

63rd
ANNUAL REPORT



FOR FISCAL YEAR ENDED FEBRUARY 28, 1961



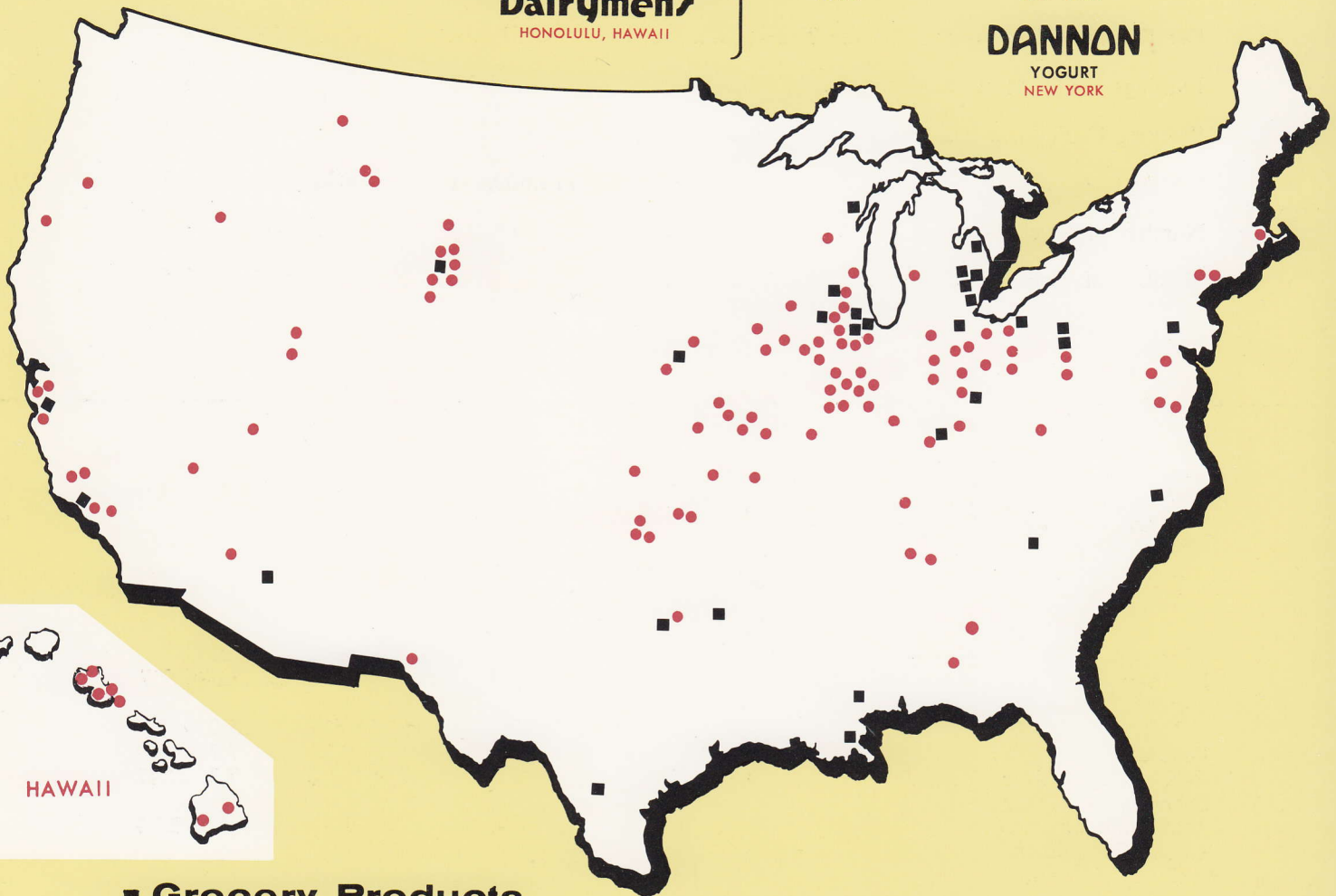
• Dairy Products

Meadow Gold
BLUE VALLEY
HOLLAND
Dairymen's
HONOLULU, HAWAII

MILK AND CREAM
ICE CREAM
BUTTER
CHEESE
EGGS



DANNON
YOGURT
NEW YORK



■ Grocery Products

La Choy
CHINESE FOODS
ARCHBOLD, OHIO

Shedd's
MARGARINE,
LADY BETTY AND
SHEDD'S FOODS
SHEDD-BARTUSH
DETROIT


Gebhardt's
CHILI POWDER
AND MEXICAN FOODS
SAN ANTONIO

Ruby Bee
PRESERVES AND JELLIES
DETROIT

Bond's
PICKLES AND RELISHES
OCONTO, WISCONSIN

HOLLOWAY
CANDIES
CHICAGO

AMERICAN
Rainbo
PICKLES AND RELISHES
BROWN-MILLER
NEW ORLEANS

Ma Brown
PICKLES, RELISHES
AND PRESERVES
SQUIRE-DINGEE
CHICAGO


PICKLES, RELISHES
AND PRESERVES
PITTSBURGH


CANDIES
PITTSBURGH

KOBEY'S
SHOESTRING POTATOES
AND POTATO CHIPS
DENVER



MINTS
PHILADELPHIA

mario's
OLIVES AND OLIVE OIL
DETROIT


KORN KURLS AND
SNACK FOODS
BELOIT, WISCONSIN


Rosarita
MEXICAN FOODS
MESA, ARIZONA



Highlights of the Year

	February 28, 1961	February 29, 1960	Percent of Change
Net Sales	\$477,706,773	\$443,058,795	7.8
Net Earnings after Federal Income Taxes	10,751,751	10,305,308	4.3
Earnings per Share of Common Stock	3.14	3.04	3.3
Working Capital	54,718,945	52,118,797	5.0
Stockholders' Equity	110,600,971	104,453,944	5.9
Number of Stockholders	15,343	14,807	3.6
Number of Employees	14,116	13,643	3.5

Five Year Comparative Summary

	1961	1960	1959	1958	1957
Net Sales	\$477,706,773	\$443,058,795	\$385,449,644	\$353,971,987	\$342,086,657
Earnings before Taxes	21,084,751	20,475,308	17,928,321	15,275,678	15,055,642
Federal Taxes	10,333,000	10,170,000	9,066,200	7,674,000	7,739,000
Earnings after Taxes	10,751,751	10,305,308	8,862,121	7,601,678	7,316,642
Earnings per Share of Common Stock	3.14	3.04	2.92	2.82	2.74
Dividends paid per Share of Common Stock	1.60	1.44	1.44	1.44	1.30
Working Capital	54,718,945	52,118,797	44,822,972	36,526,028	34,182,474
Year-end Inventories	22,623,907	21,351,169	18,660,123	12,664,692	10,646,820
Amounts added to Earned Surplus	3,777,583	12,088,104(1)	4,571,708	2,116,958	3,648,826
Book Value per Share of Common Stock	30.96	29.47	27.68	26.05	24.69
Number of Stockholders	15,343	14,807	13,993	13,838	12,966
Number of Employees	14,116	13,643	13,034	12,087	12,435

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

63rd ANNUAL REPORT: TO THE STOCKHOLDERS OF Beatrice Foods Co.

The fiscal year ended February 28, 1961, was another year of record growth for Beatrice Foods Co. Increased demand for Beatrice Foods' products, together with continuing expansion and greater operating efficiencies, contributed to the year's achievements.

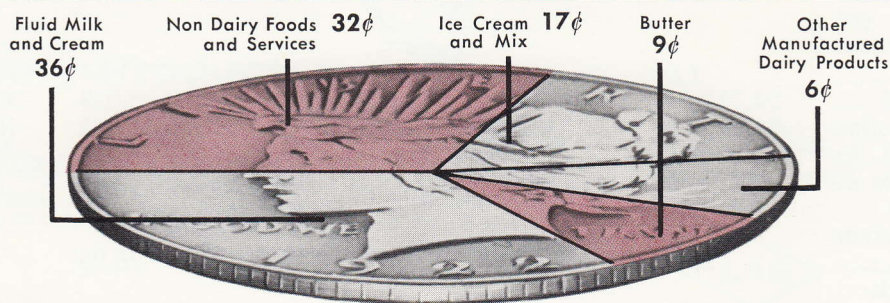
Sales and earnings were the highest in the history of the company. This was the 11th consecutive year that dollar sales exceeded those of the previous year. Our unit sales in both dairy and grocery products showed a gain for the 24th consecutive year. It was the 9th consecutive year that earnings were greater.

SALES Dollar sales for the year reached a new high of \$477,706,773. This is an increase of \$34,647,978, or 8%, from total sales of \$443,058,795 for the preceding fiscal year.

EARNINGS Consolidated earnings for the fiscal year, before provision for Federal income taxes, reached a record of \$21,084,751, an increase of \$609,443, or 3%, from total earnings of \$20,475,308 for the previous year. Earnings after provision for Federal income taxes were \$10,751,751, an increase of \$446,443, or 4%, from the total of \$10,305,308 a year ago.

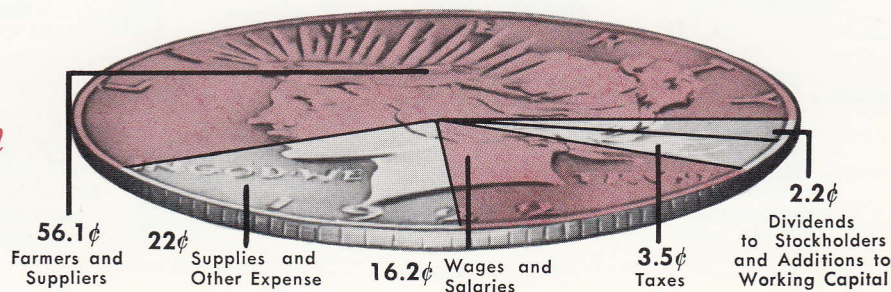
Net earnings, after dividends on preferred shares outstanding, were equivalent to \$3.14 per share on the 3,307,905 shares of common stock outstanding on February 28, 1961. This compares with net earnings of \$3.04 per share on 3,262,050 common shares outstanding at the end of the previous year after adjustment for the one-for-four stock distribution on March 3, 1960.

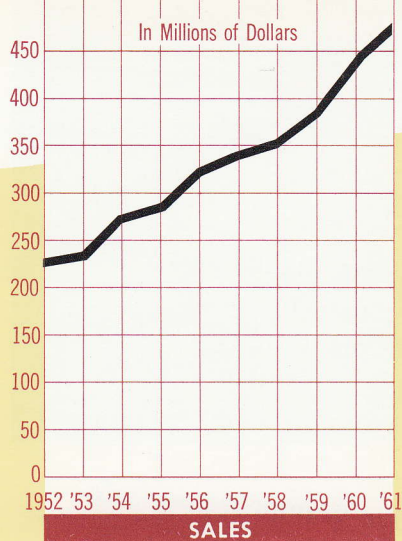
Source



SALES DOLLAR

Disposition





CAPITAL STOCK As of February 28, 1961, 5,335 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 1986. At the close of this fiscal year, 76,602 shares of 4 $\frac{1}{2}$ % Cumulative Preferred Stock were outstanding, as were 3,307,905 shares of common stock.

DIVIDENDS Dividends of \$5,655,090 were paid on the outstanding preferred and common stock during the fiscal year, compared to \$4,935,458 last year. Of especial note is the fact that April 1, 1961 marked the one hundredth *consecutive* quarterly dividend payment on our common stock.

INVENTORY Our inventory as of February 28, 1961, amounted to \$22,623,907 compared to \$21,351,169 at the close of the previous fiscal year. This figure represents an increase of \$1,272,738, due almost entirely to new product lines 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 28, 1961, amounted to \$54,718,945, an increase of \$2,600,148 from the total of \$52,118,797 at the close of the previous year. Your company had \$4.83 of current assets for each dollar of current liabilities. This is the 16th consecutive year your company has shown an increase in working capital.

STOCKHOLDER EQUITY The stockholders' equity increased to \$110 million from \$104 million a year ago. The book value of each share of common stock outstanding on February 28, 1961, was \$30.96, compared with \$29.47 after the stock distribution of March 3, 1960. This is the 24th consecutive year the book value of the common stock has increased.



CAPITAL EXPENDITURES Our capital expenditures for the past year were \$9,660,047. This sum was used principally for the building of new plants, modernization and expansion of our present plant buildings and for the purchase of processing and refrigeration equipment, and new trucks. Capital expenditures during the past year totaled \$2,551,636 more than depreciation.

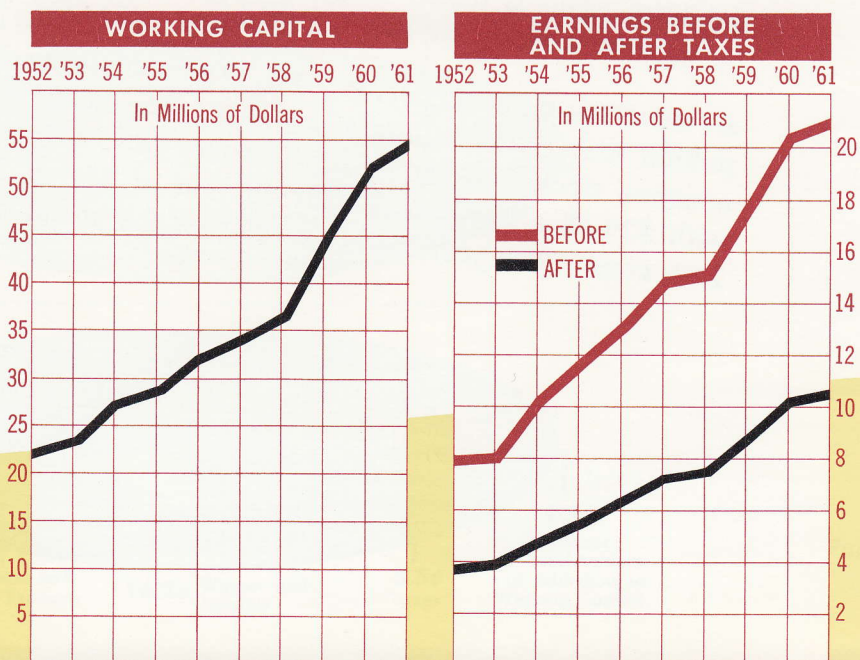
SAFETY PROGRAM We are continuously working to improve our safety performance both in our plants and on the highway. For the fifth consecutive year, our company won a first-place award in the National Safety Council Fleet Contest. Our El Paso, Texas, plant was the winner this year. In addition, our plants in Bakersfield, California, and Boise, Idaho, won second and third place awards, respectively, in the national competition.

GROUP LIFE INSURANCE Since 1945, your company has sponsored a group life insurance program. During the past 16 years, death and disability claims have been paid to 624 beneficiaries for a total of \$2,223,300.

In the fiscal year ended February 28, 1961, 5,008 eligible employees were insured for a total of over \$21,400,000. The company pays all premiums.

LEGAL PROCEEDINGS In our report a year ago, we told you of the favorable decision by the Trial Examiner of the Federal Trade Commission in the ice cream trade practices proceeding. Since that time the Government Attorney has filed an appeal, which has been argued. On March 15, 1961, the Commission referred the proceedings back to a Trial Examiner for the purpose of taking additional testimony in several areas of the complaint.

No additional hearings have been held since March, 1960, in the Federal Trade Commission proceeding concerning the company's mergers in the dairy field. However, hearings were held at Denver, Colorado, and





Over 750 stockholders gathered for the 63rd Annual Meeting in Chicago, Illinois, June 1, 1960.

Fort Wayne, Indiana, in the Federal Trade Commission complaint concerning certain pricing practices alleged to be in violation of the Robinson-Patman Act.

A few other proceedings involving advertising or trade practices are also pending but, in the opinion of counsel and management, these are not material.

STOCKHOLDERS We are pleased to report that the number of stockholders of your company continues to increase. At the end of our fiscal year, we had 15,343 stockholders which was an all-time high.

Our Annual Meeting of Stockholders will be held in Chicago on Thursday, June 1, 1961, at 10:30 A.M. (CDT), in the Red Lacquer Room of the Palmer House. Last year, we had an attendance of over 750 stockholders at our Annual Meeting, largest in our history. We anticipate having even a larger number this year. Questions are invited from stockholders. All stockholders will receive a report of the proceedings.

This report of the accomplishments of your company for the fiscal year just concluded is more than merely a record of facts and figures, plants and pasteurizers. It is a testimonial to the dedicated efforts of the men and women of Beatrice Foods. To this "family" of more than 14,000, we express our sincerest thanks. We are grateful, too, for the warm interest and helpful suggestions of our growing family of stockholders, and to our customers, producers and suppliers for their support and cooperation.

Sincerely yours,

WILLIAM G. KARNES
President



1960 IN REVIEW



NATIONAL MILK PRODUCTION

A review of the last seven years reveals that the population of the United States is increasing at a faster rate than is national milk production. In 1960, the national production of milk totaled approximately 123 billion pounds, an increase of about one billion pounds over the preceding year.

This was the seventh consecutive year that total milk production has held within the range of 122 to 125 billion pounds annually.

In the same seven-year period, the population has increased 20 million to 182 million people.

One significant consequence of this trend is that the quantities of dairy products purchased by the government in support of milk prices have declined steadily. From a milk equivalent of 12 billion pounds, or about 9 per cent of total production in 1953, government purchases have dropped to about 3 billion pounds, a reduction of 75 per cent, in 1960.

DAIRY PRODUCTS

MILK AND CREAM DEPARTMENT

Bottled milk and cream now constitute 36% of our total sales volume. Our dollar and unit milk sales increased over the previous year for the 22nd consecutive yearly gain. Your company continued to

expand its milk business into new areas, specifically Central Alabama, Central Indiana, Montana, and Virginia. Two modern milk plants are now under construction; one at Champaign, Illinois, which will be the principal processing plant for Central Illinois, and an entirely new milk plant in Honolulu, Hawaii, our newest state. Illustrations of these new plants are included in this report.

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 Central Alabama, Southwestern Virginia, and the State of Montana. We continued the modernization of our ice cream manufacturing facilities in a number of locations.

BUTTER DEPARTMENT

Butter accounted for 9% of our total sales in the past year. Our dollar and unit sales of butter were greater than in the previous year, partly attributable to the fact that we packaged large quantities of butter for various government agencies. The production of butter from factory-separated cream continues to increase, as the quantity of farm-separated cream declines.

OTHER MANUFACTURED DAIRY PRODUCTS

Our manufactured dairy products accounted for 6% of our total sales. These include cottage cheese and all other forms of cheese, powdered milk, condensed milk, yogurt and other milk product specialties.

On February 7, 1961, Beatrice Foods (Malaya) Ltd., opened its new plant in Kuala Lumpur, the capital of the Federation of Malaya. The formal dedication was made by H. H. The Prime Minister, Tengku Abdul Rahman and officials of our company. This plant manufactures recombined sweetened condensed milk for distribution in cans throughout the Federation of Malaya and surrounding countries in Southeast Asia.

GROCERY PRODUCTS

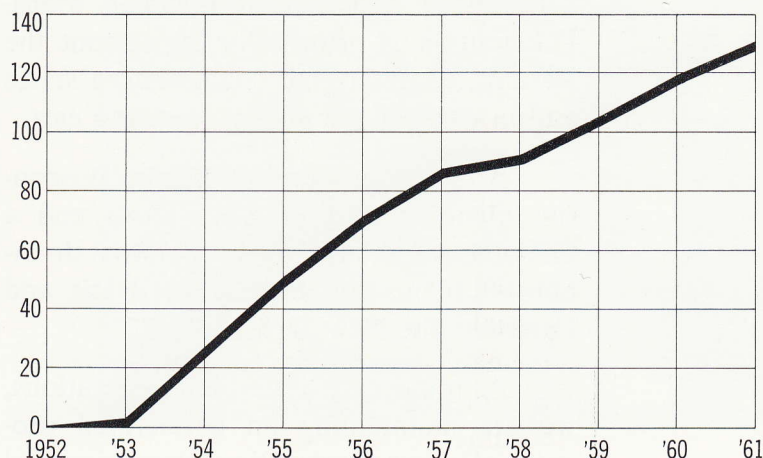
The past year was another year of consistent growth for the Beatrice Family of Fine Foods. Your company has continued to add new grocery and confectionery products which are ready to serve and which require little or no preparation at home.

Our grocery products now account for 32% of our total sales. Headquarters of this division are in Detroit, under the supervision of George A. Gardella, director and vice president of our company, and Edward M. Muldoon, general manager of the Grocery Products Division.

New convenience food companies added to the Beatrice Family of Fine Foods during the past year were:

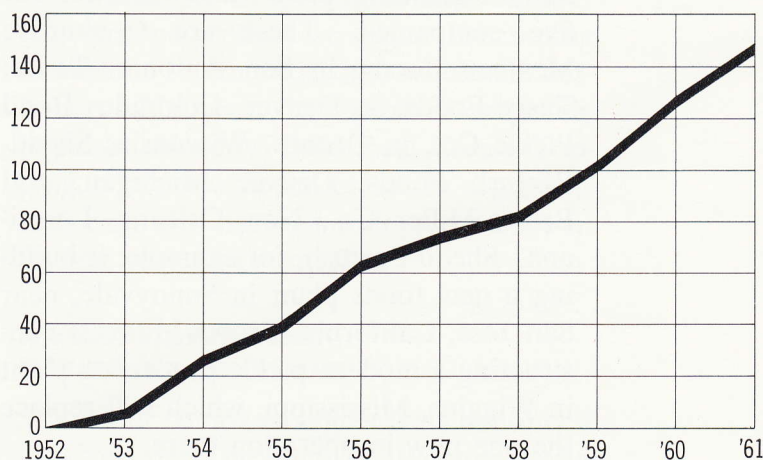
Mitchell Syrup & Preserve Co., Detroit, Michigan, manufacturers of the Ruby Bee Brand of preserves and jellies. Principal distribution is in the middle west.

M. J. Holloway & Co., Chicago, manufacturer of Milk Duds, caramel suck-



MILK SALES

in millions of gallons percent of increase



ICE CREAM SALES

in millions of gallons percent of increase

ers and various types of chocolate covered caramels and supermarket packaged candies which are distributed nationally.

Rosarita Mexican Foods, Mesa, Arizona, processors of a variety of frozen, delicatessen and canned Mexican foods. Distribution is principally throughout the western, southern and southwestern states and in parts of the middle west and east.

Adams Corporation, Beloit, Wisconsin, manufacturers of Korn Kurls and a line of snack foods, all with national distribution. Plants are located in Beloit and Lambertville, New Jersey.

As in the case of our dairy operations, we are maintaining an accelerated program of plant construction, expansion and modernization to combat rising costs and to provide for anticipated further growth.

We are now in the process of substantially expanding plants and facilities for five companies. These are Gebhardt's Mexican Foods, in San Antonio, Texas; Tasty Foods, in Denver, Colorado; Bond Pickle Co., in Oconto, Wisconsin; Shedd-Bartush Foods, Detroit, Michigan; and Brown-Miller Co., New Orleans, Louisiana. Shedd-Bartush, for example, is building a new foods plant in Sunnyvale, near San Jose, California. Brown-Miller is constructing a modern pickle processing plant in Wiggins, Mississippi, which will replace the one now in operation there.

We constantly are modernizing and improving the facilities of our grocery products companies, adding automated equipment and adopting other practices to augment production capacity and offset increased expenses. Other factors which have contributed to the improved performances of our grocery and candy companies include: (1) Extended advertising

and sales promotion programs; (2) Intensive quality control and product improvement; (3) Development and introduction of new products; (4) Innovations in packaging and labeling in tempo with the ever-changing tastes and needs of consumers.

Among the new grocery products marketed successfully in the last year are La Choy's Shrimp Chop Suey, the "Ma Brown" Relish Trio and special 21-ounce tumblers of grape jams and jellies, the Lutz & Schramm Quintet of relishes, and Mario's pack of Queen Olives in a barrel-type jar. Research for new items to satisfy and anticipate consumer demands is constant.

NEW PRODUCT DEVELOPMENT

Your company continues to intensify and widen its search for new products in



New processing plant for dairy products at Champaign, Illinois.

The Dairymen's Limited Division's new milk plant in Hawaii.



Tan Chin Tuan and Max Lewis; Chairman of the Board and Managing Director, respectively, of Fraser & Neave Ltd., Singapore, with H. H. The Prime Minister, Sir Abdul Rahman and K. C. Leong, General Manager, Beatrice Foods (Malaya) at formal dedication of Petaling Jaya plant.



The sweetened condensed milk plant of Beatrice Foods Co. (Malaya)

Max Lewis, Dato Ong Yoke Lin, Minister of Health and Aaron Marcus, Manager of Southeast Asia Operations, with Miss Mon Fong Leong, Mrs. Ong Yoke Lin and K. C. Leong admire "Miss Meadow Gold," the Jersey calf presented to Beatrice Foods (Malaya) by the New Zealand Dairy Commission.



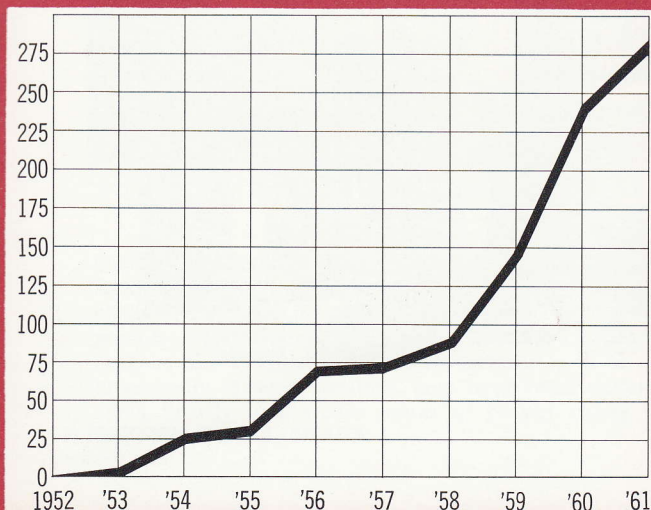
the convenience category which are adaptable to our distribution facilities. Several products in this ready-to-serve classification were introduced during the past year. One of the newest is Meadow Gold Weight Control—900, perfected by our plant at Beloit, Wisconsin, after a long period of research. This homogenized and pasteurized dietary drink contains all of the essential elements for one full day's nutrition with only 900 calories. It is being distributed fresh daily in quart cartons by

most of our milk plants and has been well received.

Pineapple-Grapefruit Drink, another convenience product we began distributing in cartons to our retail and wholesale customers this year, has proved extremely popular. Meadow Gold Real Cream Topping, a sweet whipped cream in a pressurized can, also has had wide acceptance in its first year on the market.

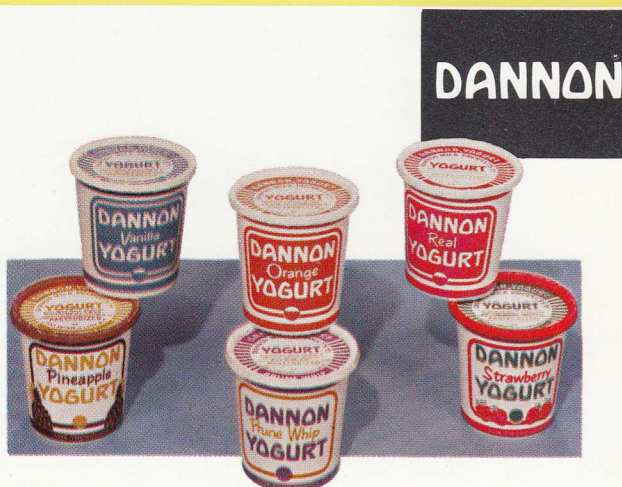
ADVERTISING AND SALES PROMOTION

Your company aggressively continued to advertise its products in all major media—newspapers, magazines, radio, television, outdoor posters—throughout the year, and intensified its sales promotion activities. During the year, we invested \$9,739,178 in advertising and sales promotion, compared to \$8,214,043 spent the previous year. Well-planned advertising and merchandising have contributed materially to the growth of your company.



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

STILL GROWING... recent members of
Beatrice Family of Fine Foods



DANNON, LONG ISLAND, N. Y.



GEBHARDT'S, SAN ANTONIO, TEXAS



TASTY FOODS, DENVER, COLO.



M. J. HOLLOWAY CANDY, CHICAGO, ILL.



ROSARITA, MESA, ARIZONA



ADAMS, BELOIT, WISCONSIN

Advertising in 1961



PACKAGE ADVERTISING Beatrice Foods packages are expertly designed for maximum effectiveness as traveling advertisements wherever they are seen. They "sell" the Beatrice name and Beatrice Products in stores, homes—wherever they go—with circulation reaching hundreds of millions of people . . . far higher than the circulations of leading magazines. Brand names and selling messages on the cartons and labels enjoy broad and repeated exposure.



RADIO, TELEVISION ADVERTISING Consumers who may be unreached by other forms of advertising are exposed to Beatrice products via radio on a high frequency schedule. The "entertainment" radio commercial, now so popular, is being used effectively for Meadow Gold products. Television, also extensively used for many Beatrice Foods, has the exclusive advantage of demonstration plus "personal sell" with sight, sound and motion.



OUTDOOR ADVERTISING Meadow Gold is one of America's largest outdoor advertisers of dairy products. This medium, employed for many other Beatrice Foods products, provides wide exposure of a product name, sales appeal and package display. It permits colorful advertising to be placed in carefully selected locations, near large retail outlets and along heavily used traffic routes to project strong brand identification.



MAGAZINE, NEWSPAPER ADVERTISING Magazine advertising permits maximum use of appetizing, full-color food pictures that dramatize the product and recipes to carefully selected audiences. Newspaper advertising, used for almost every Beatrice Foods product, has a shorter life, but permits exact timing for high impact in local markets. Ads in newspaper supplements and special sections provide high readership by the entire family.

Beatrice Foods Co. AND SUBSIDIARY COMPANIES

C O N S O L I D A T E D B A L A N C E

ASSETS

	<u>1961</u>	<u>1960</u>
Current assets:		
Cash	\$ 16,177,290.79	\$ 17,334,423.44
Receivables, less allowance for losses \$2,148,675.73 and \$2,146,605.77 at respective dates	29,148,338.04	25,099,075.70
Inventories, at lower of average cost or replacement market:		
Products and other merchandise	11,990,497.84	10,892,879.28
Materials and supplies	10,633,409.46	10,458,289.52
	<u>22,623,907.30</u>	<u>21,351,168.80</u>
Prepaid expenses	1,060,514.27	905,227.14
Total current assets	69,010,050.40	64,689,895.08
Investments and advances, less allowance for losses \$937,775.74 and \$1,009,175.74 at respective dates	2,877,786.84	1,989,739.93
Plant and equipment, at cost less depreciation:		
Land	4,381,217.56	4,383,484.85
Buildings	30,087,587.74	30,986,187.89
Machinery and equipment	65,924,906.28	61,259,813.01
	<u>100,393,711.58</u>	<u>96,629,485.75</u>
Less allowance for depreciation	48,029,172.53	47,110,078.35
	<u>52,364,539.05</u>	<u>49,519,407.40</u>
Intangible assets acquired, at cost less amortization	2,589,700.00	2,726,000.00
	<u>\$ 126,842,076.29</u>	<u>\$ 118,925,042.41</u>

See accompanying notes to consolidated financial statements.



S H E E T



This pyramid of ice cream will keep this charming miss happy for quite a while.

LIABILITIES

Current liabilities:

Accounts payable	
Salaries and wages accrued	
Taxes accrued, other than federal taxes on income	
Federal taxes on income, less United States Government securities \$5,850,949.28 and \$6,034,042.75 at respective dates	

<u>1961</u>	<u>1960</u>
\$ 10,989,469.80	\$ 9,758,443.40
1,418,443.52	1,144,576.27
1,812,679.02	1,608,821.23
70,512.65	59,257.18

Total current liabilities

14,291,104.99

12,571,098.08

Deferred federal taxes on income

1,200,000.00

900,000.00

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)

750,000.00

1,000,000.00

Stockholders' equity (note 1):

3 $\frac{3}{8}$ % cumulative convertible prior preferred stock	
4 $\frac{1}{2}$ % cumulative preferred stock	
Common stock	
Capital surplus	
Earned surplus (retained earnings)	

533,500.00	662,600.00
7,660,200.00	7,660,200.00
41,562,612.50	32,736,312.50
—	5,903,043.46
61,507,249.46	57,729,666.90

111,263,561.96

104,691,822.86

Less treasury common stock, at cost

662,590.66

237,878.53

110,600,971.30

104,453,944.33

\$ 126,842,076.29\$ 118,925,042.41



The Honolulu Business Achievement Award was presented to Dairyman's Association, first dairy concern to receive the citation for distinguished community service. Aaron G. Marcus (right), accepts the award from Morley L. Theaker, Chamber president.

Beatrice Foods Co.

AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNINGS

YEARS ENDED FEBRUARY 28, 1961 AND FEBRUARY 29, 1960

	<u>1961</u>	<u>1960</u>
Income:		
Net sales	\$ 477,706,773.04	\$ 443,058,794.86
Other income	2,362,841.68	2,035,079.22
	<u>480,069,614.72</u>	<u>445,093,874.08</u>
Income deductions:		
Cost of goods sold	346,425,650.93	319,866,136.05
Selling, delivery, administrative, and general expenses	105,450,801.59	98,075,512.44
Provision for depreciation	7,108,410.91	6,676,917.22
Provision for federal taxes on income, estimated	10,333,000.00	10,170,000.00
	<u>469,317,863.43</u>	<u>434,788,565.71</u>
Net earnings	<u>\$ 10,751,751.29</u>	<u>\$ 10,305,308.37</u>

See accompanying notes to consolidated financial statements.



H. K. Halbrooks (left), National Automobile Transporters Association, presents the first place plaque in National Safety Council Over-The-Road Fleet Competition to R. L. Morrissey, Director of Safety for Price's Creameries Division, El Paso, Texas.

STATEMENT OF CONSOLIDATED SURPLUS

YEAR ENDED FEBRUARY 28, 1961

EARNED SURPLUS (RETAINED EARNINGS)

Balance at beginning of year	\$ 57,729,666.90
Net earnings for the year	10,751,751.29
	<hr/>
	68,481,418.19
Deduct:	
Dividends paid on:	
3 $\frac{3}{8}$ % cumulative convertible prior preferred stock	\$ 19,799.22
4 $\frac{1}{2}$ % cumulative preferred stock	344,724.37
Common stock, \$1.60 a share	5,290,565.99
	<hr/>
	5,655,089.58
Charge arising from common stock distribution (see capital surplus)	1,319,079.15
	<hr/>
	6,974,168.73
Balance at end of year	<hr/>
	\$ 61,507,249.46

CAPITAL SURPLUS

Balance at beginning of year	\$ 5,903,043.46
Excess of fair value over par value of 45,000 shares of common stock issued in acquisitions	913,500.00
Excess of conversion price over par value of 6,378 shares of common stock issued in exchange for 3 $\frac{3}{8}$ % cumulative convertible prior preferred stock	48,452.39
	<hr/>
	6,864,995.85
Deduct charge arising from one-for-four common stock distribution:	
Transferred to capital stock, par value of 654,726 shares issued	\$ 8,184,075.00
Less amount charged to earned surplus (retained earnings)	1,319,079.15
	<hr/>
	6,864,995.85
Balance at end of year	<hr/>
	\$ —

See accompanying notes to consolidated financial statements.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Shares	
	1961	1960
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	5,335	6,626
4 $\frac{1}{2}$ % cumulative preferred stock, \$100.00 par value, redeemable at option of the company at \$101.00 until July 1, 1961 and at par value thereafter:		
Authorized, issued, and outstanding	76,602	76,602
Common stock, \$12.50 par value:		
Authorized	5,000,000	3,500,000
Issued	3,325,009	2,618,905
In treasury	17,104	9,265
Outstanding	3,307,905	2,609,640

- (2) Rentals for real property during the year ended February 28, 1961, included payments aggregating \$769,365.66 applicable to leases expiring more than ten years after February 28, 1961. The corresponding figure for the year ended February 29, 1960 was \$533,509.32.

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 \$743,931.54 during the year ended February 28, 1961, and \$807,761.85 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 \$3,300,000.00 at February

28, 1961. It is expected that the major portion of this liability will be paid, or provided for, over a period of approximately ten years.

- (4) 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 156,250 shares as adjusted for the one-for-four stock distribution on March 3, 1960) at a price not less than 100% of market value on date of grant. At February 29, 1960, after adjustment for the stock distribution, there were options outstanding to purchase 102,343 shares at \$39.50 per share. During the year ended February 28, 1961 the company granted additional options to employees to purchase 1,250 shares at \$39.375 per share and 7,685 shares at \$52.00 per share. All the options were outstanding at February 28, 1961 except those relating to 3,875 shares which were cancelled because of death or termination of employment. The options are exercisable in installments commencing March 1, 1961. At February 28, 1961 there were 48,847 shares of common stock available for the granting of future 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, 1961 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, 1961 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, 1961



TEN YEAR SUMMARY

OF CONSOLIDATED EARNINGS AND FINANCIAL CONDITION

CONSOLIDATED EARNINGS

Year Ended February 28,	1961	1960	1959	1958
Net Sales	\$477,706,773	\$443,058,795	\$385,449,644	\$353,971,987
Other Income	2,362,841	2,035,079	1,717,176	1,704,271
Total	480,069,614	445,093,874	387,166,820	355,676,258
Income Deductions:				
Cost of Goods Sold and Operating Expenses	451,876,452	417,941,649	363,324,038	335,252,160
Provision for Depreciation	7,108,411	6,676,917	5,914,461	5,148,420
Provision for Federal Taxes on Income				
Estimated	10,333,000	10,170,000	9,066,200	7,674,000
Total	469,317,863	434,788,566	378,304,699	348,074,580
Net Earnings	\$ 10,751,751	\$ 10,305,308	\$ 8,862,121	\$ 7,601,678
Earnings per Share of Common Stock	\$ 3.14	\$ 3.04	\$ 2.92	\$ 2.82
Taxes per Share of Common Stock	5.03	4.78	4.88	4.68
Dividends:				
Preferred	\$ 364,524	\$ 374,602	\$ 380,120	\$ 393,988
Common	5,290,566	4,560,856	3,910,294	3,663,927

FINANCIAL CONDITION

Year Ended February 28,	1961	1960	1959	1958
Current Assets:				
Cash	\$ 16,177,291	\$ 17,334,423	\$ 14,602,723	\$ 13,004,796
Receivables	29,148,338	25,099,076	22,228,153	19,822,752
Inventories	22,623,907	21,351,169	18,660,123	12,664,692
Prepaid Expenses	1,060,514	905,227	815,551	650,577
Total Current Assets	69,010,050	64,689,895	56,306,550	46,142,817
Deduct Current Liabilities	14,291,105	12,571,098	11,483,578	9,616,789
Net Working Capital	54,718,945	52,118,797	44,822,972	36,526,028
Investments and Advances	2,877,787	1,989,740	1,316,486	1,295,712
Property, Plant & Equipment (Net)	52,364,539	49,519,407	44,516,114	39,166,692
Intangibles	2,589,700	2,726,000	—	—
	\$112,550,971	\$106,353,944	\$ 90,655,572	\$ 76,988,432
Deduct:				
Deferred Federal Taxes on Income	1,200,000	900,000	450,000	—
Long Term Debt	750,000	1,000,000	1,250,000	1,500,000
Stockholders' Equity	\$110,600,971	\$104,453,944	\$ 88,955,572	\$ 75,488,432
Stockholders' Equity:				
3% Preferred Stock	\$ 533,500	\$ 662,600	\$ 852,800	\$ 1,035,400
4½% Preferred Stock	7,660,200	7,660,200	7,740,200	7,740,200
Common Stock	40,900,022	32,498,434	28,911,276	25,468,799
Capital Surplus	—	5,903,043	5,809,733	174,178
Earned Surplus (Retained Earnings)	61,507,249	57,729,667	45,641,563	41,069,855
	\$110,600,971	\$104,453,944	\$ 88,955,572	\$ 75,488,432
Ratio of Current Assets To Current Liabilities	4.8:1	5.1:1	4.9:1	4.8:1
Book Value per Share of Common Stock	\$ 30.96	\$ 29.47	\$ 27.68	\$ 26.05

Beatrice Foods Co.

AND SUBSIDIARY COMPANIES



1957	1956	1955	1954	1953	1952
\$342,086,657	\$325,024,680	\$287,352,312	\$275,034,840	\$235,204,505	\$228,661,163
1,274,383	1,219,354	1,028,994	597,267	478,808	625,867
343,361,040	326,244,034	288,381,306	275,632,107	235,683,313	229,287,030
323,533,470	308,645,091	272,826,864	262,243,252	225,360,929	219,079,369
4,771,928	4,279,263	3,681,231	3,035,541	2,069,029	2,029,427
7,739,000	6,930,000	6,320,000	5,525,000	4,260,000	4,270,000
336,044,398	319,854,354	282,828,095	270,803,793	231,689,958	225,378,796
\$ 7,316,642	\$ 6,389,680	\$ 5,553,211	\$ 4,828,314	\$ 3,993,355	\$ 3,908,234
\$ 2.74	\$ 2.41	\$ 2.28	\$ 2.08	\$ 1.96	\$ 1.93
4.77	4.33	4.30	3.76	3.10	3.12
\$ 411,682	\$ 431,003	\$ 467,136	\$ 324,242	\$ 159,999	\$ 176,280
3,256,133	3,060,255	2,696,136	2,481,483	2,335,677	2,308,500

1957	1956	1955	1954	1953	1952
\$ 13,151,065	\$ 13,634,349	\$ 11,802,872	\$ 11,097,738	\$ 10,794,292	\$ 10,992,143
19,348,884	17,612,372	14,565,820	14,075,561	10,587,794	9,410,256
10,646,820	9,806,224	9,333,313	8,753,686	6,723,748	6,568,284
700,039	779,744	655,152	671,596	474,668	545,368
43,846,808	41,832,689	36,357,157	34,598,581	28,580,502	27,516,051
9,664,334	9,422,407	7,440,157	7,106,782	5,027,295	5,179,742
34,182,474	32,410,282	28,917,000	27,491,799	23,553,207	22,336,309
1,380,938	1,831,275	2,162,259	1,531,552	1,013,675	751,085
37,569,805	35,122,235	30,595,413	30,528,870	19,183,573	18,826,199
—	—	—	—	—	—
\$ 73,133,217	\$ 69,363,792	\$ 61,674,672	\$ 59,552,221	\$ 43,750,455	\$ 41,913,593
—	—	—	—	—	—
1,750,000	2,000,000	2,250,000	2,500,000	—	—
\$ 71,383,217	\$ 67,363,792	\$ 59,424,672	\$ 57,052,221	\$ 43,750,455	\$ 41,913,593
\$ 1,345,600	\$ 1,650,800	\$ 2,420,700	\$ 3,622,400	\$ 4,466,800	\$ 4,960,300
7,973,200	8,111,200	8,111,200	8,125,000	—	—
16,590,676	16,501,144	14,838,725	14,440,537	13,058,413	12,893,000
6,520,844	5,796,576	4,369,521	3,569,696	953,243	626,403
38,952,897	35,304,072	29,684,526	27,294,588	25,271,999	23,433,890
\$ 71,383,217	\$ 67,363,792	\$ 59,424,672	\$ 57,052,221	\$ 43,750,455	\$ 41,913,593
4.5:1	4.4:1	4.9:1	4.9:1	5.7:1	5.3:1
\$ 24.69	\$ 23.26	\$ 21.97	\$ 20.92	\$ 19.88	\$ 19.11

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