

## HEADLINES

### WELCOME to HEADLINES!

Land O'Lakes is introducing HEADLINES to provide members and employees information about the co-op and the agriculture industry. HEADLINES will be provided during the months that *growingtogether™* magazine is not published. To save time, money and be more environmentally friendly, send your email address to [growingtogether@landolakes.com](mailto:growingtogether@landolakes.com) and receive HEADLINES electronically. The electronic version will have links to additional information and will be posted at [www.landolakesinc.com](http://www.landolakesinc.com). I hope to hear from you soon!

LaDonna Seely, Editor

### Banner HEADLINES

- **Land O'Lakes Dairy Members Receive Equity Distribution.** In an effort to assist Land O'Lakes dairy members through current economic difficulties, Land O'Lakes will distribute \$10 million in equity revolvment to 5,400 current and past dairy members. To qualify for the payout, recipients must have been members of Land O'Lakes in the calendar year 2000 and hold equity from the sale of Land O'Lakes' Dairy Foods Fluid Milk Division, which was sold in 2000.

On behalf of all Land O'Lakes dairy members, the cooperative continues to pursue additional avenues of assistance, which are discussed in the current issue of *growingtogether* magazine, posted on the Land O'Lakes Inc. Web site at [www.landolakesinc.com](http://www.landolakesinc.com). These efforts include working as an individual organization and in cooperation with industry groups to improve the conditions that have driven low milk prices, as well as seeking government action and policy changes that benefit agriculture.

### Company News

- **Land O'Lakes Plans to Call Public Bonds.** Land O'Lakes announced that it is has secured a total of \$700 million in new financing, which will be used to replace the company's existing \$400 million revolving credit facility and to pay off our \$324 million of public bonds in December 2009. When the transaction is completed, Land O'Lakes will cease being an SEC-registered company by the end of 2009, and will discontinue the filing of SEC reports at that time. The refinancing will also result in a lower effective cost of debt for the company.
- **Feeding Our Communities.** A Land O'Lakes Foundation new initiative called Feeding Our Communities is a strategic, focused and long-term approach to help Land O'Lakes address hunger issues in our local communities, our country and our world. As part of this ongoing initiative the Land O'Lakes Foundation Board of Directors recently approved an additional \$600,000 to support an expanded focus on hunger issues, specifically for grant programs addressing rural nutrition needs. In addition, when combined with member co-op donations through the Member Co-op Grant program, up to \$1 million in funding will be available for hunger relief projects. For more information go to [www.foundation.landolakes.com](http://www.foundation.landolakes.com).
- **Record-Breaking Year for 2009 United Way Campaign.** The employees at the corporate headquarters, as well as our sales organizations in Dairy Foods, Winfield Solutions and Land O'Lakes Purina Feed, raised more than \$562,574 for United Way – achieving the company's goal of \$550,000.
- **Policinski Elected to Xcel Energy Board.** With energy as a key factor in agriculture production, President and CEO Chris Policinski is connecting the interests of agriculture and the energy industry with his recent election to the Board of Directors of Xcel Energy. Xcel Energy is a leading electricity and natural gas energy company serving 3.4 million electricity customers and 1.9 million natural gas customers in eight states.

### Ag

- **Feed Enters into Agreement with Tractor Supply Company.** As part of ongoing efforts to strengthen the Purina brand, Land O'Lakes Purina Feed has entered into an agreement with Tractor Supply Company to award a limited line of Purina products to Tractor Supply Company stores.

The agreement, effective in October, provides an opportunity to make the Purina brand available to a significant number of consumers who were not being served by the existing distribution network. Feed's decision to enter into the agreement comes after extensive market research that revealed:

- The Purina brand is the most recognized brand in the feed industry;
- Customer segments have unique shopping patterns and preferences; and
- 50 percent of lifestyle feed customers said Purina products were not available where they currently shop.

Because of this, it was clear that increasing the number of outlets where consumers can buy Purina brand products would be highly beneficial.

Purina will offer 15 of its most popular feeds, including Strategy®, Equine Senior® and Omolene® equine feeds, as well as Layena® poultry feeds at Tractor Supply Company's 895 stores in 44 states.

- **AgriIliance Update.** As part of the continuing process of strategically repositioning AgriIliance Retail South, Winfield Solutions has acquired AgriIliance retail business in Arkansas, Mississippi and Louisiana. The retail facilities will be operated as a business division of Winfield Solutions. They will support the cooperative system in this geography by enabling the business to maintain a highly efficient distribution system.
- **Land O'Lakes Purina Feed Closes Van Buren, Ark., Plant.** Land O'Lakes Purina Feed closed its feed manufacturing facility in Van Buren, Ark., Oct. 30. Plant production shifted to the Oklahoma City, Okla., Springfield, Mo., and Wichita, Kan., facilities.
- **Moark Plant in Berino, N.M., to Close.** In Moark's ongoing efforts to promote the "Quality & Best Cost" program across the company, the Land O'Lakes subsidiary announced the closing of the Berino, N.M., facility, which grows and maintains 600,000 laying hens.

The Berino facility was part of Moark's acquisition of McAnally Enterprises in 2001 and was built in the early 1970s. The decision to close the plant was based on the several factors, including logistical challenges and the potential cost of needed technology upgrades.

The final day of operation will depend on market conditions, but will be no sooner than February 2010. The facility closing will affect approximately 64 employees. To offset the volume impact, the Hathaway facility in Neosho, Mo., will increase capacity by 400,000 laying hens by 2010.

## Legislative Actions & Issues

- **President Signs Ag Appropriations Bill.** President Obama signed the Fiscal Year 2010 agriculture appropriations bill containing \$350 million in emergency aid for dairy producers. The bill directs the USDA to spend \$60 million on dairy product purchases, while leaving it to the discretion of the agency to spend the remaining \$290 million.
- **Roundup Ready® Alfalfa Needs Your Support.** The USDA will soon accept public comments about returning Roundup Ready® Alfalfa (RRA) to the U.S. marketplace – which significantly affects the seed business. To receive information about the status of RRA and how to express your views during the public comment period, go to [www.roundupreadyalfalfa.com](http://www.roundupreadyalfalfa.com).

## Industry

- **The U.S.-based International Dairy Foods Association (IDFA) Announced rbST Poses No Health Risk.** The trade body also declared that milk from cows given rbST is the same as other milk. The fact that many of its members sourced milk from animals not given the hormone was a response to consumer demand and not a safety issue, it added.

The IDFA was speaking after rbST-producer Elanco published a review by a panel of experts, which concluded milk from cows given the hormone was safe and posed no risk to humans.

The team of experts, led by former USDA food safety undersecretary Richard Raymond, dismissed any link between drinking rbST-supplemented milk and health risks – including the onset of early puberty and some forms of cancer. [www.idfa.org](http://www.idfa.org)

- **Unusually Wet Fall Causing Latest Harvest in Recent Memory.** The combination of a late planting season and an unusually cool, wet fall is causing one of the latest harvests in recent memory. The U.S. Department of Agriculture said just 20% of the corn crop had been harvested in the major corn-producing states, compared with 58% on average by this point in 2004 through 2008. Farmers also had brought in just 44% of the soybean crop, versus 88% on average over the past five seasons.

The slowdown complicates life for farmers and threatens to take a bite out of their earnings in a year when net farm income already was expected to be 38% below last year's near-record high.

A dry spell never took hold this year, keeping many farmers out of their fields, especially in eastern Iowa and Illinois. Crop losses from mold are starting to hit hard, particularly in the warm Mississippi Delta region.

Over the past two months, futures markets have added about 36% to the price of corn and 17% to the price of soybeans, in part due to the difficult harvest. Corn futures for December delivery closed at \$3.66 a bushel.

The impact on food prices isn't expected to be great. Today's crop prices are well off pre-recession highs, when prices climbed as high as \$7 a bushel for corn and into the teens for soybeans amid surging demand from biofuels makers and China.

*From the Wall Street Journal:*  
<http://online.wsj.com/article/SB125694384406019783.html>

## Membership

- **Members are invited to their 2009 Land O'Lakes Fall Meeting. Region 68, Nov. 18; Regions 51, 52 and 53, Nov. 20; Region 65, Nov. 24; Regions 1, 2, 3 and 5, Dec. 2; Region 80, Dec. 3 and 4; Regions 4 and 66, Dec. 10.** At the meeting, you'll hear reports from your board of directors, as well as management. We'll also hold elections for Executive Council Members and/or Corporate Board Nominees. For more information, call 1-800-328-9680, ext. 2963 or log onto [www.fallmeetings.landolakes.com](http://www.fallmeetings.landolakes.com). Please register to attend the meeting on that website.

## Dairy

- **Guidance on PETA Provided.** In late September, People for the Ethical Treatment of Animals (PETA) made claims of animal mistreatment at a Land O'Lakes member's dairy farm, which generated media attention. The cooperative advises employees and members that if they should encounter PETA, it is important that we respond appropriately. Please do not to engage with PETA, and if PETA should come to a company location or member farm, before taking any action, please call Peter Janzen, General Counsel, at 651-260-6118. All media inquiries should be referred to Jeanne Forbis, Director of Corporate Communications, at 612-308-5441.

"Hopefully, none of us will encounter PETA. But if this should happen, it's important that we behave in a respectful manner," said Janzen. "As long as individuals remain on public property and are not breaking any laws, they have the right – as we all do – to peacefully express their views."

- **LAND O LAKES Entries Win, Place, Show at World Dairy Expo.** Congratulations to the four Land O'Lakes Dairy Foods plants that captured 10 awards at the World Dairy Expo's Championship Dairy Product Contest.

Our Kiel, Wis., facility pocketed seven of the 10 top awards. It took first and second places with nearly perfect scores in the Sharp and Aged Cheddar categories, while its cheddars won second and third places and the Monterey Jack took third. The Denmark, Wis., plant won first place in the provolone class with its Smoked Provolone with a score of 99.05 The Spencer, Wis., plant won the pasteurized processed cheese category with its American Cheese with Jalapeno Peppers, beating out AMPI and Bongards Cremeries with their White American and American-Buffero Blue entries. The Kent, Ohio, facility put LAND O LAKES® Butter back on top in the salted butter category, taking first prize from Grassland Dairy Products by just one one-hundredth of a point.

- **Homemade for the Holidays!** Fill your holidays with joy and home-baked treats with special recipes from our free "Homemade for the Holidays!" recipe brochure. There are two easy ways to get your free "Homemade for the Holidays!" brochure:

1. Members of the Simple Rewards® Club can order the brochure online. Please allow 3-4 weeks for delivery.
2. Download the Homemade for the Holidays! brochure in pdf format at [www.landolakes.com](http://www.landolakes.com).

- **Land O'Lakes Foodservice Hosts Second Annual Advisory Operator Panel.** Land O'Lakes Dairy Solutions welcomed customers from its colleges and universities foodservice segment last month for a three-day give-and-take learning with employees. The panel, made up of chefs and administrators from a variety of schools covering the range of geographic regions and demographics, visited the Spencer, Wis., dairy plant and prepared a meal in the Land O'Lakes test kitchens with various Foodservice products.

- **Iowa State University Student Wins John Brandt Scholarship.** Karen Kerr, a graduate student in the Food Science & Human Nutrition Department at Iowa State University, was named recipient of the John Brandt Memorial Foundation scholarship for the continued pursuit of her studies. Each year, the Land O'Lakes Foundation provides scholarships to students doing graduate work in the broad areas of dairy animal, food science or agribusiness at Iowa State University, University of Minnesota, University of South Dakota and University of Wisconsin, Madison. Kerr, a native of Westmont, Ill., will receive \$25,000 toward her research focused on developing ways to incorporate the Bifidobacteria species into dairy products to enhance the health benefits of those products.