

MINNESOTA MUTUAL COMPANIES, INC. AND SUBSIDIARY
Condensed Consolidated Balance Sheets
December 31, 2017 and 2016
Unaudited
(in thousands)

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Fixed maturity securities, at fair value	\$ 16,644,919	\$ 14,076,766
Equity securities, at fair value	573,430	588,280
Mortgage loans, net	3,042,230	2,544,437
Finance receivables, net	-	292,908
Other invested assets	<u>1,741,995</u>	<u>1,504,264</u>
Total investments	22,002,574	19,006,655
Cash and cash equivalents	482,935	430,338
Deferred policy acquisition costs	1,450,516	1,385,948
Other assets	2,388,811	2,169,252
Separate account assets	<u>24,923,698</u>	<u>21,349,837</u>
Total assets	<u>\$ 51,248,534</u>	<u>\$ 44,342,030</u>
 <u>Liabilities and Surplus</u>		
Liabilities:		
Policyholder benefits and funds	\$ 18,181,585	\$ 15,369,868
Other liabilities	3,013,443	3,130,484
Separate account liabilities	<u>24,923,698</u>	<u>21,349,837</u>
Total liabilities	46,118,726	39,850,189
Surplus:		
Unassigned funds	4,787,869	4,374,153
Accumulated other comprehensive income	<u>316,228</u>	<u>91,276</u>
Total Minnesota Mutual Companies, Inc. and subsidiary surplus	5,104,097	4,465,429
Noncontrolling interests	<u>25,711</u>	<u>26,412</u>
Total surplus	5,129,808	4,491,841
Total liabilities and surplus	<u>\$ 51,248,534</u>	<u>\$ 44,342,030</u>

MINNESOTA MUTUAL COMPANIES, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Operations and Comprehensive Income and Changes in Surplus
Years ended December 31, 2017, 2016 and 2015

Unaudited
(in thousands)

<u>Statements of Operations and Comprehensive Income</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:			
Premiums	\$ 3,840,600	\$ 2,667,556	\$ 2,386,368
Policy and contract fees	747,815	705,328	687,696
Net investment income	831,772	763,629	724,428
Net realized investment gains (losses)	10,327	869	9,234
Other income	636,771	639,840	626,280
Total revenues	<u>6,067,285</u>	<u>4,777,222</u>	<u>4,434,006</u>
Benefits and expenses:			
Policyholder benefits	3,609,359	2,508,127	2,190,862
Dividends to policyholders and interest credited	480,842	446,287	407,380
Other operating costs and expenses	1,539,925	1,496,461	1,438,164
Total benefits and expenses	<u>5,630,126</u>	<u>4,450,875</u>	<u>4,036,406</u>
Income from operations before taxes	437,159	326,347	397,600
Income tax expense	17,864	75,209	112,816
Net income	419,295	251,138	284,784
Less: Net income attributable to noncontrolling interests	2,915	2,183	1,854
Net income attributable to Minnesota Mutual Companies, Inc. and subsidiary	<u>\$ 416,380</u>	<u>\$ 248,955</u>	<u>\$ 282,930</u>
Other comprehensive income (loss):			
Other comprehensive income (loss), net of tax	\$ 222,288	\$ 73,913	\$ (201,684)
Comprehensive income attributable to Minnesota Mutual Companies, Inc. and subsidiary	<u>\$ 638,668</u>	<u>\$ 322,868</u>	<u>\$ 81,246</u>
<u>Changes in Surplus</u>			
Unassigned funds:			
Beginning balance	\$ 4,374,153	\$ 4,125,198	\$ 3,842,268
Net income	416,380	248,955	282,930
Other	(2,664)	-	-
Total unassigned funds	<u>\$ 4,787,869</u>	<u>\$ 4,374,153</u>	<u>\$ 4,125,198</u>
Accumulated other comprehensive income:			
Beginning balance	\$ 91,276	\$ 17,363	\$ 219,047
Other comprehensive income (loss)	222,288	73,913	(201,684)
Other	2,664	-	-
Total accumulated other comprehensive income	<u>\$ 316,228</u>	<u>\$ 91,276</u>	<u>\$ 17,363</u>
Total Minnesota Mutual Companies, Inc. and subsidiary surplus	<u>\$ 5,104,097</u>	<u>\$ 4,465,429</u>	<u>\$ 4,142,561</u>
Noncontrolling interests:			
Beginning balance	\$ 26,412	\$ 28,193	\$ 25,338
Net income	2,915	2,183	1,854
Change in equity of noncontrolling interests	(3,616)	(3,964)	1,001
Total noncontrolling interests	<u>\$ 25,711</u>	<u>\$ 26,412</u>	<u>\$ 28,193</u>
Total surplus	<u>\$ 5,129,808</u>	<u>\$ 4,491,841</u>	<u>\$ 4,170,754</u>

MINNESOTA MUTUAL COMPANIES, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Cash Flows
Years ended December 31, 2017, 2016 and 2015
Unaudited
(in thousands)

<u>Cash Flows from Operating Activities</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net income	\$ 419,295	\$ 251,138	\$ 284,784
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Interest credited to annuity and insurance contracts	254,665	257,848	258,830
Fees deducted from policy and contract balances	(546,015)	(511,113)	(476,389)
Change in future policy benefits	1,325,802	311,301	61,588
Change in other policyholder liabilities, net	(62,336)	614,126	138,857
Amortization of deferred policy acquisition costs	202,147	220,670	220,678
Capitalization of policy acquisition costs	(382,285)	(380,056)	(372,544)
Change in premiums and fees receivable	(63,284)	86	(33,803)
Change in income taxes	(104,731)	(20,396)	45,380
Net realized investment losses (gains)	(10,327)	(869)	(9,234)
Change in reinsurance recoverables	(64,416)	(24,869)	8,612
Other, net	94,806	20,606	55,204
Net cash provided by (used for) operating activities	<u>1,063,321</u>	<u>738,472</u>	<u>181,963</u>
 <u>Cash Flows from Investing Activities</u>			
Proceeds from sales of investments	4,530,014	3,914,772	2,684,901
Proceeds from maturities and repayments of investments	1,238,866	1,250,877	1,471,998
Purchases and originations of investments	(7,851,183)	(6,827,048)	(5,498,945)
Finance receivable originations or purchases	(55,200)	(222,528)	(220,575)
Finance receivable principal payments	65,824	199,090	194,355
Other, net	(507,352)	(198,338)	(7,254)
Net cash used for investing activities	<u>(2,579,031)</u>	<u>(1,883,175)</u>	<u>(1,375,520)</u>
 <u>Cash Flows from Financing Activities</u>			
Deposits credited to annuity and insurance contracts	4,837,422	3,973,399	3,678,808
Withdrawals from annuity and insurance contracts	(3,249,602)	(2,813,716)	(2,575,133)
Change in amounts drawn in excess of cash balances	47,821	(26,262)	(8,618)
Payments and proceeds on debt	(71,478)	92,302	(32,220)
Other, net	4,144	10,532	9,873
Net cash provided by financing activities	<u>1,568,307</u>	<u>1,236,255</u>	<u>1,072,710</u>
 Net increase (decrease) in cash and cash equivalents	52,597	91,552	(120,847)
Cash and cash equivalents, beginning of year	430,338	338,786	459,633
Cash and cash equivalents, end of year	<u>\$ 482,935</u>	<u>\$ 430,338</u>	<u>\$ 338,786</u>