

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2014	December 31, 2013
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 20,066	\$ 62,843
Receivables, net.....	1,698,883	1,333,113
Inventories.....	1,657,504	1,577,475
Prepaid assets.....	91,941	1,555,223
Other current assets.....	127,903	237,122
Total current assets.....	3,596,297	4,765,776
Investments.....	336,615	335,456
Property, plant and equipment, net.....	955,668	939,154
Goodwill.....	390,135	394,067
Other intangibles, net.....	188,317	196,029
Other assets.....	156,132	127,728
Total assets.....	\$ 5,623,164	\$ 6,758,210
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 783,478	\$ 95,406
Current portion of long-term debt.....	9,124	63,411
Accounts payable.....	1,161,907	1,353,304
Customer advances.....	73,959	1,836,643
Accrued liabilities.....	599,312	476,552
Patronage refunds and other member equities payable.....	60,585	68,715
Total current liabilities.....	2,688,365	3,894,031
Long-term debt	1,034,755	1,041,088
Employee benefits and other liabilities.....	349,931	324,539
Commitments and contingencies.....	—	—
Equities:		
Capital stock.....	851	860
Member equities.....	1,091,961	1,108,282
Accumulated other comprehensive loss.....	(132,174)	(129,146)
Retained earnings.....	572,049	500,721
Total Land O'Lakes, Inc. equity.....	1,532,687	1,480,717
Noncontrolling interests.....	17,426	17,835
Total equities.....	1,550,113	1,498,552
Total liabilities and equities.....	\$ 5,623,164	\$ 6,758,210

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
	(\$ in thousands)			
Net sales.....	\$ 3,130,205	\$ 2,978,586	\$ 11,461,788	\$ 10,809,821
Cost of sales.....	2,864,626	2,708,599	10,446,104	9,878,535
Gross profit.....	<u>265,579</u>	<u>269,987</u>	<u>1,015,684</u>	<u>931,286</u>
Selling, general and administrative.....	262,037	228,041	779,103	713,637
Earnings from operations.....	<u>3,542</u>	<u>41,946</u>	<u>236,581</u>	<u>217,649</u>
Interest expense, net.....	16,664	17,580	50,003	49,997
Other expense (income), net.....	(500)	803	(1,650)	(1,400)
Equity in earnings of affiliated companies.....	(12,578)	(8,070)	(46,942)	(32,905)
Earnings before income taxes and discontinued operations.....	<u>(44)</u>	<u>31,633</u>	<u>235,170</u>	<u>201,957</u>
Income tax (benefit) expense.....	3,682	(17,797)	23,373	(44)
Net earnings from continuing operations.....	<u>(3,726)</u>	<u>49,430</u>	<u>211,797</u>	<u>202,001</u>
Net earnings (losses) from discontinued operations.....	9,553	(38)	16,101	(4,154)
Net earnings.....	5,827	49,392	227,898	197,847
Less: net (losses) earnings attributable to noncontrolling interests.....	(458)	(70)	(292)	(52)
Net earnings attributable to Land O'Lakes, Inc.....	<u>\$ 6,285</u>	<u>\$ 49,462</u>	<u>\$ 228,190</u>	<u>\$ 197,899</u>
Applied to:				
Member equities				
Allocated patronage.....	\$ 9,165	\$ 31,593	\$ 154,925	\$ 141,421
Deferred equities.....	—	(233)	—	(1,635)
	<u>9,165</u>	<u>31,360</u>	<u>154,925</u>	<u>139,786</u>
Retained earnings.....	<u>(2,880)</u>	<u>18,102</u>	<u>73,265</u>	<u>58,113</u>
	<u>\$ 6,285</u>	<u>\$ 49,462</u>	<u>\$ 228,190</u>	<u>\$ 197,899</u>

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
	(\$ in thousands)			
Net earnings.....	\$ 5,827	\$ 49,392	\$ 227,898	\$ 197,847
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes.....	(13)	493	760	9,974
Cash flow hedge adjustments, net of income taxes.....	524	(38)	(2,191)	6,020
Foreign currency translation adjustments, net of income taxes.....	(1,209)	(239)	(1,715)	329
Total other comprehensive earnings (loss).....	(698)	216	(3,146)	16,323
Comprehensive earnings.....	5,129	49,608	224,752	214,170
Less: comprehensive earnings attributable to noncontrolling interests.....	(593)	(158)	(410)	79
Comprehensive earnings attributable to Land O'Lakes, Inc.....	<u>\$ 5,722</u>	<u>\$ 49,766</u>	<u>\$ 225,162</u>	<u>\$ 214,091</u>

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended
September 30,

2014 2013
(\$ in thousands)

Cash flows from operating activities:

Net earnings	\$ 227,898	\$ 197,847
Adjustments to reconcile net earnings to net cash used by operating activities:		
Depreciation and amortization.....	103,680	97,653
Amortization of deferred financing costs.....	4,818	2,024
Bad debt expense.....	3,068	1,739
Proceeds from patronage revolvment received.....	255	1,356
Non-cash patronage income.....	(3,952)	(5,817)
Deferred income tax (benefit) expense.....	(5,672)	(5,860)
Restructuring and impairment.....	9,268	—
Gain on divestiture of a business.....	(8,118)	—
Gain on sale of investments.....	(6,074)	(1,699)
Equity in earnings of affiliated companies.....	(46,942)	(32,905)
Dividends from investments in affiliated companies.....	29,662	29,172
Other.....	6,724	(720)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(364,170)	(368,651)
Inventories.....	(66,862)	9,931
Prepays and other current assets.....	1,452,347	1,261,420
Accounts payable.....	(228,897)	(104,493)
Customer advances.....	(1,762,684)	(1,537,345)
Accrued liabilities.....	115,389	56,309
Other assets.....	(16,370)	(557)
Other liabilities.....	3,898	(1,916)
Net cash used by operating activities.....	<u>(552,734)</u>	<u>(402,512)</u>

Cash flows from investing activities:

Additions to property, plant and equipment.....	(122,892)	(136,966)
Purchase of intangible assets.....	(386)	(400)
Acquisitions, net of cash acquired.....	—	(5,080)
Investments in affiliates.....	(412)	(8,340)
Net proceeds from divestiture of businesses.....	165,839	—
Net proceeds from sale of investments.....	24,129	16,763
Proceeds from sale of property, plant and equipment.....	3,702	2,052
Change in notes receivable.....	(5,856)	20,105
Other.....	686	(1,975)
Net cash provided by (used by) investing activities.....	<u>64,810</u>	<u>(113,841)</u>

Cash flows from financing activities:

Increase in short-term debt.....	696,794	617,389
Proceeds from issuance of long-term debt.....	3,200	9,470
Principal payments on long-term debt and capital lease obligations.....	(72,782)	(8,846)
Payments for redemption of member equities.....	(181,319)	(143,730)
Other.....	(746)	1,470
Net cash provided by financing activities.....	<u>445,147</u>	<u>475,753</u>

Net decrease in cash and cash equivalents.....	(42,777)	(40,600)
Cash and cash equivalents at beginning of the period.....	62,843	66,289
Cash and cash equivalents at end of the period.....	<u>\$ 20,066</u>	<u>\$ 25,689</u>

Supplementary Disclosure of Cash Flow Information

Cash paid during periods for:

Interest.....	\$ 50,999	\$ 53,029
Income taxes.....	7,319	2,124