

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2015	December 31, 2014
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,762	\$ 592,255
Receivables, net	1,969,326	1,305,952
Inventories	1,698,534	1,582,647
Prepaid assets	257,394	1,307,047
Other current assets	131,697	131,787
Total current assets	4,077,713	4,919,688
Investments	324,236	327,528
Property, plant and equipment, net	990,137	990,573
Goodwill	409,638	410,658
Other intangibles, net	183,167	186,124
Other assets	171,291	157,371
Total assets	\$ 6,156,182	\$ 6,991,942
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 315,919	\$ 100,388
Current portion of long-term debt	8,707	9,216
Accounts payable	1,423,935	1,415,098
Customer advances	720,614	1,852,638
Accrued liabilities	542,918	551,425
Patronage refunds and other member equities payable	125,098	98,053
Total current liabilities	3,137,191	4,026,818
Long-term debt	1,048,075	1,033,284
Employee benefits and other liabilities	486,331	485,063
Commitments and contingencies	—	—
Equities:		
Capital stock	828	830
Member equities	1,078,047	1,075,565
Accumulated other comprehensive loss	(238,067)	(233,861)
Retained earnings	635,550	586,986
Total Land O'Lakes, Inc. equity	1,476,358	1,429,520
Noncontrolling interests	8,227	17,257
Total equities	1,484,585	1,446,777
Total liabilities and equities	\$ 6,156,182	\$ 6,991,942

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

	For the Three Months Ended March 31,	
	2015	2014
	(\$ in thousands)	
Net sales	\$ 3,766,112	\$ 4,295,343
Cost of sales	3,384,127	3,898,780
Gross profit	<u>381,985</u>	<u>396,563</u>
Selling, general and administrative	262,043	263,935
Earnings from operations	<u>119,942</u>	<u>132,628</u>
Interest expense, net	12,315	15,140
Other expense (income), net	—	(1,817)
Equity in earnings of affiliated companies	(5,462)	(8,042)
Earnings before income taxes and discontinued operations	<u>113,089</u>	<u>127,347</u>
Income tax expense (benefit)	13,246	8,417
Net earnings from continuing operations	<u>99,843</u>	<u>118,930</u>
Net (loss) earnings from discontinued operations	(668)	5,770
Net earnings	<u>99,175</u>	<u>124,700</u>
Less: net earnings (losses) attributable to noncontrolling interests	(212)	(291)
Net earnings attributable to Land O'Lakes, Inc.	<u><u>\$ 99,387</u></u>	<u><u>\$ 124,991</u></u>
Applied to:		
Member equities		
Allocated patronage	\$ 63,569	\$ 87,563
Deferred equities	(12,551)	—
	<u>51,018</u>	<u>87,563</u>
Retained earnings	48,369	37,428
	<u><u>\$ 99,387</u></u>	<u><u>\$ 124,991</u></u>

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

	For the Three Months Ended	
	March 31,	
	2015	2014
	(\$ in thousands)	
Net earnings	\$ 99,175	\$ 124,700
Other comprehensive earnings, net of tax		
Pension and other postretirement adjustments, net of income taxes	(639)	773
Cash flow hedge adjustments, net of income taxes	(1,410)	(1,292)
Foreign currency translation adjustments, net of income taxes	(2,197)	(181)
Total other comprehensive (loss) earnings	<u>(4,246)</u>	<u>(700)</u>
Comprehensive earnings	94,929	124,000
Less: comprehensive (loss) earnings attributable to noncontrolling interests	(252)	(332)
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 95,181</u>	<u>\$ 124,332</u>

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

	For the Three Months Ended	
	March 31,	
	2015	2014
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$ 99,175	\$ 124,700
Adjustments to reconcile net earnings to net cash used by operating activities:		
Depreciation and amortization	36,571	33,311
Amortization of deferred financing costs	642	697
Bad debt expense	450	(540)
Proceeds from patronage revolvment received	298	235
Non-cash patronage income	(1,564)	(2,095)
Restructuring and impairment	305	8,961
Gain on sale of investments	—	(5,091)
Equity in earnings of affiliated companies	(5,464)	(8,042)
Dividends from investments in affiliated companies	8,764	8,580
Other	424	105
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables	(657,007)	(801,349)
Inventories	(115,890)	(215,005)
Prepays and other current assets	1,047,080	1,239,666
Accounts payable	26,484	107,097
Customer advances	(1,132,024)	(1,162,833)
Accrued liabilities	168	48,729
Other assets	(1,194)	(1,209)
Other liabilities	(6,690)	(7,606)
Net cash used by operating activities	<u>(699,471)</u>	<u>(631,689)</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(52,702)	(33,620)
Purchase of intangible assets	(623)	(386)
Net proceeds from sale of investments	—	17,100
Proceeds from sale of property, plant and equipment	2,411	1,089
Insurance proceeds for replacement assets	128	—
Change in notes receivable	(9,490)	(15,082)
Net cash used by investing activities	<u>(60,276)</u>	<u>(30,899)</u>
Cash flows from financing activities:		
Increase in short-term debt	215,528	668,981
Proceeds from issuance of long-term debt	—	580
Principal payments on long-term debt and capital lease obligations	(2,344)	(4,708)
Cash patronage and payments for redemption of member equities	(21,610)	(28,232)
Other	(3,320)	—
Net cash provided by financing activities	<u>188,254</u>	<u>636,621</u>
Net decrease in cash and cash equivalents	(571,493)	(25,967)
Cash and cash equivalents at beginning of the period	592,255	62,843
Cash and cash equivalents at end of the period	<u>\$ 20,762</u>	<u>\$ 36,876</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest	\$ 10,826	\$ 12,337
Income taxes	1,648	1,010