

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

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
	<b>(Unaudited)</b>	
	<b>(\$ in thousands)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 32,401	\$ 341,113
Receivables, net	1,909,394	1,575,528
Inventories	2,173,741	2,083,101
Prepaid assets	78,886	1,625,408
Other current assets	34,208	33,015
Total current assets	4,228,630	5,658,165
Investments	306,585	297,999
Property, plant and equipment, net	1,125,707	1,075,858
Goodwill	515,496	494,666
Other intangibles, net	453,787	267,669
Other assets	173,068	205,608
Total assets	\$ 6,803,273	\$ 7,999,965
<b>LIABILITIES AND EQUITIES</b>		
Current liabilities:		
Notes and short-term obligations	\$ 873,610	\$ 114,660
Current portion of long-term debt	169,075	166,128
Accounts payable	1,360,957	1,593,405
Customer advances	83,119	1,839,896
Accrued liabilities	558,340	632,354
Patronage refunds and other member equities payable	86,619	93,672
Total current liabilities	3,131,720	4,440,115
Long-term debt	871,973	881,111
Employee benefits and other liabilities	552,199	540,158
Commitments and contingencies	—	—
Equities:		
Capital stock	792	804
Series A Cumulative Redeemable Preferred Stock	307,804	195,384
Member equities	1,049,050	1,103,225
Accumulated other comprehensive loss	(226,601)	(226,314)
Retained earnings	750,785	702,997
Total Land O'Lakes, Inc. equity	1,881,830	1,776,096
Noncontrolling interests	365,551	362,485
Total equities	2,247,381	2,138,581
Total liabilities and equities	\$ 6,803,273	\$ 7,999,965

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
	(\$ in thousands)			
Net sales	\$ 2,830,472	\$ 2,617,251	\$ 9,973,734	\$ 9,734,418
Cost of sales	2,513,779	2,344,395	8,811,771	8,743,287
Gross profit	316,693	272,856	1,161,963	991,131
Selling, general and administrative	296,905	261,638	873,240	785,480
Earnings from operations	19,788	11,218	288,723	205,651
Interest expense, net	17,621	13,324	47,620	39,740
Other (income) expense, net	(302)	—	(302)	—
Equity in earnings of affiliated companies	(10,485)	(11,134)	(35,730)	(38,640)
Earnings before income taxes and discontinued operations	12,954	9,028	277,135	204,551
Income tax expense (benefit)	4,817	755	30,698	22,131
Net earnings from continuing operations	8,137	8,273	246,437	182,420
Net earnings (loss) from discontinued operations	—	(78)	—	5,610
Net earnings	8,137	8,195	246,437	188,030
Less: net earnings (losses) attributable to noncontrolling interests	6,783	21	56,160	(381)
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 1,354</u>	<u>\$ 8,174</u>	<u>\$ 190,277</u>	<u>\$ 188,411</u>
Applied to:				
Member equities				
Allocated patronage	\$ 13,668	\$ (715)	\$ 128,719	\$ 111,895
Deferred equities	—	3,651	—	(12,672)
	<u>13,668</u>	<u>2,936</u>	<u>128,719</u>	<u>99,223</u>
Retained earnings	(12,314)	5,238	61,558	89,188
	<u>\$ 1,354</u>	<u>\$ 8,174</u>	<u>\$ 190,277</u>	<u>\$ 188,411</u>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
	(\$ in thousands)			
Net earnings	\$ 8,137	\$ 8,195	\$ 246,436	\$ 188,030
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	—	—	—	(639)
Cash flow hedge adjustments, net of income taxes	1,079	(2,129)	(2,099)	(1,697)
Foreign currency translation adjustments, net of income taxes	2,515	(1,211)	7,216	(3,405)
Total other comprehensive earnings (loss)	3,594	(3,340)	5,117	(5,741)
Comprehensive earnings	11,731	4,855	251,553	182,289
Less: comprehensive (loss) earnings attributable to noncontrolling interests	8,317	(234)	61,564	(764)
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 3,414</u>	<u>\$ 5,089</u>	<u>\$ 189,989</u>	<u>\$ 183,053</u>

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

	<b>For the Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(\$ in thousands)</b>	
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 246,437	\$ 188,030
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization.....	133,739	110,300
Amortization of deferred financing costs.....	1,012	1,643
Bad debt expense.....	3,157	1,209
Proceeds from patronage revolvment received.....	467	312
Non-cash patronage income.....	(2,691)	(4,096)
Deferred income tax expense.....	18,749	(14,591)
Restructuring and impairment.....	1,994	666
(Loss) gain on divestiture of a business.....	—	9,358
Equity in earnings of affiliated companies.....	(35,731)	(38,638)
Dividends from investments in affiliated companies.....	29,503	27,798
Other.....	2,177	(4,292)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(384,685)	(308,240)
Inventories.....	(91,776)	(17,218)
Prepays and other current assets.....	1,537,577	1,214,938
Accounts payable.....	(232,962)	(200,605)
Customer advances.....	(1,756,826)	(1,782,239)
Accrued liabilities.....	(76,202)	63,748
Other assets.....	(1,083)	(169)
Other liabilities.....	15,371	11,934
Net cash used by operating activities.....	<u>(591,773)</u>	<u>(740,152)</u>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment.....	(165,516)	(182,127)
Purchase of intangible assets.....	(200,700)	—
Acquisitions, net of cash acquired.....	(34,985)	(5,829)
Investments in affiliates.....	(4,339)	—
Net proceeds from divestiture of businesses.....	—	81,512
Net proceeds from sale of investments.....	5,251	—
Proceeds from sale of property, plant and equipment.....	15,009	4,360
Change in notes receivable.....	57,711	(12,514)
Other.....	(1,523)	3,597
Net cash used by investing activities.....	<u>(329,092)</u>	<u>(111,001)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term debt.....	759,892	277,104
Proceeds from issuance of long-term debt.....	2,252	—
Principal payments on long-term debt and capital lease obligations.....	(6,131)	(8,601)
Cash patronage and payments for redemption of member equities.....	(185,186)	(158,463)
Proceeds from preferred stock issued.....	113,542	195,622
Distributions to noncontrolling interest holders.....	(52,880)	—
Preferred stock dividends paid.....	(10,300)	(2,622)
Other.....	(9,036)	(3,707)
Net cash provided by financing activities.....	<u>612,153</u>	<u>299,333</u>
Net decrease in cash and cash equivalents.....	(308,712)	(551,820)
Cash and cash equivalents at beginning of the period.....	341,113	592,255
Cash and cash equivalents at end of the period.....	<u>\$ 32,401</u>	<u>\$ 40,435</u>
<b>Supplementary Disclosure of Cash Flow Information</b>		
Cash paid during periods for:		
Interest.....	\$ 48,326	\$ 41,357
Income taxes.....	6,946	4,025