

Land O'Lakes Statement

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Land O'Lakes Welcomes Inclusion of Foundation for the Future Legislative Language in Lugar-Stutzman Farm Bill Draft

October 11, 2011 (Arden Hills, MN) – Land O'Lakes has issued a statement commending Senator Richard Lugar (R-IN) for including provisions of Foundation for the Future in a farm bill proposal recently introduced with Rep. Marlin Stutzman (R-IN).

This language includes U.S. dairy policy reforms advocated by the National Milk Producers Federation (NMPF) and supported by Land O'Lakes and others in the dairy industry. The reforms are intended to provide America's dairy producers, including Land O'Lakes members, a more secure future after several economically challenging years.

"These proposals have the potential to dramatically improve the approach to dairy policy and foster a more economically viable and secure future for dairy producers," said Chris Policinski, President and CEO of Land O'Lakes.

"The proposals serve as a new roadmap for dairy policy by focusing on margin protection rather than price. This strategic shift is essential to help producers remain competitive in today's challenging environment, regardless of the size or location of their operation. We thank Senator Lugar and Representative Stutzman for their leadership," Policinski said.

Land O'Lakes is a national, farmer-owned food and agricultural cooperative, and a leading marketer of a full line of dairy-based consumer, foodservice and food ingredient products across the United States. Land O'Lakes membership includes 3,000 U.S. dairy producers.

Sen. Lugar, a former chair of the Senate Ag Committee, and Rep. Stutzman jointly introduced a bill they call the Rural Economic Farm and Ranch Sustainability and Hunger Act (REFRESH). This bill would reduce farm program spending by \$16 billion, and save a total of \$40 billion compared to current policy. A complete bill summary and legislative draft of REFRESH may be found at www.lugar.senate.gov and www.stutzman.house.gov.

For the dairy title of the Farm Bill, the REFRESH legislation includes the key elements of the Dairy Security Act (DSA) of 2011, which previously was introduced in the House as HR 3062 by Reps. Collin Peterson (D-MN) and Mike Simpson (R-ID). The DSA is modeled after the extensive dairy reforms first proposed by the NMPF. The DSA itself represents a 20 percent savings compared to the current dairy program budget, amounting to \$131 million over 10 years, according to the Congressional Budget Office.

The key dairy policy changes in the REFRESH bill include: replacing the dairy price support (DPPSP) and milk income loss contract (MILC) programs with a voluntary margin protection program that covers 80 percent of the producers' production history when margins fall below \$4 per hundred-weight; giving producers the option of whether to enroll in a market stabilization program; and reforming the Federal Milk Marketing Order system by moving to a competitive pay price.

Land O'Lakes, Inc. (www.landolakesinc.com) is a national, farmer-owned food and agricultural cooperative with annual sales of \$11 billion. Land O'Lakes is No. 218 on the Fortune 500 and the nation's second-largest cooperative. The cooperative does business in all 50 states and more than 60 countries. It is a leading marketer of a full line of dairy-based consumer, foodservice 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. Land O'Lakes also provides agricultural assistance and technical training in more than 25 developing nations. The company's 2010 annual report is available at www.landolakesinc.com

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