

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2015	December 31, 2014
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,801	\$ 592,255
Receivables, net	1,799,279	1,305,952
Inventories	1,514,686	1,582,647
Prepaid assets	98,671	1,307,047
Other current assets	266,322	131,787
Total current assets	3,710,759	4,919,688
Investments	335,628	327,528
Property, plant and equipment, net	938,800	990,573
Goodwill	403,245	410,658
Other intangibles, net	159,531	186,124
Other assets	162,368	157,371
Total assets	\$ 5,710,331	\$ 6,991,942
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 238,721	\$ 100,388
Current portion of long-term debt	3,711	9,216
Accounts payable	1,394,250	1,415,098
Customer advances	301,032	1,852,638
Accrued liabilities	737,614	551,425
Patronage refunds and other member equities payable	66,246	98,053
Total current liabilities	2,741,574	4,026,818
Long-term debt	990,884	1,033,284
Employee benefits and other liabilities	488,637	485,063
Commitments and contingencies	—	—
Equities:		
Capital stock	824	830
Member equities	1,044,668	1,075,565
Accumulated other comprehensive loss	(236,134)	(233,861)
Retained earnings	671,928	586,986
Total Land O'Lakes, Inc. equity	1,481,286	1,429,520
Noncontrolling interests	7,950	17,257
Total equities	1,489,236	1,446,777
Total liabilities and equities	\$ 5,710,331	\$ 6,991,942

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
	(\$ in thousands)			
Net sales	\$ 3,421,085	\$ 3,968,577	\$ 7,117,166	\$ 8,193,377
Cost of sales	3,070,480	3,623,564	6,398,892	7,465,897
Gross profit	<u>350,605</u>	<u>345,013</u>	<u>718,274</u>	<u>727,480</u>
Selling, general and administrative	267,668	246,006	523,842	491,764
Earnings from operations	<u>82,937</u>	<u>99,007</u>	<u>194,432</u>	<u>235,716</u>
Interest expense, net	14,845	16,979	26,416	30,750
Other expense (income), net	—	(482)	—	(2,299)
Equity in earnings of affiliated companies	(22,044)	(26,322)	(27,506)	(34,363)
Earnings before income taxes and discontinued operations	<u>90,136</u>	<u>108,832</u>	<u>195,522</u>	<u>241,628</u>
Income tax expense (benefit)	10,820	11,643	21,375	22,145
Net earnings from continuing operations	<u>79,316</u>	<u>97,189</u>	<u>174,147</u>	<u>219,483</u>
Net earnings from discontinued operations	1,344	181	5,688	2,587
Net earnings	<u>80,660</u>	<u>97,370</u>	<u>179,835</u>	<u>222,070</u>
Less: net earnings (losses) attributable to noncontrolling interests	(190)	457	(402)	166
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 80,850</u>	<u>\$ 96,913</u>	<u>\$ 180,237</u>	<u>\$ 221,904</u>
Applied to:				
Member equities				
Allocated patronage	\$ 49,041	\$ 58,197	\$ 112,610	\$ 145,760
Deferred equities	(3,772)	—	(16,323)	—
	<u>45,269</u>	<u>58,197</u>	<u>96,287</u>	<u>145,760</u>
Retained earnings	35,581	38,716	83,950	76,144
	<u>\$ 80,850</u>	<u>\$ 96,913</u>	<u>\$ 180,237</u>	<u>\$ 221,904</u>

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	(\$ in thousands)			
Net earnings	\$ 80,660	\$ 97,370	\$ 179,835	\$ 222,070
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	—	—	(639)	773
Cash flow hedge adjustments, net of income taxes	1,842	(1,423)	432	(2,715)
Foreign currency translation adjustments, net of income taxes	4	(325)	(2,193)	(506)
Total other comprehensive (loss) earnings	<u>1,846</u>	<u>(1,748)</u>	<u>(2,400)</u>	<u>(2,448)</u>
Comprehensive earnings	<u>82,506</u>	<u>95,622</u>	<u>177,435</u>	<u>219,622</u>
Less: comprehensive (loss) earnings attributable to noncontrolling interests	(277)	515	(529)	183
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 82,783</u>	<u>\$ 95,107</u>	<u>\$ 177,964</u>	<u>\$ 219,439</u>

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

	For the Six Months Ended	
	June 30,	
	2015	2014
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$ 179,835	\$ 222,070
Adjustments to reconcile net earnings to net cash used by operating activities:		
Depreciation and amortization.....	74,068	68,364
Amortization of deferred financing costs.....	1,130	1,406
Bad debt expense.....	548	(267)
Proceeds from patronage revolvment received.....	312	254
Non-cash patronage income.....	(2,370)	(3,340)
Restructuring and impairment.....	305	9,089
Gain on divestiture of a business.....	—	2,248
Gain on sale of investments.....	—	(5,574)
Loss on impairment of discontinued operations.....	8,928	—
Equity in earnings of affiliated companies.....	(27,498)	(34,364)
Dividends from investments in affiliated companies.....	20,067	20,886
Other.....	(288)	8,311
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(487,955)	(504,389)
Inventories.....	38,025	(98,982)
Prepays and other current assets.....	1,202,455	1,409,707
Accounts payable.....	(353)	39,981
Customer advances.....	(1,551,606)	(1,665,755)
Accrued liabilities.....	137,923	258,037
Other assets.....	(411)	(16,502)
Other liabilities.....	(882)	4,719
Net cash used by operating activities.....	<u>(407,767)</u>	<u>(284,101)</u>
Cash flows from investing activities:		
Additions to property, plant and equipment.....	(113,485)	(74,343)
Purchase of intangible assets.....	(622)	(386)
Acquisitions, net of cash acquired.....	(5,829)	—
Investments in affiliates.....	—	(300)
Net proceeds from divestiture of businesses.....	—	155,740
Net proceeds from sale of investments.....	—	21,600
Proceeds from sale of property, plant and equipment.....	3,591	1,392
Insurance proceeds for replacement assets.....	50	—
Change in notes receivable.....	(7,875)	(9,020)
Net cash (used by) provided by investing activities.....	<u>(124,170)</u>	<u>94,683</u>
Cash flows from financing activities:		
Increase (decrease) in short-term debt.....	138,369	401,315
Proceeds from issuance of long-term debt.....	—	2,590
Principal payments on long-term debt and capital lease obligations.....	(4,959)	(61,903)
Cash patronage and payments for redemption of member equities.....	(158,312)	(180,660)
Other.....	(3,615)	(746)
Net cash (used by) provided by financing activities.....	<u>(28,517)</u>	<u>160,596</u>
Net decrease in cash and cash equivalents.....	(560,454)	(28,822)
Cash and cash equivalents at beginning of the period.....	592,255	62,843
Cash and cash equivalents at end of the period.....	<u>\$ 31,801</u>	<u>\$ 34,021</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest.....	\$ 30,361	\$ 38,155
Income taxes.....	2,388	6,830