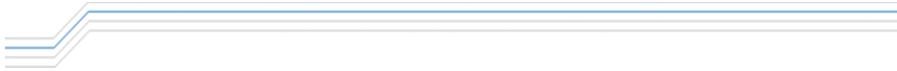


G R E A T R I V E R E N E R G Y

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G R E A T R I V E R E N E R G Y

Consolidated Balance Sheets (unaudited)

(In Thousands)

	June 30, 2014	June 30, 2013
ASSETS		
UTILITY PLANT:		
Electric plant	\$ 3,775,598	\$ 3,597,750
Plant held for future use	426,097	425,548
Coal mine plant	348,834	350,890
Construction work in progress	153,117	174,413
Less accumulated depreciation and amortization	(1,957,143)	(1,848,210)
Utility plant-net	2,746,503	2,700,391
NONUTILITY PLANT AND EQUIPMENT--NET	108,203	57,235
OTHER ASSETS AND INVESTMENTS:		
Restricted investments-deferred compensation	12,481	11,237
Other investments	28,451	27,887
Deferred charges-financing related	112,888	107,198
Deferred charges-other	133,992	129,813
Other long-term assets	30,172	28,203
Other long-term receivables:		
Members	545	1,082
Others	2,686	2,785
Total other assets and investments	321,215	308,205
CURRENT ASSETS:		
Cash and cash equivalents	357,202	309,055
Accounts receivable:		
Members	141,466	132,556
Others	22,768	22,793
Inventories:		
Materials and supplies	67,551	72,429
Fuel	28,314	21,437
Other	12,263	17,252
Prepays and other current assets	37,023	30,540
Derivative instruments	8,842	44,885
Deferred income tax benefit	27,460	23,992
Total current assets	702,889	674,939
TOTAL ASSETS	\$ 3,878,810	\$ 3,740,770
LIABILITIES AND CAPITAL		
CAPITAL:		
Members:		
Patronage capital	\$ 498,224	\$ 455,848
Memberships	3	3
Additional paid-in capital - subsidiary	1,505	-
Total members' capital	499,732	455,851
Noncontrolling interest - subsidiary	18,945	-
Noncontrolling interest - variable interest entity	72,497	56,574
Total capital	591,174	512,425
OTHER NONCURRENT LIABILITIES	66,475	90,630
REGULATORY LIABILITIES	61,445	54,590
LONG-TERM OBLIGATIONS--Less current portion	2,767,692	2,723,422
DEFERRED COMPENSATION	12,481	11,237
DEFERRED INCOME TAXES	26,636	23,225
CURRENT LIABILITIES:		
Current portion of long-term obligations	125,894	120,764
Notes payable to members	22,826	19,547
Obligations under line of credit	-	10,000
Accounts payable	68,912	62,628
Property and other taxes	20,224	18,104
Other accrued liabilities and notes payable	24,129	23,151
Accrued interest payable	65,061	67,453
Derivative instruments	25,861	3,594
Total current liabilities	352,907	325,241
TOTAL LIABILITIES AND CAPITAL	\$ 3,878,810	\$ 3,740,770

G R E A T R I V E R E N E R G Y

Interim Consolidated Statements of Operations, Comprehensive Income and Changes in Capital (unaudited)

(In Thousands)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
UTILITY OPERATIONS				
UTILITY OPERATING REVENUE:				
Electric revenue	\$ 213,256	\$ 208,628	\$ 486,672	\$ 429,424
Other operating revenue	16,732	16,294	31,867	29,988
Total utility operating revenue	229,988	224,922	518,539	459,412
UTILITY OPERATING EXPENSES:				
Purchased power	49,839	49,637	129,840	96,239
Fuel	50,391	49,538	116,414	110,712
Operation and maintenance	66,047	57,673	133,584	116,518
Depreciation and amortization	31,546	25,605	63,470	51,053
Property and other taxes	7,124	6,523	14,594	12,884
Total utility operating expenses	204,947	188,976	457,902	387,406
UTILITY OPERATING MARGIN	25,041	35,946	60,637	72,006
OTHER INCOME (EXPENSE):				
Other income (expense) - net	(39)	176	503	697
Interest income	307	402	618	818
Interest expense-net of amounts capitalized	(33,246)	(34,262)	(65,493)	(69,033)
Net utility margin	(7,937)	2,262	(3,735)	4,488
NONUTILITY OPERATIONS:				
Operating revenue	56,067	52,762	85,496	101,022
Operating expense	36,839	47,459	67,822	94,602
Operating income	19,228	5,303	17,674	6,420
Income (loss) from equity method investments	(6)	53	218	113
Loss from variable interest entity	(3,494)	(4,171)	(3,722)	(5,399)
Net nonutility operations	15,728	1,185	14,170	1,134
NET MARGIN AND COMPREHENSIVE INCOME INCLUDING NONCONTROLLING INTEREST				
	7,791	3,447	10,435	5,622
NONCONTROLLING INTEREST NET INCOME - SUBSIDIARY NONCONTROLLING INTEREST NET LOSS - VARIABLE INTEREST ENTITY				
	(4,147)		(3,596)	
	3,494	4,171	3,722	5,399
NET MARGIN AND COMPREHENSIVE INCOME ATTRIBUTABLE TO GREAT RIVER ENERGY	\$ 7,138	\$ 7,618	\$ 10,561	\$ 11,021
CAPITAL-BEGINNING OF PERIOD				
	\$ 575,101	\$ 499,288	\$ 547,709	\$ 486,713
Net margin and comprehensive income	7,791	3,447	10,435	5,622
Capital contributed by noncontrolling interest - subsidiary - net	600	-	16,854	-
Variable interest entity:				
Capital contributed by noncontrolling interest	7,877	9,883	16,564	20,474
Dividends distributed by noncontrolling interest	(195)	(193)	(388)	(384)
CAPITAL-END OF PERIOD	\$ 591,174	\$ 512,425	\$ 591,174	\$ 512,425

G R E A T R I V E R E N E R G Y

Interim Consolidated Statements of Cash Flows (unaudited)
(In Thousands)

	Six months ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net margin including noncontrolling interest	\$ 10,435	\$ 5,622
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and amortization:		
Charged to operating expenses	63,470	51,053
Charged to fuel expense	13,422	13,795
Income from equity method investments	(218)	(113)
Patronage credits earned from investments	(585)	(488)
Deferred charges	(16,378)	(23,772)
Regulatory liabilities	(10,503)	(2,425)
Changes in working capital (excluding cash, investments and borrowings):		
Accounts and long-term receivables	462	(9,622)
Inventory and other assets	(21,391)	(5,626)
Accounts payable, taxes and other accrued expenses	(13,885)	(9,597)
Accrued interest	5	21
Noncurrent liabilities	(3,268)	(1,779)
Net cash provided by operating activities	21,566	17,069
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(68,323)	(60,850)
Nonutility property additions	(45,310)	
Proceeds from the sale of plant	64	247
Equity method investments	(25)	-
Redemption of patronage capital investments	382	317
Net cash used in investing activities	(113,212)	(60,286)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term obligations	269,069	120,000
Repayments of long-term obligations	(112,158)	(109,811)
Costs of new debt issuance, new leases, and interest rate hedging instruments	(560)	(100)
Payments under line of credit-net	(10,000)	-
Notes paid from members-net	(2,143)	(1,015)
Capital contributed by noncontrolling interest - subsidiary	17,000	-
Equity issuance costs	(146)	-
Variable interest entity:		
Capital contributed by noncontrolling interest	16,564	20,474
Dividends distributed by noncontrolling interest	(388)	(384)
Net cash provided by financing activities	177,238	29,164
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	85,592	(14,053)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	271,610	323,108
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 357,202	\$ 309,055

Note to consolidated financial statements - As required by Accounting Standards Codification 810-10, GRE is consolidating the financial statements of the Falkirk Mining Company (Falkirk), a variable interest entity; North Dakota Refined Coal, LLC (NDRC), a variable interest entity; and beginning in 2014 for interim periods, Midwest AgEnergy Group, LLC (MAG), a subsidiary of GRE. MAG includes its subsidiaries Dakota Spirit AgEnergy Finance, LLC (DSAF), Dakota Spirit AgEnergy, LLC (DSA), and Blue Flint Ethanol LLC (Blue Flint). As June 30, 2014, GRE is a 78.43 percent owner in MAG. Blue Flint was a wholly owned subsidiary of GRE in 2013. All transactions between the companies have been eliminated in consolidation, except for the steam sales between GRE and Blue Flint.

Financial Highlights - Financial Condition

Assets

Utility plant – net increased by \$46.1 million to \$2.7 billion as of June 30, 2014, due to additions of \$189.8 million for the period from July 1, 2013 to June 30, 2014 for CapX2020, other transmission, utility plant projects, and Falkirk; offset by net retirements and depreciation of \$143.7 million for the period.

Nonutility plant and equipment – net increased by \$51.0 million to \$108.2 million as of June 30, 2014 due to construction of the DSA biorefinery facility. Construction will occur throughout 2014.

Current assets increased by \$28.0 million to \$702.9 million as of June 30, 2014. Cash and cash equivalents increased \$48.1 million. Accounts receivable-members increased \$8.9 million due to increased member sales for May and June 2014 compared to the same period in 2013. Member sales for May 2014 were particularly strong compared to 2013, with demand unit sales being 22.1 percent higher and energy unit sales being 2.3 percent higher than the previous year. Prepaids and other current assets increased \$6.5 million due primarily to a 2014 prepayment on an outage related maintenance contract. These increases were offset by a decrease in derivative instruments of \$36.0 million due primarily to a decrease in the marked to market valuation of the unsettled interest rate hedging contracts in an asset position.

Liabilities and Capital

Total capital increased by \$78.7 million to \$591.2 million as of June 30, 2014 due primarily to GRE's results from operations during the period from July 1, 2013 to June 30, 2014 of \$42.4 million. The noncontrolling interest capital increased primarily due to capital contributions by third party investors in MAG and capital contributions by NDRC.

Other noncurrent liabilities decreased \$24.2 million as of June 30, 2014 due primarily to the remeasurement of the GRE and Falkirk defined benefit pension obligations at the end of 2013.

Regulatory liabilities increased \$6.9 million due to the recording of a regulatory liability for the net gain of \$36.2 million on the July 2013 cash settlement of several interest rate hedges and an increase in the regulatory liability for the incentive-based rate treatment for the CAPX2020 transmission projects of \$6.9 million; offset by a decrease in the regulatory liability for the marked to market of the unsettled interest rate hedging contracts in an asset position of \$39.1 million.

Long-term obligations – less current portion increased \$44.3 million due to an increase in the syndicated credit facility amount outstanding of \$75.0 million, additional debt of \$16.8 million, and additional debt of \$75.0 million issued by MAG; offset by the payment of principal and amortization.

Current liabilities increased \$27.7 million due primarily to timing and an increase of \$22.7 million in the marked to market valuation of unsettled interest rate hedging contracts and commodity derivatives in a liability position at GRE and Blue Flint.

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The interim financial statements as of June 30, 2014 are unaudited. In the opinion of Management, all adjustments (which are normal recurring adjustments) have been made for a fair and accurate presentation of the financial reports. The interim financial statements should be read in conjunction with the Notes to Consolidated Financial Statements included in the 2013 Annual Report.

Financial Highlights - Results of Operations

Utility operating revenue increased by \$59.1 million or 12.9 percent for the six month period ended June 30, 2014 compared to the same period in 2013. Electric revenue increased due to increased member demand and energy unit sales of 4.8 percent and 3.8 percent, respectively, over the same period in 2013; the recognition of deferred revenue of \$10.5 million in January 2014; and an increase in the power cost adjustment (PCA) in 2014 over the same period in 2013 due primarily to variances in market prices largely caused by transmission congestion. Other operating revenue increased due to increased transmission revenue from the MISO market.

Purchased power increased by \$33.6 million or 34.9 percent for the six month period ended June 30, 2014 due to increased power purchases from the market as a result of higher member load and significantly higher market prices in the first three months of 2014 compared to 2013.

Fuel increased by \$5.7 million or 5.2 percent for the six month period ended June 30, 2014 due largely to significantly increased natural gas and fuel oil prices in the first three months of 2014 compared to 2013.

Operation and maintenance increased by \$17.1 million or 14.6 percent for the six month period ended June 30, 2014 due to increased transmission expenses for member load of \$3.3 million, increased expenses for GRE's share of local and regional transmission owned by others within MISO of \$2.2 million, the amortization of the 2013 scheduled major maintenance outage costs over the maintenance cycle period of \$4.7 million, and increased plant maintenance costs.

Depreciation and amortization increased by \$12.4 million or 24.3 percent for the six month period ended June 30, 2014 due primarily to the change in depreciable lives to 2028 for Coal Creek Station and Stanton Station beginning in July of 2013.

Nonutility operating revenue and expense represents the operations of MAG and its subsidiaries beginning in 2014 and solely Blue Flint in 2013. The increase in operating income of \$11.3 million to \$17.7 million for the six month period ended June 30, 2014 is due to Blue Flint net income of \$19.1 million, which is driven by lower corn prices as a result of large corn supplies and steady ethanol prices. Offsetting Blue Flint's net income, DSAF recorded \$1.4 million of interest expense for the first six months of 2014 related to undrawn construction project funds.

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Great River Energy of Maple Grove, Minnesota, is the second largest electric utility in the state, based on generating capacity, and the fourth largest generation and transmission (G&T) cooperative in the U.S. in terms of assets. We provide wholesale power to 28 distribution cooperatives in Minnesota. Those member cooperatives distribute electricity to approximately 650,000 homes, businesses, and farms.

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