

LAND O'LAKES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2017	December 31, 2016
	(Unaudited)	
	(\$ in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 50,975	\$ 101,024
Receivables, net	2,553,171	1,650,580
Inventories	2,374,179	2,186,006
Prepaid assets	423,827	1,737,970
Other current assets	33,828	21,022
Total current assets	5,435,980	5,696,602
Investments	294,691	296,876
Property, plant and equipment, net	1,208,799	1,180,251
Goodwill	589,290	505,099
Other intangibles, net	449,659	456,215
Other assets	164,565	169,968
Total assets	\$ 8,142,984	\$ 8,305,011
LIABILITIES AND EQUITIES		
Current liabilities:		
Notes and short-term obligations	\$ 919,324	\$ 485,118
Current portion of long-term debt	4,339	6,243
Accounts payable	1,762,165	1,689,672
Customer advances	748,029	1,752,059
Accrued liabilities	661,916	610,862
Patronage refunds and other member equities payable	143,090	113,996
Total current liabilities	4,238,863	4,657,950
Long-term debt	1,076,723	876,986
Employee benefits and other liabilities	515,750	500,824
Commitments and contingencies	—	—
Equities:		
Capital stock	779	785
Series A Cumulative Redeemable Preferred Stock	307,804	307,808
Member equities	1,072,312	1,072,846
Accumulated other comprehensive loss	(217,341)	(222,197)
Retained earnings	782,573	744,895
Total Land O'Lakes, Inc. equity	1,946,127	1,904,137
Noncontrolling interests	365,521	365,114
Total equities	2,311,648	2,269,251
Total liabilities and equities	\$ 8,142,984	\$ 8,305,011

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

	For the Three Months Ended	
	March 31,	
	2017	2016
	(\$ in thousands)	
Net sales	\$ 3,674,464	\$ 3,624,148
Cost of sales	3,246,169	3,211,135
Gross profit	<u>428,295</u>	<u>413,013</u>
Selling, general and administrative	291,076	286,056
Earnings from operations	<u>137,219</u>	<u>126,957</u>
Interest expense, net	15,131	14,205
Equity in earnings of affiliated companies	<u>(3,701)</u>	<u>(2,172)</u>
Earnings before income taxes	125,789	114,924
Income tax expense	<u>15,892</u>	<u>11,035</u>
Net earnings	109,897	103,889
Less: net earnings attributable to noncontrolling interests	4,980	6,149
Net earnings attributable to Land O'Lakes, Inc.	<u><u>\$ 104,917</u></u>	<u><u>\$ 97,740</u></u>
Applied to:		
Member equities		
Allocated patronage	\$ 63,365	\$ 52,420
Deferred equities	<u>(2,547)</u>	<u>(6,099)</u>
	60,818	46,321
Retained earnings	44,099	51,419
	<u><u>\$ 104,917</u></u>	<u><u>\$ 97,740</u></u>

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

	For the Three Months Ended	
	March 31,	
	2017	2016
	(\$ in thousands)	
Net earnings	\$ 109,897	\$ 103,889
Other comprehensive earnings, net of tax		
Pension and other postretirement adjustments, net of income taxes	3,787	—
Cash flow hedge adjustments, net of income taxes	555	(2,415)
Foreign currency translation adjustments, net of income taxes	1,084	12,702
Total other comprehensive earnings (loss)	5,426	10,287
Comprehensive earnings	115,323	114,176
Less: comprehensive earnings (loss) attributable to noncontrolling interests	5,550	5,739
Comprehensive earnings attributable to Land O'Lakes, Inc.	\$ 109,773	\$ 108,437

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

	For the Three Months Ended	
	March 31,	
	2017	2016
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$ 109,897	\$ 103,889
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization.....	48,489	42,010
Amortization of deferred financing costs.....	(93)	865
Non-cash patronage income.....	(911)	(1,368)
Deferred income tax (benefit) expense.....	(55)	797
Restructuring and impairment.....	—	1,580
Equity in earnings of affiliated companies.....	(3,701)	(2,133)
Dividends from investments in affiliated companies.....	6,947	10,345
Other.....	150	(1,564)
Changes in assets and liabilities, net of acquisitions and divestitures:		
Receivables.....	(867,518)	(760,173)
Inventories.....	(185,536)	(4,435)
Prepays and other current assets.....	1,300,800	1,272,678
Accounts payable.....	84,152	(29,264)
Customer advances.....	(1,004,031)	(1,012,601)
Accrued liabilities.....	65,989	(72,162)
Other assets.....	(507)	(473)
Other liabilities.....	6,373	6,310
Net cash used by operating activities.....	(439,555)	(445,699)
Cash flows from investing activities:		
Additions to property, plant and equipment.....	(79,643)	(54,592)
Acquisitions, net of cash acquired.....	(94,479)	(13,265)
Investments in affiliates.....	(240)	(460)
Net proceeds from sale of investments.....	130	517
Proceeds from sale of property, plant and equipment.....	1,699	2,615
Change in notes receivable.....	(30,049)	(17,098)
Other.....	135	—
Net cash used by investing activities.....	(202,447)	(82,283)
Cash flows from financing activities:		
Increase in short-term debt.....	434,484	281,460
Proceeds from issuance of long-term debt.....	200,033	716
Principal payments on long-term debt and capital lease obligations.....	(3,960)	(2,198)
Cash patronage and payments for redemption of member equities.....	(32,386)	(29,333)
Preferred stock dividends paid.....	(6,300)	(4,000)
Other.....	(4)	(21)
Net cash provided by financing activities.....	591,867	246,624
Effect of exchange rate changes on cash and cash equivalents.....	86	—
Net decrease in cash and cash equivalents.....	(50,135)	(281,358)
Cash and cash equivalents at beginning of the period.....	101,024	341,113
Cash and cash equivalents at end of the period.....	\$ 50,975	\$ 59,755
Supplementary Disclosure of Cash Flow Information		
Cash paid during periods for:		
Interest.....	\$ 13,166	\$ 11,099
Income taxes.....	475	2,399