

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2019	December 31, 2018
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 49,560	\$ 201,005
Receivables, net	2,239,048	1,857,063
Inventories	2,330,438	2,417,979
Prepaid assets	170,493	1,520,307
Other current assets	42,770	32,497
Total current assets	4,832,309	6,028,851
Investments	344,625	317,117
Property, plant and equipment, net	1,606,469	1,490,201
Goodwill	564,510	569,994
Other intangibles, net	451,866	474,986
Other assets	187,803	243,227
Total assets	\$ 7,987,582	\$ 9,124,376
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 1,097,691	\$ 186,219
Current portion of long-term debt	122,097	89,133
Accounts payable	1,316,248	1,803,833
Customer advances	163,261	1,868,864
Accrued liabilities	704,116	583,461
Patronage refunds and other member equities payable	95,222	146,575
Total current liabilities	3,498,635	4,678,085
Long-term debt	1,066,468	985,174
Employee benefits and other liabilities	527,235	549,774
Commitments and contingencies	—	—
Equities:		
Preferred Stock	747,645	747,645
Common stock	748	751
Additional paid-in capital	302,027	303,564
Member equities	1,238,416	1,270,549
Retained earnings	844,979	833,606
Accumulated other comprehensive loss	(250,174)	(261,728)
Total Land O'Lakes, Inc. equity	2,883,641	2,894,387
Noncontrolling interests	11,603	16,956
Total equities	2,895,244	2,911,343
Total liabilities and equities	\$ 7,987,582	\$ 9,124,376

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(\$ in thousands)			
Net sales	\$ 2,983,433	\$ 3,215,613	\$ 10,297,496	\$ 11,341,641
Cost of sales	2,723,353	2,941,700	9,335,417	10,246,142
Gross profit	260,080	273,913	962,079	1,095,499
Selling, general and administrative	253,401	252,146	793,214	859,793
Earnings from operations	6,679	21,767	168,865	235,706
Interest expense, net	21,155	21,789	57,531	59,384
Other expense (income), net	10,382	3,835	9,443	12,364
Equity in earnings of affiliated companies	(11,678)	(12,258)	(37,558)	(40,080)
Earnings before income taxes	(13,180)	8,401	139,449	204,038
Income tax (benefit) expense	(25,092)	(17,737)	(11,445)	(4,974)
Net earnings	11,912	26,138	150,894	209,012
Less: net earnings attributable to noncontrolling interests	245	290	467	180
Net earnings attributable to Land O'Lakes, Inc.	<u>\$ 11,667</u>	<u>\$ 25,848</u>	<u>\$ 150,427</u>	<u>\$ 208,832</u>
Applied to:				
Member equities				
Allocated patronage	\$ 2,177	\$ 10,317	\$ 120,483	\$ 134,362
Deferred equities	(1,702)	—	(26,293)	—
	475	10,317	94,190	134,362
Retained earnings	11,192	15,531	56,237	74,470
	<u>\$ 11,667</u>	<u>\$ 25,848</u>	<u>\$ 150,427</u>	<u>\$ 208,832</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,	
	2019	2018	2019	2018
	(\$ in thousands)			
Net earnings	\$ 11,912	\$ 26,138	\$ 150,894	\$ 209,012
Other comprehensive earnings, net of tax				
Pension and other postretirement adjustments, net of income taxes	4,009	6,075	12,026	18,217
Cash flow hedge adjustments, net of income taxes	(2,571)	(1)	(4,237)	2,649
Foreign currency translation adjustments, net of income taxes	(1,563)	(2,742)	3,748	(7,905)
Total other comprehensive earnings (loss)	(125)	3,332	11,537	12,961
Comprehensive earnings	11,787	29,470	162,431	221,973
Less: comprehensive earnings (loss) attributable to noncontrolling interests	(127)	(1,616)	424	(2,892)
Comprehensive earnings attributable to Land O'Lakes, Inc.	<u>\$ 11,914</u>	<u>\$ 31,086</u>	<u>\$ 162,007</u>	<u>\$ 224,865</u>

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

	For the Nine Months Ended	
	September 30,	
	2019	2018
Cash Flows from operating activities:		
Net earnings	\$ 150,894	\$ 209,012
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	183,320	180,144
Amortization of deferred financing costs	1,147	1,337
Non-cash patronage income	(5,591)	(3,787)
Deferred income tax (benefit) expense	(4,386)	2,190
Gain on divestiture of a business	(8,456)	—
Equity in earnings of affiliated companies	(37,720)	(40,080)
Dividends from investments in affiliated companies	26,969	24,217
Other	262	(4,590)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables	(305,951)	(353,694)
Inventories	89,249	100,442
Prepays and other current assets	1,353,789	1,724,050
Accounts payable	(485,189)	(435,605)
Customer advances	(1,706,713)	(1,788,566)
Accrued liabilities	106,617	161,453
Other assets	(6,246)	(54,921)
Other liabilities	(21,191)	(10,167)
Net cash used by operating activities	<u>(669,196)</u>	<u>(288,565)</u>
Cash Flows from investing activities:		
Additions to property, plant and equipment	(155,672)	(186,181)
Acquisitions, net of cash acquired	(337)	(1,586)
Investments in affiliates	(12,143)	(1,455)
Net proceeds from sale of investments	4,677	5,337
Proceeds from sale of property, plant and equipment	3,665	6,869
Change in notes receivable	4,897	(4,013)
Other	2,924	715
Net cash used by investing activities	<u>(151,989)</u>	<u>(180,314)</u>
Cash Flows from financing activities:		
(Decrease) increase in short-term debt	914,869	499,412
Proceeds from issuance of long-term debt	1,285	1,012
Principal payments on long-term debt and capital lease obligations	(6,364)	(3,248)
Cash patronage and payments for redemption of member equities	(181,113)	(191,135)
Proceeds from preferred stock issued	—	195,840
Preferred stock dividends paid	(42,993)	(33,535)
Other	(14,114)	(11,969)
Net cash (used by) provided by financing activities	<u>671,570</u>	<u>456,377</u>
Effect of exchange rate changes on cash and cash equivalents	(1,830)	7,097
Net increase (decrease) in cash and cash equivalents	(149,615)	(12,502)
Cash and cash equivalents at beginning of the period	201,005	73,132
Cash and cash equivalents at end of the period	<u>\$ 49,560</u>	<u>\$ 67,727</u>
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest	\$ 61,938	\$ 64,464
Income taxes	772	1,528