



62nd
Annual Report

FOR FISCAL YEAR ENDED FEBRUARY 29, 1960

62nd ANNUAL REPORT



Beatrice Foods Co.

HIGHLIGHTS OF THE YEAR

	February 29, 1960	February 28, 1959	Percent of Change
Net Sales	\$443,058,795	\$385,449,644	14.9
Net Earnings after Federal Income Taxes	10,305,308	8,862,121	16.2
Earnings per Share of Common Stock	3.80	3.65	4.1
Working Capital	52,118,797	44,822,972	16.2
Stockholders' Equity	104,453,944	88,955,572	17.4
Number of Stockholders	14,807	13,993	5.8
Number of Employees	13,643	13,034	4.6

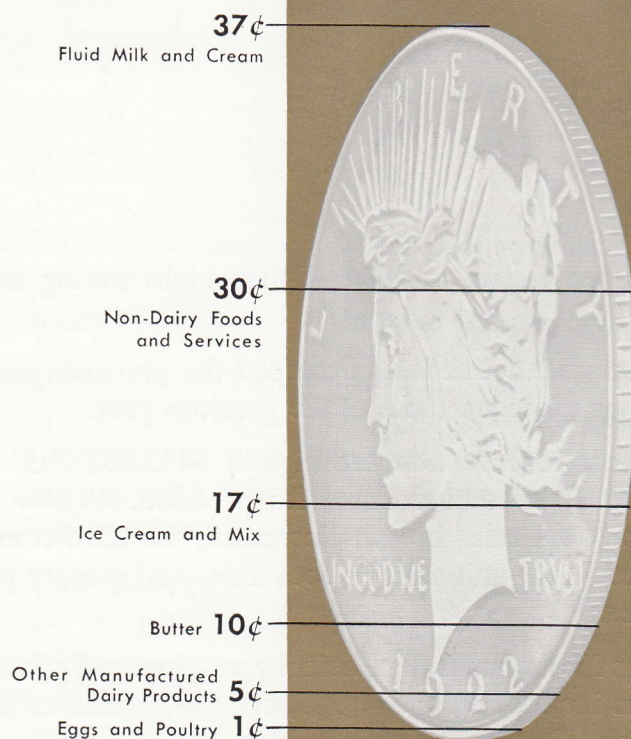
A few of the 550 Stockholders and guests who attended the 62nd Annual meeting and luncheon at the Palmer House in Chicago.



Annual Meeting

The 63rd Annual Stockholders Meeting will be held in Chicago, Illinois on June 1, 1960, at 10:30 A.M. (CDT), in the Grand Ballroom 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.

SALES DOLLAR



SOURCE



DISPOSITION

FIVE YEAR COMPARATIVE SUMMARY

	1960	1959	1958	1957	1956
Net Sales	\$443,058,795	\$385,449,644	\$353,971,987	\$342,086,657	\$325,024,680
Earnings before Taxes	20,475,308	17,928,321	15,275,678	15,055,642	13,319,680
Federal Taxes	10,170,000	9,066,200	7,674,000	7,739,000	6,930,000
Earnings after Taxes	10,305,308	8,862,121	7,601,678	7,316,642	6,389,680
Earnings per share of Common stock (2)	3.80	3.65	3.52	3.43	3.01
Dividends paid per share of Common stock (2)	1.80	1.80	1.80	1.63	1.63
Working Capital	52,118,797	44,822,972	36,526,028	34,182,474	32,410,282
Year-end inventories	21,351,169	18,660,123	12,664,692	10,646,820	9,806,224
Amounts added to Earned Surplus	12,088,104 ⁽¹⁾	4,571,708	2,116,958	3,648,826	2,748,871
Book Value per share of Common stock (2)	36.84	34.60	32.56	30.86	29.07
Number of stockholders	14,807	13,993	13,838	12,966	12,613
Number of employees	13,643	13,034	12,087	12,435	12,167

(1) Including \$6,822,047 acquired in merger.

(2) Before giving effect to stock distribution of March 3, 1960.

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62nd ANNUAL REPORT:

TO THE STOCKHOLDERS OF Beatrice Foods Co.



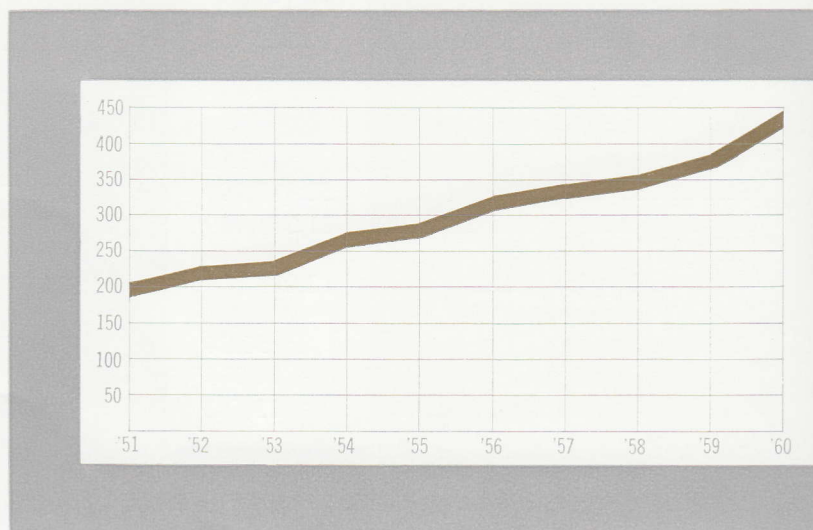
Sales and earnings of your company again reached all-time highs during the fiscal year ended February 29, 1960.

This is the 10th consecutive year that dollar sales exceeded the previous year. It is the 8th consecutive year that earnings exceeded those of the previous year.

SALES Our dollar sales for the year reached a record high of \$443,058,795. This is an increase of \$57,609,151, or 15%, from total dollar sales of \$385,449,644 for the preceding fiscal year. Likewise, our total sales in units increased, the 23rd consecutive year this objective has been achieved. Our unit sales in both dairy and grocery products showed a gain over the previous year.

EARNINGS Consolidated earnings for the fiscal year, before provision for Federal taxes, reached a record of \$20,475,308, an increase of \$2,546,987, or 14%, from total earnings of \$17,928,321 for the previous year. Earnings *after* provision for Federal taxes were \$10,305,308, an increase of \$1,443,187, or 16% from the total of \$8,862,121 a year ago. Earnings *after* Federal taxes were equivalent to 2.33% of sales compared to 2.30% for the preceding year. These net earnings, after dividends on preferred shares outstanding, were equivalent to \$3.80 per share on the 2,609,640 shares of common stock outstanding on February 29, 1960. This compares with net earnings of \$3.65 per share on 2,322,658 common shares outstanding at the end of the previous year.

CAPITAL STOCK As of February 29, 1960, 6,626 shares of 3 $\frac{3}{8}$ % Convertible Prior Preferred Stock were still outstanding. Purchases for retirement in previous years, together with conversions, have anticipated sinking fund redemption requirements through 1985. At the close of this fiscal year, 76,602 shares of 4 $\frac{1}{2}$ % Cumulative Preferred Stock were outstanding, as were 2,609,640 shares of common stock.



SALES in millions of dollars

Beatrice Foods Co.

DIVIDENDS Dividends of \$4,935,458 were paid on the outstanding preferred and common stock during the fiscal year, compared to \$4,290,414 last year. Ninety-six consecutive quarterly cash dividends have been paid on the common stock.

INVENTORY The inventory as of February 29, 1960, amounted to \$21,351,169 compared to \$18,660,123 at the end of the previous fiscal year. This figure represents an increase of \$2,691,046, due almost entirely to new product lines that have been added during the past year. The ratio of company sales to year-end inventories was 21 to 1 for the fiscal year just ended.

WORKING CAPITAL The working capital (current assets less current liabilities) as of February 29, 1960, amounted to \$52,118,797, an increase of \$7,295,825 from the total of \$44,822,972 at the close of the previous year. Your company had \$5.14 of current assets for each dollar of current liabilities, compared with \$4.90 a year ago. This is the 15th consecutive year our company has shown an increase in working capital.

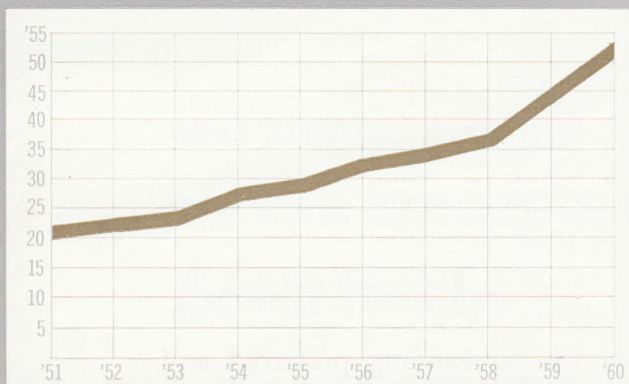
STOCKHOLDER EQUITY The stockholders' equity increased to \$104,453,944 from \$88,955,572 a year ago. The book value of each share of common stock outstanding on February 29, 1960, was \$36.84, compared with \$34.60 a year ago. This is the 23rd consecutive year the book value of the common stock has increased.

CAPITAL EXPENDITURES Our capital expenditures for the past year amounted to \$8,177,511. This sum was used for modernization and expansion of our plant buildings, the building of several new distributing branches, for the purchase of processing and refrigeration equipment, and for new trucks. Capital expenditures during the past year totaled \$1,500,594 more than the depreciation.

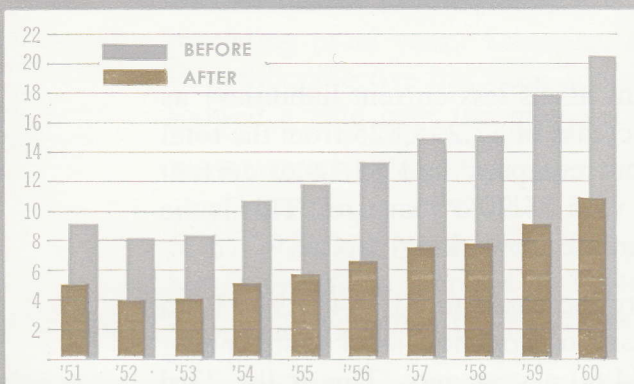
COMMON STOCK DISTRIBUTION On March 3, 1960, the company distributed one additional share of common stock for each four shares held by the common stockholders of record on February 3, 1960. It was announced that the Board of Directors



Dannon Milk Products Co.
Plant at Long Island City,
New York, and the fleet
that daily delivers Dannon
Yogurt throughout Metro-
politan New York.



WORKING CAPITAL in millions of dollars



EARNINGS BEFORE AND AFTER TAXES in millions of dollars

intended to declare a dividend of 40¢ per share quarterly, or \$1.60 per share annually, in the fiscal year beginning March 1, 1960. The effect of this action has been to increase the annual dividends paid on the outstanding common stock before such distribution from \$1.80 per share to \$2.00 per share.

SAFETY PROGRAM We are continuously working to improve our safety performance both in our plants and on the highway. For the fourth consecutive year, a company plant won a first-place award in the National Safety Council Fleet Contest. Our El Paso, Texas plant was the winner this year.

GROUP LIFE INSURANCE Under our Group Life Insurance Plan, death and disability claims have been paid to 594 beneficiaries, for a total of \$2,081,450 since the inception of the Plan. During the year, 5,636 eligible employees were insured for a total of over \$22,033,025. The Company pays all premiums, having sponsored this Plan since 1945.

LEGAL PROCEEDINGS There is very little change in the status of the Federal Trade Commission complaint in the ice cream trade practices proceeding since our last report on September 29, 1959. The Trial Examiner issued his initial decision and ordered that the complaints filed against your company and other companies be dismissed. The Government Attorney in support of the complaints has taken an appeal and has filed briefs with the Commission. Our answering brief is in preparation and will be filed in due course.

Hearings in support of the Federal Trade Commission's merger complaint filed in 1956 are approaching an end, after which it is expected that further hearings will be

held to receive evidence and testimony in defense of the company's mergers in the dairy field.

Also, the Federal Trade Commission filed a complaint against the company on September 28, 1959, alleging various pricing violations under the Robinson-Patman Act. The first hearing was held in Denver, Colorado, in March and it is expected that additional hearings in other areas will be scheduled.

Other proceedings involving some local trade practices are also pending but, in the opinion of counsel and management, the same are not deemed to be material.

STOCKHOLDERS We are pleased to report that the number of stockholders of your company has continued to increase. At the end of our fiscal year, we had 14,807 stockholders.

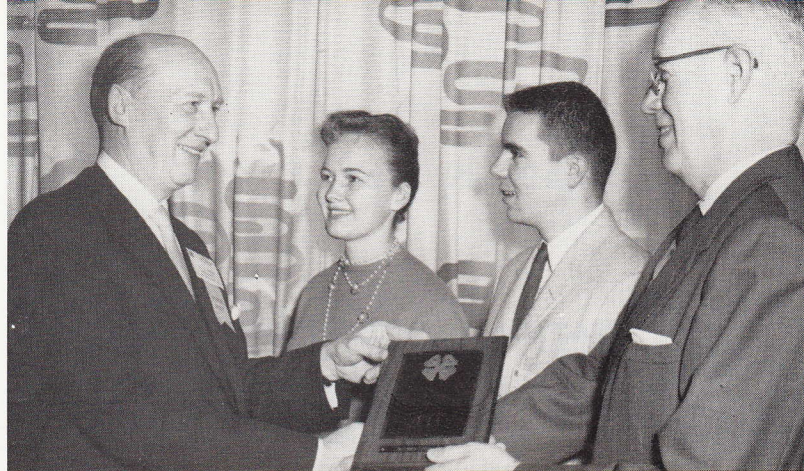
Our Annual Meeting of Stockholders will be held in Chicago on Wednesday, June 1, 1960, at 10:30 A.M. (CDT), in the Grand Ballroom of the Palmer House. Questions are invited from stockholders. All stockholders will receive a report of the proceedings.

We take this opportunity to express our appreciation to you, as a stockholder, for your continued confidence in the future of your company, and to the people of Beatrice Foods whose loyalty and devoted efforts have helped make this another successful year. We are also deeply grateful to our many customers, producers, and suppliers for their support and co-operation.

Sincerely yours,



WILLIAM G. KARNES
President



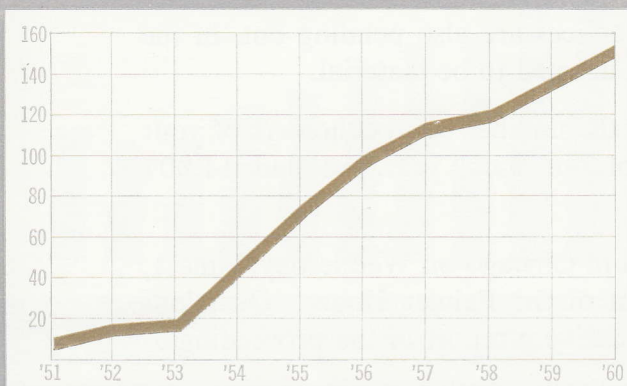
President Karnes accepting plaque presented to Beatrice Foods Co. for meritorious service to 4-H Clubs at Fifth Annual 4-H Dairy Conference Luncheon in Chicago. With him from left to right: Mary Alice Pendleton, Leonardsburg, Ohio; William F. Eustice, Belmont, Wisconsin; Frank Mynard, Extension Specialist in 4-H Club Work at University of Illinois.



1959 IN REVIEW

NATIONAL MILK PRODUCTION

Although national milk production on an overall basis has leveled out in the past few years, the supply of commercially available milk has continued to increase. An important factor in this increase has been the decline in the farm sale of separated cream, which had previously been



MILK SALES in millions
of gallons percent of increase

the major source of butter production. According to government estimates, farmers have increased their sale of whole milk annually by 25 billion pounds in the past ten years while sales of farm-separated cream on a milk-equivalent basis have declined by about 10 billion pounds annually.

This shift to sales of whole milk has been accompanied by a steady decline in

the number of milk cows on farms which, in the period 1950-1960, dropped from 22 million to 19.3 million, a decrease of 14 per cent. Milk production per cow in the same 10-year period increased from 5,314 pounds annually to 6,438 pounds annually, an increase of 21 per cent.

The relative stability of national milk production and total increased consumption has resulted in a substantial reduction in government purchases of surplus dairy products for price support purposes.

DAIRY PRODUCTS

MILK AND CREAM DEPARTMENT

Bottled milk and cream now constitute 37% of our total sales volume. Our dollar and unit milk sales increased over the previous year for the 21st consecutive yearly gain. Your company continued to expand its milk business into new areas and installed larger and more efficient machinery in many of our milk plants.

ICE CREAM DEPARTMENT

Our ice cream sales accounted for 17% of our total sales for the year. Unit sales of ice cream again reached an all-time high. The average selling price of ice cream and frozen desserts continued to decline, however, during the year. Our distribution of ice cream was extended into new areas during the year. We completed the expansion and modernization of our ice cream plants in Brooklyn, New York; Sedalia, Missouri; Honolulu,



Hawaii; Muncie, Indiana, and Des Moines, Iowa.

BUTTER DEPARTMENT

Butter accounted for 10% of our total sales in the past fiscal year. Our dollar and unit sales of butter were greater than in the previous year. As production of farm-separated cream continues to decline, more butter is made from factory-separated cream. Continuous refinements are being made in our manufacturing and packaging procedures to insure the constant high quality of our butter.

OTHER MANUFACTURED DAIRY PRODUCTS

Our manufactured dairy products accounted for 5% of our total sales. They include cottage cheese and all other forms of cheese, powdered milk, condensed milk, and milk product specialties. Sales and profits in this department again were most satisfactory. We continue aggressively to promote the sale of cottage cheese, Dannon Yogurt and other milk specialties.

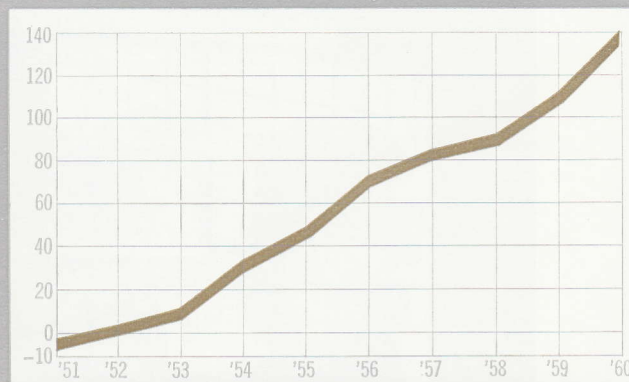
We now have several installations of modern, large-capacity automatic cottage cheese processing and packaging machinery which have increased production substantially as well as improved the quality of the product.

Sales of Dannon Yogurt continued to increase in the New York and Philadelphia metropolitan areas. This year, we entered the Boston metropolitan area with Dannon

Yogurt, and plan to continue to expand distribution of this product.

GROCERY PRODUCTS

In keeping with the company's growth philosophy and the trend to "Convenience Foods" — foods that require little or no



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

preparation at home — your company has continued to add new grocery and confectionery products which, like all our dairy products, are "ready-to-serve."

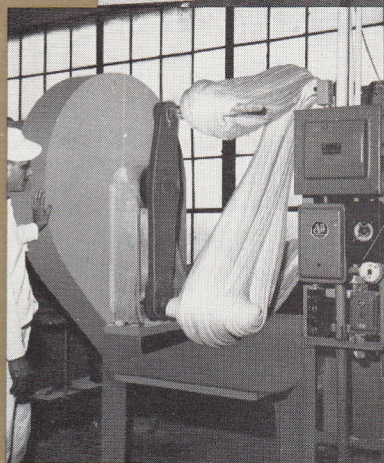
This policy is reflected in increased sales and earnings of our Grocery Products Divisions which now account for 30% of our total sales. This Division, with headquarters in Detroit, Michigan, is under the supervision of George A. Gardella,



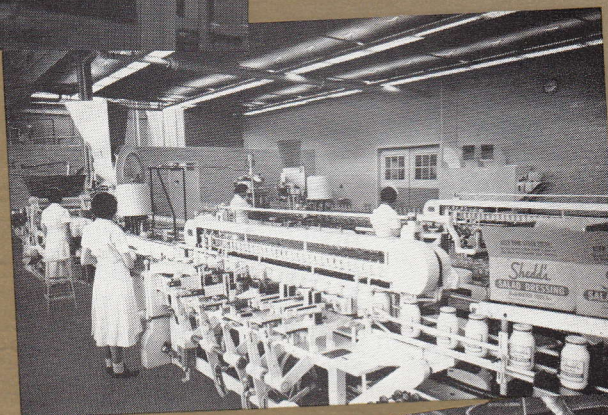
Cups are filled automatically with the various flavors of Dannon Yogurt at the plant in Long Island City, New York.



Clark candy bars come through the enrobing machine at the Pittsburgh Plant.

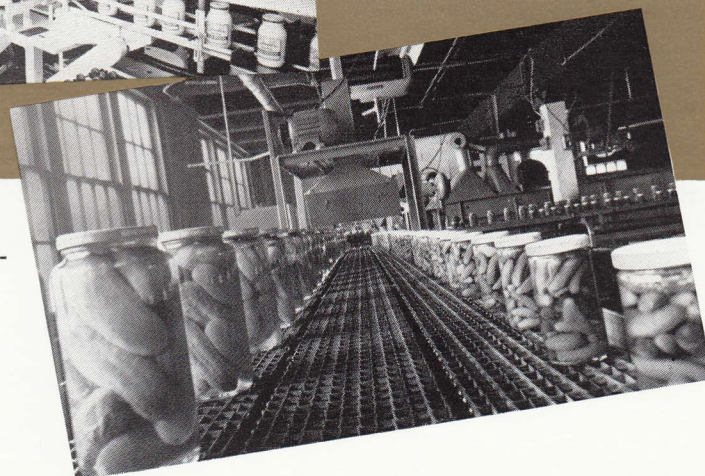


Richardson's "U-All-No" Mints on a mint pulling machine.

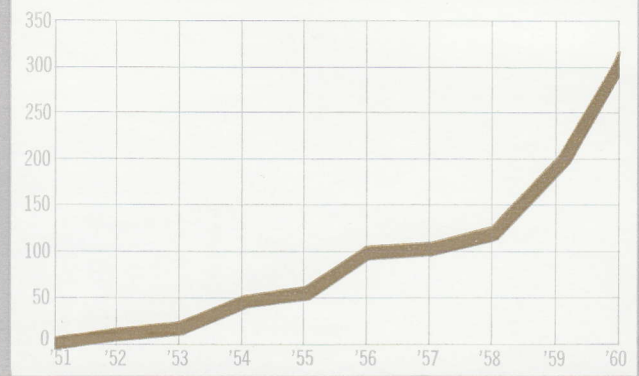


Shedd's Salad Dressing being bottled, capped and labeled at Detroit, Michigan.

Squire Dingee "Ma Brown" pickles being conveyed to the cartoning machines.



**NON-DAIRY FOODS
AND SERVICES**
*in millions of dollars
percent of increase*



Vice President of your company, and Edward M. Muldoon, General Manager of the Division.

La Choy is the leading brand of canned Chinese Foods and, in addition to distribution from coast to coast, we now have distribution of our La Choy products in 40 foreign countries.

D. L. Clark Candy Company, with its famous Clark and Zag-Nut Bars, and Thos. D. Richardson Company, with its well-known "U-All-No" Richardson Mints, continued to expand their total sales, entered new territories and added new products within the past year.

Mario's Food Products, Bond Pickle Company, Squire Dingee Company, Lutz & Schramm and The Brown-Miller Company had successful years. Distribution of Mario's Spanish olives, Bond, "Ma Brown", L & S, Rainbo, American and Delta pickles, as well as "Ma Brown" and L & S preserves, was expanded into many new areas.

Shedd-Bartush Foods, Inc., with plants in Detroit, Michigan; Louisville, Kentucky; Elgin, Illinois; Omaha, Nebraska; San Francisco, California; Dallas,

Texas; Greenville, South Carolina, and Cincinnati, Ohio, processes and distributes Keyko, Churngold, Sun Valley, Southern Gold brands of margarine as well as other brands of margarine. In addition, Shedd-Bartush processes and distributes the Lady Betty and Shedd's brands of specialty foods, including prune juice, peanut butter and a full line of salad dressings and other packaged grocery items. Shedd-Bartush is a recognized leader in its field and, over the years, has achieved an outstanding reputation for top-quality products and a fine organization.

Tasty Foods, Inc., Denver, Colorado, another new company that joined us last year produces Kobey's potato chips, sold in and around the Denver metropolitan area. Sales of Kobey's vacuum packed shoestring potatoes are rapidly growing and distribution is increasing in the south, southwest, midwest and western states.

Since the close of this fiscal year, the Gebhardt Chili Powder Company, San Antonio, Texas, has joined Beatrice Foods. Gebhardt is one of the oldest and best-known names in Mexican foods. It produces chili powder and related Mexican chili foods which are distributed nationally



(Above) Tasty Foods, Inc., Denver, Colorado. Home of Kobey's Potato Chips and Vacuum Packed Shoestring Potatoes and French Fried Onions.

(Left) General Office and Plant of Shedd-Bartush Foods, Inc., Detroit, Michigan.

and around the world. The chief products of the company are Eagle Brand chili powder, chili con carne, chili with beans, chili hot dog sauce, tamales, Chili Quik sauce, Mexican style beans, barbecue sauce and sandwich spread. Principal brands are Gebhardt, Eagle and Chili Quik.

The equipment, processing facilities and production capacity of most of these companies have been expanded and modernized. Progress has been made in controlling costs, and the efficiency of these plants has improved with the addition of automatic equipment and automation wherever practical.

NEW PRODUCT DEVELOPMENT

New products have played, and are continuing to play, an important role in the development of all of these businesses. Your company believes that consumers are constantly on the lookout for new "Convenience Foods" in greater variety, and that a sizable percentage of all grocery

sales in the future could come from food products that are non-existent today.

Our laboratories and marketing staffs are constantly developing and testing the "Products of Tomorrow" to meet the challenge of ever-increasing consumer demand for new foods with built-in maid service; that is, foods which are partially or completely prepared in advance. Your management considers new products and improved packaging effective in building sales. Much progress has been made in this direction for all of our dairy and grocery products.

ADVERTISING AND SALES PROMOTION

Advertising and sales promotion have been increased in all fields. During the past year, we spent \$8,214,043 for advertising and sales promotion. This, together with new products, improved quality, packaging and handling, has contributed to the improved performance of all of the company's divisions.



ADVERTISING

The integrated merchandising and advertising technique developed in 1959 for Meadow Gold's ice cream, milk and cottage cheese promotions has been further developed and is being used in 1960.

Each promotion is built around a central theme and illustration which are dramatized on full-color outdoor boards in over 300 markets. Additional impact comes from newspaper ads, TV commercials, radio spots, store banners, shelf strips, in-store posters, and, finally, from the appearance of the theme on the package itself.

Illustrated are the May-June promotions, Bananza Split Ice Cream and 99% Fat Free Milk.



Newspaper Ads



New way to enjoy oldtime treat! Here's a banana split in a package—bananas-nut ice cream, strawberry and chocolate. This is the flavor combination that has delighted generations of children and launched a million ice cream parlor romances...brought to you in a new delicious form by Meadow Gold. Hurry to your favorite store for a half gallon right away!



Outdoor Billboards

Beatrice Foods Co. AND SUBSIDIARY COMPANIES



CONSOLIDATED

ASSETS

Current assets:

	1960	1959
Cash	\$ 17,334,423.44	\$ 14,602,723.19
Receivables, less allowance for losses \$2,146,605.77 and \$1,993,918.16 at respective dates	25,099,075.70	22,228,152.74
Inventories, at lower of average cost or replacement market:		
Products and other merchandise	10,892,879.28	10,399,589.02
Materials and supplies	10,458,289.52	8,260,533.87
	21,351,168.80	18,660,122.89
Prepaid expenses	905,227.14	815,551.32
Total current assets	64,689,895.08	56,306,550.14
Investments and advances, less allowance for losses \$1,009,175.74 and \$1,007,781.53 at respective dates	1,989,739.93	1,316,486.55
Plant and equipment, at cost less depreciation:		
Land	4,383,484.85	4,146,491.36
Buildings	30,986,187.89	28,570,345.50
Machinery and equipment	61,259,813.01	52,589,629.55
	96,629,485.75	85,306,466.41
Less allowance for depreciation	47,110,078.35	40,790,352.79
	49,519,407.40	44,516,113.62
Intangible assets acquired, at cost less amortization	2,726,000.00	—
	\$ 118,925,042.41	\$ 102,139,150.31

See accompanying notes to consolidated financial statements.

BALANCE SHEET

LIABILITIES

Current liabilities:

Accounts payable	\$ 9,758,443.40	\$ 8,875,130.40
Salaries and wages accrued	1,144,576.27	1,150,616.71
Taxes accrued, other than federal taxes on income	1,608,821.23	1,273,698.57
Federal taxes on income, less United States Government securities \$6,034,042.75 and \$5,940,227.67 at respective dates	59,257.18	184,132.20

Total current liabilities	12,571,098.08	11,483,577.88
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Deferred federal taxes on income	900,000.00	450,000.00
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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)	1,000,000.00	1,250,000.00
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Stockholders' equity (note 1):

3 $\frac{3}{8}$ % cumulative convertible prior preferred stock	662,600.00	852,800.00
4 $\frac{1}{2}$ % cumulative preferred stock	7,660,200.00	7,740,200.00
Common stock	32,736,312.50	29,149,387.50
Capital surplus	5,903,043.46	5,809,732.77
Earned surplus (retained earnings)	57,729,666.90	45,641,563.03

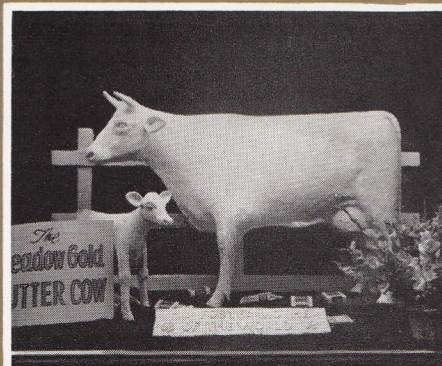
	104,691,822.86	89,193,683.30
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Less treasury common stock, at cost	237,878.53	238,110.87
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	104,453,944.33	88,955,572.43
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	\$ 118,925,042.41	\$ 102,139,150.31
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The ever-popular life-size Meadow Gold Butter cow and calf exhibited at the Illinois State Fair in Springfield, Illinois.



STATEMENT OF CONSOLIDATED EARNINGS

YEARS ENDED FEBRUARY 29, 1960 AND FEBRUARY 28, 1959

	1960	1959
Income:		
Net sales	\$ 443,058,794.86	\$ 385,449,644.11
Other income	2,035,079.22	1,717,175.61
	<u>445,093,874.08</u>	<u>387,166,819.72</u>
Income deductions:		
Cost of goods sold	319,866,136.05	277,128,165.40
Selling, delivery, administrative and general expenses	98,075,512.44	86,195,871.65
Provision for depreciation	6,676,917.22	5,914,461.49
Provision for federal taxes on income, estimated	10,170,000.00	9,066,200.00
	<u>434,788,565.71</u>	<u>378,304,698.54</u>
Net earnings	<u>\$ 10,305,308.37</u>	<u>\$ 8,862,121.18</u>

See accompanying notes to consolidated financial statements.



AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED SURPLUS

YEAR ENDED FEBRUARY 29, 1960

EARNED SURPLUS (RETAINED EARNINGS)

Balance at beginning of year:		
Beatrice Foods Co.	\$	45,641,563.03
Shedd-Bartush Foods, Inc. (note 4)		6,822,046.73
		<hr/>
		52,463,609.76
Net earnings for the year		10,305,308.37
		<hr/>
		62,768,918.13
Deduct dividends paid on:		
Shedd-Bartush Foods, Inc. common stock—		
paid prior to date of merger	\$	103,793.00
Beatrice Foods Co.:		
3 $\frac{3}{8}$ % cumulative convertible prior pre-		
ferred stock		27,514.89
4 $\frac{1}{2}$ % cumulative preferred stock		347,087.59
Common stock, \$1.80 a share		4,560,855.75
		<hr/>
		5,039,251.23
Balance at end of year	\$	<hr/> 57,729,666.90 <hr/>

CAPITAL SURPLUS

Balance at beginning of year	\$	5,809,732.77
Excess of fair value over par value of 71,989		
shares of common stock issued in acqui-		
sitions		1,907,708.50
Excess of conversion price over par value of		
7,379 shares of common stock issued in		
exchange for 3 $\frac{3}{8}$ % cumulative convertible		
prior preferred stock		97,025.75
Discount on shares of 4 $\frac{1}{2}$ % cumulative pre-		
ferred stock purchased and retired		5,287.78
		<hr/>
		7,819,754.80
Deduct excess of par value of common shares		
issued in merger over stated capital of		
merged company (note 4)		1,916,711.34
		<hr/>
Balance at end of year	\$	<hr/> 5,903,043.46 <hr/>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Shares	
	1960	1959
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	6,626	8,528
4 $\frac{1}{2}$ % cumulative preferred stock, \$100.00 par value, redeemable at option of the company before July 1, 1960 at \$102.00, decreasing thereafter to July 1, 1961 when the redemption price becomes \$100.00:		
Authorized, issued, and outstanding	76,602	77,402
Common stock, \$12.50 par value:		
Authorized	3,500,000	3,500,000
Issued	2,618,905	2,331,951
In treasury	9,265	9,293
Outstanding	2,609,640	2,322,658

On March 3, 1960 the company distributed one additional share of common stock for each four shares held by the common stockholders on February 3, 1960.

(2) Rentals for real property during the year ended February 29, 1960 included payments aggregating \$533,509.32 applicable to leases expiring more than ten years after February 29, 1960.

The companies are also lessees of 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) The amounts charged to earnings under the retirement income program for salaried employees and other company pension plans aggregated \$807,761.85 during the year ended February 29, 1960, and \$734,956.36 for the preceding fiscal year. Such amounts include contributions applicable to past services. It is expected that the unfunded past service liability under the plans which are being funded, estimated to be approximately \$3,200,000.00 at February 29, 1960, will be paid over a period of approximately ten years. The charges to earnings include costs relating to the unfunded self-administered pension plan in amounts estimated to provide for payments to be made to covered employees upon retirement.

(4) During the year the company acquired the assets and business of Shedd-Bartush Foods, Inc. in a transaction treated as a pooling-of-interests. Accordingly, the statement of consolidated earnings for the year ended February 29, 1960 includes the results of operations of Shedd-Bartush Foods, Inc. for that portion of the fiscal year prior to the date of merger. The comparative figures for the year ended February 28, 1959 do not include the results of operations of Shedd-Bartush Foods, Inc. for that year. The sales and net earnings of Shedd-Bartush Foods, Inc. for its last fiscal year prior to merger aggregated \$40,666,075.50 and \$728,047.39, respectively.

(5) On June 1, 1959 the stockholders approved a stock option plan under which the company may grant options to key employees to purchase shares of the company's common stock (not to exceed an aggregate of 125,000 shares) at a price not less than 100% of the market value on the date of grant. On July 27, 1959 the company granted to eligible employees options to purchase an aggregate of 81,874 shares at \$49.375 per share. The options become exercisable in installments commencing March 1, 1961 and expire July 27, 1969. The aforementioned number of shares and option price will be proportionately adjusted for the one-for-four common stock distribution referred to in note (1) above.

ACCOUNTANTS' REPORT

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 29, 1960 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 29, 1960 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, 1960



TEN YEAR SUMMARY OF CONSOLIDATED EARNINGS AND FINANCIAL CONDITION

CONSOLIDATED

Year Ended February 28,	1960	1959	1958	1957
Net Sales	\$ 443,058,795	\$ 385,449,644	\$ 353,971,987	\$ 342,086,657
Other Income	2,035,079	1,717,176	1,704,271	1,274,383
Total	445,093,874	387,166,820	355,676,258	343,361,040
Income Deductions:				
Cost of Goods Sold and Operating Expenses	417,941,649	363,324,038	335,252,160	323,533,470
Provision for Depreciation	6,676,917	5,914,461	5,148,420	4,771,928
Provision for Federal Taxes on Income Estimated	10,170,000	9,066,200	7,674,000	7,739,000
Total	434,788,566	378,304,699	348,074,580	336,044,398
Net Earnings	\$ 10,305,308	\$ 8,862,121	\$ 7,601,678	\$ 7,316,642
EARNINGS PER SHARE OF COMMON STOCK*	\$ 3.80	\$ 3.65	\$ 3.52	\$ 3.43
TAXES PER SHARE OF COMMON STOCK*	5.98	6.10	5.85	5.96
Dividends:				
Preferred	\$ 374,602	\$ 380,120	\$ 393,988	\$ 411,682
Common	4,560,856	3,910,294	3,663,927	3,256,133

FINANCIAL

Year Ended February 28,	1960	1959	1958	1957
Current Assets:				
Cash	\$ 17,334,423	\$ 14,602,723	\$ 13,004,796	\$ 13,151,065
Receivables	25,099,076	22,228,153	19,822,752	19,348,884
Inventories	21,351,169	18,660,123	12,664,692	10,646,820
Prepaid Expenses	905,227	815,551	650,577	700,039
Total Current Assets	64,689,895	56,306,550	46,142,817	43,846,808
Deduct Current Liabilities	12,571,098	11,483,578	9,616,789	9,664,334
Net Working Capital	52,118,797	44,822,972	36,526,028	34,182,474
Investments and Advances	1,989,740	1,316,486	1,295,712	1,380,938
Property, Plant & Equipment (Net)	49,519,407	44,516,114	39,166,692	37,569,805
Intangibles	2,726,000	—	—	—
	\$ 106,353,944	\$ 90,655,572	\$ 76,988,432	\$ 73,133,217
Deduct:				
Deferred Federal Taxes on Income	900,000	450,000	—	—
Long Term Debt	1,000,000	1,250,000	1,500,000	1,750,000
Stockholders' Equity	\$ 104,453,944	\$ 88,955,572	\$ 75,488,432	\$ 71,383,217
Stockholders' Equity:				
3⅞% Preferred Stock	\$ 662,600	\$ 852,800	\$ 1,035,400	\$ 1,345,600
4½% Preferred Stock	7,660,200	7,740,200	7,740,200	7,973,200
Common Stock	32,498,434	28,911,276	25,468,799	16,590,676
Capital Surplus	5,903,043	5,809,733	174,178	6,520,844
Earned Surplus (Retained Earnings)	57,729,667	45,641,563	41,069,855	38,952,897
	\$ 104,453,944	\$ 88,955,572	\$ 75,488,432	\$ 71,383,217
RATIO OF CURRENT ASSETS TO CURRENT LIABILITIES	5.1:1	4.9:1	4.8:1	4.5:1
BOOK VALUE PER SHARE OF COMMON STOCK*....	\$ 36.84	\$ 34.60	\$ 32.56	\$ 30.86

* Before giving effect to stock distribution of March 3, 1960.



EARNINGS

1956	1955	1954	1953	1952	1951
\$ 325,024,680	\$ 287,352,312	\$ 275,034,840	\$ 235,204,505	\$ 228,661,163	\$ 205,257,498
1,219,354	1,028,994	597,267	478,808	625,867	638,027
<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>
308,645,091	272,826,864	262,243,252	225,360,929	219,079,369	194,818,028
4,279,263	3,681,231	3,035,541	2,069,029	2,029,427	1,817,531
6,930,000	6,320,000	5,525,000	4,260,000	4,270,000	4,440,000
<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>
\$ 6,389,680	\$ 5,553,211	\$ 4,828,314	\$ 3,993,355	\$ 3,908,234	\$ 4,819,966
\$ 3.01	\$ 2.85	\$ 2.60	\$ 2.45	\$ 2.41	\$ 3.02
5.41	5.38	4.70	3.87	3.90	3.97
\$ 431,003	\$ 467,136	\$ 324,242	\$ 159,999	\$ 176,280	\$ 181,242
3,060,255	2,696,136	2,481,483	2,335,677	2,308,500	2,558,960

CONDITION

1956	1955	1954	1953	1952	1951
\$ 13,634,349	\$ 11,802,872	\$ 11,097,738	\$ 10,794,292	\$ 10,992,143	\$ 9,762,563
17,612,372	14,565,820	14,075,561	10,587,794	9,410,256	8,402,158
9,806,224	9,333,313	8,753,686	6,723,748	6,568,284	7,199,687
779,744	655,152	671,596	474,668	545,368	334,385
<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>
9,422,407	7,440,157	7,106,782	5,027,295	5,179,742	4,618,404
32,410,282	28,917,000	27,491,799	23,553,207	22,336,309	21,080,389
1,831,275	2,162,259	1,531,552	1,013,675	751,085	600,690
35,122,235	30,595,413	30,528,870	19,183,573	18,826,199	18,933,380
—	—	—	—	—	—
<u>69,363,792</u>	<u>61,674,672</u>	<u>59,552,221</u>	<u>43,750,455</u>	<u>41,913,593</u>	<u>40,614,459</u>
—	—	—	—	—	—
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>
\$ 1,650,800	\$ 2,420,700	\$ 3,622,400	\$ 4,466,800	\$ 4,960,300	\$ 5,369,400
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
5,796,576	4,369,521	3,569,696	953,243	626,403	439,823
35,304,072	29,684,526	27,294,588	25,271,999	23,433,890	22,010,436
<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>
4.4:1	4.9:1	4.9:1	5.7:1	5.3:1	5.6:1
\$ 29.07	\$ 27.46	\$ 26.15	\$ 24.85	\$ 23.89	\$ 22.95

Beatrice Foods Co.

DIRECTORS

Stephen J. Bartush Detroit, Michigan	Willard V. Haskell Topeka, Kansas	G. Stanley McKenzie Los Angeles, California
Brown W. Cannon Denver, Colorado	John F. Hazelton Chicago, Illinois	Harold F. Nichols Galesburg, Illinois
Alvie J. Claxton Pinehurst, North Carolina	George W. Holmes Lincoln, Nebraska	Louis Nielson Galesburg, Illinois
Earl Cline Lincoln, Nebraska	William G. Karnes Chicago, Illinois	Herbert W. Post Arlington Heights, Illinois
Walter L. Dilger Chicago, Illinois	John H. Lambrecht Brookfield, Wisconsin	Robert B. Price El Paso, Texas
George A. Gardella Detroit, Michigan	John T. McGreer Lincoln, Nebraska	Harold F. Stotzer Archbold, Ohio

EXECUTIVE COMMITTEE OF BOARD OF DIRECTORS

JOHN T. MCGREER	WILLIAM G. KARNES	GEORGE A. GARDELLA
LOUIS NIELSON	WALTER L. DILGER	

OPERATING COMMITTEE

BROWN W. CANNON	WILLIAM G. KARNES	GEORGE A. GARDELLA
JOHN F. HAZELTON	JAY G. NEUBAUER	

OFFICERS

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



American Institute of Management

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

Beatrice Foods Company

THIS CERTIFICATE
OF MANAGEMENT EXCELLENCE
FOR THE YEAR 1959

Witness our Hand and Seal



Edward L. Woburn
PRESIDENT
Edward L. Woburn
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

MORGAN 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

DAIRY PRODUCTS

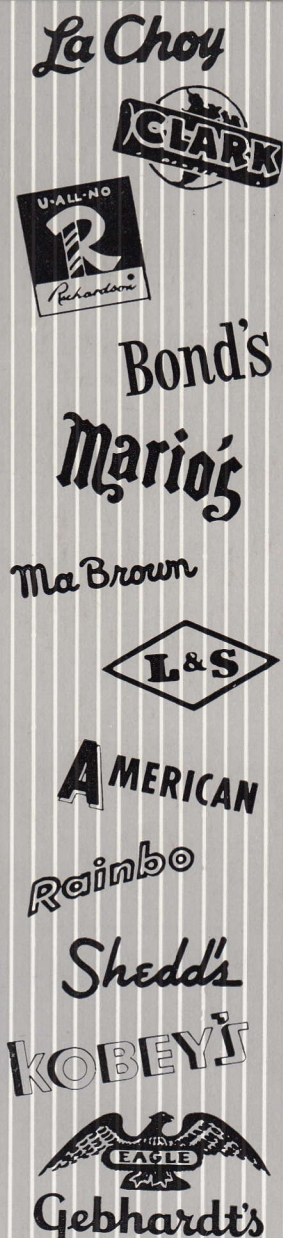


MEADOW GOLD	}	Butter
		Eggs
BLUE VALLEY		Cheese
		Cottage Cheese
	}	Milk
HOLLAND		Ice Cream

LOUIS SHERRY — *Ice Cream*

DANNON — *Yogurt*

GROCERY PRODUCTS



LA CHOY — *Chinese Foods*

CLARK — *Bars and other Candy Confections*

RICHARDSON — *U-ALL-NO Mints*

BOND'S — *Pickles and Relishes*

MARIO'S — *Imported Spanish Olives and Olive Oil*

SQUIRE DINGEE — *Ma Brown Pickles — Relishes — Preserves and Jellies*

LUTZ & SCHRAMM — *L & S Pickles — Relishes — Preserves and Jellies*

BROWN-MILLER — *American and Rainbo Pickles and Relishes*

SHEDD-BARTUSH — *Keyko, Churngold and other brands of Margarine;
Lady Betty and Shedd's Foods*

TASTY FOODS — *Kobey's Shoestring Potatoes and Potato Chips*

GEBHARDT'S — *Mexican Foods and Eagle Brand Chili Powder*



GENERAL OFFICES

120 SOUTH LA SALLE STREET, CHICAGO 3, ILLINOIS