

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 592,255	\$ 62,843
Receivables, net	1,305,952	1,333,113
Inventories	1,582,647	1,577,475
Prepaid assets	1,307,047	1,555,223
Other current assets	131,787	237,122
Total current assets	4,919,688	4,765,776
Investments	327,528	335,456
Property, plant and equipment, net	990,573	939,154
Goodwill	390,782	394,067
Other intangibles, net	186,124	196,029
Other assets	157,371	127,728
Total assets	\$ 6,972,066	\$ 6,758,210
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 100,388	\$ 95,406
Current portion of long-term debt	9,216	63,411
Accounts payable	1,415,098	1,353,304
Customer advances	1,852,638	1,836,643
Accrued liabilities	551,425	476,552
Patronage refunds and other member equities payable	98,053	68,715
Total current liabilities	4,026,818	3,894,031
Long-term debt	1,033,284	1,041,088
Employee benefits and other liabilities	465,187	324,539
Commitments and contingencies	—	—
Equities:		
Capital stock	830	860
Member equities	1,075,565	1,108,282
Accumulated other comprehensive loss	(233,861)	(129,146)
Retained earnings	586,986	500,721
Total Land O'Lakes, Inc. equity	1,429,520	1,480,717
Noncontrolling interests	17,257	17,835
Total equities	1,446,777	1,498,552
Total liabilities and equities	\$ 6,972,066	\$ 6,758,210

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

	For the Year Ended December 31,		
	2014	2013	2012
	(\$ in thousands)		
Net sales	\$ 14,965,516	\$ 14,236,449	\$ 13,642,019
Cost of sales	13,670,815	12,985,993	12,439,953
Gross profit	<u>1,294,701</u>	<u>1,250,456</u>	<u>1,202,066</u>
Selling, general and administrative	1,011,936	936,700	920,840
Earnings from operations	<u>282,765</u>	<u>313,756</u>	<u>281,226</u>
Interest expense, net	67,347	68,180	51,912
Other expense (income), net	(1,650)	1,393	(506)
Equity in earnings of affiliated companies	(52,365)	(44,247)	(21,938)
Earnings before income taxes and discontinued operations	<u>269,433</u>	<u>288,430</u>	<u>251,758</u>
Income tax expense (benefit)	15,314	(9,581)	14,551
Net earnings from continuing operations	<u>254,119</u>	<u>298,011</u>	<u>237,207</u>
Net earnings from discontinued operations	12,591	7,611	3,654
Net earnings	<u>266,710</u>	<u>305,622</u>	<u>240,861</u>
Less: net earnings (losses) attributable to noncontrolling interests	215	(331)	496
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 266,495</u>	<u>\$ 305,953</u>	<u>\$ 240,365</u>
Applied to:			
Member equities			
Allocated patronage	\$ 178,293	\$ 184,621	\$ 179,605
Deferred equities	—	—	1,721
	<u>178,293</u>	<u>184,621</u>	<u>181,326</u>
Retained earnings	88,202	121,332	59,039
	<u>\$ 266,495</u>	<u>\$ 305,953</u>	<u>\$ 240,365</u>

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

	For the Year Ended December 31,		
	2014	2013	2012
	(\$ in thousands)		
Net earnings	\$ 266,710	\$ 305,622	\$ 240,861
Other comprehensive earnings, net of tax			
Pension and other postretirement adjustments, net of income taxes	(98,511)	127,127	(17,837)
Cash flow hedge adjustments, net of income taxes	(3,711)	7,984	(1,919)
Foreign currency translation adjustments, net of income taxes	(3,094)	586	673
Total other comprehensive (loss) earnings	<u>(105,316)</u>	<u>135,697</u>	<u>(19,083)</u>
Comprehensive earnings	161,394	441,319	221,778
Less: comprehensive (loss) earnings attributable to noncontrolling interests	(386)	15	15
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 161,780</u>	<u>\$ 441,304</u>	<u>\$ 221,763</u>

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

	For the Year Ended December 31,		
	2014	2013	2012
	(\$ in thousands)		
Cash flows from operating activities:			
Net earnings	\$ 266,710	\$ 305,622	\$ 240,861
Adjustments to reconcile net earnings to net cash used by operating activities:			
Depreciation and amortization.....	141,438	132,248	122,608
Amortization of deferred financing costs.....	2,689	2,690	2,330
Bad debt expense.....	3,467	3,132	5,792
Proceeds from patronage revolvment received.....	6,352	7,216	7,626
Non-cash patronage income.....	(5,262)	(7,412)	(4,892)
Deferred income tax expense (benefit).....	1,021	(10,589)	13,062
Restructuring and impairment.....	9,144	5,258	415
Gain on divestiture of a business.....	(8,119)	(4,480)	(352)
Gain on sale of investments.....	(6,072)	(2,086)	—
Equity in earnings of affiliated companies.....	(52,365)	(44,247)	(21,938)
Dividends from investments in affiliated companies.....	38,969	37,340	10,087
Other.....	3,069	(2,190)	(469)
Changes in assets and liabilities, net of acquisitions and divestitures:			
Restricted cash for legal reserve.....	—	—	25,000
Receivables.....	43,808	(53,354)	(131,151)
Inventories.....	4,318	(90,203)	(121,283)
Prepays and other current assets.....	246,584	(220,743)	(292,383)
Accounts payable.....	2,815	79,268	7,421
Customer advances.....	15,995	266,113	368,584
Accrued liabilities.....	67,424	1,830	75,406
Other assets.....	(513)	(380)	5,676
Other liabilities.....	5,182	1,918	(28,735)
Net cash provided by operating activities.....	<u>786,654</u>	<u>406,951</u>	<u>283,665</u>
Cash flows from investing activities:			
Additions to property, plant and equipment.....	(163,918)	(201,550)	(233,425)
Purchase of intangible assets.....	(1,636)	(400)	(8,858)
Acquisitions, net of cash acquired.....	(4,763)	(24,179)	(195,408)
Investments in affiliates.....	(412)	(8,465)	(159,716)
Net proceeds from divestiture of businesses.....	151,440	9,424	92,104
Net proceeds from sale of investments.....	24,130	19,263	—
Proceeds from sale of property, plant and equipment.....	8,094	2,859	7,407
Insurance proceeds for replacement assets.....	4,226	3,602	—
Change in notes receivable.....	(21,666)	3,582	7,814
Other.....	708	(1,975)	—
Net cash used by investing activities.....	<u>(3,797)</u>	<u>(197,839)</u>	<u>(490,082)</u>
Cash flows from financing activities:			
Increase in short-term debt.....	4,572	(64,942)	45,730
Proceeds from issuance of long-term debt.....	3,200	9,470	296,490
Principal payments on long-term debt and capital lease obligations.....	(76,642)	(11,473)	(15,874)
Payments for redemption of member equities.....	(183,640)	(146,881)	(112,539)
Other.....	(935)	1,268	(1,041)
Net cash (used by) provided by financing activities.....	<u>(253,445)</u>	<u>(212,558)</u>	<u>212,766</u>
Net increase (decrease) in cash and cash equivalents.....	529,412	(3,446)	6,349
Cash and cash equivalents at beginning of the period.....	62,843	66,289	59,940
Cash and cash equivalents at end of the period.....	<u>\$ 592,255</u>	<u>\$ 62,843</u>	<u>\$ 66,289</u>

