

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

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
	<b>(\$ in thousands)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 101,024	\$ 341,113
Receivables, net	1,650,580	1,575,528
Inventories	2,186,006	2,083,101
Prepaid assets	1,737,970	1,625,408
Other current assets	21,022	33,015
Total current assets	5,696,602	5,658,165
Investments	296,876	297,999
Property, plant and equipment, net	1,180,251	1,075,858
Goodwill	505,099	494,666
Other intangibles, net	456,215	267,669
Other assets	169,968	205,608
Total assets	\$ 8,305,011	\$ 7,999,965
<b>LIABILITIES AND EQUITIES</b>		
Current liabilities:		
Notes and short-term obligations	\$ 485,118	\$ 114,660
Current portion of long-term debt	6,243	166,128
Accounts payable	1,689,672	1,593,405
Customer advances	1,752,059	1,839,896
Accrued liabilities	610,862	632,354
Patronage refunds and other member equities payable	113,996	93,672
Total current liabilities	4,657,950	4,440,115
Long-term debt	876,986	881,111
Employee benefits and other liabilities	500,824	540,158
Commitments and contingencies	—	—
Equities:		
Capital stock	785	804
Series A Cumulative Redeemable Preferred Stock	307,808	195,384
Member equities	1,072,846	1,103,225
Accumulated other comprehensive loss	(222,197)	(226,314)
Retained earnings	744,895	702,997
Total Land O'Lakes, Inc. equity	1,904,137	1,776,096
Noncontrolling interests	365,114	362,485
Total equities	2,269,251	2,138,581
Total liabilities and equities	\$ 8,305,011	\$ 7,999,965

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

	<b>For the Year Ended</b>		
	<b>December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Net sales	\$ 13,233,444	\$ 13,007,704	\$ 14,693,546
Cost of sales	11,692,196	11,620,485	13,444,419
Gross profit	1,541,248	1,387,219	1,249,127
Selling, general and administrative	1,166,672	1,055,466	976,677
Earnings from operations	374,576	331,753	272,450
Interest expense, net	64,686	55,612	63,160
Other expense (income), net	1,891	(14,288)	(2,799)
Equity in earnings of affiliated companies	(39,496)	(46,817)	(52,365)
Earnings before income taxes and discontinued operations	347,495	337,246	264,454
Income tax expense	27,596	39,315	13,410
Net earnings from continuing operations	319,899	297,931	251,044
Net earnings from discontinued operations	—	6,259	15,666
Net earnings	319,899	304,190	266,710
Less: net earnings (losses) attributable to noncontrolling interests	74,962	(3,370)	215
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 244,937</u>	<u>\$ 307,560</u>	<u>\$ 266,495</u>
Applied to:			
Allocated patronage	\$ 181,977	\$ 184,844	\$ 178,293
Retained earnings	62,960	122,716	88,202
	<u>\$ 244,937</u>	<u>\$ 307,560</u>	<u>\$ 266,495</u>

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

	<b>For the Year Ended</b>		
	<b>December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	( <b>\$ in thousands</b> )		
Net earnings	\$ 319,899	\$ 304,190	\$ 266,710
Other comprehensive earnings, net of tax			
Pension and other postretirement adjustments, net of income taxes	1,348	16,945	(98,511)
Cash flow hedge adjustments, net of income taxes	1,761	(143)	(3,711)
Foreign currency translation adjustments, net of income taxes	6,682	(14,308)	(3,094)
Total other comprehensive earnings (loss)	<u>9,791</u>	<u>2,494</u>	<u>(105,316)</u>
Comprehensive earnings	329,690	306,684	161,394
Less: comprehensive earnings (loss) attributable to noncontrolling interests	79,448	(8,423)	(386)
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 250,242</u>	<u>\$ 315,107</u>	<u>\$ 161,780</u>

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

	For the Year Ended		
	2016	December 31, 2015	2014
	(\$ in thousands)		
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 319,899	\$ 304,190	\$ 266,710
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization.....	180,022	151,890	141,438
Amortization of deferred financing costs.....	1,965	2,200	2,689
Bad debt expense.....	3,334	1,336	3,467
Proceeds from patronage revolvment received.....	2,565	4,717	6,352
Non-cash patronage income.....	(3,174)	(6,372)	(5,262)
Deferred income tax expense.....	9,931	6,520	1,021
Restructuring and impairment.....	7,223	2,386	9,144
(Loss) gain on divestiture of a business.....	—	9,628	(8,119)
Gain on sale of investments.....	(607)	(14,288)	(6,074)
Equity in earnings of affiliated companies.....	(39,496)	(46,817)	(52,365)
Dividends from investments in affiliated companies.....	39,119	37,556	38,969
Other.....	(9,871)	2,211	3,071
Changes in assets and liabilities, net of acquisitions and divestitures:			
Receivables.....	(123,488)	147,305	43,808
Inventories.....	(106,630)	(113,662)	4,318
Prepays and other current assets.....	(112,075)	(301,763)	246,584
Accounts payable.....	63,398	(105,314)	2,815
Customer advances.....	(89,166)	(21,422)	15,995
Accrued liabilities.....	(62,162)	22,958	67,424
Other assets .....	(1,712)	1	(513)
Other liabilities.....	20,503	15,874	5,182
Net cash provided by operating activities.....	<u>99,578</u>	<u>99,134</u>	<u>786,654</u>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment.....	(242,407)	(250,500)	(163,918)
Purchase of intangible assets.....	(199,899)	—	—
Acquisitions, net of cash acquired.....	(29,355)	(44,439)	(4,763)
Investments in affiliates.....	(4,916)	(5,000)	(412)
Net proceeds from divestiture of businesses.....	—	82,085	151,440
Net proceeds from sale of investments.....	5,751	65,000	24,130
Proceeds from sale of property, plant and equipment.....	26,415	4,624	8,094
Change in notes receivable.....	57,643	(50,085)	(21,666)
Other.....	1,581	7,202	3,298
Net cash used by investing activities.....	<u>(385,187)</u>	<u>(191,113)</u>	<u>(3,797)</u>
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term debt.....	365,881	(188,421)	4,572
Proceeds from issuance of long-term debt.....	2,302	21,560	3,200
Principal payments on long-term debt and capital lease obligations.....	(161,575)	(15,011)	(76,642)
Cash patronage and payments for redemption of member equities.....	(187,285)	(160,862)	(183,640)
Proceeds from preferred stock issued.....	112,424	195,384	—
Distributions to noncontrolling interest holders.....	(52,880)	—	—
Preferred stock dividends paid.....	(22,900)	(6,622)	—
Other.....	(10,447)	(5,191)	(935)
Net cash provided by (used by) financing activities.....	<u>45,520</u>	<u>(159,163)</u>	<u>(253,445)</u>
Net (decrease) increase in cash and cash equivalents.....	(240,089)	(251,142)	529,412
Cash and cash equivalents at beginning of the period.....	341,113	592,255	62,843
Cash and cash equivalents at end of the period.....	<u>\$ 101,024</u>	<u>\$ 341,113</u>	<u>\$ 592,255</u>

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

	Common Stock	Member Equities	Accumulated Other		Preferred Stock	Noncontrolling Interests	Total Equities
			Comprehensive Loss	Retained Earnings			
(\$ in thousands)							
<b>Balance, December 31, 2013</b>	\$ 860	\$ 1,108,282	\$ (129,146)	\$ 500,721	\$ —	\$ 17,835	\$ 1,498,552
Capital stock issued	4	—	—	—	—	—	4
Capital stock redeemed	(34)	—	—	—	—	—	(34)
Cash patronage and redemption of member equities	—	(183,640)	—	—	—	—	(183,640)
Redemption included in prior year's liabilities	—	68,715	—	—	—	—	68,715
Other, net	—	1,968	—	(1,937)	—	(192)	(161)
2014 earnings, as applied	—	178,293	—	88,202	—	215	266,710
Other comprehensive earnings, net of income taxes	—	—	(104,715)	—	—	(601)	(105,316)
Patronage refunds payable	—	(98,053)	—	—	—	—	(98,053)
<b>Balance, December 31, 2014</b>	<b>830</b>	<b>1,075,565</b>	<b>(233,861)</b>	<b>586,986</b>	<b>—</b>	<b>17,257</b>	<b>1,446,777</b>
Capital stock issued	7	—	—	—	—	—	7
Capital stock redeemed	(33)	—	—	—	—	—	(33)
Preferred stock issued	—	—	—	—	195,384	—	195,384
Preferred stock dividends	—	—	—	(7,333)	—	—	(7,333)
Cash patronage and redemption of member equities	—	(160,862)	—	—	—	—	(160,862)
Redemption included in prior year's liabilities	—	98,053	—	—	—	—	98,053
Addition of noncontrolling interest	—	—	—	—	—	367,852	367,852
Other, net	—	(703)	—	628	—	(14,201)	(14,276)
2015 earnings, as applied	—	184,844	—	122,716	—	(3,370)	304,190
Other comprehensive loss, net of income taxes	—	—	7,547	—	—	(5,053)	2,494
Patronage refunds payable	—	(93,672)	—	—	—	—	(93,672)
<b>Balance, December 31, 2015</b>	<b>804</b>	<b>1,103,225</b>	<b>(226,314)</b>	<b>702,997</b>	<b>195,384</b>	<b>362,485</b>	<b>2,138,581</b>
Capital stock issued	8	—	—	—	—	—	8
Capital stock redeemed	(27)	—	—	—	—	—	(27)
Preferred stock issued	—	—	—	—	112,424	—	112,424
Preferred stock dividends	—	—	—	(22,466)	—	—	(22,466)
Cash patronage and redemption of member equities	—	(187,285)	—	—	—	—	(187,285)
Redemption included in prior year's liabilities	—	93,672	—	—	—	—	93,672
Dividends to noncontrolling interest	—	—	—	—	—	(74,912)	(74,912)
Purchase of noncontrolling interest	—	—	(1,188)	(3,380)	—	(5,675)	(10,243)
Other, net	—	(4,747)	—	4,784	—	3,768	3,805
2016 earnings, as applied	—	181,977	—	62,960	—	74,962	319,899
Other comprehensive earnings, net of income taxes	—	—	5,305	—	—	4,486	9,791
Patronage refunds payable	—	(113,996)	—	—	—	—	(113,996)
<b>Balance, December 31, 2016</b>	<b>\$ 785</b>	<b>\$ 1,072,846</b>	<b>\$ (222,197)</b>	<b>\$ 744,895</b>	<b>\$ 307,808</b>	<b>\$ 365,114</b>	<b>\$ 2,269,251</b>