





HIGHLIGHTS OF THE YEAR

Net Sales.....	
Net Earnings after Taxes.....	
Per Share of Common Stock.....	
Percentage of Sales.....	
Working Capital.....	
Stockholders' Equity.....	
Dividends Paid.....	
Number of Stockholders.....	
Restating fiscal 1966 to include companies acquired in fiscal 1967 Poolings of Interests (see note):	
Net Sales.....	
Net Earnings after Taxes.....	
Per Share of Common Stock.....	
Stockholders' Equity.....	

Note—See "Poolings of Interests" in President's letter (page 2) for explanation.

February 28 1967	February 28 1966	Per Cent of Increase
\$909,603,090	\$796,443,487	14
30,275,271	24,638,315	23
3.26	2.95	11
3.33	3.09	8
125,077,272	104,639,025	20
217,523,255	184,486,924	18
13,504,782	10,940,089	23
19,928	18,931	5
909,603,090	845,542,203	8
30,275,271	28,534,722	6
3.26	3.03	8
217,523,255	204,707,653	6

CAPITAL STOCK LISTING —	NEW YORK STOCK EXCHANGE
REGISTRARS OF STOCK —	THE CHASE MANHATTAN BANK THE NORTHERN TRUST COMPANY
STOCK TRANSFER AGENTS —	MORGAN GUARANTY TRUST COMPANY OF NEW YORK CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
DIVIDEND DISBURSEMENT AGENT —	CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

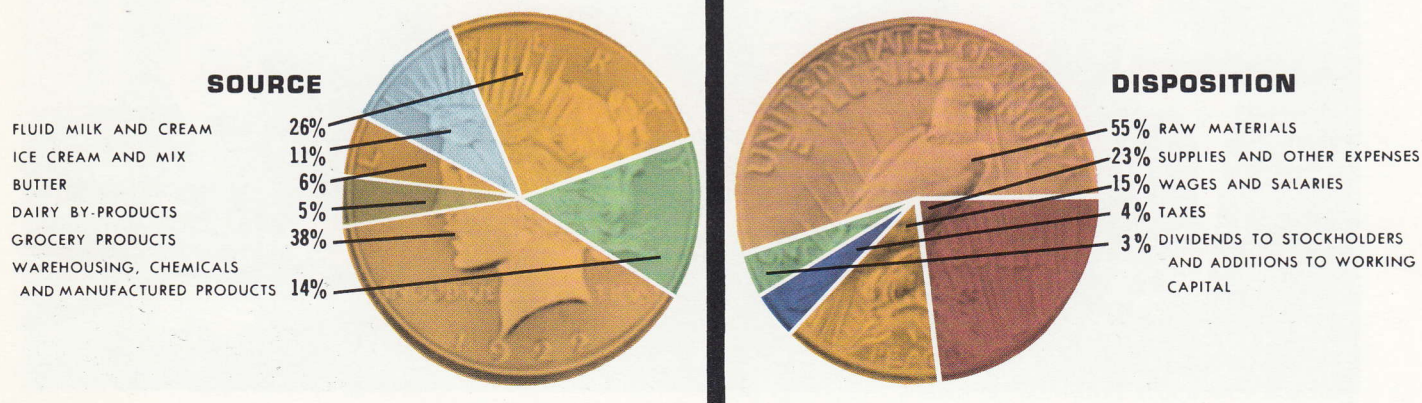
70th ANNUAL MEETING

The 70th Annual Meeting of Stockholders will be held at 10:30 A.M. (C.D.T.) on Wednesday, June 7, 1967, in the Grand Ballroom of the Sheraton-Chicago Hotel, 505 N. Michigan Ave., Chicago, Ill.

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BEATRICE SALES DOLLAR



FIVE YEARS OF PROGRESS

	1967	1966	1965	1964	1963
Net Sales.....	\$909,603,090	\$796,443,487	\$681,385,124	\$606,157,642	\$569,487,854
Net Earnings before Taxes.	56,275,271	47,138,315	36,045,291	30,211,603	26,143,771
Federal Taxes.....	26,000,000	22,500,000	18,000,000	15,500,000	13,120,000
Net Earnings after Taxes..	30,275,271	24,638,315	18,045,291	14,711,603	13,023,771
Net Earnings per Share of Common Stock	3.26	2.95	2.49	2.11	1.91
Dividends paid per Share of Common Stock.....	1.50	1.35	1.16	1.05	.90
Working Capital.....	125,077,272	104,639,025	86,098,548	77,276,091	69,282,497
Year-end Inventories.....	60,108,373	51,083,452	40,772,070	30,236,052	28,104,422
Amount Added to Earned Surplus.....	8,493,024	18,475,894	10,577,698	3,711,844	6,981,233
Number of Stockholders...	19,928	18,931	17,406	16,325	15,837

Note—The above “Five Years of Progress” is shown on an actual basis. The following amounts are restated to include the operating results of companies subsequently acquired in poolings of interests:

	1966	1965	1964	1963
Net Sales	\$845,542,203	\$800,742,849	\$733,075,991	\$705,398,006
Net Earnings after Taxes.....	28,534,722	25,498,842	22,002,667	20,002,027
Net Earnings per Share of Common Stock.....	3.03	2.68	2.30	2.06

The working capital and inventories at February 28, 1966, on a restated basis totaled \$112,467,568 and \$58,116,199, respectively.



From left: (seated)—Robert W. France, treasurer; Harry Niemiec, vice president (Grocery Division); Don L. Grantham, executive vice president (Dairy, Warehousing, Agricultural By-Products); William G. Karnes, president; Paul T. Kessler Jr., executive vice president (Administration, International). (Standing) William G. Mitchell, secretary; John P. Fox, Jr., general attorney; Lee W. Schlytter, vice president, corporate development.

TO THE STOCKHOLDERS OF BEATRICE FOODS CO.

Substantial growth and development of all six divisions enabled your company to set records in every phase of both domestic and international operations for the fiscal year ended Feb. 28, 1967.

Dollar sales, net earnings and net earnings per common share all were the highest in your company's 70-year history. Higher sales volume, more efficient operations, and continuing product diversification served to more than offset substantial increases in costs, especially in raw materials.

As a result, the percentage of net earnings on sales reached a new high of 3.3 per cent.

POOLINGS OF INTERESTS—Over the years, many fine companies have merged with Beatrice Foods Co. and have contributed to the steady growth of your company. A number of these companies have been acquired in exchange for shares of stock of Beatrice Foods. In such situations, our independent public accountants usually recommend that the acquisition be accounted for as a pooling of interests.

Briefly defined, a "pooling of interests" is a merger in which the stockholders of the company acquired become stockholders of the acquiring company and

in which there is continuity of operations and management.

In December, 1966, the Accounting Principles Board of the American Institute of Certified Public Accountants issued an opinion which requires that financial statements previously issued be adjusted retroactively to include the assets, liabilities and results of operations of companies subsequently acquired in poolings of interests.

Accordingly, the financial statements for the year ended Feb. 28, 1966, (and certain other financial data) included in this Annual Report for comparative purposes have been restated to include the applicable figures for companies merged into Beatrice Foods Co. during the current fiscal year.

We believe that the true growth of your company is shown by a comparison of the actual figures for the current fiscal year and previous years. Accordingly, the financial statements also show the actual figures as originally reported for the year ended Feb. 28, 1966, as well as restated figures to reflect the effect of the poolings of interests accounting principle.

SALES—Dollar sales increased for the 17th consecutive year to \$909,603,090, a gain of \$113,159,603,

or 14 per cent over sales reported last year. On a restated basis (to show poolings of interests), the sales increase was \$64,060,887. Unit sales rose for the 30th successive year.

EARNINGS—Profits, before and after taxes and per share of common stock, were up for the 15th year in a row. Net earnings were \$30,275,271, a gain of \$5,636,956, or 23 per cent, from figures reported last year. Restated, the increase in net earnings was \$1,740,549. Net earnings per common share after dividends on preferred shares outstanding went up

to \$3.26, on 8,831,293 shares outstanding on Feb. 28, 1967. This compares to \$2.95 per share reported last year on 8,094,483 common shares outstanding at the end of the last year and \$3.03 per share on a restated basis. Historically, net earnings have increased 106 per cent from \$14.7 million reported three years ago.

CAPITAL STOCK—There were 76,602 shares of 4½ per cent cumulative preferred stock, 97,500 shares of \$4.00 convertible preference stock, 182,236 shares of \$2.70 convertible preference stock, 65,000 shares of \$4.50 convertible preference stock and 8,831,293 shares of common stock outstanding at Feb. 28, 1967.

The \$2.70 preference stock was issued in exchange for the business and net assets of Melnor Industries, Inc., Moonachie, N. J., a leading manufacturer of water sprinkling and garden care equipment. The \$4.50 convertible preference stock was issued for General Water Conditioning, Inc., Chicago, Ill., makers of "Miracle White" super cleaning products.

The 4½% cumulative preferred stock has been called for redemption May 15, 1967.

DIVIDENDS—Record dividends of \$13,504,782 were paid on the preferred, preference, and common stocks during the last fiscal year, compared to \$10,940,089 for the previous year.

On March 2, 1966, the directors voted an 11 per cent increase in the dividend on the common stock from \$1.35 to the current rate of \$1.50 per year, effective April 1, 1966. It was the third dividend raise in less than two years.

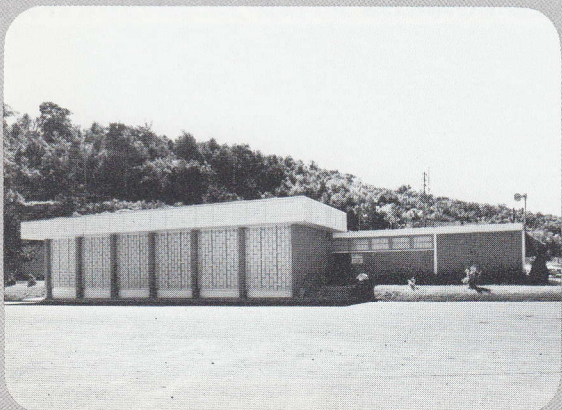
WORKING CAPITAL—Working capital increased for the 22nd consecutive year. The total at Feb. 28, 1967, was \$125,077,272, an addition of \$20,438,247, or 20 per cent, from \$104,639,025 reported at the end of last year. On a restated basis, working capital totaled \$112,467,568 at the end of last year.

STOCKHOLDERS' EQUITY—Book value of each share of common stock appreciated for

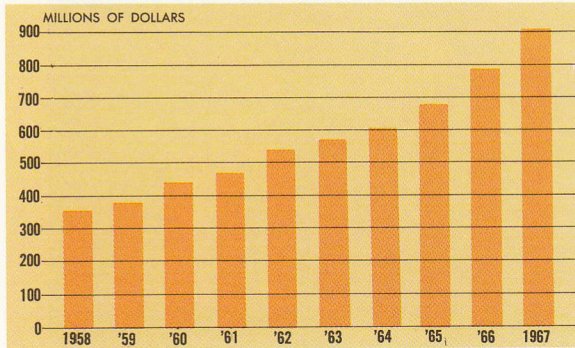
Melnor Industries' general offices and sales headquarters are located in its 240,000 square foot main plant in Moonachie, N.J.

More than 17,000 school children visited Lani Moo (Heavenly Cow), Queen of Meadow Gold Farms, Hawaii, and toured the 665-acre dairy farm in 1966.

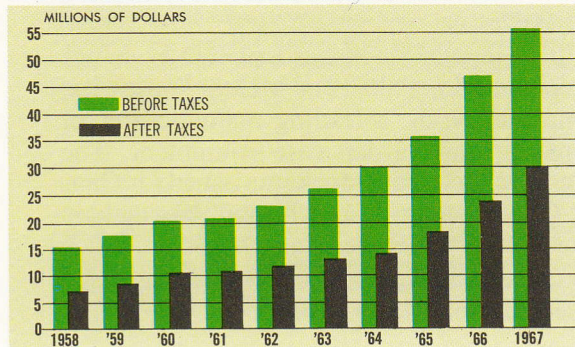
Inland Underground Facilities, Inc., added these new offices to its warehouse facilities in Kansas City, Kans., during the fiscal year.



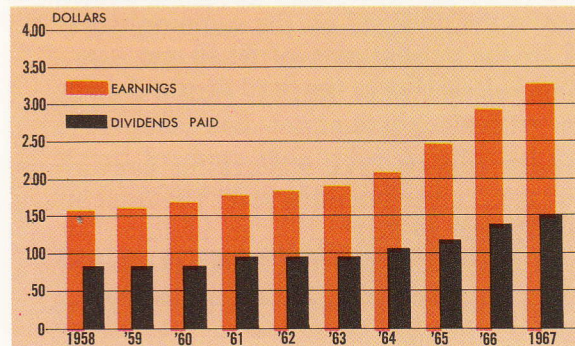
SALES



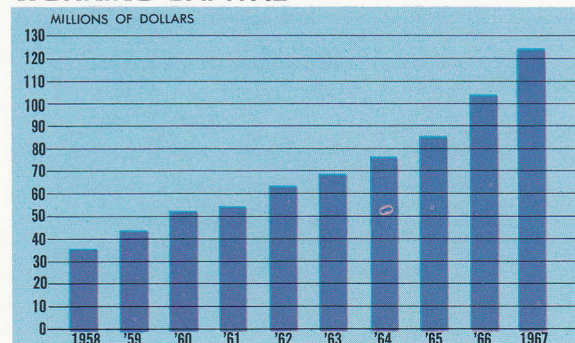
EARNINGS (before and after taxes)



EARNINGS & DIVIDENDS PAID—PER SHARE



WORKING CAPITAL



the 30th consecutive year as stockholders' equity increased to a new high of \$217,523,255. The book value of each common share rose to \$20.69.

CAPITAL EXPENDITURES—In the last year, your company invested a record \$20,042,000 in plant construction, expansion and modernization and for the replacement of equipment, including trucks. In all, 15 plants were built or expanded and modernized. Your company has invested more than \$141,-745,000 in the last decade to maintain our plants and equipment at maximum efficiency.

LEGAL PROCEEDINGS—As we have reported, the Federal Trade Commission filed in July, 1965, a Robinson-Patman Act complaint against the company and one of our customers alleging the granting and receiving of discriminatory dairy products prices in the West Virginia area. The extensive trial record was closed on March 21, 1967. A decision of the hearing examiner may be issued this fall.

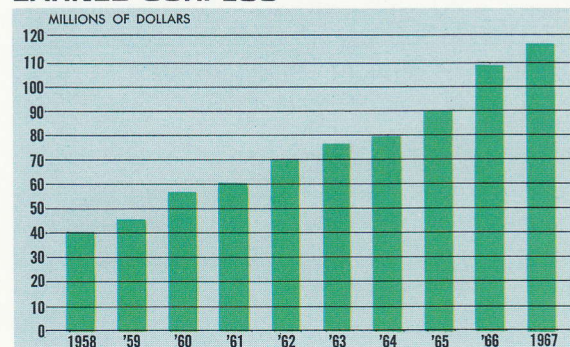
The dairy merger case is still pending before the U. S. Court of Appeals for the Ninth Circuit, as we stated in last year's report.

EMPLOYEES—To the employees of Beatrice Foods, whose number has grown from 15,600 to 21,776 in the last five years, we express our appreciation of their loyalty, countless contributions and sustained dedication in meeting the year's challenges and demands.

MANAGEMENT—On June 1, 1966, stockholders elected Paul T. Kessler, Jr., Chicago, Edward M. Muldoon, Detroit, and Flavel A. Wright, Lincoln, Neb., as new members of the board of directors at the Annual Meeting in New York City.

Mr. Kessler was elected executive vice president for administration and in charge of the International

EARNED SURPLUS



Charts have not been restated for poolings of interests.

Division on March 2, 1966. Mr. Wright is a senior partner in the law firm of Cline, Williams, Wright, Johnson, Oldfather & Williams, of Lincoln.

Two directors, Earl M. Cline, Lincoln, Neb., and Walter L. Dilger, Chicago, both of whom have made many enduring contributions to the growth of your company, elected to retire from the board June 1, 1966.

Mr. Cline, senior partner of the law firm of Cline, Williams, Wright, Johnson, Oldfather & Williams, was a director for 23 years. Mr. Dilger served the company for 36 years, 23 as a director. Both Mr. Cline and Mr. Dilger have been elected Directors Emeritus of Beatrice Foods.

On Feb. 28, 1967, Jay G. Neubauer and Edward M. Muldoon retired as vice presidents. Mr. Neubauer began his career with the company 43 years ago. He became a district manager in 1952 and a vice president in 1956. He was elected to the board in 1963.

Mr. Muldoon was named general manager of the Grocery Division when it was organized in 1957. He was elected a vice president in 1961 and was named executive director of the Grocery Division on March 1, 1966.

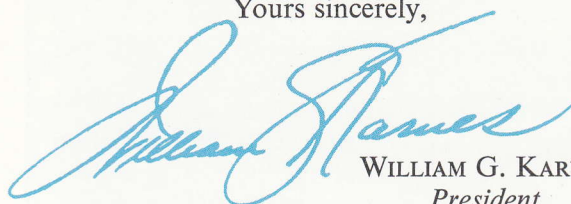
Juan E. Metzger, New York, N.Y., was elected a vice president on May 26, 1966. In this capacity, Mr.

Metzger, who also is chairman of the board of Dannon Milk Products, Inc., will assist Mr. Kessler in developing the International Division.

STOCKHOLDERS—We are appreciative of the many constructive suggestions and comments contributed by stockholders during the year and thank you for your support and expressions of confidence and encouragement.

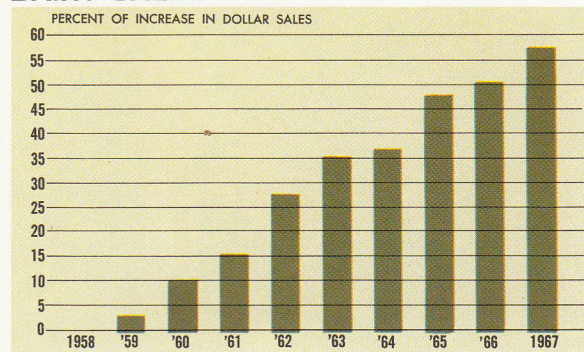
THE YEAR AHEAD—The basic stability and defensive characteristics of our sales and earnings, coupled with the wealth of experience and “know-how” possessed by Beatrice people have enabled your company to meet the mounting challenges of the economy. With the continued valued support of our stockholders, employees, customers, producers and suppliers, we believe our company will continue to progress and prosper in all areas of its operations in the years ahead.

Yours sincerely,

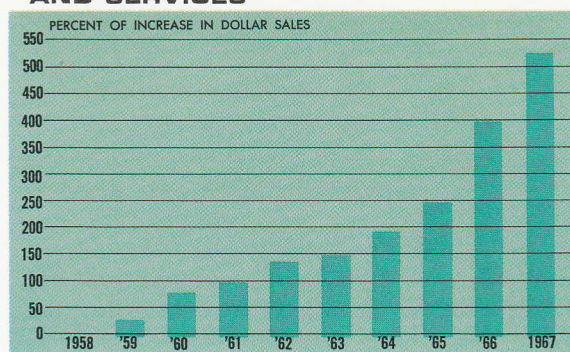


WILLIAM G. KARNES
President

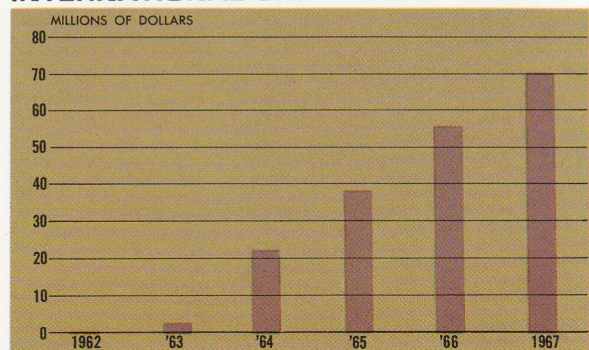
DAIRY SALES



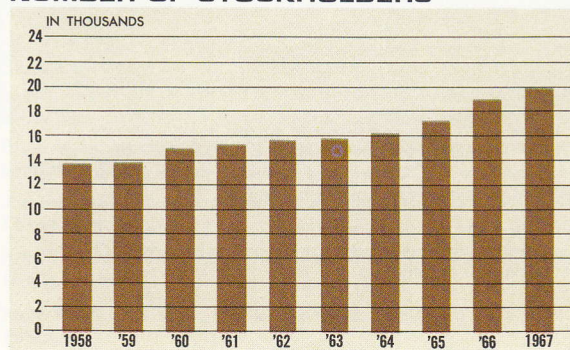
GROCERY PRODUCTS, NON-FOODS AND SERVICES



INTERNATIONAL SALES



NUMBER OF STOCKHOLDERS



COMPANY PROGRESS



DAIRY

Sales of dairy products, marketed primarily under the Meadow Gold, Blue Valley, American Hostess, Holland Dutch, Louis Sherry and Dannon brands, climbed to \$443 million, representing a gain of \$20 million from the previous year. In five years, sales of dairy products have increased \$82 million.

MILK AND CREAM—Dollar sales of bottled milk and cream increased for the 28th consecutive year and accounted for 26 per cent of our total sales.

ICE CREAM—Ice cream and related frozen dessert products accounted for 11 per cent of sales. Major improvements were completed at plants in Dothan, Ala., and San Juan, Puerto Rico.

BUTTER—Dollar earnings for the butter department showed a 7.9 per cent increase over the year earlier. Total butter production increased from the preceding year in contrast to a general decline in production nationally. Butter accounted for 6 per cent of sales.

DAIRY BY-PRODUCTS—Dollar and unit sales of dairy by-products attained new highs, amounting to 5 per cent of total sales. These include cottage cheese, both flavored and plain, all other kinds of cheese, sour cream, yogurt, powdered milk, dietetic dairy foods, fruit juices and fruit ades.

Major additions and improvements were made at the Wright-Wagner dairy plant, Beloit, Wis., and Dannon Milk Products, Inc., Long Island City, N. Y.

GROCERY

Dollar and unit sales of grocery products set new records for the year. Sales for the division increased 13 per cent from the previous year and accounted for 38 per cent of total sales.

Cal Compack, which produces capsicum spices, completed a new \$600,000 chili pepper processing plant at King City, Calif. The Grocery Division constructed a 100,000 square foot warehouse adjacent to



Cremo Limited, the leading dairy in Jamaica, operates this modern milk and ice cream plant in Kingston.

This \$600,000 chili pepper processing plant was placed in operation last fall at King City, Calif., by the Cal-Compack Foods, Inc., division. Plant is one of the most highly-automated of its kind in the world.

Gen. F. T. Unger (left), high commissioner of the Ryukyu Islands, is congratulated upon his investiture, by Thomas E. Unger, president of the Chamber of Commerce in Okinawa and manager of the Meadow Gold Dairies plant on Okinawa. They are not related.

New \$3,000,000 plant opened Jan. 4, 1967, on 33-acre tract at Wilmington, Mass., will double the production capacity of Polyvinyl Chemicals, Inc., division, specialists in polymers.



Aunt Nellie's Foods at Clyman, Wis., with a capacity of 2,000,000 cases. Squire Dingee Co. ("Ma Brown" pickles, preserves, toppings) began a \$1,000,000 building program at its Chicago plant. La Choy Food Products is expanding its facilities at Archbold, Ohio, and will have nine acres under roof.

Fisher Nut completed an addition to its processing plant in St. Paul, Minn., as did M. J. Holloway & Co. in Chicago.

BESCO (Beatrice Export Company), New York, N. Y., was established during the year to develop sales of company products around the world. Beatrice products now are exported to more than 100 countries.

PUBLIC WAREHOUSING

The Public Warehouse Division continued to expand rapidly in the last fiscal year in keeping with the swift growth of demand for dry, low temperature and freezer storage space.

Public warehouse revenues represented 2 per cent of total sales. During the year, Quincy Market Cold Storage and Warehouse Co., Boston, Mass., and Tampa Cold Storage and Warehouse Corporation, Tampa, Fla., merged into your company.

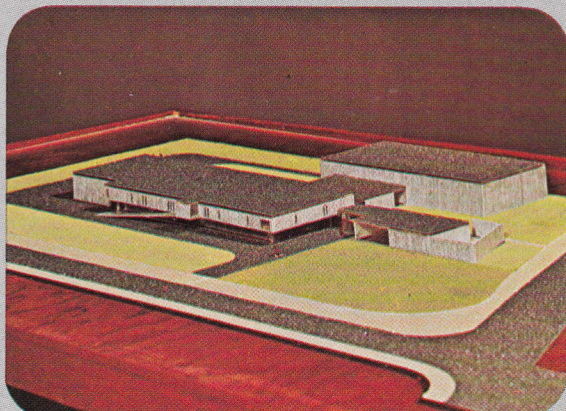
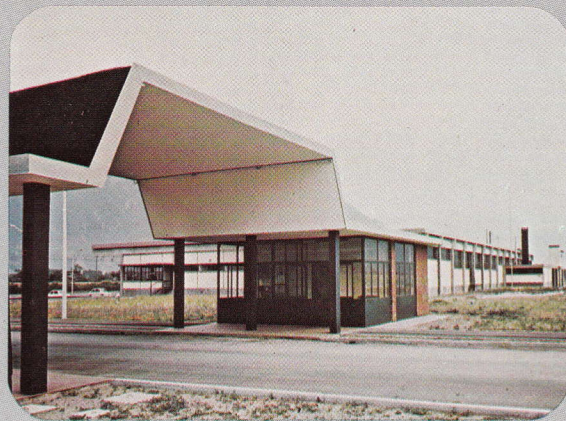
AGRICULTURAL BY-PRODUCTS

The Agricultural By-Products Division now operates 26 plants across the country. These plants handle hides, process animal oils and inedible tallow, operate wool pulleries and produce animal protein feeds, feed supplements and animal by-products for mink and pet foods. Regal By-Products opened a new plant in Lancaster, Pa., during the year and Ross-Wells, Inc., is building a plant in Empire, La. Colorado By-Products recently completed a \$675,000 hide processing and rendering plant in Ogden, Utah. Sales for the division last year were \$48 million.

CHEMICAL AND MANUFACTURED PRODUCTS

This division includes 12 domestic plants and is separated into four departments. Sales for this division grew to \$59,000,000.

HOME AND GARDEN ACCESSORIES—The Stiffel Co., manufacturer of quality lamps, doubled its production capacity during the year.



Entrance to Beatrice & Motta's new \$1,000,000 snack food processing plant near Milan, Italy.

A record 650 attended the annual Meadow Gold Dairy sales meeting in Chicago, Jan. 5.

Artist's drawing of \$1,000,000 plant being built for Tayto Limited, in Dublin, Ireland.

Stahl Finish Co.'s first plant in Spain was completed during the year at Parets.



More than 450 high school students enjoy Meadow Gold milk and Burny Bros. doughnuts during morning "break" at the Office Occupations Day program at the Palmer House sponsored by the City of Chicago.

This \$675,000 rendering and hide processing plant was completed last year in Ogden, Utah, by the Colorado By-Products Co. Division.

V-H Quality Food Products Ltd., produces a variety of exotic sauces in this uniquely-designed plant in Montreal, Canada.

Modern home of Eric's Swiss Products, Inc., Guaynabo, the leading snack food firm in Puerto Rico.

Melnor Industries, Inc., entered new domestic and foreign markets by expanding its distribution and product lines of water sprinkling equipment and garden supplies. It now offers a sprinkler for every purpose and every budget.

INSTITUTIONAL PRODUCTS AND SUPPLIES—Bloomfield Industries, Inc., Chicago, Geerpres Wringer, Inc., Muskegon, Mich., and Tekni-Craft, Inc., Rockton, Ill., all increased their production facilities.

CHEMICAL SPECIALTIES—Stahl Finish Co., Peabody, Mass., and Polyvinyl Chemicals, Inc., Wilmington, Mass., leading suppliers of chemical coatings and ingredients, operate 10 plants around the world. A \$3,000,000 Polyvinyl plant in Wilmington and plants in Loughborough, England, and Parets, Spain, were built this year.

INDUSTRIAL PRODUCTS—James H. Rhodes & Company, Chicago-based manufacturer of industrial steel wool, pumice, cut felt, and related buffing and grinding supplies, doubled the pumice processing capacity at its Long Island, N. Y., plant, and increased production facilities for its finer grades of steel wool by more than 100 per cent in its Chicago plant.

INTERNATIONAL

Beatrice Foods launched its operations overseas Feb. 7, 1961, with the opening of a plant in Kuala Lumpur, Malaysia, to produce canned sweetened condensed milk. Today, your company has 33 separate manufacturing plants in 19 nations around the world.

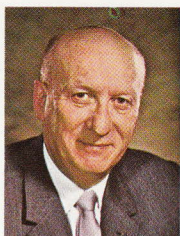
Sales of these international operations for the year were in excess of \$70,000,000, an increase of 27 per cent. Net earnings, after deducting local income taxes, increased at the same rate.

During the last year, your company acquired majority interests in snack and convenience food processors in Lima, Peru; Bogota, Colombia, and Puerto Rico; a dairy and ice cream manufacturer in Jamaica; a candy company in Melbourne, Australia; and a producer of sauces and specialty foods in Montreal, Canada. Each of these companies is a leader in its industry in the country where it is located.

In December, 1966, we signed a contract to build and operate two dairy plants in South Vietnam for the U. S. Government.

(Note International operations on back cover).

DIRECTORS AND OFFICERS



WILLIAM G. KARNES
President
Chief Executive Officer



DON L. GRANTHAM
Executive Vice President
Dairy, Agricultural By-Products, Warehouse



PAUL T. KESSLER, JR.
Executive Vice President
Administration, International



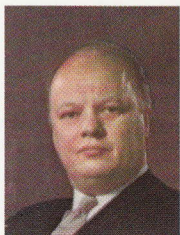
BROWN W. CANNON
Vice President
Western Dairy Region
General Manager, Agricultural By-Products



WILLIAM W. GRANGER, JR.
Vice President
Northeast Dairy Region



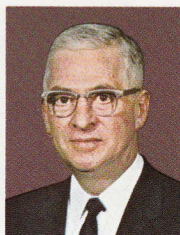
JOHN F. HAZELTON, JR.
Vice President
East Central Dairy Region



WALLACE N. RASMUSSEN
Vice President
South and West Central Dairy Region



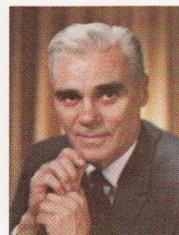
HARRY NIEMIEC
Vice President
General Manager, Grocery Division



ALEX MacTAGGART
Vice President
General Manager, Warehouse Division



CHARLES H. McCONNELL
Vice President
Iowa-Missouri Dairy District



LEE W. SCHLYTTER
Vice President
Corporate Development



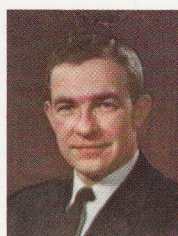
JUAN E. METZGER
Vice President
International Division



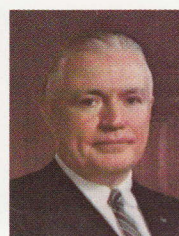
ROBERT W. FRANCE
Treasurer



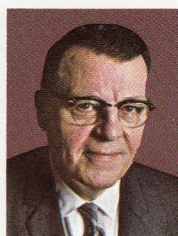
WILLIAM G. MITCHELL
Secretary



JOHN P. FOX, JR.
General Attorney



JAMES J. CULLEN
Assistant Treasurer
Assistant Secretary



CARL T. E. SUTHERLAND
Assistant Secretary
Assistant Treasurer

DIRECTORS

STEPHEN J. BARTUSH
Detroit, Michigan
BROWN W. CANNON
Denver, Colorado
ALVIE J. CLAXTON
Pinehurst, North Carolina
GEORGE A. GARDELLA
Detroit, Michigan
DON L. GRANTHAM
Chicago, Illinois

WILLARD V. HASKELL
Topeka, Kansas
JOHN F. HAZELTON, SR.
Chicago, Illinois
WILLIAM G. KARNES
Chicago, Illinois
PAUL T. KESSLER, JR.
Chicago, Illinois

BERNARD A. MONAGHAN
Birmingham, Alabama
EDWARD M. MULDOON
Detroit, Michigan
JAY G. NEUBAUER
Waukegan, Illinois
HAROLD F. NICHOLS
Galesburg, Illinois

CHARLES H. PATTEN
Phoenix, Arizona
ROBERT B. PRICE
El Paso, Texas
HAROLD F. STOTZER
Archbold, Ohio
FLAVEL A. WRIGHT
Lincoln, Nebraska

EXECUTIVE COMMITTEE OF BOARD OF DIRECTORS

WILLIAM G. KARNES BROWN W. CANNON GEORGE A. GARDELLA DON L. GRANTHAM
JOHN F. HAZELTON, SR. PAUL T. KESSLER, JR. BERNARD A. MONAGHAN

AUDIT COMMITTEE

BERNARD A. MONAGHAN CHARLES H. PATTEN HAROLD F. STOTZER

EXECUTIVE COMPENSATION COMMITTEE

HAROLD F. NICHOLS BERNARD A. MONAGHAN CHARLES H. PATTEN

OFFICERS (as of February 28, 1967)

WILLIAM G. KARNES, President
Chief Executive Officer
DON L. GRANTHAM
Executive Vice President
PAUL T. KESSLER, JR.
Executive Vice President
BROWN W. CANNON
Vice President
JAY G. NEUBAUER*
Vice President
EDWARD M. MULDOON*
Vice President
HARRY NIEMIEC
Vice President
ALEX MacTAGGART
Vice President
WALLACE RASMUSSEN
Vice President
JOHN F. HAZELTON, JR.
Vice President

KEY EMPLOYEE STOCK OPTION PLAN COMMITTEE

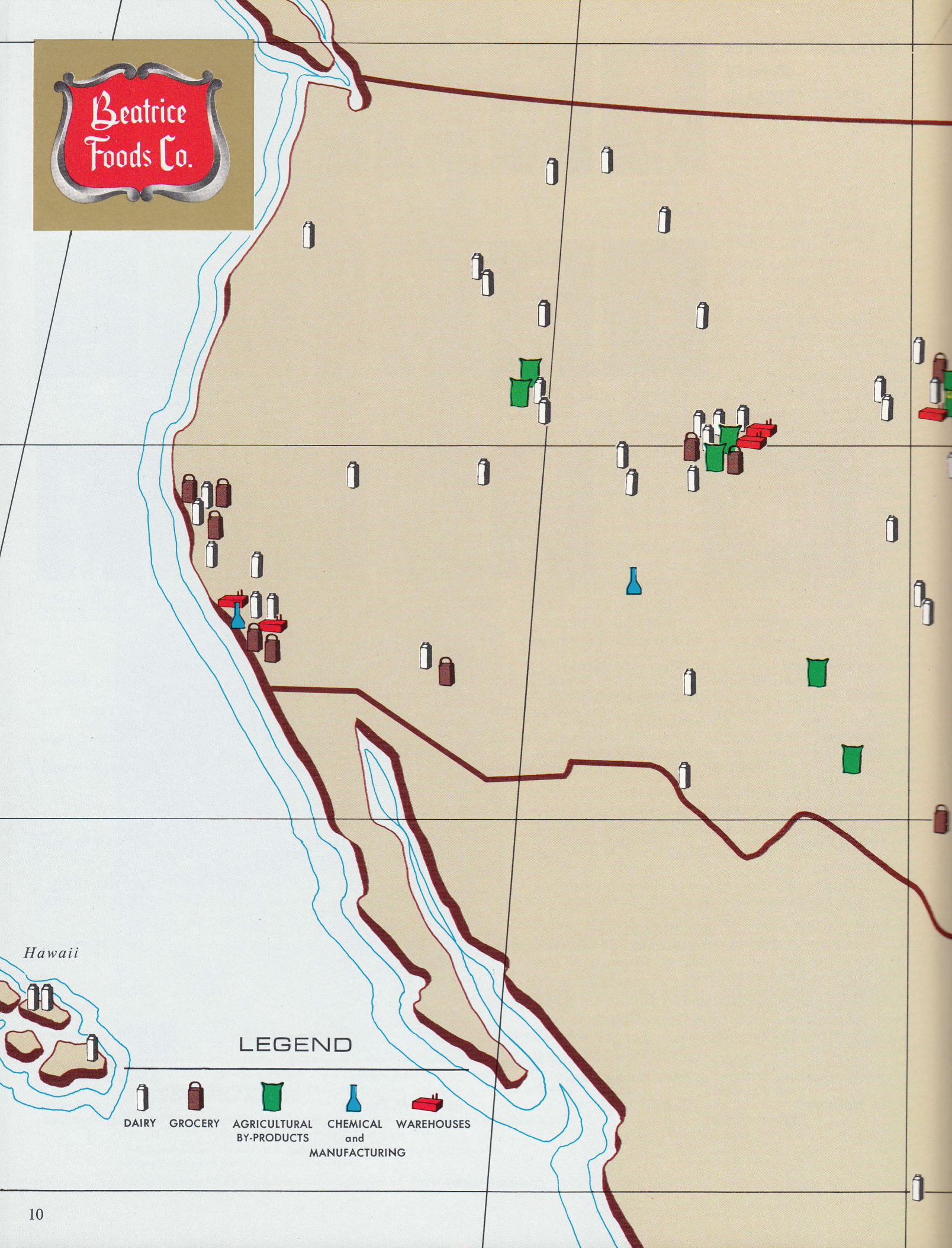
HAROLD F. NICHOLS BERNARD A. MONAGHAN CHARLES H. PATTEN

PENSION PLANNING COMMITTEE

HAROLD F. NICHOLS BERNARD A. MONAGHAN CHARLES H. PATTEN

WILLIAM W. GRANGER, JR.
Vice President
CHARLES H. McCONNELL
Vice President
LEE W. SCHLYTTER
Vice President
JUAN E. METZGER
Vice President
ROBERT W. FRANCE
Treasurer
WILLIAM G. MITCHELL
Secretary
JOHN P. FOX, JR.
General Attorney
JAMES J. CULLEN
Assistant Treasurer
Assistant Secretary
CARL T. E. SUTHERLAND
Assistant Secretary
Assistant Treasurer

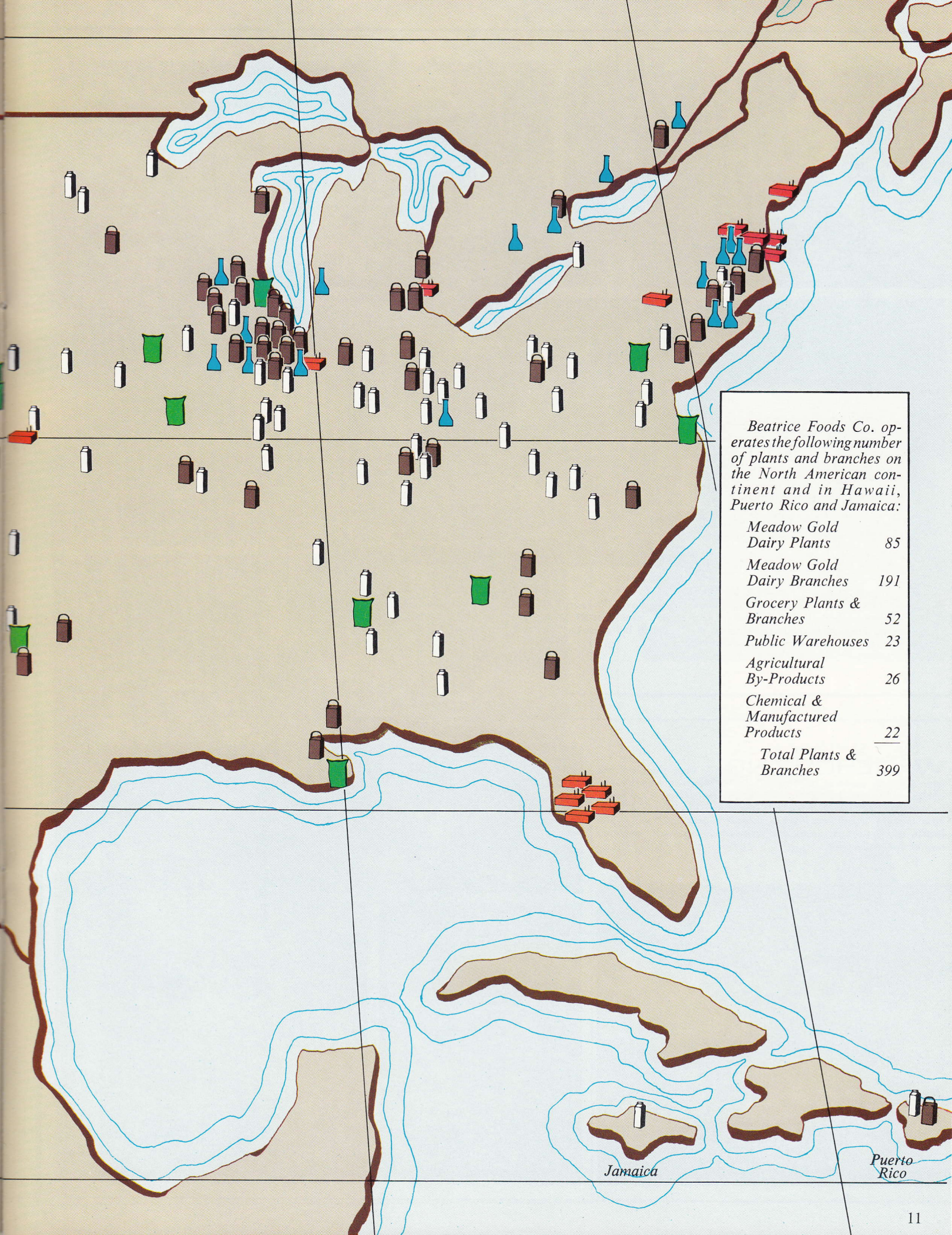
*Retired March 1, 1967



Hawaii

LEGEND

- | | | | | |
|---|---|---|---|---|
|  |  |  |  |  |
| DAIRY | GROCERY | AGRICULTURAL
BY-PRODUCTS | CHEMICAL
and
MANUFACTURING | WAREHOUSES |



Beatrice Foods Co. operates the following number of plants and branches on the North American continent and in Hawaii, Puerto Rico and Jamaica:

<i>Meadow Gold Dairy Plants</i>	<i>85</i>
<i>Meadow Gold Dairy Branches</i>	<i>191</i>
<i>Grocery Plants & Branches</i>	<i>52</i>
<i>Public Warehouses</i>	<i>23</i>
<i>Agricultural By-Products</i>	<i>26</i>
<i>Chemical & Manufactured Products</i>	<i>22</i>
<i>Total Plants & Branches</i>	<i>399</i>

Jamaica

Puerto Rico

BEATRICE KNOW HOW

Not measured among the facts and figures in this Annual Report—not truly measurable in dollars or days—is the one greatest resource of Beatrice Foods Co.—the "Know-How" of its team of 21,776 employees.

It is this *know-how*, knowledge of how to do things smoothly and efficiently and correctly, applied with diligence and dedication, that has been the most significant single factor contributing to the steady growth of the company.

It is *know-how* that has enabled Meadow Gold butter to win first prize at the Illinois State Fair almost every year for the last 40 years.

It is *know-how*, supplemented by well-trained minds and hands willing to explore and experiment, that originated the "Salted-in-the-Shell" peanut, the Korn Kurl, the key ingredient that led to the development of powdered cake mixes, toppings, sauces and dressings, a canned chow mein with the crispness of the "take out" type, a tasty peanut with half of the oil removed.

It is *know-how* that enables one plant to process 320,000 quarts of milk in a day, another to create a yogurt with appeal to American tastes, and a third to develop a matchless chili powder.

It is this wealth of experience, together with the desire to correlate ideas with ideals, that produced special dairy products for U.S. Military forces overseas and a canned sweetened condensed milk for Malaysia.

It has resulted, too, in a steadily increasing flow of new products, patents and processes from every point of the Beatrice Foods compass, a total that today is counted in the thousands.

This depth of knowledge at every echelon, coupled with the desire to be not the biggest but the best, has produced a skillfulness in local management that permits the self-autonomy in the field necessary to maximum efficiency.

It is manifest in more effective marketing and advertising, as well. *Know-how* led Beatrice to be one of the first to put up butter in one-pound cartons, to pioneer homogenized milk and seal caps to cover the pouring surface of milk bottles. It was the first to adopt nationally continuous freezing methods for making ice cream and the first to establish a nationally advertised brand of butter and then of ice cream (Meadow Gold).

Also of equal importance is that this *know-how* translates into greater service to the consumer, the customer and the community.

The progress reported here and for past years is a testimonial to the *know-how* and allegiance of the Beatrice team of 21,776 employees around the world. Among them, they represent more than 200,000 years of experience with the company. Almost 40 per cent have been with the company 10 years...and 10 per cent have been building Beatrice for a quarter of a century or more.

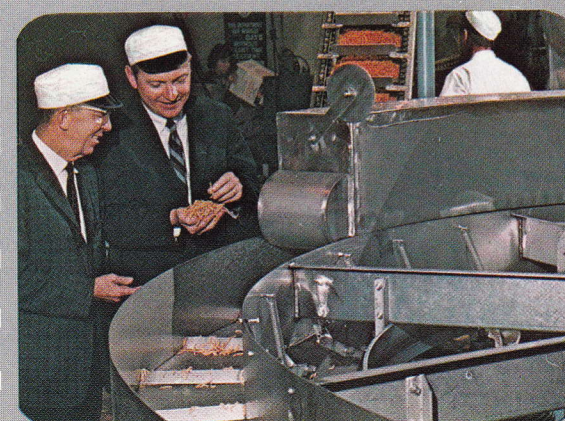
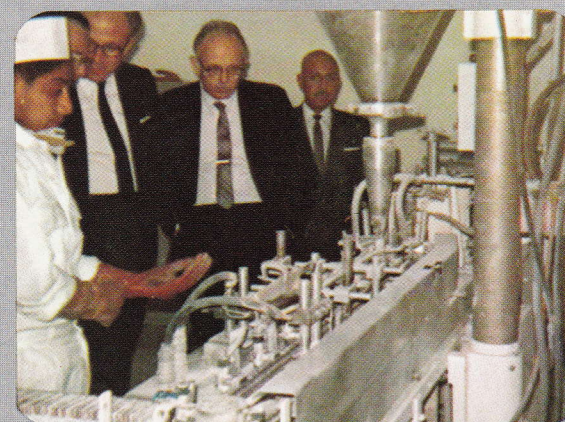
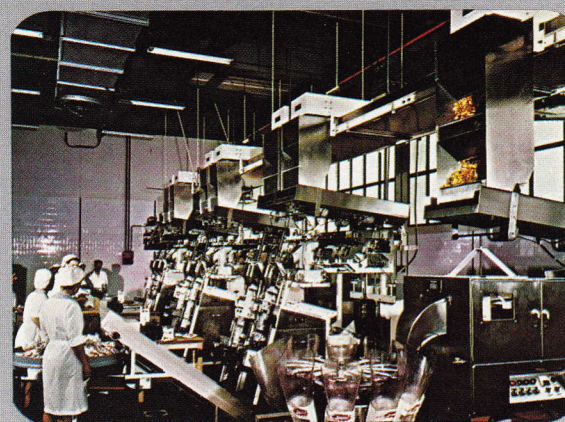
It is this team, comprising the finest personnel in the 70-year history of the company, that will build a better Beatrice in the future...through *know-how*.

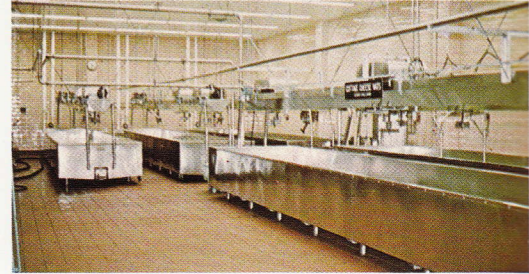
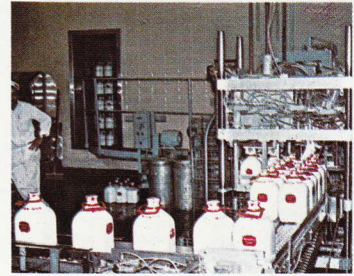
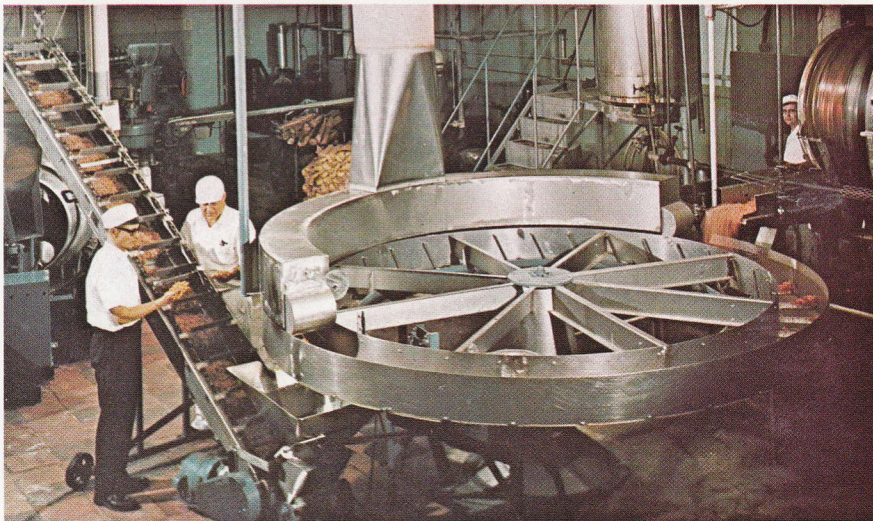
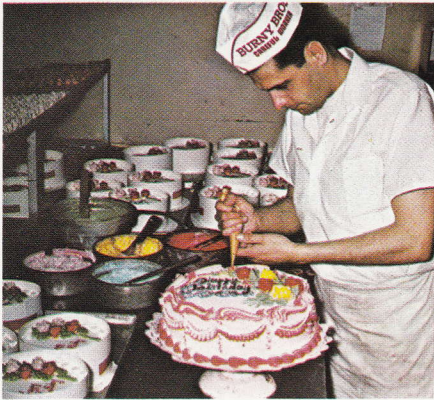
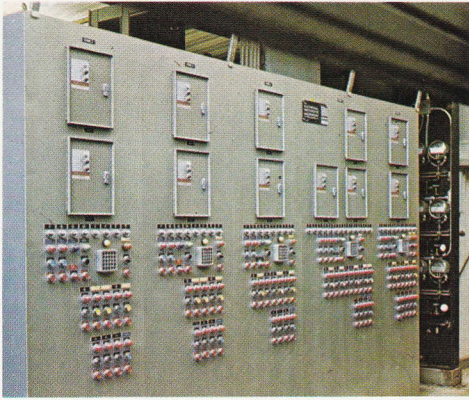
Pretty "Beatrice Girl" helped company's snack foods become a "best seller" at English Trade Fair held in Oslo, Norway, last spring.

Production line for snack foods in Beatrice & Motta plant near Milan, Italy, is one of the most highly-automated in Europe.

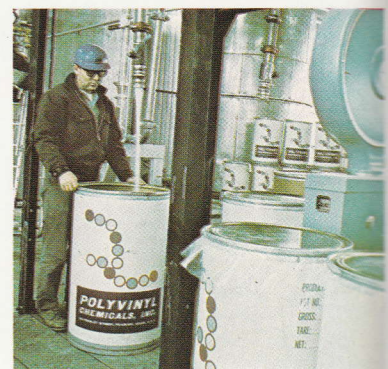
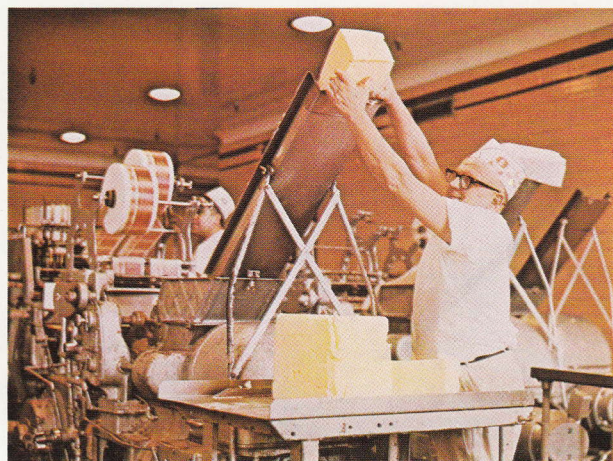
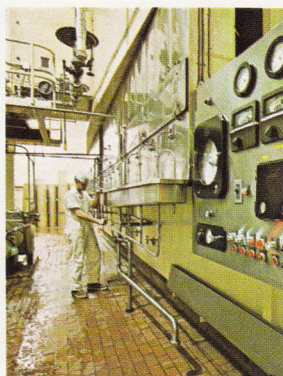
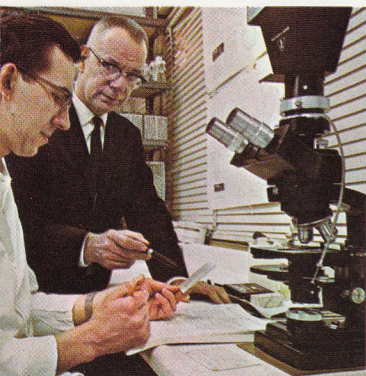
Officials of Beatrice Foods inspect production line at Productos Chipi S.A., plant in Lima, Peru.

New production line for La Choy chow mein noodles is completely automated.



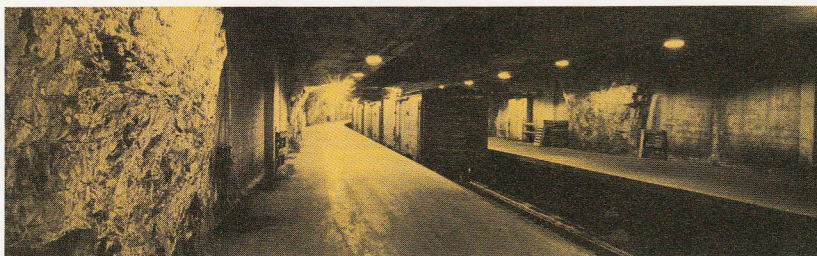


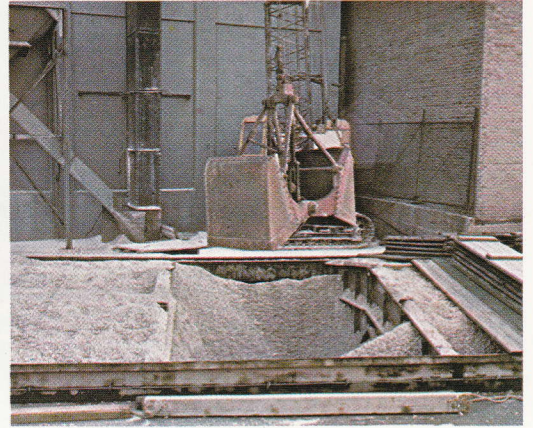
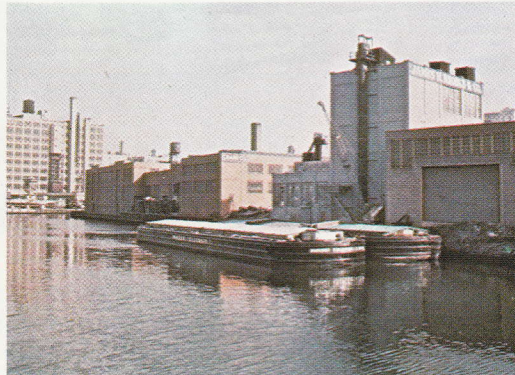
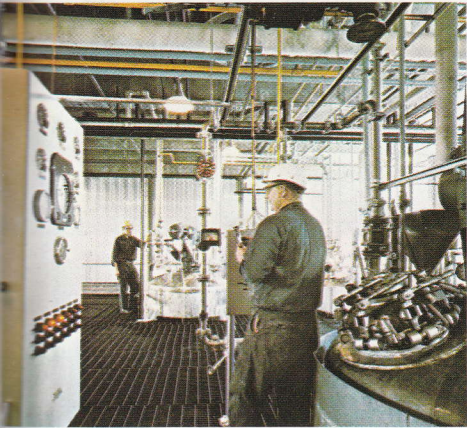
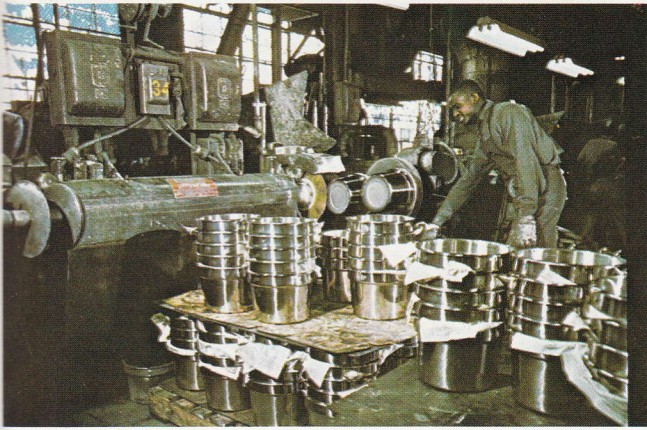
GROCERY—Production of Beatrice Foods more than 1,500 specialty and convenience foods embraces such skills as designing an automated chili pepper processing plant (top two photos), cake decorating, building effective product displays, developing automated production for Chinese type foods and efficient warehousing.



DAIRY—Meadow Gold "know-how," refined over 70 years, ranges from automated bottling of milk under the strictest sanitary conditions, quality control and new product development in the laboratory, production of powdered products in specially designed plants, skilled butter making and delivering the extensive line of Beatrice dairy products to market in refrigerated trucks.

WAREHOUSING—To keep pace with the ever changing patterns of food distribution, Beatrice maintains 23 public warehouses in key markets across the nation. Operations include facilities in which shrimp are frozen at 100 F. degrees below zero (bottom photo), the world's largest underground warehouse (right), giant storage areas and unitized-computerized inventory control and distributing.

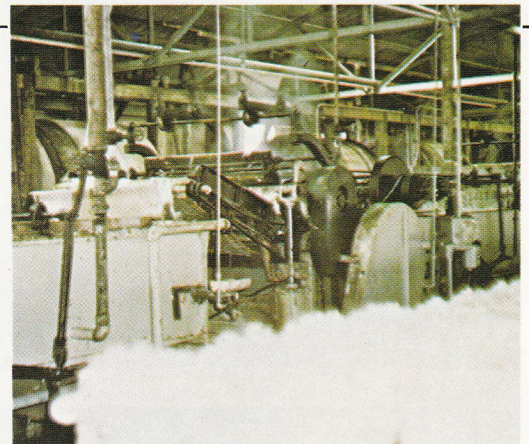
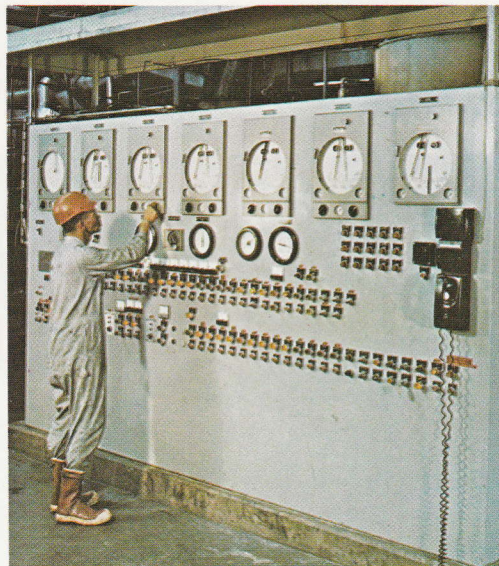
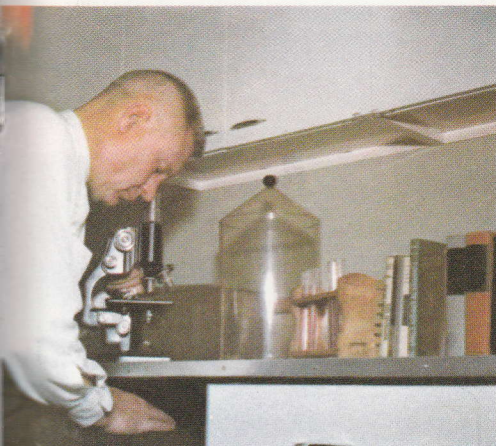




CHEMICAL AND MANUFACTURING

Special skills developed through long experience and knowledge foster the creation and production of a Stiffel lamp, stainless steel food service equipment by Bloomfield, and the Taylor soft-serve ice cream and milk shake machines. These same skills result in special chemicals from Polyvinyl Chemicals, and pumice, other industrial abrasives and steel wool from James H. Rhodes & Company.

AGRICULTURAL BY-PRODUCTS—The technical talents of Beatrice personnel have resulted in leadership in developing animal feed supplements, frozen ingredients for mink and pet foods and automated processing of animal hides and wool.





NEW FROM Beatrice

Substantial growth from within was achieved by all divisions of Beatrice Foods through an accelerated new product development and improvement program and expanded marketing efforts.

Significant contributions to sales and earnings resulted from the introduction of more than 200 new and improved products in the fiscal year, compared to 104 the previous year. In the last four years, Beatrice collectively has marketed more than 600 new or improved products, the majority of which continue to build acceptance among consumers and customers.

The Dairy and Grocery Divisions have expanded their research and development facilities and marketing capabilities substantially to increase internal growth. Emphasis will continue to focus on convenience and specialty foods which are growing in popularity at a faster rate than the national average of all foods.

New products introduced successfully last year included a line of eight natural flavor fruit drinks in half-gallon Meadow Gold containers, a Holiday Nog, six ice cream combinations for the popular "Flavor of the Month" program, and "Zoop," a new beverage in five flavors. Already planned for 1967 are an extensive "Zooper Dooper" ice cream novelty line, "Super Scoop" ice milk and additional

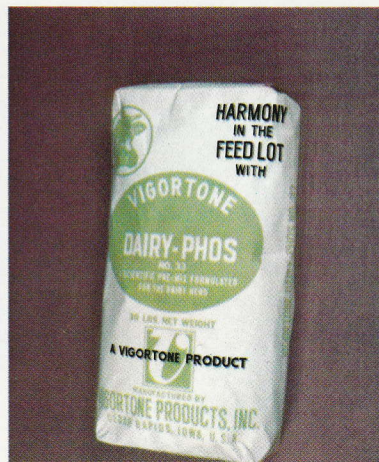
"Flavor of the Month" ice creams. Dannon created a Black Raspberry Yogurt and Louis Sherry Ice Cream has added five new items.

New snack, confectionery, bakery and specialty items marketed last year include Fisher's "Light Bite," a tasty peanut with half the oil removed, La Choy's "Fried Rice with Chicken," Adam's "Korn Kones," Lambrecht's "Big Wheel Pizza" and G-W's "Party Time Pak" of 10 pizzas.

New candy items included "Mama Cow" and "Flintstone" caramel suckers from Holloway, two After Dinner® Mint packs from Richardson, "Rocky Road" chocolates and "Stix Kisses" from Jolly Rancher, a 15-cent Zag Nut bar from Clark and five items, including a deluxe fruit cake, under Chesterton's "Mrs. Leland's" brand.

Murray Biscuit introduced a "baker's dozen" including Banana Flips and Wagon Wheels, while Burny Bros. augmented its fresh and frozen lines with 11 items, including Cherry Buttercream Gold Layer Cake and Taffy Apple Bismarcks.

Both Gebhardt and Rosarita marketed a number of new Mexican foods; Aunt Nellie's introduced green beans and garden bean salad in glass, and Shedd-Bartush now has soft margarine under the Churngold and Blue Ribbon labels.





Dell's new green onion flavor seasoning for potato chips proved to be one of its most popular flavors.

Other new products raising the total to more than 4,000 items produced by Beatrice Foods range from Miracle White Super Cleaner and "First-In" Fabric Softener, to a variety of sprinklers by Melnor, including a low-priced, automatic compact traveling sprinkler and ornamental sprinklers.

Stiffel has created 50 new stylized lamps, while Tekni-Craft developed a unique machine that produces a finely crushed carbonated ice for use in combination with flavorings as a frozen drink.

Bloomfield Industries patented a "Swing-Away Chafer," a line of vinyl covered carts and service stations and syrup dispensers with chrome plated or gold plated plastic caps.

Vigortone Products developed a special feeding program for the dry cow and a new product, Vigortone Dairy-Phos No. 33, that aids in the prevention of Milk Fever.

Concurrently with the development of new and improved products to meet the everchanging needs of our customers, all Beatrice divisions continued to develop their packaging consistent with the company's continuing program of improving profit potential through imaginative marketing.



ACHIEVEMENTS AND AWARDS



Special Advertising Achievement Award is presented to officials of Beatrice Foods Co. by William J. Hannon, vice president of "Progressive Grocer" magazine. From left: Hannon, William G. Karnes, president, Harry Niemiec, vice president, Don L. Grantham, executive vice president.



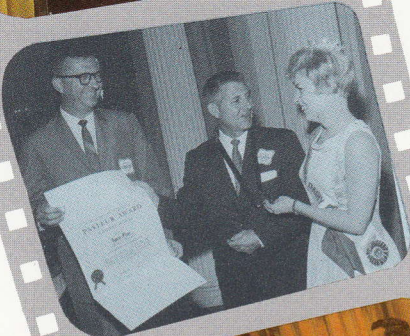
Dr. George W. Shadwick, director of Technical Services, welcomes delegates to the National 4-H Conference to dinner and program sponsored by Beatrice Foods Co. for 12th consecutive year in Chicago.



Gordon E. Swaney (right), general manager of La Choy Food Products and assistant general manager of the Grocery Division, reports successful United Fund drive for Archbold, Ohio. He directed industry solicitation.



Robert W. France (right) treasurer of Beatrice Foods Co., accepts silver "Oscar" on behalf of the company from Richard J. Anderson, editor and publisher of "Financial World" magazine, won in the magazine's 25th annual report contest. Annual report was first in "Food and Kindred Products," and also won a bronze "Oscar" as best in the dairy industry.



James Fleig, of Louisville, is presented with Milk Industry Foundation's Pasteur Bronze Medal for "outstanding heroism" by Robert Johnson (left), chairman of the June Dairy Month Committee of Kentucky, and Miss Judy Mae Tindle, Kentucky Dairy Queen. Fleig, an employee of the Louisville Meadow Gold plant, saved a three-month old baby and a two-year old child from suffocation in a burning home.



D. Michael Callis (second from right), of Denver, Colo., receives certificate for \$2,000 scholarship sponsored by La Choy Food Products. From left: Carroll C. Hindes, Hindes Sales Co., Denver, La Choy broker representative, R. L. Campbell, vice president, Safeway Stores, Inc., Callis, Eugene Hindes, president, Hindes Co.



Special Theme Promotions for Meadow Gold Dairy products won first place in the Milk Industry Foundation's 32nd Annual Advertising contest.



Award of Merit is presented to Louis R. Smerling (right), president of the Fisher Nut Co. Division, St. Paul, Minn., by Mayor Arthur Naffalin, of Minneapolis, in recognition of Smerling's six years of service on the Mayor's Commission on Human Relations.



Harold Hochalter, Community-Meadow Gold Dairy, Missoula, Mont., receives medallion as top home delivery route salesman in the nation from Don L. Grantham (left), executive vice president, and William G. Karnes, president, at annual dairy sales meeting.

A genuine "Picklecasso," 12-foot model of a cucumber, is presented to the City of Chicago by Paul N. Walker, president of Pickle Packers International. Walker is a vice president of the Brown-Miller Division, New Orleans.



1967 ADVERTISING AND SALES PROMOTION

... that's where the action is!

More advertising! More sales promotion! More new products! All accelerated to reach more customers, more places, more frequently through the largest advertising and sales promotion program in Beatrice Foods' history.

In all, Beatrice Foods divisions are employing the skills and services of 24 different advertising agencies, coordinated with the marketing and advertising departments of the respective unit companies they represent, to achieve greater impact in all media.

The Meadow Gold Dairy Division advertises the year 'round with full-color television commercials on 44 stations coast-to-coast, uses attention-attracting outdoor posters all year long (more than 1,000 of them across the nation), plus radio spots, newspaper ads and in-store displays.

La Choy sponsored its first network television show, "The Girl from U.N.C.L.E." on the full NBC network. Holloway, Clark, Richardson Mints and Jolly Rancher have increased their budgets for TV and magazine ads. Gebhardt Mexican Foods, Mario's and Burny Bros. Bakeries have expanded their newspaper schedules. "Ma Brown" preserves, Rosarita Mexican Foods and Dannon Yogurt, among others, have expanded their radio campaigns.

Stiffel lamps will be pictured in national magazines and newspaper magazine sections throughout the year. Melnor sprinklers and garden equipment will be featured in Life Magazine. Miracle White is engaged in the largest campaign in its history. Stahl Finish Co. and Bloomfield Industries are among those divisions which have amplified their trade advertising programs.

New package designs for both familiar and new dairy and grocery products are proved "shopper stoppers" in market tests. Contests, gift plans, incentive programs, store displays all have been increased in size and number as vital factors in building sales of Beatrice's more than 4,000 products in 1967.

Delbert, La Choy's now-famous dragon, came to bigger than life size to promote the company's "quick-cooked in dragonfire" chow mein and other Chinese-type foods on network television as well as in newspaper and trade ads and at trade shows.

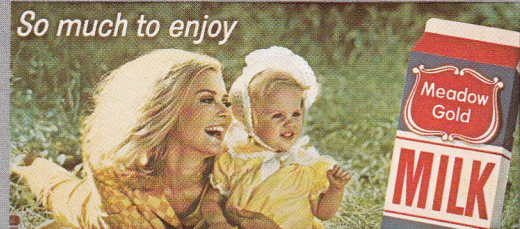


From coast to coast, the Beatrice Foods story reaches millions of consumers through newspaper ads, magazine ads, transport ads, store displays, recipe folders, window signs, and special promotions.



TV Color Commercials: Selling, compelling, entertaining. New Products are introduced. Standard products are dramatized. Quality is stressed throughout.

Radio Commercials: Keyed to all ages, and scheduled for maximum listening in top time periods.



Outdoor Posters: Full-color illustrations with stimulating appetite appeal. The emphasis is on warm and human situations.



Package Designs: Stand-outs wherever they're displayed. Exciting, colorful, memorable ... for every product, new or familiar.

February 28, 1967 and February 28, 1966

CONSOLIDATED BALANCE SHEET

ASSETS

	1967	1966 ACTUAL	1966 RESTATED FOR POOLINGS (NOTE 1)
Current assets:			
Cash (including certificates of deposit)	\$ 31,455,157	\$ 23,070,063	\$ 25,940,837
Marketable securities, at cost	565,917	1,480,567	1,480,567
Receivables, less allowance for losses \$4,932,852 and \$4,732,126 (restated \$4,793,613) at respective dates . .	66,011,764	55,639,305	61,844,728
Inventories, at lower of cost (first-in first-out) or market . . .	60,108,373	51,083,452	58,116,199
Prepaid expenses	2,143,625	2,160,298	2,337,275
Total current assets	160,284,836	133,433,685	149,719,606
Investments and advances, less allowance for losses \$1,643,811 and \$1,744,406 (restated \$1,879,406) at respective dates	11,527,603	7,038,017	8,209,708
Plant and equipment, at cost less depreciation:			
Land	7,342,691	6,762,028	8,283,430
Buildings	67,624,516	54,751,081	69,112,461
Machinery and equipment	122,490,401	110,620,641	119,910,128
	197,457,608	172,133,750	197,306,019
Less allowance for depreciation	97,809,928	87,711,946	98,985,970
	99,647,680	84,421,804	98,320,049
Intangible assets	3,448,220	3,448,220	3,448,220
	<u>\$274,908,339</u>	<u>\$228,341,726</u>	<u>\$259,697,583</u>

See accompanying notes to consolidated financial statements



AND SUBSIDIARY COMPANIES

LIABILITIES AND STOCKHOLDERS' EQUITY

	1967	1966 ACTUAL	1966 RESTATED FOR POOLINGS (NOTE 1)
Current liabilities:			
Accounts payable and accrued expenses.....	\$ 34,336,405	\$ 28,778,739	\$ 36,153,634
U.S. taxes on income, less U.S. Government securities \$11,609,615 and \$11,946,447 (restated \$13,302,028) at respective dates.....	871,159	15,922	1,098,404
Total current liabilities.....	35,207,564	28,794,661	37,252,038
Indebtedness incurred upon acquisition of other companies (note 2).....	8,070,863	7,214,042	9,891,793
Deferred U.S. taxes on income.....	4,650,000	3,900,000	3,900,000
Deferred investment credits (note 3).....	1,853,884	1,583,099	1,583,099
Pension, self-insurance and other reserves (note 6).....	7,602,773	2,363,000	2,363,000
Stockholders' equity (note 4):			
4½% cumulative preferred stock.....	7,660,200	7,660,200	7,660,200
Preference stock.....	27,184,160	9,750,000	27,184,160
Common stock.....	64,032,072	59,134,668	63,914,296
Capital surplus.....	285,009	—	—
Earned surplus (retained earnings).....	118,387,877	109,894,853	105,948,997
	217,549,318	186,439,721	204,707,653
Less treasury common stock, at cost.....	26,063	1,952,797	—
Net stockholders' equity.....	217,523,255	184,486,924	204,707,653
	<u>\$274,908,339</u>	<u>\$228,341,726</u>	<u>\$259,697,583</u>

STATEMENT OF CONSOLIDATED EARNINGS

Years ended February 28, 1967 and February 28, 1966

	1967	1966 ACTUAL	1966 RESTATED FOR POOLINGS (NOTE 1)
INCOME:			
Net sales.....	\$909,603,090	\$796,443,487	\$845,542,203
Other income.....	3,452,893	2,686,111	2,783,858
	<u>913,055,983</u>	<u>799,129,598</u>	<u>848,326,061</u>
 INCOME DEDUCTIONS:			
Cost of goods sold.....	658,306,363	577,698,418	606,885,859
Selling, delivery, administrative and general expenses....	185,286,431	162,059,929	173,296,447
Provision for depreciation.....	13,187,918	12,232,936	13,725,452
Provision for U. S. and foreign taxes on income.....	26,000,000	22,500,000	25,883,581
	<u>882,780,712</u>	<u>774,491,283</u>	<u>819,791,339</u>
Net earnings.....	<u>\$ 30,275,271</u>	<u>\$ 24,638,315</u>	<u>\$ 28,534,722</u>
Net Earnings Per Share of Common Stock.....	\$3.26	\$2.95	\$3.03

See accompanying notes to consolidated financial statements.



Two-year-old Kaori Sawamoto, daughter of the First Secretary (Construction) of the Japanese Embassy, enjoys Meadow Gold ice cream at party at an amusement park in Washington, D. C., given by The Hospitality and Information Service. (Courtesy Washington, D. C., Post).



AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Year ended February 28, 1967

Balance at beginning of year, as reported.....		\$109,894,853
Earned surplus at February 28, 1966 of companies acquired during year ended February 28, 1967 in poolings of interests (note 1).....		<u>12,110,114</u>
		122,004,967
Less charge resulting from issuance of shares in poolings of interests.....		<u>16,055,970</u>
Balance at beginning of year, as restated		105,948,997
Net earnings for the year.....		<u>30,275,271</u>
		136,224,268
Deduct:		
Dividends paid during the year on:		
4½% cumulative preferred stock.....	\$ 344,541	
\$4.00 convertible preference stock.....	390,000	
Common stock, \$1.50 a share.....	12,441,107	
Capital stocks of acquired companies prior to date of acquisition...	329,134	
Cost of treasury shares acquired during the year and reissued in poolings of interests.....	<u>4,331,609</u>	<u>17,836,391</u>
Balance at end of year.....		<u>\$118,387,877</u>

See accompanying notes to consolidated financial statements





NOTES to Consolidated Financial Statements

(1) PRINCIPLES OF CONSOLIDATION AND POOLINGS OF INTERESTS: Wholly-owned subsidiaries operating in the United States, Canada, and Europe have been included in the consolidated financial statements. The net assets and operations of the unconsolidated subsidiaries (located mainly in the Caribbean area and Latin America) are not significant in relation to the consolidated figures.

During the year ended February 28, 1967, the Company acquired several companies in poolings of interests. The comparative figures for the year ended February 28, 1966, are shown herein as previously reported for that year and also as restated to include the figures for the companies acquired during the ensuing year.

See "Poolings of Interests" in President's letter (page 2) for additional information.

(2) INDEBTEDNESS: The indebtedness incurred upon acquisition of other companies consists of the following as of February 28, 1967:

4½% note payable in two annual installments (1968-69).....	\$ 2,374,182
5% note payable in three annual installments (1968-70).....	709,719
5¾% note payable (1968-78).....	960,000
5¼% mortgage payable quarterly through 1986.....	638,750
5¾% mortgages payable monthly through 1973.....	853,703
6% mortgages payable monthly through 1980.....	697,725
Miscellaneous notes, mortgages, etc. (4½ to 6%)....	1,836,784
	<u>\$ 8,070,863</u>

(3) INVESTMENT CREDITS: The investment credits are being reflected in net earnings over the average useful lives of the acquired assets, subject to a maximum amortization period of eight years.

(4) CAPITAL STOCK: Shares of capital stock authorized, issued and outstanding as of February 28, 1967, are summarized as follows:

4½% cumulative preferred stock (\$100 par value), redeemable at par value. Authorized, issued and outstanding 76,602 shares.....	<u>\$ 7,660,200</u>
--	---------------------

Preference stock (without par value). Authorized 350,000 shares; issued and outstanding:

Shares	Title of Issue	
97,500	\$4.00 convertible preference stock (stated value \$100)	\$ 9,750,000
182,236	\$2.70 convertible preference stock (stated value \$60)	10,934,160
65,000	\$4.50 convertible preference stock (stated value \$100)	6,500,000
<u>344,736</u>		<u>\$27,184,160</u>

Common stock (without par value). Authorized 15,000,000 shares; issued 8,832,010 shares at stated value (\$7.25 per share), including 717 shares held in treasury..... \$64,032,073

The Company intends to call the outstanding shares of 4½% cumulative preferred stock for redemption on May 15, 1967.

The outstanding shares of preference stock are convertible into shares of common stock at specified prices per share of common stock; 581,156 shares of common stock are reserved for this purpose.

The increase in capital surplus during the year ended February 28, 1967, represents the excess of proceeds over par value of shares of common stock issued under stock options.

(5) STOCK OPTIONS: The 1965 Key Employee Qualified Stock Option Plan authorizes the granting of options to purchase an aggregate of 250,000 shares of the Company's common stock at prices not less than 100% of the fair market value of the common stock on the date of grant. At February 28, 1966, there were options (including options granted under the 1959 plan) outstanding to purchase 285,394 shares of the Company's common stock at prices per share ranging from \$22.15 to \$55.13 and there were 77,755 shares of common stock reserved for the granting of additional options. During the current year, options were granted to purchase 23,305 shares at prices per share ranging from \$43.87 to \$53.00, options were exercised with respect to 16,245 shares and options relating to 1,064 shares were cancelled because of termination of employment. At February 28, 1967, there were options outstanding to purchase 291,390 shares (of which options to purchase 144,284 shares were exercisable) and there were 55,150 shares of common stock reserved for the granting of additional options.

(6) LEASES: As of February 28, 1967, the Company is lessee under noncancelable leases which require minimum annual rental payments of approximately \$6,400,000. Of this amount, \$2,100,000 relates to leases expiring within three years, \$1,900,000 to leases expiring after three years but within ten years, \$1,200,000 to leases expiring after ten years but within twenty years and the balance of \$1,200,000 to leases expiring after twenty years. The foregoing figures include two leases applicable to properties which were acquired by the lessors from the Company during the current year. The excess (\$4,780,000, net of income taxes) of the proceeds over the net book value of the properties sold has been deferred (included in Pension, self-insurance and other reserves) and will be credited to rental expense over the lease periods.

In addition to the above, the Company holds under lease certain equipment. At February 28, 1967, the remaining rentals under such leases totaled approximately \$4,400,000 of which amount approximately \$1,500,000 comes due in the ensuing year and the balance in decreasing amounts thereafter through February 28, 1977.

(7) PENSION PLANS: The Company has pension plans which cover substantially all salaried employees and certain hourly-paid employees. The amount charged to earnings under such plans totaled \$1,847,000 for the year ended February 28, 1967. Such amount includes the normal cost of the plans and amortization of past service cost (as to the principal plans on a ten-year basis). In addition, the Company contributed approximately \$2,200,000 to pension funds of various unions. In general, the Company's policy is to fund pension cost when charged to earnings.

(8) CONTINGENCIES: Possible losses with respect to guarantees, etc. have been provided for in the accounts. Reference is made to the President's letter for information concerning Federal Trade Commission proceedings against the Company. In the opinion of legal counsel, it is not possible to predict the outcome of such proceedings at this time.

SOURCE AND DISPOSITION OF FUNDS

Year ended February 28, 1967

SOURCE OF FUNDS:

Net earnings.....	\$30,275,271
Charges against earnings not requiring use of funds (depreciation, deferred income taxes, etc.).....	14,669,142
Sales of common stock under option plan.....	402,785
Proceeds from sale and leaseback of properties (net).....	7,885,000
	<u>53,232,198</u>

DISPOSITION OF FUNDS:

Cash dividends paid.....	13,504,782
Reduction in long term indebtedness.....	1,820,930
Plant and equipment additions (net).....	17,621,215
Additional investments, treasury stock purchases, etc.....	7,675,567
	<u>40,622,494</u>
Increase in working capital.....	<u>\$12,609,704</u>

ACCOUNTANTS' REPORT

The Stockholders
Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 28, 1967 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, 1967 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. Also, in our opinion, the accompanying summary of source and disposition of funds presents fairly the information shown therein.

Chicago, Illinois
April 12, 1967

Peat, Marwick, Mitchell & Co.

TEN YEAR SUMMARY

of Consolidated Earnings

CONSOLIDATED EARNINGS

	1967	1966	1965	1964
Net Sales	\$909,603,090	\$796,443,487	\$681,385,124	\$606,157,642
Other Income	3,452,893	2,686,111	3,166,889	2,856,931
Total	913,055,983	799,129,598	684,552,013	609,014,573
Income Deductions:				
Cost of Goods Sold & Operating Expenses ..	843,592,794	739,758,347	638,520,642	569,002,962
Provision for Depreciation	13,187,918	12,232,936	9,986,080	9,800,008
Provision for Federal Taxes on Income	26,000,000	22,500,000	18,000,000	15,500,000
Total	882,780,712	774,491,283	666,506,722	594,302,970
Net Earnings	\$ 30,275,271	\$ 24,638,315	\$ 18,045,291	\$ 14,711,603
Net Earnings per Share of Common Stock ...	\$ 3.26	\$ 2.95	\$ 2.49	\$ 2.11
Taxes per share of Common Stock	4.36	4.01	3.86	3.64
Dividends:				
Preferred	\$ 734,541	\$ 734,722	\$ 734,722	\$ 734,723
Common	12,770,241	10,205,367	7,889,840	6,976,683

FINANCIAL CONDITION

	1967	1966	1965	1964
Current Assets:				
Cash	\$ 31,455,157	\$ 23,070,063	\$ 21,179,661	\$ 23,916,358
Marketable Securities	565,917	1,480,567	—	—
Receivables (Net)	66,011,764	55,639,305	45,176,037	41,055,372
Inventories	60,108,373	51,083,452	40,772,070	30,236,052
Prepaid Expenses	2,143,625	2,160,298	1,625,938	1,370,412
Total Current Assets	160,284,836	133,433,685	108,753,706	96,578,194
Deduct Current Liabilities	35,207,564	28,794,660	22,655,158	19,302,103
Working Capital	125,077,272	104,639,025	86,098,548	77,276,091
Investments and Advances (Net)	11,527,603	7,038,016	6,502,940	4,445,746
Plant & Equipment (Net)	99,647,680	84,421,803	68,118,236	64,064,365
Intangibles	3,448,220	3,448,221	768,500	821,500
	\$239,700,775	\$199,547,065	\$161,488,224	\$146,607,702
Deduct				
Indebtedness	8,070,863	7,214,042	—	—
Reserves and Other Credits	14,106,657	7,846,099	5,616,372	4,676,210
Stockholders' Equity	\$217,523,255	\$184,486,924	\$155,871,852	\$141,931,492
Stockholders' Equity:				
3⅜% Preferred Stock	\$ —	\$ —	\$ —	\$ —
4½% Preferred Stock	7,660,200	7,660,200	7,660,200	7,660,200
Preference Stock	27,184,160	9,750,000	9,750,000	9,750,000
Common Stock	64,006,009	57,181,871	47,042,693	43,680,031
Capital Surplus	285,009	—	—	—
Earned Surplus (Retained Earnings)	118,387,877	109,894,853	91,418,959	80,841,261
	\$217,523,255	\$184,486,924	\$155,871,852	\$141,931,492
Ratio of Current Assets to Current Liabilities	4.6:1	4.6:1	4.8:1	5.0:1
Book Value per Share of Common Stock...	\$ 20.69	\$ 20.64	\$ 19.91	\$ 18.78

Note—The above Ten Year Summary is shown on an actual basis. The following amounts are restated to include the operating results of companies subsequently acquired in poolings of interests:

	1966	1965	1964	1963
Net Sales	\$845,542,203	\$800,742,849	\$733,075,991	\$705,398,006
Net Earnings after Taxes	28,534,722	25,498,842	22,002,667	20,002,027
Net Earnings per Share of Common Stock	3.03	2.68	2.30	2.06

At February 28, 1966, on a restated basis, working capital totaled \$112,467,568, plant and equipment (net) and other assets \$109,977,977, indebtedness \$9,891,793 and stockholders' equity \$204,707,653.

and Financial Condition

1963	1962	1961	1960	1959	1958
\$569,487,854	\$539,192,494	\$477,706,773	\$443,058,795	\$385,449,644	\$353,971,987
2,695,017	2,238,100	2,362,841	2,035,079	1,717,176	1,704,271
<u>572,182,871</u>	<u>541,430,594</u>	<u>480,069,614</u>	<u>445,093,874</u>	<u>387,166,820</u>	<u>355,676,258</u>
537,331,163	510,177,528	451,876,452	417,941,649	363,324,038	335,252,160
8,707,937	8,081,900	7,108,411	6,676,917	5,914,461	5,148,420
13,120,000	11,347,000	10,333,000	10,170,000	9,066,200	7,674,000
<u>559,159,100</u>	<u>529,606,428</u>	<u>469,317,863</u>	<u>434,788,566</u>	<u>378,304,699</u>	<u>348,074,580</u>
\$ 13,023,771	\$ 11,824,166	\$ 10,751,751	\$ 10,305,308	\$ 8,862,121	\$ 7,601,678
\$ 1.91	\$ 1.83	\$ 1.77	\$ 1.71	\$ 1.64	\$ 1.59
3.19	2.93	2.83	2.69	2.75	2.63
\$ 351,828	\$ 361,440	\$ 364,524	\$ 374,602	\$ 380,120	\$ 393,988
5,814,916	5,522,907	5,290,566	4,560,856	3,910,294	3,663,927
1963	1962	1961	1960	1959	1958
\$ 19,856,338	\$ 17,245,523	\$ 16,177,291	\$ 17,334,423	\$ 14,602,723	\$ 13,004,796
—	—	—	—	—	—
36,754,074	34,703,535	29,148,338	25,099,076	22,228,153	19,822,752
28,104,422	26,845,581	22,623,907	21,351,169	18,660,123	12,664,692
1,313,550	1,215,293	1,060,514	905,227	815,551	650,577
<u>86,028,384</u>	<u>80,009,932</u>	<u>69,010,050</u>	<u>64,689,895</u>	<u>56,306,550</u>	<u>46,142,817</u>
16,745,887	16,609,085	14,291,105	12,571,098	11,483,578	9,616,789
69,282,497	63,400,847	54,718,945	52,118,797	44,822,972	36,526,028
3,849,244	3,706,096	2,877,787	1,989,740	1,316,486	1,295,712
59,097,461	55,846,398	52,364,539	49,519,407	44,516,114	39,166,692
874,500	927,500	2,589,700	2,726,000	—	—
<u>\$133,103,702</u>	<u>\$123,880,841</u>	<u>\$112,550,971</u>	<u>\$106,353,944</u>	<u>\$ 90,655,572</u>	<u>\$ 76,988,432</u>
—	—	750,000	1,000,000	1,250,000	1,500,000
2,706,615	1,500,000	1,200,000	900,000	450,000	—
<u>\$130,397,087</u>	<u>\$122,380,841</u>	<u>\$110,600,971</u>	<u>\$104,453,944</u>	<u>\$ 88,955,572</u>	<u>\$ 75,488,432</u>
\$ —	\$ 457,000	\$ 533,500	\$ 662,600	\$ 852,800	\$ 1,035,400
7,660,200	7,660,200	7,660,200	7,660,200	7,740,200	7,740,200
—	—	—	—	—	—
45,297,344	43,256,865	40,900,022	32,498,434	28,911,276	25,468,799
310,127	858,592	—	5,903,043	5,809,733	174,178
77,129,416	70,148,184	61,507,249	57,729,667	45,641,563	41,069,855
<u>\$130,397,087</u>	<u>\$122,380,841</u>	<u>\$110,600,971</u>	<u>\$104,453,944</u>	<u>\$ 88,955,572</u>	<u>\$ 75,488,432</u>
5.1:1	4.8:1	4.8:1	5.1:1	4.9:1	4.8:1
\$ 18.42	\$ 18.23	\$ 17.42	\$ 16.58	\$ 15.57	\$ 14.66





INTERNATIONAL OPERATIONS

Australia:

Red Tulip Investments
Proprietary Limited,
Melbourne

Belgium:

Cie Lacsoons, S.A.,
Rotselaar

Canada:

Bloomfield Industries
Canada Limited, Rexdale
The Liberty Cherry
Company of Canada,
Limited, Toronto
Melnor Manufacturing Ltd.
and related companies,
Brantford
Stahl Finish Limited,
Montreal
United Finish Co. (Canada)
Ltd., Cobourg
V-H Quality Food Products
Ltd., Montreal

Colombia:

Fabrica De Dulces Gran
Colombia, S.A. and
related companies, Bogota
Jack's Snacks de Colombia,
S.A., Bogota

England:

Beatrice Foods (U.K.)
Limited, London
Stahl Chemicals (G.B.)
Ltd., Loughborough

Germany:

O.K. Kaugummi E. A.
Walter Schumann, K.G.
and related companies,
Hamburg

Ireland:

Tayto Limited, Dublin

Italy:

Beatrice & Motta S.p.A.,
Milan

Jamaica:

Cremo Limited, Kingston

Malaya:

Beatrice Foods Sdn. Berhad,
Kuala Lumpur
Premier Milk (Malaya) Sdn.
Berhad, Kuala Lumpur

Mexico:

Lactoproductos La Loma,
S.A., Tlalnepantla

The Netherlands:

Stahl Chemical Industries
N. V., Waalwijk
Polyvinyl Chemie Holland
N. V., Waalwijk

Norway:

Beatrice Scandinavia A/S,
Oslo

Peru:

Productos Chipi S.A., Lima

Puerto Rico:

Eric's Swiss Products, Inc.,
Guaynabo
Mantecados Payco, Inc.,
Hato Rey

Republic of Singapore:

Premier Milk (Singapore)
Ltd., Singapore

Spain:

Sociedad Anonima
Industrial de Productos
Auxiliares (S.A.I.P.A.),
Barcelona
Stahl Iberica, S.A.,
Parets

Switzerland:

Foods and Services A.G.,
Lausanne

New York, N.Y.:

BESCO (Beatrice Export
Company)

Beatrice Far East Dairy Plants:

Chitose, Japan
Itazuke, Japan
Misawa, Japan
Yokohama, Japan
Naha, Okinawa
Cam Ranh Bay,
South Vietnam
Qui Nhon, South Vietnam

*Countries in which
companies are operating
under license from
Beatrice Foods Co.*

Brazil
Canada
Germany
Greece
Mexico
The Netherlands
Venezuela