

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF EQUITIES

	Preferred Stock	Common Stock	Additional Paid-In Capital	Member Equities	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equities
	(\$ in thousands)							
Balance, December 31, 2014	—	830	—	1,075,565	586,986	(233,861)	17,257	1,446,777
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)
Balance, December 31, 2015	195,384	804	—	1,103,225	702,997	(226,314)	362,485	2,138,581
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	—	—	—	—	(3,380)	(1,188)	(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)
Balance, December 31, 2016	307,808	785	—	1,072,846	744,895	(222,197)	365,114	2,269,251
Capital stock issued	—	15	—	—	—	—	—	15
Capital stock redeemed	—	(46)	—	—	—	—	—	(46)
Preferred stock issued	244,492	—	—	—	—	—	—	244,492
Preferred stock dividends	—	—	—	—	(38,593)	—	—	(38,593)
Cash patronage and redemption of member equities	—	—	—	(148,672)	—	—	—	(148,672)
Redemption included in prior year's liabilities	—	—	—	113,996	—	—	—	113,996
Dividends to noncontrolling interest	—	—	—	—	—	—	(50,621)	(50,621)
Purchase of noncontrolling interest	—	—	—	—	(268)	8	(870)	(1,130)
Acquisition of United Suppliers, Inc.	—	—	307,261	135,866	—	—	(338,500)	104,627
Other, net	—	—	—	(1,889)	1,663	—	(449)	(675)
2017 earnings, as applied	—	—	—	218,980	95,231	—	50,622	364,833
Other comprehensive earnings, net of income taxes	—	—	—	—	—	3,886	1,901	5,787
Patronage refunds payable	—	—	—	(140,629)	—	—	—	(140,629)
Balance, December 31, 2017	<u>\$ 552,300</u>	<u>\$ 754</u>	<u>\$ 307,261</u>	<u>\$ 1,250,498</u>	<u>\$ 802,928</u>	<u>\$ (218,303)</u>	<u>\$ 27,197</u>	<u>\$ 2,722,635</u>

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2017	December 31, 2016
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 73,132	\$ 101,024
Receivables, net	1,902,448	1,650,580
Inventories	2,639,969	2,186,006
Prepaid assets	1,885,769	1,737,970
Other current assets	15,105	21,022
Total current assets	6,516,423	5,696,602
Investments	311,127	296,876
Property, plant and equipment, net	1,411,490	1,180,251
Goodwill	578,064	505,099
Other intangibles, net	506,725	456,215
Other assets	185,071	169,968
Total assets	\$ 9,508,900	\$ 8,305,011
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 679,578	\$ 485,118
Current portion of long-term debt	24,899	6,243
Accounts payable	1,859,421	1,689,672
Customer advances	1,936,086	1,752,059
Accrued liabilities	566,194	610,862
Patronage refunds and other member equities payable	140,629	113,996
Total current liabilities	5,206,807	4,657,950
Long-term debt	1,056,469	876,986
Employee benefits and other liabilities	522,989	500,824
Commitments and contingencies	—	—
Equities:		
Preferred Stock	552,300	307,808
Common stock	754	785
Additional paid-in capital	307,261	—
Member equities	1,250,498	1,072,846
Retained earnings	802,928	744,895
Accumulated other comprehensive loss	(218,303)	(222,197)
Total Land O'Lakes, Inc. equity	2,695,438	1,904,137
Noncontrolling interests	27,197	365,114
Total equities	2,722,635	2,269,251
Total liabilities and equities	\$ 9,508,900	\$ 8,305,011

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Net sales	\$ 13,740,362	\$ 13,233,444	\$ 13,007,704
Cost of sales	12,170,316	11,692,196	11,620,485
Gross profit	<u>1,570,046</u>	<u>1,541,248</u>	<u>1,387,219</u>
Selling, general and administrative	1,168,503	1,166,672	1,055,466
Earnings from operations	<u>401,543</u>	<u>374,576</u>	<u>331,753</u>
Interest expense, net	69,760	64,686	55,612
Other expense (income), net	(171)	1,891	(14,288)
Equity in earnings of affiliated companies	<u>(46,196)</u>	<u>(39,496)</u>	<u>(46,817)</u>
Earnings before income taxes	378,150	347,495	337,246
Income tax (benefit) expense	<u>13,317</u>	<u>27,596</u>	<u>39,315</u>
Net earnings from continuing operations	364,833	319,899	297,931
Net earnings from discontinued operations	—	—	6,259
Net earnings	<u>364,833</u>	<u>319,899</u>	<u>304,190</u>
Less: net earnings attributable to noncontrolling interests	50,622	74,962	(3,370)
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 314,211</u>	<u>\$ 244,937</u>	<u>\$ 307,560</u>
Applied to:			
Member equities			
Allocated patronage	\$ 218,980	\$ 181,977	\$ 184,844
Retained earnings	95,231	62,960	122,716
	<u>\$ 314,211</u>	<u>\$ 244,937</u>	<u>\$ 307,560</u>

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

	For the Year Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Net earnings	\$ 364,833	\$ 319,899	\$ 304,190
Other comprehensive earnings, net of tax			
Pension and other postretirement adjustments, net of income taxes	(215)	1,348	16,945
Cash flow hedge adjustments, net of income taxes	1,963	1,761	(143)
Foreign currency translation adjustments, net of income taxes	4,039	6,682	(14,308)
Total other comprehensive earnings (loss)	<u>5,787</u>	<u>9,791</u>	<u>2,494</u>
Comprehensive earnings	<u>370,620</u>	<u>329,690</u>	<u>306,684</u>
Less: comprehensive earnings (loss) attributable to noncontrolling interests	52,523	79,448	(8,423)
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 318,097</u>	<u>\$ 250,242</u>	<u>\$ 315,107</u>

LAND O'LAKES, INC.
CONSOLIDATED STATEMENTS OF Cash Flowv3S

	For the Year Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Cash Flows from operating activities:			
Net earnings	\$ 364,833	\$ 319,899	\$ 304,190
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization.....	210,536	180,022	151,890
Amortization of deferred financing costs.....	1,783	1,965	2,200
Non-cash patronage income.....	(1,833)	(3,174)	(6,372)
Deferred income tax expense (benefit).....	(2,860)	9,931	6,520
Gain on divestiture of a business.....	—	—	9,628
Gain on sale of investments.....	—	(607)	(14,288)
Equity in earnings of affiliated companies.....	(46,196)	(39,496)	(46,817)
Dividends from investments in affiliated companies.....	37,079	39,119	37,556
Other.....	2,798	3,251	10,650
Changes in assets and liabilities, net of acquisitions and divestitures:			
Receivables.....	(92,746)	(123,488)	147,305
Inventories.....	(357,670)	(106,630)	(113,662)
Prepays and other current assets.....	(107,391)	(112,075)	(301,763)
Accounts payable.....	126,205	63,398	(105,314)
Customer advances.....	155,401	(89,166)	(21,422)
Accrued liabilities.....	(54,242)	(62,162)	22,958
Other assets.....	(4,980)	(1,712)	1
Other liabilities.....	(6,578)	20,503	15,874
Net cash used by operating activities.....	<u>224,139</u>	<u>99,578</u>	<u>99,134</u>
Cash Flows from investing activities:			
Additions to property, plant and equipment.....	(371,484)	(242,407)	(250,500)
Purchase of intangible assets.....	—	(199,899)	—
Acquisitions, net of cash acquired.....	(130,988)	(29,355)	(44,439)
Cash received upon the completion of the acquisition of United Suppliers, Inc.....	51,442	—	—
Investments in affiliates.....	(6,398)	(4,916)	(5,000)
Net proceeds from divestiture of businesses.....	—	—	82,085
Net proceeds from sale of investments.....	4,432	5,751	65,000
Proceeds from sale of property, plant and equipment.....	10,564	26,415	4,624
Change in notes receivable.....	(159,021)	57,643	(50,085)
Other.....	42	1,581	7,202
Net cash used by investing activities.....	<u>(601,411)</u>	<u>(385,187)</u>	<u>(191,113)</u>
Cash Flows from financing activities:			
Increase in short-term debt.....	166,522	365,881	(188,421)
Proceeds from issuance of long-term debt.....	200,115	2,302	21,560
Principal payments on long-term debt and capital lease obligations.....	(8,842)	(161,575)	(15,011)
Cash patronage and payments for redemption of member equities.....	(148,672)	(187,285)	(160,862)
Proceeds from preferred stock issued.....	244,492	112,424	195,384
Distributions to noncontrolling interest holders.....	(66,160)	(52,880)	—
Preferred stock dividends paid.....	(37,837)	(22,900)	(6,622)
Other.....	(1,093)	(10,447)	(5,191)
Net cash provided by (used by) financing activities.....	<u>348,525</u>	<u>45,520</u>	<u>(159,163)</u>
Effect of exchange rate changes on cash and cash equivalents.....	855	—	—
Net decrease in cash and cash equivalents.....	(28,747)	(240,089)	(251,142)
Cash and cash equivalents at beginning of the period.....	101,024	341,113	592,255
Cash and cash equivalents at end of the period.....	<u>\$ 73,132</u>	<u>\$ 101,024</u>	<u>\$ 341,113</u>