

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 83,422	\$ 101,024
Receivables, net	2,209,388	1,650,580
Inventories	2,139,705	2,186,006
Prepaid assets	165,330	1,737,970
Other current assets	23,604	21,022
Total current assets	4,621,449	5,696,602
Investments	313,179	296,876
Property, plant and equipment, net	1,254,234	1,180,251
Goodwill	585,606	505,099
Other intangibles, net	443,375	456,215
Other assets	168,183	169,968
Total assets	\$ 7,386,026	\$ 8,305,011
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 641,760	\$ 485,118
Current portion of long-term debt	4,358	6,243
Accounts payable	1,512,451	1,689,672
Customer advances	164,401	1,752,059
Accrued liabilities	805,399	610,862
Patronage refunds and other member equities payable	83,330	113,996
Total current liabilities	3,211,699	4,657,950
Long-term debt	1,073,093	876,986
Employee benefits and other liabilities	524,054	500,824
Commitments and contingencies	—	—
Equities:		
Capital stock	770	785
Series A Cumulative Redeemable Preferred Stock	552,314	307,808
Member equities	1,072,424	1,072,846
Accumulated other comprehensive loss	(212,071)	(222,197)
Retained earnings	797,824	744,895
Total Land O'Lakes, Inc. equity	2,211,261	1,904,137
Noncontrolling interests	365,919	365,114
Total equities	2,577,180	2,269,251
Total liabilities and equities	\$ 7,386,026	\$ 8,305,011

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
	(\$ in thousands)			
Net sales	\$ 3,674,732	\$ 3,519,113	\$ 7,349,196	\$ 7,143,261
Cost of sales	3,264,532	3,086,857	6,510,702	6,297,992
Gross profit	410,200	432,256	838,494	845,269
Selling, general and administrative	289,741	290,275	580,817	576,333
Earnings from operations	120,459	141,981	257,677	268,936
Interest expense, net	18,408	15,794	33,539	29,999
Other expense (income), net	(171)	1	(171)	—
Equity in earnings of affiliated companies	(26,440)	(23,073)	(30,141)	(25,246)
Earnings before income taxes	128,662	149,259	254,450	264,183
Income tax expense	15,704	14,846	31,596	25,880
Net earnings	112,958	134,413	222,854	238,303
Less: net earnings attributable to noncontrolling interests	33,510	43,228	38,490	49,378
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 79,448</u>	<u>\$ 91,185</u>	<u>\$ 184,364</u>	<u>\$ 188,925</u>
Applied to:				
Member equities				
Allocated patronage	\$ 52,977	\$ 62,631	\$ 116,342	\$ 115,051
Deferred equities	2,547	6,099	—	—
	<u>55,524</u>	<u>68,730</u>	<u>116,342</u>	<u>115,051</u>
Retained earnings	23,924	22,455	68,022	73,874
	<u>\$ 79,448</u>	<u>\$ 91,185</u>	<u>\$ 184,364</u>	<u>\$ 188,925</u>

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
	(\$ in thousands)			
Net earnings	\$ 112,958	\$ 134,413	\$ 222,854	\$ 238,303
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	3,787	—	7,574	—
Cash flow hedge adjustments, net of income taxes	(64)	(763)	491	(3,178)
Foreign currency translation adjustments, net of income taxes	1,967	(2,541)	3,051	4,701
Total other comprehensive earnings (loss)	5,690	(3,304)	11,116	1,523
Comprehensive earnings	118,648	131,109	233,970	239,826
Less: comprehensive earnings (loss) attributable to noncontrolling interests	33,930	47,508	39,480	53,248
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 84,718</u>	<u>\$ 83,601</u>	<u>\$ 194,490</u>	<u>\$ 186,578</u>

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

	For the Six Months Ended	
	June 30,	
	2017	2016
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$ 222,854	\$ 238,303
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization.....	98,530	86,738
Amortization of deferred financing costs.....	888	(1,737)
Non-cash patronage income.....	(1,784)	(2,050)
Deferred income tax (benefit) expense.....	418	(495)
Restructuring and impairment.....	—	1,890
Equity in earnings of affiliated companies.....	(30,142)	(25,246)
Dividends from investments in affiliated companies.....	15,931	20,820
Other.....	(758)	(612)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(505,716)	(646,305)
Inventories.....	48,922	89,410
Prepays and other current assets.....	1,565,239	1,444,729
Accounts payable.....	(197,537)	(159,488)
Customer advances.....	(1,587,658)	(1,505,740)
Accrued liabilities.....	217,201	92,701
Other assets.....	(1,148)	(801)
Other liabilities.....	11,293	13,620
Net cash used by operating activities.....	<u>(143,467)</u>	<u>(354,263)</u>
Cash flows from investing activities:		
Additions to property, plant and equipment.....	(163,804)	(105,425)
Purchase of intangible assets.....	—	(201,242)
Acquisitions, net of cash acquired.....	(95,268)	(18,203)
Investments in affiliates.....	(3,046)	(460)
Net proceeds from sale of investments.....	3,903	517
Proceeds from sale of property, plant and equipment.....	5,034	3,217
Change in notes receivable.....	(55,898)	31,079
Net cash used by investing activities.....	<u>(309,079)</u>	<u>(290,517)</u>
Cash flows from financing activities:		
Increase in short-term debt.....	157,551	494,343
Proceeds from issuance of long-term debt.....	199,619	2,203
Principal payments on long-term debt and capital lease obligations.....	(6,282)	(4,396)
Cash patronage and payments for redemption of member equities.....	(145,513)	(184,019)
Proceeds from preferred stock issued.....	244,506	113,542
Preferred stock dividends paid.....	(16,175)	(10,300)
Other.....	(6)	(2,592)
Net cash provided by financing activities.....	<u>433,700</u>	<u>408,781</u>
Effect of exchange rate changes on cash and cash equivalents.....	1,244	—
Net decrease in cash and cash equivalents.....	(18,846)	(235,999)
Cash and cash equivalents at beginning of the period.....	101,024	341,113
Cash and cash equivalents at end of the period.....	<u>\$ 83,422</u>	<u>\$ 105,114</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest.....	\$ 39,114	\$ 34,827
Income taxes.....	996	3,138