

**LAND O'LAKES, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>
	<b>(Unaudited)</b>	
	<b>(\$ in thousands)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 34,021	\$ 62,843
Receivables, net.....	1,836,707	1,333,113
Inventories.....	1,674,595	1,577,475
Prepaid assets.....	124,192	1,555,223
Other current assets.....	113,083	237,122
Total current assets.....	3,782,598	4,765,776
Investments.....	333,466	335,456
Property, plant and equipment, net.....	935,157	939,154
Goodwill.....	390,961	394,067
Other intangibles, net.....	191,701	196,029
Other assets.....	154,359	127,728
Total assets.....	\$ 5,788,242	\$ 6,758,210
<b>LIABILITIES AND EQUITIES</b>		
Current liabilities:		
Notes and short-term obligations .....	\$ 497,130	\$ 95,406
Current portion of long-term debt.....	6,022	63,411
Accounts payable.....	1,397,242	1,353,304
Customer advances.....	170,888	1,836,643
Accrued liabilities.....	730,869	476,552
Patronage refunds and other member equities payable.....	56,953	68,715
Total current liabilities.....	2,859,104	3,894,031
Long-term debt .....	1,040,264	1,041,088
Employee benefits and other liabilities.....	339,601	324,539
Commitments and contingencies.....	—	—
Equities:		
Capital stock.....	852	860
Member equities.....	1,087,085	1,108,282
Accumulated other comprehensive loss.....	(131,611)	(129,146)
Retained earnings.....	574,928	500,721
Total Land O'Lakes, Inc. equity.....	1,531,254	1,480,717
Noncontrolling interests.....	18,019	17,835
Total equities.....	1,549,273	1,498,552
Total liabilities and equities.....	\$ 5,788,242	\$ 6,758,210

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(\$ in thousands)			
Net sales.....	\$ 4,036,240	\$ 3,787,848	\$ 8,331,583	\$ 7,831,237
Cost of sales.....	3,682,699	3,461,426	7,581,479	7,169,937
Gross profit.....	<u>353,541</u>	<u>326,422</u>	<u>750,104</u>	<u>661,300</u>
Selling, general and administrative.....	253,132	238,463	517,066	485,597
Earnings from operations.....	<u>100,409</u>	<u>87,959</u>	<u>233,038</u>	<u>175,703</u>
Interest expense, net.....	18,199	17,456	33,339	32,417
Other expense (income), net.....	666	100	(1,150)	(2,203)
Equity in earnings of affiliated companies.....	(26,321)	(20,208)	(34,363)	(24,835)
Earnings before income taxes and discontinued operations.....	<u>107,865</u>	<u>90,611</u>	<u>235,212</u>	<u>170,324</u>
Income tax (benefit) expense.....	11,273	10,355	19,690	17,753
Net earnings from continuing operations.....	<u>96,592</u>	<u>80,256</u>	<u>215,522</u>	<u>152,571</u>
Net earnings (losses) from discontinued operations.....	778	(3,334)	6,548	(4,116)
Net earnings.....	<u>97,370</u>	<u>76,922</u>	<u>222,070</u>	<u>148,455</u>
Less: net (losses) earnings attributable to noncontrolling interests.....	457	43	166	18
Net earnings attributable to Land O'Lakes, Inc.....	<u>\$ 96,913</u>	<u>\$ 76,879</u>	<u>\$ 221,904</u>	<u>\$ 148,437</u>
Applied to:				
Member equities				
Allocated patronage.....	\$ 58,197	\$ 46,234	\$ 145,760	\$ 109,828
Deferred equities.....	—	(1,402)	—	(1,402)
	<u>58,197</u>	<u>44,832</u>	<u>145,760</u>	<u>108,426</u>
Retained earnings.....	38,716	32,047	76,144	40,011
	<u>\$ 96,913</u>	<u>\$ 76,879</u>	<u>\$ 221,904</u>	<u>\$ 148,437</u>

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
	(\$ in thousands)			
Net earnings.....	\$ 97,370	\$ 76,922	\$ 222,070	\$ 148,455
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes.....	—	9,318	773	9,481
Cash flow hedge adjustments, net of income taxes.....	(1,423)	4,863	(2,715)	6,058
Foreign currency translation adjustments, net of income taxes.....	(325)	(55)	(506)	568
Total other comprehensive earnings (loss).....	(1,748)	14,126	(2,448)	16,107
Comprehensive earnings.....	95,622	91,048	219,622	164,562
Less: comprehensive earnings attributable to noncontrolling interests.....	515	9	183	237
Comprehensive earnings attributable to Land O'Lakes, Inc.....	\$ 95,107	\$ 91,039	\$ 219,439	\$ 164,325

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

For the Six Months Ended  
June 30,

**2014**                      **2013**  
(\$ in thousands)

**Cash flows from operating activities:**

Net earnings	\$ 222,070	\$ 148,455
Adjustments to reconcile net earnings to net cash used by operating activities:		
Depreciation and amortization.....	68,364	64,692
Amortization of deferred financing costs.....	1,406	1,351
Bad debt expense.....	(267)	1,665
Proceeds from patronage revolvment received.....	254	1,058
Non-cash patronage income.....	(3,340)	(3,306)
Deferred income tax (benefit) expense.....	—	11,583
Restructuring and impairment.....	9,089	—
(Gain) loss on divestiture of a business.....	2,248	—
Gain on sale of investments.....	(5,574)	(2,500)
Equity in earnings of affiliated companies.....	(34,364)	(24,835)
Dividends from investments in affiliated companies.....	20,886	20,208
Other.....	8,311	(335)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(504,389)	(588,499)
Inventories.....	(98,982)	(10,863)
Prepays and other current assets.....	1,409,707	1,260,961
Accounts payable.....	39,981	143,684
Customer advances.....	(1,665,755)	(1,456,243)
Accrued liabilities.....	258,037	217,532
Other assets.....	(16,502)	(1,039)
Other liabilities.....	4,719	(7,356)
Net cash provided (used) by operating activities.....	<u>(284,101)</u>	<u>(223,787)</u>

**Cash flows from investing activities:**

Additions to property, plant and equipment.....	(74,343)	(82,802)
Purchase of intangible assets.....	(386)	(400)
Acquisitions, net of cash acquired.....	—	1,950
Investments in affiliates.....	(300)	(7,039)
Net proceeds from divestiture of businesses.....	155,740	—
Net proceeds from sale of investments.....	21,600	16,763
Proceeds from sale of property, plant and equipment.....	1,392	968
Change in notes receivable.....	(9,020)	8,889
Other.....	—	(1,975)
Net cash provided by (used by) investing activities.....	<u>94,683</u>	<u>(63,646)</u>

**Cash flows from financing activities:**

(Decrease) increase in short-term debt.....	401,315	407,841
Proceeds from issuance of long-term debt.....	2,590	—
Principal payments on long-term debt and capital lease obligations.....	(61,903)	(5,612)
Payments for redemption of member equities.....	(180,660)	(143,097)
Other.....	(746)	711
Net cash provided by financing activities.....	<u>160,596</u>	<u>259,843</u>

Net (decrease) increase in cash and cash equivalents.....	(28,822)	(27,590)
Cash and cash equivalents at beginning of the period.....	62,843	66,289
Cash and cash equivalents at end of the period.....	<u>\$ 34,021</u>	<u>\$ 38,699</u>

**Supplementary Disclosure of Cash Flow Information**

Cash paid during periods for:

Interest.....	\$ 38,155	\$ 39,300
Income taxes.....	6,830	1,948