

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2018	December 31, 2017
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,719	\$ 73,132
Receivables, net	2,520,575	1,902,448
Inventories	2,493,533	2,639,969
Prepaid assets	198,757	1,885,769
Other current assets	16,294	15,105
Total current assets	5,271,878	6,516,423
Investments	321,888	311,127
Property, plant and equipment, net	1,438,162	1,411,490
Goodwill	578,991	578,064
Other intangibles, net	484,053	506,725
Other assets	245,402	185,071
Total assets	\$ 8,340,374	\$ 9,508,900
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 1,207,282	\$ 679,578
Current portion of long-term debt	22,856	24,899
Accounts payable	1,474,136	1,859,421
Customer advances	363,047	1,936,086
Accrued liabilities	840,214	566,194
Patronage refunds and other member equities payable	87,491	140,629
Total current liabilities	3,995,026	5,206,807
Long-term debt	1,054,815	1,056,469
Employee benefits and other liabilities	546,329	522,989
Commitments and contingencies	—	—
Equities:		
Preferred Stock	552,300	552,300
Common stock	754	754
Additional paid-in capital	307,261	307,261
Member equities	1,241,850	1,250,498
Retained earnings	873,322	802,928
Accumulated other comprehensive loss	(250,765)	(218,303)
Total Land O'Lakes, Inc. equity	2,724,722	2,695,438
Noncontrolling interests	19,482	27,197
Total equities	2,744,204	2,722,635
Total liabilities and equities	\$ 8,340,374	\$ 9,508,900

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	(\$ in thousands)			
Net sales	\$ 4,204,644	\$ 3,674,732	\$ 8,127,467	\$ 7,349,196
Cost of sales	3,825,109	3,264,532	7,308,601	6,510,702
Gross profit	379,535	410,200	818,866	838,494
Selling, general and administrative	307,182	289,741	612,698	580,817
Earnings from operations	72,353	120,459	206,168	257,677
Interest expense, net	23,191	18,408	37,595	33,539
Other expense (income), net	1,380	(171)	758	(171)
Equity in earnings of affiliated companies	(24,706)	(26,440)	(27,822)	(30,141)
Earnings before income taxes	72,488	128,662	195,637	254,450
Income tax (benefit) expense	5,285	15,704	12,763	31,596
Net earnings	67,203	112,958	182,874	222,854
Less: net earnings attributable to noncontrolling interests	(172)	33,510	(110)	38,490
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 67,375</u>	<u>\$ 79,448</u>	<u>\$ 182,984</u>	<u>\$ 184,364</u>
Applied to:				
Member equities				
Allocated patronage	\$ 79,639	\$ 52,977	\$ 124,045	\$ 116,342
Deferred equities	1,745	2,547	—	—
	81,384	55,524	124,045	116,342
Retained earnings	(14,009)	23,924	58,939	68,022
	<u>\$ 67,375</u>	<u>\$ 79,448</u>	<u>\$ 182,984</u>	<u>\$ 184,364</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,	
	2018	2017	2018	2017
	(\$ in thousands)			
Net earnings	\$ 67,203	\$ 112,958	\$ 182,874	\$ 222,854
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	6,070	3,787	12,142	7,574
Cash flow hedge adjustments, net of income taxes	815	(64)	2,649	491
Foreign currency translation adjustments, net of income taxes	(8,531)	1,967	(5,163)	3,051
Total other comprehensive earnings (loss)	(1,646)	5,690	9,628	11,116
Comprehensive earnings	65,557	118,648	192,502	233,970
Less: comprehensive earnings (loss) attributable to noncontrolling interests	(1,812)	33,930	(1,277)	39,480
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 67,369</u>	<u>\$ 84,718</u>	<u>\$ 193,779</u>	<u>\$ 194,490</u>

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

	For the Six Months Ended	
	June 30,	
	2018	2017
	(\$ in thousands)	
Cash Flows from operating activities:		
Net earnings	\$ 182,874	\$ 222,854
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	119,478	98,530
Amortization of deferred financing costs	891	888
Non-cash patronage income	(2,561)	(1,784)
Deferred income tax expense	—	418
Equity in earnings of affiliated companies	(27,822)	(30,142)
Dividends from investments in affiliated companies	16,646	15,931
Other	2,073	(758)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables	(609,308)	(505,716)
Inventories	140,051	48,922
Prepays and other current assets	1,700,514	1,565,239
Accounts payable	(403,737)	(197,537)
Customer advances	(1,586,793)	(1,587,658)
Accrued liabilities	320,263	217,201
Other assets	(63,021)	(1,148)
Other liabilities	(4,633)	11,293
Net cash used by operating activities	<u>(215,085)</u>	<u>(143,467)</u>
Cash Flows from investing activities:		
Additions to property, plant and equipment	(122,605)	(163,804)
Acquisitions, net of cash acquired	(1,872)	(95,268)
Investments in affiliates	(905)	(3,046)
Net proceeds from sale of investments	5,599	3,903
Proceeds from sale of property, plant and equipment	3,176	5,034
Change in notes receivable	(1,684)	(55,898)
Other	715	—
Net cash used by investing activities	<u>(117,576)</u>	<u>(309,079)</u>
Cash Flows from financing activities:		
Increase in short-term debt	528,173	157,551
Proceeds from issuance of long-term debt	1,110	199,619
Principal payments on long-term debt and capital lease obligations	(2,207)	(6,282)
Cash patronage and payments for redemption of member equities	(189,688)	(145,513)
Proceeds from preferred stock issued	—	244,506
Preferred stock dividends paid	(22,704)	(16,175)
Other	(11,970)	(6)
Net cash provided by financing activities	<u>302,714</u>	<u>433,700</u>
Effect of exchange rate changes on cash and cash equivalents	(466)	1,244
Net decrease in cash and cash equivalents	(29,947)	(18,846)
Cash and cash equivalents at beginning of the period	73,132	101,024
Cash and cash equivalents at end of the period	<u>\$ 42,719</u>	<u>\$ 83,422</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest	\$ 44,314	\$ 39,114
Income taxes	1,569	996