

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

	For the year ended December 31,		
	2019	2018	2017
Cash Flows from operating activities:			
Net earnings	\$ 206,775	\$ 255,211	\$ 364,833
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	245,815	242,552	210,536
Amortization of deferred financing costs	1,512	1,779	1,783
Non-cash patronage income	(6,484)	(4,978)	(1,833)
Deferred income tax benefit	(5,076)	(4,885)	(2,860)
Multiemployer pension withdrawal and related expenses	—	72,054	—
Equity in earnings of affiliated companies	(37,201)	(44,699)	(46,196)
Dividends from investments in affiliated companies	38,041	35,544	37,079
Other	13,052	7,398	2,798
Changes in assets and liabilities, net of acquisitions and divestitures:			
Receivables	24,819	42,819	(92,746)
Inventories	55,332	209,727	(357,670)
Prepays and other current assets	467,703	372,539	(107,391)
Accounts payable	(101,403)	(69,877)	126,205
Customer advances	(210,606)	(78,420)	155,401
Accrued liabilities	(11,133)	(450)	(54,242)
Other assets	(5,111)	(53,740)	(4,980)
Other liabilities	(23,967)	(14,962)	(6,578)
Net cash provided by operating activities	<u>652,068</u>	<u>967,612</u>	<u>224,139</u>
Cash Flows from investing activities:			
Additions to property, plant and equipment	(202,139)	(272,512)	(371,484)
Acquisitions, net of cash acquired	(550)	(11,342)	(130,988)
Cash received upon completion of the acquisition of United Suppliers, Inc.	—	—	51,442
Investments in affiliates	(13,974)	(1,679)	(6,398)
Net proceeds from sale of investments	4,825	6,218	4,432
Proceeds from sale of property, plant and equipment	15,598	5,530	10,564
Change in notes receivable	1,055	(15,397)	(159,021)
Other	7,782	—	42
Net cash used by investing activities	<u>(187,403)</u>	<u>(289,182)</u>	<u>(601,411)</u>
Cash Flows from financing activities:			
(Decrease) increase in short-term debt	19,279	(484,335)	166,522
Proceeds from issuance of long-term debt	1,346	991	200,115
Principal payments on long-term debt and capital lease obligations	(92,314)	(4,998)	(8,842)
Cash patronage and payments for redemption of member equities	(187,282)	(194,261)	(148,672)
Proceeds from preferred stock issued	—	195,345	244,492
Distributions to noncontrolling interest holders	—	—	(66,160)
Preferred stock dividends paid	(57,324)	(47,856)	(37,837)
Other	(15,126)	(11,950)	(1,093)
Net cash (used by) provided by financing activities	<u>(331,421)</u>	<u>(547,064)</u>	<u>348,525</u>
Effect of exchange rate changes on cash and cash equivalents	1,465	(3,493)	855
Net increase (decrease) in cash and cash equivalents	133,244	131,366	(28,747)
Cash and cash equivalents at beginning of the period	201,005	73,132	101,024
Cash and cash equivalents at end of the period	<u>\$ 335,714</u>	<u>\$ 201,005</u>	<u>\$ 73,132</u>

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

	December 31, 2019	December 31, 2018
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 335,714	\$ 201,005
Receivables, net	1,912,695	1,857,063
Inventories	2,358,462	2,417,979
Prepaid assets	1,054,830	1,520,307
Other current assets	93,554	32,497
Total current assets	5,755,255	6,028,851
Investments	331,863	317,117
Property, plant and equipment, net	1,611,327	1,490,201
Goodwill	566,564	569,994
Other intangibles, net	442,451	474,986
Other assets	191,844	243,227
Total assets	\$ 8,899,304	\$ 9,124,376
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 209,304	\$ 186,219
Current portion of long-term debt	37,175	89,133
Accounts payable	1,717,487	1,803,833
Customer advances	1,660,058	1,868,864
Accrued liabilities	664,291	583,461
Patronage refunds and other member equities payable	129,604	146,575
Total current liabilities	4,417,919	4,678,085
Long-term debt	1,066,116	985,174
Employee benefits and other liabilities	542,653	549,774
Commitments and contingencies	—	—
Equities:		
Preferred Stock	747,645	747,645
Common stock	696	751
Additional paid-in capital	301,889	303,564
Member equities	1,247,083	1,270,549
Retained earnings	835,787	833,606
Accumulated other comprehensive loss	(272,908)	(261,728)
Total Land O'Lakes, Inc. equity	2,860,192	2,894,387
Noncontrolling interests	12,424	16,956
Total equities	2,872,616	2,911,343
Total liabilities and equities	\$ 8,899,304	\$ 9,124,376

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,		
	2019	2018	2017
	(\$ in thousands)		
Net sales	\$ 13,887,722	\$ 14,936,208	\$ 13,740,362
Cost of sales	12,592,857	13,570,581	12,166,993
Gross profit	1,294,865	1,365,627	1,573,369
Selling, general and administrative	1,056,162	1,079,665	1,162,329
Earnings from operations	238,703	285,962	411,040
Interest expense, net	71,517	77,906	69,760
Other expense (income), net	11,831	18,131	9,326
Equity in earnings of affiliated companies	(37,201)	(44,699)	(46,196)
Earnings before income taxes	192,556	234,624	378,150
Income tax (benefit) expense	(14,219)	(20,587)	13,317
Net earnings	206,775	255,211	364,833
Less: net earnings attributable to noncontrolling interests	869	726	50,622
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 205,906</u>	<u>\$ 254,485</u>	<u>\$ 314,211</u>
Applied to:			
Member equities			
Allocated patronage	\$ 166,661	\$ 216,529	\$ 218,980
Deferred equities	(22,266)	—	—
	144,395	216,529	218,980
Retained earnings	61,511	37,956	95,231
	<u>\$ 205,906</u>	<u>\$ 254,485</u>	<u>\$ 314,211</u>

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

	For the year ended December 31,		
	2019	2018	2017
	(\$ in thousands)		
Net earnings	\$ 206,775	\$ 255,211	\$ 364,833
Other comprehensive earnings, net of tax			
Pension and other postretirement adjustments, net of income taxes	(20,484)	9,260	(215)
Cash flow hedge adjustments, net of income taxes	(1,635)	2,089	1,963
Foreign currency translation adjustments, net of income taxes	11,387	(14,885)	4,039
Total other comprehensive earnings (loss)	(10,732)	(3,536)	5,787
Comprehensive earnings	196,043	251,675	370,620
Less: comprehensive earnings (loss) attributable to noncontrolling interests	1,291	(2,642)	52,523
Comprehensive earnings attributable to Land O'Lakes, Inc.	\$ 194,752	\$ 254,317	\$ 318,097