Post Holdings, Inc.
Form 10-Q
August 08, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2014
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____

Commission File Number: 1-35305
Post Holdings, Inc.
(Exact name of registrant as specified in its charter)

Missouri	45-3355106
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2503 S. Hanley Road
St. Louis, Missouri 63144
(Address of principal executive offices) (Zip Code)
(314) 644-7600
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:
Common stock, $0.01 Par Value – 44,823,744 shares as of August 6, 2014

POST HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION.
ITEM 1. FINANCIAL STATEMENTS.
POST HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in millions, except per share data)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Net Sales	$633.0	$257.3	$1,368.0	$742.4
Cost of goods sold	484.4	153.1	975.5	430.0
Gross Profit	148.6	104.2	392.5	312.4
Selling, general and administrative expenses	120.3	72.8	306.5	214.9
Amortization of intangible assets	20.4	3.5	38.8	9.9
(Gain) loss on foreign currency	(0.6)	0.2	12.9	0.3
Restructuring expenses	0.2	3.0	0.9	3.0
Other operating expenses, net	0.3	0.5	0.5	0.9
Operating Profit	8.0	24.2	32.9	83.4
Interest expense, net	57.0	19.2	123.3	60.0
Other expense, net	6.8	—	6.8	—
(Loss) Earnings before Income Taxes	(55.8)	5.0	(97.2)	23.4
Income tax (benefit) provision	(20.7)	1.6	(41.4)	7.3
Net (Loss) Earnings	(35.1)	3.4	(55.8)	16.1
Preferred stock dividends	(4.2)	(2.3)	(11.1)	(3.1)
Net (Loss) Earnings Available to Common Stockholders	$(39.3)	$1.1	$(66.9)	$13.0
(Loss) Earnings per Common Share:				
Basic	$(0.92)	$0.03	$(1.84)	$0.40
Diluted	$(0.92)	$0.03	$(1.84)	$0.40
Weighted-Average Common Shares Outstanding:				
Basic	42.6	32.7	36.3	32.6
Diluted	42.6	33.2	36.3	32.9

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited)
(in millions)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Net (Loss) Earnings	$(35.1)	$3.4	$(55.8)	$16.1
Amortization of actuarial (benefit) loss and prior service cost for pension and postretirement benefits, net of tax benefit (expense) of $0.1, $(0.3), $0.3 and $(0.6), respectively	(0.1)	0.4	(0.4)	1.0
Foreign currency translation adjustments	12.4	(2.0)	10.9	(4.1)
Total Comprehensive (Loss) Income	$(22.8)	$1.8	$(45.3)	$13.0

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in millions)

	June 30, 2014	September 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$377.3	$402.0
Restricted cash	5.3	38.1
Receivables, net	404.1	83.2
Inventories	391.2	121.9
Deferred income taxes	31.7	11.9
Prepaid expenses and other current assets	31.0	11.0
Total Current Assets	1,240.6	668.1
Property, net	850.0	388.5
Goodwill	3,097.3	1,489.7
Other intangible assets, net	2,749.4	898.4
Deferred income taxes	1.8	2.4
Other assets	79.1	26.7
Total Assets	$8,018.2	$3,473.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$25.7	$—
Accounts payable	195.2	77.1
Other current liabilities	247.4	68.9
Total Current Liabilities	468.3	146.0
Long-term debt	3,838.6	1,408.6
Deferred income taxes	977.1	304.3
Other liabilities	138.0	116.3
Total Liabilities	5,422.0	1,975.2
Stockholders' Equity		
Preferred stock	0.1	—
Common stock	0.5	0.3
Additional paid-in capital	2,670.0	1,517.2
(Accumulated deficit) retained earnings	(18.4)	47.6
Accumulated other comprehensive loss	(2.6)	(13.1)
Treasury stock, at cost	(53.4)	(53.4)
Total Stockholders' Equity	2,596.2	1,498.6
Total Liabilities and Stockholders' Equity	$8,018.2	$3,473.8

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Nine Months Ended June 30,	
	2014	2013
Cash Flows from Operating Activities		
Net (Loss) Earnings	$(55.8)	$16.1
Adjustments to reconcile net (loss) earnings to net cash flow provided by operating activities:		
Depreciation and amortization	93.9	54.2
Premium from issuance of long-term debt	20.1	15.0
Loss on interest rate swap	11.8	—
Loss on foreign currency	6.1	—
Stock-based compensation expense	11.0	7.9
Deferred income taxes	(38.1)	(16.9)
Other, net	11.1	(1.2)
Other changes in current assets and liabilities, net of business acquisitions:		
Increase in receivables, net	(33.6)	(10.4)
Increase in receivable from Ralcorp	—	(0.4)
Decrease (increase) in inventories	16.4	(12.8)
Increase in prepaid expenses and other current assets	(1.7)	3.6
Increase in accounts payable and other current and non-current liabilities	33.3	11.1
Net Cash Provided by Operating Activities	74.5	66.2
Cash Flows from Investing Activities		
Business acquisitions, net of cash acquired	(3,543.7)	(169.2)
Additions to property	(78.7)	(17.8)
Restricted cash	34.8	—
Net Cash Used by Investing Activities	(3,587.6)	(187.0)
Cash Flows from Financing Activities		
Proceeds from issuance of long term debt	2,385.6	250.0
Proceeds from issuance of preferred stock, net of issuance costs	310.2	234.0
Proceeds from issuance of common stock, net of issuance costs	593.4	—
Proceeds from issuance of equity component of tangible equity units, net of issuance costs	238.1	—
Proceeds from issuance of debt component of tangible equity units	41.8	—
Repayments of long-term debt	—	(170.6)
Payment of preferred stock dividend	(10.2)	(2.0)
Payments of debt issuance costs	(63.8)	(4.7)
Other, net	0.2	0.1
Net Cash Provided by Financing Activities	3,495.3	306.8
Effect of Exchange Rate Changes on Cash	(6.9)	(0.6)
Net (Decrease) Increase in Cash and Cash Equivalents	(24.7)	185.4
Cash and Cash Equivalents, Beginning of Year	402.0	58.2
Cash and Cash Equivalents, End of Period	$377.3	$243.6

See accompanying Notes to Condensed Consolidated Financial Statements.

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POST HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(in millions, except per share information and where indicated otherwise)
-NOTE 1 — BACKGROUND
Post Holdings, Inc. (“Post” or the “Company”) is a consumer packaged goods holding company operating in the center-of-the-store, refrigerated, active nutrition and private label food categories. The Company’s products are sold through a variety of channels such as grocery, club and drug stores, mass merchandisers, foodservice, ingredient and via the Internet. Post operates in five reportable segments: Post Foods, Attune Foods, Michael Foods, Active Nutrition and Private Brands. The Post Foods segment predominately includes the Post branded ready-to-eat cereal business. The Attune Foods segment manufactures and distributes premium natural and organic cereals and snacks and is comprised of the businesses of Attune Foods, Inc. (“Attune”), which we acquired substantially all of the assets of in December 2012, and certain assets of the Hearthside Food Solutions private label and branded businesses, which we acquired in May 2013. The Michael Foods segment, comprised of MFI Holding Corporation (“Michael Foods”) acquired in June 2014, manufactures and distributes egg products and refrigerated potato products and also distributes cheese and other dairy case products to the retail, food service and food ingredient channels. The Active Nutrition segment includes the business of Premier Nutrition Corporation (“PNC”), which was acquired in September 2013, and Dymatize Enterprises, LLC (“Dymatize”), which was acquired in February 2014. The Active Nutrition segment markets and distributes high protein shakes, bars and powders as well as nutritional supplements. The Private Brands segment consists of Dakota Growers Pasta Company, Inc. (“Dakota Growers”) and Golden Boy Foods Ltd. (“Golden Boy”), which were acquired in January 2014 and February 2014, respectively. The Private Brands segment manufactures dry pasta, peanut butter and other nut butters, dried fruits and baking and snacking nuts, servicing the private label retail, foodservice and ingredient channels. Post’s portfolio of brands includes diverse offerings such as Honey Bunches of Oats®, Pebbles™, Post Selects®, Great Grains®, Spoon Size® Shredded Wheat, Post® Raisin Bran, Grape-Nuts®, Honeycomb®, Attune®, Uncle Sam®, Erewhon®, Golden Temple™, Peace Cereal®, Sweet Home Farm®, Willamette Valley Granola Company™, Premier Protein®, Dymatize®, Supreme Protein®, Joint Juice®, Papetti’s®, All Whites®, Better’n Eggs®, Easy Eggs®, Abbotsford Farms®, Simply Potatoes® and Crystal Farms®.
Unless otherwise stated or the context otherwise indicates, all references in this Form 10-Q to “Post,” “the Company,” “us,” “our” or “we” mean Post Holdings, Inc. and its consolidated subsidiaries.
Basis of Presentation
These unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), under the rules and regulations of the United States Securities and Exchange Commission (the “SEC”), and on a basis substantially consistent with the audited consolidated financial statements of the Company as of and for the fiscal year ended September 30, 2013. These unaudited condensed consolidated financial statements should be read in conjunction with such audited consolidated financial statements, which are included in the Company’s Annual Report on Form 10-K filed with the SEC on November 27, 2013.
These unaudited condensed consolidated financial statements include all adjustments (consisting of normal recurring adjustments and accruals) that management considers necessary for a fair statement of the Company’s financial position, results of operations, comprehensive (loss) income and cash flows for the interim periods presented. Interim results are not necessarily indicative of the results for any other interim period or for the entire fiscal year.
The financial position and operating results of foreign operations are consolidated using the local currency as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the period. Resulting translation gains or losses are included in the condensed consolidated balance sheet as a component of accumulated other comprehensive loss.
Michael Foods operates on a different fiscal calendar than Post. The quarter close date for Michael Foods was June 28, 2014 and results have been not been adjusted to conform with Post’s fiscal calendar.
Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the condensed consolidated financial statements and footnotes thereto. Actual results could differ from those estimates. Significant estimates inherent in the preparation of the condensed consolidated financial statements include accounting for reserves established for doubtful accounts, stock-based compensation, impairment analyses, depreciation and amortization, income taxes, litigation matters and contingencies.

Recently Issued Accounting Standards

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-08 “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.” ASU 2014-08 provides a

narrower definition of discontinued operations than under existing GAAP. The standard update requires that only disposals of components of an entity (or groups of components) that represent a strategic shift that has or will have a major effect on the reporting entity's operations are reported in the financial statements as discontinued operations. The standard also provides guidance on the financial statement presentations and disclosures of discontinued operations. The ASU is effective prospectively for disposals (or classifications of businesses as held-for-sale) of components of an entity that occur in annual or interim periods beginning after December 15, 2014.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is the new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective for annual and interim periods beginning on or after December 15, 2016 (i.e. Post's financial statements for the year ending September 30, 2018), and early adoption is not permitted. Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in the ASU. The Company is currently in the process of determining the method of adoption and evaluating the impact of adopting this guidance.

Recently Adopted Accounting Standards

In the first quarter of fiscal 2014, Post adopted ASU 2013-02, "Reporting Amounts Reclassified out of Accumulated Other Comprehensive Income." The only reclassification out of accumulated other comprehensive income for the reported periods is amortization of actuarial (benefit) loss and prior service cost for pension and postretirement benefits totaling $(0.2) and $0.7 for the three month periods ended June 30, 2014 and 2013, ($(0.7) and $1.6 for the nine month periods), respectively. Amounts are classified as "Selling, general and administrative expenses" on the condensed consolidated statements of operations.

NOTE 2 — RESTRUCTURING

In April 2013, the Company announced management's decision to close its plant located in Modesto, California as part of a cost savings and capacity rationalization effort. The transfer of production capabilities and closure of the plant is expected to be completed by September 2014.

Amounts related to the plant closure are shown in the following table. Costs are recognized in "Restructuring expense" in the condensed consolidated statements of operations with the exception of accelerated depreciation expense which is included in "Cost of Goods Sold." These expenses are not included in the measure of segment performance for any segment.

	Three Months Ended June 30, 2014	Nine Months Ended June 30, 2014	Cumulative Incurred to Date	Remaining Expense Expected to be Incurred
Employee severance	$0.2	$0.9	$3.0	$0.5
Pension curtailment	—	—	1.7	—
Accelerated depreciation	2.1	6.8	16.4	1.7
	$2.3	$7.7	$21.1	$2.2

Liabilities recorded related to restructuring activities and changes therein are as follows:

	September 30, 2013	Costs Incurred and Charged to Expense	Cash Paid	June 30, 2014
Employee severance	$2.1	$0.9	$(0.9)	$2.1

NOTE 3 — BUSINESS COMBINATIONS

The Company uses the acquisition method in accounting for acquired businesses. Under the acquisition method, our financial statements reflect the operations of an acquired business starting from the completion of the acquisition. The assets acquired and liabilities assumed are recorded at their respective estimated fair values at the date of the acquisition. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill.

On December 31, 2012, Post Foods, LLC, a subsidiary of the Company, purchased substantially all of the assets of Attune Foods, Inc. for approximately $9.2 of cash. On October 1, 2013, these assets were contributed to Post Holdings, Inc. in a non-cash tax-free transaction.

On May 28, 2013, the Company completed its acquisition of certain assets of the branded and private label cereal, granola and snacks business of Hearthside Food Solutions ("Hearthside") for approximately $159.9 of cash. The Company combined this business with the Attune business to form the Attune Foods reporting segment (see Note 16).
On September 1, 2013, the Company completed its acquisition of PNC for approximately $186.0 of cash. PNC is reported in Post's Active Nutrition segment (see Note 16). Net sales and operating profit included in the consolidated statement of operations related to this acquisition were $39.1 and $0.7, respectively, for the three months ended June 30, 2014 and $118.7 and $7.6, respectively, for the nine months ended June 30, 2014. During the first quarter of fiscal 2014, a final settlement of net working capital was reached, resulting in an increase in total consideration of approximately $0.1 and a corresponding increase in goodwill. In addition, during the second quarter of fiscal 2014, $1.2 of pre-acquisition net operating losses ("NOLs") were identified and a deferred tax asset was recorded as well as a corresponding decrease to goodwill. As these adjustments did not have a significant impact on the condensed consolidated statements of operations, balance sheets or cash flows, the financial statements have not been retrospectively adjusted.
On January 1, 2014, Post completed its acquisition of all the stock of Agricore United Holdings Inc. ("Agricore") from Viterra Inc. Agricore is the parent company of Dakota Growers, a manufacturer of dry pasta for the private label, foodservice and ingredient markets. The purchase price for the transaction was $370.0 in cash, subject to a working capital adjustment, which resulted in a payment at closing of $366.2. In May 2014, a final settlement of net working capital and other adjustments was reached, resulting in a payment to the Company of $6.5. Dakota Growers is reported in Post's Private Brands segment (see Note 16). Based upon the preliminary purchase price allocation, the Company has recorded $127.2 of customer relationships to be amortized over a weighted-average period of 12.5 years and $22.8 to trademarks/brands to be amortized over a weighted-average period of 18.9 years. Net sales and operating profit included in the condensed consolidated statements of operations related to this acquisition were $62.3 and $2.8, respectively, for the three months ended June 30, 2014 and $129.0 and $1.7, respectively, for the nine months ended June 30, 2014.
On February 1, 2014, Post completed its acquisition of Dymatize, a manufacturer and marketer of premium protein powders, bars and nutritional supplements. The purchase price for the transaction was $380.0 in cash, subject to a working capital adjustment, which resulted in a payment at closing of $392.5. The parties have not yet agreed on a final net working capital adjustment. The Company currently estimates the final net working capital adjustment will result in an amount due back to the Company of approximately $6.0. In accordance with the terms of the purchase agreement, the sellers are eligible for an earn-out payment of up to $17.5 based on Dymatize's level of performance against certain financial performance targets, as defined in the purchase agreement, during calendar year 2014. Using an option pricing model, the Company estimated the acquisition date fair value of the earn-out to be approximately $5.4. As of June 30, 2014, the Company updated its estimate of the fair value of the earn-out and concluded the fair value was approximately $3.3, resulting in a gain of approximately $2.1 recognized during the third fiscal quarter which was recorded as a component of selling, general and administrative expenses in the Condensed Consolidated Statement of Operations. Dymatize is reported in Post's Active Nutrition segment (see Note 16). Based upon the preliminary purchase price allocation, the Company has recorded $136.8 of customer relationships to be amortized over a weighted-average period of 18 years and $121.1 to trademarks/brands to be amortized over a weighted-average period of 20 years. Net sales and operating loss included in the condensed consolidated statements of operations related to this acquisition were $47.6 and $(3.2), respectively, for the three months ended June 30, 2014 and $75.8 and $(5.7), respectively, for the nine months ended June 30, 2014.
On February 1, 2014, Post completed its acquisition of Golden Boy, a manufacturer of private label peanut and other nut butters, as well as dried fruits and baking and snacking nuts. The purchase price for the transaction was CAD $320.0 in cash, subject to a working capital adjustment, which resulted in a payment at closing of approximately CAD $321.1. In May 2014, a final settlement of net working capital and other adjustments was reached, resulting in an amount paid to the sellers of CAD $2.1. Golden Boy is reported in Post's Private Brands segment (see Note 16). Based upon the preliminary purchase price allocation, the Company has recorded $82.6 of customer relationships to be amortized over a weighted-average period of 11 years, $28.9 to trademarks/brands to be amortized over a weighted-average period of 20 years, and $20.0 to other intangible assets to be amortized over a weighted-average period of 11 years. Net sales and operating profit included in the condensed consolidated statements of operations

related to this acquisition were $71.9 and $3.1, respectively, for the three months ended June 30, 2014 and $110.9 and $5.0, respectively, for the nine months ended June 30, 2014.

On June 2, 2014, the Company completed its acquisition of Michael Foods from affiliates of GS Capital Partners, affiliates of Thomas H. Lee Partners and other owners, which is reported as Post's Michael Foods segment. Michael Foods manufactures and distributes egg products and refrigerated potato products and also distributes cheese and other dairy case products to the retail, food service and food ingredient channels. The purchase price the Company paid for the transaction was approximately $2,450.0, subject to working capital and other adjustments which resulted in a cash payment at closing of approximately $2,539.1. The parties have not yet agreed on the final net working capital adjustment. However, Post currently estimates the final net working capital settlement will result in an amount due back to the Company of approximately $10.0. In addition to the purchase price paid at closing, the Company will make a payment of $50.0 to the stockholders of Michael Foods on June 2, 2015. Based upon the preliminary purchase

price allocation, the Company has recorded $1,126.6 of customer relationships to be amortized over a weighted-average period of 20 years and $217.7 to trademarks/brands to be amortized over a weighted-average period of 19.3 years.

Each of the acquisitions was accounted for using the acquisition method of accounting, whereby the results of operations are included in the financial statements from the date of acquisition. The respective purchase prices were allocated to acquired assets and liabilities based on their estimated fair values at the date of acquisition, and any excess was allocated to goodwill, as shown in the following table. Goodwill represents the value the Company expects to achieve through the implementation of operational synergies and the expansion of the business into new or growing segments of the industry. The Company does not expect the final fair value of goodwill related to the current year acquisitions of Dakota Growers, Golden Boy and Michael Foods to be deductible for U.S. income tax purposes. The Company estimates approximately $106.4 of tax deductible goodwill will result from the Dymatize acquisition pending final resolution of net working capital amounts and the earn-out.

Certain estimated values for the Dakota Growers, Dymatize, Golden Boy and Michael Foods acquisitions, including goodwill, intangible assets and deferred taxes, are not yet finalized pending the final settlement of the purchase price and preliminary purchase price allocations and are subject to change once additional information is obtained.

The following table provides the allocation of the purchase price based upon the fair value of assets and liabilities assumed for each acquisition completed in fiscal 2014.

	Dakota Growers	Dymatize	Golden Boy	Michael Foods
Cash and cash equivalents	$2.9	$1.8	$—	$69.1
Restricted cash	—	—	—	2.0
Receivables	25.3	24.3	18.6	156.7
Income tax receivable	—	—	—	62.5
Inventories	43.4	41.0	28.1	171.9
Deferred income taxes	0.3	2.9	—	2.1
Prepaid expenses and other current assets	0.4	0.7	0.7	9.0
Property	86.0	15.6	10.5	328.3
Goodwill	160.5	101.8	153.6	1,186.0
Other intangible assets	150.0	257.9	131.5	1,344.3
Other assets	1.0	0.1	—	8.2
Current portion of long-term debt	—	—	—	(3.7)
Accounts payable	(5.6)	(17.7)	(10.3)	(107.5)
Other current liabilities	(25.7)	(7.2)	(8.4)	(82.2)
Long-term debt	—	—	—	(8.4)
Deferred income taxes	(78.4)	(29.3)	(33.8)	(555.3)
Other liabilities	(0.2)	—	(2.1)	(5.7)
Total acquisition cost	$359.9	$391.9	$288.4	$2,577.3

The following unaudited pro forma information presents a summary of the combined results of operations of the Company and the aggregate results of Attune, Hearthside, PNC, Dakota Growers, Dymatize, Golden Boy and Michael Foods for the periods presented as if the fiscal 2014 acquisitions had occurred on October 1, 2012 and the fiscal 2013 acquisitions had occurred on October 1, 2011, along with certain pro forma adjustments. These pro forma adjustments give effect to the amortization of certain definite-lived intangible assets, adjusted depreciation based upon fair value of assets acquired, interest expense related to the financing of the business combinations, and related income taxes. The following unaudited pro forma information has been prepared for comparative purposes only and is not necessarily indicative of the results of operations as they would have been had the acquisitions occurred on the assumed dates, nor is it necessarily an indication of future operating results.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Pro forma net sales	$980.0	$955.2	$2,913.1	$2,878.2

Pro forma net earnings available to common stockholders	$(23.3)	$1.3	$(41.1)	$3.9
Pro forma basic earnings per share	$(0.47)	$0.03	$(0.83)	$0.08
Pro forma diluted earnings per share	$(0.47)	$0.03	$(0.83)	$0.08

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NOTE 4 — GOODWILL

The changes in the carrying amount of goodwill by segment are noted in the following table.

	Post Foods	Attune Foods	Active Nutrition	Private Brands	Michael Foods	Total
Balance, September 30, 2013						
Goodwill (gross)	$1,794.1	$75.1	$48.3	$—	$—	$1,917.5
Accumulated impairment losses	(427.8)	—	—	—	—	(427.8)
Goodwill (net)	$1,366.3	$75.1	$48.3	$—	$—	$1,489.7
Goodwill acquired	—	—	101.8	314.1	1,186.0	1,601.9
Purchase price true-up adjustment	—	—	(1.1)	—	—	(1.1)
Currency translation adjustment	(0.2)	—	—	7.0	—	6.8
Balance, June 30, 2014						
Goodwill (gross)	$1,793.9	$75.1	$149.0	$321.1	$1,186.0	$3,525.1
Accumulated impairment losses	(427.8)	—	—	—	—	(427.8)
Goodwill (net)	$1,366.1	$75.1	$149.0	$321.1	$1,186.0	$3,097.3

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NOTE 5 — INTANGIBLE ASSETS, NET

Total intangible assets are as follows:

	June 30, 2014			September 30, 2013		
	Carrying Amount	Accumulated Amortization	Net Amount	Carrying Amount	Accumulated Amortization	Net Amount
Subject to amortization:						
Customer relationships	$1,735.7	$(67.2)	$1,668.5	$258.6	$(41.0)	$217.6
Trademarks/brands	553.4	(36.7)	516.7	161.5	(25.8)	135.7
Other intangible assets	25.6	(2.1)	23.5	4.7	(0.3)	4.4
	$2,314.7	$(106.0)	$2,208.7	$424.8	$(67.1)	$357.7
Not subject to amortization:						
Trademarks/brands	540.7	—	540.7	540.7	—	540.7
	$2,855.4	$(106.0)	$2,749.4	$965.5	$(67.1)	$898.4

NOTE 6 — EARNINGS PER SHARE

Basic earnings per share is based on the average number of common shares outstanding during the period. Diluted earnings per share is based on the average number of shares used for the basic earnings per share calculation, adjusted for the dilutive effect of stock options, stock appreciation rights and restricted stock equivalents using the "treasury stock" method. The impact of potentially dilutive convertible preferred stock is calculated using the "if-converted" method. The Company's tangible equity units ("TEUs") (see Note 12) are assumed to be settled at the minimum settlement amount for weighted-average shares for basic earnings per share. For diluted earnings per share, the shares, to the extent dilutive, are assumed to be settled as described in Note 12.

The following table sets forth the computation of basic and diluted earnings per share for the three and nine months ended June 30, 2014 and 2013, respectively.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Net (loss) earnings	$(35.1)	$3.4	$(55.8)	$16.1
Preferred stock dividends	(4.2)	(2.3)	(11.1)	(3.1)
Net (loss) earnings available to common stockholders	$(39.3)	$1.1	$(66.9)	$13.0
Weighted-average shares for basic earnings per share	42.6	32.7	36.3	32.6
Effect of dilutive securities:				
Stock options	—	0.2	—	0.1
Stock appreciation rights	—	0.1	—	0.1
Restricted stock units	—	0.2	—	0.1
Total dilutive securities	—	0.5	—	0.3
Weighted-average shares for diluted earnings per share	42.6	33.2	36.3	32.9
Basic (loss) earnings per common share	$(0.92)	$0.03	$(1.84)	$0.40
Diluted (loss) earnings per common share	$(0.92)	$0.03	$(1.84)	$0.40

For the three and nine months ended June 30, 2014 and 2013, weighted-average shares for diluted (loss) earnings per common share excludes 3.8 million, 0.2 million, 3.8 million and 0.7 million equity awards, respectively, and for the three and nine months ended June 30, 2014 and 2013, excludes 11.0 million and 5.1 million shares, respectively, related to the potential conversion of the Company's convertible preferred stock (see Note 11) as they were anti-dilutive. For both the three and nine months ended June 30, 2014 there were 0.8 million tangible equity units excluded from diluted earnings per share as they were anti-dilutive.

NOTE 7 — INVENTORIES

In connection with the acquisition of Michael Foods on June 2, 2014 (see Note 3), flocks have been added as a new category of inventory for the Company. Inventories, other than flocks as further discussed below, are generally valued at the lower of average

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cost (determined on a first-in, first-out basis) or market. Reported amounts have been reduced by an allowance for obsolete product and packaging materials based on a review of inventories on hand compared to estimated future usage and sales. Flock inventory represents the cost of purchasing and raising chicken flocks to egg laying maturity. The costs included in our flock inventory include the costs of the chicks, the feed fed to the birds and the labor and overhead costs incurred to operate the pullet facilities until the birds are transferred into the laying facilities, at which time their cost is amortized to operations, as cost of goods sold, over their expected useful lives of one to two years. Total inventories are as follows:

	June 30, 2014	September 30, 2013
Raw materials and supplies	$102.5	$29.2
Work in process	16.1	1.1
Finished products	242.8	91.6
Flocks	29.8	—
	$391.2	$121.9

NOTE 8 — PROPERTY, NET

	June 30, 2014	September 30, 2013
Property, at cost	$1,155.0	$640.5
Accumulated depreciation	(305.0)	(252.0)
	$850.0	$388.5

NOTE 9 — DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

In the ordinary course of business, the Company is exposed to commodity price risks relating to the acquisition of raw materials and supplies, interest rate risks relating to floating rate debt, and foreign currency exchange rate risks relating to its foreign subsidiaries. The Company utilizes derivative financial instruments, including (but not limited to) futures contracts, option contracts, forward contracts and swaps, to manage certain of these exposures by hedging when it is practical to do so. The Company does not hold or issue financial instruments for speculative or trading purposes.

The Company maintains options, futures contracts and interest rate swaps which have been designated as economic hedges of raw materials, fuel and energy purchases and variable rate debt.

As of June 30, 2014, the Company has interest rate swaps with a notional amount $869.5 that have the effect of converting our variable interest rate term loan debt to fixed interest rates beginning in June 2016. In connection with the acquisition of Michael Foods, the Company acquired additional interest rate swaps with a notional amount of $350.0 that were not settled at the closing of the acquisition and remain outstanding at June 30, 2014. The notional amounts of natural gas and heating oil futures and commodity contracts were $17.4 and $33.2, respectively. These contracts relate to inputs that generally will be utilized within the next 12 months.

The Company’s calculation of the fair value of interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve. Commodity, natural gas and heating oil derivatives are valued using an income approach based on index prices less the contract rate multiplied by the notional amount.

The following tables present the balance sheet location and fair value of the Company’s derivative instruments on a gross and net basis as of June 30, 2014 and September 30, 2013.

	Balance Sheet Location	Fair Value of Assets as of June 30, 2014		
		Gross Amounts of Recognized Assets	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts of Assets Presented in the Condensed Consolidated Balance Sheet
Commodity contracts		$0.6	$(0.6)	$—

	Prepaid expenses and other current assets			
Natural gas and heating oil futures	Prepaid expenses and other current assets	0.4	(0.2)	0.2
		$1.0	$(0.8)	$0.2

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	Balance Sheet Location	Fair Value of Liabilities as of June 30, 2014 Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Condensed Consolidated Balance Sheet
Commodity contracts	Other current liabilities	$1.6	$(0.6)	$1.0
Natural gas and heating oil futures	Other current liabilities	0.2	(0.2)	—
Interest rate swaps	Other current liabilities	3.6	—	3.6
Interest rate swaps	Other liabilities	11.7	—	11.7
		$17.1	$(0.8)	$16.3

	Balance Sheet Location	Fair Value of Liabilities as of September 30, 2013 Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Condensed Consolidated Balance Sheet
Commodity contracts	Other current liabilities	$0.1	$—	$0.1
Natural gas and heating oil futures	Other current liabilities	0.1	—	0.1
		$0.2	$—	$0.2

The following table presents the gain (loss) from derivative instruments that were not designated as hedging instruments which were recorded on the Company's condensed consolidated statements of operations.

		Amount of Gain (Loss) Recognized in Earnings			
		Three Months Ended June 30,		Nine Months Ended June 30,	
Derivative Instrument	Location of Gain (Loss) Recognized in Earnings	2014	2013	2014	2013
Commodity contracts	Cost of goods sold	$(1.9)	$(0.2)	(0.9)	(1.0)
Natural gas and heating oil futures	Cost of goods sold	0.7	(0.3)	1.2	(0.3)
Foreign exchange contracts	Selling, general and administrative expenses	—	—	(6.3)	—
Interest rate swaps	Other expense, net	(6.8)	—	(6.8)	—

NOTE 10 — FAIR VALUE MEASUREMENTS

The following table represents Post's assets and liabilities measured at fair value on a recurring basis and the basis for that measurement according to the levels in the fair value hierarchy in Accounting Standards Codification ("ASC") Topic 820:

	June 30, 2014			September 30, 2013		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Assets:						
Deferred compensation investment	$10.8	$10.8	$—	$8.5	$8.5	$—
Derivative assets	0.2	—	0.2	—	—	—

	$11.0	$10.8	$0.2	$8.5	$8.5	$—
Liabilities:						
Deferred compensation liabilities	$13.7	$—	$13.7	$13.4	$—	$13.4
Derivative liabilities	16.3	—	16.3	0.2	—	0.2
	$30.0	$—	$30.0	$13.6	$—	$13.6

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The following table represents the fair value of Post's long-term debt which is not recorded at fair value in the condensed consolidated balance sheets, but is classified as Level 2 in the fair value hierarchy per ASC Topic 820:

	June 30, 2014	September 30, 2013
Senior notes	$3,058.5	$1,450.6
Term loan	891.6	—
TEUs (debt component; see Note 12)	44.1	—
	$3,994.2	$1,450.6

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of three levels:

Level 1 — Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs are quoted prices of similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3 — Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The deferred compensation investment is invested primarily in mutual funds and its fair value is measured using the market approach. This investment is in the same funds and purchased in substantially the same amounts as the participants' selected investment options (excluding Post common stock equivalents), which represent the underlying liabilities to participants in the Company's deferred compensation plans. Deferred compensation liabilities are recorded at amounts due to participants in cash, based on the fair value of participants' selected investment options (excluding certain Post common stock equivalents to be distributed in shares) using the market approach. The Company utilizes the income approach to measure fair value for its derivative assets, which include commodity options and futures contracts. The income approach uses pricing models that rely on market observable inputs such as yield curves and forward prices. Changes in the deferred compensation investment and related liability are recorded as a component of selling, general and administrative expenses.

Refer to note 9 for the classification of changes in fair value of derivative assets and liabilities measured at fair value on a recurring basis within the condensed consolidated statements of operations.

The carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, receivables and accounts payable approximate fair value because of the short maturities of these financial instruments.

NOTE 11 — COMMON AND PREFERRED STOCK

In February 2013, the Company authorized and issued approximately 2.4 million shares of its 3.75% Series B Cumulative Perpetual Convertible Preferred Stock. The Company received net proceeds of $234.0 after paying offering-related fees and expenses of approximately $7.5. The preferred stock has a $0.01 par value per share and a $100.00 liquidation value per share. The preferred stock earns cumulative dividends at a rate of 3.75% per annum payable quarterly on February 15, May 15, August 15 and November 15, beginning on May 15, 2013. The preferred stock is non-voting and ranks senior to our outstanding common stock upon the Company's dissolution or liquidation. The preferred stock has no maturity date; however, holders of the preferred stock may convert their preferred stock at an initial conversion rate of 2.1192 shares of the Company's common stock per share of convertible preferred stock, which is equivalent to a conversion price of $47.19 per share of common stock. Additionally, on or after February 15, 2018, the Company will have the option to redeem some or all the preferred stock at a redemption price equal to 100% of the liquidation preference per share, plus accrued and unpaid dividends if the closing sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading day period.

In December 2013, the Company authorized and issued approximately 3.0 million shares of its 2.5% Series C Cumulative Perpetual Convertible Preferred Stock. The Company also granted the initial purchasers of the preferred

stock a 30-day option to purchase additional shares of preferred stock. On January 14, 2014, the initial purchasers exercised their option and purchased an additional 0.2 million shares. The Company received net proceeds of $310.2 after paying offering-related fees and expenses of approximately $9.8. The preferred stock has a $0.01 par value per share and a $100.00 liquidation value per share. The preferred stock earns cumulative dividends at a rate of 2.5% per annum payable quarterly on February 15, May 15, August 15 and November 15, beginning on February 15, 2014. The preferred stock is non-voting and ranks senior to our outstanding common stock upon

the Company's dissolution or liquidation. The preferred stock has no maturity date; however, holders of the preferred stock may convert their preferred stock at an initial conversion rate of 1.8477 shares of the Company's common stock per share of convertible preferred stock, which is equivalent to a conversion price of $54.12 per share of common stock. Additionally, on or after February 15, 2019, the Company will have the option to redeem some or all the preferred stock at a redemption price equal to 100% of the liquidation preference per share, plus accrued and unpaid dividends if the closing sale price of the Company's common stock has been at least 150% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading day period.

In March 2014, the Company issued 5.75 million shares of common stock, par value $0.01 per share, at a price to the public of $55.00 per share. The Company received net proceeds of $303.5 after paying offering related fees and expenses of approximately $12.8. In May 2014, the Company issued 6.325 million shares of common stock, par value $0.01 per share, at a price to the public of $47.70 per share. The Company received net proceeds of $289.9 after paying offering-related fees and expenses of approximately $11.8.

NOTE 12 — TANGIBLE EQUITY UNITS

In May 2014, the Company completed a public offering of 2.875 million TEUs each with a stated value of $100.00. Each TEU is comprised of a prepaid stock purchase contract and a senior amortizing note due June 1, 2017. The prepaid common stock purchase contracts were recorded as additional paid-in capital, net of issuance costs, and the senior notes have been recorded as long-term debt. Issuance costs associated with the debt component were recorded as deferred financing costs within "Other assets" on the Condensed Consolidated Balance Sheets and are being amortized using the effective interest rate method over the term of the instrument to June 1, 2017. Post allocated the proceeds from the issuance of the TEUs to equity and debt based on the relative fair values of the respective components of each TEU. The proceeds received in the offering were $278.6, which were net of financing fees of $8.9. The aggregate values assigned upon issuance of each component of the TEUs were as follows (amounts in millions except price per TEU):

	Equity Component	Debt Component	TEUs Total
Price per TEU	$85.48	$14.52	$100.00
Gross proceeds	$245.7	$41.8	$287.5
Issuance costs	(7.6)	(1.3)	(8.9)
Net proceeds	$238.1	$40.5	$278.6
Balance sheet impact			
Prepaid expenses and other current assets (deferred financing fees)	$—	$0.7	$0.7
Other assets (deferred financing fees)	—	0.6	0.6
Current portion of long term debt	—	13.3	13.3
Long-term debt	—	28.5	28.5
Additional paid-in capital	238.1	—	238.1

Each senior amortizing note has an initial principal amount of $14.5219, bears interest at 5.25% per annum and will have a final installment payment date of June 1, 2017. On March 1, June 1, September 1 and December 1 of each year, commencing on September 1, 2014, Post will pay equal quarterly cash installments of $1.3125 per amortizing note (except for the September 1, 2014 installment payment, which will be $1.35625 per amortizing note). Each installment will constitute a payment of interest and a partial repayment of principal. Unless settled earlier at the holder's or the Company's option, each purchase contract will automatically settle on June 1, 2017 (subject to postponement in certain limited circumstances), and Post will deliver not more than 2.0964 shares and not less than 1.7114 shares of its common stock per purchase contract, each subject to adjustment. For each purchase contract, the Company will deliver on the third business day immediately following the last trading day of the observation period a number of shares of its common stock determined as described below. The "observation period" will be the 20 consecutive trading day period beginning on, and including, the 22nd scheduled trading day immediately preceding June 1, 2017 (the "mandatory settlement date"). The number of shares of the Company's common stock issuable upon

mandatory settlement of each purchase contract (the “settlement amount”) will be equal to the sum of the “daily settlement amounts” (as defined below) for each of the 20 consecutive trading days during the relevant observation period.

The daily settlement amount for each purchase contract and for each of the 20 consecutive trading days during the observation period will consist of:

- if the daily volume-weighted average price (“VWAP”) is equal to or greater than $58.4325 per share (the “threshold appreciation price”), subject to adjustment, a number of shares of our common stock equal to (i) 1.7114 shares of common stock, subject to adjustment (the “minimum settlement rate”) divided by (ii) 20;
- if the daily VWAP is less than $58.4325 per share, subject to adjustment, but greater than $47.70 per share (the “reference price”), subject to adjustment, a number of shares of our common stock equal to (i) $100.00 divided by the daily VWAP (ii) divided by 20; and
- if the daily VWAP of our common stock is less than or equal to $47.70 per share, subject to adjustment, a number of shares of our common stock equal to (i) 2.0964 shares of common stock, subject to adjustment (the “maximum settlement rate”), divided by (ii) 20.

The initial minimum settlement rate is approximately equal to the TEU stated amount of $100.00 divided by the initial threshold appreciation price of $58.4325 per share. The initial maximum settlement rate is approximately equal to the TEU stated amount of $100.00 divided by the initial reference price of $47.70 per share.

NOTE 13 — LONG TERM DEBT

Long-term debt as of the dates indicated consists of the following:

	June 30, 2014	September 30, 2013
7.375% Senior Notes maturing February 2022	$1,375.0	$1,375.0
6.75% Senior Notes maturing December 2021	875.0	—
6.00% Senior Notes maturing December 2022	630.0	—
Term loan	885.0	—
TEUs (see Note 12)	41.8	—
4.57% 2012 Series Bond maturing September 2017	5.8	—
Secured notes	1.3	—
Capital leases	4.0	—
	$3,817.9	$1,375.0
Less: Current portion	25.7	—
Plus: Unamortized premium (discount), net	46.4	33.6
Total long-term debt	$3,838.6	$1,408.6

On November 18, 2013, the Company issued $525.0 principal value of 6.75% senior notes due in December 2021. The 6.75% senior notes were issued at par and the Company received $516.2 after paying investment banking and other fees of $8.8, which will be deferred and amortized to interest expense over the term of the notes. On March 19, 2014, the Company issued an additional $350.0 principal value of 6.75% senior notes due in December 2021. The additional 6.75% senior notes were issued at 105.75% of par value and the Company received $364.0 after paying investment banking and other fees of $6.1, which will be deferred and amortized to interest expense over the term of the notes.

On June 2, 2014, the Company issued $630.0 principal value of 6.00% senior notes due in December 2022. The 6.00% senior notes were issued at par and the Company received $618.9 after paying investment banking and other fees of $11.1, which will be deferred and amortized to interest expense over the term of the notes.

The 7.375% senior notes, 6.75% senior notes and 6.00% senior notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our existing and future material domestic subsidiaries (other than immaterial subsidiaries or receivables finance subsidiaries). Our foreign subsidiaries do not guarantee the senior notes. These guarantees are subject to release in limited circumstances (only upon the occurrence of certain customary conditions).

On January 29, 2014, the Company entered into a Credit Agreement as amended on May 1, 2014 (the “Credit Agreement”) among the Company, the institutions from time to time party thereto as Lenders (the “Lenders”), Barclays Bank PLC, Credit Suisse Securities (USA) LLC, Goldman Sachs Bank USA and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners, Barclays Bank PLC, as Syndication Agent, Credit Suisse AG, Cayman Islands Branch and Goldman Sachs Bank USA, as Documentation Agents, and Wells Fargo Bank, National

Association, as Administrative Agent for the Lenders (in such capacity, the “Agent”). The Credit Agreement, together with a Joinder Agreement No. 1, dated May 1, 2014, provide for a revolving credit facility in an aggregate principal amount of $400.0 (the “Revolving Credit Facility”) and potential incremental revolving and term facilities at the request of the Company and at the discretion of the Lenders, on terms to be determined and in a maximum aggregate amount not to exceed the greater of $600.0 and an amount such that the Company’s pro forma senior secured leverage ratio would

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not exceed 2.50 to 1.00. The outstanding amounts under the Revolving Credit Facility must be repaid on or before January 29, 2019. The Company incurred $3.4 of issuance costs in connection with the Credit Agreement. Borrowings under the Revolving Credit Facility bear interest at the Eurodollar Rate or the Base Rate (as such terms are defined in the Credit Agreement) plus an applicable margin ranging from 2.00% to 2.50% for Eurodollar Rate-based loans and from 1.00% to 1.50% for Base Rate-based loans, depending upon the Company's senior secured leverage ratio.

The Credit Agreement contains customary affirmative and negative covenants for agreements of this type, including delivery of financial and other information, compliance with laws, maintenance of property, existence, insurance and books and records, inspection rights, obligation to provide collateral and guarantees by new subsidiaries, preparation of environmental reports, participation in an annual meeting with the Agent and the Lenders, further assurances, satisfaction of post-closing obligations, limitations with respect to indebtedness, liens, fundamental changes, restrictive agreements, use of proceeds, amendments of organization documents, accounting changes, prepayments and amendments of indebtedness, dispositions of assets, acquisitions and other investments, sale leaseback transactions, conduct of business, transactions with affiliates, dividends and redemptions or repurchases of stock, capital expenditures, and granting liens on real property.

The Credit Agreement also contains customary financial covenants including (a) a quarterly maximum senior secured leverage ratio of 3.00 to 1.00, and (b) a quarterly minimum interest coverage ratio of 1.75 to 1.00. However, among other provisions, the Credit Agreement permits the Company to incur additional unsecured debt only if its consolidated leverage ratio, calculated as provided in the Credit Agreement, would be less than 5.75 to 1.00 after giving effect to such new debt. The Company's consolidated leverage ratio exceeded this threshold as of June 30, 2014; however, the Credit Agreement, after giving effect to the amendment described above, permitted the unsecured debt transactions described above notwithstanding the consolidated leverage ratio.

The Credit Agreement provides for customary events of default, including material breach of representations and warranties, failure to make required payments, failure to comply with certain agreements or covenants, failure to pay, or default under, certain other material indebtedness, certain events of bankruptcy and insolvency, inability to pay debts, the occurrence of one or more unstayed or undischarged judgments in excess of $60.0 or attachments issued against a material part of the Company's property, change in control, the invalidity of any loan document, the failure of the collateral documents to create a valid and perfected first priority lien, and certain ERISA events. Upon the occurrence of an event of default, the Agent will, at the request of, or may, with the consent of, lenders holding more than 50% in principal amount of lender commitments and outstanding loans under the Credit Agreement, cause the maturity of the loans to be accelerated and exercise other rights and remedies available at law or under the loan documents, including with respect to the collateral and guarantees for the Company's obligations under the Credit Agreement.

On June 2, 2014, the Company entered into a Joinder Agreement No. 2 (the "Joinder No. 2"), by and among Barclays Bank PLC, the Company and the guarantors party thereto, and consented to by Wells Fargo Bank, National Association, as Administrative Agent. The Joinder No. 2 provided for, upon completion of the acquisition of Michael Foods and subject to certain other conditions, an incremental term loan of $885.0 (the "Term Loan") under the Company's existing Credit Agreement. Pursuant to the Joinder No. 2, the Company borrowed approximately $885.0 as a term loan under the Credit Agreement. The loan was issued at 99.5% of par and the Company received $860.9 after accounting for the original issue discount of $4.4 and paying investment banking and other fees of $19.7. The outstanding amounts under the Term Loan must be repaid in quarterly principal installments of $2.2 beginning on September 30, 2014 and any remaining outstanding principal balance must be repaid in full on June 2, 2021. The Joinder No. 2 also requires the Company to make certain prepayments of principal of the Term Loan under specified circumstances.

The Company's obligations under the Credit Agreement are unconditionally guaranteed by each of its existing and subsequently acquired or organized material domestic subsidiaries. The Company's obligations under the Credit Agreement are secured by security interests on substantially all of the personal property assets of the Company and the Guarantors, and will be secured by the material real property assets of the Company and the Guarantors.

In February 2014, the Company paid $2.5 of financing fees to the underwriters of a financing commitment the Company entered into in September 2013 to fund our acquisition of Dakota Growers. The commitment was not exercised and the Company has expensed the full amount to interest expense for the nine months ended June 30, 2014. In addition, financing costs of $4.3 related to the unused bridge loan and $6.7 for the portion of the term loan commitment not used were immediately recorded to interest expense during the three months ended June 30, 2014.

In connection with the acquisition of Michael Foods, the Company assumed debt consisting of a 4.57% 2012 Series Bond and the secured notes. The 4.57% 2012 Series Bond guarantees the repayment of certain industrial revenue bonds used for the expansion of the wastewater treatment facility in Wakefield, Nebraska. The bond bears interest at a rate of 4.57% and matures September 15, 2017. The secured notes are variable-rate notes secured by equipment used in Michael Foods’ potato products facility and mature on November 25, 2014. At June 30, 2014, the notes had an effective interest rate of 3.6%.

At June 30, 2014, capital leases consisted of a lease, with an outstanding balance of $4.0, on Michael Foods’ Winnipeg, Manitoba egg products processing facility which expires August 31, 2022.

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Debt Covenants

The terms of the Credit Facility require the Company to comply with certain financial covenants consisting of ratios for maximum consolidated leverage and minimum interest expense coverage. As of June 30, 2014, the Company was in compliance with all such financial covenants.

NOTE 14 — PENSION AND OTHER POSTRETIREMENT BENEFITS

Certain of the Company's employees are eligible to participate in the Company's qualified and supplemental noncontributory defined benefit pension plans and other postretirement benefit plans (partially subsidized retiree health and life insurance) or separate plans for Post Foods Canada Inc. Amounts for the Canadian plans are included in these disclosures and are not disclosed separately because they do not constitute a significant portion of the combined amounts.

The following tables provide the components of net periodic benefit cost for the plans.

	Pension Benefits			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Components of net periodic benefit cost				
Service cost	$0.9	$1.0	$2.7	$3.1
Interest cost	0.6	0.5	1.7	1.3
Expected return on plan assets	(0.5)	(0.4)	(1.6)	(1.2)
Recognized net actuarial loss	0.1	0.3	0.5	0.8
Recognized prior service cost	0.1	0.1	0.3	0.3
Curtailment cost	—	1.7	—	1.7
Net periodic benefit cost	$1.2	$3.2	$3.6	$6.0

	Other Benefits			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Components of net periodic benefit cost				
Service cost	$0.5	$0.6	$1.5	$1.8
Interest cost	1.1	1.0	3.4	3.0
Recognized net actuarial loss	0.1	0.4	0.3	1.3
Recognized prior service credit	(0.6)	(0.3)	(1.8)	(0.9)
Net periodic benefit cost	$1.1	$1.7	$3.4	$5.2

NOTE 15 — TRANSACTIONS WITH FORMER OWNER

Prior to Post's legal separation from Ralcorp Holdings, Inc. ("Ralcorp") on February 3, 2012 (the "Spin-Off"), Post operated under Ralcorp's centralized cash management system, Post's cash requirements were provided directly by Ralcorp, and cash generated by Post was generally remitted directly to Ralcorp. Transaction systems (e.g. payroll, employee benefits and accounts payable) used to record and account for cash disbursements were generally provided by Ralcorp. Ralcorp also provided centralized demand planning, order management, billing, credit and collection services to Post. Transaction systems (e.g. revenues, accounts receivable and cash application) used to record and account for cash receipts were generally provided by centralized Ralcorp organizations. These Ralcorp systems were generally designed to track assets/liabilities and receipts/payments on a business specific basis. After the Spin-Off, Ralcorp continues to provide certain of these services to Post under a transition services agreement ("TSA") between the companies. TSA charges were $0.0, $1.5, $0.5 and $4.6 for the three and nine months ended June 30, 2014 and 2013, respectively, and were reported in "Selling, general and administrative expenses."

Post produces certain products for sale to Ralcorp. For periods subsequent to the Spin-Off, these transactions were based upon pricing governed by the TSA. Net sales related to those transactions were $3.5, $3.6, $9.7 and $11.1 in the three and nine months ended June 30, 2014 and 2013, respectively.

In connection with the Spin-Off, the Company entered into a series of agreements with Ralcorp which are intended to govern the relationship between the Company and Ralcorp and to facilitate an orderly separation of the Company from Ralcorp. These agreements include a Separation and Distribution Agreement, Tax Allocation Agreement and the TSA, among others. Under certain of these agreements, the Company will incur expenses payable to Ralcorp in connection with certain administrative services provided for varying lengths of time. The Company incurred separation related costs of $0.3, $2.4, $0.6 and $7.6 during the three

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and nine months ended June 30, 2014 and 2013, respectively. These separation related costs incurred were primarily related to third party professional service fees to effect the Spin-Off and professional service fees and duplicative costs incurred by Post to establish stand-alone processes and systems for activities performed by Ralcorp under the TSA. These costs were reported as a component of “Selling, general and administrative expenses.”

NOTE 16 — SEGMENTS

Management evaluates each segment’s performance based on its segment profit, which is its operating profit before impairment of intangible assets, accelerated depreciation on plant closures, restructuring expenses, and other unallocated corporate income and expenses. During the first quarter of fiscal 2014, the Company changed its methodology for allocating certain corporate costs to segment profit. Accordingly, segment profit for the three and nine months ended June 30, 2013 has been adjusted to align with current year presentation. The following tables present information about the Company’s operating segments, which are also its reportable segments, including corresponding amounts for the prior year. For a definition of the Company’s reportable segments, see Note 1.

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	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Net Sales				
Post Foods	$238.2	$246.6	$714.6	$728.9
Attune Foods	23.7	10.8	69.1	13.6
Michael Foods	150.5	—	150.5	—
Active Nutrition	86.7	—	194.5	—
Private Brands	134.2	—	239.9	—
Eliminations	(0.3)	(0.1)	(0.6)	(0.1)
Total	$633.0	$257.3	$1,368.0	$742.4
Segment Profit (Loss)				
Post Foods	$48.2	$47.3	$136.4	$139.6
Attune Foods	2.0	0.2	6.5	(0.4)
Michael Foods	(12.5)	—	(12.5)	—
Active Nutrition	(2.5)	—	1.9	—
Private Brands	5.9	—	6.7	—
Total segment profit	41.1	47.5	139.0	139.2
General corporate expenses and other	30.8	15.5	85.3	48.0
Accelerated depreciation on plant closure	2.1	4.8	6.8	4.8
Losses on hedge of purchase price of foreign currency denominated acquisition	—	—	13.1	—
Restructuring expenses	0.2	3.0	0.9	3.0
Interest expense	57.0	19.2	123.3	60.0
Other expense, net	6.8	—	6.8	—
(Loss) earnings before income taxes	$(55.8)	$5.0	$(97.2)	$23.4
Depreciation and amortization				
Post Foods	$13.0	$15.0	$38.9	$45.0
Attune Foods	1.8	0.6	5.3	0.7
Michael Foods	10.2	—	10.2	—
Active Nutrition	5.5	—	11.4	—
Private Brands	8.5	—	15.8	—
Total segment depreciation and amortization	39.0	15.6	81.6	45.7
Accelerated depreciation on plant closure	2.1	4.8	6.8	4.8
Corporate	1.6	1.4	5.5	3.7
Total	$42.7	$21.8	$93.9	$54.2

	June 30, 2014	September 30, 2013
Assets		
Post Foods	$2,585.6	$2,614.9
Attune Foods	176.0	172.0
Michael Foods	3,260.5	—
Active Nutrition	651.5	198.0
Private Brands	829.0	—
Corporate	515.6	488.9
Total	$8,018.2	$3,473.8

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NOTE 17 — CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF GUARANTORS

On February 3, 2012, the Company issued 7.375% senior notes due February 2022 in an aggregate principal amount of $775.0 to Ralcorp pursuant to a contribution agreement in connection with the internal reorganization. The aggregate principal amount of the 7.375% senior notes was increased to a total of $1,375.0 by subsequent issuances completed on October 25, 2012 and July 18, 2013.

On November 18, 2013, the Company issued 6.75% senior notes due December 2021 in an aggregate principal amount of $525.0 to certain qualified institutional buyers. The aggregate principal amount of the 6.75% senior notes was increased to a total of $875.0 by a subsequent issuance completed on March 19, 2014.

On June 2, 2014, the Company issued 6.00% senior notes due December 2022 in an aggregate principal amount of $630.0 to certain qualified institutional buyers.

The 7.375% senior notes, the 6.75% senior notes and the 6.00% senior notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our existing and future domestic subsidiaries, the “Guarantors.” Our foreign subsidiaries, the “Non-Guarantors,” do not guarantee the senior notes. These guarantees are subject to release in limited circumstances (only upon the occurrence of certain customary conditions).

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended June 30, 2014				
	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$547.9	$92.1	$(7.0)	$633.0
Cost of goods sold	—	411.1	80.3	(7.0)	484.4
Gross Profit	—	136.8	11.8	—	148.6
Selling, general and administrative expenses	0.3	112.9	7.1	—	120.3
Amortization of intangible assets	—	17.6	2.8	—	20.4
(Gain) loss on foreign currency	(0.2)	(0.5)	0.1	—	(0.6)
Restructuring expenses	—	0.2	—	—	0.2
Other operating expenses, net	—	0.3	—	—	0.3
Operating (Loss) Profit	(0.1)	6.3	1.8	—	8.0
Interest expense (income), net	53.8	(0.1)	3.3	—	57.0
Other expense, net	6.8	—	—	—	6.8
(Loss) Earnings before Income Taxes	(60.7)	6.4	(1.5)	—	(55.8)
Income tax (benefit) expense	(18.8)	(1.8)	(0.1)	—	(20.7)
Net (Loss) Earnings before Equity in Subsidiaries	(41.9)	8.2	(1.4)	—	(35.1)
Equity earnings (loss) in subsidiaries	6.8	(0.8)	—	(6.0)	—
Net (Loss) Earnings	$(35.1)	$7.4	$(1.4)	$(6.0)	$(35.1)
Total Comprehensive (Loss) Income	$(22.8)	$7.3	$2.8	$(10.1)	$(22.8)

	Three Months Ended June 30, 2013				
	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$243.2	$16.9	$(2.8)	$257.3
Cost of goods sold	—	143.0	12.9	(2.8)	153.1
Gross Profit	—	100.2	4.0	—	104.2
Selling, general and administrative expenses	1.2	67.4	4.2	—	72.8
Amortization of intangible assets	—	3.5	—	—	3.5
Loss (gain) on foreign currency	—	0.3	(0.1)	—	0.2
Restructuring expenses	—	3.0	—	—	3.0
Other operating expenses, net	—	—	0.5	—	0.5
Operating (Loss) Profit	(1.2)	26.0	(0.6)	—	24.2
Interest expense, net	19.2	—	—	—	19.2
(Loss) Earnings before Income Taxes	(20.4)	26.0	(0.6)	—	5.0
Income tax (benefit) expense	(6.3)	8.1	(0.2)	—	1.6
Net (Loss) Earnings before Equity in Subsidiaries	(14.1)	17.9	(0.4)	—	3.4
Equity earnings in subsidiaries	17.5	—	—	(17.5)	—
Net Earnings (Loss)	$3.4	$17.9	$(0.4)	$(17.5)	$3.4

Total Comprehensive Income (Loss)	$1.8	$18.3	$(2.4)	$(15.9)	$1.8

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	Nine Months Ended June 30, 2014				
	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$1,222.8	$162.9	$(17.7)	$1,368.0
Cost of goods sold	—	853.0	140.2	(17.7)	975.5
Gross Profit	—	369.8	22.7	—	392.5
Selling, general and administrative expenses	7.2	283.6	15.7	—	306.5
Amortization of intangible assets	—	34.2	4.6	—	38.8
Loss (gain) on foreign currency	12.9	(0.1)	0.1	—	12.9
Restructuring expenses	—	0.9	—	—	0.9
Other operating expenses, net	—	0.5	—	—	0.5
Operating (Loss) Profit	(20.1)	50.7	2.3	—	32.9
Interest expense (income), net	118.2	(0.1)	5.2	—	123.3
Other expense, net	6.8	—	—	—	6.8
(Loss) Earnings before Income Taxes	(145.1)	50.8	(2.9)	—	(97.2)
Income tax (benefit) expense	(60.8)	19.8	(0.4)	—	(41.4)
Net (Loss) Earnings before Equity in Subsidiaries	(84.3)	31.0	(2.5)	—	(55.8)
Equity earnings (loss) in subsidiaries	28.5	(0.8)	—	(27.7)	—
Net (Loss) Earnings	$(55.8)	$30.2	$(2.5)	$(27.7)	$(55.8)
Total Comprehensive (Loss) Income	$(45.3)	$29.8	$0.2	$(30.0)	$(45.3)

	Nine Months Ended June 30, 2013				
	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$—	$703.2	$53.9	$(14.7)	$742.4
Cost of goods sold	—	402.4	42.3	(14.7)	430.0
Gross Profit	—	300.8	11.6	—	312.4
Selling, general and administrative expenses	6.4	195.8	12.7	—	214.9
Amortization of intangible assets	—	9.9	—	—	9.9
Loss (gain) on foreign currency	—	0.4	(0.1)	—	0.3
Restructuring expenses	—	3.0	—	—	3.0
Other operating expenses, net	—	0.4	0.5	—	0.9
Operating (Loss) Profit	(6.4)	91.3	(1.5)	—	83.4
Interest expense, net	60.0	—	—	—	60.0
(Loss) Earnings before Income Taxes	(66.4)	91.3	(1.5)	—	23.4
Income tax (benefit) expense	(21.0)	28.8	(0.5)	—	7.3
Net (Loss) Earnings before Equity in Subsidiaries	(45.4)	62.5	(1.0)	—	16.1
Equity earnings in subsidiaries	61.5	—	—	(61.5)	—
Net Earnings (Loss)	$16.1	$62.5	$(1.0)	$(61.5)	$16.1
Total Comprehensive Income (Loss)	$13.0	$63.4	$(5.0)	$(58.4)	$13.0

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POST HOLDINGS, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS (Unaudited)

	June 30, 2014				
	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current Assets					
Cash and cash equivalents	$378.6	$0.2	$4.5	$(6.0)	$377.3
Restricted cash	1.1	3.5	0.7	—	5.3
Receivables, net	89.1	283.3	40.0	(8.3)	404.1
Inventories	—	349.8	41.4	—	391.2
Deferred income taxes	31.6	—	0.1	—	31.7
Intercompany notes receivable	6.3	—	—	(6.3)	—
Prepaid expenses and other current assets	11.5	17.4	2.1	—	31.0
Total Current Assets	518.2	654.2	88.8	(20.6)	1,240.6
Property, net	—	790.8	59.2	—	850.0
Goodwill	—	2,936.8	160.5	—	3,097.3
Other intangible assets, net	—	2,616.4	133.0	—	2,749.4
Intercompany receivable	1,018.6	—	—	(1,018.6)	—
Intercompany notes receivable	183.7	—	—	(183.7)	—
Investment in subsidiaries	5,737.5	7.1	—	(5,744.6)	—
Deferred income taxes	—	—	1.8	—	1.8
Other assets	64.4	13.1	1.6	—	79.1
Total Assets	$7,522.4	$7,018.4	$444.9	$(6,967.5)	$8,018.2
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt	$22.1	$3.2	$0.4	$—	$25.7
Accounts payable	—	188.8	20.7	(14.3)	195.2
Intercompany notes payable	—	—	6.3	(6.3)	—
Other current liabilities	104.5	128.6	14.3	—	247.4
Total Current Liabilities	126.6	320.6	41.7	(20.6)	468.3
Long-term debt	3,831.1	3.9	3.6	—	3,838.6
Intercompany payable	—	1,017.3	1.3	(1,018.6)	—
Intercompany notes payable	—	—	183.7	(183.7)	—
Deferred income taxes	943.3	—	33.8	—	977.1
Other liabilities	25.2	103.1	9.7	—	138.0
Total Liabilities	4,926.2	1,444.9	273.8	(1,222.9)	5,422.0
Total Stockholders' Equity	2,596.2	5,573.5	171.1	(5,744.6)	2,596.2
Total Liabilities and Stockholders' Equity	$7,522.4	$7,018.4	$444.9	$(6,967.5)	$8,018.2

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	September 30, 2013				
	Parent Company	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current Assets					
Cash and cash equivalents	$391.4	$4.1	$8.2	$(1.7)	$402.0
Restricted cash	38.1	—	—	—	38.1
Receivables, net	0.3	75.9	10.9	(3.9)	83.2
Inventories	—	115.9	6.0	—	121.9
Deferred income taxes	11.8	—	0.1	—	11.9
Prepaid expenses and other current assets	3.2	7.4	0.4	—	11.0
Total Current Assets	444.8	203.3	25.6	(5.6)	668.1
Property, net	—	342.4	46.1	—	388.5
Goodwill	—	1,483.3	6.4	—	1,489.7
Other intangible assets, net	—	898.4	—	—	898.4
Intercompany receivable	391.9	—	—	(391.9)	—
Investment in subsidiaries	2,384.0	—	—	(2,384.0)	—
Deferred income taxes	—	—	2.4	—	2.4
Other assets	24.0	2.7	—	—	26.7
Total Assets	$3,244.7	$2,930.1	$80.5	$(2,781.5)	$3,473.8
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts payable	$0.5	$76.9	$5.3	$(5.6)	$77.1
Other current liabilities	18.5	43.8	6.6	—	68.9
Total Current Liabilities	19.0	120.7	11.9	(5.6)	146.0
Long-term debt	1,408.6	—	—	—	1,408.6
Intercompany payable	—	391.7	0.2	(391.9)	—
Deferred income taxes	304.3	—	—	—	304.3
Other liabilities	14.2	94.9	7.2	—	116.3
Total Liabilities	1,746.1	607.3	19.3	(397.5)	1,975.2
Total Stockholders' Equity	1,498.6				