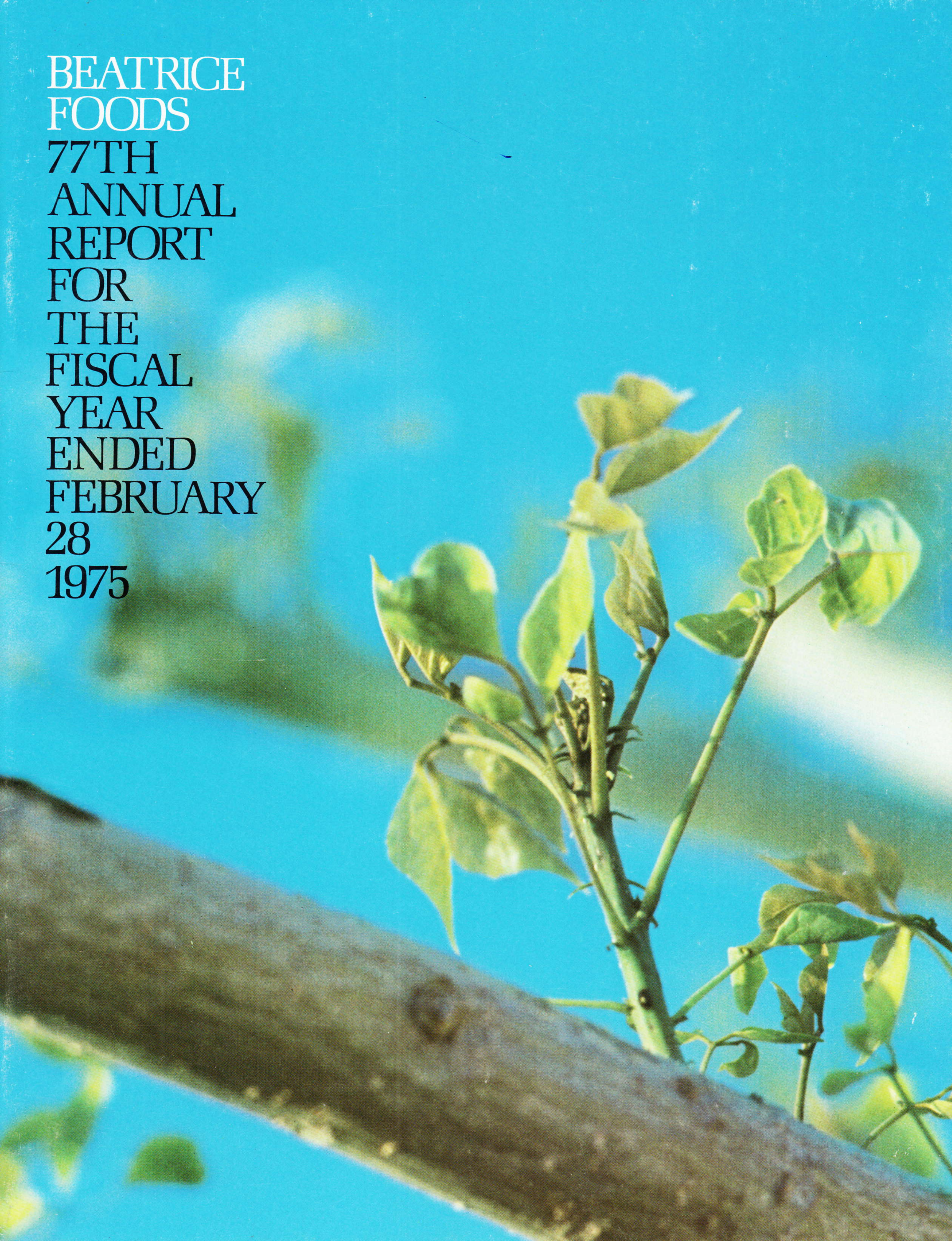
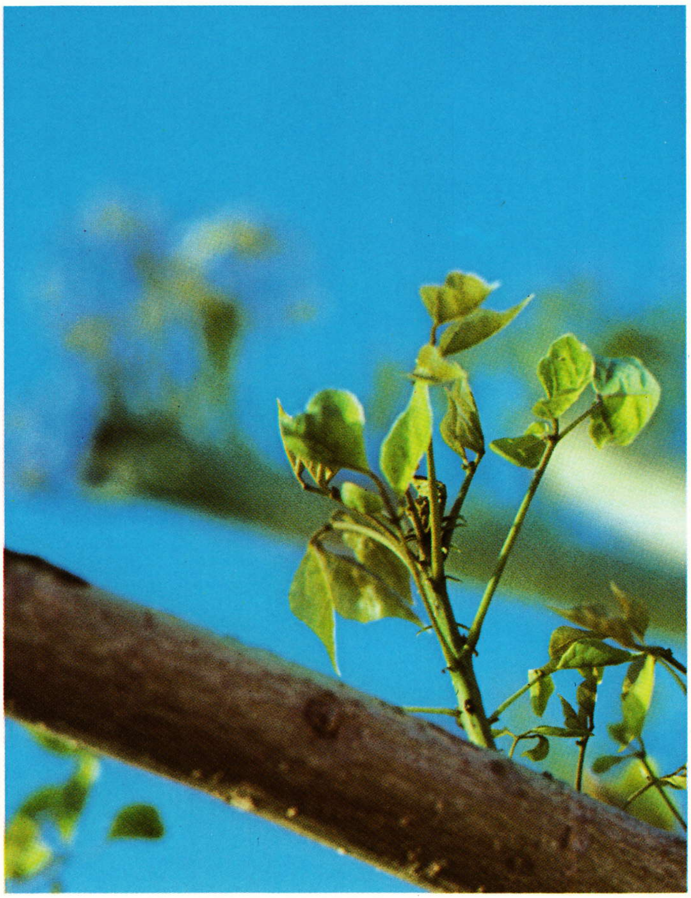
BEATRICE FOODS

77TH ANNUAL REPORT FOR THE FISCAL YEAR ENDED FEBRUARY 28 1975



THE GROWTH COMPANY FOR ALL SEASONS



The cover of this Annual Report symbolizes the balanced strengths and growth potential of Beatrice Foods.

The larger limb represents the past, developed from strong roots firmly established during the 77 years since the company's founding.

The newly-leafing branch is the manifestation of continuing vigor which, springing primarily from internal strength, has resulted in 23 consecutive years of increased sales and earnings for your company. As with a thriving tree, this growth from within has been increasing each year through all economic times.

Internal growth has flourished from $93 million in fiscal 1971 to in excess of $460 million this past fiscal year. In the last five years, Beatrice Foods has increased its sales by a total of more than $1.35 billion through internal growth.

78th ANNUAL MEETING

The 78th Annual Meeting of Stockholders will be held in the Grand Ballroom of The Statler Hilton, Park Square at Arlington Street, Boston, Mass., at 10:30 a.m. (EDT) on Wednesday, June 4, 1975.

CAPITAL STOCK LISTING

New York Stock Exchange, Midwest Stock Exchange
Basel, Geneva, Lausanne & Zurich, Switzerland, Stock Exchanges
Stock Exchange Symbol—BRY

REGISTRARS OF STOCK

The Chase Manhattan Bank, N.A.
1 Chase Manhattan Plaza,
New York, NY 10015

The Northern Trust Company
50 South LaSalle Street
Chicago, IL 60690

STOCK TRANSFER AGENTS

Morgan Guaranty Trust Company of New York
30 West Broadway,
New York, NY 10015

Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street,
Chicago, IL 60690

DIVIDEND DISBURSEMENT AGENT

Continental Illinois National Bank and Trust Company of Chicago

WORLD HEADQUARTERS

120 South LaSalle Street, Chicago, Illinois 60603

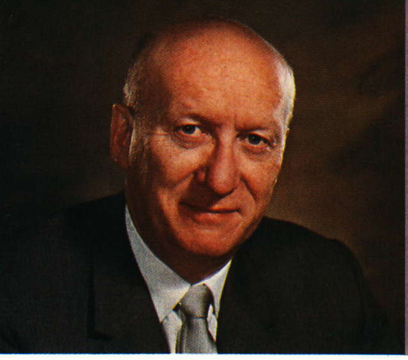
CONTENTS

FORM 10-K A copy of the annual report to the Securities and Exchange Commission on Form 10-K will be available to stockholders after June 1, 1975, upon written request to the Corporate Secretary.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED FEBRUARY 28	1975	1974	Per Cent Increase
Net Sales	$4,191,763,971	$3,657,752,330	15
Net Earnings	134,764,166	122,747,756	10
Net Earnings Per Share of Common Stock (note)	1.71	1.56	10
Working Capital	595,183,071	490,384,263	21
Stockholders' Equity	871,451,230	788,390,356	11
Dividends	53,562,121	47,186,916	14
Dividends Paid Per Share of Common Stock	.68½	.62¾	9
Number of Stockholders	42,326	40,642	4
FOR THE THREE MONTHS ENDED FEBRUARY 28			
Net Sales	$1,053,637,176	$ 945,786,581	11
Net Earnings	26,166,053	25,379,628	3
Net Earnings Per Share of Common Stock	.33	.32	3

Note—See letter to stockholders (page 2) for additional data



WILLIAM G. KARNES
CHAIRMAN OF THE BOARD
CHIEF EXECUTIVE OFFICER

TO THE STOCKHOLDERS OF BEATRICE FOODS CO.

All-time highs in sales, net earnings and net earnings per common share were achieved for the 23rd consecutive year as your company established records in virtually every phase of domestic and international operations during the fiscal year ended February 28, 1975.

Over that 23-year period, your company has increased its sales 18 times and its net earnings 34 times on an historical basis. This has been accomplished despite six recessions and mini-recessions during that period.

The major part of the gains in sales and earnings was the result of continuing emphasis upon internal growth. Internal growth for the last fiscal year accounted for more than $460 million of the total gain in sales, highest in your company's 77-year history. (Please note commentary on the inside front cover of this report.)

Sales of dairy, grocery and related products and services, which are the predominant portion of your company's operations, accounted for $3.2 billion, or 76 per cent, of the company's total sales for the fiscal year. Sales of manufactured and chemical products exceeded the $1 billion total for the first time.

After-tax return on sales for the year was equal to 3.3 cents on every dollar. Return on average stockholders' equity was 16 per cent.

SALES–Consolidated net sales surpassed the $4 billion level for the first time, two years ahead of the projections made in 1972. Sales totaled $4,191,763,971, an increase of $534,011,641, or 15 per cent.

In the last five years, your company has increased its sales by more than $2 billion, or 99 per cent.

EARNINGS–Net earnings rose to $134,764,166, a gain of $12,016,410, or 10 per cent. In the last five years, your company has increased its net earnings by $62 million, or 86 per cent.

Net earnings per common share increased 10 per cent to $1.71 from $1.56 for the previous year. Net earnings per share of common stock, assuming full conversion of debentures and preference stock, increased 9 per cent to $1.66 from $1.52.

DIVIDENDS–Record dividends of $53,562,121 were paid on preference and common stocks during the fiscal year, compared to $47,186,916 paid in the previous year.

On August 28, 1974, the board of directors voted to increase the quarterly dividend rate on the common stock 10.8 per cent to 18 cents per share, equal to an annualized rate of 72 cents per share. The previous annual rate was 65 cents per share. It was the second dividend increase in a nine-month period, for a total increase of 16 per cent.

This was the ninth increase in the dividend rate since March 1, 1965. In that time, the annual dividend rate has been increased 140 per cent to 72 cents from 30 cents after adjustments for three common stock distributions. In that same period, one share of common stock has increased to five and one-third shares as the result of stock distributions.

CAPITAL EXPENDITURES–Your company invested a record $91 million for new facilities, expansion, further automation and modernization, environmental control and energy conservation. A total of 104 projects was initiated world-wide.

In the last five years, your company has invested more than $350 million in plant construction and expansion, modernization and pollution control.

DON L. GRANTHAM
PRESIDENT
CHIEF OPERATING OFFICER

SALES, NET EARNINGS AND EARNINGS PER SHARE INCREASED FOR THE 23rd CONSECUTIVE YEAR

WORKING CAPITAL–Working capital increased for the 30th consecutive year to a total of $595,183,071, compared to $490,384,263 at the end of the previous year. This increase of $105 million, or 21 per cent, was the largest in your company's history.

STOCKHOLDERS' EQUITY–Stockholders' equity increased for the 38th consecutive year to a record $871 million, a gain of $83 million, or 11 per cent. Book value of each common share also increased for the 38th consecutive year.

STOCKHOLDERS–The number of stockholders increased for the 24th consecutive year and totaled 42,326 at year end. We appreciate the many expressions of encouragement and confidence we have received from our stockholders.

MANAGEMENT–William G. Mitchell, executive vice president and chief financial officer, was elected as a new director on June 5, 1974. James L. Dutt, executive vice president of the Dairy Division, was elected a corporate vice president. P. Robert McClure, Jr., assistant treasurer, was elected treasurer. Neil R. Gazel, director of public relations, was elected an assistant vice president. Donald H. Klein, director of insurance, employee benefits and the safety department, was elected assistant secretary. Robert L. Skummer was elected assistant treasurer.

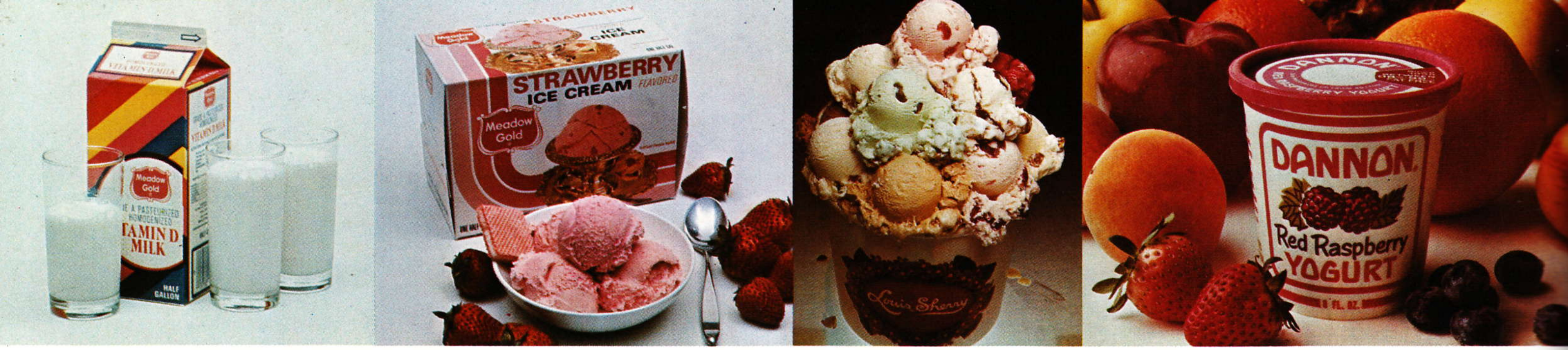
ENVIRONMENT, ENERGY CONSERVATION–During the year, your company invested more than $2.6 million to eliminate air, water and noise pollution problems at 22 locations. Our Anti-Pollution Committee, working in conjunction with our research, engineering, sanitation and transportation departments, reports that your company currently has no significant pollution problems.

The Energy Conservation Committee, established in 1973, expanded our company-wide program to reduce substantially the use of all forms of energy by its plants, offices and motor vehicles. Included were changes to four-day 10-hour work schedules at a number of processing plants and improvement of equipment to maximize use of energy.

THE YEAR AHEAD–The performance of our world-wide team of 64,000 employees in achieving our 23rd consecutive year of growth is truly outstanding considering that the fiscal year began with two months of price controls followed by raw material shortages, inflation, soaring interest rates and a recession. They are a year wiser, a year more experienced. We are confident that their abilities and experience and their dedication to quality and service will enable your company to continue its progress in the years ahead.

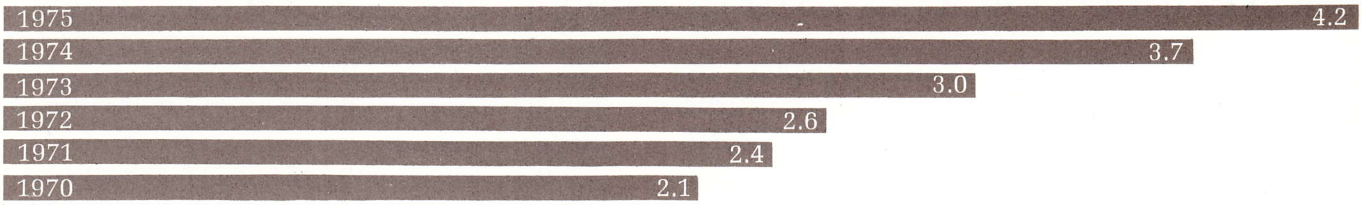
William Karnes
Chairman of the Board
Chief Executive Officer

Don L. Grantham
President
Chief Operating Officer

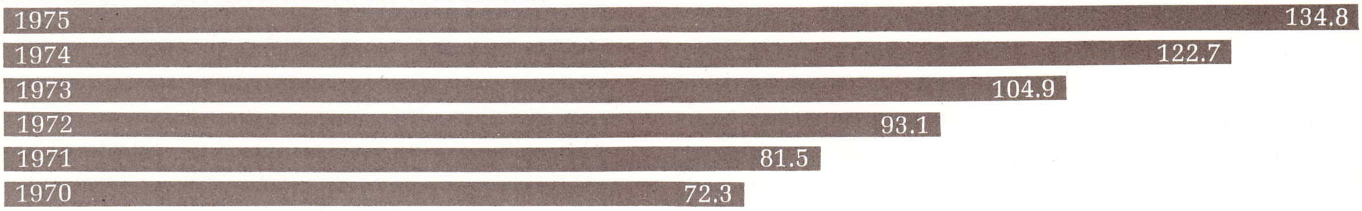


FIVE YEARS OF PROGRESS

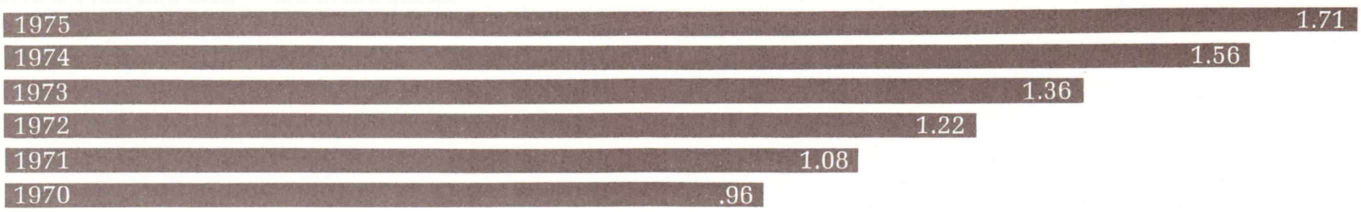
SALES • IN BILLIONS OF DOLLARS.



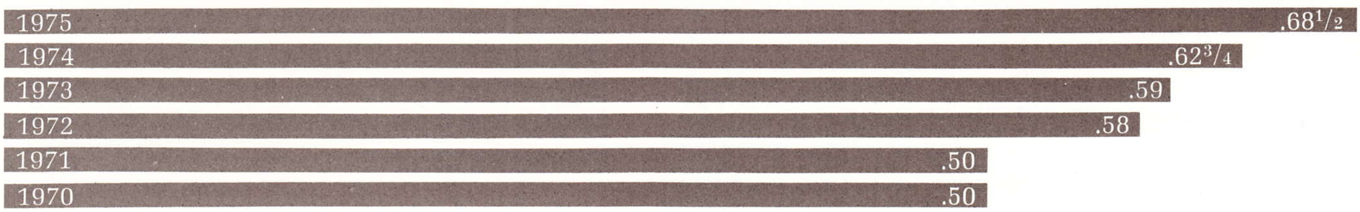
NET EARNINGS • IN MILLIONS OF DOLLARS.



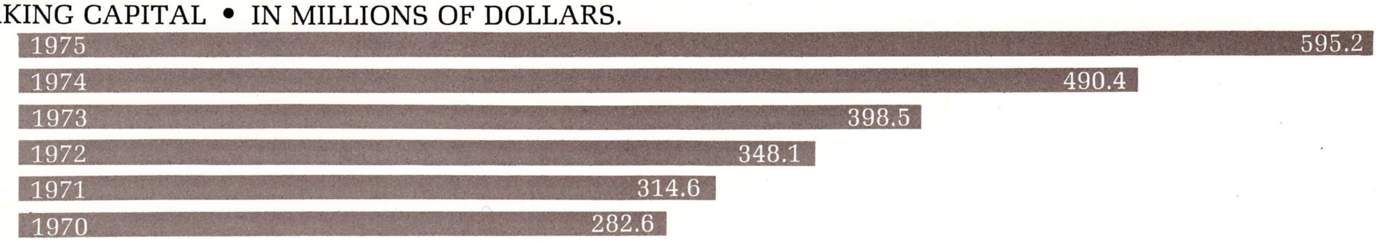
EARNINGS PER SHARE • IN DOLLARS.



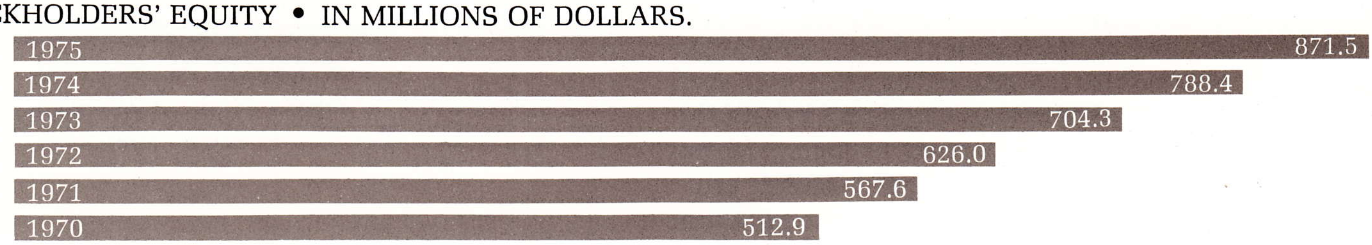
DIVIDENDS PER SHARE • IN DOLLARS.



WORKING CAPITAL • IN MILLIONS OF DOLLARS.



STOCKHOLDERS' EQUITY • IN MILLIONS OF DOLLARS.



JOLLY RANCHER


RICHARDSON MINTS

GROCERY PRODUCTS operations again set new sales and earnings records. Contributing to this improvement was a program for consolidation of some facilities.

Fisher Nut, St. Paul, Minn., is building a new plant in Edenton, N.C. Its Dahlgren division developed a hybrid sunflower seed which produces a significant increase in yield.

Aunt Nellie's, Clyman, Wis., successfully introduced a canned 35 per cent orange drink and glass-packed "Beets and Onions". In addition, it developed new food processing machinery for sale to other food processors.

New Mexican foods developed by Gebhardt included a 19-ounce canned chili, Mexican Spiced Beans and vend-pack Beef Stew and Chili Mac. Rosarita Mexican Foods created Sonora-Style Enchiladas. Beatrice Frosted Foods, Long Island City, N.Y., introduced a line of frozen food service items for institutions. Specialty Foods, Watertown, Wis., expanded its distribution of liquid sweeteners to include invert sugar and fructose.

LaChoy Food Products, which had another record year, successfully introduced Pepper Oriental in both the Bi-Pack and Skillet Dinner packs, and further improved the nutritional values of many of its Chinese-American food products.

A can-making operation is under construction adjacent to the LaChoy plant in Archbold, Ohio. This is the 10th addition to its facilities in the past 11 years. Rosarita has acquired additional land adjacent to its plant in Mesa, Ariz., for future expansion.

Miracle White's new aerosol Laundry Soil and Stain Remover was launched nationally after highly successful market tests. Miracle White's new Heavy Duty Laundry Detergent with Balsam, the first laundry detergent that soft conditions the entire wash, and All-Fabric Bleach will be marketed early in the spring of 1975.

The Confectionery and Snack Division set records in all phases of operations despite unusually high increases in the costs of raw materials, particularly sugar. Each unit increased its share of market and the outlook for continued growth was bright as the year ended.

Production capacity increases were realized at D.L. Clark Candy, Jolly Rancher and Pik-Nik. Expansion programs also are under way at Richardson Mints and M.J. Holloway. Switzer Candy launched a building program which will increase its capacity substantially.

New products included Switzer licorice bars and Cherry Red bars, two flavors of Holloway suckers, Clark Clarconut bars and Chocolaty Logs and Pik-Nik cheese-flavored shoestring potatoes.

Bakery operations, also benefiting from the termination of price controls and softening flour prices, rallied to all-time highs in sales and earnings. Major plant expansions were completed at Palmetto Baking, Orangeburg, S.C., and Mother's Cookie, Louisville, Ky. Murray Biscuit, Augusta, Ga., further expanded its product line and market penetration to obtain record sales.

New bakery items included a line of cookies for the Girl Scouts of the United States of America created by Mother's Cookie. These had exceptional reception. Particularly popular were new cookies called Samoas.

Shedd-Bartush Foods expanded margarine, salad dressing and grocery specialties facilities at Louisville, Ky., Greenville, S.C., and Detroit, Mich. Shedd introduced two liquid margarine items and whipped margarine in a 16-oz. size.

The Institutional Foods Division, established last year, showed increases in sales and earnings over the prior year. Continuing its expansion program, John Sexton & Co. added another branch city, Houston, Texas, to its nation-wide distribution network. Two more operations were opened in the spring of 1975 at Kansas City, Kans., and Greensboro, N.C., bringing to 21 the total of Sexton's branch cities, strategically located throughout the nation to serve the fast-growing foodservice market.

Sexton also expanded its institutional frozen foods distribution with the addition of freezers and refrigerated delivery equipment at Pittsburgh, Pa., Rochester and New York, N.Y., and Boston, Mass. Freezers are being added to additional branches and Sexton frozen products will be available this year throughout the Northeast and Southwest.

Cal Compack Foods completed a new capsicum spice plant in Douglas, Ariz., and both South Georgia Pecan, Valdosta, Ga., and Knickerbocker Mills, Totowa, N.J., expanded production facilities.

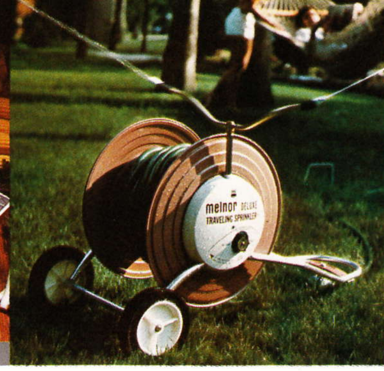
Among the 12 new Sexton products were three salad dressings, instant oatmeal, apple dumplings and pizza patties. Cincinnati Fruit introduced flavored syrups for the institutional foodservice market and Knickerbocker Mills developed 90 new flavorings and spices, primarily for processors of meats and seafoods.

SPECIALTY MEAT PRODUCTS rebounded from beef price freezes and pork shortages to a year of more plentiful red meat supplies. Although hampered by tight


AIRSTREAM


SAMSONITE


CHARMGLOW




STIFFEL

availability of certain non-meat ingredients and packaging materials, it was able to maintain full operations and achieve record earnings despite a modest decline in dollar sales because of lower selling prices.

Peter Eckrich & Sons, Ft. Wayne, Ind., which markets more than 150 specialty meat products, attained record sales, earnings and unit volume. Eckrich accelerated its plant expansion program and added to its central distribution capability in Quincy, Mich. Eckrich also launched an aggressive marketing plan which includes programs for substantial increases in direct sales by its operations at Louisville, Ky., Atlanta, Ga., and Washington, D.C.

E.W. Kneip moved its corned beef operations from its Forest Park, Ill., plant to a larger, modern plant in Chicago. The transfer provides space to expand Kneip's choice beef operation at Forest Park.

Meat supplies in 1975 will be less plentiful, but an increased supply of beef should tend to compensate for the anticipated decrease in the supply of pork.

New products included seven Eckrich retail items, among them Sweet Smoked Beef Treat, frankfurters with natural casings and Polska Kielbasa in a vacuum package. It also introduced 16 additional commercial products. Eckrich plans six new retail products and 11 commercial items for fiscal 1976. The Kneip Frozen Portion Control Meat operation will expand its product line with the addition of new beef and various breaded meat items. Lowrey's Freshies added pickled Polish sausage to its line of meat snacks.

WAREHOUSING AND AGRI-PRODUCTS

Public Cold Storage Warehouse sales and earnings were the highest in the division's history. Public cold storage space was increased by almost 1,500,000 cubic feet. New facilities were completed at Tampa Cold Storage and Warehouse in Florida and Quincy Market Cold Storage and Warehouse in Gloucester, Mass.

Inland Center, Kansas City, Kans., expanded its quick freezing tunnels. It also built meat inspection facilities to conform to the high United States Department of Agriculture standards required for the quick freezing of beef and pork. These additional capacities and facilities contributed substantially to the division's growth during the year.

Foreign Trade Zone facilities also were established at Inland Center and dedicated last August. Products from other countries can be shipped into this zone for transshipment to another country, further processing, storage or display without being subject to import duties unless they are released for sale in the United States.

Construction was begun on a 1,250,000 cubic foot public cold storage warehouse in Denver, Colo., that is expected to begin operations in the spring of 1976.

Agri-Products sales and earnings were the second highest in the division's history, surpassed only by the previous year's record totals. The division continued its growth in tonnage, primarily through internal expansion, and increased its penetration into high quality specialty farm products.

This division now is composed of 50 plants in 19 states. It opened an ultra-modern rendering plant in Amarillo, Tex., in December, 1974, and is completing a hide, pet food and rendering complex at Boise, Idaho. New edible tallow plants are being completed in Dallas, Tex., and Denver, Colo. Another expansion includes Norfolk Rendering's new rendering plant in Norfolk, Neb., which augments its four beef pet food plants in Nebraska.

Companies in the division also have successfully undertaken the processing of edible deboned poultry, turkeys, beef, lamb and pork. Their expertise in this field will help supply the growing need for high quality, highly nutritious protein products to the world market.

Vigortone Products, Cedar Rapids, Iowa, a leader in animal vitamin and mineral feed supplements and health care products, expanded its product line, staff and marketing facilities to achieve the finest year in its history.

In addition to its Cedar Rapids plant, Vigortone now has plants in Fremont, Neb., and Marion, Ohio, producing and distributing its products throughout the nation. It also is planning to construct a fourth plant to be located in the Southeastern section of the country.

Sales of a special patented dust bag to control insects on cattle and hogs and improve growth and productivity of livestock were expanded by Dale Alley, St. Joseph, Mo. Ross-Wells increased its production facilities to meet the growing demand for dry mink food pellets. Pfister & Vogel, Milwaukee, Wis., introduced six high-fashion items to the leather apparel industry.

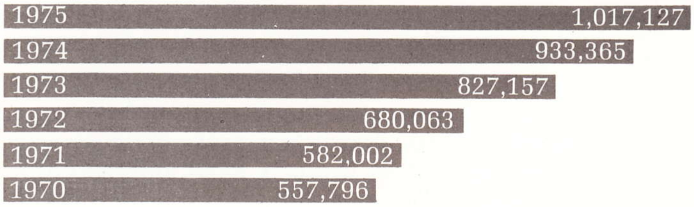
The division accelerated its air, water and noise pollution control programs. More than $500,000 was invested during the year to attain Environment Protection Agency standards.

UNITED CABINET

HEKMAN

VOGEL-PETERSON

MANUFACTURED AND CHEMICAL PRODUCTS



Sales in thousands of dollars

Sales of Manufactured and Chemical Products surpassed the one billion dollar total for the first time, an increase of nine per cent, or $84 million from the previous year. Pre-tax operating earnings increased to $121 million as these divisions reported the most successful year in their 11-year history.

Sales of the Metal Products, Consumer Products, Leisure Products, Samsonite, Educational and Consumer Arts and Chemical Divisions all set records.

During the year, a number of programs were instituted to improve the performance of all manufacturing operations. These included expansion of marketing programs under a newly-formed marketing group, increases in inter-company sales, expansion of exports, extension into branch manufacturing in other countries and intensive product development plans.

Two hundred and twenty-nine new or substantially improved products were introduced by these divisions last year with 176 scheduled for marketing in the year ahead. To increase manufacturing capabilities and improve cost-cutting efficiencies, major plant construction or expansion was completed or in progress at 37 locations.

Acceleration of plant productivity programs resulted in a substantial reduction in costs. This effort is continuing.

MANUFACTURING

Metal Products operations, composed primarily of foodservice and specialty industrial equipment, again achieved record sales and earnings. Taylor Freezer expanded its distribution of soft-serve ice cream and milk shake dispensers into new markets such as military bases, navy vessels and cocktail bars. Taylor introduced a four-flavor dispenser that serves milk shakes in seven seconds, compared to 35 seconds for earlier models.

Other companies in the division received contracts to install French fryers equipped with our new "fireguard" safety controls aboard U.S. Navy vessels and expanded sales of hospital nourishment stations and mobile carts for dispensing pre-measured dosage packs of drugs. New high productivity agricultural equipment was introduced, and two companies jointly developed markets for their products in the nuclear energy field.

One leader in its industry installed the first electric zinc/aluminum melting furnace in the Midwest, while another introduced a new line of 10-speed bicycle shifting mechanisms that previously had been available only from overseas sources. The Cryogenics Group expanded its markets for super-cold storage vessels, including new containers for large quantities of hydrogen, nitrogen and other liquid gases.

Consumer Products sales increased despite the decline in the housing market. Charmglow began distribution of its new electric barbecue in January, 1975, and introduced a new twin burner unit with a single operating valve that reduces gas consumption by as much as 50 per cent. Charmglow developed a unique charcoal barbecue to expand its line to three fuels.

Distribution of institutional floor cleaning and housekeeping equipment will be expanded in Europe in 1975. Chicago Specialty increased its product lines for the home bathroom and kitchen "do-it-yourself" market. Other new division products included bar and giftware items and home sanitary maintenance and cleaning materials.

Home Products operations, affected by record interest rates and depressed housing starts, showed a decline this year. Particularly disappointing were mobile home sales and earnings.

However, a number of companies established new records in sales and earnings, including Stiffel Lamps and Hekman Furniture.

Stiffel introduced 48 new lamps and decorative furniture accessories. Hekman expanded its furniture line to include occasional pieces hand-decorated in Chinoserie fashion and a number of traditional designs in yewood.

Vogel-Peterson added new items to its series of coat racks and hangers, costumers and valets. The company's PlanScape screens continued to capitalize on the rapid growth of office landscaping.

United Cabinet Corp., Jasper, Ind., a leading manufacturer of kitchen cabinets, increased its warehouse locations and created a new line of Vintage Maple cabinets. It also increased its share of the do-it-yourself market despite the decline in home construction.

Leisure Products, composed of companies manufac-

BURNY BROS.

LITTLE BROWNIE BAKERS

COLONIAL COOKIES • CANADA

SAP'S FOODS

turing recreational products whose sales depend upon the discretionary purchasing dollar, overcame gasoline shortages, the credit crunch and a recession, principally by developing new products, to increase total sales. However, earnings declined.

Airstream introduced three new motorhomes in its medium-priced Argosy travel trailer line. Airstream also developed a mini-bus and delivery van. Bonanza Travelers developed a 35-foot park trailer that appeals to the vacation cottage user.

Samsonite Corporation recorded the finest year in sales and earnings in its 65-year history, with all groups reporting higher profits and exceptional sales growth both in the United States and internationally.

Product innovation underscored Samsonite's continuing commitment to anticipate the consumers' needs. New stack chairs, new lines of ladies attaches, new concepts in packing embodied in the unique Travel Bureau luggage, new lines of soft, casual bags for world-wide markets and new personal leather goods items totaled 520 new products, colors and features.

Samsonite, which markets molded and casual luggage, personal leather goods, business cases and attaches and casual indoor and outdoor furniture, now has manufacturing plants in nine locations in the United States and five in other countries.

Educational and Consumer Arts achieved record sales and earnings for the fifth consecutive year since it was founded. Webcraft, North Brunswick, N.J., which produces newspaper and catalog inserts and film mailers, was selected by the U.S. Government to prepare a commemorative coin mailing for the 200th anniversary of our nation. Converters Ink increased the capacity of its Linden, N.J., plant, and expanded its distribution of its lines of flexographic and gravure inks from its five U.S. plants and four in Canada to attain record sales.

Day-Timers, which produces diary/planners and time management aids, doubled the capacity of its Allentown, Pa., plant. Sax Arts & Crafts moved to a new location in Milwaukee, Wis., and increased sales substantially.

Allison Manufacturing, Nat Nast and Velva-Sheen, all of which are engaged in producing promotional knitwear, pajamas and jackets, continued to grow. Allison has obtained exclusive rights to make flame retardant pajamas utilizing Walt Disney characters. Plant expansions for these companies were completed or started in Albemarle, N.C., Cincinnati, Ohio, and Ocean Springs, Miss.

BEATRICE CHEMICAL increased its world-wide sales despite problems of finding substitutes for commodity raw materials in the first half of the year and the general slowdown of the economy in the second half.

In the chemicals-for-construction area, emphasis was placed on ecology-related projects such as reservoirs, sewage treatment and water filtration plants. Farboil marine paint and powder coating sales were strong, and a polyester powder for coatings was introduced.

Stahl leather finishes continued to show substantial increases through greater world-wide distribution and by expanding into the leather for garments and the leather upholstery fields. Polyvinyl emulsion polymer sales were augmented by the addition of waterborne, cross-linkable NeoCryl® resins. Sales of Permuthane polyurethane resins to the garment industry declined, but penetration into a new field, the coating of floor tiles, was obtained.

Large scale increases were achieved for Paule shoe dressings in Mexico and England. Imperial Oil and Grease Molub-Alloy lubricants and greases were developed for coal mining and for applications involving arctic conditions. Dri-Cal® labels, introduced by Dri-Print Foils, a leading supplier of roll-on leaf and stamping machinery, met with excellent reception.

A new production and warehouse area was completed in Peabody, Mass. A new multi-line plant was erected in Newark, Calif., to produce the complete THORO water-proofing and cement treatment product line for the West Coast and Far Eastern markets.

SOUTHWESTERN INVESTMENT COMPANY'S income from its finance group, comprised of 137 offices in 13 states providing direct consumer loans, retail sales and commercial financing and equipment leasing, showed a decline for the year, primarily because of high interest rates. However, net earnings before interest costs and federal income taxes increased 15 per cent. Recent reductions in the interest rates should result in substantial improvements in the profitability of these operations in fiscal 1976.

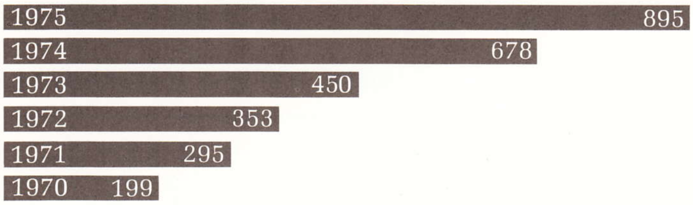
Life insurance operations showed a good gain for the year. This was attributable primarily to the success of Western National Life Insurance's unique no-load Flexible Annuity policy. Earnings of Southwestern's industrial group and custom cattle feeding declined, but these operations continued to be profitable.

PREMIER MILK • SINGAPORE

RED TULIP • AUSTRALIA

CARIBBEAN DAIRY

INTERNATIONAL OPERATIONS



Sales in millions of dollars

(Note: These figures have been included in the two preceding charts in this year-in-review section of this report.)

International sales and earnings increased for the 13th consecutive year. Sales reached an all-time high of $895 million, a gain of $217 million, or 32 per cent. Beatrice Foods' share of net earnings after taxes was $30.2 million.

These increases were accomplished primarily through the extension of distribution, expansion of plant facilities and introduction of new products. At the close of the fiscal year, Beatrice Foods owned or had major interests in 170 plants and distribution centers in 27 countries outside of the United States. Capital improvements were completed or in progress at 23 international locations during the fiscal year.

EUROPE—As a result of the high inflation which affected raw material and packaging costs all across Europe, dairy and grocery sales and earnings approximated those of the previous year. However, by year-end sales and margins were showing improvement as the inflation rate slowed.

Etablissements Baud, wholesale distributor of food products in the Greater Paris area, expanded its product lines and installed a computer controlled storage system. Tayto, our snack food operation in Dublin, Ireland, again added to its warehouse space.

New products included gourmet frozen desserts by Artic, Brussels, Belgium, and by Premier Is for distribution in Denmark. Interglas added yogurt to its lines of frozen desserts distributed in Seville, Spain, and the Canary Islands.

Samsonite opened a 175,000 square foot plant in Oudenaarde, Belgium, to manufacture its growing lines of hard and softside luggage for the Common Market. Stahl Chemical expanded its production facilities for specialty chemical ingredients in Parets, Spain.

A plant to produce high performance lubricants under the Molub-Alloy brand was completed in Monchengladbach-Rheindahlen, West Germany, and now is in full production.

CARIBBEAN-LATIN AMERICA—Holanda increased its distribution to customers operating retail, multi-flavor ice cream stores in the Mexico City market and Cremo introduced the company's Viva line of low-fat dairy products in Jamaica.

A new snack food plant, being completed in Guatemala City, Guatemala, will be opened in April of 1975 and a new meat snack plant there is under construction. New products were added to the line of snack foods distributed in the Dominican Republic and several candy items, including a new line of lollipops and Mastikandy, hard candies filled with chewing gum, were introduced in Colombia.

Samsonite began construction of a 165,000 square foot luggage facility in Mexico City and concluded new licensing agreements in Venezuela and South Africa.

Stahl added to its chemical facilities in Mexico City.

CANADA—Dairy sales and earnings again set records, primarily through expanded distribution and product lines. Capital improvements were completed at St. Catharines, Simcoe, Oshawa and Sault Ste. Marie, Ontario.

V-H Quality Food Products, Montreal, Quebec, and Mow Sang, Montreal, both Chinese foods companies, completed new production and warehousing facilities. Colonial Cookies, Kitchener, Ont., continued to expand its distribution and introduced a new range of products packed in reclosable tie bags.

Day-Timers is completing an addition to its plant in Niagara Falls, Ont., which will double its capacity. Stahl Chemical also expanded its distribution center in Montreal. Chicago Specialty doubled its sales in Canada.

AUSTRALIA-FAR EAST—Sales and earnings for Australian operations reached new highs for the eighth successive year. Red Tulip continued to expand its lines of quality candies and increased its distribution in Japan substantially during the year. It also is building a new plant in Melbourne.

Patra presently is expanding its Melbourne plant to provide for increasing demand for its fresh citrus fruit juices. Capacity of the Meadow Gold ice cream plant in Singapore, opened in 1974, is being increased 100 per cent. Henry Berry's plastics operation in Melbourne also was expanded substantially.

MURRAY BISCUIT

MOTHER'S COOKIE • LOUISVILLE

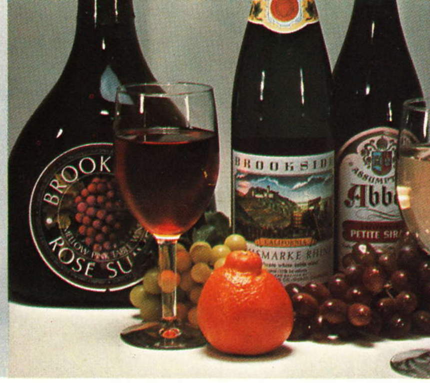

PALMETTO BAKERY

CONSOLIDATED BALANCE SHEET

FEBRUARY 28, 1975, AND FEBRUARY 28, 1974

ASSETS	1975	1974
Current assets:		
Cash	$ 70,486,967	$ 56,830,775
Marketable securities, at cost which approximates market	18,264,308	4,633,545
Receivables, less allowance for losses $14,940,249 (1974—$14,093,919)	382,898,991	349,732,097
Inventories	502,448,387	422,762,435
Prepaid expenses	23,062,448	17,648,984
Total current assets	997,161,101	851,607,836
Investment in unconsolidated subsidiary	39,679,890	37,424,603
Plant and equipment:		
Land	32,185,562	29,594,892
Buildings	275,822,206	246,150,664
Machinery and equipment	513,806,686	478,130,486
	821,814,454	753,876,042
Less accumulated depreciation	331,940,479	303,841,552
	489,873,975	450,034,490
Investments and other assets	31,206,268	24,542,128
Intangible assets	100,249,139	97,123,279
	$1,658,170,373	$1,460,732,336

See summary of significant accounting policies and notes to consolidated financial statements.



LIABILITIES & STOCKHOLDERS' EQUITY

	1975	1974
Current liabilities:		
Accounts payable and accrued expenses	$ 352,557,233	$ 319,685,147
Current portion of long-term debt	11,210,702	12,138,656
Income taxes	38,210,095	29,399,770
Total current liabilities	401,978,030	361,223,573
Debentures and notes	230,735,000	161,855,000
Other long-term debt	43,904,345	51,396,020
Deferred credits and other non-current liabilities	87,615,721	77,919,910
Minority interests in subsidiaries	22,486,047	19,947,477
Stockholders' equity:		
Preference stock (without par value). Authorized 2,500,000 shares. Issued 341,235 shares (1974—366,525 shares) at stated value with aggregate liquidation preference of $33,558,180 (1974—$36,003,980)	9,233,016	9,590,816
Common stock (without par value). Authorized 100,000,000 shares. Issued 77,413,117 shares (1974—77,191,570 shares) at $1.85 stated value	143,214,266	142,804,405
Capital surplus	34,887,006	33,080,423
Earnings invested in the business (earned surplus)	684,369,937	603,167,892
	871,704,225	788,643,536
Less 136,754 shares (1974—136,854 shares) of common stock in treasury at stated value	252,995	253,180
Stockholders' equity	871,451,230	788,390,356
	$1,658,170,373	$1,460,732,336

STATEMENT OF CONSOLIDATED EARNINGS

YEARS ENDED FEBRUARY 28, 1975, AND FEBRUARY 28, 1974

	1975	1974
Income:		
Net sales	$4,191,763,971	$3,657,752,330
Other income, including equity in net earnings of unconsolidated subsidiary	12,006,062	14,165,629
	4,203,770,033	3,671,917,959
Costs and expenses:		
Cost of sales	3,176,581,688	2,742,754,530
Selling, administrative and general expenses	682,112,049	621,335,884
Depreciation expense	52,389,139	48,895,678
Interest expense	27,895,719	19,548,015
	3,938,978,595	3,432,534,107
Earnings before income taxes	264,791,438	239,383,852
Provision for income taxes	126,000,000	112,247,099
Earnings after income taxes	138,791,438	127,136,753
Minority interests in net earnings of subsidiaries	4,027,272	4,388,997
Net earnings	$ 134,764,166	$ 122,747,756
Net earnings per common share	$1.71	$1.56
Net earnings per common share assuming full conversion of debentures and preference stock	1.66	1.52

See summary of significant accounting policies and notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS AND EARNINGS INVESTED IN THE BUSINESS (EARNED SURPLUS)

YEARS ENDED FEBRUARY 28, 1975, AND FEBRUARY 28, 1974

	1975	1974
CAPITAL SURPLUS		
Balance at beginning of year	$ 33,080,423	$ 24,591,007
Excess of stated value of converted shares of preference stock over stated value of shares of common stock issued upon conversion	125,216	248,952
Excess of principal amount of converted debentures over stated value of 6,584 shares (1974—101,599 shares) of common stock issued upon conversion	105,289	1,555,087
Excess of proceeds over stated value of shares of common stock issued under stock options	782,108	4,610,672
Excess of fair value over stated value of 39,520 shares (1974—142,973 shares) of common stock issued upon purchase of other companies	806,208	2,245,490
Stated value of 93,832 shares of common stock issued as additional consideration in pooling of interests transactions consummated in prior years	—	(173,588)
Other items	(12,238)	2,803
Balance at end of year	$ 34,887,006	$ 33,080,423
EARNINGS INVESTED IN THE BUSINESS (EARNED SURPLUS)		
Balance at beginning of year	$603,167,892	$527,607,052
Net earnings for the year	134,764,166	122,747,756
	737,932,058	650,354,808
Less dividends paid:		
Preference stock	1,422,120	1,493,908
Common stock, $.68½ a share (1974—$.62¾ a share)	51,952,851	43,870,515
Capital stocks of pooled companies	187,150	1,822,493
	53,562,121	47,186,916
Balance at end of year	$684,369,937	$603,167,892

See summary of significant accounting policies and notes to consolidated financial statements.

RUDOLPH'S SNACKS
SHEDD-BARTUSH

STATEMENT OF CONSOLIDATED CHANGES IN FINANCIAL POSITION

YEARS ENDED FEBRUARY 28, 1975, AND FEBRUARY 28, 1974

	1975	1974
FUNDS PROVIDED:		
Net earnings	$134,764,166	$122,747,756
Items which did not currently use (provide) funds:		
Depreciation	52,389,139	48,895,678
Deferred tax and other items	14,063,802	9,142,451
Undistributed earnings of unconsolidated subsidiary	(2,255,287)	(3,657,314)
Total from operations	198,961,820	177,128,571
Sale of common stock under option plans	874,093	5,162,184
Fair value of common stock issued for assets of purchased companies	879,320	2,509,988
Proceeds from sale-and-leaseback of properties	—	15,853,140
Increases in long-term debt	90,464,578	61,699,152
Other items	896,889	4,609,523
Total funds provided	292,076,700	266,962,558
FUNDS USED:		
Cash dividends	53,562,121	47,186,916
Plant and equipment acquired through purchase of other companies	1,056,629	12,013,034
Capital expenditures, net of retirements	91,171,995	84,308,688
Reductions in long-term debt	28,956,253	14,893,562
Increase in investment in unconsolidated subsidiary	—	4,448,559
Intangible assets acquired (net)	3,812,051	7,129,924
Other items	8,718,843	5,103,511
Total funds used	187,277,892	175,084,194
Increase in working capital	$104,798,808	$ 91,878,364
CHANGES IN WORKING CAPITAL COMPONENTS:		
Increases (decreases) in current assets:		
Cash and marketable securities	$ 27,286,955	$(11,750,028)
Receivables	33,166,894	58,286,148
Inventories	79,685,952	104,026,738
Prepaid expenses	5,413,464	2,822,749
	145,553,265	153,385,607
Increases (decreases) in current liabilities:		
Accounts payable and accrued expenses	32,872,086	62,717,796
Current portion of long-term debt	(927,954)	(1,880,702)
Income taxes	8,810,325	670,149
	40,754,457	61,507,243
Increase in working capital	$104,798,808	$ 91,878,364

See summary of significant accounting policies and notes to consolidated financial statements.

MODERN DAIRIES • CANADA

MOW SANG • CANADA

VIGORTONE

GEERPRES WRINGER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include all majority owned subsidiaries except Southwestern Investment Company and its subsidiaries which are carried on the equity method (see note 10). Subsidiaries operating outside the United States are included on the basis of fiscal years ending generally on December 31. Current assets and current liabilities of such subsidiaries are translated at current rates of exchange while long-term assets and liabilities are translated at historical rates. Revenue and expense accounts are translated at the average exchange rates in effect during the year except for depreciation which is translated at historical rates. Net exchange gains or losses have been included in income except for the net unrealized gain deferred in 1974 which continues to be deferred to offset any future translation adjustments.

Inventories

Inventories are valued at the lower of cost (principally first-in, first-out) or market.

Plant and Equipment and Depreciation

Plant and equipment is stated at cost less accumulated depreciation. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets. Accelerated depreciation methods are used for income tax purposes.

Intangible Assets

The excess of cost over net tangible assets of companies acquired prior to November 1, 1970 (approximately $80 million) is not being amortized until such time as there may be evidence of a permanent loss in value. Intangible assets acquired after that date are being amortized on a straight line method generally over a 40 year period.

Income Taxes

Certain items of income and expense (principally depreciation and gains on sale-and-leaseback transactions) are reported for income tax purposes on methods which differ from those on which such items are recognized for accounting purposes. Deferred income taxes are reflected in the financial statements to compensate for the tax effects of such differences.

Investment tax credits are reflected in earnings over the average useful lives of the acquired assets, subject to a maximum amortization period of seven years.

Sale-and-Leaseback Transactions

Gains from sales of properties under sale-and-leaseback transactions are amortized over the lives of the related leases as an adjustment of rental expense.

Pension Plans

The Company has pension plans which cover salaried employees and certain hourly-paid employees. Amounts charged to operations under the plans generally include the amortization of prior service liabilities on a 30 year basis. The Company contributes to other plans jointly administered by industry and union representatives. In general, the Company's policy is to fund pension costs currently.

Calculation of Earnings Per Share

Net earnings per share of common stock are based on the weighted average number of shares of common stock and common stock equivalents (Series A convertible preference stock, stock options and 4⅞% convertible debentures) outstanding during the period.

ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
222 SOUTH RIVERSIDE PLAZA
CHICAGO, ILLINOIS 60606

The Stockholders
Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 28, 1975, and February 28, 1974 and the related statements of consolidated earnings, capital surplus and earnings invested in the business and changes in financial position for the years 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 aforementioned financial statements present fairly the financial position of Beatrice Foods Co. and subsidiaries at February 28, 1975, and February 28, 1974 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

April 18, 1975

Peat, Marwick, Mitchell & Co.


INLAND CENTER


IRVINWARE


JOHN HANCOCK FURNITURE


QUINCY COLD STORAGE


BLOOMFIELD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) International Operations

The following is a summary of certain financial information relating to the Company's operations outside the United States:

	1975	1974
	(in thousands)	
Current assets	$253,931	$189,287
Plant and equipment (net)	120,342	107,717
Investments in joint ventures	5,661	5,728
Intangibles and other assets	74,339	70,045
	454,273	372,777
Less:		
Current liabilities	166,409	122,319
Other liabilities	39,571	34,331
Minority interests	21,684	19,244
	227,664	175,894
Company's equity in net assets	$226,609	$196,883
Company's equity in net earnings	$ 30,238	$ 29,463

An amount of $2.5 million has been charged to 1975 earnings to provide for possible future non-operating losses in international operations. Foreign currency translation adjustments in 1975 resulted in a net gain of $2.5 million.

2) Business Combinations

During the year ended February 28, 1975, the Company acquired several companies in transactions accounted for by the pooling of interests method. In connection therewith, the Company issued a total of 2,945,493 shares of its common stock. Net sales and earnings of the acquired companies for the period March 1, 1974 to dates of merger with the Company totaled $36,394,000 and $1,970,000, respectively. During the year, the Company issued 39,520 common shares in the purchase of another company.

The financial statements for the year ended February 28, 1974 have been restated to reflect the above poolings of interests. The net sales and net earnings of the Company for the year ended February 28, 1974 before such restatement aggregated $3,541,215,602 and $116,991,180, respectively. The net earnings of pooled companies that have been omitted or duplicated due to changes in their fiscal years amounted to $912,774 and are included in the 1974 beginning balance of earned surplus.

3) Income Taxes

The provisions for income taxes comprise the following:

	1975	1974
	(in thousands)	
Current taxes:		
Federal	$ 85,910	$ 79,874
Foreign	24,868	20,074
State	12,200	11,024
Deferred taxes:		
Federal	129	(532)
Foreign	1,598	514
Deferred investment credits:		
Federal	1,341	1,117
Foreign	(46)	176
Total	$126,000	$112,247

Net non-current deferred taxes and the unamortized balance of investment credits amounted to $18,795,601 and $8,572,411, respectively, at February 28, 1975 ($14,270,974 and $7,277,788, respectively, at February 28, 1974), and are included in deferred credits in the balance sheet. Net current deferred tax charges aggregated $7,883,124 at February 28, 1975 ($5,086,093 at February 28, 1974) and are included in prepaid expenses.

The Company has provided for deferred taxes on that portion of the total undistributed earnings of its international subsidiaries which is not considered to be permanently invested overseas. The accumulated earnings that have been permanently invested overseas aggregated $81 million at February 28, 1975. In the event such earnings were distributed, the Company would have available tax credits which would substantially reduce any Federal income tax due.

4) Long-Term Debt

Debentures and notes comprise the following:

	1975	1974
	(in thousands)	
7⅞% Sinking Fund Debentures due 1994	$ 35,000	$ 35,000
9% Debentures due 1985	11,000	12,000
Convertible Subordinated Debentures:		
7¼% due 1990	14,805	14,905
6¼% due 1991	24,930	24,950
4½% due 1992	25,000	25,000
4⅞% due 1993	25,000	25,000
8½% Notes due 1977	10,000	20,000
Prime rate note	—	5,000
8.9% Note due 1986	25,000	—
9⅞% Notes due 1995	60,000	—
	$230,735	$161,855

STIFFEL

ROBERT H. PETERSON

MARKET FORGE

SAMSONITE

The agreements under which the debentures and notes were issued provide for annual sinking fund payments or otherwise require prepayments of principal. The 7¼%, 6¼%, 4½% and 4⅞% debentures are convertible into the Company's common stock at the rate of 57.142, 43.716, 35.714 and 43.956 shares of common stock, respectively, for each $1,000 principal amount.

Other long-term debt arose principally through the acquisition of other companies and is represented by miscellaneous secured and unsecured notes, etc., with a weighted average interest rate of 7.3% which mature in varying amounts through 2016.

5) Sale-and-Leaseback Transactions

The unamortized balance of deferred gains from sale-and-leaseback transactions aggregated $26,593,076 at February 28, 1975 ($27,844,840 at February 28, 1974) and is included in deferred credits in the balance sheet.

6) Preference Stock

The following is a summary of preference stock issued and outstanding:

	1975	1974
	(in thousands)	
$2.70 convertible, $60 stated value, 14,133 shares (1974—16,213 shares)	$ 848	$ 973
$4.00 convertible, $10 stated value,* 244,654 shares (1974—267,854 shares) . . .	2,447	2,679
$4.50 convertible, $100 stated value, 57,104 shares (1974—57,114 shares)	5,710	5,711
Series A convertible, $9 stated value,* 25,344 shares (1974—25,344 shares)	228	228
	$9,233	$9,591

*Liquidation preference $100 per share.

In 1975, 25,290 shares of preference stock were converted into 125,721 shares of common stock. There are 1,677,729 shares of common stock reserved for conversion of outstanding preference shares at February 28, 1975.

7) Stock Options

The Company's stock option plans authorize the granting of options to purchase shares of the Company's common stock at prices not less than 100% of market value at the date of grant. The Company also has assumed certain stock options previously granted by acquired companies. The changes in the number of shares reserved for outstanding options are summarized as follows:

	1975	1974
Shares under option at beginning of year	1,048,337	1,148,698
Options granted	270,769	225,535
Options assumed	—	62,368
Options exercised	(49,722)	(298,115)
Options cancelled	(136,364)	(90,149)
Shares under option at end of year.	1,133,020	1,048,337

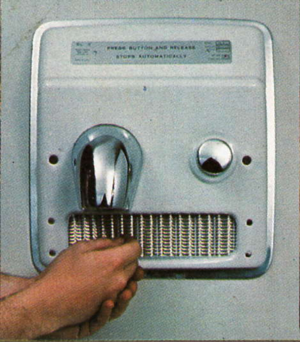
The total option price of options exercised during 1975 and 1974 was $874,093 and $5,162,184, respectively. The total option price of options outstanding at February 28, 1975 was $21,377,975. Options to purchase 751,397 shares are currently exercisable. There are 722,096 shares of common stock reserved for the granting of additional options.

8) Pension Plans

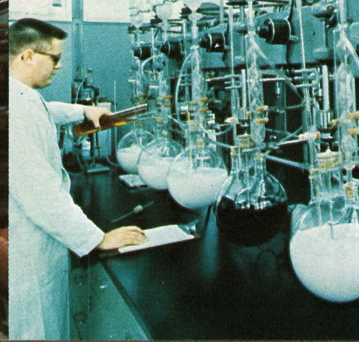
The amounts charged to earnings for pension plans totaled $19,960,000 for 1975 and $17,540,000 for 1974, of which $7,120,000 and $6,220,000, respectively, pertained to plans jointly administered by industry and union representatives. As of the latest valuation dates, the actuarially computed value of vested benefits for the principal plans exceeded the total of the pension fund assets by $7,800,000. The Employee Retirement Income Security Act of 1974 is not expected to have any future significant effect on pension expense, funding or unfunded vested benefits.

9) Contingent Liabilities

The legal proceedings pending against the Company consist of ordinary litigation incidental to the Company's business and in the opinion of management and counsel the outcome of such litigation will not materially affect the Company's consolidated financial position or operations.


WORLD DRYER


CHICAGO SPECIALTY


BEATRICE CHEMICAL


SAMSONITE


HOMEMAKER INDUSTRIES

10) Southwestern Investment Company and Subsidiaries (S.I.C.)

S.I.C. is a wholly owned, unconsolidated subsidiary of Beatrice Foods Co. and is engaged principally in the finance and insurance businesses. The following condensed statements summarize the consolidated financial position and operating results of S.I.C.

Summary of Financial Condition	December 31, 1974	December 31, 1973
	(in thousands)	
Assets:		
Cash	$ 18,763	$ 14,170
Marketable securities	53,242	44,923
Finance receivables (net)	126,234	119,382
Other receivables (net)	69,591	64,530
Other assets	26,161	21,879
	$293,991	$264,884
Liabilities and Company's Equity:		
Short-term notes payable (A)	$ 88,014	$ 83,680
Accounts payable and other liabilities	25,592	23,396
Savings accounts	44,878	39,688
Life insurance policy reserves	41,028	27,044
Long-term debt (A) (B)	54,799	53,651
Company's equity	39,680	37,425
	$293,991	$264,884

Summary of Operations	Year Ended December 31, 1974	Year Ended December 31, 1973
	(in thousands)	
Revenues	$ 81,657	$ 70,408
Company's equity in net earnings	2,255	4,244

Notes:

(A) The debt of S.I.C. is not guaranteed by the Company.

(B) Long-term debt matures in varying amounts through 1987 and bears interest at rates ranging from 4¾% to 10%.

11) Leases

Total rent expense was $50,229,000 for 1975 and $44,289,000 for 1974, of which $20,249,000 and $15,526,000, respectively, related to financing leases (generally those which cover 75% or more of the economic life of the leased properties).

Total minimum noncancelable rental commitments (net of sublease rentals) are payable as follows:

Fiscal Years	Real Property	Equipment, Principally Vehicles	Total
		(in thousands)	
1976	$20,360	$15,637	$35,997
1977	19,160	12,823	31,983
1978	18,027	9,523	27,550
1979	17,061	5,921	22,982
1980	15,894	3,756	19,650
1981-1985	68,805	3,827	72,632
1986-1990	53,435	44	53,479
1991-1995	39,487	18	39,505
after 1995	46,592	—	46,592

The aggregate rental payments shown above that are applicable to financing leases are as follows: 1976—$22,955; 1977—$21,507; 1978—$19,113; 1979—$15,621; 1980—$13,498; 1981 thru 1985—$52,624; 1986 thru 1990—$43,834; 1991 thru 1995—$35,837; after 1995—$46,189.

The present value of rental commitments under financing leases using a weighted average interest rate of 7.2% (rates implicit in the terms of the leases range from 2% to 14%) as of February 28, 1975, and February 28, 1974, are summarized as follows:

Leased Property	1975	1974
	(in thousands)	
Real property	$114,281	$109,313
Equipment, principally vehicles	34,992	31,010
Total	$149,273	$140,323

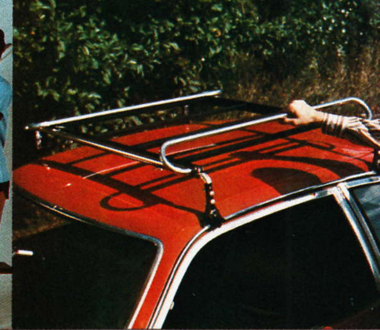
There would be no material effect on net earnings if such financing leases were capitalized.


STUCKEY & SPEER

TIP TOP BRUSH


MARKET FORGE


E. R. MOORE


MARK FORE/VATCO

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

Recently issued regulations require annual reports to shareholders to contain a section for discussion of changes in operations for each of the last two fiscal years in comparison to the prior year. Consequently, this section has been provided for the required comparisons and explanations. More detailed discussion of the current year operations is included in other sections of this report.

1975 COMPARED TO 1974

Net sales increased 15 per cent over the prior year due primarily to increased selling prices and also the increases in unit sales of many products. Sales increases were achieved in all major areas except for slight declines for Specialty Meat Products and Agri-Products.

The 15 per cent increase in total costs and expenses, excluding interest and income taxes, paralleled the sales increase.

Interest expense increased $8 million over the prior year. This increase was due to increased borrowings and the general increase in interest rates throughout the world.

Operating earnings reached record levels in all major areas except Agri-Products which experienced a decline from its record year in 1974 because of lower market prices of meat by-products. Operating earnings in the Foods and Related Services area increased substantially over the prior year generally because of higher sales volume, market share and productivity. The Manufactured and Chemical Products area was affected by reduced housing starts, higher costs and availability of money as well as the general downturn in the economy but was able to show an increase in operating earnings over the prior year.

Net earnings increased 10 per cent over the prior year. International earnings, which were affected by inflation and higher effective tax rates, increased modestly over the prior year's record high.

1974 COMPARED TO 1973

Net sales increased 20 per cent representing both unit volume and price increases. All major areas of the company reached record sales.

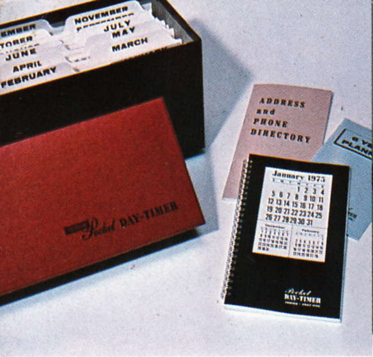
The total of all costs and expenses, excluding interest and income taxes, also increased 20 per cent.

Interest expense increased $4 million reflecting higher interest rates and additional borrowings.

Net earnings increased 17 per cent. Earnings improved in all major product areas.

COMMON STOCK DATA

	1975		1974	
Fiscal Quarter	Cash Dividends Paid	Market Price Range	Cash Dividends Paid	Market Price Range
First Quarter (May 31)	$.16¼	$16⅞-22⅝	$.15½	$22-28½
Second Quarter (August 31)	.16¼	12¾-20⅛	.15½	19¼-25
Third Quarter (November 30)	.18	12⅛-15⅞	.15½	20⅛-25⅝
Fourth Quarter (February 28)	.18	13½-21½	.16¼	16⅝-23⅜



NAT NAST

ALLISON

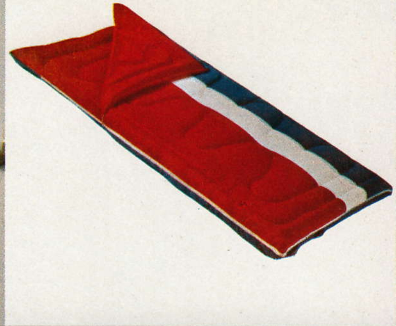
EUROPEAN DAIRY

TEN YEAR REVIEW (DOLLARS IN THOUSANDS EXCEPT PER SHARE FIGURES)

	1975	1974	1973	1972
EARNINGS				
Net Sales	$4,191,764	$3,657,752	$3,044,656	$2,646,338
Other Income	12,006	14,166	13,336	11,803
Total	4,203,770	3,671,918	3,057,992	2,658,141
Cost of Sales and Operating Expenses	3,862,721	3,368,479	2,799,279	2,423,954
Interest	27,896	19,548	15,953	15,120
Depreciation	52,389	48,896	43,221	40,577
Income Taxes	126,000	112,247	94,680	85,401
Total	4,069,006	3,549,170	2,953,133	2,565,052
Net Earnings	$ 134,764	$ 122,748	$ 104,859	$ 93,089
Net Earnings per Common Share	$1.71	$1.56	$1.36	$1.22
Dividends per Common Share	$ .68½	$ .62¾	$ .59	$ .58
FINANCIAL CONDITION				
Working Capital	$ 595,183	$ 490,384	$ 398,506	$ 348,106
Plant and Equipment (net)	489,874	450,034	412,800	370,758
Other Assets	171,135	159,090	141,346	132,606
	1,256,192	1,099,508	952,652	851,470
Deduct:				
Long Term Debt	274,639	213,251	168,235	157,309
Other Liabilities, Minority Interests and Deferred Credits	110,102	97,867	80,102	68,140
Stockholders' Equity	$ 871,451	$ 788,390	$ 704,315	$ 626,021
Ratio of Current Assets to Current Liabilities	2.48:1	2.36:1	2.33:1	2.40:1
Book Value per Common Share	$10.84	$9.76	$8.73	$7.85

DAHLGREN

CHESTERTON CANDY



SPORTLINE

SAMSONITE

E. R. MOORE

1971	1970	1969	1968	1967	1966
$2,364,696	$2,110,520	$1,823,362	$1,637,916	$1,500,481	$1,342,070
10,046	10,023	7,641	6,393	7,028	6,260
2,374,742	2,120,543	1,831,003	1,644,309	1,507,509	1,348,330
2,160,956	1,928,220	1,657,177	1,491,417	1,370,829	1,221,019
16,512	12,284	6,463	4,984	3,235	2,602
38,789	33,902	30,071	26,662	24,578	22,818
76,980	73,839	68,964	56,276	50,112	47,292
2,293,237	2,048,245	1,762,675	1,579,339	1,448,754	1,293,731
$ 81,505	$ 72,298	$ 68,328	$ 64,970	$ 58,755	$ 54,599
$1.08	$ .96	$ .93	$ .89	$ .80	$ .74
$ .50	$ .50	$ .44½	$ .40¼	$ .37½	$ .33¾
$ 314,574	$ 282,603	$ 248,940	$ 221,108	$ 211,183	$ 184,840
342,150	310,986	251,363	229,537	197,891	178,323
121,222	101,886	70,884	59,220	47,120	37,410
777,946	695,475	571,187	509,865	456,194	400,573
155,244	133,063	67,856	55,467	47,224	39,912
55,146	49,549	43,584	34,963	24,165	10,812
$ 567,556	$ 512,863	$ 459,747	$ 419,435	$ 384,805	$ 349,849
2.47:1	2.38:1	2.50:1	2.44:1	2.63:1	2.52:1
$7.06	$6.43	$5.68	$5.06	$4.46	$3.94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DON L. GRANTHAM


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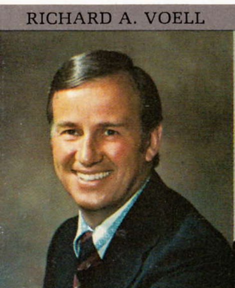
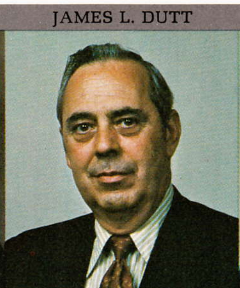
SOUTHWESTERN INVESTMENT CO.

CORPORATE OFFICERS

RICHARD A. VOELL


JAMES L. DUTT


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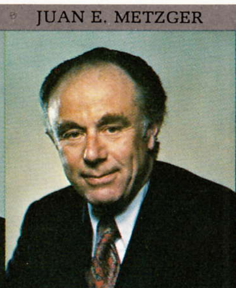

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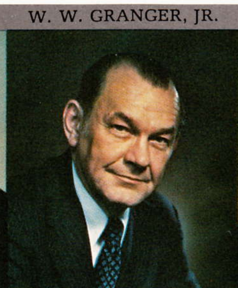

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GORDON E. SWANEY


CHARLES J. GARDELI


JAMES G. FRANSEN


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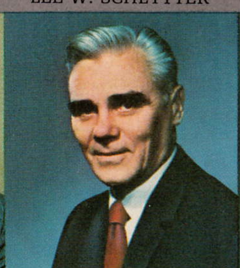
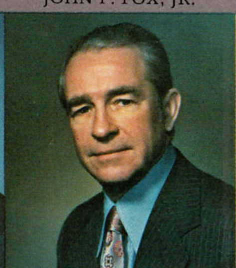


JOHN P. FOX, JR.


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P. ROBERT McCLURE, JR.


R. WILBUR DAESCHN


FRED K. SCHOMER


NEIL R. GAZEL


DONALD H. KLEIN


ROBERT L. SKUMME



WILLIAM G. MITCHELL


PAUL T. KESSLER, JR.


HARRY NIEMIEC


E. A. WALKER

HARRY NIEMIEC
EXECUTIVE VICE PRESIDENT
GROCERY, CONFECTIONERY
DIVISIONS, BAKERY GROUP

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SENIOR VICE PRESIDENT
DAIRY OPERATIONS
AGRI-PRODUCTS DIVISION

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VICE PRESIDENT
MANUFACTURING DIVISIONS

JAMES L. DUTT
VICE PRESIDENT
DAIRY DIVISION

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VICE PRESIDENT-INTERNATIONAL
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EASTERN DAIRY REGION

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MIDWEST DAIRY REGION

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ASSISTANT GENERAL MANAGER,
GROCERY DIVISION

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GROUP MANAGER

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ASSISTANT TO PRESIDENT
OPERATING DIRECTOR, CARIBBEAN
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TREASURER

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PRESIDENT, CONFECTIONERY

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EXECUTIVE VICE PRESIDENT
CONFECTIONERY

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VICE PRESIDENT
WESTERN DAIRY REGION

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INTERNATIONAL GROCERY &
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GENERAL MANAGER
PUBLIC WAREHOUSE

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MANUFACTURING AND CHEMICAL

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DOUGLAS C. BARD
EXECUTIVE VICE PRESIDENT
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PRESIDENT, LEISURE PRODUCTS

WALTER R. LOVEJOY
PRESIDENT, METAL PRODUCTS

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SAMSONITE

R. EARL O'KEEFE
PRESIDENT, CHAIRMAN
SOUTHWESTERN INVESTMENT CO.

*Directors listed alphabetically.

#Division Executives listed alphabetically by division.

DIVISION EXECUTIVES

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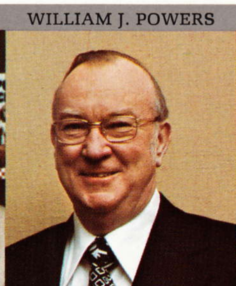
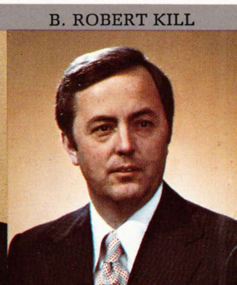
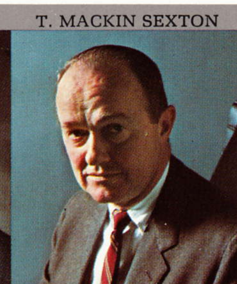
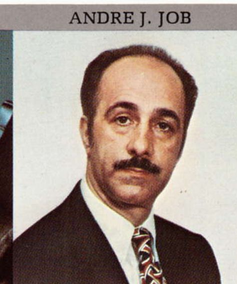
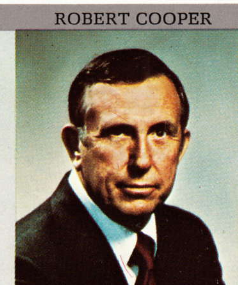
WILLIAM J. POWERS


B. ROBERT KILL


JOHN D. CONNERS


T. MACKIN SEXTON


ANDRE J. JOB


ROBERT COOPER


DONALD P. ECKRICH


LOUIS E. STAHL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