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Land O'Lakes, Inc. Reports Financial Results for Year-end and Fourth Quarter 2014

Full-Year Revenue of \$15 billion, Net Earnings of \$266 million, Cash Returned to Members of \$184 million, Fourth Quarter Revenues of \$3.5 billion and Net Earnings of \$38.3 million

MINNEAPOLIS, Feb. 24, 2015 -- Land O'Lakes, Inc. today announced 2014 business results that included net earnings of \$266 million on record sales of \$15 billion and a record \$184 million in cash returned to members. These results were driven by continued growth in key areas of the company's core business units: Crop Inputs, Dairy Foods and Feed.

"Our 2014 results reflect record annual revenues, continuing nearly a decade of consistent growth and increasing returns for our member-owners," said Chris Policinski, president and CEO of Land O'Lakes, Inc. "Our continuing strong performance, together with our value-added, branded focus in businesses which extend from the farm to market – Winfield crop inputs, Purina animal feed and Land O'Lakes consumer foods – positions us to successfully compete in a growing food and agriculture marketplace. From international partnerships to innovative products and services designed to improve on-farm productivity, we're leveraging our broad portfolio and perspectives to help farmers more productively and sustainably feed the world."

YEAR END DETAILS

Net earnings were \$266 million, down from \$306 million the previous year. These results reflect \$18 million in pretax restructure and impairment charges related to a facility closure in Denmark, Wisconsin, and other organizational restructuring. Pretax earnings on continuing operations before unrealized hedging and rebate adjustments, which are used to determine member patronage, were up 11.6 percent to a record \$308 million compared to the previous year.

Cash returned to members of \$184 million represents a 25 percent increase compared to the previous year. This is the sixth consecutive year cash returned to members has exceeded \$100 million, bringing the nine-year total to more than \$1 billion.

FOURTH QUARTER RESULTS

For the quarter ended Dec. 31, 2014, Land O'Lakes, Inc. delivered net earnings of \$38.3 million on quarterly revenues of \$3.5 billion, a slight increase in year-over-year revenues. Fourth quarter earnings reflected the downward pressure exerted on the global dairy markets.

BUSINESS SEGMENTS

- **Crop Inputs** reported sales of \$4.9 billion, up from the previous year. Pretax earnings totaled \$220 million, up \$2 million compared to the previous year. These results continue a multi-year trend of growth, driven by the market strength of the WinField brand and successful pursuit of new opportunities in rapidly growing agribusiness segments that focus on productivity, sustainability and new technologies in precision agriculture. Corn volumes were down 3 percent as planted acres decreased due to declines in corn prices. Soybean volumes increased 24 percent in 2014 compared to the previous year. Alfalfa volumes increased 1 percent year over year.
- **Dairy Foods** reported sales of \$5.1 billion, a 13.3 percent increase year-over-year. Pretax earnings for Dairy Foods totaled \$40 million, down from \$75 million in 2013. Dairy Foods earnings reflect a one-time charge associated with the closure of the Denmark, Wisconsin, dairy facility and a sharp devaluation in global dairy powder markets. Dairy Foods results were driven by strong volumes, particularly in the butter, refrigerated desserts and food service categories. Branded butter volumes increased 9 percent in 2014 compared to the previous year, reflecting the strength of the LAND O LAKES brand in the resurging butter segment. Kozy Shack refrigerated desserts volumes were up 6 percent.
- **Feed** reported sales of \$4.7 billion, down slightly from \$4.8 billion in 2013. Pretax earnings of \$27.8 million increased 58 percent compared to the previous year. These results were driven by increased demand for products in the core livestock and lifestyle segments and the successful marketing of the Purina Animal Nutrition Center, located in Gray Summit, Missouri. Livestock feed sales increased 6 percent and Lifestyle product sales increased 2 percent year-over-year. In its first full year of operation, the new Purina Animal Nutrition Center generated \$5MM of incremental gross margin, more than triple the gross margin generated in 2012, the last full year prior to the remodeling investment.

During 2014, Land O'Lakes continued to implement previously announced plans to divest of its commodity egg business, operated through Moark, LLC. During the year, the company sold substantially all of the Western and Midwestern assets of this business for \$166 million, a profit of \$6 million. Land O'Lakes, Inc. continues to evaluate options with respect to the remaining commodity egg assets in the Eastern United States.

Total Land O'Lakes debt as of Dec. 31, 2014 was \$1.14 billion, down \$57 million from 2013. The decrease was primarily due to Moark asset sales and debt repayment. The company also ended the year with \$592 million in cash and marketable securities.

The complete 2014 Land O'Lakes, Inc. Annual Report and related financial information is available at the "Investors" tab on the Land O'Lakes website: www.landolakesinc.com



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About Land O'Lakes, Inc.

Land O'Lakes, Inc., one of America's premier agribusiness and food companies, is a member-owned cooperative with industry-leading operations that span the spectrum from agricultural production to consumer foods. With 2014 annual sales of \$15 billion, Land O'Lakes is one of the nation's largest cooperatives, ranking 199 on the Fortune 500. Building on a legacy of more than 93 years of operation, Land O'Lakes today operates some of the most respected brands in agribusiness and food production including LAND O LAKES® Dairy Foods, Purina Animal Nutrition and WinField Solutions. The company does business in all 50 states and more than 60 countries. Land O'Lakes, Inc. corporate headquarters are located in Arden Hills, Minn.