

H E A D L I N E S

COMPANY NEWS

Moark Conducts Egg Recall. Moark LLC, a subsidiary of Land O'Lakes, conducted a voluntary recall of shell eggs produced by Hillandale Farms of Iowa. This recall by Hillandale Farms involves about 170 million eggs. Moark redistributed 300,000 eggs from Hillandale, which is less than one percent of the total being recalled, said Craig Willardson, President and CEO of Moark.

"The eggs in question were not produced at a Moark facility. But as a re-distributor of some of Hillandale Farms eggs, we took steps to remove potentially affected eggs from the marketplace and worked closely with the FDA to execute the recall. We take all product quality issues very seriously," Willardson said. He noted that Moark production farms and plants follow stringent food safety and quality assurance programs that were in place well before the new FDA Egg Safety law went into effect in July, 2010.

Regarding egg consumption, Willardson said the American Egg Board responded to the recall with extensive consumer publicity with the theme: "A thoroughly cooked egg is a thoroughly safe egg."

affected by reduced numbers of commercial animals across the country.

Second-Quarter Operating Earnings Improve; Economic Challenges Impact Year-to-Date.

Second-quarter net earnings were \$65.3 million, versus \$81.5 million for the second-quarter of 2009. However, 2009 earnings were enhanced by unrealized pretax hedging gains of \$44.8 million, versus a gain of only \$1.6 million in 2010. Excluding unrealized hedging impacts, second-quarter net earnings were \$64.3 million in 2010, up from \$53.8 million in 2009.

The company reported first-half net earnings of \$96.3 million, down from \$164.2 million for the first half of 2009. These results reflect unrealized hedging impacts, as well as a first-quarter 2010 charge of \$25 million related to a legal settlement. Excluding these impacts, first half net earnings were \$110.7 million in 2010, down from \$138.1 million in 2009. Year-to-date earnings were improved on an operating basis versus the prior year in the Dairy and Eggs segments, while running lower than 2009 in the Feed and Crop Inputs businesses. Total debt at the end of the first half was \$893 million, down approximately \$75 million from June 30, 2009.

COMPANY NEWS

- **Land O'Lakes Reports Second-Quarter / First-Half Results. Sales Up From One Year Ago; Second-Quarter Operating Earnings Improve in a Challenging Economy.** Land O'Lakes reported strong second-quarter sales across most of its business portfolio, with both second-quarter and year-to-date sales improved over 2009. The company's operating earnings strengthened in the second quarter, excluding unrealized hedging impacts, although year-to-date earnings were behind 2009 due to challenging economic conditions. First-half results were driven by:

- Strong performance in key branded products lines, particularly innovative new products that appeal to consumers and business customers; and
- Operating efficiency and balance sheet strength, which support Land O'Lakes ability to grow.

Net Sales Up for the Quarter and Year-to-Date.

Land O'Lakes reported second quarter sales of \$2.96 billion, up from \$2.81 billion for the same period last year. Net sales for the first half were \$6.02 billion, up from \$5.76 billion for the first six months of 2009. Year-to-date, sales were up in the company's Dairy Foods, Seed and Crop Protection Products businesses, flat in the Egg business and lower in the Feed business, which continues to be

DAIRY NEWS

- **Foodservice Launches New Moe's Queso.** Moe's Southwest Grill, a FOCUS Brands company, looks to Land O'Lakes to produce its unique Queso. It's one of Moe's 28 unique, core menu items and it's an important part of how Moe's differentiates itself from other fast-casual restaurant concepts. This strategy seems to be working, with Moe's Southwest Grill expanding to more than 400 restaurants in 10 years and planning to open another 100 stores by the end of 2011.

By providing a tailored product for an important customer, the Land O'Lakes Foodservice team capitalized on an opportunity to fill a supply chain void. Moe's Queso business, in a challenging market, will grow in excess of 15 percent this year and work continues to enhance our partnership with this world-class, multi-concept restaurant company.

- **Land O'Lakes Partners with Box Tops for Education®.** Land O'Lakes recently announced that it is participating in Box Tops for Education®, a program that helps consumers earn cash for participating schools. Land O'Lakes is the first dairy products company to join the program.

Beginning in August, over 80 LAND O LAKES®

and Alpine Lace® products will carry Box Tops for Education coupons, including LAND O LAKES® Butter and Spreads, LAND O LAKES® Cheese, Alpine Lace® Cheese and LAND O LAKES® Eggs.

Consumers can clip the coupons and submit them to more than 69,000 U.S. schools participating in Box Tops for Education. Schools then redeem the coupons for cash and use what they earn to rebuild playgrounds, fund under-budgeted programs, and purchase classroom equipment, library books, computers and other much-needed supplies.

Land O'Lakes also announced that it is a brand participant in the Box Tops for Education sweepstakes: "The Difference One Makes," which began in July and runs through October 3, 2010. Consumers can enter by visiting the Box Tops for Education website at

<http://www.BoxTops4Education.com>.

Prizes including a Grand Prize of 500,000 Bonus Box Tops, 10 First Prizes (one issued weekly for 10 weeks) of 5,000 Bonus Box Tops, and Instant Win Game Prizes that include 15,000 Second Prizes of 15 Bonus Box Tops, 10,000 Third Prizes of 10 Bonus Box Tops, and 25,000 Fourth Prizes of 5 Bonus Box Tops.

AG NEWS

- **Co-op Leaders Encouraged to Share HEADLINES.** Co-op leaders are reminded that HEADLINES can be a valuable information resource for your members. Please feel free to distribute the publication or individual stories (which can be easily copied and pasted into e-mails or publications) with your members. HEADLINES also is posted on www.landolakesinc.com
- **Purina Kicks Off Nationwide Pink 50 Campaign to Support Breast Cancer Research.** Purina is *thinking pink* this fall as they gear up for their first-ever Pink 50 Campaign, an effort to unite animal lovers everywhere and raise awareness and support for breast cancer research. In September and October, more than 50 fundraising events will be held by Purina retailers nationwide in an effort to encourage communities to take action against the disease.

The purpose of the Pink 50 Campaign is to reach out to women in rural America — "raising awareness about breast cancer, educating and sharing information, and supporting one another," said Christy Goodwin, Marketing Manager, Land O'Lakes Purina Feed. "At Purina, we've always been passionate about making a positive impact in the lives of animals and their owners."

Purina's Pink 50 Campaign events will range from trail rides and barbecues to tack swaps. For a listing of local events, log on to: www.purinamills.com/Pink50.

In addition to the more than 50 Purina events taking place across the nation in support of breast cancer awareness and research, Purina also will be turning its top animal feed packages pink. Purina plans to donate a portion of the proceeds from every pink bag sold to breast cancer research.

Select animal feeds include Equine Senior®, Strategy® GX, and Omolene #200® horse feeds, Layena® SunFresh® Recipe poultry feed, Rabbit Chow™ Complete Natural AdvantEdge® rabbit food and Goat Chow® goat feed.

ISSUES AND ACTIONS

- **Food Safety Bill Receives Bipartisan Support.** The Senate's Food Safety Bill appears likely to pass. The bill's key conditions include: hazard analysis and preventive controls, a requirement that importers verify the safety of food imported into the U.S., funding to hire additional food inspectors, and a requirement that the FDA inspect food processing locations more frequently. In addition, the FDA would have authority to mandate a recall if warranted and if a company fails to do so voluntarily. Surveillance systems to identify food borne illnesses will be improved, as well as methods to find the source of an outbreak. For more information on the Food Safety bill, go to the Issues and Actions section of the Member page on www.landolakesinc.com
- **Senate Panel Approves 3-Year Extension of Chemical Security Rules.** In July, the Senate Homeland Security and Government Affairs Committee voted unanimously to approve a bipartisan amendment offered by Senator Margaret Collins (R-ME) as a substitute to HR 2868, the Chemical Facility Anti-Terrorism Act of 2009. The amendment would extend the existing Chemical Facility Anti-Terrorism Standards (CFATS) for an additional three years (until October 2013) and provide U.S. Department of Homeland (DHS) Security officials and "high risk" chemical facilities more time to fully implement the regulations.

A broad coalition of industry groups have been working closely with Sen. Collins, Sen. Mark Pryor (D-AR) and others on passage of a straight reauthorization of the current DHS CFATS program. The Senate committee vote is a clear signal that the current program is working. For more information go to the Issues and Actions section of the Member page on www.landolakesinc.com

INTERNATIONAL DEVELOPMENT DIVISION NEWS

- **USDA Administrator Praises Land O'Lakes at International Conference.** Land O'Lakes International Development Division's global efforts were praised by John Brewer, Foreign Agriculture Service Administrator, during a keynote address at the International Food Aid and Development Conference (IFAC). Administrator Brewer specifically recognized the work of Land O'Lakes in the Philippines, which was recently honored with a Presidential Citation from the Arroyo Administration as an example of successful programming.

"This conference is an important venue for representatives from government agencies, non-government organizations and program implementers to come together to discuss trends, approaches and priorities to improve food security for millions of families in developing countries," said Tom Verdoorn, Vice President of Land O'Lakes International Development Division. The annual conference brings together more than 650 leaders from 20 countries.