

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

|   | <b>December 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|---|------------------------------|------------------------------|
|   | (\$ in thousands)            |                              |
| <b>ASSETS</b>                                       |                              |                              |
| Current assets:                                     |                              |                              |
| Cash and cash equivalents                           | \$ 341,113                   | \$ 592,255                   |
| Receivables, net                                    | 1,575,528                    | 1,305,952                    |
| Inventories   | 2,083,101                    | 1,554,289                    |
| Prepaid assets                                      | 1,625,408                    | 1,307,047                    |
| Other current assets                                | 33,015                       | 62,911                       |
| Total current assets                                | 5,658,165                    | 4,822,454                    |
| Investments   | 297,999                      | 327,528                      |
| Property, plant and equipment, net                  | 1,075,858                    | 916,227                      |
| Goodwill  | 494,666                      | 399,679                      |
| Other intangibles, net                              | 267,669                      | 158,562                      |
| Other assets  | 205,608                      | 344,865                      |
| Total assets  | \$ 7,999,965                 | \$ 6,969,315                 |
| <b>LIABILITIES AND EQUITIES</b>                     |                              |                              |
| Current liabilities:                                |                              |                              |
| Notes and short-term obligations                    | \$ 114,660                   | \$ 100,388                   |
| Current portion of long-term debt                   | 166,128                      | 5,138                        |
| Accounts payable                                    | 1,593,405                    | 1,415,098                    |
| Customer advances                                   | 1,839,896                    | 1,852,638                    |
| Accrued liabilities                                 | 632,354                      | 555,502                      |
| Patronage refunds and other member equities payable | 93,672                       | 98,053                       |
| Total current liabilities                           | 4,440,115                    | 4,026,817                    |
| Long-term debt                                      | 881,111                      | 985,697                      |
| Employee benefits and other liabilities             | 540,158                      | 510,024                      |
| Commitments and contingencies                       | —                            | —                            |
| Equities:   |                              |                              |
| Capital stock                                       | 804                          | 830                          |
| Series A Cumulative Redeemable Preferred Stock      | 195,384                      | —                            |
| Member equities                                     | 1,103,225                    | 1,075,565                    |
| Accumulated other comprehensive loss                | (226,314)                    | (233,861)                    |
| Retained earnings                                   | 702,997                      | 586,986                      |
| Total Land O'Lakes, Inc. equity                     | 1,776,096                    | 1,429,520                    |
| Noncontrolling interests                            | 362,485                      | 17,257                       |
| Total equities                                      | 2,138,581                    | 1,446,777                    |
| Total liabilities and equities                      | \$ 7,999,965                 | \$ 6,969,315                 |

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

|  | <b>For the Year Ended</b> |                          |                          |
|--|---------------------------|--------------------------|--------------------------|
|  | <b>December 31,</b>       |                          |                          |
|  | <b>2015</b>               | <b>2014</b>              | <b>2013</b>              |
|  | <b>(\$ in thousands)</b>  |                          |                          |
| Net sales  | \$ 13,007,704             | \$ 14,693,546            | \$ 13,977,662            |
| Cost of sales  | 11,620,485                | 13,444,419               | 12,751,382               |
| Gross profit   | <u>1,387,219</u>          | <u>1,249,127</u>         | <u>1,226,280</u>         |
| Selling, general and administrative                                  | 1,055,466                 | 976,677                  | 905,371                  |
| Earnings from operations   | <u>331,753</u>            | <u>272,450</u>           | <u>320,909</u>           |
| Interest expense, net  | 55,612                    | 63,160                   | 62,556                   |
| Other (income) expense, net  | (14,288)                  | (2,799)                  | 1,393                    |
| Equity in earnings of affiliated companies                           | <u>(46,817)</u>           | <u>(52,365)</u>          | <u>(44,247)</u>          |
| Earnings before income taxes and discontinued operations             | 337,246                   | 264,454                  | 301,207                  |
| Income tax expense (benefit)   | 39,315                    | 13,410                   | (4,693)                  |
| Net earnings from continuing operations                              | <u>297,931</u>            | <u>251,044</u>           | <u>305,900</u>           |
| Net earnings (loss) from discontinued operations                     | 6,259                     | 15,666                   | (278)                    |
| Net earnings   | <u>304,190</u>            | <u>266,710</u>           | <u>305,622</u>           |
| Less: net earnings (losses) attributable to noncontrolling interests | <u>(3,370)</u>            | <u>215</u>               | <u>(331)</u>             |
| Net earnings attributable to Land O'Lakes, Inc.                      | <u><u>\$ 307,560</u></u>  | <u><u>\$ 266,495</u></u> | <u><u>\$ 305,953</u></u> |
| Applied to:  |                           |                          |                          |
| Allocated patronage  | \$ 184,844                | \$ 178,293               | \$ 184,621               |
| Retained earnings  | 122,716                   | 88,202                   | 121,332                  |
|  | <u><u>\$ 307,560</u></u>  | <u><u>\$ 266,495</u></u> | <u><u>\$ 305,953</u></u> |

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

|  | <b>For the Year Ended</b> |                   |                   |
|--|---------------------------|-------------------|-------------------|
|  | <b>December 31,</b>       |                   |                   |
|  | <b>2015</b>               | <b>2014</b>       | <b>2013</b>       |
|  | <b>(\$ in thousands)</b>  |                   |                   |
| Net earnings   | \$ 304,190                | \$ 266,710        | \$ 305,622        |
| Other comprehensive earnings, net of tax                                     |                           |                   |                   |
| Pension and other postretirement adjustments, net of income taxes            | 16,945                    | (98,511)          | 127,127           |
| Cash flow hedge adjustments, net of income taxes                             | (143)                     | (3,711)           | 7,984             |
| Foreign currency translation adjustments, net of income taxes                | (14,308)                  | (3,094)           | 586               |
| Total other comprehensive earnings (loss)                                    | <u>2,494</u>              | <u>(105,316)</u>  | <u>135,697</u>    |
| Comprehensive earnings   | <u>306,684</u>            | <u>161,394</u>    | <u>441,319</u>    |
| Less: comprehensive (loss) earnings attributable to noncontrolling interests | (8,423)                   | (386)             | 15                |
| Comprehensive earnings attributable to Land O'Lakes, Inc.                    | <u>\$ 315,107</u>         | <u>\$ 161,780</u> | <u>\$ 441,304</u> |

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

|   | For the Year Ended |   |            |
|---|--------------------|---|------------|
|   | 2015               | December 31,<br>2014<br>(\$ in thousands) | 2013       |
| <b>Cash flows from operating activities:</b>  |                    |   |            |
| Net earnings  | \$ 304,190         | \$ 266,710                                | \$ 305,622 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |                    |   |            |
| Depreciation and amortization.....  | 151,890            | 141,438                                   | 132,248    |
| Amortization of deferred financing costs.....                                       | 2,200              | 2,689                                     | 2,690      |
| Bad debt expense.....   | 1,336              | 3,467                                     | 3,132      |
| Proceeds from patronage revolvment received.....                                    | 4,717              | 6,352                                     | 7,216      |
| Non-cash patronage income.....  | (6,372)            | (5,262)                                   | (7,412)    |
| Deferred income tax expense (benefit).....  | 6,520              | 1,021                                     | (10,589)   |
| Restructuring and impairment.....   | 2,386              | 9,144                                     | 5,258      |
| (Loss) gain on divestiture of a business.....                                       | 9,628              | (8,119)                                   | (4,480)    |
| Gain on sale of investments.....  | (14,288)           | (6,074)                                   | (2,086)    |
| Equity in earnings of affiliated companies.....                                     | (46,817)           | (52,365)                                  | (44,247)   |
| Dividends from investments in affiliated companies.....                             | 37,556             | 38,969                                    | 37,340     |
| Other.....  | 2,211              | 3,071                                     | (2,190)    |
| Changes in assets and liabilities, net of acquisitions and divestitures:            |                    |   |            |
| Receivables.....  | 147,305            | 43,808                                    | (53,354)   |
| Inventories.....  | (113,662)          | 4,318                                     | (90,203)   |
| Prepays and other current assets.....   | (301,763)          | 246,584                                   | (220,743)  |
| Accounts payable.....   | (105,314)          | 2,815                                     | 79,268     |
| Customer advances.....  | (21,422)           | 15,995                                    | 266,113    |
| Accrued liabilities.....  | 22,958             | 67,424                                    | 1,830      |
| Other assets.....   | 1                  | (513)                                     | (380)      |
| Other liabilities.....  | 15,874             | 5,182                                     | 1,918      |
| Net cash provided by operating activities.....                                      | 99,134             | 786,654                                   | 406,951    |
| <b>Cash flows from investing activities:</b>  |                    |   |            |
| Additions to property, plant and equipment.....                                     | (250,500)          | (163,918)                                 | (201,550)  |
| Acquisitions, net of cash acquired.....   | (44,439)           | (4,763)                                   | (24,179)   |
| Investments in affiliates.....  | (5,000)            | (412)                                     | (8,465)    |
| Net proceeds from divestiture of businesses.....                                    | 82,085             | 151,440                                   | 9,424      |
| Net proceeds from sale of investments.....  | 65,000             | 24,130                                    | 19,263     |
| Proceeds from sale of property, plant and equipment.....                            | 4,624              | 8,094                                     | 2,859      |
| Change in notes receivable.....   | (50,085)           | (21,666)                                  | 3,582      |
| Other.....  | 7,202              | 3,298                                     | 1,227      |
| Net cash used by investing activities.....  | (191,113)          | (3,797)                                   | (197,839)  |
| <b>Cash flows from financing activities:</b>  |                    |   |            |
| Increase (decrease) in short-term debt.....   | (169,306)          | 4,572                                     | (64,942)   |
| Proceeds from issuance of long-term debt.....                                       | 2,445              | 3,200                                     | 9,470      |
| Principal payments on long-term debt and capital lease obligations.....             | (15,011)           | (76,642)                                  | (11,473)   |
| Cash patronage and payments for redemption of member equities.....                  | (160,862)          | (183,640)                                 | (146,881)  |
| Proceeds from preferred stock issued.....   | 195,384            | —   | —          |
| Preferred stock dividends paid.....   | (6,622)            | —   | —          |
| Other.....  | (5,191)            | (935)                                     | 1,268      |
| Net cash used by financing activities.....  | (159,163)          | (253,445)                                 | (212,558)  |
| Net (decrease) increase in cash and cash equivalents.....                           | (251,142)          | 529,412                                   | (3,446)    |
| Cash and cash equivalents at beginning of the period.....                           | 592,255            | 62,843                                    | 66,289     |
| Cash and cash equivalents at end of the period.....                                 | \$ 341,113         | \$ 592,255                                | \$ 62,843  |