



61<sup>st</sup>

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 1959



## 1959 ANNUAL REPORT

### DIRECTORS

Brown W. Cannon  
Denver, Colorado

Alvie J. Claxton  
Pinehurst, North Carolina

Earl Cline  
Lincoln, Nebraska

Walter L. Dilger  
Chicago, Illinois

George A. Gardella  
Detroit, Michigan

Willard V. Haskell  
Topeka, Kansas

John F. Hazelton  
Chicago, Illinois

George W. Holmes  
Lincoln, Nebraska

William G. Karnes  
Chicago, Illinois

John H. Lambrecht  
Brookfield, Wisconsin

John T. McGreer  
Lincoln, Nebraska

G. Stanley McKenzie  
Los Angeles, California

Harold F. Nichols  
Galesburg, Illinois

Louis Nielson  
Galesburg, Illinois

Herbert W. Post  
Arlington Heights, Illinois

Robert B. Price  
El Paso, Texas

Harold F. Stotzer  
Archbold, Ohio

### EXECUTIVE COMMITTEE OF BOARD OF DIRECTORS

Walter L. Dilger

George A. Gardella

William G. Karnes

John T. McGreer

Louis Nielson

### OPERATING COMMITTEE

Brown W. Cannon

George A. Gardella

John F. Hazelton

William G. Karnes

Jay G. Neubauer

### OFFICERS

William G. Karnes  
President

John F. Hazelton  
Executive Vice President

Louis Nielson  
Vice President

George A. Gardella  
Vice President

Brown W. Cannon  
Vice President

Edward F. Comegys, Jr.  
Vice President

Carl N. Hansen  
Vice President

Everett E. Haskell  
Vice President

Charles H. McConnell  
Vice President

Robert B. Price  
Vice President

P. Lewis Kommink  
Vice President

Jay G. Neubauer  
Vice President

Walter L. Dilger  
Vice President and Secretary

Robert W. France  
Treasurer

James J. Cullen  
Assistant Treasurer

Herbert L. Severin  
Assistant Secretary

Merritt T. Olney  
Assistant Secretary

# Beatrice Foods Co.

## 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

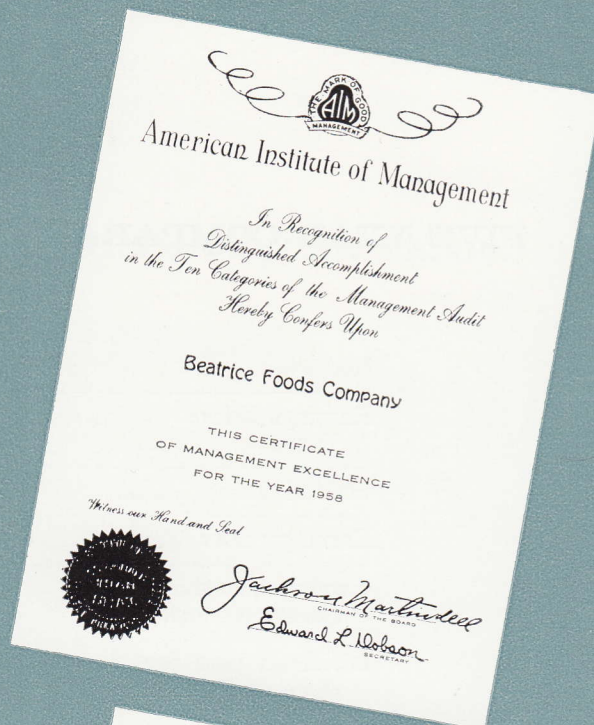
CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO

## ANNUAL MEETING

The 62nd Annual Stockholders Meeting will be held in Chicago, Illinois on June 1, 1959, at 10:30 A.M. (CDT), in the Grand Ballroom of the Palmer House.

The formal Notice of Annual Meeting and Proxy Statement together with the Proxy is being mailed to all Stockholders under separate cover.

## CONTENTS



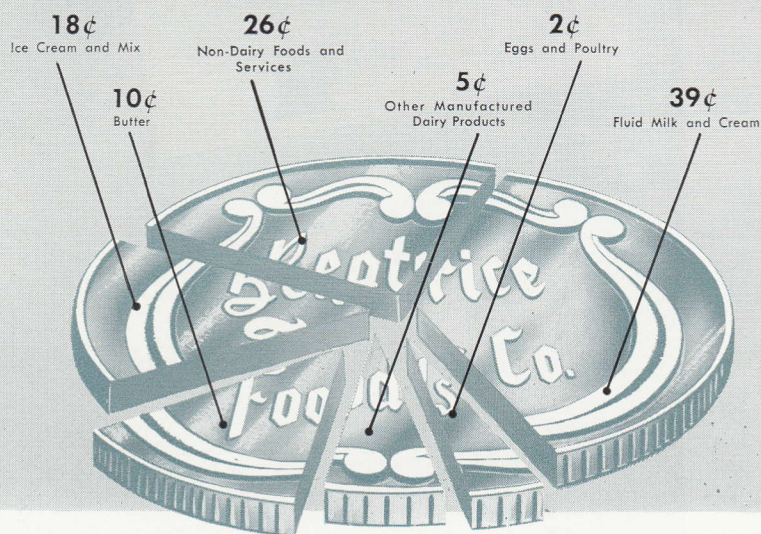
Directors and Officers.....	Inside Front Cover
Five Year Comparative Summary.....	2
Highlights of the Year.....	3
To the Stockholders of Beatrice Foods Co.....	4
1958 in Review.....	8
1959 Meadow Gold Advertising.....	13
Financial Statements.....	14
Accountants' Report.....	19
Ten Year Comparative Review.....	20

## FIVE YEAR COMPARATIVE SUMMARY

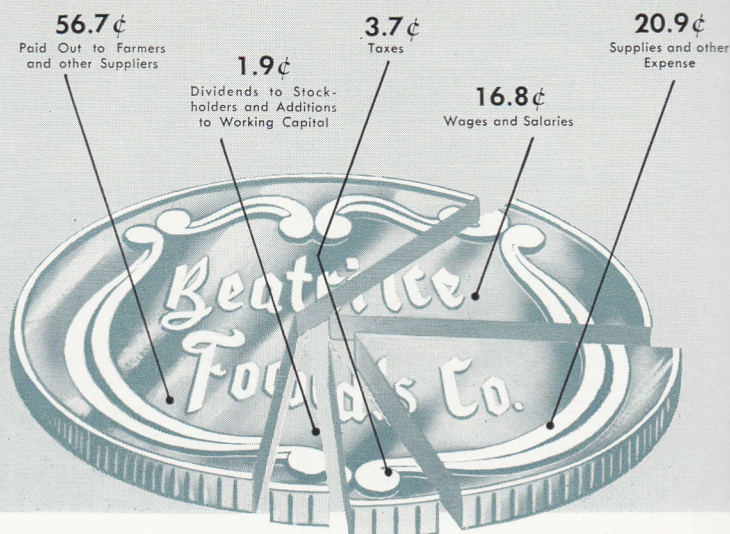
	1959	1958	1957	1956	1955
Net Sales .....	\$385,449,644	\$353,971,987	\$342,086,657	\$325,024,680	\$287,352,312
Earnings before Taxes .....	17,928,321	15,275,678	15,055,642	13,319,680	11,873,211
Federal Taxes .....	9,066,200	7,674,000	7,739,000	6,930,000	6,320,000
Earnings after Taxes	8,862,121	7,601,678	7,316,642	6,389,680	5,553,211
Earnings per share of Common stock ....	3.65	3.52	3.43	3.01	2.85
Dividends paid per share of Common stock .....	1.80	1.80	1.63	1.63	1.53
Working Capital .....	44,822,972	36,526,028	34,182,474	32,410,282	28,917,000
Year-end inventories	18,660,123	12,664,692	10,646,820	9,806,224	9,333,313
Amounts added to Earned Surplus ....	4,571,708	2,116,958	3,648,826	2,748,871	2,389,939
Book Value per share of Common stock	34.60	32.56	30.86	29.07	27.46
Number of stock-holders .....	13,993	13,838	12,966	12,613	11,910
Number of employees	13,034	12,087	12,435	12,167	11,028

## SOURCE AND DISPOSITION OF THE BEATRICE FOODS CO. SALES DOLLAR

### SOURCE



### DISPOSITION





## HIGHLIGHTS OF THE YEAR

	February 28, 1959	February 28, 1958	Percent of Change
Net Sales .....	\$385,449,644	\$353,971,987	8.9
Net Earnings after Federal Income Taxes .....	8,862,121	7,601,678	16.5
Earnings per Share of Common Stock .....	3.65	3.52	3.7
Working Capital .....	44,822,972	36,526,028	22.7
Stockholders' Equity per Share of Common Stock .....	34.60	32.56	6.3
Number of Stockholders .....	13,993	13,838	1.1
Number of Employees .....	13,034	12,087	7.8

A greater number of Stockholders attended our Annual Meeting, held in Chicago, June 2, 1958, than at any previous Annual Meeting.



# TO THE STOCKHOLDERS OF

## Beatrice Foods Co.

This is our 61st Annual Report to the Stockholders of Beatrice Foods Co.

During the fiscal year ended February 28, 1959, sales and earnings of your company again reached an all-time high.

### SALES

Our dollar sales for the year reached a record high of \$385,449,644 compared with \$353,971,987 for the preceding fiscal year, a gain of 8.9%. For the 22nd consecutive year, our total sales in units increased. Our unit sales in both dairy and grocery products showed a gain over the previous year.

### EARNINGS

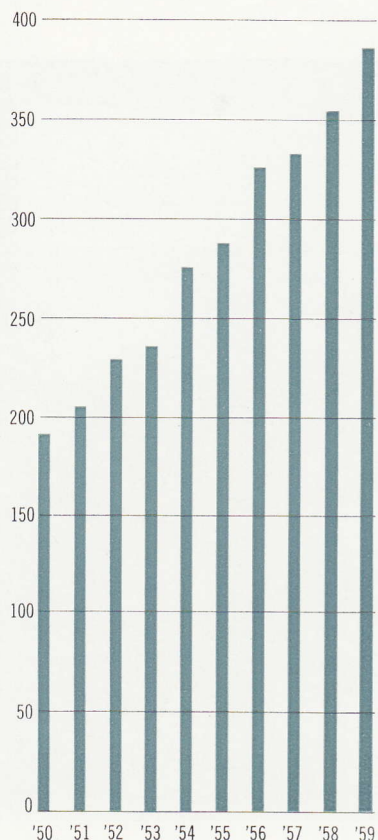
Consolidated earnings for the fiscal year amounted to \$17,928,321, before provision for Federal taxes, compared with \$15,275,678 for the previous year, an increase of \$2,652,643, or 17.4%. Earnings *before* Federal taxes were equivalent to 4.7% of sales, compared with 4.3% for the preceding year. Earnings, *after* provision for Federal income taxes, were \$8,862,121, compared with \$7,601,678, an increase of \$1,260,443, or 16.5%. These net earnings, after dividends on preferred shares outstanding, were equivalent to \$3.65 a share on the 2,322,658 shares of common stock outstanding on February 28, 1959. Net earnings for the preceding year were \$3.52 a share on 2,049,181 common shares.

### CAPITAL STOCK

As of February 28, 1959, 8,528 shares of 3⅜% Convertible Prior Preferred Stock were still outstanding. Purchases for retirement in previous years, together with conversions, have anticipated sinking fund redemption requirements through 1983. At the close of this fiscal year, 77,402 shares of 4½% Cumulative Preferred Stock were outstanding, as were 2,322,658 shares of common stock.

### DIVIDENDS

Dividends of \$4,290,414 were paid on the outstanding preferred and common stock during the fiscal year, compared with \$4,057,915 last year. Ninety-two consecutive quarterly cash dividends have been paid on the common stock.



**SALES**  
millions of dollars

## INVENTORY

The inventory as of February 28, 1959, amounted to \$18,660,123, compared with \$12,664,691 at the end of the previous fiscal year. This figure represents an increase of \$5,995,432, due for the most part to seasonal inventories of the new product lines that have been added during the past year. The ratio of company sales to year-end inventories was 21 to 1 for the fiscal year just ended.

## WORKING CAPITAL

The working capital (current assets less current liabilities) as of February 28, 1959, amounted to \$44,822,972, compared with \$36,526,028 at the close of the previous year, an increase of \$8,296,944. The company had \$4.90 of current assets for each dollar of current liabilities, compared with \$4.80 a year ago. This is the 14th consecutive year the company has shown an increase in working capital.

## STOCKHOLDER EQUITY

The stockholders' equity increased to \$88,955,572 from \$75,488,432 a year ago. The book value of each share of common stock outstanding on February 28, 1959, was \$34.60, compared with \$32.56 a year ago. This is the 22nd consecutive year the book value of the common stock has increased.

## CAPITAL EXPENDITURES

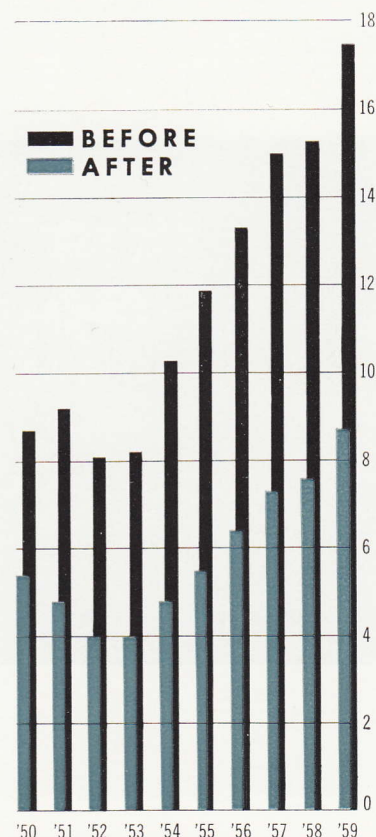
Our capital expenditures in the past year amounted to \$6,403,175. This sum was used for modernization and expansion of our plant buildings, the building of several new distributing branches, for processing and refrigeration equipment, and for new trucks. The capital expenditures this past year totaled \$488,714 more than the depreciation.

## GROUP LIFE INSURANCE

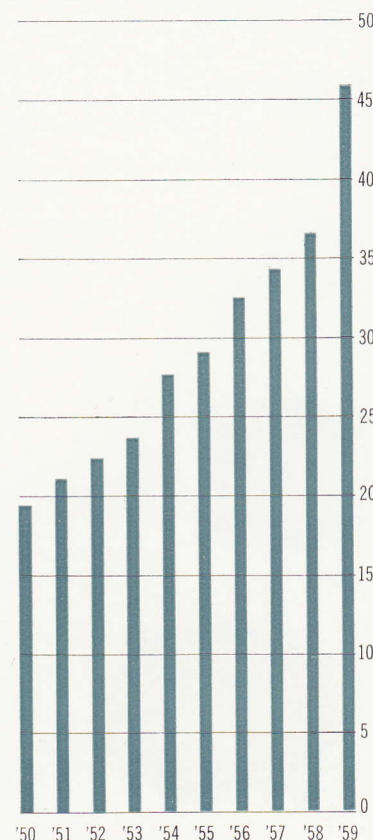
For the past 14 years, Beatrice Foods Co. has sponsored a group life insurance plan for which the company pays all premiums. Since the program has operated, death and disability claims have been paid to 559 beneficiaries for a total of \$1,899,800. In the past year 5,724 eligible employees were insured for a total of over \$22,500,000.

## SAFETY PROGRAM

Since the inauguration of our Safety Program nine years ago, our accident frequency rate has decreased 39%. For the third consecutive

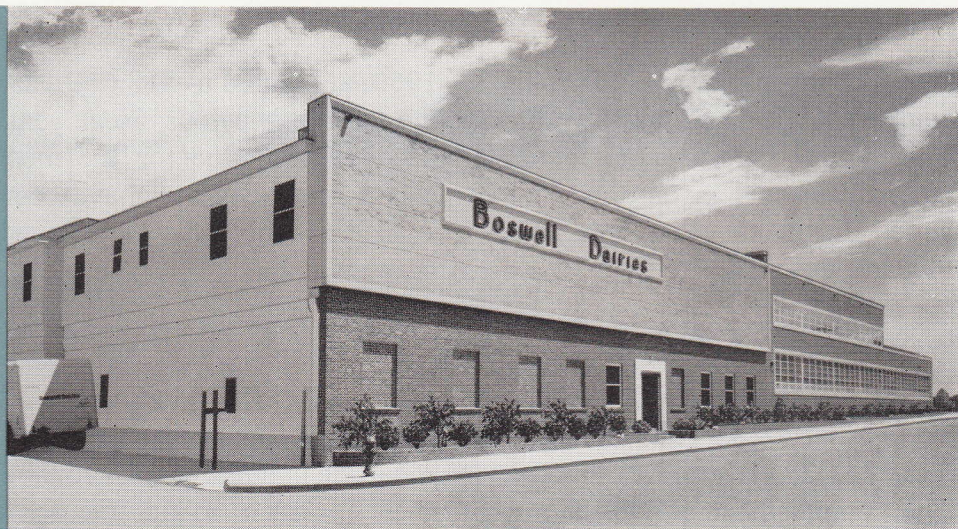


**EARNINGS BEFORE  
AND AFTER TAXES**  
*millions of dollars*



**WORKING CAPITAL**  
*millions of dollars*

Boswell Dairies milk and ice cream processing plant, Fort Worth, Texas.



year, a company plant won a first-place award in the National Safety Council Fleet Contest. This year, Salt Lake City, Utah, won a first-place award. In addition, Boise, Idaho, won a second-place award, and Bakersfield, California, a third-place award in the national competition.

#### **FEDERAL TRADE COMMISSION**

The hearings in the Federal Trade Commission complaints concerning ice cream trade practices, which started in February 1954, were closed in April 1958. We are awaiting the Trial Examiner's initial decisions.

The other complaints filed in 1956, referring to acquisitions in the dairy field, are pending against your company and three other dairy companies. The Commission has not completed presentation of its case. Your management contends that its dairy acquisitions were not in violation of any law and is therefore vigorously defending the legality of the transactions.

#### **STOCKHOLDERS**

We are pleased to report that the number of stockholders of your company has continued to increase. At the end of our fiscal year, we had 13,993 stockholders.





Mr. E. G. Cox, Chairman of the National Fleet Safety Contest Committee presenting Safety Award, won by our Salt Lake City, Utah Plant, to Rex C. Reeve, Safety Director, Rocky Mountain District.

Our Annual Meeting of Stockholders will be held in Chicago on Monday, June 1, 1959, 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. They will be answered at the Annual Meeting. All stockholders will receive a report of the proceedings of the Annual Meeting.

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

Sincerely yours,

WILLIAM G. KARNES,  
*President*



## **1958 IN REVIEW**

### **DAIRY PRODUCTS**

#### **MILK AND CREAM DEPARTMENT**

Bottled milk and cream now constitute 39% of our total sales volume. Our dollar milk sales and unit sales increased over the previous year for the 20th consecutive yearly gain.

During the past year, your company expanded its milk business in Missouri and Kentucky and extended its milk business into north central Texas and Oregon. Your company completed construction of several new milk processing plants and distributing branches. Automatic machinery has been installed and technological changes have been made in many of our plants during the past year. These improvements have increased the efficiency and lowered the cost of operations.

#### **ICE CREAM DEPARTMENT**

Ice cream sales accounted for 18% of our total sales for the year. Our unit sales of ice cream reached an all-time high. The average selling price of ice cream and frozen desserts continued to decline, however, during the year. Our distribution of ice cream was expanded in a number of areas, principally north central Texas, Oregon, West Virginia, and the city of Kansas City, Missouri. We completed expansion and modernization of several of our ice cream plants, and continued to concentrate on a program to keep the operating costs in our plants at the lowest practical minimum. Excellent progress was made in this respect in 1958.

#### **BUTTER DEPARTMENT**

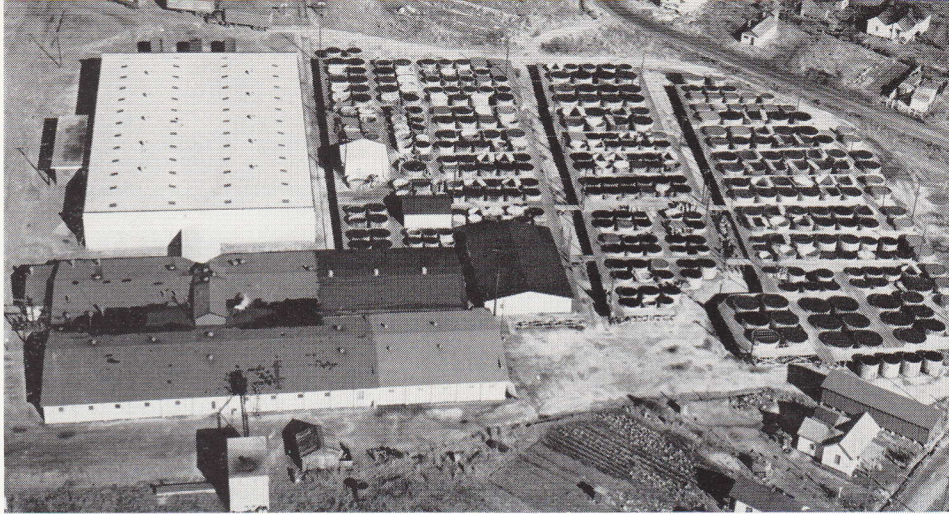
Butter accounted for 10% of our total sales in the last fiscal year. The decline in percentage of butter sales from the previous year was due primarily to expansion in our milk, ice cream and grocery products departments. We manufactured about the same amount of butter as in the previous year and our sales were also about equal to the previous year's sales.

#### **OTHER MANUFACTURED DAIRY PRODUCTS**

This department, which accounts for 5% of our total sales, includes cottage cheese and all other forms of cheese, powdered milk, condensed milk, and milk product specialties. Sales and profits in this department were again most satisfactory during the past year. We continued aggressively to promote the sale of cottage cheese and have improved our facilities for the manufacture of this product in several of our plants. Our facilities for the processing of these manufactured



**BLUE VALLEY  
HOLLAND**



The Ayden North Carolina pickle processing plant of Lutz & Schramm, Inc., Pittsburgh.

milk products were expanded in other plants during the past year to make possible more efficient handling of their raw milk volume.

Since the close of the fiscal year, Dannon Milk Products, Inc., Long Island City, New York, became a part of Beatrice Foods. This company processes and distributes yogurt, in the metropolitan areas of New York City and Philadelphia, as well as in parts of Connecticut and New Jersey. Yogurt is a cultured milk product which Dannon processes in six flavors. The company will continue to be known as Dannon Milk Products, Inc. and their product will be sold as before under the "Dannon" brand. All officers and personnel of the company will continue in their present capacities.

### **FROZEN FOODS AND PUBLIC WAREHOUSES**

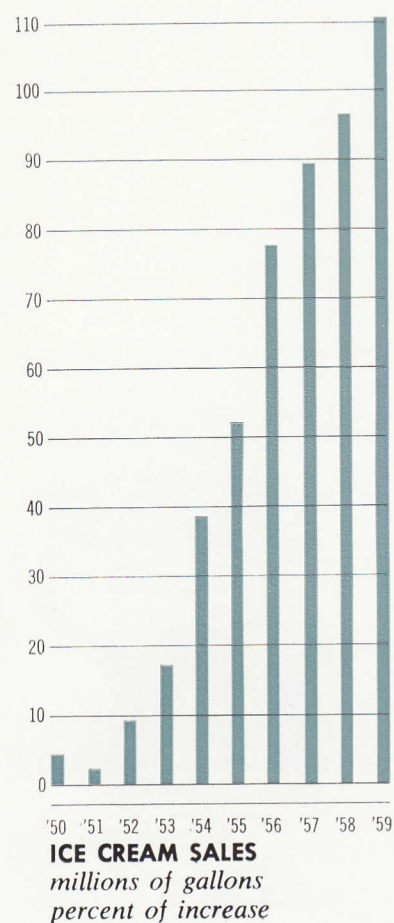
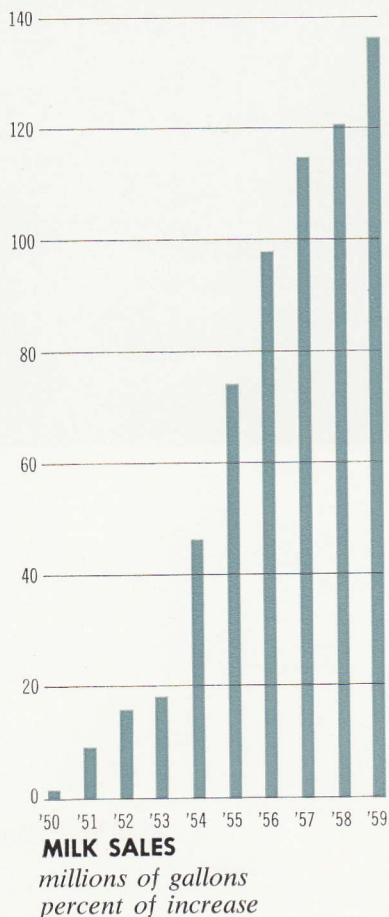
Our unit sales of frozen foods were slightly higher than in the previous year, although our dollar sales were about equal. Profit margins on frozen foods were at about the same level. The company continues to follow the trend of selling more of a variety of pre-cooked and pre-packaged frozen food items.

The volume carried in our public warehouses again was lower than that of the year before because of market conditions in various commodities and much smaller government holdings. Our earnings in this department were less than in the previous year, due to lower volume and increased costs.

### **GROCERY PRODUCTS**

Our Grocery Products Division, with headquarters in Detroit, Michigan, continues to expand through sales and earnings of the companies that now are a part of this division. The operation and development of these companies continue under the supervision of George A. Gardella, Vice President of your company and the Director of this





Division, and Edward M. Muldoon, General Manager of this Division. The following companies are a part of our Grocery Products Division.

#### **LA CHOY FOOD PRODUCTS** *Archbold, Ohio*

This operation continues to expand. The 1958 volume reached an all-time record and earnings kept pace with the growth. The program for extensively expanding La Choy's building and production facilities was continued during the past year. The production capacity has been more than doubled over the past several years to take care of the increased business. Additional equipment and other improvements have made La Choy one of our most efficient plants. Quality and packaging have been consistently improved, and several new products have been successfully introduced. La Choy has also added to its line an institutional size of chop suey vegetables.

#### **THE D. L. CLARK COMPANY** *Pittsburgh, Pennsylvania*

During the past year, Clark increased its unit and dollar sales. This sales increase occurred primarily in the famous Clark and Zag Nut Bars and their new improved supermarket line of box candies. The distribution of Clark candies has been greatly widened through various candy and grocery retail outlets, quality packaging, and aggressive advertising and sales promotion. All these factors have contributed to Clark's growth, sales and earnings.

#### **THOS. D. RICHARDSON CO.** *Philadelphia, Pennsylvania*

This company has continued to show increases in both sales and earnings. In 1958, several new products were successfully introduced, including Richardson's Club Mints, and Butter Mints. The Butter Mints in the new attractive gold package have met with popular consumer acceptance. Continued improvements have been made in the equipment at the Richardson plant. Advertising and sales promotion have been increased to produce greater distribution of all Richardson's products.

#### **BOND PICKLE COMPANY, INC.** *Oconto, Wisconsin*

This well-established company has been in the pickle business for over fifty years and just completed its first full fiscal year as a part of our company. Bond continues to progress in both sales and distribution. The processing and warehousing capacity of the Bond plant has been increased, and the company has expanded the sale of its products in various territories during the past year.

#### **MARIO'S FOOD PRODUCTS COMPANY** *Detroit, Michigan*

In its first full fiscal year with our company, Mario's has extended its sales into many new territories. The company successfully introduced a special gourmet line of olives. Other new products are Mario's fancy Greek Olives and Kosher Dill Olives. The sale of Mario's imported 100% pure Virgin Olive Oil continues to grow.

#### **SQUIRE DINGEE COMPANY** *Chicago, Illinois*

This company processes and distributes the famous MA BROWN line of fresh packed and processed pickles, preserves, and jellies. During the past year, Squire Dingee Company celebrated its 100th Anniversary. This business, which started in Chicago, has enjoyed a long-established sales record of quality products through most of the Middle West.

#### **LUTZ & SCHRAMM INC.** *Pittsburgh, Pennsylvania*

Under its famous L&S label, this company packs a full line of fresh and processed pickles, as well as preserves and jellies. It has been distributing its products through the Middle West and eastern states for over seventy years.

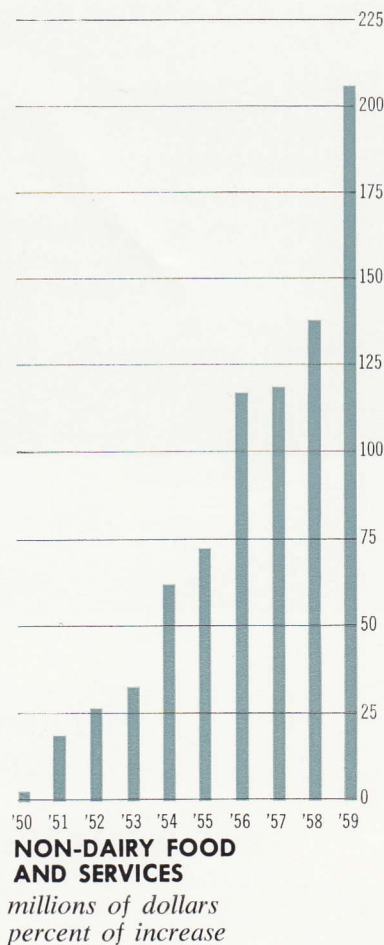
#### **BROWN-MILLER CO.** *New Orleans, Louisiana*

This company processes a full line of fresh-packed and processed pickles throughout the South and Southwest under the RAINBO, AMERICAN, and DELTA brand names. The company enjoys a very fine distribution and reputation for quality products.

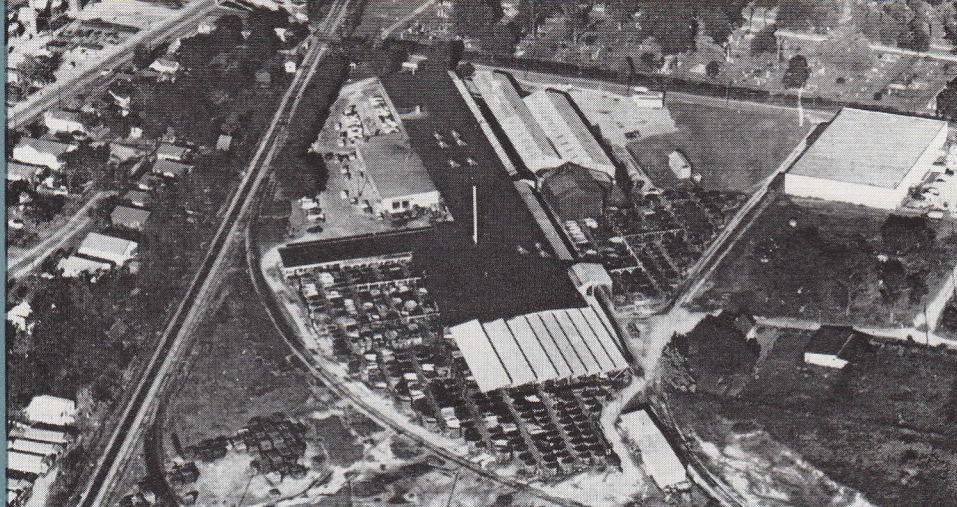
Our grocery products plants are showing progress, and the outlook for further improvement in both sales and earnings of this group is very promising. The national consumption of these grocery products continues to increase. These companies continue to maintain their own management and individual identities, their long-established company names, and their famous brand names.

#### **SHEDD-BARTUSH FOODS, INC.** *Detroit, Michigan*

Since the close of this fiscal year, the Shedd-Bartush Foods, Inc. joined Beatrice Foods. This company processes and distributes margarine, a full line of salad dressings, peanut butter, prune juice and other packaged grocery items. The company operates plants at Detroit, Michigan; Greenville, South Carolina; Dallas, Texas; Louisville, Kentucky; Cincinnati, Ohio; Elgin, Illinois; Omaha, Nebraska; and San Francisco, California. Shedd-Bartush will operate as a separate company with its same management, products and brand names.



Texarkana, Texas plant of Brown-Miller Co., New Orleans, Louisiana, where a full line of fresh packed and processed pickles are distributed under the Rainbo, American and Delta brand names.



## RESEARCH AND NEW PRODUCTS

The continuing research and new products program is an indication of your company's determination to expand basic knowledge of our present products, improve our products, and create new products suitable for manufacture and distribution by our plants. This program includes the development of improved methods for the manufacture of dairy specialties as well as the establishment of standards for the selection of various dairy ingredients. New specialties have been added for bulk sales to the bakery, institutional, and prepared-mix industries. A basic research program on pickle processing has been included in our research activities.

## ADVERTISING AND SALES PROMOTION

The company spent a total of \$7,075,992 in advertising and sales promotion during the past fiscal year. A continuous 12-month outdoor billboard advertising program featured our dairy products on 1,581 full-color billboards in 289 markets. These included 32 states and carried the Meadow Gold message to millions of consumers. This outdoor billboard program on a national basis will be continued and expanded during the current fiscal year. Local newspapers, radio, TV, and sales promotional efforts were tied into the over-all national sales-advertising program. The advertising and sales promotion of our grocery items were also increased during the past year.

*Bond's*

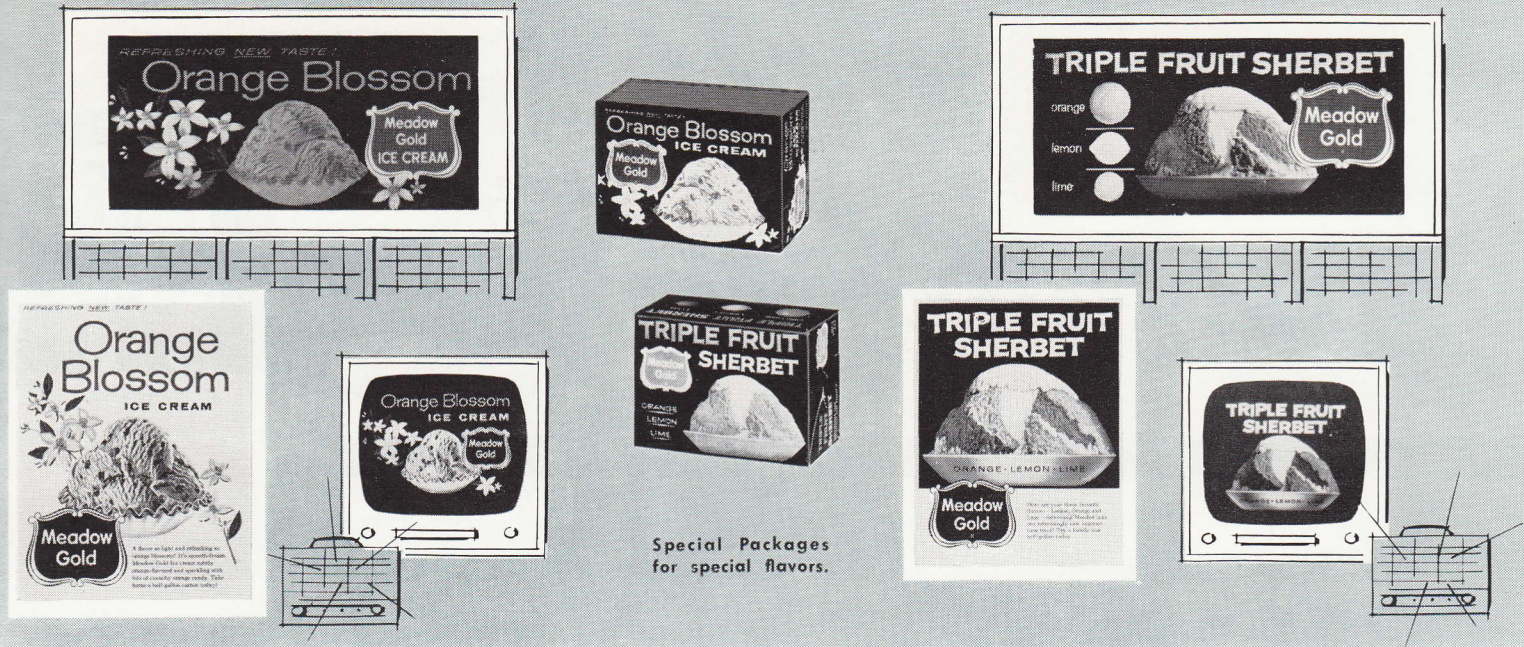
SQUIRREL  
DINGEE  
CO. Ma Brown



LUTZ & SCHRAMM INC.

BROWN-MILLER CO.

*Rainbo*

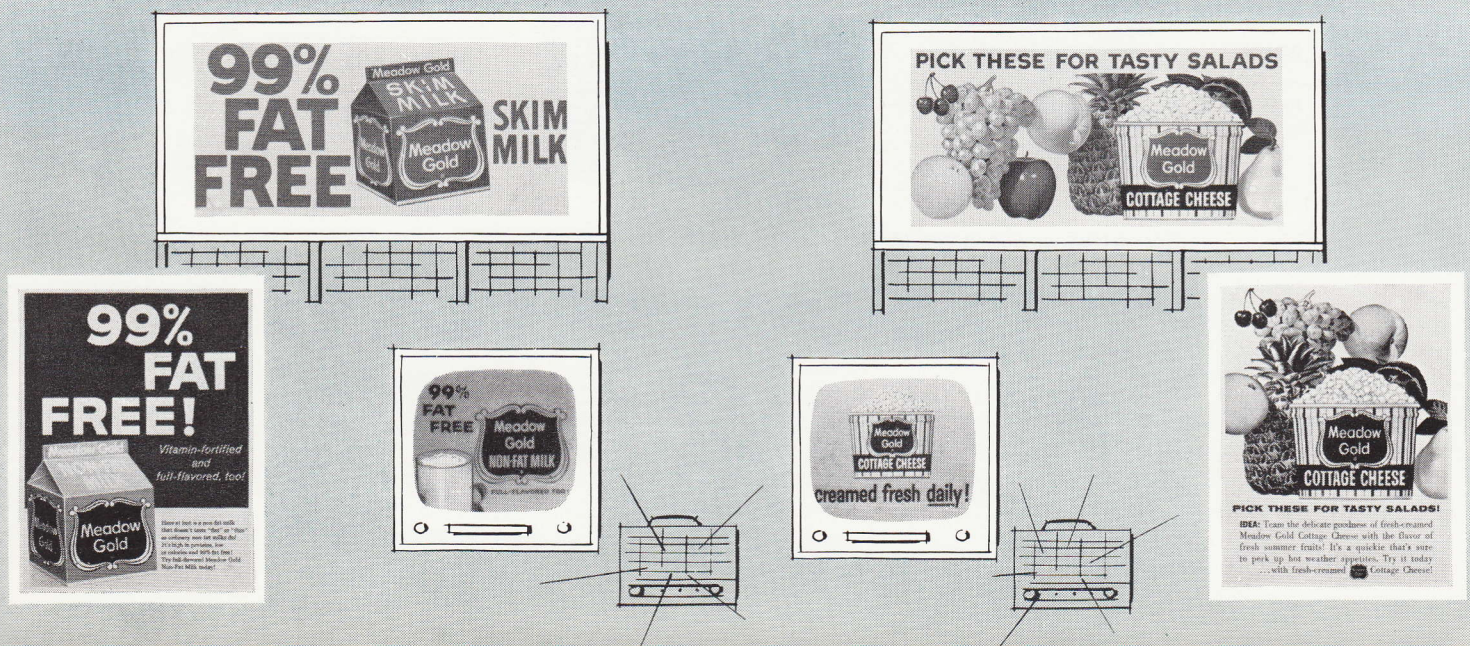


## NEW MERCHANDISING CONCEPT DOMINATES 1959 MEADOW GOLD ADVERTISING

In 1959, the month by month ice cream, milk and cottage cheese promotions have been completely integrated. Illustrations on this page show only a part of the actual series of promotional materials to be used this year.

Each promotion has a central theme that appears first on the package itself, then on full-color outdoor boards. This effective advertising is then followed by newspaper ads, TV commercials, radio spots, store banners, shelf strips, posters—all of these are used to stimulate sales in all types of retail stores, restaurants, drug stores and home delivery routes.

Mrs. America sees Meadow Gold advertising on every hand . . . but everywhere she sees it, the theme is the same. The selling message is constant, repeating one idea — Buy Meadow Gold!





# CONSOLIDATED BALANCE SHEET

	1959	1958
Current assets:		
Cash .....	\$ 14,602,723.19	\$ 13,004,795.72
Receivables, less allowance for losses \$1,993,918.16 and \$1,743,679.40 at respective dates .....	22,228,152.74	19,822,752.46
Inventories at lower of average cost or replacement market:		
Products and other merchandise .....	10,399,589.02	7,823,946.30
Materials and supplies .....	8,260,533.87	4,840,745.38
	<u>18,660,122.89</u>	<u>12,664,691.68</u>
Prepaid insurance, taxes, and other expenses .....	815,551.32	650,577.60
Total current assets .....	<u>56,306,550.14</u>	<u>46,142,817.46</u>
Investments and advances, less allowance for losses \$1,007,781.53 and \$899,088.13 at respective dates .....	1,316,486.55	1,295,712.23
Plant and equipment, at cost less depreciation:		
Land .....	4,146,491.36	3,762,346.40
Buildings .....	28,570,345.50	25,306,777.03
Machinery and equipment (including dairy herds)	52,589,629.55	45,130,758.55
	<u>85,306,466.41</u>	<u>74,199,881.98</u>
Less allowance for depreciation .....	40,790,352.79	35,033,190.15
	<u>44,516,113.62</u>	<u>39,166,691.83</u>
	<u>\$ 102,139,150.31</u>	<u>\$ 86,605,221.52</u>

## ASSETS

See accompanying notes to consolidated financial statements.

# Beatrice Foods Co. AND SUBSIDIARY COMPANIES

FEBRUARY 28, 1959 AND FEBRUARY 28, 1958

## LIABILITIES

	1959	1958
Current liabilities:		
Accounts payable, etc. ....	\$ 8,875,130.40	\$ 7,022,997.86
Salaries and wages accrued .....	1,150,616.71	1,115,595.14
Taxes accrued, other than federal taxes on income	1,273,698.57	1,098,258.24
Federal taxes on income, estimated, current and prior years, less United States Treasury securities \$5,940,227.67 and \$5,918,726.57 at respective dates .....	184,132.20	379,937.88
Total current liabilities .....	11,483,577.88	9,616,789.12
Deferred federal taxes on income (note 4) .....	450,000.00	—
3% sinking fund debentures dated June 1, 1947, due June 1, 1962, less \$250,000.00 included in current liabilities (assumed on Creameries of America, Inc. merger) .....	1,250,000.00	1,500,000.00
Stockholders' equity (note 1):		
3 <sup>3</sup> / <sub>8</sub> % cumulative convertible prior preferred stock	852,800.00	1,035,400.00
4 <sup>1</sup> / <sub>2</sub> % cumulative preferred stock .....	7,740,200.00	7,740,200.00
Common stock .....	29,149,387.50	25,748,425.00
Capital surplus .....	5,809,732.77	174,177.95
Earned surplus (retained earnings) .....	45,641,563.03	41,069,855.35
	89,193,683.30	75,768,058.30
Less treasury common stock, at cost .....	238,110.87	279,625.90
	88,955,572.43	75,488,432.40
	<u>\$ 102,139,150.31</u>	<u>\$ 86,608,221.52</u>



# STATEMENT OF CONSOLIDATED EARNINGS

YEARS ENDED FEBRUARY 28, 1959 AND 1958

	1959	1958
Income:		
Net sales .....	\$ 385,449,644.11	\$ 353,971,987.13
Other income .....	1,717,175.61	1,704,271.28
	<hr/> 387,166,819.72	<hr/> 355,676,258.41
Income deductions:		
Cost of goods sold .....	277,128,165.40	256,118,066.56
Selling, delivery, administrative and general expenses .....	86,195,871.65	79,134,093.07
Provision for depreciation .....	5,914,461.49	5,148,420.46
Provision for federal taxes on income, estimated (note 4) .....	9,066,200.00	7,674,000.00
	<hr/> 378,304,698.54	<hr/> 348,074,580.09
Net earnings .....	<hr/> \$ 8,862,121.18	<hr/> \$ 7,601,678.32

*See accompanying notes to consolidated financial statements.*

# Beatrice Foods Co.

AND SUBSIDIARY COMPANIES

## STATEMENT OF CONSOLIDATED SURPLUS

YEAR ENDED FEBRUARY 28, 1959

### EARNED SURPLUS (RETAINED EARNINGS)

Balance at beginning of year .....	\$ 41,069,855.35
Net earnings for the year .....	8,862,121.18
	<hr/>
	49,931,976.53

#### Deduct dividends paid on:

3 $\frac{3}{8}$ % cumulative convertible prior preferred stock	\$ 31,793.59	
4 $\frac{1}{2}$ % cumulative preferred stock .....	348,326.01	
Common stock, \$1.80 a share .....	3,910,293.90	
	<hr/>	
		4,290,413.50

Balance at end of year .....	<hr/>	45,641,563.03
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### CAPITAL SURPLUS

Balance at beginning of year .....	174,177.95
Excess of conversion price over par value of 7,077 shares of common stock issued in exchange for 3¾% cumulative convertible prior preferred stock	93,054.82
Excess of fair value over par value of 265,000 shares of common stock issued in acquisitions .....	5,542,500.00
	<hr/>
Balance at end of year .....	\$ 5,809,732.77

*See accompanying notes to consolidated financial statements.*

# NOTES to consolidated financial statements

FEBRUARY 28, 1959

## 1 Particulars of the capital stock are as follows:

	Shares	
	1959	1958
3 $\frac{3}{8}$ % cumulative convertible prior preferred stock, \$100.00 par value, redeemable at option of the company at \$104.50:		
Authorized, issued, and outstanding .....	8,528	10,354
4 $\frac{1}{2}$ % cumulative preferred stock, \$100.00 par value, redeemable at option of the company before July 1, 1959 at \$103.00 and at decreasing amounts thereafter to July 1, 1961 when the redemption price becomes \$100.00 per share:		
Authorized, issued, and outstanding .....	77,402	77,402
Common stock, \$12.50 par value:		
Authorized .....	3,500,000	2,500,000
Issued .....	2,331,951	2,059,874
In treasury .....	9,293	10,693
Outstanding .....	2,322,658	2,049,181

## 2 Rentals for real property during the year ended February 28, 1959 included payments aggregating \$504,445.68 applicable to 58 leases expiring more than ten years after February 28, 1959.

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

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

## 3 The amounts charged to earnings under the retirement income program for salaried employees and other pension plans aggregated \$734,956.36 during the year ended February 28, 1959 and \$476,249.21 for the preceding fiscal year. Such amounts include contributions applicable to the past service liability. The retirement income program was amended during the year to provide increased

benefits for covered employees. It is expected that the unfunded past service liability under the principal plans, estimated to be approximately \$3,100,000.00 at February 28, 1959, will be funded over a period of approximately 10 years.

## 4 Effective March 1, 1958, the company, pursuant to the accounting principle promulgated by the American Institute of Certified Public Accountants in July, 1958, adopted the policy of providing in the accounts for income taxes deferred to future periods as a result of the use, for income tax purposes only, of an accelerated method of computing depreciation. Such provision for the year ended February 28, 1959 was \$450,000.00. The corresponding amount for the year ended February 28, 1958 was \$425,000.00, as finally determined.

## 5 The Company has agreed to issue 279,575 shares of its \$12.50 par value common stock in connection with certain agreements under which the assets and businesses of other corporations will be merged with those of the company effective March 1, 1959.



# Beatrice Foods Co. AND SUBSIDIARY COMPANIES

PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

10 SOUTH LA SALLE STREET

CHICAGO 3, ILL.

## ACCOUNTANTS' REPORT

### ACCOUNTANTS' REPORT

The Stockholders  
Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 28, 1959 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, 1959 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles which, except for the change (of which we approve) explained in note 4 to the financial statements, have been applied on a basis consistent with that of the preceding year.

Chicago, Illinois  
April 10, 1959

*Peat, Marwick, Mitchell*



# Beatrice Foods Co. AND SUBSIDIARY COMPANIES

## TEN YEAR SUMMARY OF

### CONSOLIDATED EARNINGS

Year Ended February 28,	1959	1958	1957	1956
Net Sales .....	\$ 385,449,644	\$ 353,971,987	\$ 342,086,657	\$ 325,024,680
Other Income .....	1,717,176	1,704,271	1,274,383	1,219,354
Total .....	387,166,820	355,676,258	343,361,040	326,244,034
Income Deductions:				
Cost of Goods Sold and Operating Expenses	363,324,038	335,252,160	323,533,470	308,645,091
Provision for Depreciation .....	5,914,461	5,148,420	4,771,928	4,279,263
Provision for Federal Taxes on Income Estimated .....	9,066,200	7,674,000	7,739,000	6,930,000
Total .....	378,304,699	348,074,580	336,044,398	319,854,354
Net Earnings .....	\$ 8,862,121	\$ 7,601,678	\$ 7,316,642	\$ 6,389,680
<b>EARNINGS PER SHARE OF COMMON STOCK .....</b>	<b>\$ 3.65</b>	<b>\$ 3.52</b>	<b>\$ 3.43</b>	<b>\$ 3.01</b>
<b>TAXES PER SHARE OF COMMON STOCK .....</b>	<b>6.10</b>	<b>5.85</b>	<b>5.96</b>	<b>5.41</b>
Dividends:				
Preferred .....	\$ 380,120	\$ 393,988	\$ 411,682	\$ 431,003
Common .....	3,910,294	3,663,927	3,256,133	3,060,255

### FINANCIAL CONDITION

Year Ended February 28,	1959	1958	1957	1956
Current Assets:				
Cash .....	\$ 14,602,723	\$ 13,004,796	\$ 13,151,065	\$ 13,634,349
Receivables .....	22,228,153	19,822,752	19,348,884	17,612,372
Inventories .....	18,660,123	12,664,692	10,646,820	9,806,224
Prepaid Expenses .....	815,551	650,577	700,039	779,744
Total Current Assets .....	56,306,550	46,142,817	43,846,808	41,832,689
Deduct Current Liabilities .....	11,483,578	9,616,789	9,664,334	9,422,407
Net Working Capital .....	44,822,972	36,526,028	34,182,474	32,410,282
Investments and Advances .....	1,316,486	1,295,712	1,380,938	1,831,275
Property, Plant and Equipment (Net) .....	44,516,114	39,166,692	37,569,805	35,122,235
	\$ 90,655,572	76,988,432	73,133,217	69,363,792
Deferred Federal Taxes on Income .....	450,000	—	—	—
Deduct Long Term Debt .....	1,250,000	1,500,000	1,750,000	2,000,000
Stockholders' Equity .....	<u>\$ 88,955,572</u>	<u>\$ 75,488,432</u>	<u>\$ 71,383,217</u>	<u>\$ 67,363,792</u>
Stockholders' Equity:				
3% % Preferred Stock .....	\$ 852,800	\$ 1,035,400	\$ 1,345,600	\$ 1,650,800
4½ % Preferred Stock .....	7,740,200	7,740,200	7,973,200	8,111,200
Common Stock .....	28,911,276	25,468,799	16,590,676	16,501,144
Capital Surplus .....	5,809,733	174,178	6,520,844	5,796,576
Earned Surplus (Retained Earnings) .....	45,641,563	41,069,855	38,952,897	35,304,072
	<u>\$ 88,955,572</u>	<u>\$ 75,488,432</u>	<u>\$ 71,383,217</u>	<u>\$ 67,363,792</u>
<b>RATIO OF CURRENT ASSETS TO CURRENT LIABILITIES</b>	<b>4.9:1</b>	<b>4.8:1</b>	<b>4.5:1</b>	<b>4.4:1</b>
<b>BOOK VALUE PER SHARE OF COMMON STOCK ....</b>	<b>\$ 34.60</b>	<b>\$ 32.56</b>	<b>\$ 30.86</b>	<b>\$ 29.07</b>

# CONSOLIDATED EARNINGS AND FINANCIAL CONDITION

1955	1954	1953	1952	1951	1950
\$ 287,352,312	\$ 275,034,840	\$ 235,204,505	\$ 228,661,163	\$ 205,257,498	\$ 190,459,992
1,028,994	597,267	478,808	625,867	638,027	531,835
<u>288,381,306</u>	<u>275,632,107</u>	<u>235,683,313</u>	<u>229,287,030</u>	<u>205,895,525</u>	<u>190,991,827</u>
272,826,864	262,243,252	225,360,929	219,079,369	194,818,028	180,743,777
3,681,231	3,035,541	2,069,029	2,029,427	1,817,531	1,554,872
6,320,000	5,525,000	4,260,000	4,270,000	4,440,000	3,260,000
<u>282,828,095</u>	<u>270,803,793</u>	<u>231,689,958</u>	<u>225,378,796</u>	<u>201,075,559</u>	<u>185,558,649</u>
\$ 5,553,211	\$ 4,828,314	\$ 3,993,355	\$ 3,908,234	\$ 4,819,966	\$ 5,433,178
\$ 2.85	\$ 2.60	\$ 2.45	\$ 2.41	\$ 3.02	\$ 3.41
5.38	4.70	3.87	3.90	3.97	3.07

\$ 467,136	\$ 324,242	\$ 159,999	\$ 176,280	\$ 181,242	\$ 188,338
2,696,136	2,481,483	2,335,677	2,308,500	2,558,960	2,558,960

1955	1954	1953	1952	1951	1950
\$ 11,802,872	\$ 11,097,738	\$ 10,794,292	\$ 10,992,143	\$ 9,762,563	\$ 9,977,678
14,565,820	14,075,561	10,587,794	9,410,256	8,402,158	7,028,762
9,333,313	8,753,686	6,723,748	6,568,284	7,199,687	5,345,132
655,152	671,596	474,668	545,368	334,385	621,482
<u>36,357,157</u>	<u>34,598,581</u>	<u>28,580,502</u>	<u>27,516,051</u>	<u>25,698,793</u>	<u>22,973,054</u>
7,440,157	7,106,782	5,027,295	5,179,742	4,618,404	3,636,486
<u>28,917,000</u>	<u>27,491,799</u>	<u>23,553,207</u>	<u>22,336,309</u>	<u>21,080,389</u>	<u>19,336,568</u>
2,162,259	1,531,552	1,013,675	751,085	600,690	610,301
30,595,413	30,528,870	19,183,573	18,826,199	18,933,380	17,987,825
<u>61,674,672</u>	<u>59,552,221</u>	<u>43,750,455</u>	<u>41,913,593</u>	<u>40,614,459</u>	<u>37,934,694</u>
—	—	—	—	—	—
2,250,000	2,500,000	—	—	—	—
<u>\$ 59,424,672</u>	<u>\$ 57,052,221</u>	<u>\$ 43,750,455</u>	<u>\$ 41,913,593</u>	<u>\$ 40,614,459</u>	<u>\$ 37,934,694</u>
\$ 2,420,700	\$ 3,622,400	\$ 4,466,800	\$ 4,960,300	\$ 5,369,400	\$ 5,369,400
8,111,200	8,125,000	—	—	—	—
14,838,725	14,440,537	13,058,413	12,893,000	12,794,800	12,794,800
4,369,521	3,569,696	953,243	626,403	439,823	439,823
29,684,526	27,294,588	25,271,999	23,433,890	22,010,436	19,330,671
<u>\$ 59,424,672</u>	<u>\$ 57,052,221</u>	<u>\$ 43,750,455</u>	<u>\$ 41,913,593</u>	<u>\$ 40,614,459</u>	<u>\$ 37,934,694</u>
4.9:1	4.9:1	5.7:1	5.3:1	5.6:1	6.3:1
\$ 27.46	\$ 26.15	\$ 24.85	\$ 23.89	\$ 22.95	\$ 21.21



**GENERAL OFFICES:** 120 SOUTH LA SALLE STREET, CHICAGO 3, ILLINOIS