

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2018	December 31, 2017
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 67,727	\$ 73,132
Receivables, net	2,261,574	1,902,448
Inventories	2,527,804	2,639,969
Prepaid assets	176,513	1,885,769
Other current assets	37,881	15,105
Total current assets	5,071,499	6,516,423
Investments	327,515	311,127
Property, plant and equipment, net	1,447,269	1,411,490
Goodwill	566,002	578,064
Other intangibles, net	482,280	506,725
Other assets	229,410	185,071
Total assets	\$ 8,123,975	\$ 9,508,900
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 1,172,736	\$ 679,578
Current portion of long-term debt	22,229	24,899
Accounts payable	1,438,044	1,859,421
Customer advances	160,983	1,936,086
Accrued liabilities	700,439	566,194
Patronage refunds and other member equities payable	100,117	140,629
Total current liabilities	3,594,548	5,206,807
Long-term debt	1,053,597	1,056,469
Employee benefits and other liabilities	531,647	522,989
Commitments and contingencies	—	—
Equities:		
Preferred Stock	748,140	552,300
Common stock	754	754
Additional paid-in capital	303,564	307,261
Member equities	1,238,009	1,250,498
Retained earnings	881,368	802,928
Accumulated other comprehensive loss	(245,527)	(218,303)
Total Land O'Lakes, Inc. equity	2,926,308	2,695,438
Noncontrolling interests	17,875	27,197
Total equities	2,944,183	2,722,635
Total liabilities and equities	\$ 8,123,975	\$ 9,508,900

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
	(\$ in thousands)			
Net sales	\$ 3,215,613	\$ 2,821,018	\$ 11,341,641	\$ 10,170,214
Cost of sales	2,943,060	2,482,534	10,250,222	8,993,236
Gross profit	272,553	338,484	1,091,419	1,176,978
Selling, general and administrative	254,671	293,889	867,369	874,705
Earnings from operations	17,882	44,595	224,050	302,273
Interest expense, net	21,789	18,148	59,384	51,687
Other expense (income), net	(50)	—	708	(171)
Equity in earnings of affiliated companies	(12,258)	(11,206)	(40,080)	(41,347)
Earnings before income taxes	8,401	37,653	204,038	292,104
Income tax (benefit) expense	(17,737)	(9,849)	(4,974)	21,747
Net earnings	26,138	47,502	209,012	270,357
Less: net earnings attributable to noncontrolling interests	290	11,003	180	49,494
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 25,848</u>	<u>\$ 36,499</u>	<u>\$ 208,832</u>	<u>\$ 220,863</u>
Applied to:				
Allocated patronage	\$ 10,317	\$ 12,793	\$ 134,362	\$ 129,135
Retained earnings	15,531	23,706	74,470	91,728
	<u>\$ 25,848</u>	<u>\$ 36,499</u>	<u>\$ 208,832</u>	<u>\$ 220,863</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,	
	2018	2017	2018	2017
	(\$ in thousands)			
Net earnings	\$ 26,138	\$ 47,502	\$ 209,012	\$ 270,357
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	6,075	3,776	18,217	11,350
Cash flow hedge adjustments, net of income taxes	(1)	363	2,649	854
Foreign currency translation adjustments, net of income taxes	(2,742)	(1,134)	(7,905)	1,917
Total other comprehensive earnings (loss)	3,332	3,005	12,961	14,121
Comprehensive earnings	29,470	50,507	221,973	284,478
Less: comprehensive earnings (loss) attributable to noncontrolling interests	(1,616)	10,246	(2,892)	49,727
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 31,086</u>	<u>\$ 40,261</u>	<u>\$ 224,865</u>	<u>\$ 234,751</u>

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

	For the Nine Months Ended	
	2018	September 30,
	2017	
	(\$ in thousands)	
Cash Flows from operating activities:		
Net earnings	\$ 209,012	\$ 270,357
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	180,144	151,379
Amortization of deferred financing costs	1,337	1,041
Non-cash patronage income	(3,787)	(1,468)
Deferred income tax expense	2,190	12,722
Equity in earnings of affiliated companies	(40,080)	(41,347)
Dividends from investments in affiliated companies	24,217	26,396
Other	(4,590)	343
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables	(353,694)	(375,563)
Inventories	100,442	(133,371)
Prepays and other current assets	1,724,050	1,613,557
Accounts payable	(435,605)	(245,693)
Customer advances	(1,788,566)	(1,653,868)
Accrued liabilities	161,453	49,166
Other assets	(54,921)	(1,719)
Other liabilities	(10,167)	16,917
Net cash used by operating activities	<u>(288,565)</u>	<u>(311,151)</u>
Cash Flows from investing activities:		
Additions to property, plant and equipment	(186,181)	(253,677)
Acquisitions, net of cash acquired	(1,586)	(102,726)
Investments in affiliates	(1,455)	(3,286)
Net proceeds from sale of investments	5,337	3,646
Proceeds from sale of property, plant and equipment	6,869	6,651
Change in notes receivable	(4,013)	(141,105)
Other	715	1,469
Net cash used by investing activities	<u>(180,314)</u>	<u>(489,028)</u>
Cash Flows from financing activities:		
Increase in short-term debt	499,412	521,065
Proceeds from issuance of long-term debt	1,012	200,531
Principal payments on long-term debt and capital lease obligations	(3,248)	(2,848)
Cash patronage and payments for redemption of member equities	(191,135)	(146,696)
Proceeds from preferred stock issued	195,840	244,496
Distributions to noncontrolling interest holders	—	(47,312)
Preferred stock dividends paid	(33,535)	(27,006)
Other	(11,969)	(12)
Net cash provided by financing activities	<u>456,377</u>	<u>742,218</u>
Effect of exchange rate changes on cash and cash equivalents	7,097	(340)
Net decrease in cash and cash equivalents	(12,502)	(57,961)
Cash and cash equivalents at beginning of the period	73,132	101,024
Cash and cash equivalents at end of the period	<u>\$ 67,727</u>	<u>\$ 42,723</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest	\$ 64,464	\$ 54,524
Income taxes	1,528	655