

64th ANNUAL REPORT

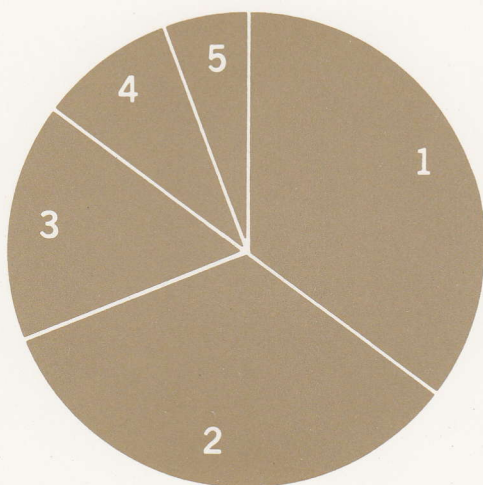
for the fiscal year ended February 28, 1962



Highlights of the Year

Net Sales	
Net Earnings after Federal Income Taxes	
Earnings per Share of Common Stock	
Working Capital	
Stockholders' Equity	
Number of Stockholders	
Number of Employees	

Sales Dollar



Source	Percent
1. Fluid milk and cream	35
2. Non-dairy foods and services	34
3. Ice Cream and mix	16
4. Butter	9
5. Other manufactured dairy products	6
	<u>100</u>

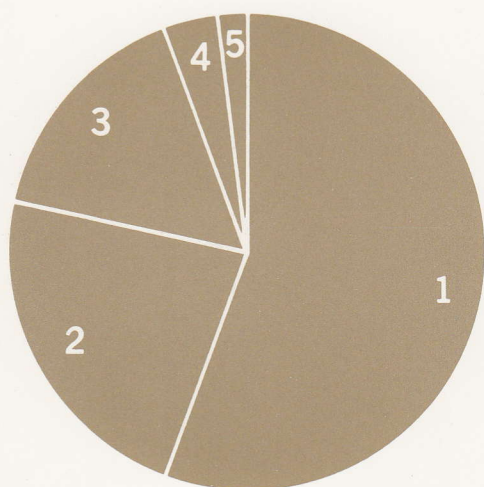
<u>February 28, 1962</u>	<u>February 28, 1961</u>	<u>Percent of Increase</u>
\$539,192,494	\$477,706,773	12.8
11,824,166	10,751,751	9.9
3.25	3.14	3.5
63,400,847	54,718,945	15.8
122,380,841	110,600,971	10.6
15,821	15,343	3.1
15,185	14,116	7.5



ANNUAL MEETING

The 65th Annual Stockholders Meeting will be held in Chicago, Illinois, on June 1, 1962, at 10:30 A.M. (CDT), in the Red Lacquer Room of the Palmer House.

The formal Notice of Annual Meeting and Proxy Statement together with the Proxy is being mailed to all Stockholders under separate cover.



Disposition	Percent
1. Farmers & suppliers	55.6
2. Supplies & other expense	22.7
3. Wages & salaries	16.0
4. Taxes	3.5
5. Dividends to stockholders and additions to working capital.....	2.2
	<u>100</u>

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Five Year Comparative Summary

	<u>1962</u>	<u>1961</u>	<u>1960</u>	<u>1959</u>	<u>1958</u>
Net Sales	\$539,192,494	\$477,706,773	\$443,058,795	\$385,449,644	\$353,971,987
Earnings before Taxes	23,171,166	21,084,751	20,475,308	17,928,321	15,275,678
Federal Taxes	11,347,000	10,333,000	10,170,000	9,066,200	7,674,000
Earnings after Taxes	11,824,166	10,751,751	10,305,308	8,862,121	7,601,678
Earnings per Share of Common Stock	3.25	3.14	3.04	2.92	2.82
Dividends paid per Share of Common Stock	1.60	1.60	1.44	1.44	1.44
Working Capital	63,400,847	54,718,945	52,118,797	44,822,972	36,526,028
Year-end Inventories	26,845,581	22,623,907	21,351,169	18,660,123	12,664,692
Amounts added to Earned Surplus (1)	8,640,935	3,777,583	12,088,104	4,571,708	2,116,958
Book Value per Share of Common Stock	32.40	30.96	29.47	27.68	26.05
Number of Stockholders	15,821	15,343	14,807	13,993	13,838
Number of Employees	15,185	14,116	13,643	13,034	12,087

(1) Including amounts acquired in mergers of \$4,484,581 in 1962 and \$6,822,047 in 1960



WILLIAM G. KARNES, President and Chief Executive Officer



JOHN F. HAZELTON, Executive Vice President and Chief Operating Officer



WALTER L. DILGER, Vice President and Secretary



ROBERT W. FRANCE, Treasurer



64th ANNUAL REPORT TO THE STOCKHOLDERS OF **Beatrice Foods Co.**

BEATRICE FOODS CO. closed the most successful year in its 64-year history on February 28, 1962. New highs were attained in virtually every phase of operations. Of especial significance was the fact that sales for the fiscal year surpassed the half-billion dollar total for the first time as demand for Beatrice Foods' products continued to increase.

Earnings, after taxes, also rose to a record level. This was the 10th consecutive year that net earnings were greater than those of the previous year. It was the 12th year in a row that dollar sales advanced.

In fact, in the last decade, while sales have increased by 136 per cent, net earnings have shown a gain of 202 per cent. Unit sales of both our dairy and grocery products advanced for the 25th consecutive year.

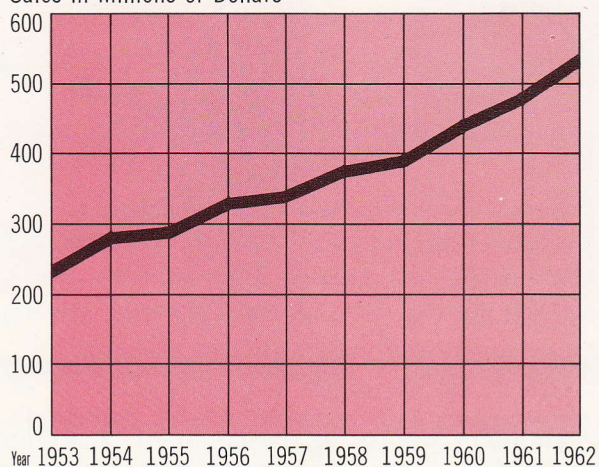
Sales Dollar sales for the year reached a new high of \$539,192,494. This is an increase of \$61,485,721, or 13 per cent, from total sales of \$477,706,773 for the previous fiscal year.



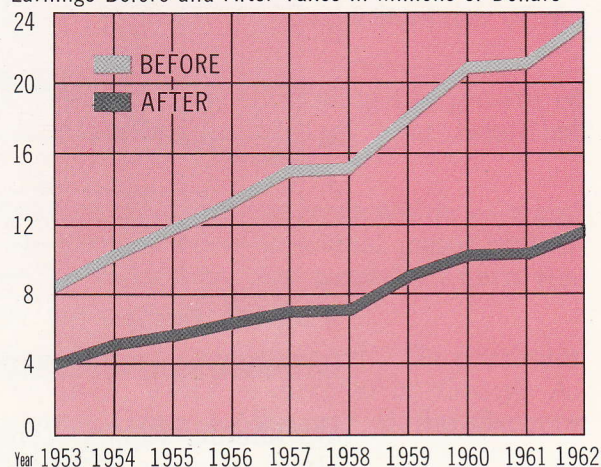
Earnings Consolidated earnings for the fiscal year, before provision for Federal income taxes, reached a record of \$23,171,166, an increase of \$2,086,415, or 10 per cent, from total earnings of \$21,084,751 for the preceding year. Earnings after provision for Federal income taxes were \$11,824,166, an increase of \$1,072,415 or 10 per cent, from the total of \$10,751,751 a year ago.

Net earnings, after dividends on preferred shares outstanding, were equal to \$3.25 per share on 3,527,071 shares of common stock outstanding on February 28, 1962. This compares with net earnings of \$3.14 per share on 3,307,905 common shares outstanding at the end of the previous year.

Sales in Millions of Dollars



Earnings Before and After Taxes in Millions of Dollars



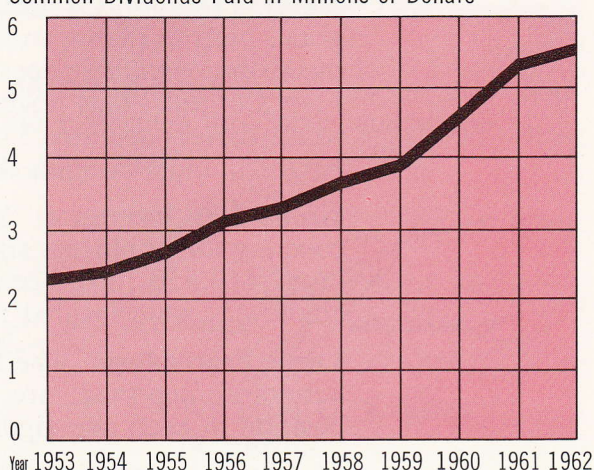
Capital Stock As of February 28, 1962, 4,570 shares of 3 $\frac{3}{8}$ % Convertible Prior Preferred Stock still were outstanding. Purchases for retirement in previous years, together with conversions, have anticipated sinking fund redemption requirements through 1986.

At the close of the fiscal year, 76,602 shares of 4 $\frac{1}{2}$ % Cumulative Preferred Stock were outstanding, as were 3,527,071 shares of common stock.

Dividends Dividends of \$5,884,347 were paid on the outstanding preferred and common stock during the fiscal year, compared to \$5,655,090 last year. In the last 10 years, 52 per cent of net earnings have been paid in dividends to stockholders.

Inventory Inventory as of February 28, 1962, amounted to \$26,845,581, compared to \$22,623,907 at the close of the previous fiscal year. The increase of \$4,221,674 is due almost entirely to the addition of new product lines during the year. The ratio of company sales to year-end inventories was 20 to 1 for the fiscal year just concluded.

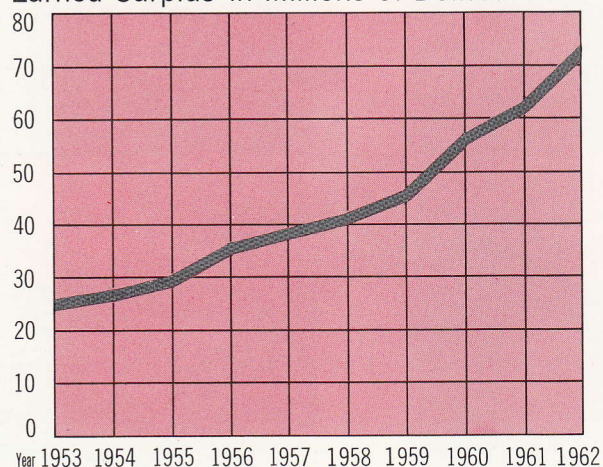
Common Dividends Paid in Millions of Dollars



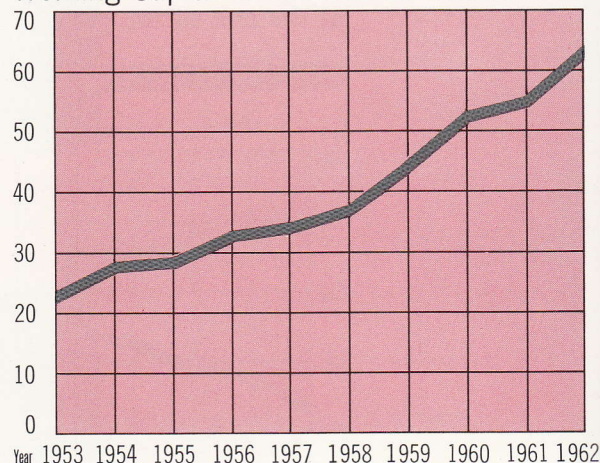


Working Capital The working capital (current assets less current liabilities) as of February 28, 1962, amounted to \$63,400,847, an increase of \$8,681,902, or 16 per cent, from the total of \$54,718,945 at the close of the previous year. Your company has \$4.82 of current assets for each dollar of current liabilities. This is the 17th consecutive year your company has shown an increase in working capital.

Earned Surplus in Millions of Dollars



Working Capital in Millions of Dollars



Stockholder Equity The stockholders' equity increased to \$122 million from \$110 million a year ago. The book value of each share of common stock outstanding at the end of the fiscal year was \$32.40 compared with \$30.96 on February 28, 1961. This is the 25th consecutive year the book value of the common stock has increased.

Capital Expenditures Capital expenditures for the past year were \$10,391,421. This sum was used principally for the construction of new plants, modernization and expansion of our present plant buildings and for the purchase of new processing and refrigeration equipment and trucks. Capital expenditures during the past year totaled \$2,309,521 more than depreciation. In the last five years, your company has invested \$40 million in new plants, new equipment and modernizing programs to maintain maximum efficiency and provide for future growth.

Safety Program Continuing improvement in our company-wide safety performance program, both in plants and on the streets and highways, was effected during the year. For the sixth consecutive year, our company won a First Place Award in the National Safety Fleet Contest. This prize was awarded to Meadow Gold Dairies, Bakersfield, California, whose drivers operated 579,000 miles with only one accident. Tulsa, Oklahoma, Glendale, Arizona, and Honolulu, Hawaii, earned achievement awards in the national competition.

Group Life Insurance Your company has sponsored a group life insurance program covering all employees since 1945. During the past 17 years, death and disability claims of \$2,410,750 have been paid to 657 beneficiaries. In the fiscal year, 4,883 eligible employees were insured for a total of \$22,250,000. The company pays all premiums.

Legal Proceedings The Federal Trade Commission proceedings involving our company, heretofore reported, are still pending and we are continuing to defend our company's position in each one vigorously.

Several immaterial proceedings, common to the activities of our industry, are also pending. These too, are being defended energetically.



Management During the year, G. Stanley McKenzie, founder and former president of Creameries of America and a director of your company since 1953, passed away. A pioneer and leader in the dairy industry, he made many enduring contributions to the development of your company.

Two directors who have served the company with distinction and dedication for many years have elected to retire from the board:

George W. Holmes, of Lincoln, Nebraska, founder of the First Trust Co. of Lincoln and former president and chairman of the board of the First National Bank of Lincoln, has been a director since 1947.

Louis Nielson, of Galesburg, Illinois, founder and former president of Pioneer Creamery Co., of Galesburg, and one of the early pioneers of the dairy industry, has been a director and vice president since 1928 and for many years was the district manager of the Illinois District.

Both of these men have rendered outstanding services in developing the growth of your company and both have been appointed honorary members of your Board of Directors.

Consistent with your company's policy of building management from within — training and advancing personnel at all levels on the basis of merit — several major promotions were effected during the fiscal year. Don L. Grantham was named Eastern Regional Vice President. His headquarters are in Brooklyn, N. Y.

Edward M. Muldoon was elected a Vice President of your company. He continues as General Manager of our Grocery Products Division, which is directed by George A. Gardella. Harry Niemiec was promoted to Assistant General Manager of the Grocery Products Division, which has its headquarters in Detroit.

Stockholders The number of stockholders in your company increased for the 12th consecutive year. At the close of business on February 28, 1962, we had 15,821 stockholders, an all-time high.

Our Annual Meeting of Stockholders will be held in Chicago on Friday, June 1, 1962, at 10:30 A.M. (CDT) in the Red Lacquer Room of the Palmer House. Last year, we had an attendance of more than 875 stockholders at our Annual Meeting at the Palmer House, largest in our history.

The records we have established during the year, the reputation we have continued to build, stand, in summary, as the most meaningful tribute to the dedicated efforts of the men and women of Beatrice Foods. To them, the people who have kept Beatrice Foods moving forward, we express our deepest thanks.

We wish to express our appreciation, too, for the sincere interest, support and cooperation of our growing family of stockholders, our customers, producers and suppliers.

Sincerely yours,

A large, stylized cursive signature of William G. Karnes, the President of Beatrice Foods Co., is positioned above his name and title.

WILLIAM G. KARNES
President



One of the real strengths of your company is that we have the finest personnel in the history of Beatrice Foods Co. So that our stockholders may become more familiar with the members of our management team, their pictures and a brief review of their responsibilities are included in this report.

Supervising operations is a management group of 50 key men, all of whom have advanced through the ranks. Operations of Beatrice Foods are divided into two general categories: Dairy Products and Grocery Products. Chief operating officer for both divisions is the Executive Vice President.

Dairy operations are sub-divided into four geographical areas. Each is supervised by a Regional Vice President. In the field, we have 16 districts, each directed by a District Manager.

The Grocery Products Division is supervised by a Director, General Manager and Assistant General Manager. The chief officer of each company in this division reports to these executives.

The combined experience in the food industry of this 50-member management team totals 1,231 years. Yet, the average age of the entire group is only 52 years. A total of 4,960 employees have been with Beatrice Foods for 10 years or longer.

DAIRY PRODUCTS



BROWN W. CANNON
Western Regional
Vice President



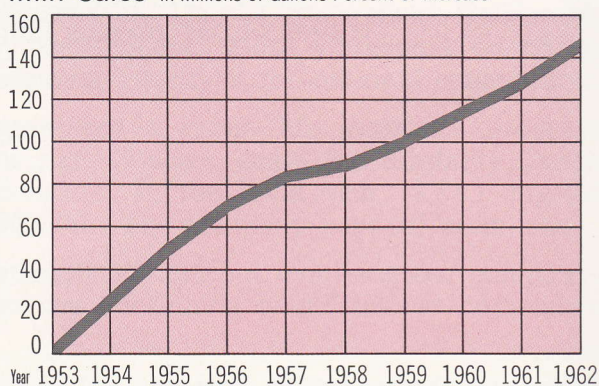
JAY G. NEUBAUER
Central Regional
Vice President



DON L. GRANTHAM
Eastern Regional
Vice President

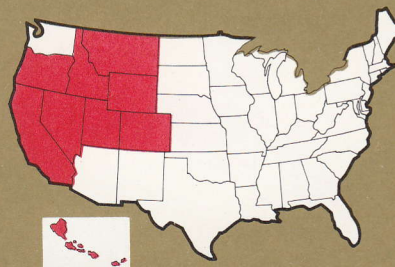
Milk and Cream Department Dollar and unit sales of bottled milk and cream increased over the previous year for the 23rd consecutive year and now account for 35 per cent of our total sales. Your company continued to expand its distribution of milk and cream into new areas in addition to increasing sales in areas in which it had been established.

Milk Sales in Millions of Gallons Percent of Increase





WESTERN REGION

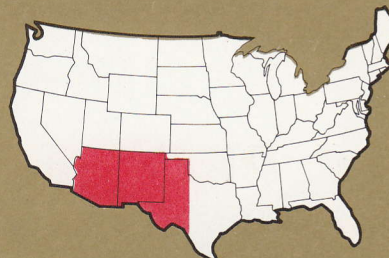


Supervising dairy operations in the Western Region (Colored section of map) are, left to right: Front row—GRANT DOUGALL, Idaho District Manager; BROWN W. CANNON, Western Regional Vice President; D. O. LAMB, Utah District Manager; Back row—HARLAN J. NISSEN, California District Manager; GEORGE Q. CANNON, Hawaii District Manager; PAUL R. MCCLURE, Montana-Oregon District Manager. GEORGE W. KALL, Colorado District Manager, not shown.



ROBERT B. PRICE, vice president, directs operations of the West Texas-New Mexico-Arizona District (Colored section of map at right).

SOUTHWESTERN REGION



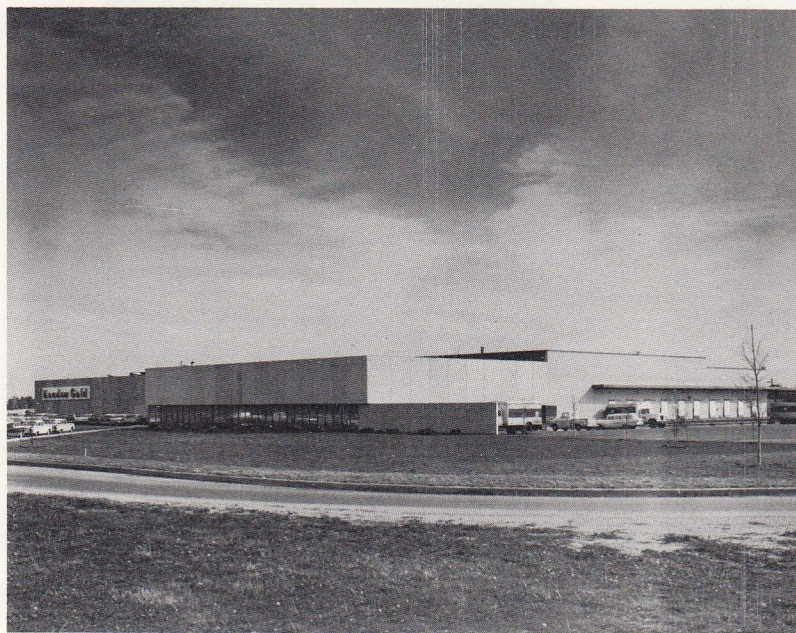
Complex of stainless steel equipment employed at Covington, Ohio, plant of WESTERVILLE CREAMERY CO. to produce powdered milk products.



BROWN-MILLER CO.'s new pickle processing plant at Wiggins, Mississippi, was completed during the fiscal year.



DAIRY PRODUCTS



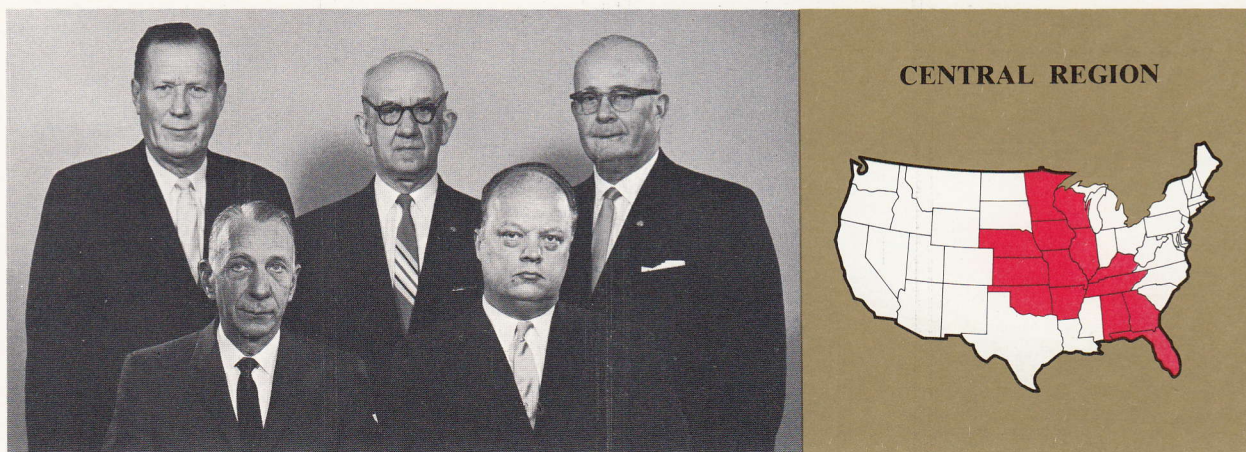
New \$3,000,000 MEADOW GOLD plant at Champaign, Illinois, one of the most modern milk plants in the country, was placed in operation during the fiscal year.

Our modern milk plant in Champaign was placed in operation during the year and is serving as our principal processing plant for Central Illinois. Another new milk plant is under construction in Honolulu, Hawaii. When completed, this will be the most modern milk plant in that part of the world.

Ice Cream Department Our ice cream sales continued to grow at a greater rate than the national average and constituted 16 per cent of our total sales for the year. Unit sales again reached an all-time high. Plants at Alexandria, Virginia, and Lincoln, Nebraska, were modernized and expanded as a part of our continuing program to reduce operating costs to the most efficient minimum.

Butter Department Dollar and unit sales of butter again increased over the previous year. Butter sales amounted to 9 per cent of our total sales for the year. Your company introduced a new product, 100 per cent Figure-Whipped Butter during the year. Sales of this mild, premium butter, which contains less calories than a comparable serving of regular butter, are growing.

Other Manufactured Dairy Products Our manufactured dairy products accounted for 6 per cent of our total sales. These include cottage cheese and all other forms of cheese, powdered milk, condensed and evaporated milk, yogurt and other milk product specialties. Sales of cottage cheese rose 3.8 per cent. Our line of powdered products for the baking, confectionery and related fields also contributed to the



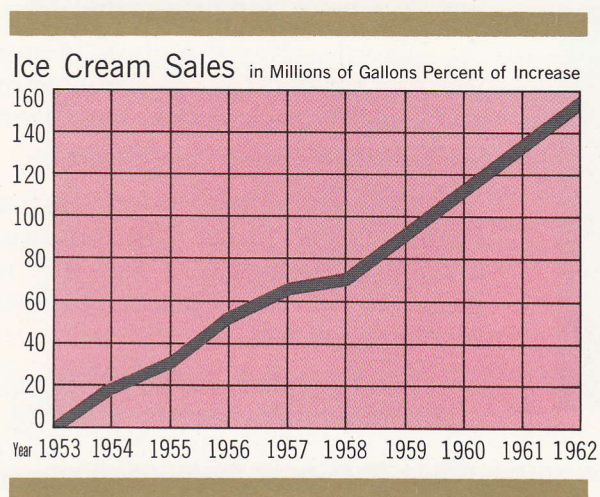
CENTRAL REGION

Supervising dairy operations of the Central Region (Colored section on map) are, left to right: Front row—JAY G. NEUBAUER, Central Regional Vice President; WALLACE RASMUSSEN, Southern District Manager. Back row—C. H. McCONNELL, Iowa-Missouri District Manager; CARL N. HANSEN, Illinois District Manager; E. F. COMEGYS, Kansas-Nebraska-Oklahoma District Manager.



EASTERN REGION

Directing dairy operations of the Eastern Region (Colored section on map) are, left to right: Front row—JOHN L. BURNS, Northern Ohio District Manager; JOHN F. HAZELTON, JR., Indiana-Southern Ohio District Manager; HUGH F. HUTCHINSON, Appalachian District Mgr. Back row—WILLIAM W. GRANGER, Maryland-Virginia District Manager; DON L. GRANTHAM, Eastern Regional Vice President; JUAN E. METZGER, Manager of DANNON MILK PRODUCTS, INC.



growth of dollar and unit sales in this department.

Construction of Beatrice Foods (Burma), Ltd.'s new plant to produce sweetened condensed milk for the Burmese people is scheduled to begin in Rangoon this year.

Since the close of the fiscal year, your company has acquired an interest in Lactoproductos, La Loma, S.A., located in a suburb of Mexico City. This company is a leading producer of dairy specialties for the ice cream and baking industries in Mexico.



GEORGE A. GARDELLA
Vice President,
Director,
Grocery Products
Division



EDWARD M. MULDOON
Vice President,
General Manager,
Grocery Products
Division



HARRY NIEMIEC
Assistant General
Manager,
Grocery Products
Division

GROCERY PRODUCTS



Executives of confectionery companies are, left to right: JOHN W. HOERMANN, M. J. HOLLOWAY & Co.; WILLIAM J. POWERS and M. D. HAMILTON, THOS. D. RICHARDSON Co.; HAROLD H. HILL, THE D. L. CLARK Co.

Marked growth of the Grocery Products Division was another highlight of our fiscal year. Our grocery products now account for 34 per cent of our total sales. Sales in this division increased 23 per cent over the previous year.

During the year, two more companies which produce "convenience" foods joined the Beatrice Family of Fine Foods. These were Liberty Cherry and Fruit Co. and Pik-Nik Co. Liberty processes maraschino cherries and glace fruit in plants in Covington, Kentucky, and Toronto, Canada. This is our first facility in Canada. Pik-Nik, which has its headquarters in San Francisco and a plant in San Jose, California, processes a nationally-distributed line of canned shoestring potatoes.

Shortly after the close of our fiscal year, Fisher Nut Co., St. Paul, Minnesota, and Cal-Compac Foods, Inc., Santa Ana, California, joined your company.

Originator of "Salted-in-the-Shell Peanuts," the Fisher Co. processes and distributes nationally a full line of nuts packaged in clear plastic bags and in vacuum-pack tins.

Cal-Compac Foods is engaged primarily in the dehydration, grinding, blending and sale of paprika, chili and red and Cayenne pepper. Sales are confined entirely to spice packers and food processors.



Our program of modernization and expansion to accommodate increased demand for our products, maintain maximum sanitation, provide for further growth and combat rising costs, was accelerated.

Shedd-Bartush Foods' new plant at Sunnyvale, near San Jose, California, is expected to be in operation early next year and will enable Shedd-Bartush to widen its distribution in the West. Gebhardt Mexican Foods' \$500,000 plant addition has been completed and the company is operating at full capacity. At Denver, Colorado, Tasty Foods has finished a \$500,000 addition to its facilities.

In November, Brown-Miller Co. opened its new Wiggins, Mississippi, plant to augment the production of Rainbo, Delta, American and Mother's brands of pickles and relishes. This is one of the most modern pickle plants in the nation. Adams Corporation is building an addition to its main plant in Beloit, Wisconsin, and is planning to open a new plant in Anaheim, California, this year.

Adams Foods A. G., Adams' operating subsidiary established in Lucerne, Switzerland, is promoting the manufacture and distribution of Adams snack foods in the European market.



Executives of companies producing specialty foods are, left to right: GORDON E. SWANEY, LA CHOY FOOD PRODUCTS; EDWARD M. MULDOON, General Manager of Grocery Products Division; WILLIAM P. MCCARTHY, GEBHARDT MEXICAN FOODS; PAUL V. LANGSTON, ROSARITA MEXICAN FOODS.



Executives of companies producing snack foods and potato products are, left to right: DAVID S. NUCIFORO, DELL FOODS; M. E. AUGHEY, ADAMS CORP. (Korn Kurls Division); THEODORE H. EGGERS, PIK-NIK CO.; LEON KOBAY, TASTY FOODS CO.



GROCERY PRODUCTS



Directing operations of SHEDD-BARTUSH FOODS, INC., are, left to right: J. ADDISON BARTUSH, ADAM J. SCHUBEL, BENEDICT J. BARTUSH, W. E. WELSH.

New Product Development Along with continual quality control testing and experimentation to improve present products, packages and processes, your company increased its concentration on the development of new products. Our investments in research and development over the years have enabled the company to widen its product mix carefully and consistently and thereby further our growth.

Weight Control 900, a metered-calorie dietary drink in cans, flowed from our research laboratories. It is marketed in a three-can carton in two flavors, chocolate and vanilla, and has enjoyed wide acceptance.

Lambrecht's frozen cheese cake and pizza have had exceptional consumer acceptance in the short time they have been on the market.

Our Dannon Milk Products Division in New York successfully introduced two new products, Fruit Cup and Coffee Yogurt.

Other Grocery Products Division companies made major advances in research on new products and packages. Among new products introduced by Grocery Products Division companies were: La Choy's Mandarin Sauce, "Yatka Mein" (Chinese Noodle Dinner), and Almond, Chicken and Shrimp Chow Mein Dinners, Mario's Aristocrat Olive Gift Pack and The D. L. Clark Co.'s "400 Series" of boxed candies.

New Gebhardt Mexican Food Products include "Extra Hot" Instant Chili in a foil envelope, "Extra Hot" Chili Con Carne, Refried Beans and Enchilada Sauce. Shedd-Bartush Foods successfully marketed Salted Virginia peanuts in tins. Safflower Oil Margarine and Safflower Cooking Oil, both of which have high polyunsaturated characteristics, are being market tested in several areas by Shedd-Bartush.



Members of BOND PICKLE CO.'s management team are HOWARD BOND (left) and DON BOND.



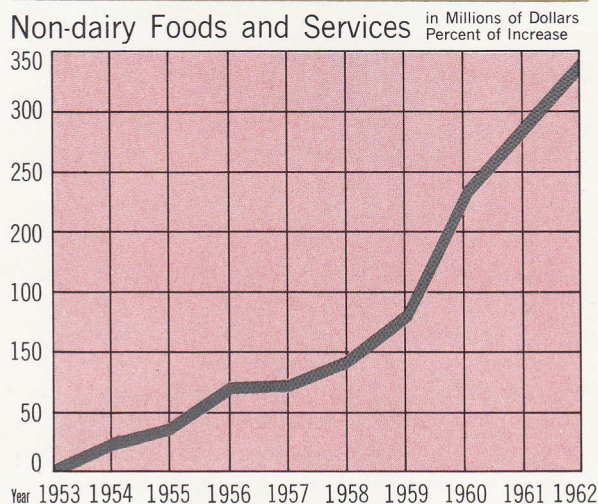
Directing BROWN-MILLER Co. pickle operations are, left to right: G. E. RESTEL, JOHN A. MILLER and PAUL N. WALKER.



Left to right are JOHN GARDELLA, MITCHELL SYRUP AND PRESERVE CO. (Ruby Bee); F. OLNEY BROWN and PAUL S. BROWN, SQUIRE DINGEE CO. (Ma Brown Pickles, Preserves); EDWARD W. LANGE, LIBERTY CHERRY AND FRUIT CO.



JOHN P. HOBAN, JR., (left) of BOND PICKLE CO., and CURTIS M. CAVILEER, LUTZ & SCHRAMM, INC. (L & S Pickles, Preserves).



Advertising and Sales Promotion

Increased advertising and intensified sales promotion programs contributed to the growth in sales of products of all divisions of your company during the year. Our principal dairy products again will be promoted on outdoor billboards and in local newspapers in all markets in 1962. This expanded program has been supplemented by television and radio spot commercials. Each of our Grocery Products Division companies similarly has enlarged its advertising and promotion program to advance its products.



Beatrice Foods Co. AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet

	<u>1962</u>	<u>1961</u>
ASSETS		
Current assets:		
Cash	\$ 17,245,522.86	\$ 16,177,290.79
Receivables, less allowance for losses \$2,319,930.13 and \$2,148,675.73 at respective dates	34,703,535.46	29,148,338.04
Inventories, at lower of average cost or replacement market:		
Products and other merchandise	14,115,048.55	11,990,497.84
Materials and supplies	12,730,532.20	10,633,409.46
	<u>26,845,580.75</u>	<u>22,623,907.30</u>
Prepaid expenses	1,215,292.96	1,060,514.27
Total current assets	<u>80,009,932.03</u>	<u>69,010,050.40</u>
Investments and advances, less allowance for losses \$939,749.35 and \$937,775.74 at respective dates	3,706,096.09	2,877,786.84
Plant and equipment, at cost less depreciation:		
Land	4,648,239.72	4,381,217.56
Buildings	30,530,503.75	30,087,587.74
Machinery and equipment	73,102,331.70	65,924,906.28
	<u>108,281,075.17</u>	<u>100,393,711.58</u>
Less allowance for depreciation	<u>52,434,677.91</u>	<u>48,029,172.53</u>
	<u>55,846,397.26</u>	<u>52,364,539.05</u>
Intangible assets acquired, at cost less amortization (Note 4)	<u>927,500.00</u>	<u>2,589,700.00</u>
	<u>\$140,489,925.38</u>	<u>\$126,842,076.29</u>
<i>See accompanying notes to consolidated financial statements.</i>		

Consolidated Balance Sheet

	<u>1962</u>	<u>1961</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 12,226,104.56	\$ 10,989,469.80
Salaries and wages accrued	2,099,020.03	1,418,443.52
Taxes accrued, other than federal taxes on income	1,954,711.60	1,812,679.02
Federal taxes on income, less United States Government securities \$6,855,577.90 and \$5,850,949.28 at respective dates	329,248.57	70,512.65
Total current liabilities	16,609,084.76	14,291,104.99
Deferred federal taxes on income	1,500,000.00	1,200,000.00
3% sinking fund debentures	—	750,000.00
Stockholders' equity (note 1):		
3¾% cumulative convertible prior preferred stock	457,000.00	533,500.00
4½% cumulative preferred stock	7,660,200.00	7,660,200.00
Common stock	44,400,200.00	41,562,612.50
Capital surplus	858,591.99	—
Earned surplus (retained earnings)	70,148,183.79	61,507,249.46
	123,524,175.78	111,263,561.96
Less treasury common stock, at cost	1,143,335.16	662,590.66
	122,380,840.62	110,600,971.30
	<u>\$140,489,925.38</u>	<u>\$126,842,076.29</u>



Beatrice Foods Co. AND SUBSIDIARY COMPANIES

YEARS ENDED FEBRUARY 28, 1962 AND 1961

Statement of Consolidated Earnings

	<u>1962</u>	<u>1961</u>
Income:		
Net sales	\$539,192,493.66	\$477,706,773.04
Other income	<u>2,238,099.93</u>	<u>2,362,841.68</u>
	<u>541,430,593.59</u>	<u>480,069,614.72</u>
 Income deductions:		
Cost of goods sold	391,008,628.26	346,425,650.93
Selling, delivery, administrative, and general expenses....	119,168,899.37	105,450,801.59
Provision for depreciation	8,081,899.87	7,108,410.91
Provision for federal taxes on income, estimated.....	<u>11,347,000.00</u>	<u>10,333,000.00</u>
	<u>529,606,427.50</u>	<u>469,317,863.43</u>
 Net earnings	<u>\$ 11,824,166.09</u>	<u>\$ 10,751,751.29</u>
 <i>See accompanying notes to consolidated financial statements.</i>		

Statement of Consolidated Surplus

Earned Surplus (Retained Earnings)	
Balance at beginning of year:	
Beatrice Foods Co.	\$ 61,507,249.46
Companies merged in 1961 \$4,484,580.94 less adjustment of intangibles recorded in prior year merger \$1,783,466.00 (note 4)	2,701,114.94
	<u>64,208,364.40</u>
Net earnings for the year	<u>11,824,166.09</u>
	<u>76,032,530.49</u>
Deduct dividends paid on:	
3¾% cumulative convertible prior preferred stock.....	\$ 16,715.95
4½% cumulative preferred stock	344,723.95
Common stock, \$1.60 a share	<u>5,522,906.80</u>
	<u>5,884,346.70</u>
Balance at end of year	<u>\$ 70,148,183.79</u>
Capital Surplus	
Balance at beginning of year	\$ —
Excess of fair value over par value of 31,720 shares of common stock issued in acquisitions	967,460.00
Excess of conversion price over par value of 3,771 shares of common stock issued in exchange for 3¾% cumulative convertible prior preferred stock	28,647.52
Excess of option price over par value of 23,016 shares of common stock issued under stock option plan	<u>621,380.75</u>
	<u>1,617,488.27</u>
Deduct excess of par value of common shares issued in mergers over stated capital of merged companies (note 4)	<u>758,896.28</u>
Balance at end of year	<u>\$ 858,591.99</u>

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements

- (1) Particulars of the capital stock are as follows:

	Shares	
	1962	1961
3 $\frac{3}{8}$ % cumulative convertible prior preferred stock, \$100.00 par value, redeemable at option of the company at \$104.50:		
Authorized, issued and outstanding	4,570	5,335
4 $\frac{1}{2}$ % cumulative preferred stock, \$100.00 par value, redeemable at option of the company at par value:		
Authorized, issued, and outstanding	76,602	76,602
Common stock, \$12.50 par value:		
Authorized	5,000,000	5,000,000
Issued	3,552,016	3,325,009
In treasury	24,945	17,104
Outstanding	3,527,071	3,307,905

- (2) Rentals for real property during the year ended February 28, 1962, included payments aggregating \$1,240,621.23 applicable to leases expiring more than ten years after February 28, 1962. The corresponding figure for the year ended February 28, 1961 was \$769,365.66.

The companies are also lessees of cabinets, used by dealers for refrigerating the companies' products, and motor vehicles.

Contingencies with respect to guarantees, etc. have been provided for in the accounts.

- (3) The amounts charged to earnings under the retirement income program for salaried employees and other company pension plans aggregated \$822,593.97 during the year ended February 28, 1962 and \$743,931.54 for the preceding fiscal year. Such amounts include contributions applicable to past services. The past service liability not funded or otherwise provided for in the accounts is estimated to be approximately \$2,900,000.00 at February 28, 1962. It is expected that the major portion of this liability will be paid, or provided for over a period of approximately nine years.

- (4) During the year ended February 28, 1962, Beatrice Foods Co. acquired several other companies in transactions accounted for as poolings of interests. The comparative figures for the year ended February 28, 1961 have not been restated to include the results of operations of the acquired companies. Sales and net earnings during the last fiscal year of the acquired companies approximated \$21,450,000.00 and \$660,000.00, respectively.

Beatrice Foods Co. now considers that the acquisition of Dannon Milk Products, Inc. in 1959, which was at that time accounted for as a purchase of assets, was, in the light of developments in accounting practice since then, a pooling of interests. Accordingly, the balance of the related intangibles at March 1, 1961, which was being amortized by an annual amount of \$100,000.00, has been eliminated from the accounts.

- (5) Under a stock option plan, approved by the stockholders in 1959, the company may grant options to key employees to purchase shares of the company's common stock (not to exceed an aggregate of 156,250 shares as adjusted for a stock distribution in 1960) at a price not less than 100% of market value on date of grant. At February 28, 1961, there were options outstanding to purchase 107,403 shares at prices per share ranging from \$39.375 to \$52.00, and there were 48,847 shares of common stock reserved for the granting of additional options. During the year ended February 28, 1962, options were granted to employees to purchase 37,285 shares at \$58.00 per share and 3,000 shares at \$64.25 per share. Also during the year, options were exercised with respect to 23,016 shares and options relating to 1,300 shares were cancelled because of death or termination of employment with the result that at February 28, 1962, there were options outstanding to purchase 123,372 shares (of which options to purchase 10,349 shares were exercisable) and there were 9,862 shares of common stock reserved for the granting of additional options.



Accountants' Report

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

111 WEST MONROE STREET

CHICAGO 3, ILLINOIS

The Stockholders
Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 28, 1962 and the related statements of earnings and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated earnings and surplus present fairly the financial position of Beatrice Foods Co. and subsidiaries at February 28, 1962 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles which, except for the changes explained in note 4 to the financial statements, have been applied on a basis consistent with that of the preceding year.

A large, stylized handwritten signature in dark ink. The signature reads "Peat, Marwick, Mitchell & Co." with a long horizontal line underneath.

Chicago, Illinois
April 11, 1962



Ten Year Summary OF CONSOLIDATED EARNINGS AND FINANCIAL CONDITION

Consolidated Earnings

Year Ended February 28,	1962	1961	1960	1959
Net Sales	\$539,192,494	\$477,706,773	\$443,058,795	\$385,449,644
Other Income	2,238,100	2,362,841	2,035,079	1,717,176
Total	541,430,594	480,069,614	445,093,874	387,166,820
Income Deductions:				
Cost of Goods Sold and Operating Expenses	510,177,528	451,876,452	417,941,649	363,324,038
Provision for Depreciation	8,081,900	7,108,411	6,676,917	5,914,461
Provision for Federal Taxes on Income				
Estimated	11,347,000	10,333,000	10,170,000	9,066,200
Total	529,606,428	469,317,863	434,788,566	378,304,699
Net Earnings	\$ 11,824,166	\$ 10,751,751	\$ 10,305,308	\$ 8,862,121
Earnings per Share of Common Stock	\$3.25	\$3.14	\$3.04	\$2.92
Taxes per Share of Common Stock	5.21	5.03	4.78	4.88
Dividends:				
Preferred	\$ 361,440	\$ 364,524	\$ 374,602	\$ 380,120
Common	5,522,907	5,290,566	4,560,856	3,910,294

Financial Condition

Year Ended February 28,	1962	1961	1960	1959
Current Assets:				
Cash	\$ 17,245,523	\$ 16,177,291	\$ 17,334,423	\$ 14,602,723
Receivables	34,703,535	29,148,338	25,099,076	22,228,153
Inventories	26,845,581	22,623,907	21,351,169	18,660,123
Prepaid Expenses	1,215,293	1,060,514	905,227	815,551
Total Current Assets	80,009,932	69,010,050	64,689,895	56,306,550
Deduct Current Liabilities	16,609,085	14,291,105	12,571,098	11,483,578
Net Working Capital	63,400,847	54,718,945	52,118,797	44,822,972
Investments and Advances	3,706,096	2,877,787	1,989,740	1,316,486
Property, Plant & Equipment (Net)	55,846,398	52,364,539	49,519,407	44,516,114
Intangibles	927,500	2,589,700	2,726,000	—
	\$123,880,841	\$112,550,971	\$106,353,944	\$ 90,655,572
Deduct:				
Deferred Federal Taxes on Income	1,500,000	1,200,000	900,000	450,000
Long Term Debt	—	750,000	1,000,000	1,250,000
Stockholders' Equity	\$122,380,841	\$110,600,971	\$104,453,944	\$ 88,955,572
Stockholders' Equity:				
3¾% Preferred Stock	\$ 457,000	\$ 533,500	\$ 662,600	\$ 852,800
4½% Preferred Stock	7,660,200	7,660,200	7,660,200	7,740,200
Common Stock	43,256,865	40,900,022	32,498,434	28,911,276
Capital Surplus	858,592	—	5,903,043	5,809,733
Earned Surplus (Retained Earnings)	70,148,184	61,507,249	57,729,667	45,641,563
	\$122,380,841	\$110,600,971	\$104,453,944	\$ 88,955,572
Ratio of Current Assets To Current Liabilities	4.8:1	4.8:1	5.1:1	4.9:1
Book Value per Share of Common Stock	\$32.40	\$30.96	\$29.47	\$27.68

Beatrice Foods Co. AND SUBSIDIARY COMPANIES

1958	1957	1956	1955	1954	1953
\$353,971,987	\$342,086,657	\$325,024,680	\$287,352,312	\$275,034,840	\$235,204,505
1,704,271	1,274,383	1,219,354	1,028,994	597,267	478,808
<u>355,676,258</u>	<u>343,361,040</u>	<u>326,244,034</u>	<u>288,381,306</u>	<u>275,632,107</u>	<u>235,683,313</u>
335,252,160	323,533,470	308,645,091	272,826,864	262,243,252	225,360,929
5,148,420	4,771,928	4,279,263	3,681,231	3,035,541	2,069,029
7,674,000	7,739,000	6,930,000	6,320,000	5,525,000	4,260,000
<u>348,074,580</u>	<u>336,044,398</u>	<u>319,854,354</u>	<u>282,828,095</u>	<u>270,803,793</u>	<u>231,689,958</u>
\$ 7,601,678	\$ 7,316,642	\$ 6,389,680	\$ 5,553,211	\$ 4,828,314	\$ 3,993,355
\$2.82	\$2.74	\$2.41	\$2.28	\$2.08	\$1.96
4.68	4.77	4.33	4.30	3.76	3.10
\$ 393,988	\$ 411,682	\$ 431,003	\$ 467,136	\$ 324,242	\$ 159,999
<u>3,663,927</u>	<u>3,256,133</u>	<u>3,060,255</u>	<u>2,696,136</u>	<u>2,481,483</u>	<u>2,335,677</u>

1958	1957	1956	1955	1954	1953
\$ 13,004,796	\$ 13,151,065	\$ 13,634,349	\$ 11,802,872	\$ 11,097,738	\$ 10,794,292
19,822,752	19,348,884	17,612,372	14,565,820	14,075,561	10,587,794
12,664,692	10,646,820	9,806,224	9,333,313	8,753,686	6,723,748
650,577	700,039	779,744	655,152	671,596	474,668
<u>46,142,817</u>	<u>43,846,808</u>	<u>41,832,689</u>	<u>36,357,157</u>	<u>34,598,581</u>	<u>28,580,502</u>
9,616,789	9,664,334	9,422,407	7,440,157	7,106,782	5,027,295
<u>36,526,028</u>	<u>34,182,474</u>	<u>32,410,282</u>	<u>28,917,000</u>	<u>27,491,799</u>	<u>23,553,207</u>
1,295,712	1,380,938	1,831,275	2,162,259	1,531,552	1,013,675
39,166,692	37,569,805	35,122,235	30,595,413	30,528,870	19,183,573
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
\$ 76,988,432	\$ 73,133,217	\$ 69,363,792	\$ 61,674,672	\$ 59,552,221	\$ 43,750,455
1,500,000	1,750,000	2,000,000	2,250,000	2,500,000	—
<u>\$ 75,488,432</u>	<u>\$ 71,383,217</u>	<u>\$ 67,363,792</u>	<u>\$ 59,424,672</u>	<u>\$ 57,052,221</u>	<u>\$ 43,750,455</u>
\$ 1,035,400	\$ 1,345,600	\$ 1,650,800	\$ 2,420,700	\$ 3,622,400	\$ 4,466,800
7,740,200	7,973,200	8,111,200	8,111,200	8,125,000	—
25,468,799	16,590,676	16,501,144	14,838,725	14,440,537	13,058,413
174,178	6,520,844	5,796,576	4,369,521	3,569,696	953,243
41,069,855	38,952,897	35,304,072	29,684,526	27,294,588	25,271,999
<u>\$ 75,488,432</u>	<u>\$ 71,383,217</u>	<u>\$ 67,363,792</u>	<u>\$ 59,424,672</u>	<u>\$ 57,052,221</u>	<u>\$ 43,750,455</u>
4.8:1	4.5:1	4.4:1	4.9:1	4.9:1	5.7:1
\$26.05	\$24.69	\$23.26	\$21.97	\$20.92	\$19.88



DIRECTORS

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William G. Karnes, *Chicago, Illinois*

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Harold F. Nichols, *Galesburg, Illinois*

Louis Nielson, *Galesburg, Illinois*

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Robert B. Price, *El Paso, Texas*

Harold F. Stotzer, *Archbold, Ohio*

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George A. Gardella

Walter L. Dilger

Louis Nielson

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William G. Karnes

George A. Gardella

Don L. Grantham

Jay G. Neubauer

John F. Hazelton

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Robert W. France, *Treasurer*

James J. Cullen, *Assistant Treasurer*
Assistant Secretary

Herbert L. Severin, *Assistant Secretary*
Assistant Treasurer

MEET YOUR BOARD OF DIRECTORS



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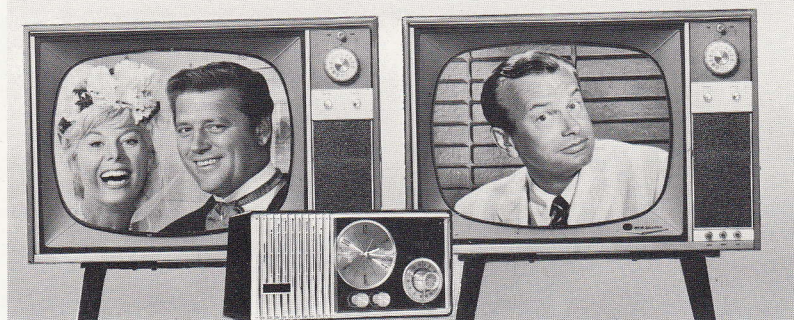
(Absent from picture — LOUIS NIELSON)

CHARLES H. PATTEN



The wide role of advertising

PACKAGING The well-designed food product package has an important sales advantage. Packages for all Beatrice Foods products are designed, and constantly improved, by experts on packaging and sales—to gain utmost attraction and identification for Beatrice brand names. These packages make effective, full-color advertisements that reach large numbers of consumers in stores and homes—wherever they are circulated. Illustrated here are a few new packages by Rosarita, Meadow Gold, Shedd's and Bond's.



RADIO, TELEVISION One of the outstanding advertising ideas working this year is the use of name talent performers, Gordon and Sheila MacRae, for Meadow Gold television commercials. These popular entertainers of stage and screen fame combine friendly songs with effective selling in reaching many consumers of dairy products.

In 1961, other television advertising included spots on the Jack Paar Show by Adams and The Magic Ranch television show, ABC-TV network, sponsored by Holloway, Adams and Clark.



OUTDOOR Outdoor posters offer special advantages for advertisers. They make possible the best use of appetizing, four-color illustrations. They may be placed in selected markets as needed, a variety of boards or just a few, in specially chosen locations, as the situation requires. On the basis of exposure, outdoor advertising provides strong selling effort that is low in cost and high in impact. "Outdoor" is designed for people on-the-move, providing product name, package and short, hard-working sales messages. Shown here is a well-designed new poster for Meadow Gold Skim Milk.



MAGAZINE, NEWSPAPER Publication advertising gives heavy multiple readership and an opportunity to use recipes in our advertising. Countless recipes are saved regularly by homemakers. This helps to build good will and increases the use of food products. Color magazine pages permit appetizing food pictures, and newspapers provide wide circulation on a selective-market basis. Shown are a few examples of newspaper and magazine advertising for Beatrice Foods Co. products.



CAPITAL STOCK LISTING

NEW YORK STOCK EXCHANGE

REGISTRARS OF STOCK

THE CHASE MANHATTAN BANK

THE NORTHERN TRUST COMPANY

STOCK TRANSFER AGENTS

GUARANTY TRUST COMPANY OF NEW YORK

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

DIVIDEND DISBURSEMENT AGENT

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO



ALL DAIRY
PRODUCTS

BLUE VALLEY

BUTTER

Dairymen's

HONOLULU, HAWAII

ALL DAIRY
PRODUCTS

HOLLAND

BUTTER
ICE CREAM



ICE CREAM

DANNON

YOGURT

Lambrecht

PREPARED
FROZEN FOODS

La Choy

CHINESE FOODS

Shedd's

MARGARINES
LADY BETTY FOODS



Gebhardt's

CHILI POWDER
MEXICAN FOODS

Ruby Bee

PRESERVES AND
JELLIES

Bond's

PICKLES AND
RELISHES

HOLLOWAY

CANDIES

Rainbo
AMERICAN

PICKLES AND RELISHES
BROWN-MILLER

Ma Brown

PICKLES-RELISHES-
PRESERVES
SQUIRE DINGEE



PICKLES-RELISHES-
PRESERVES
LUTZ & SCHRAM



CANDIES

KOBEY'S

POTATO CHIPS AND
POTATO PRODUCTS



MINTS

Mario's

OLIVES AND
OLIVE OIL



KORN KURLS AND
SNACK FOODS



Rosarita

MEXICAN FOODS

PIK-NIK

SHOE STRING
POTATOES

LIBERTY

MARASCHINO
CHERRIES
GLAZED FRUITS



PEANUTS AND
ASSORTED NUTS



Beatrice Foods Co. GENERAL OFFICES 120 SOUTH LA SALLE STREET, CHICAGO 3, ILLINOIS