

# Beatrice Foods Co.

59th ANNUAL REPORT

*fiscal year ended February 28, 1957*



# 1957 ANNUAL



## American Institute of Management

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

Beatrice Foods Co.

THIS CERTIFICATE  
OF MANAGEMENT EXCELLENCE  
FOR THE YEAR 1956

*Witness our Hand and Seal*



*Jackson Martindell*  
PRESIDENT  
*Alpena Landa*  
SECRETARY

### *directors*

Brown W. Cannon  
Denver, Colorado  
Alvie J. Claxton  
Pittsburgh, Pennsylvania  
Earl Cline  
Lincoln, Nebraska  
Walter L. Dilger  
Chicago, Illinois  
George A. Gardella  
Detroit, Michigan  
Willard V. Haskell  
Topeka, Kansas  
John F. Hazelton  
Chicago, Illinois  
George W. Holmes  
Lincoln, Nebraska  
William G. Karnes  
Chicago, Illinois  
John H. Lambrecht  
Brookfield, Wisconsin  
John T. McGreer  
Lincoln, Nebraska  
G. Stanley McKenzie  
Los Angeles, California  
Harold F. Nichols  
Galesburg, Illinois

Louis Nielson  
Galesburg, Illinois  
Herbert W. Post  
Arlington Heights, Illinois  
Robert B. Price  
El Paso, Texas  
Harold F. Stotzer  
Archbold, Ohio

### *executive committee of board of directors*

Walter L. Dilger  
George A. Gardella  
William G. Karnes  
John T. McGreer  
Louis Nielson

### *operating committee*

Brown W. Cannon  
Alvie J. Claxton  
George A. Gardella  
John F. Hazelton  
William G. Karnes

# REPORT BEATRICE FOODS CO.

*The 60th Annual Stockholders Meeting will be held in Chicago, Illinois, on June 1, 1957, at 10:30 A.M. (CDT), in the Grand Ballroom of the Palmer House.*

## *officers*

William G. Karnes  
*President*

John F. Hazelton  
*Executive Vice President*

Louis Nielson  
*Vice President*

Alvie J. Claxton  
*Vice President*

George A. Gardella  
*Vice President*

Brown W. Cannon  
*Vice President*

Edward F. Comegys, Jr.  
*Vice President*

Carl N. Hansen  
*Vice President*

Everett E. Haskell  
*Vice President*

Charles H. McConnell  
*Vice President*

Robert B. Price  
*Vice President*

Walter L. Dilger  
*Vice President and Secretary*

Robert W. France  
*Treasurer*

James J. Cullen  
*Assistant Treasurer*

Herbert L. Severin  
*Assistant Secretary*

Merritt T. Olney  
*Assistant Secretary*

*capital stock listing*  
NEW YORK STOCK EXCHANGE

*registrars of stock*  
THE CHASE MANHATTAN BANK  
CITY NATIONAL BANK AND TRUST COMPANY OF CHICAGO

*stock transfer agents*  
GUARANTY TRUST COMPANY OF NEW YORK  
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

*dividend disbursement agent*  
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

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## SALES DOLLAR

### FIVE YEAR COMPARATIVE SUMMARY

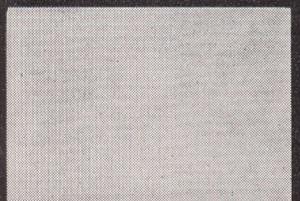
	1957	1956	1955	1954	1953
Net Sales .....	\$342,086,657	\$325,024,681	\$287,352,312	\$275,034,840	\$235,204,505
Earnings before taxes .....	15,055,642	13,319,680	11,873,211	10,353,314	8,253,355
Federal taxes .....	7,739,000	6,930,000	6,320,000	5,525,000	4,260,000
Earnings after taxes .....	7,316,642	6,389,680	5,553,211	4,828,314	3,993,355
Earnings per share of Common stock .....	5.15	4.51	4.28	3.90	3.67
Dividends paid per share of Common stock .....	2.45	2.45	2.30	2.25	2.25
Working Capital .....	34,182,474	32,410,282	28,917,000	27,491,799	23,553,207
Year-end inventories .....	10,646,820	9,806,224	9,333,313	8,753,686	6,723,748
Amounts added to Earned Surplus ....	3,648,826	2,748,871	2,389,939	2,002,588	1,497,679
Book value per share of Common stock .....	46.29	43.61	41.19	39.22	37.28
Number of stockholders .....	12,966	12,613	11,910	11,027	7,849
Number of employees .....	12,435	12,167	11,028	11,093	8,488

Source...

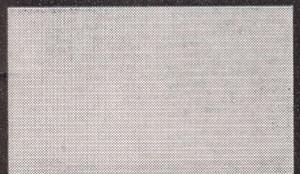
Disposition...



Fluid Milk and Cream 40¢



Non-Dairy Foods and Services (Including Frozen Foods and Cold Storage) 20¢



Ice Cream and Mix 18¢



Butter 13¢



Other Manufactured Dairy Products 06¢



Eggs and Poultry 03¢

TOTAL....\$1.00



Paid Out to Farmers and other Suppliers 58.8¢



Supplies and other Expense 18.8¢



Wages and Salaries 17.0¢



Taxes 3.6¢



Dividends to Stockholders and Additions to Working Capital 1.8¢

TOTAL....\$1.00

## HIGHLIGHTS OF THE YEAR

DOLLAR SALES AND EARNINGS reached a record high for Beatrice Foods Co.

DOLLAR SALES were \$342,086,657, an increase of 5.2 per cent.

NET EARNINGS BEFORE FEDERAL INCOME TAXES were \$15,055,642, compared with \$13,319,680 for the previous year, an increase of 13 per cent.

FEDERAL INCOME TAXES amounted to \$5.77 per share of common stock.

NET EARNINGS AFTER FEDERAL INCOME TAXES were \$7,316,642, equal to \$5.15 per share of common stock, compared with \$6,389,680 for the previous year, equal to \$4.51 per share, or an increase of 14.5 per cent.

WORKING CAPITAL (current assets less current liabilities) reached a record high of \$34,182,474.

STOCKHOLDERS' EQUITY at the end of the fiscal year equaled \$46.29 per share of common stock.

THE COMPANY now has 12,966 Stockholders which is the largest number in its history.

# TO THE STOCKHOLDERS OF BEATRICE

The fiscal year ended February 28, 1957, was another record year for Beatrice Foods Co. Sales and earnings again reached an all-time high.

*sales* Dollar sales for the year were a record high of \$342,086,657 compared with \$325,024,681 for the preceding fiscal year, a gain of 5.2%. Sales on a unit basis increased for the 20th consecutive year. The national per capita consumption of dairy products continued to increase. This, supplemented by an aggressive merchandising and advertising program, resulted in greater unit sales, particularly of bottled milk, milk by-products and ice cream. Unit sales of non-dairy foods also continued to increase.

*earnings* Consolidated earnings for the fiscal year, before provision for Federal taxes, amounted to \$15,055,642, compared with \$13,319,680 for the previous year, an increase of \$1,735,962, or 13%. Earnings before Federal taxes were equivalent to 4.4% of sales, compared with 4.1% of sales for the preceding year. Consolidated net earnings, after provision for Federal income taxes, were \$7,316,642, compared with \$6,389,680, or an increase of \$926,962, or 14.5%. Such net earnings, after dividends on preferred shares outstanding, were equivalent to \$5.15 a share on the 1,340,662 shares of common stock outstanding on February 28, 1957. Net earnings for the preceding year were equivalent to \$4.51 a share on 1,320,868

A Luncheon following the  
Annual Stockholders Meeting, June 1, 1956



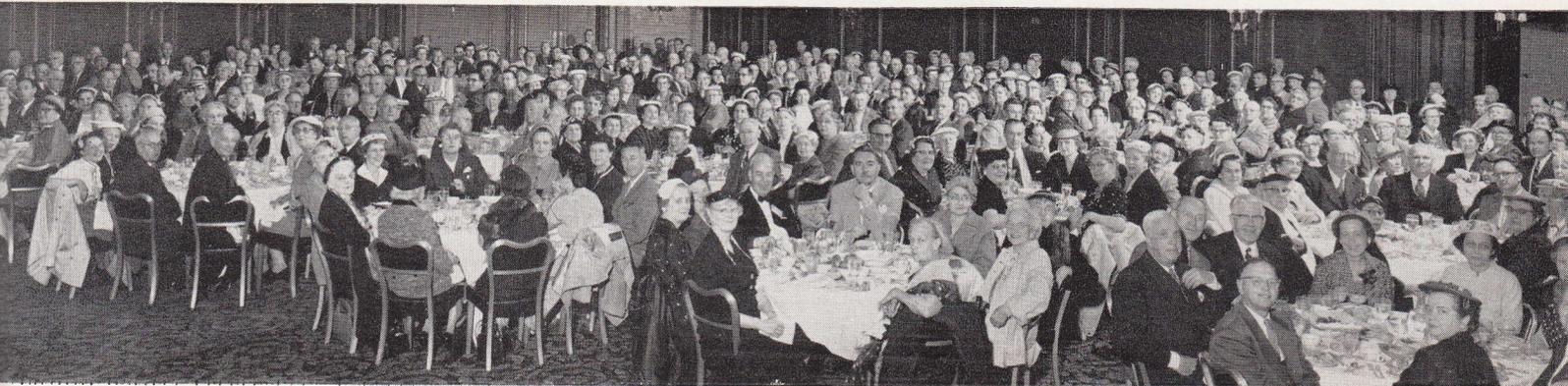
## FOODS CO.

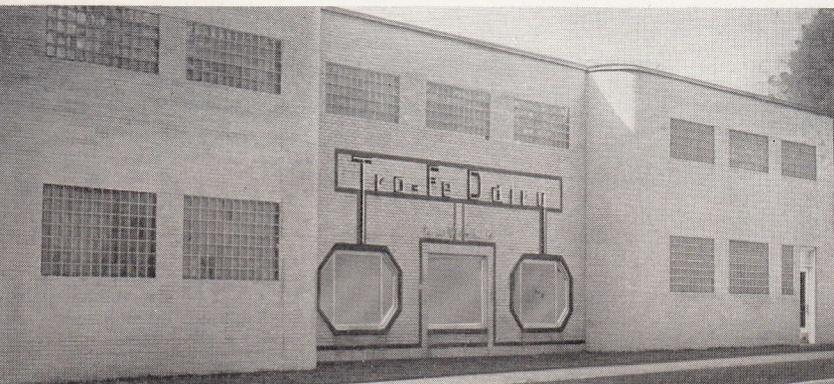
common shares outstanding on February 29, 1956. On the basis of the 2,010,993 common shares outstanding on March 5, 1957, after giving effect to the 50% common stock distribution explained below, the earnings for the fiscal year ended February 28, 1957, would have amounted to \$3.43 per share of common stock.

**capital stock** The total number of shares of common stock outstanding was increased during the fiscal year ended February 28, 1957, by 19,794 shares. Of this total, 7,846 shares were issued in the conversion of 3,052 shares of 3 $\frac{3}{8}$ % Convertible Prior Preferred stock; 15,948 shares were issued for Associated Dairy Products Company, Glendale, Arizona, which was merged with Beatrice Foods Co. during the past fiscal year. Treasury common stock was increased by 4,000 shares. As of February 28, 1957, 13,456 shares of 3 $\frac{3}{8}$ % Convertible Prior Preferred stock were still outstanding. Purchases for retirement in previous years, together with conversions, have anticipated the sinking fund redemption requirements through 1978.

**dividends** Dividends totaling \$3,667,816 were paid on the outstanding preferred and common shares during the last fiscal year, compared to \$3,491,259 the previous year.

**common stock distribution** On March 5, 1957, the company distributed one additional share of common stock for each two





The Tro-Fe Dairy Products plant,  
Gadsden, Alabama

shares held by the common stockholders on February 5, 1957, and announced that the Board of Directors intends to declare regular dividends on the common stock of 45¢ per share quarterly, or \$1.80 per share annually, in the fiscal year beginning March 1, 1957, and will eliminate the payment of year-end extra dividends in the future. The effect of this action has been to increase the outstanding common stock by one-half and to increase the annual dividends paid on the outstanding common stock before such distribution from \$2.45 per share to \$2.70 per share.

**inventory** The company continues its policy of close inventory control. The inventory as of February 28, 1957, amounted to \$10,646,820 against \$9,806,224 at the end of the previous fiscal year, an increase of \$840,596. The company's sales for the fiscal year represent a ratio of 32 to 1 to year-end inventories. Close inventory control minimizes the loss potential and fast inventory turnover increases the efficient use of capital and enhances the return on capital.

**working capital** The working capital (current assets less current liabilities) as of February 28, 1957, amounted to \$34,182,474 compared with working capital of \$32,410,282 at the close of the previous year, an increase of \$1,772,192. This is the twelfth consecutive year the company has shown an increase in working capital. The company had \$4.53 of current assets for each dollar of current liabilities, compared with \$4.44 a year ago.

**stockholder equity** The equity of stockholders in the company increased to \$71,383,217 from \$67,363,792 a year ago. The book value of each share of common stock outstanding on February 28, 1957, was \$46.29 compared with \$43.61 a year ago.

**capital expenditures** Our capital expenditures in the past year amounted to \$6,286,201. These were primarily for modernization, replacement and expansion of our plants, processing and refrigerating equipment. The amount of capital expenditures made in the past year was \$1,514,273 more than the accrued depreciation for the year.



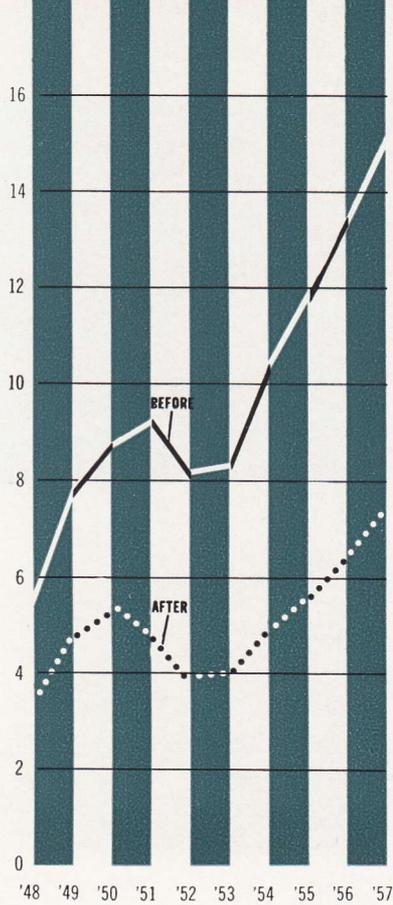
The Associated Dairy Products plant,  
Glendale, Arizona

**employees** As of February 28, 1957, the company had 12,435 employees. Of this total, 5,691 had more than five years of continuous service with Beatrice Foods Co. or predecessor companies; 1,978 had 15 years or more, and 905 had 25 or more years of continuous service. Under the Beatrice Foods Co. group life insurance plan, the entire cost of which is paid by the company, death and disability claims have been paid to 463 beneficiaries for a total of \$1,469,400 during the twelve years this plan has operated. In the past fiscal year, 6,259 eligible employees were insured for a total of over \$21,250,000.

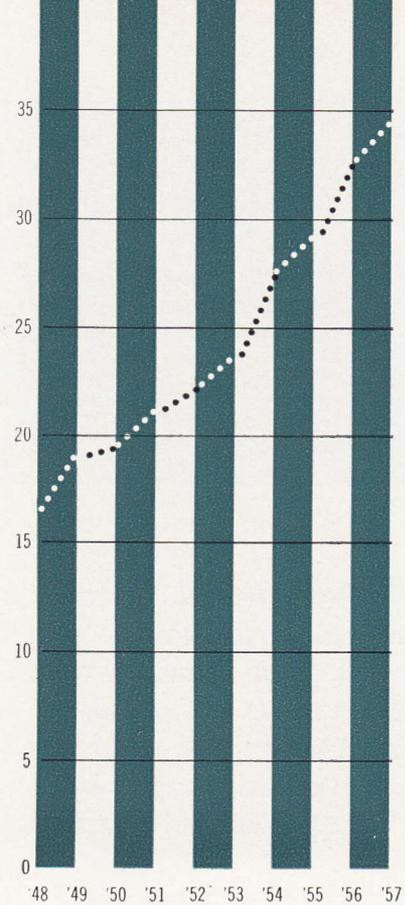
**safety program** During the past year there has been a further reduction in accident frequency and a substantial reduction in the severity of accidents in the company. Our Idaho Creameries Division, Boise, Idaho, and Dairymen's Association, Ltd., Honolulu, Hawaii, were First Place winners in the milk and ice cream fleet division of the 1956 National Safety Council Fleet Contest.

**federal trade commission** The Federal Trade Commission's complaint concerning certain alleged unfair trade practices in the ice cream industry, issued on February 15, 1954, is still pending on hearings. During the last year, the Commission concluded the presentation of its case, and in May 1957, hearings will commence to permit the company to introduce its defensive evidence and testimony.

The Federal Trade Commission also issued another complaint on October 16, 1956, alleging violation of the anti-merger section of the Clayton Act, and the unfair competition provisions of the Federal Trade Commission Act, with reference to the acquisitions which your company has made since 1951 in the dairy field. The initial hearing on this complaint was held on March 7 and 8, and it is expected that a series of additional hearings will be held in 1957. The charges are similar to those filed against three other major dairy companies. Your management believes that its dairy acquisitions have been beneficial to all groups concerned and were in the public interest. Therefore, we are contesting the charges in defense of the legality of the transactions.



earnings before and after taxes in millions of dollars



working capital in millions of dollars

**stockholders** We welcome the many new stockholders whose names appeared on our list for the first time during the past year. Our annual meeting of stockholders will be held in Chicago, Illinois, on June 1, 1957, at 10:30 A.M. (CDT), in the Grand Ballroom of the Palmer House. Questions are welcome from stockholders who will not be able to attend, particularly those questions they would like to have answered at the annual meeting. All stockholders will receive a written report of the proceedings of the annual meeting.

We take this opportunity to express our sincere thanks and appreciation to all of the people in Beatrice Foods for their loyalty and their splendid efforts in making this another successful year . . . to our many customers, producers and suppliers for their support and co-operation . . . and, to our stockholders for their continued confidence in the future of Beatrice Foods Co.

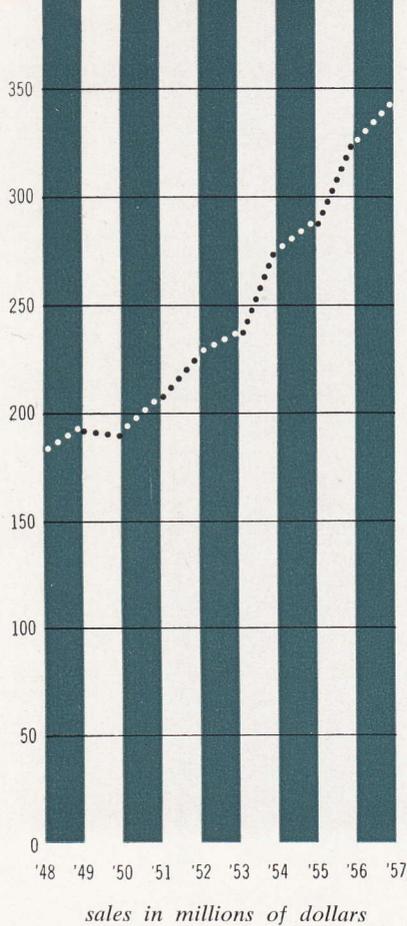
Yours very truly,

*William James*  
President



# 1 9 5 6 I N R E V I E W

*national milk production and consumption* National milk production and consumption maintained a slow but persistent annual increase during the calendar year 1956. Production exceeded consumption by about the same margin as in the previous year. As a result government purchases of dairy products for price support purposes, on a milk equivalent basis, were about the same as in the previous calendar year when they absorbed about five billion pounds of milk. The change in trends in the dairy industry noted in previous annual reports continued during the past year. Production of milk in the farm regions serving the large metropolitan centers of population rose at approximately the same rate as of recent years, while production in other farm areas continued to reflect the liquidation of small dairy herds. Deliveries per farm in 36 metropolitan Federal Milk Market areas for which comparable figures are available for the years 1951 and 1956, showed increases ranging from 12 per cent in Nashville, Tennessee, to 85 per cent in Wichita, Kansas. The average gain in deliveries per farm in the 36 markets was 44 per cent during this five-year period, or an average of more than 8 per cent a year. Federal Order Market areas account for about one-fourth of the total off-farm milk and cream sales. Essentially, the trends noted are due to underlying price and cost factors which have favored the producers of milk for city markets. Nationwide, the milk dealers' buying price for standard grade milk for bottling purposes averaged \$5.34 a hundred pounds in 1956, according to the United States Department of Agriculture, or about 12 cents a quart. This price represents an increase of 10 per cent over the average of \$4.86 a hundred pounds for the calendar year 1950. During the same five-year period, 1950 and 1956, dairy farmers serving urban milk markets of necessity developed an operating efficiency that was nothing short of phenomenal. Although these farmers' costs reflected steadily advancing wages and prices for machinery and supplies, at least the larger dairy farms managed to offset this completely by the steadily improving



sales in millions of dollars



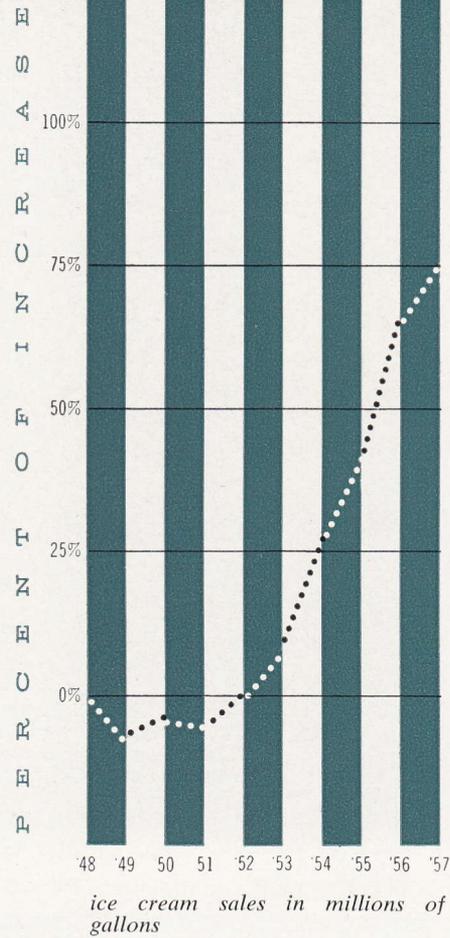
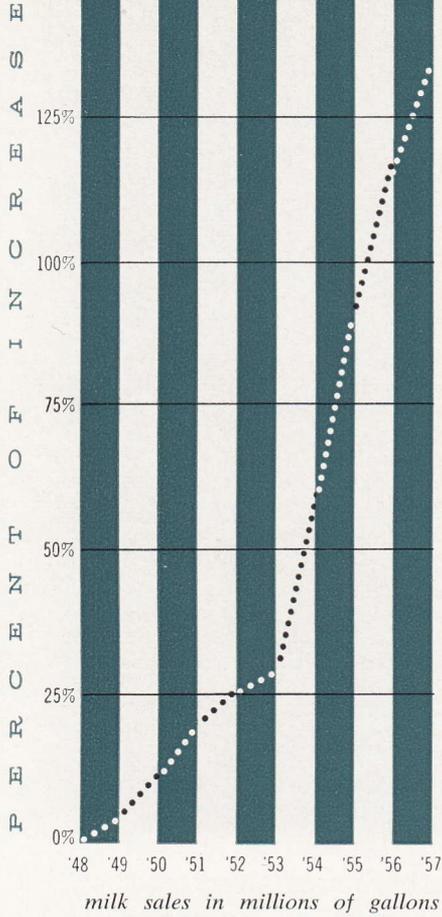
*Beatrice Foods Co., represented by Carl N. Hansen, Vice-President and Louis Nielson, Director receiving Governor's Trophy for Grand Champion tub of butter, from Illinois Governor William G. Stratton, assisted by Lowell D. Oranger of the State Department of Agriculture.*

efficiency of their operations. Increased mechanization, dairy herd improvement, expanded herds and plants, have enabled these dairy farmers for the most part to hold their own in recent years.

Farmers who produce milk primarily for other than bottling purposes, however, have not been able to achieve the same efficiency for a variety of reasons. This has resulted in a decline in the volume of milk available for the manufacture of dairy products.

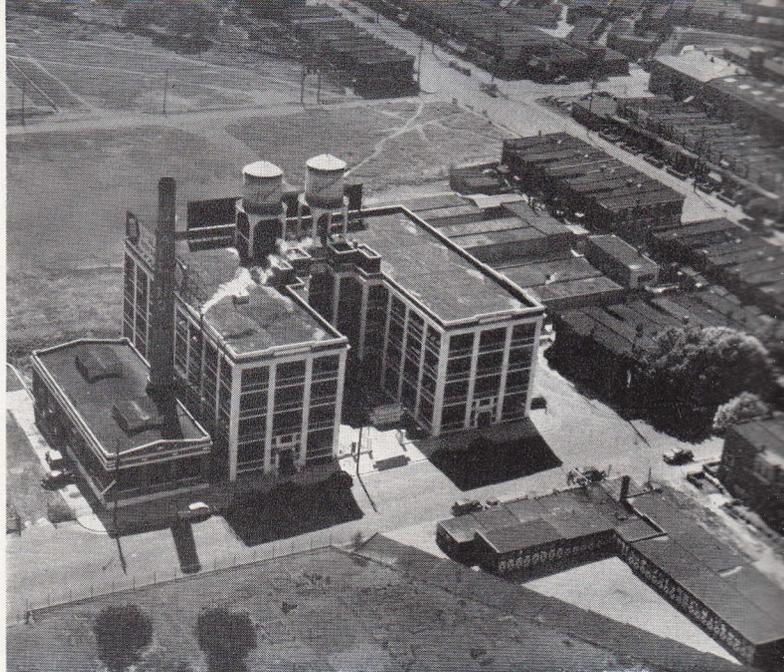
The combined efficiency of producers and processors of bottled milk has kept milk and dairy products in a unique position with respect to other foods of similar nutritive content. At prevailing prices, these products offer a bargain in nutrition that is not sufficiently appreciated. The overall per capita consumption of dairy products expanded slightly in 1956. The consumption of bottled milk increased by about two quarts per person for the year, thus duplicating the gain in 1955. Ice cream consumption increased by more than a pint per person. Butter and cheese consumption were practically unchanged.

**milk and cream department** Bottled milk and cream sales now constitute 40% of our total sales volume. Our dollar milk sales increased over the previous year by \$13,614,611 for the 18th consecutive year-to-year gain. Unit sales were 8.6% above those of the pre-



*Governor Robert E. Smylie plants the flags of the United States and Idaho on this exact replica of the Gem State. This cake was made from 16 gallons of Meadow Gold chocolate, vanilla and strawberry ice cream produced by the Idaho Creameries Division.*

vious year. The Milk Department continues to be one of the fastest growing departments in our company and, again this year, our increase in sales from normal growth exceeded the national average. During the past fiscal year, the company entered new sales territories with the addition of Tro-Fe Dairy Products Co., Gadsden, Alabama, distributing wholesale and retail fluid milk in northeast Alabama, and also with the addition of Associated Dairy Products Co., Glendale, Arizona, distributing wholesale fluid milk throughout the state of Arizona. During the past year we completed the expansion and improvement of our milk plants in Dayton, Ohio, Fort Wayne, Indiana, and Huntsville, Alabama. Our condensed and powdered milk plant operations at New Bremen, Ohio, were expanded by the installation of new equipment, including the largest milk dryer in our company. Our new milk and ice cream plant at Greeley, Colorado, will be completed soon. It will be one of the most modern dairy processing plants in the Rocky Mountain area. We have under construction a new fluid milk plant in Clarksburg, West Virginia, to serve the northern part of the state. In Hawaii, we are relocating our present dairy farm to a new 296-acre location on the Island of Oahu. This new dairy farm will increase the milk producing facilities of our Dairymen's Association, Ltd., in Honolulu. When completed, it will be the largest and most modern dairy farm in the Hawaiian Islands.



*The Thos. D. Richardson Company plant, Philadelphia, Pennsylvania, home of nationally famous Richardson's after dinner mints. A new division of Beatrice Foods Co.*

**ice cream department** Ice cream sales accounted for 18% of our total sales for the year. Unit sales of ice cream showed an increase over the previous year. The average selling price of ice cream and frozen desserts declined during the year. Our ice cream gallonage reached an all-time high during the past fiscal year, in spite of unsatisfactory weather throughout most of our marketing areas during the late spring and summer months. The increase in our ice cream sales was greater than the national average. We expanded our distribution of ice cream in a number of areas, particularly in central Oklahoma, eastern Kentucky, northern Minnesota, northern Wisconsin and southern Ohio. We completed the plant expansion and improvements in our ice cream plants in Salt Lake City, Utah, and Honolulu, Hawaii.

**non-dairy foods and services** The sales volume of our non-dairy foods and services department represented a total of 20% of the company's sales last year. The dollar and unit sales of this department were greater than the previous fiscal year, continuing an 18 year consecutive annual increase of sales of the non-dairy foods and services. The La Choy Foods Division continued to break all previous sales records. The 1956 volume was the largest in its 34-year history. In spite of higher costs of ingredients and supplies and the mounting cost of doing business, La Choy was able to hold the line on its selling prices. Increased volume and efficiency, plus substantial savings, developed satisfactory profits in spite of the fact that gross profit margins were lower. We have completed the construction of our new expanded warehouse and increased production facilities at the La Choy Foods Division in Archbold, Ohio, and are now in the process of completing a new modernized noodle department, additional bean sprout growing rooms and an enlarged shipping operation.

Beatrice Foods Co.'s spectacular float in the International Dairy Show Parade

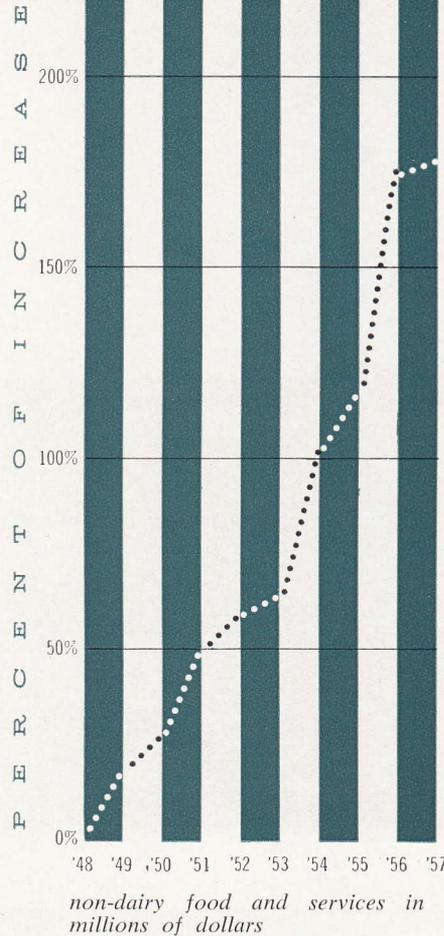


Santa Claus greeting a guest at our Dairymen's Association Ltd., Annual Christmas Party in Honolulu, T. H.



Mr. E. G. Cox, Chairman of the National Fleet Safety Contest Committee presenting safety award to Hugh Daley, Idaho Creameries Division.





*G. Stanley McKenzie, Director, presenting 25 year pin to Paul R. Chaney, former Secretary-Treasurer, Creameries of America.*

The D. L. Clark Company, Pittsburgh, Pennsylvania, in the past fiscal year had improved operations, including an increase in the unit sales of the famous Clark candy bars. Clark's advertising and merchandising efforts were increased during the year, and the capacity and efficiency of its production facilities were also increased.

The newest addition to our non-dairy foods operation is the Thos. D. Richardson Co., of Philadelphia, Pennsylvania, and Ponchartroula, Louisiana, which became a part of our company March 1, 1957. The company was incorporated in 1904 and manufactures an assortment of After Dinner Mints, Pastel Mints, Party Patties, and assorted Jelly Centers. It is the only manufacturer of nationally advertised and distributed Pulled Cream Mints. The products are sold under the brand names of U-ALL-NO, After Dinner, and Richardson's Mints. It will be operated as a separate subsidiary, and the present management will continue with the company.

Our dollar sales of frozen foods were lower than during the previous year, due to lower selling prices. However, unitwise we continued to increase our frozen foods business. The demand for convenience foods continues to grow, and many new pre-cooked packaged frozen foods were distributed by our company.

Our public cold storage warehouses enjoyed another satisfactory year. We continued to modernize and improve our warehouse facil-

4H Club delegates observing the operation of a Meadow Gold Butter foil-wrapping machine during 2nd Annual Conference.



Product Display booths used at Stockholders Meetings, Dairy Shows and Sales Promotion Conferences.



Lani Moo, Dairyman's Association Ltd., famous guernsey cow, helping school children welcome new guernsey herd at Waialae Ranch, Honolulu, T. H.





ities, and completed the installation of new automatic refrigeration equipment in our largest public cold storage warehouse in Chicago, as well as our cold storage warehouse in Lincoln, Nebraska.

***butter department*** Butter accounted for 13% of the total sales of the company in the last fiscal year. The company manufactured more butter than it did during the previous year. We sold no butter to the Federal Government as surplus and, at the present time, government surplus butter stocks are at a low point. Due to increased production and efficiency in the butter department, our earnings in this department improved over the previous year.

***other manufactured dairy products*** This department accounts for 6% of the total sales and includes cottage cheese and all other forms of cheese, powdered milk and condensed milk. The sales and profits of this department increased during the year, due primarily to a substantial increase in cottage cheese sales, a product which is growing in public acceptance and is being promoted aggressively by our company. Our facilities for the manufacturing of these other dairy products have been substantially expanded in recent years at several of our plants in Pennsylvania, Ohio, Illinois, Kansas and Wisconsin.

***advertising*** The company spent a total of \$5,088,494 during the past fiscal year for advertising and sales promotion. This is an all-time high in expenditures for the pre-selling and promotion of company products. The company adopted the policy of placing our national advertising in full page 4-color newspaper ads throughout the country and carried fluid milk, ice cream, dairy products and other food ads in over 97 local newspapers from coast to coast, including the Hawaiian Islands. These newspaper ads, samples of which are included in this report, were supplemented by local radio, television, outdoor and point-of-sale advertising conducted by various plants and divisions of our company. The company will continue to nationally advertise and promote our products aggressively during the coming year and our national advertising program will carry fluid milk, ice cream, milk products and La Choy products ads in over 239 local newspapers, and several national magazines. These again will be supplemented by local television, radio and point-of-sale programs. Television "spots" are used extensively at many plants. Some of the outstanding programs carrying a message of our products to our customers are LIFE OF RILEY, O'HENRY PLAYHOUSE, CISCO KID, MICKEY MOUSE CLUB and DON McNEILL BREAKFAST CLUB.





# BEATRICE FOODS

## *consolidated balance sheet*

*assets*

	<u>1957</u>	<u>1956</u>
Current assets:		
Cash .....	\$ 13,151,065.29	\$ 13,634,348.70
Receivables, less allowance for losses \$1,651,745.58 and \$1,322,549.25 at respective dates .....	19,348,884.38	17,612,372.42
Inventories at lower of average cost or market:		
Products and other merchandise....	6,748,163.91	6,440,070.66
Materials and supplies .....	3,898,656.51	3,366,153.02
	<u>10,646,820.42</u>	<u>9,806,223.68</u>
Prepaid insurance, taxes, and other expenses .....	700,038.42	779,744.09
Total current assets .....	<u>43,846,808.51</u>	<u>41,832,688.89</u>
Investments and advances, less allowance for losses \$651,286.96 and \$465,012.41 at respective dates .....	1,380,938.39	1,831,275.07
Plant and equipment, at cost less depreci- ation:		
Land .....	3,667,655.13	3,428,829.33
Buildings .....	24,166,189.15	21,149,650.20
Machinery and equipment (including dairy herds) .....	41,506,043.02	40,458,223.32
	<u>69,339,887.30</u>	<u>65,036,702.85</u>
Less allowance for depreciation .....	31,770,082.27	29,914,468.04
	<u>37,569,805.03</u>	<u>35,122,234.81</u>
	<u>\$ 82,797,551.93</u>	<u>\$ 78,786,198.77</u>

*See accompanying notes to consolidated financial statements.*

# CO. AND SUBSIDIARY COMPANIES

February 28, 29, 1957 and 1956

	<u>1957</u>	<u>1956</u>
Current liabilities:		
Accounts payable, etc. ....	\$ 7,211,762.51	\$ 6,410,633.25
Salaries and wages accrued .....	1,155,106.18	812,327.29
Taxes accrued, other than federal taxes on income .....	1,046,794.95	790,146.63
Federal taxes on income, estimated, cur- rent and prior years, less United States Treasury securities \$6,804,341.78 and \$5,736,940.91 at respective dates	250,671.10	1,409,299.91
Total current liabilities .....	9,664,334.74	9,422,407.08
3% sinking fund debentures dated June 1, 1947, due June 1, 1962, less \$250,000.00 included in current liabilities (assumed on Creameries of America, Inc. merger)	1,750,000.00	2,000,000.00
Stockholders' equity (note 1):		
3 <sup>3</sup> / <sub>8</sub> % cumulative convertible prior pre- ferred stock .....	1,345,600.00	1,650,800.00
4 <sup>1</sup> / <sub>2</sub> % cumulative preferred stock .....	7,973,200.00	8,111,200.00
Common stock .....	16,840,300.00	16,542,875.00
Capital surplus .....	6,520,843.98	5,796,576.48
Earned surplus (retained earnings).....	38,952,897.82	35,304,071.59
	71,632,841.80	67,405,523.07
Less treasury common stock, at cost....	249,624.61	41,731.38
	71,383,217.19	67,363,791.69
	\$ 82,797,551.93	\$ 78,786,198.77

*liabilities*



# BEATRICE FOODS

## statement of consolidated earnings

*years ended  
february 28,  
1957 and  
february 29,  
1956*

	<u>1957</u>	<u>1956</u>
Sales, net (including storage earnings).....	\$ 342,086,657.39	\$ 325,024,680.68
Costs and expenses, exclusive of depreciation and other items specified below:		
Products and other merchandise.....	245,809,945.80	235,774,328.16
Repairs and maintenance .....	8,093,381.24	7,851,898.02
Selling and delivery expense .....	44,519,055.84	41,687,826.13
Administrative and general expense....	14,350,469.91	13,332,957.82
Advertising .....	3,206,223.08	3,138,026.30
Rents, real property (note 2) .....	1,469,391.74	1,445,120.89
Taxes, other than federal taxes on income	4,253,898.34	3,785,153.61
Insurance .....	1,334,722.68	1,212,799.99
Retirement annuity premiums (note 3)....	357,783.52	290,436.23
Interest .....	138,597.53	126,544.23
	<u>323,533,469.68</u>	<u>308,645,091.38</u>
	18,553,187.71	16,379,589.30
Provision for depreciation .....	4,771,928.56	4,279,263.38
	<u>13,781,259.15</u>	<u>12,100,325.92</u>
Other income (dividends, rents, discounts, interest, etc.) .....	1,274,382.97	1,219,353.67
Earnings before federal taxes on income .....	15,055,642.12	13,319,679.59
Provision for federal taxes on income, estimated .....	7,739,000.00	6,930,000.00
Net earnings .....	<u>\$ 7,316,642.12</u>	<u>\$ 6,389,679.59</u>

# CO. AND SUBSIDIARY COMPANIES

## *statement of consolidated surplus*

### *earned surplus (retained earnings)*

Balance at beginning of year .....		\$ 35,304,071.59
Net earnings for the year .....		7,316,642.12
		<u>42,620,713.71</u>

#### Deduct dividends paid on:

3 $\frac{3}{8}$ % cumulative convertible prior preferred stock .....	\$ 50,102.49	
4 $\frac{1}{2}$ % cumulative preferred stock .....	361,580.00	
Common stock \$2.45 per share .....	<u>3,256,133.40</u>	3,667,815.89
Balance at end of year .....		<u>\$ 38,952,897.82</u>

### *capital surplus*

Balance at beginning of year .....		\$ 5,796,576.48
Add:		
Excess of conversion price over par value of 7,846 shares of common stock issued in exchange for 3 $\frac{3}{8}$ % cumulative convertible prior preferred stock .....	\$ 205,957.50	
Excess of fair value over par value of 15,948 shares of common stock issued in connection with acquisition of the net assets of other companies .....	<u>518,310.00</u>	724,267.50
Balance at end of year .....		<u>\$ 6,520,843.98</u>

*year ended  
february 28,  
1957*



# BEATRICE FOODS

## notes to consolidated financial

	Shares	
	<u>1957</u>	<u>1956</u>
(1) Particulars of the capital stock are as follows:		
3 <sup>3</sup> / <sub>8</sub> % cumulative convertible prior preferred stock, \$100.00 par value, redeemable at option of the company at premiums varying with redemption dates or through sinking fund at \$104.50:		
Shares authorized, issued and outstanding.....	13,456	16,508
4 <sup>1</sup> / <sub>2</sub> % cumulative preferred stock \$100.00 par value redeemable at option of the company on or after July 1, 1956 and before July 1, 1957 at \$104.50 and at decreasing amounts thereafter to July 1, 1961 when the redemption price becomes \$100.00 per share:		
Shares authorized, issued and outstanding.....	79,732	81,112
Common stock, \$12.50 par value, authorized 2,500,000 shares and 1,500,000 shares at respective dates:		
Shares issued .....	1,347,224	1,323,430
Less shares in treasury .....	6,562	2,562
Shares outstanding .....	<u>1,340,662</u>	<u>1,320,868</u>

On March 5, 1957, the company distributed one additional share of common stock for each two shares held by the common stockholders on February 5, 1957.

- (2) Rents—real property, \$1,469,391.74, represents rentals paid under approximately 482 leases, of which 71.5% of the amount relates to leases expiring within ten years and the balance, \$423,135.22, to 54 leases expiring more than ten years after February 28, 1957. Under certain leases the companies also pay taxes, maintenance, insurance, etc.

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

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

- (3) Retirement annuity premiums paid include \$137,122.49 in 1957 and \$77,600.24 in 1956 applicable to past services; as of February 28, 1957 the total past service liability was \$1,005,899.00. Under the plans now in effect, the continuation of which are at the option of the company, minimum annual payments required to provide past service benefits vary in amount from year to year but it is expected that the total past service liability will be paid in the future over a period of not less than nineteen years.

CO. AND SUBSIDIARY COMPANIES

statements and accountants' report

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

10 SOUTH LA SALLE STREET

CHICAGO 3, ILL.

The Stockholders

Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 28, 1957 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, 1957 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.

Chicago, Illinois  
April 15, 1957

*Peat, Marwick, Mitchell*

# BEATRICE FOODS CO. AND

*ten year  
summary  
of  
consolidated  
earnings*

	Years ended February 28,		
	1957	1956	1955
Sales—Net (Including Storage Earnings) .....	\$342,086,657	\$325,024,680	\$287,352,312
Deductions			
Cost of Sales and Operating Expenses.....	323,533,470	308,645,091	272,826,864
Provision for Depreciation .....	4,771,928	4,279,263	3,681,231
Total .....	328,305,398	312,924,354	276,508,095
Net Earnings from Operations .....	13,781,259	12,100,326	10,844,217
Other Income—Net .....	1,274,383	1,219,354	1,028,994
Net Earnings Before Federal Taxes on Income....	15,055,642	13,319,680	11,873,211
Provision for Federal Tax on Income Estimated .....	7,739,000	6,930,000	6,320,000
Net Earnings .....	\$ 7,316,642	\$ 6,389,680	\$ 5,553,211
Earnings per Share Common Stock .....	\$ 5.15	\$ 4.51	\$ 4.28
Dividends			
Preferred .....	\$ 411,682	\$ 431,003	\$ 467,136
Common .....	3,256,133	3,060,255	2,696,136

*ten year  
summary  
of  
financial  
condition*

	Years ended February 28,		
	1957	1956	1955
Current Assets			
Cash .....	\$ 13,151,065	\$ 13,634,349	\$ 11,802,872
Receivables .....	19,348,884	17,612,372	14,565,820
Inventories .....	10,646,820	9,806,224	9,333,313
Prepaid Expenses .....	700,039	779,744	655,152
Total Current Assets .....	43,846,808	41,832,689	36,357,157
Deduct Current Liabilities			
Accounts Payable and Accruals .....	8,366,868	7,222,960	5,887,358
Taxes, Other than Federal Taxes on Income.....	1,046,795	790,147	695,058
Federal Taxes on Income, Estimated .....	7,055,013	7,146,241	6,890,462
Less U. S. Government Securities .....	6,804,342	5,736,941	6,032,721
Total Current Liabilities .....	250,671	1,409,300	857,741
Total Current Liabilities .....	9,664,334	9,422,407	7,440,157
Net Working Capital .....	34,182,474	32,410,282	28,917,000
Investments and Advances .....	1,380,938	1,831,275	2,162,259
Property Plant and Equipment (Net) .....	37,569,805	35,122,235	30,595,413
Total .....	73,133,217	69,363,792	61,674,672
Deduct			
Long Term Debt .....	1,750,000	2,000,000	2,250,000
Stockholders' Equity .....	\$ 71,383,217	\$ 67,363,792	\$ 59,424,672
Stockholders' Equities			
3% % Preferred Stock .....	\$ 1,345,600	\$ 1,650,800	\$ 2,420,700
4 1/2 % Preferred Stock .....	7,973,200	8,111,200	8,111,200
Common Stock .....	16,590,676	16,501,144	14,838,725
Capital Surplus .....	6,520,844	5,796,576	4,369,521
Earned Surplus (Retained Earnings) .....	38,952,897	35,304,072	29,684,526
Total .....	\$ 71,383,217	\$ 67,363,792	\$ 59,424,672
Ratio of Current Assets to Current Liabilities .....	4.5:1	4.4:1	4.9:1
Book Value per Share Common Stock .....	\$ 46.29	\$ 43.61	\$ 41.19



# SUBSIDIARY COMPANIES

1954	1953	1952	1951	1950	1949	1948
\$275,034,840	\$235,204,505	\$228,661,163	\$205,257,498	\$190,459,992	\$192,199,438	\$181,715,858
262,243,252 3,035,541	225,360,929 2,069,029	219,079,369 2,029,427	194,818,028 1,817,531	180,743,777 1,554,872	183,483,151 1,456,868	175,207,573 1,218,636
265,278,793	227,429,958	221,108,796	196,635,559	182,298,649	184,940,019	176,426,209
9,756,047 597,267	7,774,547 478,808	7,552,367 625,867	8,621,939 638,027	8,161,343 531,835	7,259,419 617,542	5,289,649 482,308
10,353,314 5,525,000	8,253,355 4,260,000	8,178,234 4,270,000	9,259,966 4,440,000	8,693,178 3,260,000	7,876,961 3,070,000	5,771,957 2,300,000
\$ 4,828,314 \$ 3.90	\$ 3,993,355 \$ 3.67	\$ 3,908,234 \$ 3.62	\$ 4,819,966 \$ 4.53	\$ 5,433,178 \$ 5.12	\$ 4,806,961 \$ 4.50	\$ 3,471,957 \$ 3.19
\$ 324,242 2,481,483	\$ 159,999 2,335,677	\$ 176,280 2,308,500	\$ 181,242 2,558,960	\$ 188,338 2,558,960	\$ 196,815 1,279,480	\$ 199,304 1,279,480

1954	1953	1952	1951	1950	1949	1948
\$ 11,097,738 14,075,561 8,753,686 671,596	\$ 10,794,292 10,587,794 6,723,748 474,668	\$ 10,992,143 9,410,256 6,568,284 545,368	\$ 9,762,563 8,402,158 7,199,687 334,385	\$ 9,977,678 7,028,762 5,345,132 621,482	\$ 10,964,897 6,301,703 4,916,848 355,338	\$ 8,761,220 5,797,396 4,549,577 459,562
34,598,581	28,580,502	27,516,051	25,698,793	22,973,054	22,538,786	19,567,755
5,113,247 671,280 6,400,954 5,078,699	4,100,827 576,320 4,919,444 4,569,296	4,094,865 592,884 4,915,170 4,423,177	3,640,896 569,731 5,112,261 4,704,484	2,929,239 501,202 4,464,445 4,258,400	2,440,571 474,547 4,435,287 3,739,913	2,493,780 465,545 3,587,047 3,306,353
1,322,255	350,148	491,993	407,777	206,045	695,374	280,694
7,106,782	5,027,295	5,179,742	4,618,404	3,636,486	3,610,492	3,240,019
27,491,799 1,531,552 30,528,870	23,553,207 1,013,675 19,183,573	22,336,309 751,085 18,826,199	21,080,389 600,690 18,933,380	19,336,568 610,301 17,987,825	18,928,294 547,350 16,270,112	16,327,736 469,057 15,696,136
59,552,221	43,750,455	41,913,593	40,614,459	37,934,694	35,745,756	32,492,929
2,500,000	—	—	—	—	—	—
\$ 57,052,221	\$ 43,750,455	\$ 41,913,593	\$ 40,614,459	\$ 37,934,694	\$ 35,745,756	\$ 32,492,929
\$ 3,622,400 8,125,000 14,440,537 3,569,696 27,294,588	\$ 4,466,800 — 13,058,413 953,243 25,271,999	\$ 4,960,300 — 12,893,000 626,403 23,433,890	\$ 5,369,400 — 12,794,800 439,823 22,010,436	\$ 5,369,400 — 12,794,800 439,823 19,330,671	\$ 5,746,300 — 12,794,800 426,542 16,778,114	\$ 5,836,200 — 12,794,800 414,481 13,447,448
\$ 57,052,221	\$ 43,750,455	\$ 41,913,593	\$ 40,614,459	\$ 37,934,694	\$ 35,745,756	\$ 32,492,929
4.9:1 \$ 39.22	5.7:1 \$ 37.28	5.3:1 \$ 35.84	5.6:1 \$ 34.43	6.3:1 \$ 31.82	6.2:1 \$ 29.31	6.0:1 \$ 26.04

Years shown are for period ending February 28 or 29.



# Beatrice Foods Co.

*120 South LaSalle Street, Chicago 3, Illinois*