



## **Seneca Foods Reports Net Earnings Increase of \$24.1 Million for the Nine Months Ended December 29, 2012**

MARION, N.Y. January 31, 2013 -- Seneca Foods Corporation (NASDAQ: SENE, SENE) reported net earnings for the fiscal nine months ended December 29, 2012 of \$37.5 million, or \$3.19 per diluted share, compared to \$13.4 million, or \$1.10 per diluted share for the same period in the prior year. In the first nine months of fiscal 2013, net sales increased \$14.0 million, or 1.4% to \$1,001.4 million. The increase is attributable to higher selling prices and a more favorable sales mix of \$32.0 million partially offset by a sales volume decrease of \$18.0 million.

For the third quarter of 2013, net earnings were \$14.8 million, or \$1.32 per diluted share, compared to \$18.5 million, or \$1.52 per diluted share, in the fiscal third quarter of 2012. Net sales for the third quarter ended December 29, 2012 increased from the third quarter ended December 31, 2011 by 1.3%, or \$5.8 million to \$452.7 million. The increase is attributable to a sales volume increase of \$28.1 million partially offset by a less favorable sales mix and lower selling prices of \$22.3 million. Part of the sales volume increase can be attributed to stronger promotional activity than in the prior year.

Excluding a non-cash after-tax LIFO charge of \$0.8 million, net earnings per diluted share were \$1.39 during the quarter ended December 29, 2012 versus \$2.09 during the quarter ended December 31, 2011, which included a non-cash LIFO charge of \$7.0 million. Excluding a non-cash after-tax LIFO credit of \$0.8 million, net earnings per diluted share were \$3.13 during the nine months ended December 29, 2012, compared to \$2.70 during the nine months ended December 31, 2011 which included a non-cash LIFO charge of \$19.5 million.

### **About Seneca Foods Corporation**

Seneca Foods is a processor of canned fruits and vegetables with manufacturing facilities located throughout the United States. Its products are sold under the Libby's, Blue Boy, Aunt Nellie's Farm Kitchen, Stokely's, READ, Seneca Farms and Seneca labels as well as through the private label and industrial markets. In addition, under an alliance with General Mills Operations, LLC, a successor to the Pillsbury Company and a subsidiary of General Mills, Inc., Seneca produces canned and frozen vegetables, which are sold by General Mills Operations, LLC under the Green Giant label. Seneca's common stock is traded on the Nasdaq Global Stock Market under the symbols "SENEA" and "SENEB". SENE is included in the S&P SmallCap 600, Russell 2000 and Russell 3000 indices.

**Non-GAAP Financial Measures—*Net Earnings Excluding LIFO Impact, EBITDA and FIFO EBITDA***

Net Earnings excluding LIFO, EBITDA and FIFO EBITDA are non-GAAP financial measures. The Company believes these non-GAAP financial measures provide a basis for comparison to companies that do not use LIFO and enhance the understanding of the Company's historical operating performance. The Company does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP.

Set forth below is a reconciliation of reported net earnings and reported diluted earnings per share to net earnings excluding LIFO and diluted earnings per share excluding LIFO.

	Quarter Ended			
	December 29, 2012		December 31, 2011	
	Income (in millions)	Diluted EPS	Income (in millions)	Diluted EPS
Net earnings, as reported:	\$ 14.8	\$ 1.32	\$ 18.5	\$ 1.52
LIFO charge, after tax at statutory federal rate	\$ 0.8	\$ 0.07	\$ 7.0	\$ 0.57
Net earnings, excluding LIFO impact	<u>\$ 15.6</u>	<u>\$ 1.39</u>	<u>\$ 25.5</u>	<u>\$ 2.09</u>
Diluted weighted average common shares outstanding (in thousands)		<u>10,838</u>		<u>11,799</u>

	Nine Months Ended			
	December 29, 2012		December 31, 2011	
	Income (in millions)	Diluted EPS	Income (in millions)	Diluted EPS
Net earnings, as reported:	\$ 37.5	\$ 3.19	\$ 13.4	\$ 1.10
LIFO (credit) charge, after tax at statutory federal rate	\$ (0.8)	\$ (0.06)	\$ 19.5	\$ 1.60
Net earnings, excluding LIFO impact	<u>\$ 36.7</u>	<u>\$ 3.13</u>	<u>\$ 32.9</u>	<u>\$ 2.70</u>
Diluted weighted average common shares outstanding (in thousands)		<u>11,347</u>		<u>11,805</u>

Set forth below is a reconciliation of reported net earnings to EBITDA and FIFO EBITDA (earnings before interest, income taxes, depreciation, amortization, non-cash charges and credits related to the LIFO inventory valuation method). The Company does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP.

EBITDA and FIFO EBITDA:	Nine Months Ended	
	December 29, 2012	December 31, 2011
	(In thousands)	
Net earnings	\$ 37,502	\$ 13,438
Income taxes expense	20,415	8,107
Interest expense, net of interest income	5,257	5,830
Depreciation and amortization	17,182	16,874
Interest amortization	(225)	(288)
EBITDA	80,131	43,961
LIFO (credit) charge	(1,176)	30,055
FIFO EBITDA	\$ 78,955	\$ 74,016

### Forward-Looking Information

The information contained in this release contains, or may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this release and include statements regarding the intent, belief or current expectations of the Company or its officers (including statements preceded by, followed by or that include the words “believes,” “expects,” “anticipates” or similar expressions) with respect to various matters.

Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on such statements, which speak only as of the date the statements were made. Among the factors that could cause actual results to differ materially are:

- general economic and business conditions;
- cost and availability of commodities and other raw materials such as vegetables, steel and packaging materials;
- transportation costs;
- climate and weather affecting growing conditions and crop yields;
- availability of financing;
- leverage and the Company’s ability to service and reduce its debt;
- foreign currency exchange and interest rate fluctuations;
- effectiveness of the Company’s marketing and trade promotion programs;
- changing consumer preferences;
- competition;
- product liability claims;
- the loss of significant customers or a substantial reduction in orders from these customers;
- changes in, or the failure or inability to comply with, United States, foreign and local governmental regulations, including environmental and health and safety regulations; and
- other risks detailed from time to time in the reports filed by the Company with the SEC.

Except for ongoing obligations to disclose material information as required by the federal securities laws, the Company does not undertake any obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of the filing of this report or to reflect the occurrence of unanticipated events.

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Seneca Foods Corporation  
 Unaudited Condensed Consolidated Statements of Net Earnings  
 For the Periods Ended December 29, 2012 and December 31, 2011  
 (In thousands of dollars, except share data)

	Quarter		Year-to-Date	
	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012
Net sales	\$ <u>452,731</u>	\$ <u>446,891</u>	\$ <u>1,001,375</u>	\$ <u>987,416</u>
Restructuring expense (note 2)	\$ <u>2,510</u>	\$ <u>-</u>	\$ <u>2,510</u>	\$ <u>39</u>
Other operating income, net (note 3)	\$ <u>(38)</u>	\$ <u>(707)</u>	\$ <u>(330)</u>	\$ <u>(876)</u>
Operating income (note 1)	\$ 23,975	\$ 31,549	\$ 63,174	\$ 27,375
Interest expense, net	<u>1,943</u>	<u>2,164</u>	<u>5,257</u>	<u>5,830</u>
Earnings before income taxes	\$ 22,032	\$ 29,385	\$ 57,917	\$ 21,545
Income taxes expense	<u>7,242</u>	<u>10,855</u>	<u>20,415</u>	<u>8,107</u>
Net earnings	\$ <u>14,790</u>	\$ <u>18,530</u>	\$ <u>37,502</u>	\$ <u>13,438</u>
Earnings attributable to common stock (note 4)	\$ <u>14,265</u>	\$ <u>17,897</u>	\$ <u>36,188</u>	\$ <u>12,964</u>
Basic earnings per share	\$ <u>1.32</u>	\$ <u>1.53</u>	\$ <u>3.21</u>	\$ <u>1.10</u>
Diluted earnings per share	\$ <u>1.32</u>	\$ <u>1.52</u>	\$ <u>3.19</u>	\$ <u>1.10</u>
Weighted average shares outstanding basic	10,767,027	11,727,978	11,276,024	11,733,571
Weighted average shares outstanding diluted	10,838,890	11,799,104	11,347,887	11,804,697

Note 1: The effect of the LIFO inventory valuation method on third quarter pre-tax results was to decrease operating earnings by \$1,268,000 for the three month period ended December 29, 2012 and reduce operating earnings by \$10,774,000 for the three month period ended December 31, 2011.

The effect of the LIFO inventory valuation method on year-to-date pre-tax results was to increase operating earnings by \$1,176,000 for the nine month period ended December 29, 2012 and reduce operating earnings by \$30,055,000 for the nine month period ended December 31, 2011.

Note 2: The three and nine month periods ended December 29, 2012 included a restructuring charge for product rationalization costs of \$2,510,000.

Note 3: Other income for the current year of \$330,000 represents a net gain on the sale of unused fixed assets.

Other income for the prior year of \$876,000 represents a net gain on the sale of unused fixed assets.

Note 4: The Company uses the "two-class" method for basic earnings per share by dividing the earnings attributable to common shareholders by the weighted average of common shares outstanding during the period. The diluted earnings per share includes the effect of convertible shares for each period presented. Common and participating shares totaled 11,158,820 as of December 29, 2012.

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