

# 60<sup>th</sup> Annual Report

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 1958





## American Institute of Management

*In Recognition of  
Distinguished Accomplishment  
in the Ten Categories of the Management Audit  
Hereby Confers Upon*

**Beatrice Foods Co.**

THIS CERTIFICATE  
OF MANAGEMENT EXCELLENCE  
FOR THE YEAR 1957

*Witness our Hand and Seal*



*Henry B. McLaughlin*  
PRESIDENT  
*Edward L. Hobson*  
SECRETARY

## 1958 ANNUAL

### DIRECTORS

Brown W. Cannon  
Denver, Colorado

Alvie J. Claxton  
Pinehurst, North Carolina

Earl Cline  
Lincoln, Nebraska

Walter L. Dilger  
Chicago, Illinois

George A. Gardella  
Detroit, Michigan

Willard V. Haskell  
Topeka, Kansas

John F. Hazelton  
Chicago, Illinois

George W. Holmes  
Lincoln, Nebraska

William G. Karnes  
Chicago, Illinois

John H. Lambrecht  
Brookfield, Wisconsin

John T. McGreer  
Lincoln, Nebraska

G. Stanley McKenzie  
Los Angeles, California

Harold F. Nichols  
Galesburg, Illinois

Louis Nielson  
Galesburg, Illinois

Herbert W. Post  
Arlington Heights, Illinois

Robert B. Price  
El Paso, Texas

Harold F. Stotzer  
Archbold, Ohio

### EXECUTIVE COMMITTEE OF BOARD OF DIRECTORS

Walter L. Dilger  
George A. Gardella

William G. Karnes  
John T. McGreer

Louis Nielson

### OPERATING COMMITTEE

Brown W. Cannon  
George A. Gardella

John F. Hazelton  
William G. Karnes

Jay G. Neubauer

## FINANCIAL WORLD Best of Industry Award presented to



**Beatrice Foods Co.**

WINNER OF THE BRONZE OSCAR-OF-INDUSTRY FOR  
THE BEST ANNUAL REPORT OF THE

**Dairy Products Industry**

Selected by the Independent Board of Judges appointed  
by Financial World for the designation of Award Winners  
from among the 5000 entries in the Seventeenth Annual  
Report Survey and Competition conducted during 1957.

*Richard J. Anderson*  
Editor and Publisher  
FINANCIAL WORLD

*Richard J. Anderson*  
CHAIRMAN OF BOARD OF JUDGES  
Dean, Graduate School of Business Administration,  
New York University

*William C. Davis*  
Past-President, The National Federation of  
Financial Analysts Societies

*Paul Keane*  
Managing Director  
Controllers Institute of America

*Richard J. Anderson*  
SCREENING COMMITTEE CHAIRMAN  
President, New York Society of  
Security Analysts, Inc.

*William C. Davis*  
Head, Dept. of Design, Art School  
Pratt Institute



# REPORT *Beatrice Foods Co.*

*The 61st Annual Stockholders Meeting will be held in Chicago, Illinois, on June 2, 1958, at 10:30 A.M. (CDT), in the Grand Ballroom of the Palmer House.*

## OFFICERS

- William G. Karnes  
*President*
- John F. Hazelton  
*Executive Vice President*
- Louis Nielson  
*Vice President*
- George A. Gardella  
*Vice President*
- Brown W. Cannon  
*Vice President*
- Edward F. Comegys, Jr.  
*Vice President*
- Carl N. Hansen  
*Vice President*
- Everett E. Haskell  
*Vice President*
- Charles H. McConnell  
*Vice President*
- Robert B. Price  
*Vice President*
- P. Lewis Komminsk  
*Vice President*
- Jay G. Neubauer  
*Vice President*
- Walter L. Dilger  
*Vice President and Secretary*
- Robert W. France  
*Treasurer*
- James J. Cullen  
*Assistant Treasurer*
- Herbert L. Severin  
*Assistant Secretary*
- Merritt T. Olney  
*Assistant Secretary*

## CAPITAL STOCK LISTING

NEW YORK STOCK EXCHANGE

## REGISTRARS OF STOCK

THE CHASE MANHATTAN BANK  
CITY NATIONAL BANK AND TRUST COMPANY OF CHICAGO

## 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

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## TO THE STOCKHOLDERS OF *Beatrice Foods Co.*

We present herewith the 60th Annual Report to the stockholders of Beatrice Foods Co. Your company was incorporated in February, 1898. In the present fiscal year, we are observing the company's Diamond Jubilee, 60 years of progress and service.

During the fiscal year ended February 28, 1958, sales and earnings again reached an all-time high.

**SALES** Dollar sales for the year reached a record high of \$353,971,987 compared with \$342,086,657 for the preceding fiscal year, a gain of 3.5%. For the 21st consecutive year, sales in units increased. This increase was due partly to the growing per capita consumption of dairy products and to our own aggressive merchandising and advertising program. The increase is reflected particularly in our sales of bottled milk and ice cream. Unit sales of non-dairy foods also continued to increase.

**EARNINGS** Consolidated earnings for the fiscal year, before provision for Federal taxes, amounted to \$15,275,678, compared with \$15,055,642 for the previous year, an increase of \$220,036, or 1.4%. Earnings before Federal taxes were equivalent to 4.3% of sales, compared with 4.4% of sales for the preceding year. Consolidated net earnings, after provision for Federal income taxes, were \$7,601,678, compared with \$7,316,642, or an increase of \$285,036, or 3.9%. Such net earnings, after dividends on preferred shares outstanding, were equivalent to \$3.52 a share on the 2,049,181 shares of common stock



Even though held on Saturday, June 1, 1957, the 60th Annual Stockholders Meeting had the largest attendance in the history of the Company.

outstanding on February 28, 1958. Net earnings for the preceding year were equivalent to \$3.43 a share on 2,010,993 common shares outstanding, after giving consideration to the 50% common stock distribution on March 5, 1957.

**CAPITAL STOCK** As of February 28, 1958, 10,354 shares of 3 $\frac{3}{8}$ % Convertible Prior Preferred stock were still outstanding. Purchases for retirement in previous years, together with conversions, have anticipated the sinking fund redemption requirements through 1981. As of February 28, 1958, there were 77,402 shares of 4 $\frac{1}{2}$ % Cumulative Preferred stock outstanding. During the past fiscal year, 2,330 shares of this stock were purchased and retired. There were 2,049,181 shares of common stock outstanding at the end of our fiscal year, February 28, 1958.

**DIVIDENDS** Dividends totaling \$4,057,915 were paid on the outstanding preferred and common stock during the fiscal year, compared with \$3,667,816 in the previous year. Eighty-eight consecutive quarterly cash dividends have been paid on the common stock.

**INVENTORY** The company continues its policy of close inventory control. The inventory as of February 28, 1958, amounted to



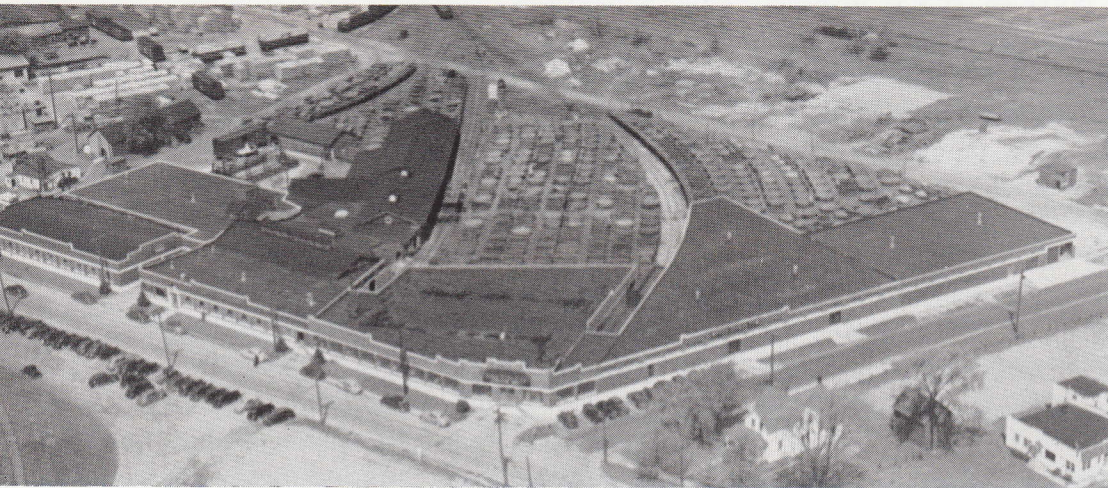
\$12,664,691 against \$10,646,820 at the end of the previous fiscal year, an increase of \$2,017,871. The ratio of the company's sales to year-end inventories was 28 to 1, for the fiscal year just ended.

**WORKING CAPITAL** The working capital (current assets less current liabilities) as of February 28, 1958, amounted to \$36,526,028, compared with working capital of \$34,182,474 at the close of the previous year, an increase of \$2,343,554. This is the 13th consecutive year the company has shown an increase in working capital. The company has \$4.80 of current assets for each dollar of current liabilities, compared with \$4.53 a year ago.

**STOCKHOLDER EQUITY** The stockholders' equity in the company increased to \$75,488,432 from \$71,383,217 a year ago. The book value of each share of common stock outstanding on February 28, 1958, was \$32.56 compared with \$30.86 a year ago.

**CAPITAL EXPENDITURES** Our capital expenditures in the past year amounted to \$6,632,856. These were primarily for modernization, replacement and expansion of our plant buildings, processing and refrigerating equipment. The amount of capital expenditures made in the past year was \$1,484,436 more than the recorded depreciation for the year.

**MANAGEMENT** During the past fiscal year, we created two important new regional administrative positions. Mr. Brown W. Cannon, for ten years a Vice President of our company, was appointed Western Regional Vice President with headquarters in Denver, Colorado.



*Bond's*

Bond Pickle Company, Inc., Oconto, Wisconsin, where a complete line of fresh and processed pickles are packed under the famous BOND PICKLE label.

He will supervise five western districts and the Hawaiian Island District.

Mr. Jay G. Neubauer, who was elected a Vice President last year, was appointed Central Regional Vice President with headquarters at Waukegan, Illinois. He will supervise four districts in the midwest and the Southern District.

Mr. P. Lewis Komminsk, District Manager of the Indiana & Southern District, was elected a Vice President.

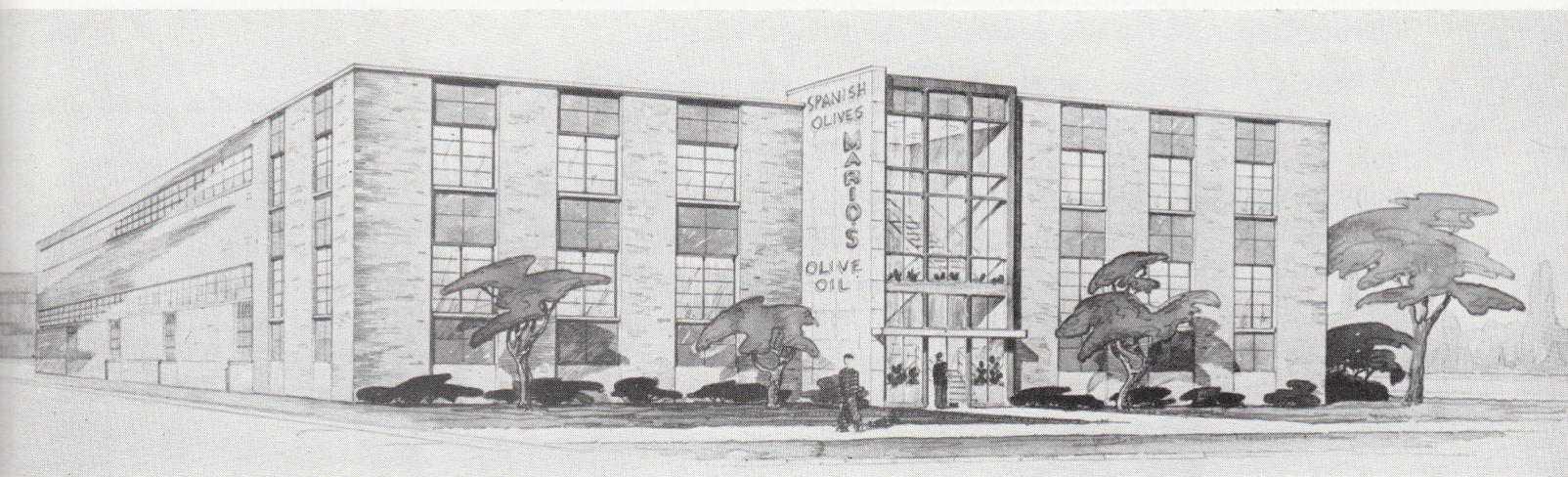
**EMPLOYEES** As of February 28, 1958, the company had 12,087 employees. Of this total, 5,952 had more than five years of continuous service with Beatrice Foods Co. or predecessor companies; 2,070 had 15 years or more; and 929 had 25 or more years of continuous service.

Since 1945, Beatrice Foods Co. has sponsored a group life insurance plan for which the company pays all premiums. During the thirteen years the plan has operated, death and disability claims have been paid to 507 beneficiaries for a total of \$1,660,350. In the past fiscal year, 5,816 eligible employees were insured for a total of over \$21,080,000.

**SAFETY PROGRAM** During the past year, we have continued to work diligently on our Safety Program. Our accident frequency was again substantially reduced. For the second consecutive year, our Idaho Creameries Division, with headquarters at Boise, was first-place winner in the milk and ice cream fleet division of the 1957 National Safety Council Fleet Contest. The Idaho Creameries' fleet traveled 1,130,000 miles without an accident for the best safety record of any

**Mario's**

Mario's Food Products Company, Detroit, Michigan, importers and packers of Spanish olives and virgin olive oil from the Seville District of Spain.



industrial category participating in this contest. Many other plants made outstanding improvements in their safety records during the past year.

**FEDERAL TRADE COMMISSION** During the past year, after numerous hearings, the record was closed in the Federal Trade Commission's complaint issued on February 15, 1954, alleging unfair methods of competition in the ice cream industry. Similar complaints were filed against eight major ice cream companies. Proposed findings of fact and law with supporting briefs were filed with the Trial Examiner by the Government and by all of the respondents, including your company. The initial decision of the Trial Examiner is expected to be entered in the near future.

The other complaint filed by the Federal Trade Commission on October 16, 1956, alleges violation of the anti-merger section of the Clayton Act, and the unfair methods of competition provision of the Federal Trade Commission Act, with reference to acquisitions in the dairy field which your company has made since 1951. This complaint is still pending on hearings, and it is expected that additional hearings will be held in 1958. The complaint against your company is, in form, substantially similar to the complaints pending against three other major dairy companies. We are contesting the charges in defense of the legality of the transactions.

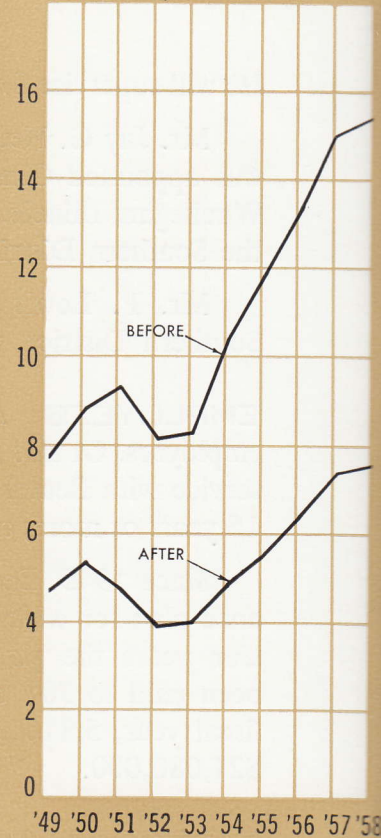
**STOCKHOLDERS** We welcome the many new stockholders whose names appeared on our list for the first time during the past year. Our annual meeting of stockholders will be held in Chicago, Illinois, on Monday, June 2, 1958, at 10:30 A.M. (CDT), in the Grand Ballroom of the Palmer House. Questions are welcome from stockholders who will not be able to attend, particularly those questions they would like to have answered at the annual meeting. All stockholders will receive a written report of the proceedings of the Annual Meeting.

May we take this opportunity to express our appreciation to the people of Beatrice Foods whose loyalty and splendid efforts helped to make this another successful year. We are also deeply grateful to our many customers, producers and suppliers for their support and cooperation and, to our stockholders for their continued confidence in the future of Beatrice Foods Co.

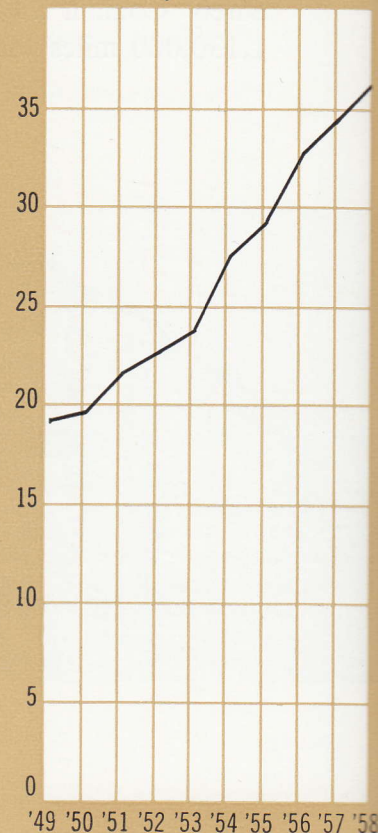
Yours very truly,

*William James*  
President

EARNINGS BEFORE AND AFTER TAXES  
millions of dollars



WORKING CAPITAL  
millions of dollars







## 1957 IN REVIEW

### NATIONAL MILK PRODUCTION AND CONSUMPTION

In 1957, the national production of milk increased approximately one billion pounds to an estimated total of 126.4 billion pounds. This increase was reflected in higher production of milk in the farm areas serving the so-named "Federal Order Markets" regulated by agencies of the United States Department of Agriculture. The production of milk outside the Order Markets declined as farmers continued to dispose of small dairy herds.

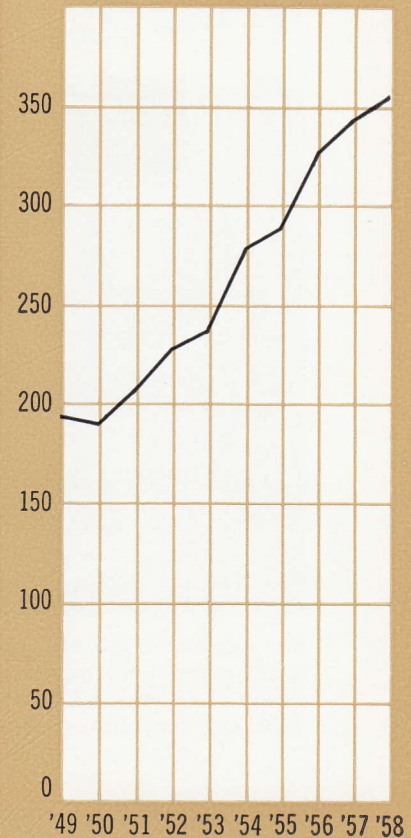
The Order Markets cover the nation's metropolitan centers. The primary purpose of these regulations is to supervise the marketing of Class I milk bottled and sold in fluid form. They also cover surplus milk sold for manufacturing purposes in these markets.

Receipts in these Order Markets in 1957 represented an increase of approximately six per cent over 1956. These receipts constitute about one-fourth of all the off-farm milk and cream sales.

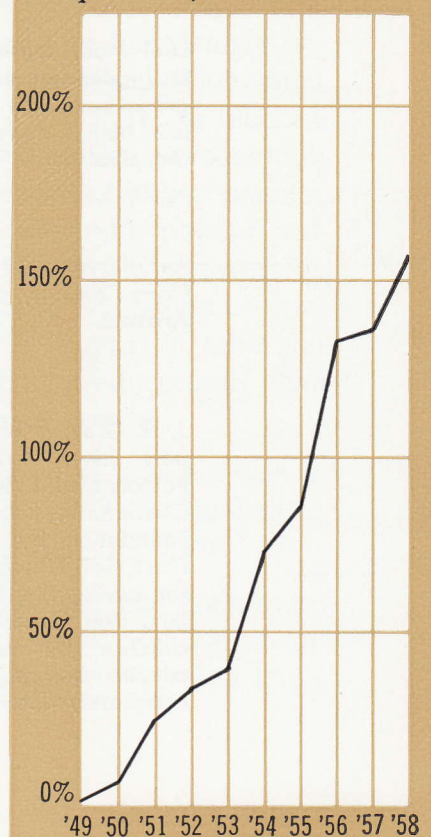
The reason milk receipts of these Order Markets are increasing while production is declining in other areas is that producers who sell milk to these markets receive a higher average price than do other producers. The average price paid by dealers for milk for fluid use in 1957 was \$5.48 per hundred weight, the highest price since 1952, and the fourth highest in 23 years of record. However, prices paid for milk used for manufacturing purposes, which includes all milk not consumed in fluid form, averaged \$3.30 a hundred pounds in 1957. This price was approximately the same as in 1956 and about 10 per cent less than the average for the 1947-49 base period.

Although milk production increased in 1957, the national milk cow population declined to the lowest level in 32 years of record. The

SALES  
millions of dollars

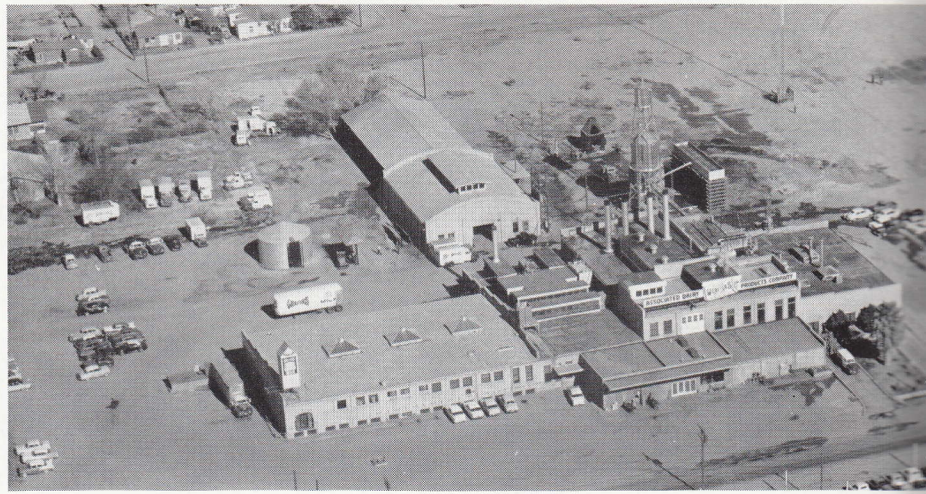


NON-DAIRY FOOD  
AND SERVICES  
millions of dollars —  
percent of increase





Lani Moo, Queen of Dairymen's Ltd. guernsey herd, prefers the green hula skirt to the Hawaiian leis being presented to her by the children.

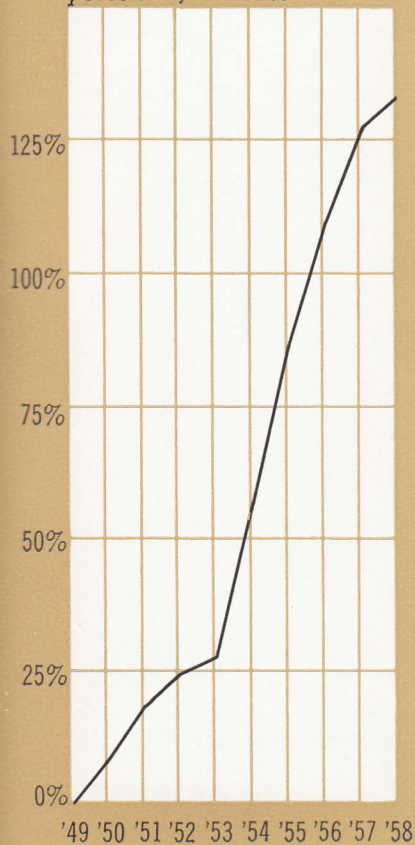


Aerial view of the Associated Dairy Company plant at Glendale, Arizona.

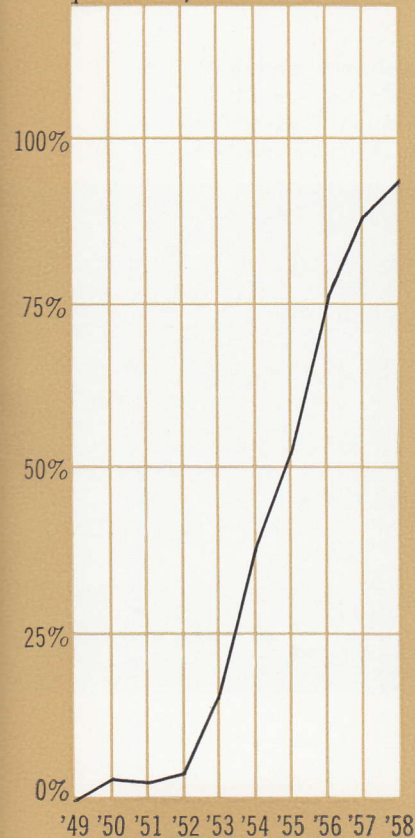
J. H. Gray, a Beatrice milk transport driver, being presented a Pasteur Medal Honorable Mention Citation on behalf of the Milk Foundation by J. C. Haggerty, Fire Chief, Watsonville, California, for saving the lives of Mr. and Mrs. Don Garnet and their three children by awakening them minutes before their home was completely destroyed by fire.



**MILK SALES**  
 millions of gallons —  
 percent of increase



**ICE CREAM SALES**  
 millions of gallons —  
 percent of increase



*La Choy*



Paul R. McClure, at left, District Manager and Chairman of June Dairy Month for Montana and Dean Chaffin, Traffic Safety Chairman discuss with Montana Governor, Hugo J. Aronson, (seated) the "Drink Milk—Stay Alive" campaign.

present 20.5 million cows, however, produced nearly 10 billion pounds more milk than the peak cow population of 25.6 million in 1944. The State of Wisconsin last year increased production by half a billion pounds with 14,000 fewer milk cows, an increase which alone accounted for more than half the overall increase in national milk production. The rest of the increase was accounted for by California and Minnesota.

Skim milk powder in recent years has played an increasingly important role in maintaining the national milk production. This outlet last year absorbed about 20 billion pounds of whole milk, an increase of 10 billion pounds since 1952. During the same period, national milk production increased by 12 billion pounds. Of these 12 billion pounds, about 10 billion pounds went into increased skim milk powder production, as noted above. The butterfat from this milk was made mostly into butter. Approximately one-half of the national production of skim milk powder is purchased by the government in support of milk and butter prices. Wisconsin and Minnesota together produce more than half of the total national production of skim milk powder.

The population of the United States increased at a faster rate in 1957 than did the production of milk, which in 1957 was equivalent to 738 pounds per person compared with 746 pounds for 1956.

Bottled milk and cream consumption per person has maintained its gradual increase year after year. Butter, cheese, and ice cream consumption per person continued at approximately the same levels



as in 1956. Cottage cheese consumption, which has made the most impressive gain of any dairy product in recent years, showed another increase last year.

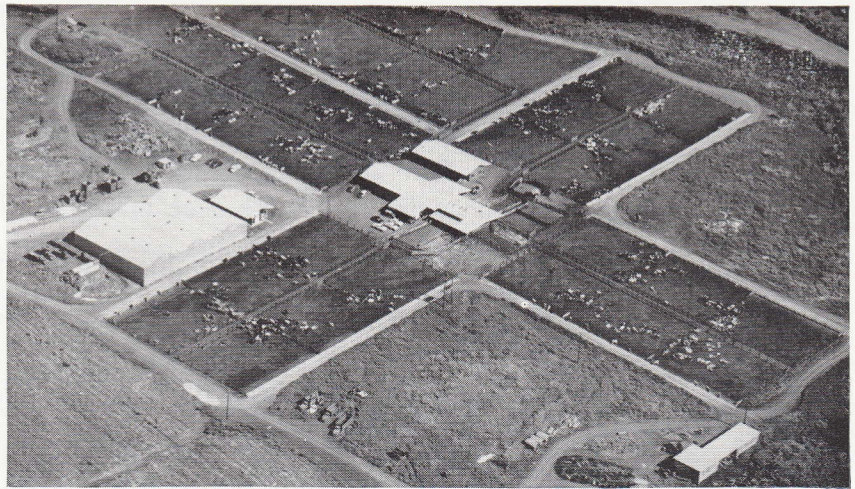
**MILK AND CREAM DEPARTMENT** Bottled milk and cream now constitute 40 per cent of our total sales volume. Our dollar milk sales increased over the previous year by \$5,085,373 for the 19th consecutive yearly gain. Unit sales were 2.7% above those of the previous year. This department continues to be one of the fastest growing in our company. During the past year, the company completed construction of a new milk plant at Clarksburg, West Virginia, to serve the northern part of the state. We also completed our modern dairy farm on the Island of Oahu which supplies milk to Dairymen's Association, Ltd., our milk operation in Honolulu. Our new milk processing plant at Greeley, Colorado, was also completed and put into operation in 1957.

**ICE CREAM DEPARTMENT** Ice cream sales accounted for 18% of our total sales for the year. Unit sales of ice cream showed 4% increase over last year, for an all-time high. However, the average selling price of ice cream and frozen desserts continued to decline during the year. Our distribution of ice cream was expanded in a number of areas, chiefly in Minnesota, Wisconsin, and northern Alabama. We completed plant expansion and improvements in many of our ice cream plants, including Honolulu, Hawaii; Pasadena, California; and Beloit, Wisconsin.

**NON-DAIRY FOODS AND SERVICES DEPARTMENT** The sales volume of our non-dairy foods and services department represented 21% of our total sales last year. Dollar and unit sales of this department were greater than those of the previous fiscal year, continuing a 19-year consecutive annual sales increase in this department.

A **GROCERY PRODUCTS DIVISION** was formed in 1957 under the supervision of George A. Gardella, Vice President, and Edward M. Muldoon, General Manager. The following are now a part of this Division:

*LaChoy Food Products Division*, Archbold, Ohio. This operation continued to break all previous sales records. The 1957 volume was the largest in its 35-year history. Satisfactory profits were made in spite of higher costs of wages, ingredients, supplies and services. An expansion program is being completed which will more than double the production capacity over previous years.



The new Dairymen's Association Ltd. Kawaiian Dairy Ranch on the Island of Oahu, Territory of Hawaii.

The new milk and cottage cheese processing plant at Greeley, Colorado, serving the Rocky Mountain area.



Miniature Meadow Gold Divco. trucks won the blue ribbon award in the 1957 National Dairy Show Parade, Chicago, Illinois.





*The D. L. Clark Company*, Pittsburgh, Pennsylvania, and Evanston, Illinois. The Clark Company has concentrated its merchandising efforts on its famous Clark and Zag Nut Bars, Peanut Blossom Kisses and its new, attractive "sextette" box line which includes Clark and Zag Nut Bar Miniatures. The distribution and sales representation of these nationally known confections have been materially improved.

*Thos. D. Richardson Co.*, Philadelphia, Pennsylvania. This company continues to show increases in sales and earnings. Merchandising efforts were stepped up during the year, emphasizing its Big Four assortment of U-All-No After Dinner Mints, Pastel Mints, Party Patties and Assorted Jelly Centers.

*Bond Pickle Company, Inc.*, Oconto, Wisconsin. This company became a part of our company July 1, 1957. It produces a complete line of fresh-pack and processed pickles under the famous Bond Pickle label. Bond's merchandising efforts and sales representation were increased during the year and the capacity and efficiency of its production facilities were also expanded.

*Mario's Food Products Company*, Detroit, Michigan. Mario's is the newest addition to our Grocery Products Division. This company, a long established and profitable business, is an importer of Spanish olives and virgin olive oil. The Mario plant is rated as one of America's finest and most modern Spanish-olive packing plants. They pack a complete line of "Flavor-Cured" quality Spanish stuffed and plain Manzanilla and Queen olives from the Seville District of Spain. Mario's also pack a "gourmet line" of extra fancy olives. All Mario products carry the Olive Oil Association's purity shield.

All of these companies comprising our Grocery Products Division manufacture quality food products that have either national or semi-national distribution and excellent consumer acceptance. They also enjoy a good potential for further development of their sales and earnings. Our Grocery Products operation is expected to represent a much larger percentage of the company's sales and earnings in the future.

**FROZEN FOODS.** Our unit sales of frozen foods were higher than those of a year ago, although our dollar sales showed no increase because of declining selling prices. Profit margins on frozen foods continued to narrow.

**COLD STORAGE.** The volume carried in our public cold storage warehouses was lower than a year ago because of unsettled market

conditions in various commodities and the smaller government holdings of butter and other commodities.

**BUTTER DEPARTMENT** Butter accounted for 12% of our total sales in the last fiscal year. We manufactured less butter than in the previous year, but because of our aggressive merchandising and marketing program, sales were approximately the same as those of the previous year. We sold no butter to the Federal Government as surplus during the past fiscal year.

**OTHER MANUFACTURED DAIRY PRODUCTS** This department includes cottage cheese and all other forms of cheese, powdered milk, condensed milk and milk product specialties. It accounts for 6% of our total sales. Sales and profits of this department were again satisfactory. We have continued aggressively to promote cottage cheese sales. Our facilities for the manufacture of these dairy products have been further expanded in several of our plants, particularly at New Bremen, Ohio. Our Beatreme powdered shortening sales continue to be satisfactory. We are constantly working on new uses for products made from milk.



Robert W. France, Treasurer of the Company, receiving the Bronze Oscar Award from Richard J. Anderson of Financial World Magazine for the 1957 Annual Report which was adjudged the "Best of Industry" in international competition.

## RESEARCH DEPARTMENT AND NEW PRODUCTS

**DEPARTMENT** In the field of basic research, we are continuing our intensive research into new methods of manufacturing concentrated and powdered whole milk. New techniques of pasteurization, drying, and condensing are being studied. New methods for spray-drying whole milk are currently being put into operation.

Several new powdered specialties for bulk sales have been developed, such as fruit juice powders for beverage, prepared mix, and products for the baking industries. Such new items as special sweetened condensed milk products, powdered butter, and ice cream mix, have been developed for sale in foreign markets.

A number of new and unusual ice cream flavors were developed by this department during the year. One of the most popular was our "Calypso" flavor used last year.

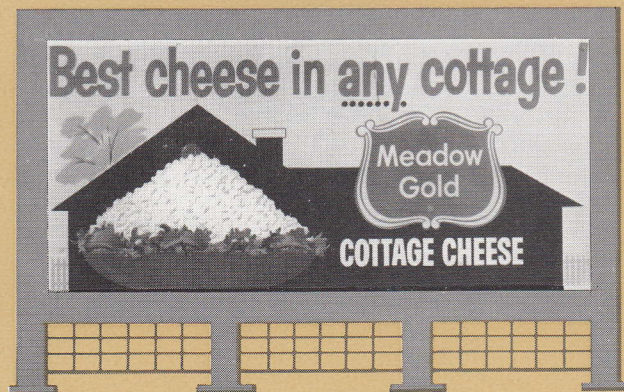
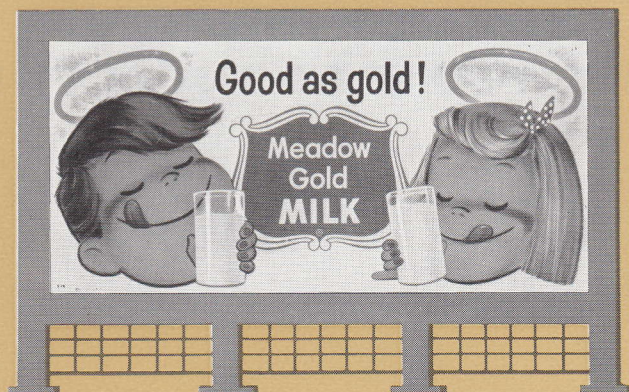
**TEST KITCHEN** During the past year, members of our test kitchen conducted cooking demonstrations in various cities, participated in numerous fairs, special store promotions and school programs, and appeared on a number of telecasts as well as radio broadcast interviews. Many new recipes were developed in the Meadow Gold Kitchen and several food items were checked and tested for the Research and New Products Departments. In addition, the department answered thousands of letters and inquiries from consumers throughout the year.

**ADVERTISING** The company spent a total of \$5,901,202 during the past fiscal year for advertising and sales promotion. Advertising of ice cream, fluid milk and other dairy products was concentrated in an extensive national campaign during 1957. Full page, half-page, and one-third page newspaper advertisements in full color were used in major markets. Large-space dominant ads appeared in two hundred daily newspapers. In addition, local radio, television, and related sales promotional programs were carried out.

During the current year, the company will strengthen even more its aggressive advertising and promotional program on all products. A continuous 12-month outdoor billboard advertising program will feature ice cream, fluid milk and related products. Over 1,500 full-color billboards in 233 markets, covering thirty-one states, and the Hawaiian Islands, will be selling Meadow Gold products every month. Local newspaper, radio, TV, and sales promotional efforts will be tied in to make our overall national sales advertising program even more effective. A new, market-tested and improved line of ice cream and milk carton designs will also help spur sales.



Meadow Gold National Advertising goes local for 1958!



### NEW OUTDOOR ADVERTISING SETS THE THEME

Colorful outdoor posters, such as these, will serve as the campaign springboard for all 1958 advertising on each major product in the Meadow Gold line. We selected this medium because it answers our need for *both* national *and* local advertising. Posters are the only medium with local impact that let us promote Meadow Gold products in appetizing full color with the most excellent art and copy obtainable. Posters also let us *concentrate* our efforts in the markets where our Meadow Gold products are sold. Bright attention-getting posters will be seen by practically everyone in every market. They will work for us every day, every week, every month . . . pre-selling Meadow Gold products to Mrs. America as she travels back and forth between her store and her home.

*1958 Poster themes will be used in all media, in all Markets!*

The same strong brand image and selling ideas conveyed by the posters will be carried over to all supporting advertising, including. . . .

Complete newspaper campaigns  
Transcribed musical spots for radio

Filmed television commercials  
Colorful point-of-sale material



## CONSOLIDATED BALANCE SHEET

### ASSETS

#### Current assets:

	1958	1957
Cash .....	\$ 13,004,795.72	\$ 13,151,065.29
Receivables, less allowance for losses \$1,743,679.40 and \$1,651,745.58 at respective dates .....	19,822,752.46	19,348,884.38
Inventories at lower of average cost or market:		
Products and other merchandise	7,823,946.30	6,748,163.91
Materials and supplies .....	4,840,745.38	3,898,656.51
	<hr/> 12,664,691.68	<hr/> 10,646,820.42
Prepaid insurance, taxes, and other expenses .....	650,577.60	700,038.42
Total current assets .....	<hr/> 46,142,817.46	<hr/> 43,846,808.51
Investments and advances, less allow- ance for losses \$899,088.13 and \$651,286.96 at respective dates ...	1,295,712.23	1,380,938.39
Plant and equipment, at cost less de- preciation:		
Land .....	3,762,346.40	3,667,655.13
Buildings .....	25,306,777.03	24,166,189.15
Machinery and equipment (in- cluding dairy herds) .....	45,130,758.55	41,506,043.02
	<hr/> 74,199,881.98	<hr/> 69,339,887.30
Less allowance for depreciation	35,033,190.15	31,770,082.27
	<hr/> 39,166,691.83	<hr/> 37,569,805.03
	<hr/> <hr/> \$ 86,605,221.52	<hr/> <hr/> \$ 82,797,551.93

*See accompanying notes to consolidated financial statements.*

# Beatrice Foods Co. AND SUBSIDIARY COMPANIES

FEBRUARY 28, 1958 AND FEBRUARY 28, 1957

**LIABILITIES**

Current liabilities:

	1958	1957
Accounts payable, etc. ....	\$ 7,022,997.86	\$ 7,211,762.51
Salaries and wages accrued .....	1,115,595.14	1,155,106.18
Taxes accrued, other than federal taxes on income .....	1,098,258.24	1,046,794.95
Federal taxes on income, estimated, current and prior years, less United States Treasury securities \$5,918,726.57 and \$6,804,341.78 at respective dates .....	379,937.88	250,671.10
Total current liabilities	9,616,789.12	9,664,334.74

3% sinking fund debentures dated June 1, 1947, due June 1, 1962, less \$250,000.00 included in current liabilities (assumed on Creameries of America, Inc. merger) .....	1,500,000.00	1,750,000.00
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Stockholders' equity (note 1):

3 $\frac{3}{8}$ % cumulative convertible prior preferred stock .....	1,035,400.00	1,345,600.00
4 $\frac{1}{2}$ % cumulative preferred stock ....	7,740,200.00	7,973,200.00
Common stock .....	25,748,425.00	16,840,300.00
Capital surplus .....	174,177.95	6,520,843.98
Earned surplus (retained earnings)	41,069,855.35	38,952,897.82
	75,768,058.30	71,632,841.80
Less treasury common stock, at cost	279,625.90	249,624.61
	75,488,432.40	71,383,217.19
	\$ 86,605,221.52	\$ 82,797,551.93



# Beatrice Foods Co.

## NOTES TO

### consolidated financial statements

February 28, 1958

	Shares	
	1958	1957
(1) Particulars of the capital stock are as follows:		
3 $\frac{3}{8}$ % cumulative convertible prior preferred stock, \$100.00 par value, redeemable at option of the company at premiums varying with redemption dates or through sinking fund at \$104.50:		
Shares authorized, issued, and outstanding .....	<u>10,354</u>	<u>13,456</u>
4 $\frac{1}{2}$ % cumulative preferred stock, \$100.00 par value, redeemable at option of the company before July 1, 1958 at \$104.00 and at decreasing amounts thereafter to July 1, 1961 when the redemption price becomes \$100.00 per share:		
Shares authorized, issued, and outstanding .....	<u>77,402</u>	<u>79,732</u>
Common stock, \$12.50 par value, authorized 2,500,000 shares:		
Shares issued .....	2,059,874	1,347,224
Less shares in treasury .....	10,693	6,562
Shares outstanding .....	<u>2,049,181</u>	<u>1,340,662</u>

- (2) Rentals for real property in the year ended February 28, 1958 amounted to \$1,640,038.81. This amount represents payments under approximately 504 leases, of which 65.9% relates to leases expiring within ten years and the balance, \$559,593.88, to 57 leases expiring more than ten years after February 28, 1958. Under certain leases the companies also pay taxes, maintenance, insurance, etc.

The companies are also lessees of ice cream cabinets used by dealers for refrigerating the companies' products, and motor vehicles at rentals deemed to be substantial. The greater portion of such rentals pertaining to motor vehicles includes, without allocation, operating expenses as well as rentals.

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

- (3) Retirement annuity premiums charged against earnings in the years ended February 28, 1958 and 1957 amounted to \$476,249.21 and \$357,783.52, respectively. These charges included \$170,150.09 in 1958 and \$137,122.59 in 1957 applicable to past service liability; as of February 28, 1958 the total past service liability was \$949,144.79. Under the plans now in effect, the continuation of which is at the option of the company, minimum annual payments required to provide past service benefits vary in amount from year to year but it is expected that the total past service liability will be paid in the future over a period of not less than sixteen years.
- (4) The company, for income tax reporting only, is using an accelerated method of computing depreciation on its property and equipment acquired after March 1, 1954. This had the effect of reducing income taxes in the years ended February 28, 1958 and 1957 by approximately \$500,000.00 and \$300,000.00, respectively.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

10 SOUTH LA SALLE STREET

CHICAGO 3, ILL.

The Stockholders

Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 28, 1958 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, 1958 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Peat, Marwick, Mitchell*

Chicago, Illinois  
April 11, 1958

# Beatrice Foods Co.



## TEN YEAR SUMMARY OF CONSOLIDATED EARNINGS

Year Ended February 28,	1958	1957
Net Sales .....	\$ 353,971,987	\$ 342,086,657
Other Income .....	1,704,271	1,274,383
Total .....	355,676,258	343,361,040
Income Deductions:		
Cost of Goods Sold and Operating Expenses	335,252,160	323,533,470
Provision for Depreciation .....	5,148,420	4,771,928
Provision for Federal Taxes on Income Estimated .....	7,674,000	7,739,000
Total .....	348,074,580	336,044,398
Net Earnings .....	\$ 7,601,678	\$ 7,316,642
Earnings per Share of Common Stock .....	\$ 3.52	\$ 3.43
Taxes per Share of Common Stock .....	5.85	5.96
Dividends:		
Preferred .....	\$ 393,988	\$ 411,682
Common .....	3,663,927	3,256,133

## TEN YEAR SUMMARY OF FINANCIAL CONDITION

Year Ended February 28,	1958	1957
Current Assets:		
Cash .....	\$ 13,004,796	\$ 13,151,065
Receivables .....	19,822,752	19,348,884
Inventories .....	12,664,692	10,646,820
Prepaid Expenses .....	650,577	700,039
Total Current Assets .....	46,142,817	43,846,808
Deduct Current Liabilities .....	9,616,789	9,664,334
Net Working Capital .....	36,526,028	34,182,474
Investments and Advances .....	1,295,712	1,380,938
Property, Plant and Equipment (Net) .....	39,166,692	37,569,805
	76,988,432	73,133,217
Deduct Long Term Debt .....	1,500,000	1,750,000
Stockholders' Equity .....	\$ 75,488,432	\$ 71,383,217
Stockholders' Equity:		
3 3/8 % Preferred Stock .....	\$ 1,035,400	\$ 1,345,600
4 1/2 % Preferred Stock .....	7,740,200	7,973,200
Common Stock .....	25,468,799	16,590,676
Capital Surplus .....	174,178	6,520,844
Earned Surplus (Retained Earnings) .....	41,069,855	38,952,897
	\$ 75,488,432	\$ 71,383,217
Ratio of Current Assets to Current Liabilities	4.8:1	4.5:1
Book Value per Share of Common Stock .....	\$ 32.56	\$ 30.86

AND SUBSIDIARY COMPANIES

1956	1955	1954	1953	1952	1951	1950	1949
\$ 325,024,680	\$ 287,352,312	\$ 275,034,840	\$ 235,204,505	\$ 228,661,163	\$ 205,257,498	\$ 190,459,992	\$ 192,199,438
1,219,354	1,028,994	597,267	478,808	625,867	638,027	531,835	617,542
<u>326,244,034</u>	<u>288,381,306</u>	<u>275,632,107</u>	<u>235,683,313</u>	<u>229,287,030</u>	<u>205,895,525</u>	<u>190,991,827</u>	<u>192,816,980</u>
308,645,091	272,826,864	262,243,252	225,360,929	219,079,369	194,818,028	180,743,777	183,483,151
4,279,263	3,681,231	3,035,541	2,069,029	2,029,427	1,817,531	1,554,872	1,456,868
6,930,000	6,320,000	5,525,000	4,260,000	4,270,000	4,440,000	3,260,000	3,070,000
<u>319,854,354</u>	<u>282,828,095</u>	<u>270,803,793</u>	<u>231,689,958</u>	<u>225,378,796</u>	<u>201,075,559</u>	<u>185,558,649</u>	<u>188,010,019</u>
\$ 6,389,680	\$ 5,553,211	\$ 4,828,314	\$ 3,993,355	\$ 3,908,234	\$ 4,819,966	\$ 5,433,178	\$ 4,806,961
\$ 3.01	\$ 2.85	\$ 2.60	\$ 2.45	\$ 2.41	\$ 3.02	\$ 3.41	\$ 3.00
5.41	5.38	4.70	3.87	3.90	3.97	3.07	2.85
\$ 431,003	\$ 467,136	\$ 324,242	\$ 159,999	\$ 176,280	\$ 181,242	\$ 188,338	\$ 196,815
<u>3,060,255</u>	<u>2,696,136</u>	<u>2,481,483</u>	<u>2,335,677</u>	<u>2,308,500</u>	<u>2,558,960</u>	<u>2,558,960</u>	<u>1,279,480</u>

1956	1955	1954	1953	1952	1951	1950	1949
\$ 13,634,349	\$ 11,802,872	\$ 11,097,738	\$ 10,794,292	\$ 10,992,143	\$ 9,762,563	\$ 9,977,678	\$ 10,964,897
17,612,372	14,565,820	14,075,561	10,587,794	9,410,256	8,402,158	7,028,762	6,301,703
9,806,224	9,333,313	8,753,686	6,723,748	6,568,284	7,199,687	5,345,132	4,916,848
779,744	655,152	671,596	474,668	545,368	334,385	621,482	355,338
<u>41,832,689</u>	<u>36,357,157</u>	<u>34,598,581</u>	<u>28,580,502</u>	<u>27,516,051</u>	<u>25,698,793</u>	<u>22,973,054</u>	<u>22,538,786</u>
9,422,407	7,440,157	7,106,782	5,027,295	5,179,742	4,618,404	3,636,486	3,610,492
<u>32,410,282</u>	<u>28,917,000</u>	<u>27,491,799</u>	<u>23,553,207</u>	<u>22,336,309</u>	<u>21,080,389</u>	<u>19,336,568</u>	<u>18,928,294</u>
1,831,275	2,162,259	1,531,552	1,013,675	751,085	600,690	610,301	547,350
<u>35,122,235</u>	<u>30,595,413</u>	<u>30,528,870</u>	<u>19,183,573</u>	<u>18,826,199</u>	<u>18,933,380</u>	<u>17,987,825</u>	<u>16,270,112</u>
69,363,792	61,674,672	59,552,221	43,750,455	41,913,593	40,614,459	37,934,694	35,745,756
2,000,000	2,250,000	2,500,000	—	—	—	—	—
<u>\$ 67,363,792</u>	<u>\$ 59,424,672</u>	<u>\$ 57,052,221</u>	<u>\$ 43,750,455</u>	<u>\$ 41,913,593</u>	<u>\$ 40,614,459</u>	<u>\$ 37,934,694</u>	<u>\$ 35,745,756</u>

\$ 1,650,800	\$ 2,420,700	\$ 3,622,400	\$ 4,466,800	\$ 4,960,300	\$ 5,369,400	\$ 5,369,400	\$ 5,746,300
8,111,200	8,111,200	8,125,000	—	—	—	—	—
16,501,144	14,838,725	14,440,537	13,058,413	12,893,000	12,794,800	12,794,800	12,794,800
5,796,576	4,369,521	3,569,696	953,243	626,403	439,823	439,823	426,542
<u>35,304,072</u>	<u>29,684,526</u>	<u>27,294,588</u>	<u>25,271,999</u>	<u>23,433,890</u>	<u>22,010,436</u>	<u>19,330,671</u>	<u>16,778,114</u>
<u>\$ 67,363,792</u>	<u>\$ 59,424,672</u>	<u>\$ 57,052,221</u>	<u>\$ 43,750,455</u>	<u>\$ 41,913,593</u>	<u>\$ 40,614,459</u>	<u>\$ 37,934,694</u>	<u>\$ 35,745,756</u>
4.4:1	4.9:1	4.9:1	5.7:1	5.3:1	5.6:1	6.3:1	6.2:1
\$ 29.07	\$ 27.46	\$ 26.15	\$ 24.85	\$ 23.89	\$ 22.95	\$ 21.21	\$ 19.54



La Choy



Bond's



Mario's



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