

For more information: Rebecca Lentz 651-375-5949

Land O'Lakes Reports 2012 Results

Company reports record sales and net earnings

SAINT PAUL, Minn., Feb. 26, 2013 -- Land O'Lakes, Inc., today released its 2012 financial results, reporting record sales of \$14.1 billion and record net earnings of \$241 million. Additionally, three of the business segments achieved record sales, and the Crop Inputs segment had record earnings in addition to record sales.

The company also returned \$113 million to members in 2012, the fourth consecutive year in which member returns exceeded \$100 million.

The strong results in 2012 continue a trend of exceptional performance. The years of 2007 to 2012 represent the top six years for net sales and earnings in company history. During the same time, the company returned more than a half billion dollars to members.

"This consistent, positive performance is a direct result of the continuing implementation of strategies designed to build our value-added, branded businesses in Dairy Foods, Feed and Crop Inputs," said Chris Policinski, president and CEO of Land O'Lakes, Inc. "These are strong, growing segments of agribusiness."

A variety of factors influenced the 2012 performance. Among the factors were warmer-than-normal weather, which benefitted the Crop Inputs business, volatile dairy markets, and fluctuations in commodity pricing. Overall, Land O'Lakes' results were positively impacted by the continuing implementation of strategies focused on consolidating and strengthening the company's business platform, reducing costs and driving growth, Policinski said.

"Our growth strategy is fueled by the generation of cost savings and the enhancement of revenues in our businesses through a program we call Total Margin Management. We use these funds to reinvest in product innovations and building our industry-leading brands," Policinski continued. "We also completed several key acquisitions in 2012. This requires a financial strategy that balances short-term earnings and returns with long-term investment to achieve even greater future rewards."

Sales and Earnings

Land O'Lakes 2012 net sales totaled \$14.1 billion, up 10.2 percent from 2011's net sales of \$12.8 billion. Net earnings for 2012 totaled \$241 million, a 31 percent increase from 2011's \$184 million.

Balance Sheet

Total balance sheet debt, including capital leases, was \$1,242 million at year-end, versus \$915 million as of Dec. 31, 2011. To fund its 2012 acquisitions, the company issued \$300 million of senior unsecured notes.

Business Unit Performance*Dairy Foods*

Dairy Foods achieved strong results in 2012 despite significant challenges in the first half of the year caused by unexpected and exceptional growth in milk supplies and volatile markets. Net sales were \$4.2 billion, down 4 percent from 2011, while pretax earnings improved to \$38 million, a 34 percent increase from prior year.

Within the Dairy Foods portfolio, Retail Foods recorded exceptional performance including a number of new records. Record volumes were achieved by Superspreads, which include LAND O LAKES® tub butter products. Continuing innovation generated new product offerings during the year, including Butter With Olive Oil and Sea Salt and Unsalted Butter Half Sticks, a Land O'Lakes exclusive. Retail Cheese also had a strong year; LAND O LAKES® Deli cheese products moved into several of the nation's largest retail chains and innovation continued with the launch of a new 4 Cheese Italian Blend.

The Land O'Lakes strategy of growth also reshaped the portfolio mix of Dairy Foods in 2012. New growth initiatives included the launch of Saute Express™ Saute Starter, an on-trend, highly convenient product. Another significant growth development was the launch of Koru™ Creamery Style Yoghurt, a premium craft yoghurt that is targeted at the highly valued younger consumer.

Dairy Foods also grew through significant new acquisitions in 2012, including that of Kozy Shack Enterprises, Inc., adding this leading brand of refrigerated desserts to its product offerings. Dairy Foods also benefited from its 50 percent ownership in Egglan's Best, LLC, a newly formed joint venture with Egglan's Best, Inc. Egglan's Best, LLC provides new outlets for the LAND O LAKES brand in the high growth category of specialty eggs.

Strong results were also achieved in the Business-to-Business segment of Dairy Foods, specifically Foodservice, which provides products to schools, full-service restaurants, and government organizations. The Industrial Foods business was negatively impacted by unexpected milk volume in the first half of the year plus commodity price impacts on cheese and whey. Despite these adverse market conditions, Land O'Lakes continued to expand its relationships with large, global customers.

Feed

Purina Animal Nutrition delivered very good performance in 2012. Results were driven by strong margins throughout its portfolio plus the launch of a major new branding platform, new product lines and a key acquisition. Net sales were \$4.6 billion, 15 percent more than last year while pretax earnings for the year totaled \$31 million, 63 percent favorable to 2011.

Purina achieved significant margin improvement gains in the Lifestyle and Livestock businesses through improved product mix, focused pricing actions and successful risk management. The 2012 results were also favorably influenced by strong protein margins in the ingredients business and by the successful acquisition of Old Mill Troy in the premix business.

In 2012 the company unified its feed products under the Purina brand name and changed the name of the feed company to Purina Animal Nutrition, LLC. This strategy was designed to foster growth by leveraging the power of the iconic Purina brand, focusing product identity and maximizing brand marketing power to drive sales.

This brand strategy came to life with the launch of a new Purina® small animal product line, expanding the power of the Purina brand into the \$500 million small pet market. Additional product innovations included the introduction of several new horse products including high-margin supplements and Hydration Hay™ Blocks. Livestock and cattle innovations included HeiferSmart® and STORM® Cattle Mineral, an industry-leading weatherized cattle mineral product.

Crop Inputs

Winfield Solutions delivered record results in 2012 bolstered by a powerful new branding strategy, continuing innovation and warmer-than-normal weather conditions that drove demand for WinField's industry-leading products and services to new highs. Net sales for 2012 totaled \$4.7 billion, 18 percent higher than the prior year. Pretax earnings for the year were \$228 million, 62 percent more than 2011.

Major brand building advances in 2012 included uniting the company's extensive lineup of product and services under the WinField brand, providing an integrated, customer-facing brand platform. This initiative was launched with a national media campaign including television and print advertising, public relations and on-line brand awareness strategies.

WinField also continued to build its leadership position in technology and innovation. The acclaimed R7® Tool continued to expand with over 300 accounts enrolled and 2,500 sellers trained to leverage Answer Plot® data in a Global Information System framework. In recognition of its achievements, WinField earned the 2012 Agriculture Technologies Award from the Agricultural Retailers Association.



4001 Lexington Avenue North
Arden Hills, MN 55126

Mailing: P.O. Box 64101
St. Paul, MN 55164-0101

651-375-2222
www.landolakesinc.com

In 2012, WinField also acquired Precision Turf & Chemical, Inc., the latest expansion of the company's Professional Products Group, which markets products and services to golf courses, recreational facilities and sports venues.

Layers

The Layers segment, conducted through Moark, LLC, experienced a challenging year with unfavorable results driven primarily by high feed costs and lower commodity and brown egg pricing. Losses for the Layers segment totaled \$34 million in 2012 compared with a loss of \$3 million in 2011. Net sales achieved a new record of \$735 million, 23 percent more than 2011.

A confluence of significant industry-wide challenges combined to produce the losses in Layers in 2012. These included lower than average commodity pricing, lower brown egg pricing due to excess supply in the market and excess production of small and medium eggs as a result of younger flocks and hot weather during the summer. The earnings challenges in Layers are being addressed through a sharpened focus on quality improvements and margin enhancement initiatives. Despite the industry-wide headwinds, Moark continued to pursue sales growth and achieved significant success with product introduction into one of the nation's largest retailers.

To see the Land O'Lakes Annual Report and related financial data, go to the Land O'Lakes website (www.landolakesinc.com) and click on the Investors tab.

Land O'Lakes, Inc. (www.landolakesinc.com) is a national, farmer-owned food and agricultural cooperative with annual sales of \$14.1 billion. The nation's second-largest cooperative and number 210 on the Fortune 500, Land O'Lakes does business in all 50 states and more than 60 countries. It is a leading marketer of a full line of dairy-based consumer, food service and food ingredient products across the United States; serves its international customers with a variety of food and animal feed ingredients; and provides farmers and ranchers with an extensive line of agricultural supplies (feed, seed, and crop protection products and services) under the operations of WinField and Purina Animal Nutrition. Land O'Lakes also provides agricultural assistance and technical training in more than 25 developing nations.