

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2019	December 31, 2018
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 61,082	\$ 201,005
Receivables, net	2,243,753	1,857,063
Inventories	2,329,603	2,417,979
Prepaid assets	197,655	1,520,307
Other current assets	232,469	32,497
Total current assets	5,064,562	6,028,851
Investments	329,064	317,117
Property, plant and equipment, net	1,602,901	1,490,201
Goodwill	569,649	569,994
Other intangibles, net	466,868	474,986
Other assets	246,583	243,227
Total assets	\$ 8,279,627	\$ 9,124,376
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 728,553	\$ 186,219
Current portion of long-term debt	124,515	89,133
Accounts payable	1,492,235	1,803,833
Customer advances	314,633	1,868,864
Accrued liabilities	993,877	583,461
Patronage refunds and other member equities payable	94,754	146,575
Total current liabilities	3,748,567	4,678,085
Long-term debt	1,074,179	985,174
Employee benefits and other liabilities	557,049	549,774
Commitments and contingencies	—	—
Equities:		
Preferred Stock	747,645	747,645
Common stock	746	751
Additional paid-in capital	302,027	303,564
Member equities	1,240,312	1,270,549
Retained earnings	847,800	833,606
Accumulated other comprehensive loss	(250,421)	(261,728)
Total Land O'Lakes, Inc. equity	2,888,109	2,894,387
Noncontrolling interests	11,723	16,956
Total equities	2,899,832	2,911,343
Total liabilities and equities	\$ 8,279,627	\$ 9,124,376

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
	(\$ in thousands)			
Net sales	\$ 3,820,561	\$ 4,204,644	\$ 7,314,063	\$ 8,127,467
Cost of sales	3,487,943	3,820,950	6,612,064	7,304,442
Gross profit	332,618	383,694	701,999	823,025
Selling, general and administrative	246,373	303,571	539,813	609,086
Earnings from operations	86,245	80,123	162,186	213,939
Interest expense, net	22,891	23,191	36,376	37,595
Other expense (income), net	5,348	9,151	(939)	8,529
Equity in earnings of affiliated companies	(25,285)	(24,706)	(25,880)	(27,822)
Earnings before income taxes	83,291	72,487	152,629	195,637
Income tax (benefit) expense	7,963	5,285	13,647	12,763
Net earnings	75,328	67,202	138,982	182,874
Less: net earnings attributable to noncontrolling interests	64	(173)	222	(110)
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 75,264</u>	<u>\$ 67,375</u>	<u>\$ 138,760</u>	<u>\$ 182,984</u>
Applied to:				
Member equities				
Allocated patronage	\$ 58,167	\$ 79,639	\$ 118,306	\$ 124,045
Deferred equities	2,185	1,745	(24,591)	—
	60,352	81,384	93,715	124,045
Retained earnings	14,912	(14,009)	45,045	58,939
	<u>\$ 75,264</u>	<u>\$ 67,375</u>	<u>\$ 138,760</u>	<u>\$ 182,984</u>

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2019	2018	June 30, 2019	2018
	(\$ in thousands)			
Net earnings	\$ 75,328	\$ 67,202	\$ 138,982	\$ 182,874
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	4,009	6,070	8,017	12,142
Cash flow hedge adjustments, net of income taxes	(1,170)	815	(1,666)	2,649
Foreign currency translation adjustments, net of income taxes	4,110	(8,530)	5,311	(5,163)
Total other comprehensive earnings (loss)	6,949	(1,645)	11,662	9,628
Comprehensive earnings	82,277	65,557	150,644	192,502
Less: comprehensive earnings (loss) attributable to noncontrolling interests	162	(1,812)	551	(1,277)
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 82,115</u>	<u>\$ 67,369</u>	<u>\$ 150,093</u>	<u>\$ 193,779</u>

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

	For the Six Months Ended	
	June 30,	
	2019	2018
	(\$ in thousands)	
Cash Flows from operating activities:		
Net earnings	\$ 138,982	\$ 182,874
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	122,358	119,478
Amortization of deferred financing costs	780	891
Non-cash patronage income	(3,343)	(2,561)
Gain on divestiture of a business	(6,073)	—
Equity in earnings of affiliated companies	(25,895)	(27,822)
Dividends from investments in affiliated companies	19,469	16,646
Other	3,408	2,073
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables	(373,181)	(609,308)
Inventories	91,252	140,051
Prepays and other current assets	1,325,246	1,700,514
Accounts payable	(311,646)	(403,737)
Customer advances	(1,555,244)	(1,586,793)
Accrued liabilities	231,268	320,263
Other assets	(5,999)	(63,021)
Other liabilities	(17,501)	(4,633)
Net cash used by operating activities	<u>(366,119)</u>	<u>(215,085)</u>
Cash Flows from investing activities:		
Additions to property, plant and equipment	(91,983)	(122,605)
Acquisitions, net of cash acquired	(338)	(1,872)
Investments in affiliates	(2,593)	(905)
Net proceeds from sale of investments	177	5,599
Proceeds from sale of property, plant and equipment	2,103	3,176
Change in notes receivable	(570)	(1,684)
Other	2,300	715
Net cash used by investing activities	<u>(90,904)</u>	<u>(117,576)</u>
Cash Flows from financing activities:		
(Decrease) increase in short-term debt	539,272	528,173
Proceeds from issuance of long-term debt	1,192	1,110
Principal payments on long-term debt and capital lease obligations	(88)	(2,207)
Cash patronage and payments for redemption of member equities	(179,405)	(189,688)
Preferred stock dividends paid	(28,662)	(22,704)
Other	(14,116)	(11,970)
Net cash (used by) provided by financing activities	<u>318,193</u>	<u>302,714</u>
Effect of exchange rate changes on cash and cash equivalents	(1,093)	(466)
Net increase (decrease) in cash and cash equivalents	(138,830)	(29,947)
Cash and cash equivalents at beginning of the period	201,005	73,132
Cash and cash equivalents at end of the period	<u>\$ 61,082</u>	<u>\$ 42,719</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest	\$ 41,416	\$ 44,314
Income taxes	777	1,569