

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2016	December 31, 2015
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 105,114	\$ 341,113
Receivables, net	2,195,612	1,575,528
Inventories	1,991,131	2,083,101
Prepaid assets	157,272	1,625,408
Other current assets	61,434	33,015
Total current assets	4,510,563	5,658,165
Investments	298,615	297,999
Property, plant and equipment, net	1,104,624	1,075,858
Goodwill	498,097	494,666
Other intangibles, net	459,755	267,669
Other assets	204,373	205,608
Total assets	\$ 7,076,027	\$ 7,999,965
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 610,019	\$ 114,660
Current portion of long-term debt	169,486	166,128
Accounts payable	1,475,678	1,593,405
Customer advances	334,156	1,839,896
Accrued liabilities	718,102	632,354
Patronage refunds and other member equities payable	80,667	93,672
Total current liabilities	3,388,108	4,440,115
Long-term debt	872,104	881,111
Employee benefits and other liabilities	563,701	540,158
Commitments and contingencies	—	—
Equities:		
Capital stock	795	804
Series A Cumulative Redeemable Preferred Stock	307,817	195,384
Member equities	1,042,388	1,103,225
Accumulated other comprehensive loss	(228,661)	(226,314)
Retained earnings	769,642	702,997
Total Land O'Lakes, Inc. equity	1,891,981	1,776,096
Noncontrolling interests	360,133	362,485
Total equities	2,252,114	2,138,581
Total liabilities and equities	\$ 7,076,027	\$ 7,999,965

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
	(\$ in thousands)			
Net sales	\$ 3,519,113	\$ 3,421,085	\$ 7,143,261	\$ 7,117,166
Cost of sales	3,086,857	3,070,480	6,297,992	6,398,892
Gross profit	<u>432,256</u>	<u>350,605</u>	<u>845,269</u>	<u>718,274</u>
Selling, general and administrative	290,276	267,668	576,333	523,842
Earnings from operations	<u>141,980</u>	<u>82,937</u>	<u>268,936</u>	<u>194,432</u>
Interest expense, net	15,794	14,845	29,999	26,416
Equity in earnings of affiliated companies	<u>(23,073)</u>	<u>(22,044)</u>	<u>(25,246)</u>	<u>(27,506)</u>
Earnings before income taxes and discontinued operations	<u>149,259</u>	<u>90,136</u>	<u>264,183</u>	<u>195,522</u>
Income tax expense (benefit)	14,846	10,820	25,880	21,375
Net earnings from continuing operations	<u>134,413</u>	<u>79,316</u>	<u>238,303</u>	<u>174,147</u>
Net earnings (loss) from discontinued operations	<u>—</u>	<u>1,344</u>	<u>—</u>	<u>5,688</u>
Net earnings	<u>134,413</u>	<u>80,660</u>	<u>238,303</u>	<u>179,835</u>
Less: net earnings (losses) attributable to noncontrolling interests	43,228	(190)	49,378	(402)
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 91,185</u>	<u>\$ 80,850</u>	<u>\$ 188,925</u>	<u>\$ 180,237</u>
Applied to:				
Member equities				
Allocated patronage	\$ 62,631	\$ 49,041	\$ 115,051	\$ 112,610
Deferred equities	6,099	(3,772)	—	(16,323)
	<u>68,730</u>	<u>45,269</u>	<u>115,051</u>	<u>96,287</u>
Retained earnings	<u>22,455</u>	<u>35,581</u>	<u>73,874</u>	<u>83,950</u>
	<u>\$ 91,185</u>	<u>\$ 80,850</u>	<u>\$ 188,925</u>	<u>\$ 180,237</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,	
	2016	2015	2016	2015
	(\$ in thousands)			
Net earnings	\$ 134,413	\$ 80,660	\$ 238,303	\$ 179,835
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	—	—	—	(639)
Cash flow hedge adjustments, net of income taxes	(763)	1,842	(3,178)	432
Foreign currency translation adjustments, net of income taxes	(2,541)	4	4,701	(2,193)
Total other comprehensive earnings (loss)	(3,304)	1,846	1,523	(2,400)
Comprehensive earnings	131,109	82,506	239,826	177,435
Less: comprehensive (loss) earnings attributable to noncontrolling interests	47,508	(277)	53,248	(529)
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 83,601</u>	<u>\$ 82,783</u>	<u>\$ 186,578</u>	<u>\$ 177,964</u>

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

	For the Six Months Ended	
	June 30,	
	2016	2015
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$ 238,303	\$ 179,835
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization.....	86,738	74,068
Amortization of deferred financing costs.....	(1,737)	1,130
Bad debt expense.....	14	548
Proceeds from patronage revolvment received.....	402	312
Non-cash patronage income.....	(2,050)	(2,370)
Deferred income tax expense.....	(495)	(1)
Restructuring and impairment.....	1,890	305
Loss on impairment of discontinued operations.....	—	8,928
Equity in earnings of affiliated companies.....	(25,246)	(27,498)
Dividends from investments in affiliated companies.....	20,820	20,067
Other.....	(1,028)	(287)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(646,305)	(487,955)
Inventories.....	89,410	38,025
Prepays and other current assets.....	1,444,729	1,202,455
Accounts payable.....	(159,488)	(353)
Customer advances.....	(1,505,740)	(1,551,606)
Accrued liabilities.....	92,701	137,923
Other assets.....	(801)	(411)
Other liabilities.....	13,620	(882)
Net cash used by operating activities.....	<u>(354,263)</u>	<u>(407,767)</u>
Cash flows from investing activities:		
Additions to property, plant and equipment.....	(105,425)	(113,485)
Purchase of intangible assets.....	(201,242)	—
Acquisitions, net of cash acquired.....	(18,203)	(5,829)
Investments in affiliates.....	(460)	—
Net proceeds from sale of investments.....	517	—
Proceeds from sale of property, plant and equipment.....	3,217	3,591
Change in notes receivable.....	31,079	(7,875)
Other.....	—	(572)
Net cash used by investing activities.....	<u>(290,517)</u>	<u>(124,170)</u>
Cash flows from financing activities:		
Increase in short-term debt.....	494,343	138,369
Proceeds from issuance of long-term debt.....	2,203	—
Principal payments on long-term debt and capital lease obligations.....	(4,396)	(4,959)
Cash patronage and payments for redemption of member equities.....	(184,019)	(158,312)
Proceeds from preferred stock issued.....	113,542	—
Preferred stock dividends paid.....	(10,300)	—
Other.....	(2,592)	(3,615)
Net cash provided by financing activities.....	<u>408,781</u>	<u>(28,517)</u>
Net decrease in cash and cash equivalents.....	(235,999)	(560,454)
Cash and cash equivalents at beginning of the period.....	341,113	592,255
Cash and cash equivalents at end of the period.....	<u>\$ 105,114</u>	<u>\$ 31,801</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest.....	\$ 34,827	\$ 30,361
Income taxes.....	3,138	2,388