under direct CFIA control; prohibited the use of tallow containing more than 0.15% insoluble impurities in any animal feed; and extended the retention time for keeping relevant records from two years to 10 years. Rothsay management had followed development of the SRM Ban from its inception and obtained the necessary permits and implemented new procedures and documentation needed to comply. Notwithstanding the foregoing, we can provide no assurance that unanticipated costs and/or reductions in raw material volumes related to our compliance with the Enhanced BSE Rule or the SRM Ban will not negatively impact our operations and financial performance.

With respect to human food, pet food and animal feed safety in the United States, the Food and Drug Administration Amendments Act of 2007 (the FDAAA) directs the Secretary of Health and Human Services (HHS) and the FDA to promulgate significant new requirements for the pet food and animal feed industries. The FDA was directed to establish a Reportable Food Registry, which was implemented on September 8, 2009. On June 11, 2009, the FDA issued Guidance for Industry: Questions and Answers Regarding the Reportable Food Registry as Established by the Food and Drug Administration Amendments Act of 2007: Draft Guidance. Stakeholder comments and questions about the Reportable Food Registry were incorporated into a revised guidance, which was published on September 8, 2009 and reissued May 2010, with new information and still identified as draft guidance (RFR Draft Guidance). In the RFR Draft Guidance, the FDA defined a reportable food, which the manufacturer or distributor would be required to report in the Reportable Food Registry, to include materials used as ingredients in animal feeds and pet foods, if there is reasonable probability that the use of such materials will cause serious adverse health consequences or death to humans or animals. On July 27, 2010, the FDA released Compliance Policy guide Sec. 690.800, Salmonella in Animal Feed, Draft Guidance, finalized June 2013 (as finalized, the CPG), which describes differing criteria to determine whether pet food and farmed animal feeds that are contaminated with salmonella will be considered to be adulterated under section 402(a)(1) of the Food, Drug and Cosmetic Act (FD&C Act). According to the CPG, any finished pet food contaminated with any species of salmonella will be considered adulterated because such feeds have direct human contact. Finished animal feeds intended for pigs, poultry and other farmed animals, however, will be considered to be adulterated only if the feed is contaminated with a species of salmonella that is considered to be pathogenic for the animal species that the feed is intended for. The finalization of the RFR Draft Guidance by the FDA may impose additional requirements on us. We believe that we have adequate procedures in place to assure that our finished products are safe to use in animal feed and pet food and we do not currently anticipate that the FDAAA will have a significant impact on our operations or financial performance. Any pathogen, such as salmonella, that is correctly or incorrectly associated with our finished products could have a negative impact on the demand for our finished products.

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In addition, the Food Safety Modernization Act ( FSMA ) was enacted on January 4, 2011. The FSMA gave the FDA new authorities, which became effective immediately. Included among these is a mandatory recall authority for adulterated foods that are likely to cause serious adverse health consequences or death to humans or animals, if the responsible party fails to cease distribution and recall such adulterated foods voluntarily. The FSMA further instructed the FDA to amend existing regulations that define its administrative detention authority. Prior to the FSMA becoming law, the FDA had authority to order that an article of food be detained only if there was credible evidence or information indicating that the article of food presented a threat of serious adverse health consequences or death to humans or animals. On May 5, 2011, the FDA issued an interim final rule amending its administrative detention authority and lowering both the level of proof and the degree of risk required for detaining an article of food. This interim final rule, which became effective on July 3, 2011, gives the FDA authority to detain an article of food if there is reason to believe the food is adulterated or misbranded. The FSMA also requires the FDA to develop new regulations that, among other provisions, places additional registration requirements on food and feed producing firms. Section 102 of the FSMA amends facility registration requirements in the FD&C Act for domestic and foreign manufacturers, processors, packers or holders of food for human or animal consumption. Such facility registrations were previously required to be updated when changes in a facility occurred, but there were no provisions for renewing facility registrations. The FSMA, however, requires that facility registrations be renewed during the fourth quarter of each even-numbered year, beginning October 1, 2012. The FDA delayed the start of facility registration renewals until October 22, 2012, while it completed revisions to its on-line registration site and subsequently exercised enforcement discretion with respect to companies not meeting the deadline for completing such registration renewals, during the period from December 31, 2012 to January 31, 2013. Other new FDA regulations mandated by the FSMA and currently in the proposed stage will require registered facilities to perform hazard analyses and to implement preventive plans to control those hazards identified to be reasonably likely to occur; increase the length of time that records are required to be retained; and regulate the sanitary transportation of food, which is defined in Section 201(f) of the FD&C Act to include articles used for food or drink for man or other animals. The FDA proposed new rules on January 16, 2013 and October 29, 2013 designed specifically to ensure the safety of food for humans and for animals, respectively. These proposed rules each creates new good manufacturing practice regulations specifically tailored to the manufacturing, processing, packing and holding of human or animal food, as well as applies the preventive control provisions outlined in the FSMA for any food. These rules would establish mandatory manufacturing procedures to protect against the possibility of a foodborne illness outbreak through contaminated food. These procedures for sanitary operations, sanitary facilities and controls, cleaning and maintenance, pest control, process controls, warehousing and distribution controls, and personnel hygiene apply to all food manufacturers, distributors and warehouses, although certain standards proposed for animal foods may differ from those proposed for human food. These rules also require human and animal food producers to establish and implement a food safety system, including a written food safety plan, a hazard analysis, preventive controls for hazards that are reasonably likely to occur, monitoring, corrective actions, verification and recordkeeping. Human and animal food facilities will need qualified individuals, those with appropriate training or job experience in the development and application of risk-based preventive controls, to prepare, evaluate and maintain the safety plan and preventive controls. If such risk-based food safety requirements are finalized for human and animal foods produced in the United States, rulemaking proposed on July 29, 2013 would extend similar requirements to imported foods intended for humans or animals. This proposed imported foods rule designates the importer as the party responsible for verifying that process controls and good manufacturing practices were used by the foreign manufacturer to control hazards reasonably likely to occur in the imported food. We have followed the FSMA throughout its legislative history and have renewed registrations for all of our facilities and implemented hazard prevention controls and other procedures that we are assessing under the proposed rules to determine if they comply. Such rule-making could, among other things, limit our ability to import necessary raw materials or finished products or require us to amend certain of our other operational policies and procedures.

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While unforeseen issues and requirements may arise as the FDA promulgates the new regulations provided for by the FSMA, we do not anticipate that the costs of compliance with the FSMA will materially impact our business or operations.

Upon completion of the VION Acquisition, we could be adversely affected by additional foreign regulations regarding BSE and other food safety issues. For example, an enforceable ban on the feeding of restricted animal material to ruminant animals was introduced in Australia in 1996. This ban is part of a comprehensive national program to prevent the entry and establishment of the BSE agent in Australia. Inspections and audits are undertaken to ensure compliance. In addition, in the E.U., harmonized rules have been adopted for prevention, control and eradication of transmissible spongiform pathies ( TSEs ), which includes BSE, in Regulation 999/2001 ( TSE Regulation ) and in other instruments such as Regulation 1069/2009 on animal by-products and food and feed hygiene regulations. The TSE Regulation establishes a feed ban, which is the basic preventive measure against TSE and consists of a ban on the use of processed animal protein ( PAP ), in feed for farmed animals. A ban on the feeding of mammalian PAP to cattle, sheep and goats was first introduced in July 1994. The ban was expanded in January 2001 with the feeding of all processed animal proteins to all farmed animals being prohibited, with certain limited exceptions. Only certain animal proteins considered to be safe (such as fishmeal) can be used, and even then under very strict conditions. Other animal-derived products besides PAP, such as collagen and gelatin from non-ruminants and hydrolyzed protein are not subject to the feed ban. In June 2013, the feed ban was lifted for the feeding of aquaculture animals and the European Commission is currently investigating the options to lift the ban for other non-ruminants, such as pigs and poultry. Although VION Ingredients may profit from the possible lifting of the ban for pigs and poultry, changes to the feed ban may adversely affect VION Ingredients, possibly restricting the allowed use of some of their products. The TSE Regulation applies to the production and placing on the market of live animals and products of animal origin. For that purpose, the BSE status of E.U. Member States, non-E.U. members of the European Economic Area European Free Trade Association and other countries or regions (such other countries or regions, third countries ) is to be determined by classification into one of three categories depending on the BSE risk involved: a negligible risk, a controlled risk and an undetermined risk. This classification is in line with that of the OIE. The determination of BSE status is based on a risk assessment and the implementation of a surveillance program. For each risk category there are trade rules to provide the necessary guarantees for protecting public and animal health. Currently, the following E.U. Member States are classified as having a controlled BSE risk: Bulgaria, Cyprus, Czech Republic, Estonia, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Spain and the United Kingdom. The other E.U. Member States are classified as having a negligible BSE risk. A change in the BSE status of one or more E.U. Member States may have negative impact on VION Ingredients. Under E.U. legislation, imported products from outside the E.U. must meet the same safety standards as products produced in E.U. Member States. Therefore, the TSE Regulation imposes strict import requirements related to TSEs for live animals and animal products, such as full traceability of imported animals and animal products, a ban on the use of MBM in feed for ruminants and the prohibition of the import of specified risk material or mechanically recovered meat. The detailed import requirements depend on the BSE status of third countries. Regulation 1069/2009 on animal by-products establishes rules intended to prevent the outbreak of certain diseases such as BSE. Regulation 1069/2009 imposes, for example, rules for the use and disposal of specified risk material and other high risk material. A BSE outbreak could lead to the adoption of more stringent rules on the use and disposal of animal by-products, which could require VION Ingredients to change its production processes and could have a material adverse effect on our business, results of operations or financial condition.



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*Our business may be negatively impacted by the occurrence of any disease correctly or incorrectly linked to animals.*

The emergence of diseases such as 2009 H1N1 flu (initially known as Swine Flu), highly pathogenic strains of avian influenza (such strains are collectively known as Bird Flu), including H5N1, H7N3 and H7N9 strains of avian influenza, the porcine epidemic diarrhea (PED) virus and severe acute respiratory syndrome (SARS) that are in or associated with animals and have the potential to also threaten humans has created concern that such diseases could spread and cause a global pandemic. To date, the H5N1 strain has not been reported in North America. Outbreaks of the H7N3 strain, however, were reported on chicken farms in Mexico during 2012, in July and again in December, and in February 2013. Although there have been no reports of human cases of the H7N3 strain, the H7N9 strain was first reported in humans in China on March 31, 2013. World health experts, however, believe the H7N9 strain to be an animal virus that infects people in rare cases. This outbreak in China followed a seasonal pattern typical of flu viruses with only a few new cases reported between May 30, 2013 and the date of this prospectus supplement. To date, however, there have been no incidences of person-to-person transmission of the H7N9 Bird Flu reported. Most recently, in August 2013, an outbreak of Bird Flu was reported in Italy.

In April 2013, the first case of PED virus was confirmed in the United States on a hog farm in Ohio. The disease has since spread into 17 states in the United States. The PED virus is highly contagious among pigs, but does not affect other animals and is not transmissible to humans. The effects of the PED virus on hog production will vary according to the age of the pigs affected. Death rates can be very high among young pigs, while symptoms are mild in older animals. Hogs that have the disease and recover will typically develop immunity to the PED virus and this immunity can be passed on to future offspring. Because the PED virus is common in other parts of the world and poses no threat to human health or food safety, its presence in a country or region does not restrict trade in pork or pork products.

From December 2002 to June 2003, China and some other countries experienced an outbreak of SARS, a highly contagious form of atypical pneumonia. On July 5, 2003, the World Health Organization declared that the SARS outbreak had been contained. In April 2004, however, a number of isolated new cases of SARS were reported, including in central China.

Although no global disease pandemic among humans has been linked to Bird Flu, Swine Flu, PED virus or SARS as of the date of this prospectus supplement, governments may be pressured to address these concerns, including by executive action such as temporarily closing certain businesses, including meat and animal processing facilities within their jurisdictions suspected of contributing to the spread of such diseases or by legislative or other policy action such as prohibiting imports of animals, meat and animal by-products from countries or regions where the disease is detected or suspected. For example, during May and June 2003, many businesses in China were temporarily closed by the Chinese government to prevent transmission of SARS.

The E.U. has enacted several disease control directives, as well as other legislation regarding the notification of animal diseases within the community and veterinary and zoo technical checks, among others. The applicable legislation generally enables the E.U. to take preventive measures, as well as act promptly in case of an outbreak, by restricting the circulation of livestock and products at risk of being infected within the E.U. and implementing bans on the imports of such products. For instance, there are preventive measures against Bird Flu that must be implemented by all the E.U. Member States. In the event of an outbreak of Bird Flu, the European Council's Directive 2005/94/EC of December 20, 2005 on community measures for the control of avian influenza provides for preventive measures, relating to the surveillance and the early detection of Bird Flu and the minimum control measures to be applied in the event of an outbreak of that disease in poultry or other captive birds. The

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E.U. is empowered to act quickly in the case of an outbreak, by defining protection and surveillance risk zones and adopting measures such as restricting the movement of live poultry and certain poultry products to other E.U. Member States or to third countries. The most recent case where the E.U. took certain measures in light of outbreaks of Bird Flu was in August 2013 in Italy. In addition, E.U. import bans have also been placed on potentially risky poultry products and susceptible imports from third countries with Bird Flu outbreaks.

If Swine Flu, Bird Flu, PED virus, SARS or any other disease that is correctly or incorrectly linked to animals and has a negative impact on meat or poultry consumption or animal production occurs in any jurisdiction in which we operate, such occurrence could have a material negative impact on the volume of raw materials available to us or the demand for our finished products.

***If we or our customers are the subject of product liability claims or product recalls, we may incur significant and unexpected costs and our business reputation could be adversely affected.***

We and our customers for whom we manufacture products may be exposed to product liability claims and adverse public relations if consumption or use of our products is alleged to cause injury or illness to humans or animals. In addition, we and our customers may be subject to product recalls resulting from developments relating to the discovery of unauthorized adulterations to food additives or from allegations that our food ingredients have not performed adequately in the end product, even where food safety is not a concern. Product recalls in one jurisdiction may result in product recalls in other jurisdictions, as is the case in the E.U. where an E.U. Member State could recall a product in connection with the recall of such product in another E.U. Member State. Our insurance may not be adequate to cover all liabilities we incur in connection with product liability claims, whether or not legitimate, or product recalls, whether voluntary or mandatory. We may not be able to maintain our existing insurance or obtain comparable insurance at a reasonable cost, if at all. A product liability judgment against us or against one of our customers for whom we manufacture products, or our or their agreement to settle a product liability claim or a product recall, could also result in substantial and unexpected expenditures, which would reduce operating income and cash flow. In addition, even if product liability claims against us or our customers for whom we manufacture products are not successful or are not fully pursued, defending these claims would likely be costly and time-consuming and may require management to spend time defending the claims rather than operating our business and may result in adverse publicity.

Product liability claims, product recalls or any other events that cause consumers to no longer associate our brands or those of our customers for whom we manufacture products with high quality and safety may harm the value of our and their brands and lead to decreased demand for our products. In addition, as a result of any such claims against us or product recalls, we may be exposed to claims by our customers for damage to their reputations and brands. Product liability claims and product recalls may also lead to increased scrutiny by federal, state and foreign regulatory agencies of our operations and could have a material adverse effect on our brands, business, results of operations and financial condition.

***Our operations are subject to various laws, rules and regulations relating to the protection of the environment and to health and safety, and we could incur significant costs to comply with these requirements or be subject to sanctions or held liable for environmental damages.***

Our operations subject us to various and increasingly stringent environmental, health and safety requirements in the various jurisdictions where we operate, including those governing air emissions, wastewater discharges, the management, storage and disposal of materials in connection with our facilities, occupational health and safety, product packaging and labeling and our handling of

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hazardous materials and wastes, such as gasoline and diesel fuel used by our trucking fleet and operations. Failure to comply with these requirements could have significant consequences, including recalls, penalties, injunctive relief, claims for personal injury and property and natural resource damages, and negative publicity. Our operations require the control of air emissions and odor and the treatment and discharge of wastewater to municipal sewer systems and the environment. We operate boilers at many of our facilities and store wastewater in lagoons or discharge it to publicly owned wastewater treatment systems, surface waters or through land application. We operate and maintain a vehicle fleet to transport products to and from customer locations. We have incurred significant capital and operating expenditures to comply with environmental requirements, including for the upgrade of wastewater treatment facilities, and will continue to incur such costs in the future.

We could be responsible for the remediation of environmental contamination and may be subject to associated liabilities and claims for personal injury and property and natural resource damages. We own or operate numerous properties, have been in business for many years and have acquired and disposed of properties and businesses over that time. During that time, we or other owners or operators may have generated or disposed of wastes or stored or handled other materials that are or may be considered hazardous or may have polluted the soil, surface water or groundwater at or around our facilities. Under some environmental laws, such as the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 in the United States, also known as the Superfund law, responsibility for the cost of cleanup of a contaminated site can be imposed upon any current or former site owners and operators, or upon any party that sent waste to the site, regardless of the lawfulness of the activities that led to the contamination. Similar laws outside the United States impose liability for environmental cleanup, often under the polluter pays theory of liability but also based upon ownership in some circumstances. There can be no assurance that we will not face extensive costs or penalties that would have a material adverse effect on our financial condition and results of operations. For example, we have been named as a third-party defendant in a pending lawsuit and have received notice from the EPA, both relating to alleged river sediment contamination in the Lower Passaic River area of New Jersey. See Item 3. *Legal Proceedings* in our Annual Report on Form 10-K for Fiscal 2012, which is incorporated by reference herein, as updated by the notes to the consolidated financial statements in our subsequently filed reports incorporated by reference herein. In addition, future developments, such as more aggressive enforcement policies, new laws or discoveries of currently unknown contamination conditions, may also require expenditures that may have a material adverse effect on our business and financial condition.

In addition, increasing efforts to control emissions of GHG are likely to impact our operations. We operate in certain jurisdictions subject to the Montreal Protocol, which mandates reduced GHG emissions in participating countries, and the EPA's recent rule establishing mandatory GHG reporting for certain activities may apply to some of our facilities if we exceed the applicable thresholds. The EPA has also announced a regulatory finding relating to GHG emissions that may result in the imposition of GHG air quality standards. Legislation to regulate GHG emissions has periodically been proposed in the U.S. Congress and a growing number of states and foreign countries are taking action to require reductions in GHG emissions. Future GHG emissions limits may require us to incur additional capital and operational expenditures. EPA regulations limiting exhaust emissions also have become more restrictive, and the National Highway Traffic Safety Administration and the EPA have adopted new regulations that govern fuel efficiency and GHG emissions beginning in 2014. Compliance with these and similar regulations could increase the cost of new fleet vehicles and increase our operating expenses. Compliance with future GHG regulations may require expenditures that could materially adversely affect our business, results of operations and financial condition.

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*If we experience difficulties or a significant disruption in our information systems or if we fail to implement new systems and software successfully, our business could be materially adversely affected.*

We depend on information systems throughout our business to collect and process data that is critical to our operations and accurate financial reporting. Among other things, these information systems process incoming customer orders and outgoing supplier orders, manage inventory, collect raw materials and distribute products, process and bill shipments to and collect cash from our customers, respond to customer and supplier inquiries, contribute to our overall internal control processes, maintain records of our property, plant and equipment, and record and pay amounts due vendors and other creditors.

If we were to experience a disruption in our information systems that involve interactions with suppliers and customers, it could result in a loss of raw material supplies, sales and customers and/or increased costs, which could have a material adverse effect on our business, financial condition and results of operations. In addition, any such disruption could adversely affect our ability to meet our financial reporting obligations. We may also encounter difficulties in developing new systems or maintaining and upgrading existing systems. Such difficulties may lead to significant expenses or losses due to unexpected additional costs required to implement or maintain systems, disruption in business operations, loss of sales or profits, or cause us to incur significant costs to reimburse third parties for damages, and, as a result, may have a material adverse effect on our results of operations and financial condition.

In order to enhance its technology, customer service and business processes, Darling has begun a multi-year project to replace its existing work management, financial and supply chain software applications with a new suite of systems, including a company-wide enterprise resource planning ( ERP ) system. This multi-year project will be extended to the replacement of Rothsay s system as part of the process of integrating that system with Darling s systems. We currently do not intend to replace VION Ingredients system. The ERP system s implementation process involves a number of risks that may adversely hinder our business operations and/or affect our financial condition and results of operations, if not implemented successfully. The need to implement this project in connection with the integration of the operations of Rothsay could create additional risks. The new ERP system will replace multiple legacy systems, and successful implementation is expected to enhance and provide additional benefits to a variety of important business functions, including customer care and billing, procurement and accounts payable, operational plant logistics, management reporting and external financial reporting. The ERP system s implementation is a complex and time-consuming project that involves substantial expenditures for implementation consultants, system hardware, software and implementation activities, as well as the transformation of business and financial processes.

As with any large software project, there are many factors that may materially affect the schedule, cost, execution and implementation of this project. Those factors include: problems during the design, implementation and testing phases; system delays and/or malfunctions; the risk that suppliers and contractors will not perform as required under their contracts; the diversion of management s attention from daily operations to the project; re-works due to changes in business processes or financial reporting standards; and other events, some of which are beyond our control. These types of issues could disrupt our business operations and/or our ability to timely and accurately process and report key components of our financial results and and/or complete important business processes such as the evaluation of our internal controls and attestation activities pursuant to Section 404 of the Sarbanes-Oxley Act of 2002. Accordingly, material deviations from the project plan or unsuccessful execution of the plan may adversely affect our business, results of operations and financial condition.

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### ***Our success is dependent on our key personnel.***

Our success depends to a significant extent upon a number of key employees, including members of senior management. The loss of the services of one or more of these key employees could have a material adverse effect on our results of operations and prospects. We believe that our future success (including our full realization of the anticipated benefits of the Acquisitions) will depend in part on our ability to attract, motivate and retain skilled technical, managerial, marketing and sales personnel in general, and in particular with respect to our new business lines following the completion of the VION Acquisition. Competition for these types of skilled personnel is intense and there can be no assurance that we will be successful in attracting, motivating and retaining key personnel. The failure to hire and retain such personnel could materially adversely affect our business, results of operations and financial condition.

### ***In certain markets we are highly dependent upon a single operating facility and various events beyond our control can cause interruption in the operation of our facilities, which could adversely affect our business in those markets.***

Our facilities are subject to various federal, state, provincial and local environmental and other permitting requirements of the countries in which we operate, depending on the locations of those facilities. Periodically, these permits may be reviewed and subject to amendment or withdrawal. Applications for an extension or renewal of various permits may be subject to challenge by community and environmental groups and others. In the event of a casualty, condemnation, work stoppage, permitting withdrawal or delay, severe weather event, or other unscheduled shutdown involving one of our facilities, in a majority of our markets we would utilize a nearby operating facility to continue to serve our customers in the affected market. In certain markets, however, we do not have alternate operating facilities. In the event of a casualty, condemnation, work stoppage, permitting withdrawal or delay, severe weather event or other unscheduled shutdown in these markets, we may experience an interruption in our ability to service our customers and to procure raw materials. This may materially and adversely affect our business and results of operations in those markets. In addition, after an operating facility affected by a casualty, condemnation, work stoppage, permitting withdrawal or delay or other unscheduled shutdown is restored, there could be no assurance that customers who in the interim choose to use alternative disposal services would return to use our services.

### ***We could incur a material weakness in our internal control over financial reporting that would require remediation.***

Our disclosure controls and procedures were deemed to be effective in Fiscal 2012 in relation to Darling. However, any future failures to maintain the effectiveness of our disclosure controls and procedures, including our internal control over financial reporting, could subject us to a loss of public confidence in our internal control over financial reporting and in the integrity of our financial statements and our public filings with the SEC and other governmental agencies and could harm our operating results or cause us to fail to meet our regulatory reporting obligations in a timely manner. The need to integrate the operations of Rothsay and VION Ingredients following the Acquisitions could create additional risks to our disclosure controls, including our internal controls over financial reporting.

### ***An impairment in the carrying value of our goodwill or other intangible assets may have a material adverse effect on our results of operations.***

As of September 28, 2013, on a pro forma basis after giving effect to the Transactions, we currently estimate that we would have had approximately \$1,541.2 million of goodwill, a significant portion of which is related to the Acquisitions. We are required to annually test goodwill to determine if impairment has occurred. Additionally, impairment of goodwill must be tested whenever events or

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changes in circumstances indicate that impairment may have occurred. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill and the implied fair value of the goodwill in the period the determination is made. The testing of goodwill for impairment requires us to make significant estimates about our future performance and cash flows, as well as other assumptions. These estimates can be affected by numerous factors, including changes in economic, industry or market conditions, changes in business operations or changes in competition. Changes in these factors, or changes in actual performance compared with estimates of our future performance, may affect the fair value of goodwill, which may result in an impairment charge. For example, a deterioration in demand for, or increases in costs for producing, a supplier's principal products could lead to a reduction in the supplier's output of raw materials, thus impacting the fair value of a plant processing that raw material. We cannot accurately predict the amount and timing of any impairment of assets. Should the value of goodwill become impaired, there may be a material adverse effect on our results of operations.

***We may be subject to work stoppages at our operating facilities, which could cause interruptions in the manufacturing of our products.***

While we currently have no international, national or multi-plant union contracts, approximately 25% of Darling's employees, 24% of Rothsay's employees and 45% of VION Ingredients' employees are covered by various collective bargaining agreements. Labor organizing activities could result in additional employees becoming unionized and higher ongoing labor costs. Darling's collective bargaining agreements expire at varying times over the next five years, with the earliest expiring in January, 2014. In contrast, VION Ingredients' collective bargaining agreements generally have one to two year terms. There can be no assurance that we will be able to negotiate the terms of any expiring or expired agreement in a manner acceptable to us. If our unionized workers were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations, which could have a material adverse effect on our business, results of operations and financial condition.

***Litigation or regulatory proceedings may materially adversely affect our business, results of operations and financial condition.***

We are a party to several lawsuits, claims and loss contingencies arising in the ordinary course of our business, including assertions by certain regulatory and governmental agencies related to permitting requirements and air, wastewater and storm water discharges from our processing facilities. These types of claims may increase as a result of the Acquisitions. The outcome of litigation, particularly class action lawsuits, and regulatory proceedings is difficult to assess or quantify. Plaintiffs (including governmental agencies) in these types of lawsuits and proceedings may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits or proceedings may remain unknown for substantial periods of time. The costs of responding to or defending future litigation or regulatory proceedings may be significant and any future litigation or regulatory proceedings may divert the attention of management away from our strategic objectives. There may also be adverse publicity associated with litigation or regulatory proceedings that may decrease customer confidence in our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation or regulatory proceedings may have a material adverse effect on our business, results of operations and financial condition. For more information related to our litigation and regulatory proceedings, see Item 3. *Legal Proceedings* in our Annual Report on Form 10-K for Fiscal 2012, which is incorporated by reference herein, as updated by the notes to the consolidated financial statements in our subsequently filed SEC reports incorporated by reference herein.

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***Certain multiemployer defined benefit pension plans to which we contribute are underfunded.***

We participate in various multiemployer pension plans which provide defined benefits to certain employees covered by labor contracts. These plans are not administered by us and contributions are determined in accordance with provisions of negotiated labor contracts to meet their pension benefit obligations to their participants. Based upon the most currently available information, certain of these multiemployer plans are under-funded due partially to a decline in the value of the assets supporting these plans, a reduction in the number of actively participating members for whom employer contributions are required and the level of benefits provided by the plans. In addition, the Pension Protection Act, which was enacted in August 2006 and went into effect in January 2008, requires under-funded pension plans to improve their funding ratios within prescribed intervals based on the level of their under-funding. As a result, our required contributions to these plans may increase in the future. Furthermore, under current law, a termination of, our voluntary withdrawal from or a mass withdrawal of all contributing employers from any underfunded multiemployer defined benefit plan to which we contribute would require us to make payments to the plan for our proportionate share of such multiemployer plan's unfunded vested liabilities. Also, if a multiemployer defined benefit plan fails to satisfy certain minimum funding requirements, the Internal Revenue Service ( IRS ) may impose a nondeductible excise tax of 5% on the amount of the accumulated funding deficiency for those employers not contributing their allocable share of the minimum funding to the plan. Requirements to pay increased contributions, withdrawal liability and excise taxes could negatively impact our liquidity and results of operations.

In Europe, the solvency of pension funds is mostly regulated on the national level. Although there are several differences among E.U. Member States, their common feature is the requirement of a certain percentage of minimum funding. In order to harmonize the national rules, the European Parliament and Council adopted a new Solvency Directive, according to which pension funds are required to have funding coverage of 99.5%. However, the current negotiations on the exact implementation of the new Solvency Directive in E.U. Member States are still pending. The deadlines for the transposition and application of the Solvency Directive in E.U. Member States are due to be extended to January 31, 2015 and January 31, 2016, respectively. Eventually, upon the enforcement of the Solvency Directive, pension funds in Europe will have to comply with increased minimum coverage requirements, which could burden us and negatively impact our liquidity and results of operations.

***If the number or severity of claims for which we are self-insured increases, if we are required to accrue or pay additional amounts because the claims prove to be more severe than our recorded liabilities, if our insurance premiums increase or if we are unable to obtain insurance at acceptable rates or at all, our financial condition and results of operations may be materially adversely affected.***

Our workers compensation, auto and general liability policies contain significant deductibles or self-insured retentions. We develop bi-yearly and record quarterly an estimate of our projected insurance-related liabilities. We estimate the liabilities associated with the risks retained by us, in part, by considering historical claims experience, demographic and severity factors and other actuarial assumptions. Any actuarial projection of losses is subject to a degree of variability. If the number or severity of claims for which we are self-insured increases, or we are required to accrue or pay additional amounts because the claims prove to be more severe than our original assessments, our financial condition and results of operations may be materially adversely affected. In addition, in the future, our insurance premiums may increase and we may not be able to obtain similar levels of insurance on reasonable terms or at all. Any such inadequacy of, or inability to obtain, insurance coverage could have a material adverse effect on our business, financial condition and results of operations.

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***We may not successfully identify and complete acquisitions on favorable terms or achieve anticipated synergies relating to any acquisitions, and such acquisitions could result in unforeseen operating difficulties and expenditures and require significant management resources.***

We regularly review potential acquisitions of complementary businesses, services or products. However, we may be unable to identify suitable acquisition candidates in the future. Even if we identify appropriate acquisition candidates, we may be unable to complete or finance such acquisitions on favorable terms, if at all. In addition, the process of integrating an acquired business, service or product into our existing business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may require significant management resources that otherwise would be available for ongoing development of our business. Moreover, we may not realize the anticipated benefits of any acquisition or strategic alliance and such transactions may not generate anticipated financial results. Future acquisitions could also require us to incur debt, assume contingent liabilities or amortize expenses related to intangible assets, any of which could harm our business. See the sections entitled *Risk Factors Risks Related to the Pending VION Acquisition* and *Risk Factors Risks Related to the Acquisitions*.

***Terrorist attacks or acts of war may cause damage or disruption to us and our employees, facilities, information systems, security systems, suppliers and customers, which could significantly impact our net sales, costs and expenses and financial condition.***

Terrorist attacks, such as those that occurred on September 11, 2001, have contributed to economic instability in the United States and in certain other countries, and further acts of terrorism, bioterrorism, cyberterrorism, violence or war could affect the markets in which we operate, our business operations, our expectations and other forward-looking statements contained in this prospectus supplement. The potential for future terrorist attacks, the U.S. and international responses to terrorist attacks and other acts of war or hostility, including the ongoing war in Afghanistan and other conflicts in the Middle East, may cause economic and political uncertainties and cause our business to suffer in ways that cannot currently be predicted. Events such as those referred to above could cause or contribute to a general decline in investment valuations. In addition, terrorist attacks, particularly acts of bioterrorism, that directly impact our facilities or those of our suppliers or customers could have an impact on our sales, supply chain, production capability and costs and our ability to deliver our finished products.

***Our products may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.***

We maintain valuable trademarks, service marks, copyrights, trade names, trade secrets, proprietary technologies and similar intellectual property, and consider our intellectual property to be of material value. We have in the past and may in the future be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of patents, trademarks and other intellectual property rights of third parties by us or our customers. Any such claims, whether or not meritorious, could result in costly litigation and divert the efforts of our management. Moreover, should we be found liable for infringement, we may be required to enter into licensing agreements (if available on acceptable terms or at all) or to pay damages and cease making or selling certain products. Any of the foregoing could cause us to incur significant costs and prevent us from manufacturing or selling our products and thereby materially adversely affect our business, results of operations and financial condition.



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*The recently enacted legislation on healthcare reform in the United States and proposed amendments thereto could impact the healthcare benefits required to be provided by us and cause our compensation costs to increase, potentially reducing our net income and adversely affecting our cash flows.*

The recently enacted healthcare legislation in the United States and proposed amendments thereto contain provisions that could materially impact our future healthcare costs. While the legislation's ultimate impact is not yet known, it is possible that these changes could significantly increase our compensation costs, which would reduce our net income and adversely affect our cash flows.

*Because of our prior acquisitions and future acquisitions we may engage in, our historical operating results may be of limited use in evaluating our historical performance and predicting our future results.*

Darling has acquired a number of businesses in recent years, including TRS and Rothsay, and we expect that we will engage in acquisitions of other businesses from time to time in the future. In addition, VION has recently engaged in a number of acquisitions, including certain acquisitions related to the VION Ingredients business. The operating results of the acquired businesses are included in our financial statements and in the VION Ingredients financial statements included in this prospectus supplement, as the case may be, only from the date of the completion of such acquisitions. All of Darling's acquisitions have been accounted for using the acquisition method of accounting and the VION Acquisition will be accounted for the same way. Use of this method has resulted in a new valuation of the assets and liabilities of the acquired companies. We expect a substantial increase in our depreciation and amortization and reduction in our operating and net income commensurate with such increase. As a result of these acquisitions and any future acquisitions, our and VION Ingredients' historical operating results may be of limited use in evaluating our and VION Ingredients' historical performance and predicting our and VION Ingredients' future results.

### **Risks Related to the Pending VION Acquisition**

*The completion of the VION Acquisition is subject to the receipt of regulatory consents and the satisfaction of other conditions in the VION SPA and, therefore, the VION Acquisition may not be completed on the terms or timeline currently contemplated.*

In connection with the completion of the VION Acquisition, we have received regulatory consents from the competition authorities of the United States and Germany. The completion of the VION Acquisition, however, remains subject to certain other conditions, including (i) the receipt of any applicable regulatory consents from competition authorities of Poland; (ii) compliance with the provisions of Netherlands' Social and Economic Council Merger Regulation for the protection of employees (*SER-Besluit Fusiegedragsregels 2000*); (iii) the completion, in a reasonably satisfactory manner, of the co-determination procedure in respect of the acquisition and related debt financing in accordance with Section 25 of the Dutch Works Council Act (*Wet op de Ondernemingsraden*) and (iv) the completion of certain reorganization steps with respect to VION Ingredients. There can be no assurance that we will receive the outstanding regulatory consents from Poland's competition authorities or that the co-determination procedure will be completed in a reasonably satisfactory manner (including, without the imposition of conditions that could adversely affect the combined company) or at all. In addition, the parties to the VION SPA may terminate the VION SPA under certain circumstances, including if an administrative or judicial action or proceeding by any governmental authority or any other person challenging the acquisition (including any order arising from such action or proceeding that reasonably prohibits, prevents or restricts the completion of the acquisition) remains pending six months after October 5, 2013. See the section entitled *Summary Recent*

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*Developments Proposed Acquisition of VION Ingredients.* Darling cannot assure you that the VION Acquisition will be completed on the terms or timeline currently contemplated or at all.

To finance the purchase price of the VION Acquisition, Darling will need to raise a substantial amount of funds. Darling currently expects to obtain the financing for the purchase price of the VION Acquisition from the common stock offered hereby, the Debt Offering and borrowings under the Senior Secured Facilities, in respect of which it has received financing commitments from certain financial institutions. If such financing is not provided on time or in an adequate amount, Darling intends to fund any outstanding amount with borrowings under the Bridge Facility. See the section entitled *Description of Certain Indebtedness*. Borrowings under the Senior Secured Facilities will be guaranteed by our subsidiaries and secured and, as such, the notes would be effectively subordinated to such indebtedness to the extent of the value of the assets securing such indebtedness. The financing under the Senior Secured Facilities and the Debt Offering and, if needed, under the Bridge Facility, will also require the combined company to incur additional interest expense, which may make it more difficult to service the debt obligations of the combined company, including the notes. Darling has and will continue to expend a significant amount of capital and management's time and resources on the VION Acquisition, and a failure to consummate the transactions as currently contemplated could have a material adverse effect on its business, results of operations and financial condition.

For certain other risks associated with the failure to complete the VION Acquisition, see the section entitled *Risk Factors Risks Related to the Pending VION Acquisition*. Any failure to complete the pending acquisition of VION Ingredients could materially adversely impact the market price of our common stock as well as our business, financial condition and results of operations.

***Regulatory agencies may delay approval of the VION Acquisition, fail to approve it or approve it in a manner that may diminish the anticipated benefits of the VION Acquisition.***

Completion of the VION Acquisition is conditioned upon the receipt of certain approvals from government competition authorities and the satisfactory completion of the related co-determination procedure under the Dutch Works Council Act. While we have received regulatory consents to the VION Acquisition from the competition authorities of the United States and Germany, we are yet to receive regulatory consent from Poland's competition authorities and are yet to complete the required co-determination procedure. While we intend, in cooperation with VION, to vigorously pursue all outstanding approvals and expect to obtain the necessary approvals by January 2014, in the event that any governmental authority challenges the VION Acquisition, the requirement to receive these approvals could significantly delay the completion of the VION Acquisition. Any delay in the completion of the VION Acquisition could diminish the anticipated benefits of the VION Acquisition or result in additional transaction costs, loss of revenues or other effects associated with uncertainty about the completion of the VION Acquisition. Any uncertainty over the ability of the companies to complete the VION Acquisition could make it more difficult for Darling to maintain or to pursue particular business strategies. In addition, until the VION Acquisition is completed, the attention of Darling's management may be diverted from ongoing business concerns and regular business responsibilities to the extent management is focused on obtaining regulatory approvals.

Further, although it is not currently anticipated that this will happen, Polish competition authorities may decline to grant the required remaining governmental approval (or grant its approval subject to certain requirements, including possible divestitures by Darling and/or VION). If any governmental agency declines to grant or withdraws any required approval that is a condition of the VION SPA to the completion of the VION Acquisition, then the VION Acquisition may not be completed. Conditions imposed by regulatory agencies in connection with their approval of the VION Acquisition may restrict our ability to modify the operations of our business in response to changing circumstances for a period of time after the closing of the VION Acquisition or our ability to expend cash for other uses or

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otherwise have an adverse effect on the anticipated benefits of the VION Acquisition, thereby adversely impacting the business, financial condition or results of operations of the combined company. If the co-determination procedure in respect of the VION Acquisition pursuant to the Dutch Works Council Act is not completed, as required under the VION SPA, to the reasonable satisfaction of Darling or VION, as applicable, due to the imposition of conditions not reasonably acceptable to Darling or VION, as applicable, then the VION Acquisition may not be completed.

Under the VION SPA, Darling and VION have agreed, in general, to use reasonable efforts to ensure the satisfaction of and compliance with all conditions to the completion of the VION Acquisition, including complying with any requests for additional information from any regulatory authority. In addition, Darling and VION have agreed to cooperate in all reasonable respects and use all reasonable efforts to defend, contest and resist any administrative or judicial action or proceeding instituted (or threatened to be instituted) by a governmental authority challenging the VION Acquisition and to have any order that reasonably prohibits, prevents or restricts the consummation of the VION Acquisition vacated, lifted, reversed or overturned. Notwithstanding these agreements, no assurance can be given that the VION Acquisition will be completed on the currently contemplated timeline or at all.

***Darling does not currently control VION Ingredients and will not control it until completion of the VION Acquisition.***

Darling will not obtain control of VION Ingredients until completion of the VION Acquisition. VION's interests in operating VION Ingredients may be different from those of Darling, and notwithstanding provisions in the VION SPA designed to protect Darling, VION may operate VION Ingredients during the period prior to the completion of the VION Acquisition differently than Darling would have if the VION Acquisition had occurred prior to or concurrently with this offering. The VION SPA may be terminated by any party entitled to do so if any of the conditions to the completion of the VION Acquisition is not satisfied or waived on or before the date occurring six months after October 5, 2013. If the VION Acquisition is not completed for an extended period of time, these risks could increase.

***The pendency of the VION Acquisition could potentially adversely affect the business and operations of Darling and VION.***

Uncertainty about the effect of the VION Acquisition on employees, customers and suppliers may have an adverse effect on the operations of Darling and VION Ingredients and, consequently, on the combined company. These uncertainties could cause some customers and suppliers of each of Darling and VION Ingredients to delay or defer decisions or end their relationships with the relevant company, which could negatively affect the revenues, earnings and cash flows of Darling and/or VION Ingredients, regardless of whether the VION Acquisition is completed. Similarly, it is possible that current and prospective employees of Darling and VION Ingredients could experience uncertainty about their future roles with the combined company following the VION Acquisition, which could materially adversely affect the ability of each of Darling and VION to attract, motivate and retain key personnel during the pendency of the VION Acquisition.

***Any failure to complete the pending acquisition of VION Ingredients could materially adversely impact the market price of our common stock as well as our business, financial condition and results of operations.***

Completion of the VION Acquisition is subject to our and VION's performance under the VION SPA and a number of closing conditions. The VION Acquisition is conditioned upon, among other things, receipt of regulatory approvals or expiration of required waiting periods in Poland. There can be no assurance that such approvals will be obtained. As a result, stockholders face the risk that the

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completion of the VION Acquisition may be delayed or that the VION Acquisition may not be completed. If the VION Acquisition is not completed for any reason, the price of our common stock will likely decline to the extent that the market price of our common stock reflects market assumptions that the VION Acquisition will be completed. In addition, we will not have the benefits we expect from the VION Acquisition, including expanding our business globally and into new areas. The information in the prospectus supplement assumes we complete the VION Acquisition. Given that this offering is not conditioned on the completion of the VION Acquisition, we encourage you not to place undue reliance on the transformation of our business from the VION Acquisition in making your investment decision. If the VION Acquisition is not completed, we will not have any obligation to repurchase the shares of common stock sold in this offering. We encourage you to read the historical Darling information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the information related to the Rothsay Acquisition and the pro forma financial information related thereto. We may also be subject to additional risks, including:

the occurrence of any event, change or other circumstances that could give rise to the termination of the VION SPA or the failure of the VION Acquisition to close for any other reason;

our management having spent a significant amount of their time and efforts directed toward the VION Acquisition, which time and efforts otherwise would have been spent on our business and other opportunities that could have been beneficial to us;

costs relating to the VION Acquisition, such as legal, advisory, accounting and filing fees much of which must be paid regardless of whether the VION Acquisition is completed; and

uncertainties relating to the VION Acquisition that may adversely affect our relationships with our employees and customers. Accordingly, investors should not place undue reliance on the occurrence of the VION Acquisition. In addition, if the VION Acquisition is not completed, there can be no assurance that we will be able to consummate other acquisitions that would benefit our business to a similar extent. The realization of any of these risks may materially adversely affect our business, financial condition, results of operations or the market price of our common stock.

### **Risks Related to the Acquisitions**

***Our efforts to combine Darling's business, Rothsay's business and VION Ingredients' business may not be successful.***

The Acquisitions constitute significant acquisitions for our business. Our management will be required to devote a significant amount of time and attention to the process of integrating the businesses and operations of Rothsay and VION Ingredients with our business and operations, which may decrease the time it will have to serve existing customers, attract new customers and develop new products, services or strategies and could adversely affect the performance of the combined company. The size and complexity of both businesses, particularly VION Ingredients business (including the multiple international locations of the businesses), and the process of using Darling's existing common support functions and systems to manage Rothsay's business and, after the completion of the VION Acquisition, VION Ingredients' business, if not managed successfully by our management, may result in interruptions in our business activities, inconsistencies in our operations, standards, controls, procedures and policies, a decrease in the quality of our services and products, a deterioration in our employee and customer relationships, increased costs of integration and harm to our reputation, all of which could have a material adverse effect on our business, financial condition and results of operations.

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*We may not realize the growth opportunities that are anticipated from the Acquisitions.*

The benefits that we expect to achieve as a result of the Acquisitions will depend, in part, on our ability to realize anticipated growth opportunities and optimize best practices. Our success in realizing these opportunities and the timing of this realization, depends on the successful integration of the businesses and operations of Rothsay and VION Ingredients with our business and operations and the adoption of our respective best practices. Even if we are able to integrate the businesses and operations successfully, this integration may not result in the realization of the full benefits of the growth opportunities we currently expect from this integration within the anticipated time frame or at all. While we anticipate that substantial expenses will be incurred in connection with the integration of Rothsay and VION Ingredients, such expenses are difficult to estimate accurately, and may significantly exceed current estimates. Accordingly, the benefits from the Acquisitions may be offset by unanticipated costs incurred or unanticipated delays in integrating the companies.

*The unaudited pro forma condensed combined financial information incorporated by reference or included in this prospectus supplement is presented for illustrative purposes only and does not reflect what the financial position or results of operations of the combined company would have been had the Transactions been completed on the dates assumed for purposes of that pro forma information nor does it reflect the actual financial position or results of operations of the combined company following the completion of the Transactions.*

The unaudited pro forma condensed combined financial information incorporated by reference or included in this prospectus supplement is presented for illustrative purposes only, contains a variety of adjustments, assumptions and preliminary estimates, is subject to numerous other uncertainties and does not reflect what the combined company's financial position or results of operations would have been had the Transactions been completed as of the dates assumed for purposes of that pro forma financial information nor does it reflect the financial position or results of operations of the combined company following the completion of the Transactions. The pro forma adjustments are based on the preliminary information available at the time of the preparation of this prospectus supplement. For purposes of the unaudited pro forma condensed combined financial information, the consideration for the Rothsay Acquisition and the estimated consideration for the VION Acquisition has been preliminarily allocated to the assets acquired and liabilities assumed based on limited information presently available to Darling to estimate fair values. The consideration for the Acquisitions will be allocated among the relative fair values of the assets acquired and liabilities assumed based on their estimated fair values as of the respective dates of the Acquisitions. The final allocation is dependent upon third party valuations and other studies that have not been completed and, in the case of the VION Acquisition, cannot be completed until after the VION Acquisition. The final allocation could vary materially from the preliminary allocation used in the unaudited pro forma condensed combined financial information contained in this prospectus supplement. Additionally, the unaudited pro forma condensed combined financial information does not give effect to any unforeseen costs that could result from the Acquisitions nor does it include any other items not expected to have a continuing impact on the consolidated results of operations. The unaudited pro forma condensed combined financial information has also been prepared on the assumption that the VION Transactions will be completed on the terms and in accordance with the assumptions set forth in the section entitled *Unaudited Pro Forma Condensed Combined Financial Information* in this prospectus supplement. The purchase price and other terms of the VION Transactions may change, perhaps substantially, from those reflected in this prospectus supplement.

Our, Rothsay's and VION Ingredients' actual financial positions and results of operations prior to the Acquisitions and that of the combined company following the Acquisitions may not be consistent with, or evident from, the unaudited pro forma condensed combined financial information included in this prospectus supplement. In addition, the assumptions or estimates used in preparing the unaudited pro forma condensed combined financial information included in this prospectus supplement may not

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prove to be accurate and may be affected by other factors. Any significant changes in the size of or assumed interest rate associated with the debt-related Financing Transactions, the amount of net proceeds generated by each of the VION Financing Transactions, or the cost of the Acquisitions (whether as a result of contractual purchase price adjustments or otherwise) from those assumed or used for purposes of preparing the estimated pro forma financial information may cause a significant change in the pro forma financial information. The pro forma adjustments for the Acquisitions do not include any adjustments to the purchase price that may occur pursuant to the related acquisition agreement, and any such adjustments may be material.

*Our future results will suffer if we do not effectively manage our expanded operations resulting from the Acquisitions.*

The Acquisitions will result in the expansion of our business lines and our geographic footprint. Without giving effect to the Acquisitions, our business comprises primarily rendering and bakery feed operations, with production facilities located solely in the United States. In addition to expanding our business operations into Canada, the Rothsay Acquisition has resulted in the expansion of our biodiesel operations through our operation of the commercial scale biodiesel plant located in Quebec, Canada that we acquired in connection with the Rothsay Acquisition. With VION Ingredients' 67 production facilities, the completion of the VION Acquisition will significantly extend our operations internationally, transforming us into a business with over 200 locations, including 140 production facilities, spread across five continents. Through the completion of the VION Acquisition, our business will also expand to cover a number of new products, including the production of gelatin, natural casings, renewable gas, renewable electricity, bio-phosphate and blood products (including plasma and hemoglobin), and we will increase the scale of our production of biodiesel and hides.

Given the expansions in product scale and product lines, as well as the international expansion that the Acquisitions entail, our future success will depend greatly upon our ability to manage our expanded operations (including the efficient and timely integration of the new operations into our existing business) and our ability to successfully monitor our operations, product costs, regulatory compliance and service quality, and to maintain other necessary internal controls. Although the products from our existing business are also sold internationally, our management does not have any recent prior experience with overseeing production facilities located outside the United States and may confront various challenges in effectively monitoring the operations in all the production facilities acquired in the Acquisitions. In addition, our management does not have any prior experience in certain of the product lines that will result from the Acquisitions and will need to rely significantly on the experience of VION Ingredients' personnel. Accordingly, there is no assurance that we will be able to successfully manage the expansion opportunities provided by the Acquisitions, or that we will realize any operating efficiencies, revenue enhancements or other benefits from the Acquisition.

### **Risks Related to this Offering and our Common Stock**

*The market price of our common stock has been and may continue to be volatile, which could cause the value of your investment to decline.*

The market price of our common stock has been subject to volatility and, in the future, the market price of our common stock could fluctuate widely in response to numerous factors, many of which are beyond our control. During the period from November 30, 2012 to December 4, 2013, our common stock has fluctuated from a high of \$23.95 per share to a low of \$15.44 per share. Numerous factors, including many over which we have no control, may have a significant impact on the market price of our common stock. In addition to the risk factors discussed in this prospectus supplement, the

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accompanying prospectus and the other documents incorporated by reference herein and therein, the price and volume volatility of our common stock may be affected by:

actual or anticipated fluctuations in commodities prices;

actual or anticipated variations in our operating results;

our earnings releases and financial performance;

changes in financial estimates or buy/sell recommendations by securities analysts;

the integration of VION Ingredients and Rothsay, the effect of the acquisitions on our business going forward and our ability to realize growth opportunities as a result therefrom;

our ability to repay our debt;

our access to financial and capital markets to refinance our debt;

the effect of this offering and other sales of substantial amounts of our common stock;

performance of our joint venture investments, including the DGD Joint Venture;

our dividend policy;

market conditions in the industry and the general state of the securities markets;

investor perceptions of us and the industry and markets in which we operate;

governmental legislation or regulation;

currency and exchange rate fluctuations; and

general economic and market conditions, such as recessions.

*Future sales of our common stock or the issuance of other equity may adversely affect the market price of our common stock.*

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Except as described in the section entitled *Underwriting*, we are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. As part of this offering, we expect to issue 40,000,000 shares of common stock (or up to 46,000,000 shares of common stock if the underwriters exercise their option to purchase additional shares of our common stock in full). The issuance of additional shares of our common stock in this offering, or other issuances of our common stock or convertible securities, including our outstanding options, or otherwise, will dilute the ownership interest of our common stockholders.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public market could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

***Our common stock is an equity security and is subordinate to our existing and future indebtedness.***

Shares of our common stock are equity interests and do not constitute indebtedness. As such, the shares of common stock will rank junior to all of our indebtedness and to other non-equity claims on us and our assets available to satisfy claims on us, including claims in a bankruptcy, liquidation or similar proceedings. Our existing indebtedness restricts, and future indebtedness may restrict, payment of dividends on the common stock.



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Unlike indebtedness, where principal and interest customarily are payable on specified due dates, in the case of common stock, (i) dividends are payable only when and if declared by our board of directors or a duly authorized committee of the board and (ii) as a corporation, we are restricted under applicable Delaware law to making dividend payments and redemption payments only from legally available assets. Further, under our certificate of incorporation, there are no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions arising as to our common stock, subject only to the voting rights available to stockholders generally.

In addition, our rights to participate in the assets of any of our subsidiaries upon any liquidation or reorganization of any subsidiary will be subject to the prior claims of that subsidiary's creditors (except to the extent we may ourselves be a creditor of that subsidiary), including that subsidiary's trade creditors and our creditors who have obtained or may obtain guarantees from the subsidiaries. As a result, our common stock will be subordinated to our and our subsidiaries' obligations and liabilities, which currently include borrowings and guarantees under our Existing Credit Agreement and our 8.5% Senior Notes due 2018 and, upon completion of the VION Acquisition, will include borrowings and guarantees under the Senior Secured Facilities and the notes, if issued, or, if the notes are not issued, then under the Bridge Facility.

***Our ability to pay any dividends on our common stock may be limited and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.***

We have not paid any dividends on our common stock since January 3, 1989 and we have no current plans to do so. Our current financing arrangements permit us to pay cash dividends on our common stock within limitations defined by the terms of our existing indebtedness, including our Existing Credit Agreement, 8.5% Senior Notes due 2018 and any indentures or other financing arrangements that we enter into in the future. For example, our Existing Credit Agreement restricts our ability to make payments of dividends in cash if certain coverage ratios are not met. Our Senior Secured Facilities, into which we intend to enter in connection with closing the VION Acquisition, will contain comparable restrictions on the declaration of dividends. Even if such coverage ratios are met in the future, any determination to pay cash dividends on our common stock will be at the discretion of our board of directors and will be based upon our financial condition, operating results, capital requirements, plans for expansion, business opportunities, restrictions imposed by any of our financing arrangements, provisions of applicable law and any other factors that our board of directors determines are relevant at that point in time.

***The issuance of shares of preferred stock could adversely affect holders of common stock, which may negatively impact your investment.***

Our board of directors is authorized to cause us to issue classes or series of preferred stock without any action on the part of our stockholders. The board of directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred shares that may be issued, including the designations, preferences, limitations and relative rights senior to the rights of our common stock with respect to dividends or upon the liquidation, dissolution or winding up of our business and other terms. If we issue preferred shares in the future that have a preference over the common stock with respect to the payment of dividends or upon liquidation, dissolution or winding up, or if we issue preferred shares with voting rights that dilute the voting power of the common stock, the rights of holders of the common stock or the market price of the common stock could be adversely affected. As of the date of this prospectus supplement, we have no outstanding shares of preferred stock but we have available for issuance 1,000,000 authorized but unissued shares of preferred stock.

**Table of Contents****USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately \$821 million (or \$944.2 million if the underwriters exercise their option to purchase additional shares of our common stock in full), in each case based on the assumed public offering price per share of common stock set forth below and after deducting estimated underwriting discounts and commissions.

We intend to use the net proceeds of this offering to pay a portion of the consideration for the VION Acquisition and related fees and expenses. However, the offering is not contingent on the completion of the VION Acquisition. If the VION Acquisition is not completed, we will not have any obligation to repurchase the shares of common stock sold in this offering. In addition, if the VION Acquisition is not completed, the existing 8.5% Senior Notes due 2018 will remain outstanding and we will use the net proceeds of this offering for general corporate purposes, including for acquisitions, repayment of debt and/or stock repurchases. Pending application of the net proceeds of this offering for any of the foregoing purposes, we expect to invest such net proceeds in high-quality, short-term debt securities.

The estimated net proceeds from this offering reflected in the first paragraph of this section *Use of Proceeds* and the following table have been calculated by assuming (i) the issuance and sale of 40,000,000 shares of our common stock at a public offering price of \$21.27 per share of common stock, which is equal to the last reported sale price of the shares of our common stock on the NYSE on December 6, 2013, and (ii) no exercise of the underwriters' option to purchase additional shares of our common stock. A \$1.00 increase (decrease) in the public offering price of the shares of our common stock would increase (decrease) the estimated net proceeds received by us from this offering by approximately \$38.6 million (or approximately \$44.4 million if the underwriters exercise their option to purchase additional shares of our common stock in full), after deducting estimated underwriting discounts and commissions.

The following table sets forth the estimated sources and uses of funds in connection with the VION Transactions. The actual amounts may vary from the estimated amounts set forth in the following table.

<b>Sources of funds</b>		<b>Uses of funds</b>	
<b>(in millions)</b>		<b>(in millions)</b>	
Senior Secured Facilities <sup>(1)</sup>	\$ 1,245.0	Purchase Price of the VION Acquisition <sup>(3)</sup>	\$ 2,160.0
Common stock offered hereby, net of discounts and commissions	821.0	Redemption of 8.5% Senior Notes due 2018 <sup>(4)</sup>	277.5
Bridge Facility <sup>(2)</sup>	500.0	Estimated fees and expenses <sup>(5)</sup>	128.5
<b>Total sources of funds</b>	<b>\$ 2,566.0</b>	<b>Total uses of funds</b>	<b>\$ 2,566.0</b>

(1) Represents borrowings of \$1.2 billion from the term loan B facility and \$45 million from the revolving credit facility under the Senior Secured Facilities, which will not be borrowed if the VION Acquisition is not completed.

(2) See the section entitled *Description of Certain Indebtedness* for information about the Bridge Facility. Darling has announced its intention to commence the Debt Offering to raise gross proceeds of approximately \$500 million. The proceeds of the Debt Offering, if completed, would replace amounts that would otherwise have been borrowed under the Bridge Facility.

(3) Represents the 1.6 billion purchase price of the VION Acquisition, expressed in U.S. dollars using an exchange rate of 1.00 = \$1.35. To hedge the currency exposure of the payment of the purchase price to adverse fluctuations of the euro, Darling has entered into a forward exchange rate contract covering the amount of the purchase price at an exchange rate of 1.00 = \$1.3456.

(4) Represents the total cost of redeeming the 8.5% Senior Notes due 2018, including \$250.0 million of principal, an estimated redemption premium of approximately \$24.5 million and approximately \$3 million of accrued interest, assuming a redemption date of February 1, 2014.

(5) Includes estimated bank, legal, accounting and other fees and expenses associated with the completion of the VION Transactions.

**Table of Contents****PRO FORMA CAPITALIZATION**

The following table sets forth Darling's cash and cash equivalents and capitalization as of September 28, 2013, on an actual basis and on a pro forma basis to give effect to the Transactions.

The pro forma data have been calculated by assuming (i) the issuance and sale of 40,000,000 shares of common stock at a public offering price of \$21.27 per share of common stock, which is equal to the last reported sale price of the shares of common stock on the NYSE on December 6, 2013, (ii) no exercise of the underwriters' option to purchase additional shares of our common stock and (iii) the information described in the section entitled *Unaudited Pro Forma Condensed Combined Financial Information*.

You should read this information in conjunction with the sections entitled *Risk Factors*, *Use of Proceeds*, *Unaudited Pro Forma Condensed Combined Financial Information*, *Selected Historical Consolidated Financial Information*, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Financing, Liquidity and Capital Resources* and the financial statements and related notes of Darling, Rothsay and VION Ingredients included or incorporated by reference in this prospectus supplement.

Darling intends to complete the VION Acquisition. However, this offering is not conditioned on, and will be completed before, the completion of the VION Acquisition. Accordingly, you should not place undue reliance on the description of our business in this prospectus supplement, and you should read the information incorporated by reference into this prospectus supplement to understand Darling's business without the VION Ingredients business. See the sections entitled *Risk Factors* *Risks Related to the Pending VION Acquisition* and *Risk Factors* *Risks Related to the Acquisitions*, specifically the risk factor entitled *Any failure to complete the pending acquisition of VION Ingredients could materially adversely impact the market price of our common stock as well as our business, financial condition and results of operations*.

	As of September 28, 2013	
	Actual	Pro forma
	(in millions)	
Cash and cash equivalents	\$ 8.0	\$ 236.6 <sup>(1)</sup>
Long-term debt (including current portion of long-term debt):		
8.5% Senior Notes due 2018	250.0	
Senior Secured Facilities <sup>(2)</sup>		324.5
Existing/New revolving credit facility <sup>(3)</sup>		345.5
Term loan A facility		1,200.0
Term loan B facility		500.0
Bridge Facility <sup>(4)</sup>		0.1
Other debt	0.1	0.1
Total long-term debt	250.1	2,370.1
Stockholders' equity:		
Common stock, \$0.01 par value; 250,000,000 shares authorized; 119,176,005 shares issued on an actual basis and 159,176,005 shares issued on a pro forma basis <sup>(5)</sup>	1.2	1.6
Additional paid-in capital <sup>(5)</sup>	611.8	1,440.0
Treasury stock, at cost; 960,839 shares on an actual and an as adjusted basis	(12.6)	(12.6)
Accumulated other comprehensive loss	(27.3)	(27.3)
Non-controlling interest	0	39.4
Retained earnings	585.2	534.4
Total stockholders' equity <sup>(6)</sup>	1,158.3	1,975.5
Total capitalization	\$ 1,408.4	\$ 4,345.6



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- (1) The cash and cash equivalents after giving effect to the Transactions will change to reflect the actual price per share and number of shares sold in this offering and our revolving borrowings in connection with the closing of the VION Acquisition.
- (2) The Senior Secured Facilities will provide for an option to increase the aggregate principal amount of the facilities thereunder by at least \$600.0 million, subject to certain conditions. For a description of the Senior Secured Facilities, see the sections entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Financing, Liquidity and Capital Resources*, *Credit Facilities* and *Description of Certain Indebtedness*.
- (3) On a pro forma basis, as of September 28, 2013, we would have had undrawn commitments available for additional borrowings under the new revolving credit facility under the Senior Secured Facilities of up to \$642.8 million.
- (4) See the section entitled *Description of Certain Indebtedness* for information about the Bridge Facility. Darling has announced its intention to commence the Debt Offering to raise gross proceeds of approximately \$500 million. The proceeds of the Debt Offering, if completed, would replace amounts that would otherwise have been borrowed under the Bridge Facility.
- (5) Assumes the underwriters do not exercise their option to purchase additional shares of our common stock and 40,000,000 shares of our common stock are issued and sold in this offering and at a public offering price of \$21.27 per share of common stock, which is equal to the last reported sale price of our common stock on the NYSE on December 6, 2013.
- (6) Excludes the impact of non-recurring expenses we expect to incur in connection with the Transactions, including the fees to investment bankers, attorneys, accountants and other professional advisors, the write-off of deferred financing costs and other transaction-related costs that will not be capitalized. See the section entitled *Use of Proceeds*.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The tables below show selected unaudited pro forma condensed combined financial information about our financial condition and results of operations after giving effect to the Transactions.

Darling's unaudited pro forma condensed combined balance sheet as of September 28, 2013 is based on the historical unaudited condensed combined balance sheet of Darling as of September 28, 2013, combined with the unaudited statement of assets acquired and liabilities assumed of Rothsay as of September 28, 2013, and the unaudited consolidated and combined balance sheet of VION Ingredients as of September 30, 2013, after giving effect to the Transactions as if each such transaction had occurred on September 28, 2013, and includes the assumptions and adjustments as described in the accompanying notes thereto. Darling's unaudited pro forma condensed combined income statement for the year ended December 29, 2012 is based on the historical audited condensed consolidated income statement of Darling for the year ended December 29, 2012, combined with the audited statement of net revenues and direct costs and operating expenses of Rothsay for the year ended December 29, 2012, and the audited consolidated and combined profit and loss account of VION Ingredients for the year ended December 31, 2012, after giving effect to the Acquisitions and the Financing Transactions of as if each such transaction had occurred on January 1, 2012, and includes the assumptions and adjustments as described in the accompanying notes thereto.

Darling's unaudited pro forma condensed combined income statement for the nine months ended September 28, 2013 is based on the unaudited condensed consolidated income statement of Darling for the nine months ended September 28, 2013, combined with the unaudited statement of net revenues and direct costs and operating expenses of Rothsay for the nine months ended September 28, 2013, and the unaudited consolidated and combined profit and loss account of VION Ingredients for the nine months ended September 30, 2013, after giving effect to the Transactions as if each such transaction had occurred on January 1, 2012, and includes the assumptions and adjustments as described in the accompanying notes thereto.

The consolidated and combined financial statements of VION Ingredients referred to above, from which the unaudited pro forma condensed combined financial information with respect to VION Ingredients has been derived, are presented in euros and have been prepared in accordance with Dutch GAAP, the principles of which vary in certain significant respects from U.S. GAAP. The following unaudited pro forma condensed combined financial information is presented and has been prepared in accordance with U.S. GAAP (as reconciled from Dutch GAAP with respect to the historical financial information of VION Ingredients). See note 25 to the consolidated and combined financial statements of VION Ingredients as of December 31, 2012 and note 15 of the unaudited condensed consolidated and combined financial statements as of September 30, 2013 included elsewhere and incorporated by reference in this prospectus supplement for a description of the significant differences between Dutch GAAP and U.S. GAAP that are applicable to VION Ingredients. The reconciliation from Dutch GAAP to U.S. GAAP is described in Note 7 to the unaudited pro forma condensed combined financial statement included as Exhibit 99.1 to Darling's Current Report on Form 8K/A filed with the SEC on December 9, 2013. The historical financial and operating data presented below has been translated from euros into U.S. dollars at the rate of 1.00 = \$1.3535, which was the noon buying rate on September 30, 2013 in New York City for cable transfers of euros as certified for customs purposes by the Federal Reserve Bank of New York.

The unaudited pro forma condensed combined balance sheet is presented as if the Acquisitions and the Financing Transactions had occurred on September 28, 2013. The unaudited pro forma condensed combined income statement for the year ended December 29, 2012 and the nine months ended September 28, 2013 assume the Transactions were completed on January 1, 2012.

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The unaudited pro forma condensed combined financial information below is presented for illustrative purposes only, contains a variety of adjustments, assumptions and preliminary estimates, is subject to numerous other uncertainties and does not reflect what the combined entity's financial position or results of operations would have been had the Transactions been completed as of the dates assumed for purposes of that pro forma financial information, nor does it reflect the financial position or results of operations of the combined company following the Transactions. The pro forma adjustments are based on the preliminary information available at the time of the preparation of this prospectus supplement. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the consolidated company as of the end of Fiscal 2013, or for any other future period.

The unaudited pro forma condensed combined balance sheet has been prepared using the acquisition method of accounting. The pro forma information presented includes our initial estimate of the fair values of the acquired assets and liabilities of Rothsay and VION Ingredients. In connection with the Rothsay acquisition, the estimated fair values of the acquired assets and assumed liabilities are based on the assumption the acquisition was completed as of September 28, 2013. The total purchase price of approximately \$625.4 million (based on an exchange rate of CAD1.00:\$0.9696) to acquire the Rothsay business has been allocated to the assets acquired and assumed liabilities of Rothsay based upon preliminary estimated fair values at September 28, 2013. These amounts will be required to be updated to reflect the actual values as of the actual date of acquisition of October 28, 2013. Independent valuation specialists are conducting analyses of Rothsay in order to assist our management in determining the fair values of the acquired assets and liabilities assumed. Our management is responsible for these internal and third party valuations and appraisals. We are continuing to finalize the valuations of these net assets and liabilities. The fair value allocation consists of preliminary estimates and analyses and is subject to change upon the finalization of the appraisals and other valuation analyses, which will be completed during the one year measurement period following the actual acquisition date.

In connection with the VION Acquisition, the estimated fair values of the acquired assets and assumed liabilities are based on the assumption the VION Acquisition was completed as of September 28, 2013. The total purchase price of approximately \$2.25 billion (based on an exchange rate of 1.00 = \$1.347) to acquire VION Ingredients has been allocated to the assets acquired and assumed liabilities of VION Ingredients based upon preliminary estimated fair values at September 30, 2013, the assumed date of acquisition for this purpose. These amounts will be required to be updated to reflect the actual values as of the actual closing date when and if that occurs. Accordingly, the amounts and allocations may change and such changes may be material. The determination of actual fair values will depend on a number of factors, including the actual date of completion of the VION Acquisition and completion of fair value appraisals and other analyses of third parties related to the assets and liabilities acquired, including tangible and intangible assets. Any adjustments, including increases to depreciation and amortization resulting from the allocation of purchase price to amortizable tangible and intangible assets, may be material. The final valuations will be completed during the one year measurement period after the closing of the VION Acquisition and will be based on the actual net tangible and intangible assets and liabilities that exist as of the closing date of the VION Acquisition.

In addition, the pro forma adjustments for the Acquisitions do not include any post-closing adjustments that may occur pursuant to the Rothsay Acquisition Agreement or the VION SPA, which may include adjustments of the applicable purchase price, and any such post-closing adjustments may be material.

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical consolidated financial statements and the related notes of Darling, Rothsay and VION Ingredients included elsewhere and incorporated by reference in this prospectus supplement, as

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well as in conjunction with the sections entitled *Risk Factors*, *Selected Historical Consolidated Financial Information* and *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The unaudited pro forma condensed combined financial information included in this prospectus supplement updates and supplements the pro forma information related to the VION Acquisition incorporated by reference in this prospectus supplement.

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**Table of Contents****DARLING INTERNATIONAL INC.****Unaudited Pro Forma Condensed Combined Balance Sheet****September 28, 2013****(in thousands)**

	<b>Historical Darling International</b>	<b>Historical Rothsay</b>	<b>Rothsay Adjustments</b>	<b>Total Rothsay<sup>(f)</sup></b>	<b>Historical VION Ingredients</b>	<b>VION Ingredients Adjustments</b>	<b>Total VION Ingredients</b>	<b>Total Rothsay and VION Ingredients</b>	<b>Financing Adjustments</b>	<b>Darling International Pro forma</b>
<b>Assets</b>										
Current assets:										
Cash and cash equivalents	\$ 8,369	\$	\$ (2,055) <sup>(a)(i)</sup>	\$ (2,055)	\$ 239,722	\$ (20,690) <sup>(a)(ii)</sup>	\$ 219,032	\$ 216,977	\$ 11,246 <sup>(a)(iii)</sup>	\$ 236,592
Accounts receivable, net of allowances for doubtful accounts	106,693	19,799		19,799	890,780	(282,621) <sup>(b)</sup>	608,159	627,958		734,651
Inventories	71,280	9,093	2,400 <sup>(c)</sup>	11,493	309,620		309,620	321,113		392,393
Deferred income taxes	14,358		2,335 <sup>(d)(i)</sup>	2,335	2,264	14,989 <sup>(d)(ii)</sup>	17,253	19,588	12,279 <sup>(d)(i), (d)(ii) &amp; (d)(iii)</sup>	46,225
Other current assets	23,631	275		275				275		23,906
<b>Total current assets</b>	<b>224,331</b>	<b>29,167</b>	<b>2,680</b>	<b>31,847</b>	<b>1,442,386</b>	<b>(288,322)</b>	<b>1,154,064</b>	<b>1,185,911</b>	<b>23,525</b>	<b>1,433,767</b>
Property, plant and equipment, net										
Intangible assets	522,262	86,727	42,481 <sup>(e)</sup>	129,208	533,733	213,947 <sup>(e)</sup>	747,680	876,888		1,399,150
Goodwill	364,415		231,428 <sup>(e)</sup>	231,428	157,693	447,420 <sup>(e)</sup>	605,113	836,541		1,200,956
Investment in unconsolidated subsidiary	446,742		281,438 <sup>(e)</sup>	281,438		779,598 <sup>(e)</sup>	779,598	1,061,036		1,507,778
Deferred loan costs	116,250									116,250
Other assets	21,992				39,709	(16,257) <sup>(b)</sup>	23,452	23,452	50,952	72,944 <sup>(f)</sup>
<b>Total other assets</b>	<b>17,643</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b>41,095</b>
<b>Total assets</b>	<b>1,489,304</b>	<b>86,727</b>	<b>555,347</b>	<b>642,074</b>	<b>731,135</b>	<b>1,424,708</b>	<b>2,155,843</b>	<b>2,797,917</b>	<b>50,952</b>	<b>4,338,173</b>
<b>Total</b>	<b>1,713,635</b>	<b>115,894</b>	<b>558,027</b>	<b>673,921</b>	<b>2,173,521</b>	<b>1,136,386</b>	<b>3,309,907</b>	<b>3,983,828</b>	<b>74,477</b>	<b>5,771,940</b>
<b>Liabilities and Stockholders Equity</b>										
Current liabilities:										
Accounts payable	48,554	19,311		19,311				19,311		67,865
Accrued expenses	99,595	3,279	2,632 <sup>(g)</sup>	5,911				5,911		105,506
Other current liabilities					508,512		508,512	508,512		508,512

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Current portion of long-term debt	86									86
Total current liabilities	148,235	22,590	2,632	25,222	508,512		508,512	533,734		681,969
Other liabilities:										
Long-term debt	250,076								2,120,052 <sup>(h)</sup>	2,370,128
Deferred income taxes	105,931		15,621 <sup>(d)(i)</sup>	15,621	25,554	228,284 <sup>(d)(ii)</sup>	253,838	269,459		375,390
Other noncurrent liabilities	51,086	9,853	2,683 <sup>(i)</sup>	12,536	278,228	14,058 <sup>(d)(ii)</sup>	292,286	304,822		355,908
Total liabilities	555,328	32,443	20,936	53,379	812,294	242,342	1,054,636	1,108,815	2,120,052	3,783,395
Commitments and contingencies										
Stockholders equity:										
Common stock	1,192								400 <sup>(a)(iv) &amp; (h)</sup>	1,592
Paid in capital and other equity	599,158	83,451	(83,451) <sup>(j)(i)</sup>			20,730 <sup>(j)(ii)</sup>	20,730	20,730	820,600 <sup>(a)(v) &amp; (h)</sup>	1,440,488
Non-controlling interest					39,381		39,381	39,381		39,381
Other comprehensive income/(loss)	(27,293)									(27,293)
Retained earnings/Net assets	585,250		620,542 <sup>(k)</sup>	620,542	1,321,846	873,314 <sup>(k)</sup>	2,195,160	2,815,702	(2,866,575) <sup>(k)</sup>	534,377
Total stockholders equity	1,158,307	83,451	537,091	620,542	1,361,227	894,044	2,255,271	2,875,813	(2,045,575)	1,988,545
Total	1,713,635	115,894	558,027	673,921	2,173,521	1,136,386	3,309,907	3,983,828	74,477	5,771,940

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## Notes to Unaudited Pro Forma Condensed Combined Balance Sheet:

- (a) (i) Represents use of cash in connection with the Rothsay Acquisition.  
(ii) Represents use of cash in connection with the VION Acquisition. The cash and cash equivalents after giving effect to the Transactions will change to reflect the actual price per share and number of shares sold in this offering and our revolving borrowings in connection with the closing of the VION Acquisition.  
(iii) Represents use of cash in connection with financing of the Acquisitions.  
(iv) Represents the adjustment for the par value of \$0.01 per share to give effect to the issuance of 40 million shares in the offering.  
(v) Represents the adjustment to paid-in-capital and other equity to give effect to the issuance of 40 million shares in this offering.
- (b) Represents the adjustment to accounts receivable to eliminate an intercompany receivable between VION Food and VION Ingredients.
- (c) Represents the purchase accounting adjustment related to assigning of an estimated fair value to the acquired inventory of the Rothsay business as of September 28, 2013, the assumed date of closing, of \$2.4 million.
- (d) (i) Darling recognizes deferred income taxes for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The net deferred tax liability primarily relates from book and tax basis differences of Rothsay's identified intangible assets, which for Canadian tax purposes, 25% of the tax basis is deemed to be non-amortizable, computing using the applicable statutory tax rate. For purposes of this presentation, management has determined that an APB 23 assertion cannot be made.  
(ii) Darling recognizes deferred income taxes for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities and tax contingencies are based upon the applicable statutory income tax rate. The net deferred tax liability primarily relates from book and tax basis differences of VION Ingredient's identified intangible assets and property, plant and equipment. Darling has not accrued any U.S. deferred tax liability on foreign earnings as the Company considers any cash to be permanently reinvested overseas.  
(iii) Represents the tax consequences associated with the redemption of existing senior debt and write-off debt issuance cost associated with existing senior debt.
- (e) Represents the respective adjustments to Rothsay's and VION Ingredients' carrying amount of the assets to its estimated fair value as of September 28, 2013, with respect to Rothsay and as of September 30, 2013, with respect to VION Ingredients, as part of the allocation of purchase price.
- (f) Represents the net adjustment related to deferred financing fees. The new deferred financing fees total \$72.9 million. The fees will be amortized over the lives of the various loans.

**Deferred Loan Cost:**

Revolving facility existing prior to acquisitions	\$ 5,370
Revolving facility	5,738
Term loan A	11,627
Term loan B	24,000
Bridge Facility	21,750
Fees (legal, etc.)	4,459

**Total Deferred Loan Costs****\$ 72,944**

- (g) Represents a severance accrual for a former executive of Rothsay and accrued expenses associated with the financing of the Rothsay Acquisition.
- (h) Represents the net adjustment to record Darling's \$641.3 million of debt used to finance the consideration paid in cash to MFI of approximately \$625.4 million, recover the debt issuance costs of \$11.6 million included in Darling's historical financial statements, and certain fees of \$4.4 million incurred in connection with the Acquisitions. In addition, represents the adjustment to record Darling's \$1,731 million of debt and its \$821 million equity issue (assuming 40 million shares to be issued at a purchase price of \$21.27 per share), after deducting estimated underwriting discounts and commissions, used to finance the purchase price paid to VION Holding N.V of approximately \$2,225 million, redemption of unsecured debt of approximately \$250 million and \$27.4 million of debt repayment premiums and debt issuance costs of \$55.5 million. The redemption of the \$250 million in unsecured debt is required as a result of the Transactions. Assuming the number of shares offered hereby remains the same, a \$1.00 increase/(decrease) in the public offering price of the shares of common stock in this offering would increase/(decrease) the estimated net proceeds received by us from this offering by approximately \$38.6 million (or approximately \$44.4 million if the underwriters exercise their option to purchase additional shares of our common stock in full), after deducting estimated underwriting discounts and commissions. To the extent the public offering price differs from the assumed sale price of our common stock and we sell the same number of shares assumed herein, we will incur a correspondingly lesser or greater amount of debt as part of the Financing Transactions to reflect additional common stock proceeds from an increase in price or less common stock proceeds in the event of a lower price. This will also change

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our interest expense going forward. Alternatively, if the VION Acquisition is not completed, a change in the offering price will change the amount of proceeds we have available for general corporate purposes.

- (i) Represents the adjustment to record a certain pension liability assumed by Darling in the Rothsay Acquisition.
- (i) (i) Represents the elimination of Rothsay's net asset position, which, for purposes of the unaudited pro forma condensed combined balance sheet, has been reflected in additional paid-in capital and other equity and eliminated as part of the Rothsay Acquisition.
- (i) (ii) For the VION Acquisition, represents \$20.7 million of integration program incentive compensation expected to be incurred as a result of the VION Acquisition. The restricted stock will vest over four years.
- (k) For the Rothsay Acquisition, represents the net impact to retained earnings, as a result of the pro forma adjustment for the pension liability of \$1.6 million and \$3.2 million of certain direct transaction costs, which have not yet been incurred as of September 28, 2013, but are expected to be incurred after such date. Such amounts have been recorded net of taxes to the extent that the adjustment gives rise to a tax deduction. For the VION Acquisition, represents the net impact to retained earnings, as a result of the pro forma adjustment for debt repayment premiums of \$16.8 million, integration expenses of \$13.7 million, certain direct transaction costs of \$12.7 million, and write-off of existing debt issuance costs of \$2.7 million, which have not yet been incurred as of September 28, 2013, but are expected to be incurred after such date. Such amounts have been recorded net of taxes to the extent that the adjustment gives rise to a tax deduction. Additionally, other adjustments to retained earnings related to the financing of each transaction are shown in the financing adjustments column and as such for presentation purposes are recorded in retained earnings for both Rothsay Adjustments and VION Adjustments presentations.
- (l) For more information about Darling's pro forma financial position and results of operations if the VION Acquisition is not completed, see Exhibit 99.3 to our Current Report on Form 8-K/A filed with the SEC on December 3, 2013 (the Rothsay 8K ), which is incorporated by reference herein. The information in the Rothsay 8K does not give effect to this offering. If the VION Acquisition is not completed, we expect to use the proceeds of this offering for general corporate purposes, including acquisitions, repayment of debt and/or stock repurchases. The issuance of shares in this offering and the use of proceeds for the general corporate purposes described above will change the pro forma balance sheet in the Rothsay 8K and such changes may be material.

**Table of Contents****Darling International Inc.****Unaudited Pro Forma Condensed Combined Income Statement****Year Ended December 29, 2012****(in thousands, except per share data)**

	Historical Darling International	Historical Rothsay	Rothsay Adjustments	Total Rothsay <sup>(m)</sup>	Historical VION Ingredients	VION Ingredients Adjustments	Total VION Ingredients	Total Rothsay and VION Ingredients	Financing Adjustments	Darling International Pro Forma
Net revenues	\$ 1,701,429	\$ 227,411	\$	\$ 227,411	\$ 2,087,897	\$	\$ 2,087,897	\$ 2,315,308	\$	\$ 4,016,737
Direct costs and operating expenses:										
Cost of sales and operating expenses	1,232,604	131,806		131,806	1,685,403		1,685,403	1,817,209		3,049,813
Selling, general and administrative expenses	151,713	8,830	2,326 <sup>(a)</sup>	11,156	151,091		151,091	162,247		313,960
Acquisitions costs										
Depreciation and amortization	85,371	13,791	22,898 <sup>(i)</sup>	36,689	84,149	37,176 <sup>(e)</sup>	121,325	158,014		243,385
Total direct costs and operating expenses	1,469,688	154,427	25,224	179,651	1,920,643	37,176	1,957,819	2,137,470		3,607,158
Operating Income	231,741	72,984	(25,224)	47,760	167,254	(37,176)	130,078	177,838		409,579
Interest Expense	(24,054)				(26,867)	14,081 <sup>(l)</sup>	(12,786)	(12,786)	(98,462) <sup>(b) &amp; (g)</sup>	(135,302)
Other, net	1,760				13,617	(5,848) <sup>(k)</sup>	7,769	7,769		9,529
Total other expense	(22,294)				(13,250)	8,233	(5,017)	(5,017)	(98,462)	(125,773)
Equity in net income/(loss) of unconsolidated subsidiary	(2,662)									(2,662)
Income from continuing operations before income taxes	206,785	72,984	(25,224)	47,760	154,004	(28,943)	125,062	172,822	(98,462)	281,144
Income taxes	76,015		16,716 <sup>(j)</sup>	16,716	45,924	(8,469) <sup>(c) &amp; (d)</sup>	37,455	54,171	(34,882) <sup>(c) &amp; (d)</sup>	95,305
Non-controlling interest					(9,282)		(9,282)	(9,282)		(9,282)

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Net income \$ 130,770 \$ 72,984 \$ (41,940) \$ 31,044 \$ 98,798 \$ (20,474) \$ 78,325 \$ 109,369 \$ (63,580) \$ 176,557

Net income per share:

Basic	\$ 1.11								\$ 1.12
Diluted	\$ 1.11								\$ 1.12

Weighted average number of shares:

Basic	117,592						40,250	157,842
Diluted	118,089						40,250	158,339

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**Table of Contents****Darling International Inc.****Unaudited Pro Forma Condensed Combined Income Statement****Period Ended September 28, 2013****(in thousands, except per share data)**

	<b>Historical Darling International</b>	<b>Historical Rothsay</b>	<b>Rothsay Adjustments</b>	<b>Total Rothsay<sup>(m)</sup></b>	<b>Historical VION Ingredients</b>	<b>VION Ingredients Adjustments</b>	<b>Total VION Ingredients</b>	<b>Total Rothsay and VION Ingredients</b>	<b>Financing Adjustments</b>	<b>Darling International Pro Forma</b>
Net revenues	\$ 1,294,801	\$ 180,567	\$	\$ 180,567	\$ 1,619,641	\$	\$ 1,619,641	\$ 1,800,208	\$	\$ 3,095,009
Direct costs and operating expenses:										
Cost of sales and operating expenses	942,697	109,151		109,151	1,304,838		1,304,838	1,413,989		2,356,686
Selling, general and administrative expenses	124,843	4,941	1,708 <sup>(a)</sup>	6,649	117,956		117,956	124,605		249,448
Acquisitions costs	9,157		(3,870) <sup>(h)</sup>	(3,870)		(4,310) <sup>(f)</sup>	(4,310)	(8,180)		977
Depreciation and amortization	67,074	9,860	17,173 <sup>(i)</sup>	27,033	55,313	29,722 <sup>(e)</sup>	85,035	112,068		179,142
Total direct costs and operating expenses	1,143,771	123,952	15,011	138,963	1,478,107	25,412	1,503,519	1,642,482		2,786,253
Operating Income	151,030	56,615	(15,011)	41,604	141,534	(25,412)	116,122	157,726		308,756
Interest Expense	(16,607)				(21,757)	9,819 <sup>(l)</sup>	(11,938)	(11,938)	(78,631) <sup>(b) &amp; (g)</sup>	(107,176)
Other, net	(2,619)				4,197	(21) <sup>(k)</sup>	4,176	4,176		1,557
Total other expense	(19,226)				(17,560)	9,798	(7,762)	(7,762)	(78,631)	(105,619)
Equity in net income/(loss) of unconsolidated subsidiary	8,796									8,796
Income from continuing operations before income taxes	140,600	56,615	(15,011)	41,604	123,974	(15,614)	108,360	149,964	(78,631)	211,933
Income taxes	54,126		14,561 <sup>(j)</sup>	14,561	32,996	(4,569) <sup>(c) &amp; (d)</sup>	28,427	42,988	(27,650) <sup>(c) &amp; (d)</sup>	69,464
Non-controlling interest					(9,464)		(9,464)	(9,464)		(9,464)

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Net income	\$	86,474	\$	56,615	\$	(29,572)	\$	27,043	\$	81,514	\$	(11,045)	\$	70,469	\$	97,512	\$	(50,981)	\$	133,005
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### Net income per share:

Basic	\$	0.73																		\$	0.84	
Diluted	\$	0.73																			\$	0.84

### Weighted average number of shares:

Basic	118,156																					40,500	158,656
Diluted	118,548																					40,500	159,048

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## Notes to Unaudited Pro Forma Condensed Combined Income Statement:

Material non-recurring charges or credits and related tax effects, primarily related to pension, severance, and certain transaction and financing costs, which result directly from the Transactions and which will be included in the income of Darling within the 12 months succeeding the Transactions are not considered in the pro forma income statements.

- (a) Represents the adjustment to selling, general and administrative costs for additional pension expense expected to be incurred under the new pension plans and information technology costs under a transitional services agreement executed between Darling and MFI of \$2.3 million and \$1.7 million for the year ended December 29, 2012 and the nine months ended September 28, 2013, respectively.
- (b) Represents the adjustment to interest expense for the additional debt that was incurred under the Senior Secured Facilities and Bridge Facility to finance the purchase price of the Acquisitions. See footnote (q) for interest expense by debt facility.  
To finance the Rothsay Acquisition, on September 27, 2013, Darling modified and extended its existing \$415 million senior secured facility to a new \$1.35 billion senior secured facility. The adjustment reflects that Darling borrowed \$295.8 million against the \$1.0 billion revolving loan facility to partially fund the Rothsay Acquisition. Darling also borrowed \$345.5 million against the new term loan facility to complete the funding of the Rothsay Acquisition. In addition, the adjustment to interest expense for the additional debt that was incurred under the Senior Secured Facilities and Bridge Facility to finance the VION Acquisition. The adjustment reflects that, for the VION Acquisition, Darling will borrow \$1.2 billion under the \$1.2 billion term loan B facility, \$500.0 million under the Bridge Facility and \$31.0 million under the \$1.0 billion revolving loan facility. The interest rate applicable to any borrowing under the Senior Secured Facilities is variable based upon Darling's consolidated total leverage ratio and ranges from London Inter-Bank Offer Rate ( LIBOR )/Canadian Dealer Offered Rate ( CDOR ) plus 1.5% to 2.75% per annum with no floor on LIBOR or CDOR. For purposes of the pro forma condensed combined financials, we used LIBOR/CDOR, as applicable, plus 2.75% per annum. In addition, there is a 0.5% commitment fee on the unused portion of the revolving loan facility, which was also included in the pro forma condensed combined financial statements. The interest rate applicable to any borrowing under the Bridge Facility is variable based upon Darling's consolidated total leverage ratio and is LIBOR plus 600 basis points with quarterly increase of 50 basis points up to a maximum rate of 9.75%. The interest rate applicable to any borrowings under the term loan B facility in U.S. dollars is variable based upon ranges from LIBOR plus 3%. The interest rate applicable to any borrowings under the term loan B facility in euros is variable based upon ranges from LIBOR plus 3.25%. Thus, the weighted average interest rate on the new debt is 3.76%, including the commitment fee. The adjustment also includes amortization of the deferred financing fees. The new deferred financing fees total \$72.9 million. The weighted average interest rate on the new debt including the commitment fee is 4.15%. A 0.125% change in the weighted average interest rate would result in an adjustment to interest expense and pre-tax income of \$3.0 million. Darling has announced its intent to issue approximately \$500.0 million aggregate principal amount of senior notes, which has not been reflected in the unaudited pro forma condensed combined financial statements. The senior notes are expected to bear an interest rate not to exceed 6.25% with an expected term of eight years. If we were to initiate the senior notes borrowing instead of borrowing under the Bridge Facility on January 1, 2012, interest expense in the unaudited pro forma condensed combined income statements would be reduced by \$8.7 million and \$12.8 million for the year and nine months ended December 29, 2012 and September 28, 2013, respectively. Additionally, deferred loan costs in the unaudited pro forma condensed combined balance sheet would be reduced by \$1.3 million as of September 28, 2013.
- (c) Represents the adjustment to income tax expense that would have been incurred had the Transactions occurred on January 1, 2012, based upon the applicable statutory income tax rate.
- (d) Darling has not accrued any U.S. deferred tax liability on VION ingredients foreign earnings as it considers any earnings to be permanently reinvested overseas.
- (e) Represents the additional depreciation and amortization expense that Darling anticipates incurring as a result of the adjustment to the carrying value of the VION Ingredients assets to fair value. Darling expects to depreciate the fair value of the purchased property, plant and equipment, including the transportation assets over their estimated useful lives of 3 to 25 years. Darling expects to amortize the fair value of the definite lived intangibles of \$453.8 million acquired in the VION Acquisition on a straight line basis over their estimated useful lives of between 9 and 16 years. Upon finalization of the asset valuations, specific useful lives will be assigned to the acquired assets, and depreciation and amortization will be adjusted accordingly and such adjustments may be material. Darling expects to have \$151.3 million of identifiable intangibles with indefinite lives associated with the VION Acquisition.
- (f) Represents the VION Acquisition related costs that have not been included in the unaudited pro forma statements because they are non-recurring.

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(g) The table below details the components of interest expense per Darling's pro forma adjustments:

**Rothsay and VION Ingredients Interest Expense**

	<b>December 29, 2012</b>	<b>September 28, 2013</b>
Term loan A (CAD \$)	\$ 5,970	\$ 4,189
Term loan A (\$)	5,926	4,187
Term loan B ( )	22,768	16,859
Term loan B (\$)	22,409	16,209
Revolving facility (CAD \$)	1,990	1,396
Revolving facility (\$)	8,588	6,361
Bridge Facility	39,181	35,705
Letters of credit	203	152
Redemption of \$250.0 million of existing notes	(21,486)	(16,115)
Commitment fees	2,495	1,871
Deferred loan cost amortization	10,420	7,815
<b>Total pro forma adjustment to interest expense</b>	<b>\$ 98,462</b>	<b>\$ 78,631</b>

(h) Represents the Rothsay Acquisition related costs incurred by Darling through September 29, 2013. These costs have not been included in the unaudited pro forma condensed combined income statements because they are non-recurring.

(i) Represents the additional depreciation and amortization expense that Darling anticipates incurring as a result of the adjustment to the carrying value of the Rothsay assets to fair value. Darling expects to depreciate the fair value of the purchased property, plant and equipment, including the transportation assets, over their estimated useful lives of 3 to 20 years. Darling expects to amortize the fair value of the identified intangibles of \$231.4 million acquired in the Rothsay Acquisition on a straight line basis over their estimated useful lives of between 4 and 16 years. Upon finalization of the asset valuations, specific useful lives will be assigned to the acquired assets, and depreciation and amortization will be adjusted accordingly. Darling does not expect to have any identifiable intangibles with indefinite lives associated with the Rothsay Acquisition. See footnote (e) above.

(j) Represents the adjustment to income tax expense that would have been incurred had the Rothsay Acquisition occurred on January 1, 2012, based upon the applicable statutory federal tax rate of 35%.

(k) Elimination of intercompany interest income between VION Food and VION Ingredients.

(l) Elimination of intercompany interest expense between VION Foods and VION Ingredients.

(m) The issuance of shares in this offering and the use of proceeds for general corporate purposes described in note (l) to the pro forma balance sheet will change the pro forma income statements in the Rothsay 8K. Depending on the specific use of proceeds if the VION Acquisition is not completed, which uses will be determined at the time based on market and other conditions, the pro forma income statements in the Rothsay 8K will change, including a decrease to net income per share, and such changes may be material.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION****Darling**

The following tables present selected historical consolidated financial and operating information of Darling as of the dates and for the periods indicated. The selected historical consolidated financial information of Darling as of December 29, 2012 and December 31, 2011 and for each of the years ended December 29, 2012, December 31, 2011 and January 1, 2011 is derived from the audited historical consolidated financial statements of Darling included elsewhere in this prospectus supplement. The selected historical consolidated financial information of Darling as of January 1, 2011 is derived from the audited historical consolidated financial statements of Darling not included in this prospectus supplement. The selected historical consolidated financial information of Darling as of September 28, 2013 and September 29, 2012, and for each of the nine months ended September 28, 2013 and September 29, 2012 is derived from unaudited historical consolidated financial statements of Darling included elsewhere and incorporated by reference in this prospectus supplement. The historical operating results and financial condition of Darling are not necessarily indicative of the results or financial condition to be expected for any future periods. The historical operating results of Darling for the period ended September 28, 2013 are not necessarily indicative of the results that may be expected for the full year.

You should read this information in conjunction with the section entitled *Risk Factors*, *Unaudited Pro Forma Condensed Combined Financial Information*, *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the financial statements and related notes of Darling, Rothsay and VION Ingredients included elsewhere and incorporated by reference in this prospectus supplement.

	Fifty-two Weeks Ended January 1, 2011 <sup>(8)</sup>	Fifty-three Weeks Ended December 31, 2011	Fifty-two Weeks Ended December 29, 2012 <sup>(9)</sup>	Nine Months Ended	
				September 29, 2012	September 28, 2013
	(in thousands)				
<b>Statements of Operations Data:</b>					
Net sales	\$ 724,909	\$ 1,797,249	\$ 1,701,429	\$ 1,276,514	\$ 1,294,801
Cost of sales and operating expenses <sup>(1)</sup>	531,699	1,268,221	1,232,604	918,516	942,697
Selling, general and administrative expenses	68,042	136,135	151,713	112,786	124,843
Depreciation and amortization	31,908	78,909	85,371	62,958	67,074
Acquisition costs	10,798				9,157
Goodwill impairment					
Operating income	82,462	313,984	231,741	182,254	151,030
Interest expense <sup>(2)</sup>	8,737	37,163	24,054	18,546	16,607
Other (income)/expense, net <sup>(1),(3),(4),(5)</sup>	3,382	2,955	(1,760)	106	2,619
Equity in net loss of unconsolidated subsidiary		1,572	2,662	1,725	(8,796)
Income from continuing operations before income taxes	70,343	272,294	206,785	161,877	140,600
Income tax expense	26,100	102,876	76,015	59,909	54,126
Net income	\$ 44,243	\$ 169,418	\$ 130,770	\$ 101,968	\$ 86,474
<b>Balance Sheet Data (at period end):</b>					
Total assets	\$ 1,382,258	\$ 1,417,030	\$ 1,552,416	\$ 1,523,483	\$ 1,713,635
Current portion of long-term debt	3,009	10	82	80	86
Total long-term debt less current portion	707,030	280,020	250,142	250,163	250,076
Stockholders' equity	464,296	920,375	1,062,436	1,035,581	1,158,307

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	Fifty-two Weeks Ended January 1, 2011 <sup>(8)</sup>	Fifty-three Weeks Ended December 31, 2011	Fifty-two Weeks Ended December 29, 2012 <sup>(9)</sup> (in thousands)	Nine Months Ended September 29, 2012	September 28, 2013
<b>Statement of Cash Flows Data:</b>					
Net cash provided by operating activities	\$ 81,510	\$ 240,864	\$ 249,537	\$ 198,476	\$ 168,705
Net cash provided (used) in investing activities	(783,645)	(83,683)	(153,832)	(118,581)	(250,845)
Net cash used in financing activities	653,155	(137,447)	(31,392)	(31,145)	(13,098)
Net increase/(decrease) in cash and cash equivalents	(48,980)	19,734	64,313	48,750	(95,238)
Cash and cash equivalents at beginning of period	68,182	19,202	38,936	38,936	103,249
Cash and cash equivalents at end of period	\$ 19,202	\$ 38,936	\$ 103,249	\$ 87,686	\$ 8,011
<b>Other Financial Data:</b>					
Working capital	\$ 30,756	\$ 92,423	\$ 158,578	\$ 139,398	\$ 76,096
Capital expenditures <sup>(6)</sup>	24,720	60,153	115,413	84,154	85,719
Adjusted EBITDA <sup>(1)(7)</sup>	114,370	392,893	317,112	245,212	218,104

- (1) Fiscal 2011 through Fiscal 2010 includes certain prior year immaterial amounts that have been reclassified to conform to Fiscal 2012 presentation.
- (2) Included in interest expense for Fiscal 2010 is approximately \$3.1 million for bank financing fees paid as a result of the Griffin acquisition and Fiscal 2011 includes the write-off of approximately \$4.9 million in deferred loan costs from payments on the term loan portion of Darling's secured credit facilities. Additionally, Fiscal 2012 includes the write-off of approximately \$0.7 million in deferred loan costs as a result of the final payoff on the term loan portion of Darling's secured credit facilities.
- (3) Included in other (income)/expense in Fiscal 2010 is a write-off of deferred loan costs of approximately \$0.9 million for the early termination of a previous senior credit agreement.
- (4) Included in other (income)/expense in Fiscal 2010 is a write-off of property for fire and casualty losses of approximately \$1.0 million for losses incurred in plant fires at two plant locations.
- (5) Included in other (income)/expense in Fiscal 2012 are gain contingencies from insurance proceeds from Fiscal 2012 and Fiscal 2010 fire and casualty losses of approximately \$4.7 million.
- (6) Excludes the capital assets acquired as part of the RVO BioPur, LLC acquisition in Fiscal 2012 of approximately \$0.6 million. Also, excludes the capital assets acquired as part of the Griffin acquisition and from Nebraska By-Products, Inc. of approximately \$243.7 million in Fiscal 2010.
- (7) Adjusted EBITDA is presented here not as an alternative to net income, but rather as a measure of our operating performance and is not intended to be a presentation in accordance with U.S. GAAP. Since EBITDA is not calculated identically by all companies, the presentation in this prospectus supplement may not be comparable to those disclosed by other companies.

Adjusted EBITDA is calculated below and represents, for any relevant period, net income/(loss) plus depreciation and amortization, goodwill and long-lived asset impairment, interest expense, (income)/loss from discontinued operations, net of tax, income tax provision, other income/(expense) and equity in net loss of unconsolidated subsidiary. We believe Adjusted EBITDA is a useful measure for investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, management believes that Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of financing, income taxes and certain non-cash and other items that may vary for different companies for reasons unrelated to overall operating performance. As a result, our management uses Adjusted EBITDA as a measure to evaluate performance and for other discretionary purposes. However, Adjusted EBITDA is not a recognized measurement under U.S. GAAP, should not be considered as an alternative to net income as a measure of operating results or to cash flow as a measure of liquidity, and is not intended to be a presentation in accordance with U.S. GAAP. Also, since Adjusted EBITDA is not calculated identically by all companies, the presentation in this prospectus supplement may not be comparable to those disclosed by other companies.

**Table of Contents****Reconciliation of Net Income to Adjusted EBITDA**

	January 1, 2011	December 31, 2011	December 29, 2012	Nine Months ended	
				September 29, 2012 (Unaudited)	September 28, 2013 (Unaudited)
			(in thousands)		
<b>Net income</b>	<b>\$ 44,243</b>	<b>\$ 169,418</b>	<b>\$ 130,770</b>	<b>\$ 101,968</b>	<b>\$ 86,474</b>
Depreciation and amortization	31,908	78,909	85,371	62,958	67,074
Interest expense	8,737	37,163	24,054	18,546	16,607
Income tax expense	26,100	102,876	76,015	59,909	54,126
Other, (income)/expenses, net	3,382	2,955	(1,760)	106	2,619
Equity in net loss of unconsolidated subsidiary		1,572	2,662	1,725	(8,796)
<b>Adjusted EBITDA</b>	<b>\$ 114,370</b>	<b>\$ 392,893</b>	<b>\$ 317,112</b>	<b>\$ 245,212</b>	<b>\$ 218,104</b>

(8) Subsequent to the date of acquisition, Fiscal 2010 includes 2 weeks of contribution from the assets of Griffin Industries Inc. and 31 weeks of contribution from the assets of Nebraska By-Products, Inc.

(9) Subsequent to the date of acquisition, Fiscal 2012 includes 29 weeks of contribution from the RVO BioPur, LLC assets.

**Rothsay**

The following tables present selected historical financial and operating information of Rothsay as of the dates and for the periods indicated. The statements of net revenues and direct costs and operating expenses data of Rothsay for each of the two years ended December 29, 2012 and December 31, 2011 and the statements of assets acquired and liabilities assumed data of Rothsay as of December 29, 2012 and December 31, 2011 are derived from the audited statements of net revenues and direct costs and operating expenses and the audited statements of assets acquired and liabilities assumed of Rothsay included elsewhere and incorporated by reference in this prospectus supplement. The statements of net revenues and direct costs and operating expenses data of Rothsay for the nine-month periods ended September 28, 2013 and September 29, 2012 and the statements of assets acquired and liabilities assumed data of Rothsay as of September 28, 2013 are derived from the unaudited statements of net revenues and direct costs and operating expenses and the unaudited statements of assets acquired and liabilities assumed of Rothsay included elsewhere and incorporated by reference in this prospectus supplement. The historical operating results and financial condition of Rothsay are not necessarily indicative of the results or financial condition to be expected for any future periods. The historical operating results of Rothsay for the period ended September 28, 2013 are not necessarily indicative of the results that may be expected for the full year.

This information is only a summary and should be read in conjunction with the consolidated financial statements and related notes of Rothsay referred to above.

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	Fifty-three Weeks Ended December 31, 2011 <sup>(1)</sup>	Fifty-two Weeks Ended December 29, 2012 <sup>(1)</sup>	Nine Months Ended	
			September 29, 2012 <sup>(1)</sup>	September 28, 2013 <sup>(1)</sup>
	(in thousands)			
<b>Statement of Net Revenues and Direct Costs and Operating Expenses Data:</b>				
Net revenues	\$ 223,241	\$ 227,411	\$ 172,064	\$ 180,567
Cost of sales and operating expenses:	115,916	131,806	97,504	109,151
Selling, general and administrative expenses	8,058	8,830	6,321	4,941
Depreciation	12,489	13,791	10,277	9,860
Net revenues less direct costs and operating expenses	\$ 86,778	\$ 72,984	\$ 57,962	\$ 56,615
<b>Statement of Assets Acquired and Liabilities Assumed Data (at period end):</b>				
Total assets acquired	\$ 109,279	\$ 116,517		\$ 115,894
Total liabilities assumed	28,881	31,993		32,443
Net assets acquired	\$ 80,398	\$ 84,524		\$ 83,451
<b>Selected Operating Cash Flows Data:</b>				
Selected operating cash flows	\$ 97,559	\$ 87,760		\$ 68,024
Purchases of property, plant and equipment	(12,488)	(13,374)		(9,359)
Net selected cash flows	\$ 85,071	\$ 74,386		\$ 58,665
<b>Other Financial Data:</b>				
Operating Income Plus Depreciation and Amortization <sup>(2)</sup>	\$ 99,267	\$ 86,775	\$ 68,239	\$ 66,475

(1) The statements of net revenues and direct costs and operating expenses and the statements of assets acquired and liabilities assumed of Rothsay included elsewhere in this prospectus supplement, from which the above data is derived, are not the complete financial statements that would have been required in accordance with Rule 3-05 of Regulation S-X (and Rules 3-01 and 3-02 of Regulation S-X as relates thereto) to be included in this prospectus supplement. In satisfaction of Darling's reporting obligations under the Securities Exchange Act of 1934, as amended (the Exchange Act), and Darling's disclosure obligations for any registered offering of securities under the Securities Act, the SEC has granted Darling its approval to utilize this presentation of Rothsay financial statements in lieu of the complete financial statements otherwise provided for in Rule 3-05 of Regulation S-X.

(2) Operating Income Plus Depreciation and Amortization is presented here not as an alternative to net income, but rather as a measure of Rothsay's standalone operating performance and is not intended to be a presentation in accordance with U.S. GAAP. Since Non-GAAP measures are not calculated identically by all companies, the presentation in this prospectus supplement may not be comparable to those disclosed by other companies. Operating Income Plus Depreciation and Amortization is calculated below and represents, for any relevant period, operating income plus depreciation and amortization. We believe Operating Income Plus Depreciation and Amortization is a useful measure for investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. In addition, management believes that Operating Income Plus Depreciation and Amortization is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Operating Income Plus Depreciation and Amortization generally eliminates the effects of certain non-cash items that may vary for different companies for reasons unrelated to overall operating performance. As a result, our management will use Operating Income Plus Depreciation and Amortization as a measure to evaluate performance and for other discretionary purposes related to Rothsay. However, Operating Income Plus Depreciation and Amortization is not a recognized measurement under U.S. GAAP, should not be considered as an alternative to net income as a measure of operating results or to cash flow as a measure of liquidity, and is not intended to be a presentation in accordance with U.S. GAAP. Also, since Operating Income Plus Depreciation and Amortization is not calculated identically by all companies, the presentation in this prospectus supplement may not be comparable to those disclosed by other companies.

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	Fifty-three Weeks Ended December 31, 2011	Fifty-two Weeks Ended December 29, 2012	Nine Months Ended	
			September 29, 2012	September 28, 2013
	(CAD \$ in millions)			
Net Revenues less Direct Costs and Operating Expenses	\$ 87	\$ 73	\$ 58	\$ 57
Plus: Depreciation	\$ 12	\$ 14	\$ 10	\$ 10
<b>Operating Income Plus Depreciation</b>	<b>\$ 99</b>	<b>\$ 87</b>	<b>\$ 68</b>	<b>\$ 66</b>

**VION Ingredients**

The following tables present selected historical consolidated and combined financial and operating information of VION Ingredients as of the dates and for the periods indicated. The selected historical consolidated financial information of VION Ingredients as of December 31, 2012, 2011 and 2010 and for each of the three years in the period ended December 31, 2012 is derived from the audited historical consolidated and combined financial statements of VION Ingredients included elsewhere and incorporated by reference in this prospectus supplement. The selected historical consolidated financial information of VION Ingredients as of September 30, 2013 and for the nine months ended September 30, 2013 and 2012 is derived from the unaudited historical consolidated and combined interim financial statements of VION Ingredients included elsewhere and incorporated by reference in this prospectus supplement. The historical operating results and financial condition of VION Ingredients are not necessarily indicative of the results or financial condition to be expected for any future periods.

The consolidated and combined financial statements of VION Ingredients referred to above are presented in euros and have been prepared in accordance with Dutch GAAP, the principles of which vary in certain significant respects from U.S. GAAP. See note 25 to the consolidated and combined financial statements of VION Ingredients as of December 31, 2012 and note 15 to the unaudited condensed consolidated and combined financial statements as of September 30, 2013 included elsewhere and incorporated by reference in this prospectus supplement for a description of the significant differences between Dutch GAAP and U.S. GAAP that are applicable to VION Ingredients. The historical financial and operating data presented below has been translated from euros into U.S. dollars at the rate of 1.00 = \$1.3535, which was the noon buying rate on September 30, 2013 in New York City for cable transfers of euros as certified for customs purposes by the Federal Reserve Bank of New York.

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This information is only a summary and should be read in conjunction with the consolidated and combined financial statements and related notes of VION Ingredients referred to above.

	2010( ₧)	Year Ended December 31,		2012(\$)	Nine Months Ended September 30,		
		2011( ₧)	2012( ₧)	(Unaudited)	2012( )	2013( )	2013(\$)
				(in thousands)	(Unaudited)	(Unaudited)	(Unaudited)
<b>DUTCH GAAP</b>							
<b>Consolidated and Combined Profit and Loss Data:</b>							
Net sales	1,153,541	1,378,164	1,608,862	\$ 2,177,595	1,179,297	1,221,418	\$ 1,653,189
Total operating income	1,177,624	1,407,158	1,619,974	2,192,635	1,174,405	1,239,998	1,678,337
Total operating costs	1,071,981	1,313,727	1,494,384	2,022,649	1,077,866	1,128,011	1,526,763
Operating result	105,643	93,431	125,590	169,986	96,539	111,987	151,574
Total financial income and expenses	(4,484)	(15,139)	(11,821)	(16,000)	(9,366)	(13,953)	(18,885)
Income from normal business operations before taxes	101,159	78,292	113,769	153,986	87,173	98,034	132,689
Income after tax	73,830	52,338	80,398	108,819	63,546	73,443	99,405
Net income	63,572	43,483	72,976	\$ 98,773	56,764	66,103	\$ 89,470
<b>U.S. GAAP</b>							
Net income	(1)	50,222	76,963	\$ 104,169	58,385	61,988	\$ 83,901
<b>DUTCH GAAP</b>							
<b>Consolidated and Combined Balance Sheet Data (at period end):</b>							
Total fixed assets	504,661	523,632	528,320	\$ 715,081	(1)	512,604	\$ 693,810
Total current assets	645,206	1,140,673	1,018,654	1,378,748		1,066,204	1,443,107
Total assets	1,149,867	1,664,305	1,546,974	2,093,829		1,578,808	2,136,917
Total group equity	426,697	896,517	943,009	1,276,363		1,003,776	1,358,611
Provisions	50,164	53,318	51,989	70,367		51,603	69,845
Long-term liabilities	108,566	163,046	149,760	202,700		146,153	197,818
Short-term liabilities	564,440	551,424	402,216	544,399		377,276	510,643
Total liabilities and group equity	1,149,867	1,664,305	1,546,974	\$ 2,093,829	(1)	1,578,808	\$ 2,136,917
<b>U.S. GAAP</b>							
Net assets	(1)	906,127	953,547	\$ 1,290,626	(1)	1,007,794	\$ 1,364,049
<b>Consolidated and Combined Statement of Cash Flows Data:</b>							
Net cash flow from operating activities	130,991	124,875	101,943	\$ 137,980	69,042	57,698	\$ 78,904
Net cash flow from investing activities	(90,268)	(98,722)	(74,876)	(101,345)	(53,135)	(40,741)	(55,143)
Net cash flow from financing activities, including effect of exchange rate differences	(201,050)	(12,276)	(22,838)	(30,911)	(19,959)	(2,844)	(3,849)
Increase/(decrease) of cash and cash equivalents	(160,327)	13,877	4,229	5,724	(4,052)	14,113	19,102
Cash and cash equivalents at period-end	155,817	170,238	174,467	\$ 236,141	166,186	188,580	\$ 255,243



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- (1) 2010 U.S. GAAP information has not been prepared as it is not required to be presented in this prospectus supplement pursuant to Regulation S-X under the Securities Act. 2012 information omitted because not required to be presented.
- (2) Derived from the audited VION Ingredients financial statements included elsewhere and incorporated by reference in this prospectus supplement.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS**

*The following Management's Discussion and Analysis of Financial Condition and Results of Operations 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 certain factors, including those set forth below under the headings "Forward-Looking Statements" and "Risk Factors" in this prospectus supplement.*

*The following discussion should be read subject to and in conjunction with (i) our historical consolidated financial statements and the notes thereto included elsewhere and incorporated by reference in this prospectus supplement, (ii) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 29, 2012 incorporated by reference herein, except as to any historical Darling information in such section that is updated by Darling information in this section of the prospectus supplement or the Darling historical financial statements included in this prospectus supplement, (iii) the historical financial statements for each of Rothsay and VION Ingredients and the notes thereto included elsewhere herein; and (iv) the pro forma condensed combined financial information for Darling, Rothsay and VION Ingredients included elsewhere herein. You should also read the information included in the section entitled "Selected Historical Consolidated Financial Information" in this prospectus supplement.*

*Unless otherwise noted, the historical financial results presented in this section do not include the Rothsay and VION Ingredients results and they do not reflect the significant effect that the Acquisitions and the related transactions will have on us, including significantly increased leverage and liquidity requirements. Accordingly, our historical information is of limited comparative value because of the impact of the TRS and Rothsay acquisitions, and will be of further limited comparative value if the VION Acquisition is completed. This offering is not conditioned on the completion of the VION Acquisition; accordingly, you should not place undue reliance on its occurrence. See the section entitled "Risk Factors - Risks Related to the Combined Company" Because of our prior acquisitions and future acquisitions we may engage in, our historical operating results may be of limited use in evaluating our historical performance and predicting our future results. Unless otherwise noted, non-financial information is given as of the date of this prospectus supplement.*

**Overview**

We were founded by the Swift meat packing interests and the Darling family in 1882 and are a leading provider of rendering, used cooking oil and bakery residual recycling and recovery solutions to the U.S. and Canadian food industry. We collect and recycle animal by-products, bakery residuals and used cooking oil from poultry and meat processors, commercial bakeries, grocery stores, butcher shops and food service establishments and provide grease trap cleaning services to many of the same establishments. We operate over 125 processing and transfer facilities located throughout the United States and Canada to process raw materials into finished products such as protein (primarily MBM and PM), fats (primarily BFT, PG and YG), BBP and hides, as well as a range of branded and value-added products. We sell these products in North America and throughout the world, primarily to producers of animal feed, pet food, biodiesel, fertilizer and other consumer and industrial ingredients, including oleo-chemicals, soaps and leather goods, for use as ingredients in their products or for further processing. Our operations are currently organized into two segments: Rendering (which includes our Dar Pro Solutions® and the Rothsay brands) and Bakery (which includes our Cookie Meal® brand).

Our principal finished products are ingredients that compete with alternatives, such as corn, soybean oil, inedible corn oil, palm oils, soybean meal and heating oil, based on nutritional and

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functional values; therefore, the actual pricing for our finished products, as well as competing products, can be quite volatile. While our principal finished products are generally sold at prices prevailing at the time of sale, our ability to deliver large quantities of finished products from multiple locations and to coordinate sales from a central location enables us to occasionally receive a premium over the then-prevailing market price. Our premium, value-added and branded products command significantly higher pricing relative to our principal U.S. finished product lines due to their enhanced nutritional content, which is a function of our proprietary processing techniques.

The DGD Joint Venture commenced operations at the end of June 2013. The DGD Joint Venture operates the DGD Facility located in Norco, Louisiana capable of producing approximately 9,300 barrels per day of renewable diesel and certain other co-products.

On October 28, 2013, we completed the Rothsay Acquisition for approximately CAD \$645 million in cash. Rothsay is a leading recycler of animal by-products and producer of biodiesel in Canada. Rothsay processes raw materials into finished products of fats and proteins and manufactures biodiesel for domestic and international markets. Rothsay employs approximately 500 people and has a network of five rendering plants in Manitoba, Ontario and Nova Scotia and a biodiesel operation in Quebec, Canada. Prior to the Rothsay Acquisition, we had no facilities in Canada. This transaction not only adds significant scale by expanding our geographic footprint into Canada, but also provides us with an opportunity for synergies through transferring any best practices between Rothsay and our existing operations and improving operational efficiencies.

On October 5, 2013, we entered into the VION SPA with VION, pursuant to which we expect to acquire VION Ingredients. VION Ingredients is a worldwide leader in the development and production of specialty ingredients from animal origin for applications in food, pharmaceuticals, pet food, feed, fuel, bioenergy and fertilizer.

VION Ingredients was formed in 1930 and is headquartered in Son en Breugel, the Netherlands. VION Ingredients employs approximately 5,700 people. Its global network of 67 production facilities across five continents covers all aspects of animal by-product processing through six brands: Rendac (rendering), Sonac (proteins, fats, edible fats and blood products), Ecoson (bioenergy), Rousselot (gelatin), CTH (natural casings) and Best Hides (hides and skins). VION Ingredients' specialized portfolio of over 400 products covers all animal origin raw material types and thereby offers a one-stop solution for suppliers. VION Ingredients' rendering business has leading positions across Europe with operations in the Netherlands, Belgium, Germany, Poland and Italy under the Rendac and Sonac brand names. Value-added products include edible fats, blood products and plasma meals, bone products, protein meals and fats. Rousselot is the leading market provider of gelatin for the food, pharmaceuticals and pet food industries with operations in Europe, China, the United States and South America. CTH is a market leader in natural casings for the sausage business with operations in Europe, China and the United States.

### ***The Effect of the Acquisitions of Rothsay and VION Ingredients***

Currently, our operations are organized into two segments: Rendering and Bakery. Upon completion of the VION Acquisition, which we currently expect to occur in January 2014, we plan to operate our business through three new operating segments: Feed Ingredients (which will include the rendering, bakery and hides business lines), Food Ingredients (which will include the gelatin, casings and edible fats business lines) and Fuel Ingredients (which will include the fuel and energy business lines).

Following the acquisition of VION Ingredients, our business will be conducted through a global network of over 200 locations, including 140 production facilities, across five continents with approximately 10,000 employees. We will be a global developer and producer of sustainable and natural ingredients from edible and inedible bio-nutrients, creating a wide range of ingredients and customized specialty solutions for customers in the food, pet food, pharmaceutical, feed, fuel, bioenergy and fertilizer industries.

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In Fiscal 2012, Darling had \$1,701.4 million in net sales and \$130.8 million in net income, Rothsay had \$227.4 million in net revenues and \$72.9 million in net revenues less costs and expenses, and VION Ingredients had 1,626.5 million (\$2,201.5 million<sup>(1)</sup>) in net sales and 77.0 million (\$104.2 million<sup>(1)</sup>) in net income under U.S. GAAP. For the nine months ended September 28, 2013, Darling had \$1,294.8 million in net sales and \$86.5 million in net income. For the same period, Rothsay had \$180.6 million in net revenues and \$56.6 million in net revenues less costs and expenses, and VION Ingredients had 1,231.7 million (\$1,667.1 million<sup>(1)</sup>) in net sales and 62.0 million (\$83.9 million<sup>(1)</sup>) in net income under U.S. GAAP. See the historical financial information of Darling, Rothsay and VION Ingredients included elsewhere and incorporated by reference herein. On a pro forma basis, after giving effect to the Transactions, the combined company (i) in Fiscal 2012, had \$4,016.7 million in net revenues and \$136.7 million in net income, and (ii) for the nine months ended September 28, 2013, had \$3,095.0 million in net revenues and \$96.9 million in net income. See the section entitled *Unaudited Pro Forma Condensed Combined Financial Information*.

Our financial statements in the future will differ in material respects from the historical financial statements of Darling, which will significantly affect the comparability of our financial results in the future. The acquisitions of Rothsay and VION Ingredients will significantly expand the scope and geographic reach of our business operations, leading to substantial increases in each of our financial line items. The Acquisitions will be accounted for as a business combination in accordance with FASB ASC Topic 805. Under purchase accounting principles, we will record as goodwill the excess of the purchase price paid over the fair value of assets and liabilities acquired with respect to each Acquisition. Tangible and intangible assets acquired in the Acquisitions will be recorded at fair value once the valuation of these assets is complete. Our financial statements issued after the completion of the Acquisitions will reflect such fair values, which may materially differ from the amounts allocated to such tangible and intangible assets in the historical financial statements of Rothsay and VION Ingredients, respectively, and will determine a new basis in such assets that will be reflected in our accounting. The substantial increase in the fair values of our tangible and intangible assets will increase our depreciation and amortization charges substantially as well, which will decrease our operating income and net income by corresponding amounts. Changes in amounts allocated to tangible and intangible assets may result in changes to the depreciation or amortization of such assets in future periods, and an increase in the amounts allocated to tangible and intangible assets will result in increased depreciation and amortization charges in future financial statements. In addition, the Transactions will result in a substantial increase in our leverage, leading to a significant increase in interest expense. As a result, amounts presented in our future consolidated financial statements and footnotes will not be comparable with those of historical periods and with the pro forma financial statements included in this prospectus supplement. See the section entitled *Unaudited Pro Forma Condensed Combined Financial Information*. The integration will be complex and the desired results may not be achieved. See the section entitled *Risk Factors Risks Related to the Acquisitions*.

Below is management's discussion and analysis of our financial condition and results of operations for:

the three months ended September 28, 2013 compared to three months ended September 29, 2012;

the nine months ended September 28, 2013 compared to nine months ended September 29, 2012; and

the fifty-two week fiscal year ended December 29, 2012 compared to fifty-two week fiscal year ended December 31, 2011.

<sup>(1)</sup> The financial data presented for the year ended December 29, 2012 and the nine months ended September 28, 2013 has been translated from euros to U.S. dollars at a rate of 1.00 = \$1.3535, which was the noon buying rate on September 30, 2013 in New York City for cable transfers of euros as certified for customs purposes by the Federal Reserve Bank of New York.

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None of our historical financial results include the Acquisitions and the discussion below does not reflect the anticipated change in our operating segments in the first quarterly fiscal period following the completion of the VION Acquisition.

### **Overview for Third Quarter 2013**

The Company's operating performance for the third quarter of Fiscal 2013 remained in line with its second quarter Fiscal 2013 performance despite a major resetting of global commodity values reducing the price of corn, soybeans and other commodity ingredients that compete with the Company's products to their lowest levels in four years. The Company's operating performance was consistent with second quarter of Fiscal 2013 when adjusted for transaction expenses related to acquisitions and a non-operating settlement.

Rendering raw material volumes remained steady in the third quarter of Fiscal 2013 relative to the second quarter of Fiscal 2013. As anticipated, beef raw material tonnage declined slightly while poultry and YG volumes improved in the third quarter of Fiscal 2013 versus the second quarter of Fiscal 2013.

During the third quarter of Fiscal 2013, fat sales were up compared to the second quarter of Fiscal 2013, while fat prices started the third quarter of Fiscal 2013 steady before starting to decline rapidly late in the quarter as the size and impact of the new corn crop became certain. Exports for fats and greases remained sluggish. Protein prices for the most part remained steady with limited exports supporting values of MBM. Pet grade products felt their seasonal sluggishness as both aquaculture and pet food demand slowed.

The bakery segment business declined significantly in the third quarter of Fiscal 2013 as compared to both the same period in Fiscal 2012 and the second quarter of Fiscal 2013. The Company's derivative position designed to protect the Company's margin spread helped to partially offset rapidly declining cash corn prices. Early harvest and imports of corn to the southeast United States affected finished product prices for Cookie Meal®, a proprietary Darling product, and were the primary drivers of this segment's performance. Overall, volumes remained steady quarter-to-quarter while improving on a year-over-year basis.

The DGD Joint Venture had its first full quarter of operations and posted very solid results. While still in its initial test phase, the DGD Joint Venture was able to operate at nameplate capacity for part of the quarter prior to finding some excessive metallurgical wear in its main heat exchanger. After a brief shutdown, the DGD Joint Venture returned to operation but production remained at a reduced rate for the balance of the quarter. During this time, additional work was done to identify any metallurgical wear on other operating equipment and a decision was made to maintain production at the reduced level until several other pieces of equipment could be modified or replaced. The reduced run rate had a negative impact of approximately \$0.03 per share during the third quarter of Fiscal 2013. The DGD Facility commenced another shutdown on November 7, 2013 to replace the remaining heat exchangers, and the unit was back on line and operating at nameplate capacity of 9,300 barrels per day by mid-November. Additionally, the pre-treatment facility continues to exceed expectations and has proven capable of processing animal fats and vegetable oils.

Operating income decreased by \$24.1 million in the third quarter of Fiscal 2013 compared to the third quarter of Fiscal 2012. The challenges, as discussed below, indicate that there can be no assurance that operating results achieved by the Company in the third quarter of Fiscal 2013 are indicative of future operating performance of the Company.

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***Summary of Critical Issues and Known Trends Faced by the Company in 2013 and Thereafter***

***Critical Issues and Challenges:***

The Acquisitions constitute significant acquisitions for our business. Our management will be required to devote a significant amount of time and attention to the process of integrating the businesses and operations of Rothsay and VION Ingredients with our business and operations, which may decrease the time management will have to conduct the operation of our business in the ordinary course, serve existing customers, attract new customers and develop new services or strategies and could adversely affect the performance of the combined company. The size and complexity of both businesses, particularly the VION Ingredients business (including the multiple international locations of the businesses), and the process of using Darling's existing common support functions and systems to manage Rothsay's business and, after the completion of the VION Acquisition, the VION Ingredients business, if we do not manage them successfully, may result in interruptions in our business activities, inconsistencies in our operations, standards, controls, procedures and policies, a failure to manage our processing facilities properly, a decrease in the quality of our services, a deterioration in our employee and customer relationships, increased costs of integration and harm to our reputation, all of which could have a material adverse effect on our business, financial condition and results of operations.

Integration of the Rothsay and VION Ingredients businesses may not achieve the desired growth and positive market impact and could result in unforeseen operating and integration difficulties that will require significant management resources for the remainder of Fiscal 2013 and future periods.

Finished product prices for MBM and PM (both feed grade and pet food) increased during the first nine months of Fiscal 2013 as compared to the same period of Fiscal 2012, while finished product prices for BFT, PG, YG and corn decreased during the first nine months of Fiscal 2013 as compared to the same period of Fiscal 2012. No assurance can be given that this increase in ingredient prices for various proteins will continue in the future or that ingredient prices for various fats, including BFT, PG, YG and corn, will not decrease further, as ingredient prices are volatile by their nature. A decrease in ingredient prices for some or all of the Company's products could have a significant impact on the Company's earnings for the remainder of Fiscal 2013 and future periods.

The Company collected higher raw material volumes in the first nine months of Fiscal 2013 as compared to the first nine months of Fiscal 2012, as slaughter and processor rates for the Company's poultry raw material suppliers increased. No assurance can be given that this increased activity from the Company's poultry raw material suppliers will continue in the future. If raw material suppliers reduce their slaughter and processing rates in the future there could be a negative impact on the Company's ability to obtain raw materials for the Company's operations.

In July 2013, the Indonesia markets for MBM derived from U.S. beef reopened. The opening of this market for MBM derived from U.S. beef will impact the Company's West Coast MBM market, which could have a positive impact on the Company's earnings in future periods, although there can be no assurance that such positive impact will develop.

The Company consumes significant volumes of natural gas to operate boilers in its plants, which generate steam to heat raw material. Natural gas represents a significant component of factory cost included in cost of sales. The Company also consumes significant volumes of diesel fuel to operate its fleet of tractors and trucks used to collect raw material. Diesel fuel also represents a significant component of collection costs included in cost of sales. Higher natural gas and diesel fuel prices were incurred during the first nine months of Fiscal 2013 as

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compared to the same period of Fiscal 2012. These prices can be volatile and there can be no assurance that these prices will not increase further in the near future, thereby representing an ongoing challenge to the Company's operating results for future periods. A material increase in energy prices for natural gas and/or diesel fuel over a sustained period of time could materially adversely affect the Company's business, financial condition and results of operations.

### ***Worldwide Government Policies***

Pursuant to the requirements established by the Energy Independence and Security Act of 2007 (EISA), the EPA finalized regulations for the RFS2. The regulations mandated the domestic use of biomass-based diesel (biodiesel or renewable diesel) of 1.0 billion gallons in 2012. Beyond 2012 the regulations require a minimum of 1.0 billion gallons of biomass-based diesel for each year through 2022, which amount is subject to increase by the EPA Administrator. On September 27, 2012, the EPA issued a final rule establishing the biomass-based diesel volume for calendar year 2013 to be 1.28 billion gallons, effective on November 26, 2012. In a subsequent final rule issued on August 15, 2013, the EPA finalized a lower cellulosic biofuel volume for 2013 than was specified in the EISA, but left the advanced biofuel and total renewable fuel volumes at the statutory levels for 2013. The EPA has proposed holding the 1.28 billion gallon requirement for biomass-based diesel fuel for 2014. Biomass-based diesel also qualifies to fulfill the non-specified portion of the advanced biofuel requirement in the EISA. In order to qualify as a renewable fuel, each type of fuel from each type of feed stock is required to lower GHG by levels specified in the regulation. The EPA has determined that biofuels (either biodiesel or renewable diesel) produced from waste oils, fats and greases result in an 86% reduction in GHG emissions, exceeding the 50% requirement established by the regulation. Prices for the Company's finished products may be impacted by worldwide government policies relating to renewable fuels and GHG. Programs like RFS2 and tax credits for biofuels both in the United States and abroad may positively impact the demand for the Company's finished products. Accordingly, changes to, a failure to enforce or discontinuing any of these programs could have a negative impact on the Company's business and results of operations.

On November 15, 2013, the EPA proposed renewable fuel standards indicating no increase in the biomass-based diesel standard volume set for 2013. In addition, the EPA is seeking comment on a proposed waiver framework that would allow certain parties to waive out of the EPA renewable fuel standards. If the final volume stays at this proposed rate, it could lead to reduced demand for biomass-based diesel as users switch to alternative fuel sources, which could have a negative effect on the Company's business and results of operations. In addition, if the EPA allows for the waivers it is currently considering, this could also cause a reduction in demand for biofuels and could harm the Company's business and results of operations.

The Company's exports are subject to the imposition of tariffs, quotas, trade barriers and other trade protection measures imposed by foreign countries regarding the import of the Company's MBM, BFT and YG. General economic and political conditions as well as the closing of borders by foreign countries to the import of the Company's products due to animal disease or other perceived health or safety issues impact the Company. As a result, trade policies of both the United States and foreign countries could have a negative impact on the Company's business and results of operations.

### ***Other Food Safety and Regulatory Issues***

The emergence of diseases such as Swine Flu and highly pathogenic strains of avian influenza, collectively called Bird Flu, that are in or associated with animals and have the potential to also threaten humans has created concern that such diseases could spread and cause a global

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pandemic. The H5N1 strain of Bird Flu has not been reported in North America. Outbreaks of the H7N3 strain of Bird Flu, however, were reported by Mexican animal health authorities on chicken farms in Mexico during 2012 and the first half of 2013. There have been no reports of human cases of the H7N3 strain, but the H7N9 strain of Bird Flu was first reported in humans in China on March 31, 2013. World health experts believe the H7N9 strain to be an animal virus that infects people in rare cases. This outbreak in China followed a seasonal pattern typical of flu viruses with only a few new cases reported between May 30, 2013 and the date hereof. Chinese and international health authorities continue to investigate the origin of the H7N9 strain and how it is spread. To date, however, there have been no incidences of person-to-person transmission of the H7N9 Bird Flu reported. As of the date hereof, neither the various strains of Bird Flu nor Swine Flu have been linked to a global disease pandemic among humans. Even though such a pandemic has not occurred, governments may be pressured to address these concerns and prohibit imports of animals, meat and animal by-products from countries or regions where the disease is detected. In April 2013, the first case of the PED virus was confirmed in the United States on a hog farm in Ohio. The disease has since spread to 17 states. The PED virus is highly contagious among pigs, but does not affect other animals and is not transmissible to humans. The effects of the PED virus on hog production will vary according to the age of the pigs affected. Death rates can be very high among young pigs, while symptoms are mild in older animals. Hogs that have the disease and recover will typically develop immunity to the PED virus and this immunity can be passed on to future offspring. Because the PED virus is common in other parts of the world and poses no threat to human health or food safety, its presence in a country or region does not generally restrict trade in pork or pork products. The occurrence of Swine Flu, a Bird Flu strain, the PED virus or any other disease in the United States or elsewhere that is correctly or incorrectly linked to animals and has a negative impact on meat or poultry consumption or animal production could have a material negative impact on the volume of raw materials available to the Company or the demand for the Company's finished products.

Effective August 1997, the FDA promulgated the BSE Feed Rule to prevent further spread of BSE, commonly referred to as mad cow disease. Detection of the first case of BSE in the United States in December 2003 resulted in additional U.S. government regulations, finished product export restrictions by foreign governments, market price fluctuations for the Company's finished products and reduced demand for beef and beef products by consumers. Even though the export markets for U.S. beef rebounded to exceed pre-BSE levels and set records for volume in 2011 and value in 2012, most export markets remain closed to MBM derived from U.S. beef. On April 24, 2012, the USDA confirmed the occurrence of a new, single case of BSE in a dairy cow in central California. Even though the USDA confirmed that material derived from the cow did not enter the food or feed supply, Indonesia closed its markets to MBM derived from U.S. beef, and those markets remained closed until June 17, 2013 when the Indonesian Ministry of Agriculture announced its decision to lift the ban on U.S. origin MBM. On May 29, 2013, the USDA announced that the OIE had officially upgraded the BSE-status for the United States from controlled risk to negligible risk based on a thorough review of BSE safeguards implemented in the United States. Attaining a negligible risk status for BSE is an important step toward regaining access to export markets for U.S. MBM. Notwithstanding the foregoing OIE decision, the Company does not expect BSE-related trade disruptions to have material impact on the Company's business, financial condition or results of operations. Continued concern about BSE in the United States may result in additional regulatory and market related challenges that may affect the Company's operations or increase the Company's operating costs.

With respect to BSE in the United States, on October 26, 2009, the FDA began enforcing the Enhanced BSE Rule. These new regulations amended the BSE Feed Rule to also prohibit the use of tallow having more than 0.15% insoluble impurities in feed for cattle or other ruminant animals. In addition, the Enhanced BSE Rule prohibits Prohibited Cattle Materials and tallow



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derived from Prohibited Cattle Materials that also contains more than 0.15% insoluble impurities in the feed or food for all animals. The Company has followed the Enhanced BSE Rule since it was first published in 2008 and has made capital expenditures and implemented new processes and procedures to be compliant with the Enhanced BSE Rule at all of the Company's operations. Notwithstanding the foregoing, the Company can provide no assurance that unanticipated costs and/or reductions in raw material volumes related to the Company's compliance with the Enhanced BSE Rule will not negatively impact the Company's operations and financial performance.

With respect to human food, pet food and animal feed safety, the FDAAA directs the Secretary of Health and Human Services and the FDA to promulgate significant new requirements for the pet food and animal feed industries. As a prerequisite to new requirements specified by the FDAAA, the FDA was directed to establish a Reportable Food Registry, which was implemented on September 8, 2009. On June 11, 2009, the FDA issued Guidance for Industry: Questions and Answers Regarding the Reportable Food Registry as Established by the Food and Drug Administration Amendments Act of 2007: Draft Guidance. The RFR Draft Guidance was published on September 8, 2009. In the RFR Draft Guidance, the FDA defined a reportable food, which the manufacturer or distributor would be required to report in the Reportable Food Registry, to include materials used as ingredients in animal feeds and pet foods, if there is reasonable probability that the use of such materials will cause serious adverse health consequences or death to humans or animals. The FDA issued a second version of its RFR Draft Guidance in May 2010 without finalizing it. On July 16, 2013, the FDA finalized the draft policy regarding salmonella in food for animals that the agency developed in 2010 with publication of Compliance Policy Guide Sec. 690.800 Salmonella in Food For Animals. The CPG describes differing criteria to determine whether pet food and farmed animal feeds that are contaminated with salmonella will be considered to be adulterated under section 402(a)(1) of the FD&C Act. According to the CPG, any finished pet food contaminated with any species of salmonella will be considered adulterated because such feeds have direct human contact. Finished animal feeds intended for pigs, poultry and other farmed animals, however, will be considered to be adulterated only if the feed is contaminated with a species of salmonella that is considered to be pathogenic for the animal species that the feed is intended for. With issuance of the CPG, the FDA revoked a 1967 advisory opinion on animal feeds contaminated with salmonella microorganisms and removed 21 CFR 500.35 from the Code of Federal Regulations. The impact of the FDAAA and implementation of the Reportable Food Registry on the Company, if any, will not be clear until the FDA finalizes its RFR Draft Guidance, which was not finalized as of the date hereof. The Company believes that it has adequate procedures in place to assure that its finished products are safe to use in animal feed and pet food and the Company does not currently anticipate that the FDAAA will have a significant impact on the Company's operations or financial performance. Notwithstanding the foregoing FDA policy on salmonella, any pathogen, such as salmonella, that is correctly or incorrectly associated with the Company's finished products could have a negative impact on the demand for the Company's finished products.

In addition, the FSMA was enacted on January 4, 2011. The FSMA gave the FDA new authorities, which became effective immediately. Included among these is mandatory recall authority for adulterated foods that are likely to cause serious adverse health consequences or death to humans or animals, if the responsible party fails to cease distribution and recall such adulterated foods voluntarily. The FSMA further instructed the FDA to amend existing regulations that define its administrative detention authority. Prior to the FSMA becoming law, FDA had authority to order that an article of food be detained only if there was credible evidence or information indicating that the article of food presented a threat of serious adverse health consequences or death to humans or animals. On May 5, 2011, the FDA issued an interim final rule amending its administrative detention authority and lowering both the level of

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proof and the degree of risk required for detaining an article of food. This interim final rule, which became effective on July 3, 2011, gives the FDA authority to detain an article of food if there is reason to believe the food is adulterated or misbranded. The FSMA also requires the FDA to develop new regulations that, among other provisions, places additional registration requirements on food and feed producing firms. Section 102 of the FSMA amends facility registration requirements in the FD&C Act for domestic and foreign manufacturers, processors, packers or holders of food for human or animal consumption. Such facility registrations were previously required to be updated when changes in a facility occurred, but there were no provisions for renewing facility registrations. The FSMA, however, requires that facility registrations be renewed during the fourth quarter of each even-numbered year, beginning October 1, 2012. Other new FDA regulations mandated by the FSMA will require registered facilities to perform hazard analysis and to implement preventive plans to control those hazards identified to be reasonably likely to occur; increase the length of time that records are required to be retained; and regulate the sanitary transportation of food. The FDA published its intent to meet the preventive control provisions required by the FSMA on January 16, 2013 in two proposed rules for manufactured food and produce intended for human consumption: (i) Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Human Food and (ii) Standards for the Growing, Harvesting, Packing, and Holding of Produce for Human Consumption. Neither of these proposed rules applies to animal feed. On April 22, 2013, the U.S. District Court, Northern District of California, in the case of Center for Food Safety et al. v. Margret A. Hamburg, M.D., issued a judicial declaration that the FDA had violated the FSMA by failing to promulgate required regulations in accordance with the deadlines mandated by U.S. Congress. Subsequently, on June 21, 2013, the district court ordered the FDA to publish all remaining proposed regulations required under the FSMA by November 30, 2013 and all final regulations no later than June 30, 2015. The FDA published two of these remaining proposed rules on July 29, 2013: (i) Foreign Supplier Verification Programs for Importers of Food for Humans and Animals and (ii) Accreditation of Third-Party Auditors/Certification Bodies to Conduct Food Safety Audits and to Issue Certifications. In addition, the FDA proposed new regulations for animal food produced in the United States on October 29, 2013, by publishing Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Food for Animals. These three new regulations are all open for public comment and will not be enforced unless published as a final rule at some future date. Management is reviewing these three new proposed regulations, which are intended to strengthen oversight of animal foods produced in or imported into the United States, to determine their impact, if any, on the Company's operations. The Company has followed the FSMA throughout its legislative history and has renewed registrations for all of its facilities and implemented hazard prevention controls and other procedures that the Company believes will be needed to comply with the FSMA. Such rule-making could, among other things, require the Company to amend certain of the Company's other operational policies and procedures and require additional capital expenditures to comply with these rules. While unforeseen issues and requirements may arise as the FDA promulgates the new regulations provided for by the FSMA, the Company does not anticipate that the costs of compliance with the FSMA will materially impact the Company's business or operations.

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**Results of Operations for Three Months Ended September 28, 2013**

**Compared to Three Months Ended September 29, 2012**

***Summary of Key Factors Impacting Third Quarter 2013 Results:***

Principal factors that contributed to a \$24.1 million decrease in operating income, which are discussed in greater detail in the following section, were:

decreases in PM (feed grade and pet food), BFT, PG, YG and corn finished product prices;

acquisition costs and expenses from current quarter acquisition activity;

decrease in raw material volumes;

increases in payroll and related benefit costs;

increase in energy costs, primarily natural gas and diesel fuel; and

decrease in yield.

These decreases were partially offset by:

higher collection and processing fees; and

increase in MBM finished product prices.

***Summary of Key Indicators of 2013 Performance:***

Principal indicators that management routinely monitors and compares to previous periods as indicators of problems or improvements in operating results include:

finished product ingredient prices;

raw material volume;

production volume and related yield of finished product;

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energy prices for natural gas quoted on the New York Mercantile Exchange ( NYMEX ) index and diesel fuel;

collection fees and collection operating expenses; and

factory operating expenses.

These indicators and their importance are discussed below in greater detail.

***Finished Product Ingredient prices.*** Prices for finished product commodities that the Company produces are reported each business day on the Jacobsen Index, an established trading exchange publisher (the Jacobsen ). The Jacobsen reports industry sales from the prior day's activity by product. The Jacobsen includes reported prices for MBM, PM (both feed grade and pet food), BFT, PG and YG, which are end products of the Company's Rendering segment. During the first quarter of Fiscal 2012, the Jacobsen index stopped reporting BBP, which is the end product of the Company's Bakery segment. As a result, the Company monitors prices for corn, which is a substitute commodity for BBP and therefore an indication of potential sales prices of that end product. The Company regularly monitors Jacobsen reports on MBM, PM, BFT, PG, YG and corn because they provide a daily indication of the Company's revenue performance against business plan benchmarks. Although the Jacobsen provides one useful metric of performance, the Company's finished products are commodities that compete with other commodities such as corn, soybean oil, inedible corn oil, palm oils, soybean meal and heating oil on nutritional and functional values and, therefore, actual pricing for the Company's finished products, as well as competing products, can be quite volatile. In addition, the Jacobsen does not provide forward or future period pricing. The Jacobsen prices quoted below are for delivery of the finished product at a specified location. Although

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the Company's prices generally move in concert with reported Jacobsen prices, the Company's actual sales prices for its finished products may vary significantly from the Jacobsen because of delivery timing differences and because the Company's finished products are delivered to multiple locations in different geographic regions which utilize different price indexes. In addition, certain of the Company's premium branded finished products may also sell at prices that may be higher than the closest related product quoted by Jacobsen. During the third quarter of Fiscal 2013, the Company's actual sales prices by product trended with the disclosed Jacobsen prices. Average Jacobsen prices (at the specified delivery point) for the third quarter of Fiscal 2013, compared to average Jacobsen prices for the third quarter of Fiscal 2012, were as follows:

	Avg. Price 3rd Quarter 2013	Avg. Price 3rd Quarter 2012	Increase/ (Decrease)	% Increase/ (Decrease)
<b>Rendering Segment:</b>				
MBM (Illinois)	\$ 470.75/ton	\$ 461.10/ton	\$ 9.65/ton	2.1%
Feed Grade PM (Carolina)	\$ 543.30/ton	\$ 557.35/ton	\$ (14.05)/ton	(2.5)%
Pet Food PM (Southeast)	\$ 680.69/ton	\$ 713.75/ton	\$ (33.06)/ton	(4.6)%
BFT (Chicago)	\$ 43.15/cwt	\$ 45.18/cwt	\$ (2.03)/cwt	(4.5)%
PG (Southeast)	\$ 38.73/cwt	\$ 43.76/cwt	\$ (5.03)/cwt	(11.5)%
YG (Illinois)	\$ 35.84/cwt	\$ 37.35/cwt	\$ (1.51)/cwt	(4.0)%
<b>Bakery Segment:</b>				
Corn (Illinois)	\$ 6.09/bushel	\$ 8.19/bushel	\$ (2.10)/bushel	(25.6)%

The overall decrease in average prices for PM (both feed grade and pet food), BFT, PG and YG, which are finished products the Company sells, as well as corn, which is a commodity indicative of the prices for which the Company sells BBP, had a negative impact on revenue, offset in part by an overall increase in average MBM prices, and the positive impact to the Company's raw material cost resulting from formula pricing arrangements, which compute raw material cost based upon the price of finished product.

Average Jacobsen prices (at the specified delivery point) for the first nine months of Fiscal 2013, compared to average Jacobsen prices for the first nine months of Fiscal 2012 follow:

	Avg. Price First Nine Months 2013	Avg. Price First Nine Months 2012	Increase/ (Decrease)	% Increase/ (Decrease)
<b>Rendering Segment:</b>				
MBM (Illinois)	\$ 434.03/ton	\$ 401.52/ton	\$ 32.51/ton	8.1%
Feed Grade PM (Carolina)	\$ 514.92/ton	\$ 474.75/ton	\$ 40.17/ton	8.5%
Pet Food PM (Southeast)	\$ 730.19/ton	\$ 692.35/ton	\$ 37.84/ton	5.5%
BFT (Chicago)	\$ 42.47/cwt	\$ 46.18/cwt	\$ (3.71)/cwt	(8.0)%
PG (Southeast)	\$ 39.57/cwt	\$ 44.44/cwt	\$ (4.87)/cwt	(11.0)%
YG (Illinois)	\$ 36.86/cwt	\$ 38.79/cwt	\$ (1.93)/cwt	(5.0)%
<b>Bakery Segment:</b>				
Corn (Illinois)	\$ 6.85/bushel	\$ 7.13/bushel	\$ (0.28)/bushel	(3.9)%

The overall increase in average prices for MBM and PM (both feed grade and pet food) had a favorable impact on revenue that was partially offset by an overall decrease in average BFT, PG and YG prices, as well as the price decrease in corn, which is a commodity indicative of the prices for which the Company sells BBP, and the negative impact to the Company's raw material cost resulting from formula pricing arrangements, which compute raw material cost based upon the price of finished product.

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On a quarter-to-quarter sequential basis, the Company experienced average ingredient prices for proteins and fats that were mixed. The following table shows the average reported Jacobsen prices for the third quarter of Fiscal 2013 as compared to the average reported Jacobsen prices for the second quarter of Fiscal 2013.

	Avg. Price 3rd Quarter 2013	Avg. Price 2nd Quarter 2013	Increase/ (Decrease)	% Increase/ (Decrease)
<b>Rendering Segment:</b>				
MBM (Illinois)	\$ 470.75/ton	\$ 420.30/ton	\$ 50.45/ton	12.0%
Feed Grade PM (Carolina)	\$ 543.30/ton	\$ 512.96/ton	\$ 30.34/ton	5.9%
Pet Food PM (Southeast)	\$ 680.69/ton	\$ 700.09/ton	\$ (19.40)/ton	(2.8)%
BFT (Chicago)	\$ 43.15/cwt	\$ 43.33/cwt	\$ (0.18)/cwt	(0.4)%
PG (Southeast)	\$ 38.73/cwt	\$ 39.16/cwt	\$ (0.43)/cwt	(1.1)%
YG (Illinois)	\$ 35.84/cwt	\$ 37.70/cwt	\$ (1.86)/cwt	(4.9)%
<b>Bakery Segment:</b>				
Corn (Illinois)	\$ 6.09/bushel	\$ 7.02/bushel	\$ (0.93)/bushel	(13.2)%

**Raw Material Volume.** Raw material volume represents the quantity (pounds) of raw material collected from Rendering Segment suppliers, such as beef, poultry and pork processors, grocery stores, butcher shops and food service establishments, or in the case of the Bakery segment, commercial bakeries. Raw material volumes from the Company's Rendering segment suppliers provide an indication of the future production of MBM, PM (feed grade and pet food), BFT, PG and YG finished products while raw material volumes from the Company's Bakery segment suppliers provide an indication of the future production of BBP finished product.

**Production Volume and Related Yield of Finished Product.** Finished product production volumes are the end result of the Company's production processes, and directly impact goods available for sale, and thus become an important component of sales revenue. In addition, physical inventory turnover is impacted by both the availability of credit to the Company's customers and suppliers and market demand which can impact finished product inventory values. Yield on production is a ratio of production volume (pounds), divided by raw material volume (pounds) and provides an indication of effectiveness of the Company's production process. Factors impacting yield on production include quality of raw material and warm weather during summer months, which rapidly degrades raw material. The quantities of finished products produced varies depending on the mix of raw materials used in production. For example, raw material from cattle yields more fat and protein than raw material from pork or poultry. Accordingly, the mix of finished products produced by the Company can vary from quarter to quarter depending on the type of raw material being received by the Company. The Company cannot increase the production of protein or fat based on demand since the type of raw material available will dictate the yield of each finished product.

**Energy Prices for Natural Gas Quoted on the NYMEX Index and Diesel Fuel.** Natural gas and heating oil ingredient prices are quoted each day on the NYMEX for future months of delivery of natural gas and delivery of diesel fuel. The prices are important to the Company because natural gas and diesel fuel are major components of factory operating and collection costs and natural gas and diesel fuel prices are an indicator of achievement of the Company's business plan.

**Collection Fees and Collection Operating Expenses.** The Company charges collection fees which are included in net sales. Each month the Company monitors both the collection fee charged to suppliers, which is included in net sales, and collection expenses, which are included in cost of sales. The importance of monitoring collection fees and collection expenses is that they provide an indication of achievement of the Company's business plan. Furthermore, management monitors collection fees

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and collection expenses so that the Company can consider implementing measures to mitigate against unforeseen (decreases)/increases in these fees and expenses, respectively.

**Factory Operating Expenses.** The Company incurs factory operating expenses which are included in cost of sales. Each month the Company monitors factory operating expenses. The importance of monitoring factory operating expenses is that it provides an indication of achievement of the Company's business plan. Furthermore, when unforeseen expense increases occur, the Company can consider implementing measures to mitigate such increases.

**Net Sales.** The Company collects and processes animal by-products (fat, bones and offal), including hides, bakery residual and used cooking oil to principally produce finished products of MBM, PM (feed grade and pet food), BFT, PG, YG, BBP and hides, as well as a range of branded and value-added products. Sales are significantly affected by finished goods prices, quality and mix of raw material, and volume of raw material. Net sales include the sales of produced finished goods, collection fees, fees for grease trap services and finished goods purchased for resale.

During the third quarter of Fiscal 2013, net sales were \$425.8 million as compared to \$452.7 million during the third quarter of Fiscal 2012. The Rendering operations process animal by-products and used cooking oil into fats (primarily BFT, PG and YG), protein (primarily MBM and PM (feed grade and pet food)) and hides. Fat was approximately \$195.4 million and \$205.9 million of net sales for the three months ended September 28, 2013 and September 29, 2012, respectively, and protein was approximately \$133.6 million and \$137.1 million of net sales for the three months ended September 28, 2013 and September 29, 2012, respectively. The decrease in net sales was primarily due to the following (in millions of dollars):

	Rendering	Bakery	Corporate	Total
Decrease in finished product prices	\$ (12.2)	\$ (18.9)	\$	\$ (31.1)
Decrease in raw material volume	(5.3)	(0.6)		(5.9)
Decrease in yield	(0.1)	(1.4)		(1.5)
Increase in other sales	7.3			7.3
Purchase of finished product for resale	4.3			4.3
	\$ (6.0)	\$ (20.9)	\$	\$ (26.9)

Further detail regarding the \$6.0 million decrease in sales in the Rendering segment and the \$20.9 million decrease in sales in the Bakery segment in the third quarter of Fiscal 2013 is as follows:

**Rendering**

**Finished Product Prices:** Lower prices in the overall commodity market for soybean meal, soy oil, a continued lack of export demand and reduced corn values negatively impacted the Company's finished product prices for PM (feed grade and pet food), BFT, PG and YG. The \$12.2 million decrease in Rendering sales resulting from decreases in finished product prices for PM (pet food), BFT, PG and YG, which more than offset the increase in the finished product price for MBM. The market decreases were due to changes in supply/demand in the domestic and international markets for commodity proteins and fats, including PM (feed grade and pet food), BFT, PG and YG.

**Raw Material Volume:** Rendering volumes decreased Rendering sales by approximately \$5.3 million as a result of a decrease in slaughter and processor rates of the Company's pork and beef raw material suppliers in the third quarter of Fiscal 2013 as compared to the third quarter of Fiscal 2012.

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**Yield:** The \$0.1 million decrease in the Rendering segment yield is primarily due to a decrease in the relative portion of cattle offal in the raw material collected during the third quarter of Fiscal 2013, as compared to the third quarter of Fiscal 2012, which impacted yields since cattle offal is a higher yielding material than poultry and pork offal.

**Other Sales:** The \$7.3 million increase in other Rendering segment sales was primarily due to an increase in hide sales and higher collection and processing fees mainly due to the acquisition of TRS new industrial residuals business and an increase in pet food sales.

**Purchases of Finished Product for Resale:** The \$4.3 million increase in sales resulted from the Company purchasing more finished product for resale from third party suppliers in the third quarter of Fiscal 2013 as compared to the same period in Fiscal 2012. Lower yields on production resulted in the need to source third party product by the Company.

**Bakery**

**Finished Product Prices:** Lower prices in the commodity market for corn negatively impacted the Company's BBP finished product prices by approximately \$18.9 million.

**Raw Material Volume:** Bakery volumes decreased Bakery sales by approximately \$0.6 million, which is due to production decrease by the Company's commercial bakery suppliers as compared to the same period in the prior year.

**Yield:** The \$1.4 million decrease in the Bakery segment yield is primarily due to a decrease in the relative portion of dry based bakery residuals collected during the third quarter of Fiscal 2013 as compared to the third quarter of Fiscal 2012, which impacted yields since dry based bakery residuals are a higher yielding material than moist bakery residuals and available blending stock.

**Cost of Sales and Operating Expenses.** Cost of sales and operating expenses include the cost of raw material, the cost of products purchased for resale and the cost to collect raw material, which includes diesel fuel and processing costs, including natural gas. The Company utilizes both fixed and formula pricing methods for the purchase of raw materials. Fixed prices are adjusted where possible for changes in competition. Significant changes in finished goods market conditions impact finished product inventory values, while raw materials purchased under formula prices are correlated with specific finished goods prices. Energy costs, particularly natural gas and diesel fuel, are significant components of the Company's cost structure. The Company has the ability to burn alternative fuels at a majority of its plants to help manage the Company's price exposure to volatile energy markets.

During the third quarter of Fiscal 2013, cost of sales and operating expenses were \$310.1 million as compared to \$327.9 million during the third quarter of Fiscal 2012. Decreases in Rendering segment cost of sales and operating expenses of \$5.6 million and the decrease in Bakery segment cost of sales and operating expenses of \$12.8 million accounted for substantially all of the \$17.8 million decrease in cost of sales and operating expenses. The decrease in cost of sales and operating expenses was primarily due to the following (in millions of dollars):

	Rendering	Bakery	Corporate	Total
Decrease in raw material costs	\$ (12.3)	\$ (9.9)	\$	\$ (22.2)
Decrease in raw material volume	(2.1)	(0.2)		(2.3)
Purchase of finished product for resale	4.5			4.5
Increase in energy costs, primarily natural gas and diesel fuel	0.7	0.1	0.6	1.4
Increase/(decrease) in other costs of sales	3.6	(2.8)		0.8
	\$ (5.6)	\$ (12.8)	\$ 0.6	\$ (17.8)



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Further detail regarding the \$5.6 million decrease in cost of sales and operating expenses in the Rendering segment and the \$12.8 million decrease in the Bakery segment in the third quarter of Fiscal 2013 is as follows:

### **Rendering**

**Raw Material Costs:** A portion of the Company's volume of raw material is acquired on a formula basis. Under a formula arrangement, the cost of raw material is tied to the finished product market for PM (both feed grade and pet food), BFT, PG and YG. During the quarter lower demand for soy oil and fats resulted in a decrease in prices of the Company's finished products and therefore a decrease in the cost of raw material of approximately \$12.3 million in the third quarter of Fiscal 2013 as compared to the same period in Fiscal 2012.

**Raw Material Volume:** Production decreases from the Company's packers and processors resulted in lower raw material available to be processed and formula pricing resulted in lower cost of sales of approximately \$2.1 million.

**Purchases of Finished Product for Resale:** The \$4.5 million increase in cost of sales resulted from the Company purchasing more finished product for resale from third party suppliers in the third quarter of Fiscal 2013 as compared to the same period in Fiscal 2012.

**Energy Costs:** Natural gas and diesel fuel are major components of factory and collection operating costs, respectively. During the third quarter of Fiscal 2013 energy costs, primarily natural gas and diesel fuel, were higher as compared to the third quarter of Fiscal 2012 and are reflected in the \$0.7 million increase in cost of sales.

**Other Costs of Sales:** The \$3.6 million increase in other costs of sales is primarily due to an increase in payroll and incentive-related benefits, an increase in repairs and maintenance expense, hide sales and other sales costs.

### **Bakery**

**Raw Material Costs:** The Company's Bakery raw material is acquired on a formula basis. Under a formula arrangement, the cost of raw material is tied to the corn market. Since finished product prices, which are tied to the corn market, were lower in the third quarter of Fiscal 2013 as compared to the same period in Fiscal 2012, overall raw material costs decreased by approximately \$9.9 million.

**Raw Material Volume:** Production decreases from the Company's suppliers in the third quarter resulted in lower raw material available to be processed and formula pricing resulted in lower cost of sales of approximately \$0.2 million.

**Other Costs of Sales:** The \$2.8 million decrease in other costs of sales is due to a reduction to cost of sales from hedging activities.

**Energy Costs:** Natural gas is a major component of factory operating costs. During the third quarter of Fiscal 2013 natural gas costs were higher and are reflected in the \$0.1 million increase as compared to the same period in Fiscal 2012.

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**Selling, General and Administrative Expenses.** Selling, general and administrative expenses were \$42.6 million during the third quarter of Fiscal 2013, a \$4.2 million increase (10.9%) from \$38.5 million during the third quarter of Fiscal 2012. Selling, general and administrative expenses increased primarily due to payroll and related expense increases. The increase was primarily due to the following (in millions of dollars):

	<b>Rendering</b>	<b>Bakery</b>	<b>Corporate</b>	<b>Total</b>
Increase in payroll and incentive-related benefits	\$ 0.6	\$ 0.1	\$ 1.1	\$ 1.8
Increase in other expense	1.7		0.6	2.3
	<b>\$ 2.3</b>	<b>\$ 0.1</b>	<b>\$ 1.7</b>	<b>\$ 4.1</b>

**Acquisition Costs.** Acquisition costs were \$8.3 million during the third quarter of Fiscal 2013 and represent acquisition related costs associated with the TRS acquisition that occurred in the third quarter as well as costs incurred in connection with the Rothsay Acquisition that occurred on October 28, 2013 and the pending acquisition of the VION Ingredients business that has yet to occur.

**Depreciation and Amortization.** Depreciation and amortization charges increased \$2.6 million (12.7%) to \$23.1 million during the third quarter of Fiscal 2013 as compared to \$20.5 million during the third quarter of Fiscal 2012. The increase in depreciation and amortization is primarily due to a general increase in capital expenditures and an increase due to current year acquisition activity.

**Interest Expense.** Interest expense was \$5.3 million during the third quarter of Fiscal 2013 compared to \$5.9 million during the third quarter of Fiscal 2012, a decrease of \$0.6 million, due to interest that was capitalized.

**Other Income/Expense.** Other expense was \$3.3 million in the third quarter of Fiscal 2013, compared to income of \$0.2 million in the third quarter of Fiscal 2012. The increase in other expense in the third quarter of Fiscal 2013 as compared to the same period in Fiscal 2012 is primarily due to an accrual of \$2.4 million associated with a payment made in October 2013 pursuant to the terms of the purchase agreement relating to the Griffin Industries, Inc. ( Griffin ) acquisition to the former shareholders of Griffin to reimburse such shareholders for state income tax liability incurred by such shareholders as a result of the Company's election for certain tax treatment under Section 338(h)(10) of the U.S. Internal Revenue Code.

**Equity in Net Income/(Loss) in Investment of Unconsolidated Subsidiary.** Represents the Company's portion of the income of the DGD Joint Venture for the third quarter of Fiscal 2013. In the third quarter of Fiscal 2013 the net income was \$12.0 million compared to a net loss of \$0.8 million in the third quarter of Fiscal 2012. The \$12.8 million increase in net income is a direct result of the DGD Joint Venture's commencement of production and sale of renewable diesel fuel in late June 2013 as compared to non-capitalized expenses during construction phase in the prior year.

**Income Taxes.** The Company recorded income tax expense of \$17.4 million for the third quarter of Fiscal 2013, compared to \$22.1 million recorded in the third quarter of Fiscal 2012, a decrease of \$4.7 million, primarily due to decreased pre-tax earnings of the Company in the third quarter of Fiscal 2013. The effective tax rate for the third quarter of Fiscal 2013 and Fiscal 2012 was 38.6% and 37.3%, respectively, and differs from the statutory rate of 35% due primarily to state income taxes and qualified production activities deductions.

**Table of Contents****Results of Operations for Nine Months Ended September 28, 2013****Compared to Nine Months Ended September 29, 2012****Summary of Key Factors Impacting First Nine Months of Fiscal 2013 Results:**

Principal factors that contributed to a \$31.3 million decrease in operating income, which are discussed in greater detail in the following section, were:

decrease in yield;

acquisition costs and expenses from current year acquisition activity;

increases in payroll and related benefit costs;

increase in energy costs, primarily natural gas and diesel fuel; and

decrease in BFT, PG and YG finished product prices and corn.

These increases were partially offset by:

increase in poultry raw material volumes; and

increase in MBM and PM finished product prices, net of related increased raw material costs.

During the first nine months of Fiscal 2013, net sales were \$1,294.8 million as compared to \$1,276.5 million during the first nine months of Fiscal 2012. The Rendering operations process animal by-products and used cooking oil into fats (primarily BFT, PG and YG), protein (primarily MBM and PM (feed grade and pet food)) and hides. Fat was approximately \$580.9 million and \$626.0 million of net sales for the nine months ended September 28, 2013 and September 29, 2012, respectively, and protein was approximately \$410.6 million and \$361.9 million of net sales for the nine months ended September 28, 2013 and September 29, 2012, respectively. The increase in net sales was primarily due to the following (in millions of dollars):

	Rendering	Bakery	Corporate	Total
Increase in raw material volume	\$ 6.8	\$ 5.8	\$	\$ 12.6
Increase in other sales	11.9			11.9
Purchase of finished product for resale	5.4			5.4
Increase/(decrease) in finished product prices	2.7	(5.3)		(2.6)
Decrease in yield	(8.9)	(0.1)		(9.0)
	\$ 17.9	\$ 0.4	\$	\$ 18.3

Further detail regarding the \$17.9 million increase in sales in the Rendering Segment and the \$0.4 million increase in sales in the Bakery Segment in the first nine months of Fiscal 2013 is as follows:

Rendering

**Raw Material Volume:** Rendering volumes have increased Rendering sales by approximately \$6.8 million, which is a result of an increase in slaughter and processor rates of the Company's poultry raw material suppliers that more than offset lower volumes from the Company's beef suppliers in the first nine months of Fiscal 2013 as compared to the first nine months of Fiscal 2012.

**Other Sales:** The \$11.9 million increase in other Rendering segment sales was primarily due to an increase in hide sales and higher collection and processing fees mainly due to the acquisition of TRS's new industrial residuals business and an increase in pet food sales.

**Purchases of Finished Product for Resale:** The \$5.4 million increase in sales resulted from the Company purchasing more finished product for resale from third party suppliers in the

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first nine months of Fiscal 2013 as compared to the same period in Fiscal 2012. Lower yields on production results in the need to source third party product by the Company.

**Finished Product Prices:** Higher prices in the overall commodity market for soybean meal and fish meal, which are competing proteins to the Company's MBM and PM (both feed grade and pet food), respectively, positively impacted the Company's finished product prices. The \$2.7 million increase in Rendering sales resulting from increases in finished product prices for MBM and PM (both feed grade and pet food), more than offset the decrease in BFT, PG and YG prices. The market increases were due to changes in supply/demand in the domestic and international markets for commodity proteins, including MBM and PM (both feed grade and pet food).

**Yield:** The \$8.9 million decrease in the Rendering segment yield is primarily due to a decrease in the relative portion of cattle offal in the raw material collected during the first nine months of Fiscal 2013, as compared to the first nine months of Fiscal 2012, which impacted yields since cattle offal is a higher yielding material than poultry and pork offal.

**Bakery**

**Raw Material Volume:** Bakery volumes increased Bakery sales by approximately \$5.8 million, which is due to production increases by the Company's commercial bakery suppliers as compared to the same period in the prior year.

**Finished Product Prices:** Lower prices in the commodity market for corn negatively impacted the Company's BBP finished product prices by approximately \$5.3 million.

**Yield:** The \$0.1 million decrease in the Bakery segment yield is primarily due to a decrease in the relative portion of dry based bakery residuals collected during the first nine months of Fiscal 2013 as compared to the first nine months of Fiscal 2012, which impacted yields since dry based bakery residuals are a higher yielding material than moist bakery residuals and available blending stock.

**Cost of Sales and Operating Expenses.** During the first nine months of Fiscal 2013, cost of sales and operating expenses were \$942.7 million as compared to \$918.5 million during the first nine months of Fiscal 2012. Increases in Rendering segment cost of sales and operating expenses of \$19.1 million and the increase in Bakery segment cost of sales and operating expenses of \$4.9 million accounted for substantially all of the \$24.2 million increase in cost of sales and operating expenses. The increase in cost of sales and operating expenses was primarily due to the following (in millions of dollars):

	Rendering	Bakery	Corporate	Total
Increase/(decrease) in other costs of sales	\$ 16.0	\$ (3.9)	\$ (0.5)	\$ 11.6
Purchase of finished product for resale	5.4			5.4
Increase in raw material volume	2.5	2.8		5.3
Increase in energy costs, primarily natural gas and diesel fuel	3.8	0.6	0.7	5.1
Increase/(decrease) in raw material costs	(8.6)	5.4		(3.2)
	\$ 19.1	\$ 4.9	\$ 0.2	\$ 24.2

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Further detail regarding the \$19.1 million increase in cost of sales and operating expenses in the Rendering segment and the \$4.9 million increase in the Bakery segment in the first nine months of Fiscal 2013 is as follows:

### **Rendering**

**Other Costs of Sales:** The \$16.0 million increase in other costs of sales is primarily due to an increase in payroll and incentive-related benefits, an increase in repairs and maintenance expense, an increase in hide costs and other sales costs increases.

**Purchases of Finished Product for Resale:** The Company purchased more finished product for resale from third party suppliers in the first nine months of Fiscal 2013 as compared to the same period in Fiscal 2012 by \$5.4 million. Lower yields on production results in the need to source third party product by the Company.

**Raw Material Volume:** Production increases from the Company's packers and processors resulted in higher raw material volumes available to be processed and formula pricing resulted in higher cost of sales of approximately \$2.5 million.

**Energy Costs:** Natural gas and diesel fuel are major components of factory and collection operating costs, respectively. During the first nine months of Fiscal 2013 energy costs, primarily natural gas and diesel fuel, were higher as compared to the first nine months of Fiscal 2012 and are reflected in the \$3.8 million increase in cost of sales.

**Raw Material Costs:** A portion of the Company's volume of raw material is acquired on a formula basis. Under a formula arrangement, the cost of raw material is tied to the finished product market for MBM, PM (both feed grade and pet food), BFT, PG and YG. Although there was a higher demand for soybean meal and fish meal that resulted in an increase in prices of the Company's finished products for MBM and PM (both feed grade and pet food) the price decrease on the fats and corresponding formula pricing more than offset the protein meal increase resulting in a decrease in the cost of raw material of approximately \$8.6 million in the first nine months of Fiscal 2013 as compared to the same period in Fiscal 2012.

### **Bakery**

**Raw Material Costs:** The Company's Bakery raw material is acquired on a formula basis. Under a formula arrangement, the cost of raw material is tied to the corn market. Although finished product prices were lower on average in the first nine months of Fiscal 2013 as compared to the same period in Fiscal 2012 the Company's blending stocks continued to be higher on a year over year basis, which resulted in an overall increase in raw material costs of approximately \$5.4 million.

**Raw Material Volume:** Production increases from the Company's suppliers resulted in higher raw material volumes available to be processed and formula pricing resulted in higher cost of sales of approximately \$2.8 million.

**Energy Costs:** Natural gas is a major component of factory operating costs. During the first nine months of Fiscal 2013 natural gas costs were higher and are reflected in the \$0.6 million increase as compared to the same period in Fiscal 2012.

**Other Costs of Sales:** The \$3.9 million decrease in other costs of sales is mainly due to a reduction to cost of sales from hedging activities that were partially offset by an increase in payroll and incentive-related benefits and an increase in repairs and maintenance costs.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses were \$124.8 million during the first nine months of Fiscal 2013, a \$12.3 million increase (10.9%) from

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\$112.8 million during the first nine months of Fiscal 2012. Selling, general and administrative expenses increased primarily due to payroll and related expense increases. The increase was primarily due to the following (in millions of dollars):

	<b>Rendering</b>	<b>Bakery</b>	<b>Corporate</b>	<b>Total</b>
Increase in payroll and incentive-related benefits	\$ 3.5	\$ 0.5	\$ 2.4	\$ 6.4
Increase/(decrease) in other expense	1.9	(0.1)	3.8	5.6
	\$ 5.4	\$ 0.4	\$ 6.2	\$ 12.0

**Acquisition Costs.** Acquisition costs were \$9.2 million during the first nine months of Fiscal 2013 and represent acquisition related costs associated with the TRS acquisition that occurred in the third quarter as well as costs incurred in connection with the Rothsay Acquisition that occurred on October 28, 2013 and the pending acquisition of the VION Ingredients business that has yet to occur.

**Depreciation and Amortization.** Depreciation and amortization charges increased \$4.1 million (6.5%) to \$67.1 million during the first nine months of Fiscal 2013 as compared to \$63.0 million during the first nine months of Fiscal 2012. The increase in depreciation and amortization is primarily due to a general increase in capital expenditures and an increase due to current year acquisition activity.

**Interest Expense.** Interest expense was \$16.6 million during the first nine months of Fiscal 2013 compared to \$18.5 million during the first nine months of Fiscal 2012, a decrease of \$1.9 million, primarily due to capitalized interest and a Fiscal 2012 deferred loan cost write-off of approximately \$0.7 million related to pay down of outstanding debt.

**Other Income/Expense.** Other expense was \$2.6 million in the first nine months of Fiscal 2013, compared to \$0.1 million of other expense in the first nine months of Fiscal 2012. The increase in other expense in the first nine months of Fiscal 2013 as compared to the same period in Fiscal 2012 is primarily due to an accrual of \$2.4 million associated with a payment made in October 2013 pursuant to the terms of the purchase agreement relating to the Griffin acquisition to the former shareholders of Griffin to reimburse such shareholders for state income tax liability incurred by such shareholders as a result of the Company's election for certain tax treatment under Section 338(h)(10) of the U.S. Internal Revenue Code.

**Equity in Net Income/(Loss) in Investment of Unconsolidated Subsidiary.** Represents the Company's portion of the expenses of the DGD Joint Venture for the first nine months of Fiscal 2013. In the first nine months of Fiscal 2013 net income was \$8.8 million compared to a net loss of \$1.7 million in the first nine months of Fiscal 2012. The \$10.5 million increase in net income is a direct result of the DGD Joint Venture's commencement of production and sale of renewable diesel fuel in late June 2013 as compared to non-capitalized expenses during construction phase in the prior year.

**Income Taxes.** The Company recorded income tax expense of \$54.1 million for the first nine months of Fiscal 2013, compared to \$59.9 million recorded in the first nine months of Fiscal 2012, a decrease of \$5.8 million, primarily due to decreased pre-tax earnings of the Company in the first nine months of Fiscal 2013. The effective tax rate for the first nine months of Fiscal 2013 and Fiscal 2012 is 38.5% and 37.0%, respectively, and differs from the statutory rate of 35% due primarily to state income taxes and qualified production activities deductions.

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**Overview for Fiscal Year 2012**

The Company's Fiscal 2012 and Fiscal 2011 business and operations include 52 weeks of contribution from the assets acquired in the Griffin transaction as compared to 2 weeks of contribution from these assets in Fiscal 2010. For additional information on the Company's business, see Item 1, *Business*, in the Company's Annual Report on Form 10-K for the year ended December 29, 2012, which is incorporated by reference herein, and for additional information on the Company's segments, see note 20 to our consolidated financial statements for Fiscal 2012 included herein.

Fiscal 2012 was a strong year for the Company. Earnings performance was modestly weaker than Fiscal 2011, but the Company still achieved the second best year in its 130 year history. Lower finished product prices for the Company's industry were the primary driver. Historically finished product markets continued on the high end of the range and the Company saw the global feed grains and oilseed markets touch record highs; however, the Company's finished products became discounted versus their traditional and historical relationships. Aiding these discounts were increased slaughter weights, additional volumes of inedible corn oil from the ethanol industry, a continued slowness of MBM exports to Indonesia and the reluctance of Europe to allow used cooking oil imports in a meaningful manner. Overall, raw material volumes for fat and bone for Fiscal 2012 were about the same as Fiscal 2011, and the Company's raw material volumes from restaurants and bakeries were down. The Company's restaurant service benefited as the U.S. economy improved and eating out normalized; however, the used cooking oil margins were challenged due to competition for raw material and other competing fats. Energy costs for natural gas and diesel fuel were favorable in Fiscal 2012 as compared to Fiscal 2011. Overall operating costs were effectively managed and a strong capital improvement program was deployed.

The Bakery segment made a solid contribution during Fiscal 2012. Input volumes were sluggish during the first half of the year, but returned to historical and anticipated levels by June. Cookie Meal<sup>®</sup> prices improved and tracked with the rising price of corn, which ultimately drove Bakery segment earnings.

Operating income of \$231.7 million decreased by \$82.3 million in Fiscal 2012 compared to Fiscal 2011. The continuing challenges faced by the Company, as discussed below, indicate there can be no assurance that operating results achieved by the Company in Fiscal 2012 are indicative of future operating performance of the Company.

***Summary of Critical Issues Faced by the Company during Fiscal 2012***

***Critical Issues and Challenges***

Lower finished product prices for California MBM, BFT, PG and YG as compared to Fiscal 2011 were the result of decreased demand due to a slowdown in the domestic and international markets. These lower prices were partially offset by an overall increase in average MBM (Illinois), PM (both feed grade and pet food) and corn prices which are used to price BBP. Overall, finished product prices were unfavorable to the Company's sales revenue, but this unfavorable result was partially offset by the reduction in raw material cost, due to the Company's formula pricing arrangements with raw material suppliers, which index raw material cost to the prices of finished product derived from the raw material. Comparative sales price information from the Jacobsen, used by management to monitor performance, is provided below in Summary of Key Indicators of Fiscal 2012 Performance.

The Company collected lower raw material volumes in Fiscal 2012 as compared to Fiscal 2011 due to overall weaker slaughter and processor rates as a result of economic conditions in the animal processing industry.



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Energy prices for natural gas and diesel fuel declined during Fiscal 2012 as compared to Fiscal 2011.

The impact of the 2012 summer drought in the Midwest and other parts of the United States resulted in a significant decline in 2012 crop production. Prices of grains and grain products during Fiscal 2012 increased to near historical highs. While price increases of these grains and ingredients may be favorable for the selling price of the Company's finished products in the short term, the severity of these price increases could be detrimental to the future production economics of meat and poultry. A decrease in production by the meat and poultry processors as a result of these economic conditions could have a negative impact on the availability, quantity and quality of raw materials available to the Company in the future.

During the second quarter of Fiscal 2012, Indonesia closed its markets to MBM derived from U.S. beef in response to a new, single case of BSE, and those markets remained closed during the remainder of 2012.

Finished product prices for MBM in California and BFT, PG and YG commodities decreased during Fiscal 2012 as compared to the same period of Fiscal 2011.

The Company collected lower raw material volumes in Fiscal 2012 as compared to Fiscal 2011 due to overall weaker slaughter and processor rates as a result of economic conditions in the animal processing industry.

The Company consumes significant volumes of natural gas to operate boilers in its plants, which generate steam to heat raw material. Natural gas represents a significant component of factory cost included in cost of sales. The Company also consumes significant volumes of diesel fuel to operate its fleet of tractors and trucks used to collect raw material. Diesel fuel represents a significant component of collection costs included in cost of sales. Lower natural gas and diesel fuel prices were realized during Fiscal 2012 as compared to Fiscal 2011.

These challenges indicate there can be no assurance that Fiscal 2012 operating results are indicative of future operating performance of the Company.

**Results of Operations for Fifty-two Week Fiscal Year Ended December 29, 2012**

**Compared to Fifty-two Week Fiscal Year Ended December 31, 2011**

***Summary of Key Factors Impacting Fiscal 2012 Results:***

Principal factors that contributed to a \$82.3 million decrease in operating income, which are discussed in greater detail in the following section, were:

decrease in finished product prices, net of reduced raw material cost;

decrease in raw material volumes;

increases in payroll and related benefit costs; and

a prior year purchase contingency gain not recurring in the current year.

These decreases were partially offset by:

decrease in energy costs, primarily natural gas and diesel fuel; and

increase in yield.

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**Table of Contents****Summary of Key Indicators of Fiscal 2012 Performance:**

Principal indicators that management routinely monitors and compares to previous periods as an indicator of problems or improvements in operating results include:

finished product ingredient prices;

raw material volume;

production volume and related yield of finished product;

energy prices for natural gas quoted on the NYMEX index and diesel fuel;

collection fees and collection operating expenses; and

factory operating expenses.

**2012 Finished Product Ingredient prices.** During Fiscal 2012, the Company's actual sales prices by product trended with the reported Jacobsen prices. Average Jacobsen prices (at the specified delivery point) for Fiscal 2012, compared to average Jacobsen prices for Fiscal 2011, were as follows:

	Avg. Price Fiscal 2012	Avg. Price Fiscal 2011	Increase/ (Decrease)	% Increase/ (Decrease)
<b>Rendering Segment:</b>				
MBM (Illinois)	\$ 405.58/ton	\$ 354.84/ton	\$ 50.74/ton	14.3%
MBM (California)	\$ 356.02/ton	\$ 360.32/ton	\$ (4.30/ton)	(1.2)%
Feed Grade PM (Carolina)	\$ 483.78/ton	\$ 400.21/ton	\$ 83.57/ton	20.9%
Pet Food PM (Southeast)	\$ 713.76/ton	\$ 637.30/ton	\$ 76.46/ton	12.0%
BFT (Chicago)	\$ 43.83/cwt	\$ 49.58/cwt	\$ (5.75/cwt)	(11.6)%
PG (Southeast)	\$ 42.71/cwt	\$ 45.94/cwt	\$ (3.23/cwt)	(7.0)%
YG (Illinois)	\$ 37.31/cwt	\$ 43.19/cwt	\$ (5.88/cwt)	(13.6)%
<b>Bakery Segment:</b>				
Corn (Illinois)	\$ 7.21/bushel	\$ 6.89/bushel	\$ 0.32/bushel	4.6%

The overall decrease in average California MBM, BFT, PG and YG prices of the finished products the Company sells had an unfavorable impact on revenue that was partially offset by an overall increase in average Illinois MBM, average PM (both feed grade and pet food) and corn prices and the reduction to the Company's raw material cost resulting from formula pricing arrangements, which compute raw material cost based upon the price of finished product.

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During Fiscal 2012, net sales were \$1,701.4 million as compared to \$1,797.2 million during Fiscal 2011. The Rendering segments operations process animal by-products and used cooking oil into fats (primarily BFT, PG and YG), protein (primarily MBM and PM (feed grade and pet food)) and hides. Fat was approximately \$809.7 million and \$950.8 million of net sales for the year ended December 29, 2012 and December 31, 2011, respectively, and protein was approximately \$496.2 million and \$447.7 million of net sales for the year ended December 29, 2012 and December 31, 2011, respectively. The decrease in Rendering segment sales of \$95.2 million and the decrease in Bakery segment sales of \$0.6 million accounted for the \$95.8 million decrease in sales. The decrease in net sales was primarily due to the following (in millions of dollars):

	Rendering	Bakery	Corporate	Total
Increase/(decrease) in finished product prices	\$ (69.9)	\$ 9.7	\$	\$ (60.2)
Decrease in raw material volume	(27.2)	(14.6)		(41.8)
Increase in other sales	1.9	4.3		6.2
	\$ (95.2)	\$ (0.6)	\$	\$ (95.8)

Further detail regarding the \$95.2 million decrease in sales in the Rendering segment and the \$0.6 million decrease in sales in the Bakery segment is as follows:

**Rendering**

**Finished Product Prices:** Lower prices in the overall commodity market for soybean oil, inedible corn oil and palm oil which are competing fats to BFT and PG, negatively impacted the Company's finished product prices. In addition, a decrease in global demand for use of YG in biofuels negatively impacted the Company's finished product prices. The \$69.9 million decrease in Rendering sales resulting from decreases in finished product prices is due to a market-wide decrease in California MBM, BFT, PG and YG prices, but was slightly offset by an increase in MBM (Illinois) and PM (both feed grade and pet food) prices for Fiscal 2012 as compared to Fiscal 2011. The market decreases were due to changes in supply/demand in both the domestic and export markets for commodity fats and protein meals, including MBM, BFT, PG and YG.

**Raw Material Volume:** Rendering volumes decreased Rendering sales by approximately \$27.2 million, which is a result of weaker slaughter and processor rates as a result of economic conditions in the animal processing industry in Fiscal 2012 as compared to Fiscal 2011.

**Other Sales:** The \$1.9 million increase in other Rendering segment sales was primarily due to increased purchases of finished product for resale and an increase in yield that more than offset a decrease in collection fees and hide sales.

**Bakery**

**Finished Product Prices:** Higher prices in the commodity market for corn positively impacted the Company's BBP finished product prices by approximately \$9.7 million.

**Raw Material Volume:** Lower Bakery volumes decreased Bakery sales by approximately \$14.6 million, which is due to production cutbacks by the Company's commercial bakery suppliers.

**Other Sales:** The \$4.3 million increase in other Bakery segment sales is due to an increase in yields.

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**Cost of Sales and Operating Expenses.** During Fiscal 2012, cost of sales and operating expenses were \$1,232.6 million as compared to \$1,268.2 million during Fiscal 2011. The decrease in Rendering segment cost of sales and operating expenses of \$38.4 million and the increase in Bakery segment cost of sales and operating expenses of \$1.5 million accounted for substantially all of the \$35.6 million decrease in cost of sales and operating expenses. The decrease in cost of sales and operating expenses was primarily due to the following (in millions of dollars):

	<b>Rendering</b>	<b>Bakery</b>	<b>Corporate</b>	<b>Total</b>
Increase/(decrease) in raw material costs	\$ (34.5)	\$ 9.9	\$	\$ (24.6)
Decrease in raw material volume	(9.4)	(6.8)		(16.2)
Increase/(decrease) in other cost of sales	12.1	(1.2)	1.5	12.4
Decrease in energy costs, primarily natural gas and diesel fuel	(6.6)	(0.4)	(0.2)	(7.2)
	<b>\$ (38.4)</b>	<b>\$ 1.5</b>	<b>\$ 1.3</b>	<b>\$ (35.6)</b>

Further detail regarding the \$38.4 million decrease in cost of sales and operating expenses in the Rendering segment and the \$1.5 million increase in Bakery segment is as follows:

**Rendering**

**Raw Material Costs:** A portion of the Company's volume of raw material is acquired on a formula basis. Under a formula arrangement, the cost of raw material is tied to the finished product market for MBM, PM (both feed grade and pet food), BFT, PG and YG. Since finished product prices overall were lower in Fiscal 2012 as compared to the same period in Fiscal 2011, raw material costs decreased \$34.5 million.

**Raw Material volume:** Production cutbacks from packers and processors resulted in lower raw material available to be processed and formula pricing resulted in lower cost of sales of approximately \$9.4 million. A portion of the Company's volume of raw material is acquired on a formula basis. Under a formula arrangement, the cost of raw material is tied to finished product markets.

**Other Cost of Sales:** The \$12.1 million increase in other expense includes increases in purchases of finished products for resale and increases in payroll and related benefits.

**Energy Costs:** Both natural gas and diesel fuel are major components of factory and collection operating costs to the Rendering segment. During Fiscal 2012, energy costs were lower and are reflected in the \$6.6 million decrease due primarily to lower natural gas and diesel fuel costs as compared to Fiscal 2011.

**Bakery**

**Raw Material Costs:** The Company's Bakery raw material is acquired on a formula basis. Under these formula arrangements, the cost of raw material is tied to the market value of corn. Since finished product prices overall for corn were higher in Fiscal 2012 as compared to the same period in Fiscal 2011, the raw material cost increased approximately \$9.9 million.

**Raw Material Volume:** Production cutbacks from the Company's suppliers resulted in lower raw material available to be processed and formula pricing resulted in a decrease to cost of sales of approximately \$6.8 million.

**Other Costs of Sales:** The \$1.2 million decrease in other cost of sales includes decreases in repairs and maintenance and other general reductions as a result of less raw material processed.

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**Energy Costs:** Natural gas is a component of factory operating costs. During Fiscal 2012 natural gas costs were lower as compared to Fiscal 2011 and are reflected in the \$0.4 million decrease in cost of sales.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses were \$151.7 million during Fiscal 2012, a \$15.6 million increase (11.5%) from \$136.1 million during Fiscal 2011. Selling, general and administrative expenses increased primarily due to payroll and related expense increases and a Fiscal 2011 purchase accounting contingency gain that did not recur in Fiscal 2012. The increase in selling, general and administrative expenses was primarily due to the following (in millions of dollars):

	Rendering	Bakery	Corporate	Total
Payroll and related benefits expense	\$ 5.4	\$ 0.9	\$ 5.9	\$ 12.2
Increase from prior year purchase accounting contingency	3.1	0.7		3.8
Increase/(decrease) in other	0.2	(0.3)	(0.3)	(0.4)
	\$ 8.7	\$ 1.3	\$ 5.6	\$ 15.6

**Depreciation and Amortization.** Depreciation and amortization charges increased \$6.5 million (8.2%) to \$85.4 million during Fiscal 2012 as compared to \$78.9 million during Fiscal 2011. The increase in depreciation and amortization was primarily due to a general increase in capital expenditures.

**Interest Expense.** Interest expense was \$24.1 million during Fiscal 2012 compared to \$37.2 million during Fiscal 2011, a decrease of \$13.1 million, primarily due to a decrease in debt outstanding as a result of prior year and current year payoffs of the Company's revolver and term debt facilities, which included a reduction in the amount of the Company's term loan facility deferred loan costs due to write-offs of approximately \$0.7 million in Fiscal 2012 as compared to approximately \$4.9 million in Fiscal 2011.

**Other Income/Expense.** Other income was \$1.8 million in Fiscal 2012, as compared to other expense of \$3.0 million in Fiscal 2011. This increase of \$4.8 million was primarily due to insurance recovery proceeds on prior year and current year fire losses received in Fiscal 2012 and a decrease in other non-operating expenses that more than offset an increase in casualty loss from Hurricane Sandy.

**Equity in Net Loss in Investment of Unconsolidated Subsidiary.** Represents the Company's portion of the expenses of the DGD Joint Venture in Fiscal 2012. In Fiscal 2012, the net loss was \$2.7 million compared to \$1.6 million in Fiscal 2011. The \$1.1 million increase in net loss was due to an increase in non-capitalized expenses during construction.

**Income Taxes.** The Company recorded income tax expense of \$76.0 million for Fiscal 2012, compared to income tax expense of \$102.9 million recorded in Fiscal 2011, a decrease of \$26.9 million, primarily due to a decrease in pre-tax earnings of the Company in Fiscal 2012. The effective tax rate for Fiscal 2012 and Fiscal 2011 was 36.8% and 37.8%, respectively. The difference from the federal statutory rate of 35% in Fiscal 2012 and Fiscal 2011 is primarily due to state taxes and the section 199 qualified domestic production deduction.

**Financing, Liquidity and Capital Resources****Credit Facilities**

**Senior Secured Facilities.** On September 27, 2013, the Company entered into the Existing Credit Agreement restating its then existing credit agreement dated as of December 17, 2010 (as amended by the first amendment to the credit agreement as of dated March 25, 2011) with JPMorgan. The Existing Credit Agreement provides for the Existing Senior Secured Facilities in the aggregate

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principal amount of \$1.35 billion comprised of a five-year revolving loan facility of \$1.0 billion (approximately \$100.0 million of which will be available for a letter of credit sub-facility and \$50.0 million of which will be available for a swingline sub-facility) and a five-year term loan facility of \$350.0 million, all of which was available as of September 28, 2013. The revolving loan facility is available to be borrowed by the Company in U.S. dollars and Canadian dollars, and up to \$225.0 million of the revolving loan facility is available to be borrowed in Canadian dollars by Darling Canada, a wholly owned subsidiary of the Company. Further, \$200.0 million of the term loan facility was borrowed in U.S. dollars by the Company and \$150.0 million of the term loan facility was borrowed in Canadian dollars by Darling Canada. The Company and Darling Canada used the proceeds of the term loan facility and a portion of the revolving loan facility to pay a portion of the consideration for the Rothsay Acquisition and related fees and expenses, and Darling and Darling Canada intend to use the remainder of revolving loan facility to provide for working capital needs, general corporate purposes and other purposes not prohibited by the Existing Credit Agreement.

As of September 28, 2013, the Company had availability of \$967.3 million under the revolving loan facility, taking into account no outstanding borrowings and letters of credit issued of \$32.7 million.

As of September 28, 2013, the Company had no outstanding borrowings under the \$350.0 million term loan facility.

The obligations of the Company under the Existing Credit Agreement are guaranteed by Darling National LLC, Griffin Industries LLC, Craig Protein Division, Inc., Darling AWS LLC, Terra Holding Company, Darling Global Holdings Inc., Darling Northstar LLC, TRS and EV Acquisition, Inc., each of which are wholly-owned subsidiaries of the Company ( Guarantor Companies ), and are secured, subject to certain exceptions, by a perfected first priority security interest in all tangible and intangible personal property of the Company and the guarantors, including a pledge of 100% of the equity interests of certain domestic subsidiaries and 65% of the equity interests of certain foreign subsidiaries.

The Existing Credit Agreement is expected to be replaced as part of the Financing Transactions; however, if the VION Acquisition is not completed, it will remain outstanding and we will be subject to the covenants thereunder. See the section entitled *Description of Certain Indebtedness* for a description of the Credit Agreement.

**Senior Notes.** On December 17, 2010, Darling issued \$250.0 million in aggregate principal amount of its 8.5% Senior Notes due 2018 under an indenture with U.S. Bank National Association, as trustee. The Company is obligated to pay 8.5% annual cash interest on its 8.5% Senior Notes due 2018 on June 15 and December 15 of each year. Other than in connection with certain changes of control and assets sales, the Company is not required to make any mandatory purchase offers or redemption or sinking fund payments with respect to its 8.5% Senior Notes due 2018. The 8.5% Senior Notes due 2018 are guaranteed by each of the Guarantor Companies and, effective as of September 27, 2013, the 8.5% Senior Notes due 2018 are secured on an equal and ratable basis with the Company's and the guarantors' obligations under the Existing Credit Agreement.

As of September 28, 2013, the Company was in compliance with all of the covenants, including financial covenants, under the Existing Credit Agreement and the indenture relating to its 8.5% Senior Notes due 2018. The covenants require the Company to maintain compliance with specified financial ratios and may restrict the Company's ability to incur additional indebtedness; guarantee indebtedness or other obligations; pay dividends or make other distributions, repay subordinated indebtedness (if any), or make certain investments or other restricted payments; create liens securing indebtedness; merge, consolidate or sell or otherwise dispose of all or substantially all of its assets; sell or otherwise dispose of assets; make changes to its capital structure; engage in new lines of business unrelated to its current businesses; and enter into transactions with affiliates.

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The Existing Credit Agreement and 8.5% Senior Notes due 2018 consisted of the following elements at September 28, 2013 (in thousands):

<b>Senior Notes:</b>	
8.5% Senior Notes Due 2018	\$ 250,000
<b>Senior Secured Facilities:</b>	
Term Loan	\$
<b>Revolving Credit Facility:</b>	
Maximum availability	\$ 1,000,000
Borrowings outstanding	
Letters of credit issued	32,668
<b>Availability</b>	<b>\$ 967,332</b>

The classification of long-term debt in the Company's September 28, 2013 consolidated balance sheet is based on the contractual repayment terms of the debt issued under the Existing Credit Agreement and the 8.5% Senior Notes due 2018. We expect to redeem the 8.5% Senior Notes due 2018 in connection with the closing of the VION Acquisition and the VION Financing Transactions. However, if the VION Acquisition is not completed, such notes will remain outstanding and the Company and its subsidiaries will remain subject to the covenants included in the indenture governing such notes.

See *Management's Discussion and Analysis of Financial Condition and Results of Operations - Financing, Liquidity and Capital Resources - The Proposed VION Acquisition and the Related Financing Transactions.*

**Working Capital, Cash, Capital Expenditures and Other**

On September 28, 2013, the Company had working capital of \$76.1 million and its working capital ratio was 1.51 to 1 compared to working capital of \$158.6 million and a working capital ratio of 2.20 to 1 on December 29, 2012. The decrease in working capital is primarily due to a decrease in cash and cash equivalents and working capital from the TRS acquisition as well as an increase in inventory volumes. At September 28, 2013, the Company had unrestricted cash of \$8.0 million and funds available under the revolving credit facility of \$967.3 million, compared to unrestricted cash of \$103.2 million and funds available under the revolving credit facility of \$384.9 million at December 29, 2012.

Net cash provided by operating activities was \$168.7 million and \$196.6 million for the nine months ended September 28, 2013 and September 29, 2012, respectively, a decrease of \$27.9 million due primarily to a decrease in net income of approximately \$15.5 million and changes in operating assets and liabilities that include a decrease in cash provided by income tax refundable/payable of approximately \$21.3 million, that was partially offset by an increase in cash provided by inventory of approximately \$8.0 million. Cash used by investing activities was \$250.8 million for the nine months ended September 28, 2013, compared to \$116.7 million for the nine months ended September 29, 2012, an increase of \$134.1 million primarily due to an increase in cash paid for the Company's investment in the DGD Joint Venture and the increase in current year acquisition activity. Net cash used by financing activities was \$13.1 million for the nine months ended September 28, 2013, compared to \$31.1 million for the nine months ended September 29, 2012, a decrease in the use of cash of \$18.0 million, primarily due to repayment of term debt in the prior year.



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Capital expenditures of \$85.7 million were made during the first nine months of Fiscal 2013, compared to \$84.2 million in the first nine months of Fiscal 2012, for a net increase of \$1.5 million (1.8%), due primarily to more planned capital projects in the first nine months of Fiscal 2013. Additionally, included in the planned capital projects are costs associated with the Company's initiation of a new ERP system. As of September 28, 2013, the Company has spent approximately \$30.1 million in capital expenditures for software and design costs related to the implementation of the Oracle E Business Suite ERP system. The implementation is expected to be completed in 2015. The expected cash flow impact of this project will be in the range of \$36.0 million to \$40.0 million. These costs will be financed using the cash flows from operations. Capital expenditures related to compliance with environmental regulations were \$2.5 million and \$1.6 million during the nine months ended September 28, 2013 and September 29, 2012, respectively.

Based upon the annual actuarial estimate, current accruals and claims paid during the first nine months of Fiscal 2013, the Company has accrued approximately \$12.2 million it expects will become due during the next twelve months in order to meet obligations related to the Company's self-insurance reserves and accrued insurance obligations, which are included in current accrued expenses at September 28, 2013. The self-insurance reserve is composed of estimated liability for claims arising for workers' compensation, and for auto liability and general liability claims. The self-insurance reserve liability is determined annually, based upon a third party actuarial estimate. The actuarial estimate may vary from year to year due to changes in cost of health care, the pending number of claims or other factors beyond the control of management of the Company. It is expected that the Company's funding obligations under its self-insurance reserve will increase in the future as a result of 2013 acquisition activity and its planned acquisition of VION Ingredients.

Based upon current actuarial estimates, the Company expects to contribute approximately \$0.3 million to its pension plans in order to meet minimum pension funding requirements during the next twelve months. The minimum pension funding requirements are determined annually, based upon a third party actuarial estimate. The actuarial estimate may vary from year to year due to fluctuations in return on investments or other factors beyond the control of management of the Company or the administrator of the Company's pension funds. No assurance can be given that the minimum pension funding requirements will not increase in the future. Additionally, the Company has made tax deductible discretionary and required contributions to its pension plans for the nine months ended September 28, 2013 of approximately \$4.0 million.

The Pension Protection Act of 2006 (PPA) was signed into law in August 2006 and went into effect in January 2008. The stated goal of the PPA is to improve the funding of pension plans. Plans in an under-funded status will be required to increase employer contributions to improve the funding level within PPA timelines. The impact of recent volatility in the world equity and other financial markets have had and could continue to have a material negative impact on pension plan assets and the status of required funding under the PPA. The Company participates in various multiemployer pension plans which provide defined benefits to certain employees covered by labor contracts. These plans are not administered by the Company and contributions are determined in accordance with provisions of negotiated labor contracts to meet their pension benefit obligations to their participants. The Company's contributions to each individual multiemployer plan represent less than 5% of the total contributions to each such plan. Based on the most currently available information, the Company has determined that, if a withdrawal were to occur, withdrawal liabilities on two of the plans in which the Company currently participates could be material to the Company, with one of these material plans certified as critical or red zone. With respect to the other multiemployer pension plans in which the Company participates and which are not individually significant, four plans have certified as critical or red zone and two plans have certified as endangered or yellow zone as defined by the PPA. In June 2009, the Company received a notice of a mass withdrawal termination and a notice of initial withdrawal liability from a multiemployer plan in which it participated. The Company had anticipated

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this event and as a result had accrued approximately \$3.2 million as of January 3, 2009 based on the most recent information that was probable and estimable for this plan. The plan had given a notice of redetermination liability in December 2009. In Fiscal 2010, the Company received further third party information confirming the future payout related to this multiemployer plan. As a result, the Company reduced its liability to approximately \$1.2 million. In Fiscal 2010, another under-funded multiemployer plan in which the Company participates gave notification of partial withdrawal liability. As of September 28, 2013, the Company has an accrued liability of approximately \$0.9 million representing the present value of scheduled withdrawal liability payments under this multiemployer plan. While the Company has no ability to calculate a possible current liability for under-funded multiemployer plans that could terminate or could require additional funding under the PPA, the amounts could be material.

***The Diamond Green Diesel Joint Venture***

The Company announced on January 21, 2011 that a wholly-owned subsidiary of Darling entered into a limited liability company agreement with a wholly-owned subsidiary of Valero to form the DGD Joint Venture. The DGD Joint Venture is owned 50%/50% with Valero and was formed to design, engineer, construct and operate the DGD Facility, which is capable of producing approximately 9,300 barrels per day of renewable diesel fuel and certain other co-products, and is located adjacent to Valero's refinery in Norco, Louisiana. DGD The Facility reached mechanical completion and began the production of renewable diesel in late June 2013.

On May 31, 2011, the DGD Joint Venture and Diamond Green Diesel LLC, a wholly-owned subsidiary of the DGD Joint Venture ( Opco ), entered into (i) a facility agreement (the Facility Agreement ) with Diamond Alternative Energy, LLC, a wholly-owned subsidiary of Valero (the Lender ), and (ii) a loan agreement (the Loan Agreement ) with the Lender, which provided the DGD Joint Venture with a 14 year multiple advance term loan facility of approximately \$221,300,000 (the JV Loan ) to support the design, engineering and construction of the DGD Facility, which is now in production. The Facility Agreement and the Loan Agreement prohibit the Lender from assigning all or any portion of the Facility Agreement or the Loan Agreement to unaffiliated third parties. Opco has also pledged substantially all of its assets to the Lender, and the DGD Joint Venture has pledged all of Opco's equity interests to the Lender, until the JV Loan has been paid in full and the JV Loan has terminated in accordance with its terms.

Based on the sponsor support agreements executed in connection with the DGD Facility Agreement and the Loan Agreement relating to the DGD Joint Venture with Valero, the Company has contributed a total of approximately \$111.7 million for completion of the DGD Facility including the Company's portion of cost overruns and working capital funding. As of the date hereof, it is anticipated that substantially all contributions have been made, except for possible additional working capital funding and under the equity method of accounting, the Company has an investment in the DGD Joint Venture of approximately \$116.3 million included on the consolidated balance sheet.

The Company is aware that a third party patent holder has filed a patent infringement claim against a producer of renewable diesel fuel and its owners. The producer is unrelated to the Company, the DGD Joint Venture or, to our knowledge, Valero. The Company has not, and to its knowledge neither the DGD Joint Venture nor Valero has, received any communication from such patent holder regarding similar claims against the DGD Joint Venture. The DGD Joint Venture has licensed a process from UOP LLC, a subsidiary of Honeywell International Inc., that it will utilize in producing renewable diesel fuel. The Company believes that the DGD Joint Venture's process differs from the process that is the subject of the infringement suit. Accordingly, any patent infringement claim that might be asserted in the future against either the Company or the DGD Joint Venture would be vigorously opposed. However, if any patent holder successfully challenged the patents under which the DGD Joint Venture operates, the DGD Joint Venture could incur increased expenses or the need to modify its operation which could negatively impact the DGD Joint Venture's results of operations.

**Table of Contents*****The Proposed VION Acquisition and the Related Financing Transactions***

As further discussed in the section entitled *Summary Recent Developments*, on October 5, 2013, Darling and VION entered into the VION SPA, pursuant to which Darling expects to acquire VION Ingredients for approximately 1.6 billion, upon the terms and subject to the conditions set forth in the VION SPA.

In connection with the VION SPA, on October 5, 2013, Darling received commitments pursuant to the Commitments from JPMorgan, BMO, and Goldman Sachs Bank USA with respect to a \$1.2 billion term loan B facility and a \$1.3 billion senior unsecured bridge facility, to finance the VION Acquisition. The Commitments are subject to the satisfaction of certain closing conditions and execution of definitive documentation regarding such loans.

The following table sets forth our cash and cash equivalents and long term debt on an actual and pro forma basis as of September 28, 2013 to give effect to the Transactions.

You should read this information in conjunction with unaudited pro forma condensed combined financial information and the historical financial statements and the related notes of Darling, Rothsay and VION Ingredients included elsewhere in this prospectus supplement.

	As of September 28, 2013	
	Actual	Pro forma
	(in millions)	
Cash and cash equivalents	\$ 8.0	\$ 215.6
Long-term debt (including current portion of long-term debt):		
8.5% Senior Notes due 2018	250.0	
Existing revolving credit facility; new revolving credit facility under the Senior Secured Facilities <sup>(1)</sup>		324.5
Existing/New revolving credit facility		
Term loan A facility		345.5
Term loan B facility		1,200.00
Bridge Facility		500.0
Other debt	0.1	0.1
Total long-term debt	250.1	2370.1

<sup>(1)</sup> On a pro forma basis, we would have had undrawn commitments available for additional borrowings under the new revolving credit facility under the Senior Secured Facilities of up to \$642.8 million.

Our high level of indebtedness could have adverse consequences to us and you, as a holder of our common stock, including the following:

making it more difficult for us to satisfy our obligations with respect to our indebtedness and our contractual and commercial commitments;

limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements on commercially reasonable terms or at all;

requiring us to use a substantial portion of our cash flows from operations to pay principal and interest on our indebtedness instead of other purposes, thereby reducing the amount of our cash flows from operations available for working capital, capital expenditures, acquisitions and other general corporate purposes;

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increasing our vulnerability to adverse economic, industry and business conditions;

exposing us to the risk of increased interest rates as certain of our borrowings are, and certain of our future borrowings, including borrowings under the Senior Secured Facilities, will be at variable rates of interest;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

placing us at a competitive disadvantage compared to other, less leveraged competitors; and

increasing our cost of borrowing.

For a description of the terms of our indebtedness, see the section entitled *Description of Certain Indebtedness*.

***Discussion and Analysis of the Company's Liquidity Condition***

The Company's efforts to integrate current year acquisition activity as well as actual and expected future international acquisition activity could result in unforeseen delays, costs and operating and integration difficulties that will require significant management resources for the remainder of Fiscal 2013 and into future periods. The completion and integration of the Acquisitions will require the Company to continue to incur high professional expenditures into the fourth quarter of Fiscal 2013 and into Fiscal 2014.

The Company's management believes that cash flows from operating activities consistent with the level generated in the first nine months of Fiscal 2013, unrestricted cash and funds available under the Senior Secured Facilities and the Commitments will be sufficient to meet the Company's working capital needs and maintenance and compliance-related capital expenditures, scheduled debt and interest payments, income tax obligations, acquisition obligations and other contemplated needs through the next twelve months. Numerous factors could have adverse consequences to the Company that cannot be estimated at this time, such as: unanticipated costs related to the acquisition (including transactional costs) and integration (including the new ERP system) of Rothsay and VION Ingredients; reductions in raw material volumes available to the Company due to weak margins in the meat production industry as a result of higher feed costs, reduced consumer demand or other factors, reduced volume from food service establishments, reduced demand for animal feed, or otherwise; a reduction in finished product prices; changes to worldwide government policies relating to renewable fuels and GHG emissions that adversely affect programs like RFS2 and tax credits for biofuels both in the United States and abroad; possible product recall resulting from developments relating to the discovery of unauthorized adulterations to food or feed additives; the occurrence of Bird Flu in the United States; any additional occurrence of BSE in the United States or elsewhere; unanticipated costs and/or reductions in raw material volumes related to the Company's compliance with the Enhanced BSE Rule; unforeseen new U.S. or foreign regulations affecting the rendering industry or the value-added products we produce (including new or modified animal feed, H1N1 flu, Bird Flu, BSE or similar or unanticipated regulations); increased contributions to the Company's multiemployer and employer-sponsored defined benefit pension plans (including Rothsay and VION Ingredients employee pension plans) as required by the PPA or resulting from a mass withdrawal event; bad debt write-offs; loss of or failure to obtain necessary permits and registrations; continued or escalated conflict in the Middle East, North Korea or elsewhere; and/or unfavorable export markets. These factors, coupled with volatile prices for natural gas and diesel fuel, general performance of the U.S. and global economies and any decline in consumer confidence, including the inability of consumers and companies to obtain credit due to lack of liquidity in the financial markets, among others, could negatively impact the Company's results of operations in Fiscal 2013 and thereafter. The Company cannot provide assurance that the cash flows from operating activities generated in the first nine months of Fiscal 2013 are indicative of the future cash flows from operating activities that will be generated by the Company's operations. The

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Company reviews the appropriate use of unrestricted cash periodically. Except for expenditures relating to the Company's ongoing installation activities with respect to its planned new ERP system project and the fulfillment of all conditions to the closing of the VION Acquisition, no decision has been made as to non-ordinary course cash usages at this time; however, potential usages could include: opportunistic capital expenditures and/or acquisitions and joint ventures; investments relating to the Company's developing a comprehensive renewable energy strategy, including, without limitation, potential investments in additional renewable diesel and/or biodiesel projects; investments in response to governmental regulations relating to human and animal food safety or other regulations; unexpected benefit funding requirements; and paying dividends or repurchasing stock, subject to limitations under the Existing Credit Agreement and the 8.5% Senior Notes due 2018, as well as suitable cash conservation to withstand adverse commodity cycles.

The current economic environment in the Company's markets has the potential to adversely impact its liquidity in a variety of ways, including through reduced raw materials availability, reduced finished product prices, reduced sales, potential inventory buildup, increased bad debt reserves, potential impairment charges and/or higher operating costs.

Several significant products that the Company now sells and will sell after completion of its planned acquisitions are commodities, the prices of which are based on established commodity markets and are subject to volatile changes. Any decline in these prices has the potential to adversely impact the Company's liquidity. Any decline in raw material availability, decline in commodities prices, increase in energy prices and changes in regulations, including those related to employee benefits funding, has the potential to adversely impact the Company's liquidity. A decline in commodities prices, a rise in energy prices, a slowdown in the U.S. or international economy, continued or escalated conflict in the Middle East, North Korea or elsewhere, or other factors could cause the Company to fail to meet management's expectations or could cause liquidity concerns.

### **Off Balance Sheet Obligations**

Based upon the underlying purchase agreements, the Company has commitments to purchase \$23.9 million of commodity products consisting of approximately \$20.4 million of finished products and approximately \$3.5 million of natural gas during the next twelve months, which are not included in liabilities on the Company's balance sheet at September 28, 2013. These purchase agreements were entered into in the normal course of the Company's business and are not subject to derivative accounting. The commitments will be recorded on the balance sheet of the Company when delivery of these commodities occurs and ownership passes to the Company during the remainder of Fiscal 2013, in accordance with accounting principles generally accepted in the United States.

Based upon the underlying lease agreements, the Company expects to pay approximately \$20.0 million in operating lease obligations during the next twelve months, which are not included in liabilities on the Company's balance sheet at September 28, 2013. These lease obligations are included in cost of sales or selling, general and administrative expense as the underlying lease obligation comes due, in accordance with accounting principles generally accepted in the United States.

### **New Accounting Pronouncements**

In June 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income. The ASU amends ASC Topic 220, Comprehensive Income. The new standard eliminates the option to report other comprehensive income and its components in the statement of changes in equity and instead requires entities to present net income and other comprehensive income in either a single

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continuous statement or in two separate, but consecutive, statements of net income and other comprehensive income. Reclassification adjustments between net income and other comprehensive income must be shown on the face of the statement(s), with no resulting change in net earnings. In December 2011, the FASB issued ASU No. 2011-12, Deferral of Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. This ASU amends ASC Topic 220, Comprehensive Income. The new standard deferred the requirement to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income while the FASB further deliberates this aspect of the proposal. This update is effective for the Company on January 1, 2012 and must be applied retrospectively. The Company adopted this standard as of March 31, 2012. The adoption did not have a material impact on the Company's consolidated financial statements. In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Out of Accumulated Other Comprehensive Income. This ASU amends ASC Topic 220, Comprehensive Income. This new standard requires an entity to report either on the income statement or disclose in the footnotes to the financial statement the effects on earnings from items that are reclassified out of other comprehensive income. This update was effective for the Company on December 30, 2012. The adoption did not have a material impact on the Company's consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment. The ASU amends ASC Topic 350, Intangibles—Goodwill and Other. The new standard is intended to reduce the cost and complexity of performing an impairment test for indefinite-lived intangible assets by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The new standard allows an entity to first assess qualitative factors to determine if it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. If based on its qualitative assessment an entity concludes it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. The standards update is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company adopted this standard in the first quarter of Fiscal 2013. The adoption did not have a material impact on the Company's consolidated financial statements.

#### **Quantitative and Qualitative Disclosures about Market Risks**

Market risks affecting the Company are exposures to changes in prices of the finished products the Company sells, interest rates on debt, availability of raw material supply and the price of natural gas and diesel fuel used in the Company's plants. Raw materials available to the Company are impacted by seasonal factors, including holidays, when raw material volume declines; warm weather, which can adversely affect the quality of raw material processed and finished products produced; and cold weather, which can impact the collection of raw material. Predominantly all of the Company's finished products are commodities that are generally sold at prices prevailing at the time of sale.

The Company makes limited use of derivative instruments to manage cash flow risks related to interest expense, natural gas usage, diesel fuel usage and inventory. The Company does not use derivative instruments for trading purposes. Interest rate swaps are entered into with the intent of managing overall borrowing costs by reducing the potential impact of increases in interest rates on floating-rate long-term debt. Natural gas swaps and options are entered into with the intent of managing the overall cost of natural gas usage by reducing the potential impact of seasonal weather demands on natural gas that increases natural gas prices. Heating oil swaps and options are entered into with the intent of managing the overall cost of diesel fuel usage by reducing the potential impact of

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seasonal weather demands on diesel fuel that increases diesel fuel prices. Inventory swaps and options are entered into with the intent of managing seasonally high concentrations of MBM, PM, BFT, PG, YG and BBP inventories and managing forecasted sales of BBP by reducing the potential impact of changing prices. The interest rate swaps and the natural gas swaps are subject to the requirements of FASB authoritative guidance. Some of the Company's natural gas and diesel fuel instruments are not subject to the requirements of FASB authoritative guidance because some of the natural gas and diesel fuel instruments qualify as normal purchases as defined in FASB authoritative guidance. At September 28, 2013, the Company had corn option contracts and natural gas swaps outstanding that qualified and were designated for hedge accounting as well as heating oil swaps that did not qualify and were not designated for hedge accounting.

In Fiscal 2012 and the first nine months of Fiscal 2013, the Company entered into natural gas swap contracts that are considered cash flow hedges. Under the terms of the natural gas swap contracts, the Company fixed the expected purchase cost of a portion of its plants' forecasted natural gas usage into the fourth quarter of Fiscal 2013. As of September 28, 2013, the aggregate fair value of these natural gas swap contracts was less than \$0.1 million and is included in other current assets and accrued expenses on the balance sheet, with an offset recorded in accumulated other comprehensive income for the effective portion.

In Fiscal 2012 and the first nine months of Fiscal 2013, the Company entered into corn option contracts that are considered cash flow hedges. Under the terms of the corn option contracts, the Company hedged a portion of its forecasted sales of BBP into the third quarter of Fiscal 2014. As of September 28, 2013, the aggregate fair value of these corn option contracts was approximately \$3.1 million and is included in other current assets on the balance sheet, with an offset recorded in accumulated other comprehensive income for the effective portion. From time to time, the Company may enter into corn option contracts in the future. Gains and losses arising from open and closed portions of these contracts may have a significant impact on the Company's income if there is significant volatility in the price of corn.

Additionally, the Company had heating oil swaps that are marked to market because they did not qualify for hedge accounting at September 28, 2013. The heating oil swaps had an aggregate fair value of approximately \$0.1 million and are included in other current assets and accrued expenses at September 28, 2013.

As of September 28, 2013, the Company had forward purchase agreements in place for purchases of approximately \$3.5 million of natural gas in Fiscal 2013. As of September 28, 2013, the Company had forward purchase agreements in place for purchases of approximately \$20.4 million of finished product in Fiscal 2013.



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**DESCRIPTION OF COMMON STOCK**

*The following descriptions are summaries of the material terms of our restated certificate of incorporation (as amended, the Certificate of Incorporation ), amended and restated bylaws (the Bylaws ) and relevant sections of the General Corporation Law of the State of Delaware (the DGCL ). Our Certificate of Incorporation and Bylaws have been incorporated by reference as exhibits to the registration statement of which this prospectus supplement forms a part. The summaries of these documents are qualified in their entirety by reference to the full text of the documents.*

***General***

We are currently authorized to issue up to 250,000,000 shares of common stock, par value \$0.01 per share. As of September 28, 2013, 119,176,005 shares of common stock were issued and outstanding.

Of the shares of common stock currently issued and outstanding, 9,998,017 shares were issued to certain Griffin shareholders who qualify as accredited investors (the Rollover Shareholders ) pursuant to the Rollover Agreement and have not been registered under the Securities Act or any state securities laws. In issuing such shares, Darling relied upon the exemptions from registration provided by Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

***Voting Rights***

The holders of common stock are entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote.

Each director elected by the holders of the common stock will serve until the earlier of his or her death, resignation, removal or until his successor is elected and qualified. The common stock does not have cumulative voting rights in the election of directors.

A special meeting of stockholders may be called at any time by proper written demand of any stockholders of record who hold, as of the record date fixed in accordance with the Bylaws, in the aggregate, at least 10% of the voting power of the outstanding shares of our capital stock.

***Rights to Dividends and on Liquidation, Dissolution and Winding Up***

Each share of common stock shall have identical rights and privileges. Subject to any rights of holders of our preferred stock, par value \$0.01 per share, holders of common stock are entitled to receive such dividends as may be lawfully declared from time to time by our board of directors. Upon our liquidation, dissolution or winding up, whether voluntary or involuntary, holders of common stock will be entitled to receive such assets as are available for distribution to stockholders after there will have been paid or set apart for payment the full amounts necessary to satisfy any preferential or participating rights to which the holders of outstanding series of preferred stock, if any, are entitled by the express terms of such series.

***Registration Rights***

In connection with our acquisition of Griffin in 2010, Darling entered into a Registration Rights Agreement (the Rollover Registration Rights Agreement ) with the Rollover Shareholders. See exhibit 10.5 to Darling s Current Report on Form 8-K filed with the SEC on December 20, 2010 for the full text of the Rollover Registration Rights Agreement. The Rollover Registration Rights Agreement allows the Rollover Shareholders that hold a majority of the Darling common stock issued pursuant to the Rollover Agreement to request up to three times that Darling register such Rollover Shareholders common stock under the Securities Act.

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### ***Other Rights***

The common stock does not have any preemptive, subscription, redemption or conversion rights. Additional shares of authorized common stock may be issued, as determined by our board of directors from time to time, without stockholder approval, except as may be required by applicable law and NYSE requirements, if any.

### ***Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws***

#### ***Board of Directors***

A nominee for director shall be elected to the board of directors by the vote of the majority of the votes cast with respect to that director's election at any meeting for the election of directors at which a quorum is present; provided, however, that if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes cast at any such meeting and entitled to vote on the election of directors.

Vacancies among the directors may be filled only by a majority of the directors then in office, even though less than a quorum, or by the sole remaining director, and each such director so chosen shall hold office until the first annual meeting of stockholders held after his or her election and until his or her successor is elected and qualified or, if earlier, until his or her death, resignation or removal from office.

#### ***Advance Notice Requirements for Director Nominations***

Our Bylaws contain advance notice procedures with regard to stockholder proposals related to the nomination of candidates for election as directors. These procedures provide that notice of stockholder proposals related to stockholder nominations for the election of directors must be received by our corporate secretary, in the case of an annual meeting, not earlier than the close of business on the 120th day nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting of stockholders. However, if the annual meeting is called for a date that is more than 30 days before or more than 70 days after that anniversary date, notice by the stockholder in order to be timely must be received not earlier than the close of business on the 120th day prior to such annual meeting or not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement is first made by us of the date of such meeting. If the number of directors to be elected to our board of directors at an annual meeting is increased and there is no public announcement by us naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice will be considered timely, but only with respect to nominees for the additional directorships, if it is delivered to our corporate secretary not later than the close of business on the tenth day following the day on which such public announcement is first made by us.

Stockholder nominations for the election of directors at a special meeting must be received by our corporate secretary no earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by our board of directors to be elected at such meeting.

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A stockholder's notice to our corporate secretary must be in proper written form and must set forth information related to the stockholder giving the notice and the beneficial owner (if any) on whose behalf the nomination is made, including:

the name and record address of the stockholder and the beneficial owner;

the class or series and number of shares of our capital stock that are owned beneficially and of record by the stockholder and the beneficial owner;

a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and such ben