DIRECTORS

THOMAS S. ALLEN
H. BROWN CANNON
PAUL W. CLEVELAND
ERNEST H. DANIEL
GEORGE A. GARDELLA
LOUIS NIELSON

CLINTON H. HASKELL
CLYDE T. HAYS
JOSEPH R. HUTCHINSON
JOHN H. LAMBERCHT
JOHN T. MCGREER

OFFICERS

CLINTON H. HASKELL ................. President
LOUIS NIELSON ......................... Vice President
JOHN T. MCGREER .......... Vice President and General Manager
FREDERICK A. JORGENSEN .......... Vice President
CLYDE T. HAYS ..................... Secretary and Treasurer

REGISTRARS OF STOCK

The Chase National Bank of the City of New York
New York

City National Bank and Trust Company of Chicago
Chicago

STOCK TRANSFER AGENTS

Guaranty Trust Company of New York
New York

Continental Illinois National Bank and Trust Company of Chicago
Chicago
HEREWITH is submitted annual balance sheet and earnings report for the fiscal year ended February 28, 1943.

Earnings for the year after depreciation and Federal taxes were $1,664,994.18 which, after provision for Preferred stock dividends, is equivalent to earnings of $3.16 per share of Common stock. This is after taking credit for a post-war refund of Federal Excess Profits taxes in an estimated amount of $253,467.00. The earnings for the previous year, after depreciation and Federal taxes, were $1,869,787.60 which, after provision for Preferred stock dividends, was equivalent to earnings of $3.70 per share of Common stock.

Sales for the year were $101,627,726.44, as compared with $85,184,446.12 for the previous year. This is an increase of $16,443,280.32 or 19.30%. Total unit sales increased 2.62%.

FLUID MILK DEPARTMENT Wholesale and retail unit sales of our fluid milk distributing plants increased 15.25% over the previous year and the profits were larger. Federal agencies froze retail milk prices on April 1, 1942 and wholesale milk prices in August 1942. Higher prices for farmers' milk and increasing operating costs had the effect of decreasing our profits at some milk plants during the last months of our fiscal year.

ICE CREAM DEPARTMENT Consumption of ice cream was higher last year than the year before and our sales and profits increased over the previous year. Since December 1, 1942, there has been a Federal limitation on the use of milk fat and solids in the production of ice cream. However, full quotas are allowed on sales to the military services, which sales are increasing.

CREAMERY AND PRODUCE DEPARTMENT Results in the creamery butter department were better than the year before. At the beginning of the year, there was a large surplus of butter, but at the present time there is a shortage. A Federal order sets aside 30% of all butter manufactured, for sale to Government Agencies. This, with rationing, will probably reduce our sales below last year.

The sales and profits in the egg department are below the previous year due, in large measure, to the increased demand for eggs for drying purposes for sale to Government Agencies. Also, in some cases, the lower ceiling prices during the fall and winter reduced the margin for operating costs and profits below the previous year.

OTHER DEPARTMENTS A satisfactory profit was made by the cold storage department, but the profit was slightly less than the previous year, due to storage rates being frozen by the government and some increase in expense. The outlook for this department continues favorable.

Sales and profits in the miscellaneous departments increased over last year, particularly in the case of by-products and specialties.

Frozen food sales increased over the previous year and the profits were better, due to the larger volume. The sales in this department continue to be satisfactory.

FINANCIAL Cash on hand and in banks amounted to $3,608,321.58 as compared to $3,759,571.41 last year, a decrease of $151,249.83. The net working capital was $10,807,937.05, representing an increase over the amount at the close of the previous year. Inventories of commodities (particularly frozen foods and butter) and materials show an increase over
the preceding year, due to larger sales and Federal set-aside orders. Accounts and notes receivable are lower than last year. During the year, the company purchased $2,000,000 of United States Treasury Tax Notes which will be used to pay part of the company's liability for United States Income and Excess Profits taxes for last year. Local and general taxes amounted to $492,308.19. Social Security taxes were $368,014.18. State and Federal excise taxes were $98,435.71. Federal income and excess profits taxes were $3,045,603.00. The total tax bill of your company for last year was $4,004,361.08, which is equivalent to $10.49 per share of Common stock.

RETIREMENT OF OUTSTANDING PREFERRED STOCK  In view of existing dividend and interest rates, the Board has felt impelled to make provisional arrangements for the retirement of the presently outstanding $5 dividend preferred stock through the creation and issue of a like number of shares of $4.25 dividend preferred stock, the details of which are outlined in the enclosed Proxy Statement. The proposed refunding will obviously benefit common stockholders through a reduction of the preferred dividend charge ahead of them; and it is contemplated that the present preferred stockholders will be given an opportunity to exchange their present stock for the new and thereby retain their investment in the Company. Stockholders are urged to study carefully the contemplated refunding program as outlined in the Proxy Statement.

GENERAL Further on in this report, we outline some of the changes in our business necessitated by the war effort. Your company this year will be engaged in the war effort in a much larger way than last year. Last year, sales to all Federal Agencies were approximately $5,000,000. Indications are now that the company's sales to Federal Agencies during this fiscal year may run as high as $20,000,000. Your company was obliged to make some special capital expenditures last year, due to the necessity of improving and enlarging many of our fluid milk plants and installing additional equipment for dried milk capacity. A large milk drying plant has been installed in one of our existing plants and is entering production. Increased milk drying facilities were installed at another of the company's plants.

Our maintenance expense has been abnormally high during this past year, due to higher costs of materials and labor and our inability to secure replacements of existing machinery, thereby requiring us to make repairs, whenever possible, on machinery which would ordinarily be replaced.

The company has a total of 1,119 men and women who are serving in the Military and Naval Forces. We express our pride in this large group serving its country, and our heartfelt sympathy is extended to the families of the six men who have been killed or are missing in action while in service.

We regret to report that during the past year death has taken three of our Directors, namely; Charles S. Hutchinson, Des Moines, Iowa, Director since 1928 and Vice-President and District Manager of the Iowa-Missouri territory, died on April 12, 1942; Omer N. Custer, Galesburg, Illinois, Director since 1928, died at his home in Galesburg, Illinois on October 17, 1942; Nelson A. Emmertz, employed by the company since 1906, and at the time of his death on February 23, 1943 was a Director of the Beatrice Creamery Company and President of the Chicago Cold Storage Warehouse Company.

The Officers and Directors thank the employees for their loyal work during the past year and express their appreciation to so many stockholders who continue to take such a friendly interest in the company's operations.

Respectfully submitted,

C. H. HASKELL, President

Chicago, Illinois, May 7, 1943
### Consolidated Balance Sheets

#### ASSETS

<table>
<thead>
<tr>
<th>Current Assets:</th>
<th>Feb. 28, 1943</th>
<th>Feb. 28, 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,608,321.58</td>
<td>$3,759,571.41</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$3,849,527.27</td>
<td>$3,669,177.57</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>542,292.67</td>
<td>991,322.07</td>
</tr>
<tr>
<td>Equipment notes and contracts receivable</td>
<td>296,438.94</td>
<td>658,500.21</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>$4,688,258.88</strong></td>
<td><strong>$5,319,010.75</strong></td>
</tr>
<tr>
<td>Less—Provision for doubtful</td>
<td>677,031.15</td>
<td>547,967.00</td>
</tr>
<tr>
<td><strong>Inventories at the lower of average cost or market:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy products and other merchandise</td>
<td>4,001,762.26</td>
<td>2,091,717.73</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>1,860,598.59</td>
<td>1,446,947.93</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>$13,490,910.16</strong></td>
<td><strong>$12,069,250.82</strong></td>
</tr>
</tbody>
</table>

| Other Assets:                           |                     |                     |
| Investments and advances—Affiliated Companies—Less reserve | $107,803.65          | $133,208.51         |
| Notes and accounts receivable—Employees—Less reserve        | 23,904.58           | 27,004.08           |
| Customers deferred receivables—Less reserve                   | 34,463.87           | 127,385.26          |
| Other notes and accounts receivable—Less reserve              | 46,686.07           | 101,097.97          |
| Miscellaneous investments (at lower of cost or appraised values) | 53,867.62           | 101,214.30          |
| Post-war refund of Federal excess profits tax—Estimated       | 253,467.00          | 0.00                |
| **Total**                                                | **$2,520,192.79**   | **$489,910.12**     |

| Land, Buildings and Equipment:                 |                     |                     |
| At cost, or less as inventoried by the Company’s engineers, as at March 1, 1933, plus additions at cost: |                     |                     |
| Land                                      | $2,273,217.35       | $2,262,709.62       |
| Buildings                                 | 10,467,385.04       | 10,313,656.81       |
| Machinery and equipment (including cans and milk bottles) | 18,495,777.17       | 18,075,180.55       |
| **Total**                                 | **$31,246,379.56**  | **$30,651,546.98**  |
| Less—Reserve for depreciation              | 18,883,843.63       | 18,189,468.42       |
| **Total**                                 | **$12,362,535.93**  | **$12,462,078.56**  |

| Real Estate for Sale (At cost or less)         | $116,653.87         | $123,606.18         |

| Deferred Charges:                             |                     |                     |
| Insurance unexpired, stationery, prepaid taxes, licenses, etc. | $261,184.96          | $327,239.64         |
| **Total**                                    | **$26,741,459.71**  | **$25,472,175.32**  |

See notes to consolidated financial statements.
### Liabilities

#### Current Liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Feb. 28, 1943</th>
<th>Feb. 28, 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$818,341.99</td>
<td>$587,337.20</td>
</tr>
<tr>
<td>Accrued wages</td>
<td>$98,446.93</td>
<td>$60,515.08</td>
</tr>
<tr>
<td>Provision for State and local taxes</td>
<td>$249,194.73</td>
<td>$239,466.80</td>
</tr>
<tr>
<td>Provision for social security taxes</td>
<td>$64,438.38</td>
<td>$68,372.29</td>
</tr>
<tr>
<td>Provision for Federal capital stock taxes</td>
<td>$39,349.85</td>
<td>$39,425.91</td>
</tr>
<tr>
<td>Provision for Federal income taxes—less $2,000,000.00 of United States Treasury tax notes—Series C at February 28, 1943</td>
<td>$1,413,201.23</td>
<td>$961,650.00</td>
</tr>
</tbody>
</table>

**Total Current Liabilities**  
$2,682,973.11  
$1,947,767.28

#### Deferred Income:

<table>
<thead>
<tr>
<th>Description</th>
<th>Feb. 28, 1943</th>
<th>Feb. 28, 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage and handling charges</td>
<td>$56,878.45</td>
<td>$60,473.49</td>
</tr>
</tbody>
</table>

#### Minority Interest in Capital and Surplus of Subsidiary Companies:

<table>
<thead>
<tr>
<th>Description</th>
<th>Feb. 28, 1943</th>
<th>Feb. 28, 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred stock</td>
<td>$2,600.00</td>
<td>$2,600.00</td>
</tr>
<tr>
<td>Common stock</td>
<td>0</td>
<td>2,816.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,600.00</td>
<td>$5,416.30</td>
</tr>
</tbody>
</table>

(Subsidiary company dividends on minority interest in preferred stock unpaid)  
February 28, 1942—$2,031.90  
February 28, 1943—2,213.90

#### Net Worth:

<table>
<thead>
<tr>
<th>Description</th>
<th>Feb. 28, 1943</th>
<th>Feb. 28, 1942</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock authorized:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$5.00 cumulative preferred, without par value—100,000 shares</td>
<td>$9,131,700.00</td>
<td>$9,131,700.00</td>
</tr>
<tr>
<td>Common—$25.00 par value—750,000 shares</td>
<td>$9,546,650.00</td>
<td>$9,546,650.00</td>
</tr>
<tr>
<td><strong>Capital stock outstanding:</strong></td>
<td>$18,678,350.00</td>
<td>$18,678,350.00</td>
</tr>
<tr>
<td>Surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned</td>
<td>$5,237,418.71</td>
<td>$4,692,655.31</td>
</tr>
<tr>
<td>Capital</td>
<td>$83,239.44</td>
<td>$87,512.94</td>
</tr>
<tr>
<td><strong>Total surplus</strong></td>
<td>$5,320,658.15</td>
<td>$4,780,168.25</td>
</tr>
<tr>
<td><strong>Total Net Worth</strong></td>
<td>$23,999,008.15</td>
<td>$23,458,518.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$26,741,459.71</td>
<td>$25,472,175.32</td>
</tr>
<tr>
<td>Description</td>
<td>1943</td>
<td>1942</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td><strong>NET SALES</strong> (Including storage earnings—excluding inter-company sales)</td>
<td>$101,627,726.44</td>
<td>$85,184,446.12</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales (excluding portions of expenses following)</td>
<td>$80,141,887.06</td>
<td>$67,851,641.95</td>
</tr>
<tr>
<td>Repairs and maintenance (including milk bottle replacements and case and can maintenance)</td>
<td>2,606,511.54</td>
<td>1,773,473.24</td>
</tr>
<tr>
<td>Advertising</td>
<td>516,736.05</td>
<td>646,865.61</td>
</tr>
<tr>
<td>Insurance</td>
<td>450,248.73</td>
<td>321,692.24</td>
</tr>
<tr>
<td>Rent</td>
<td>279,759.06</td>
<td>258,634.63</td>
</tr>
<tr>
<td>Taxes</td>
<td>860,322.37</td>
<td>863,827.43</td>
</tr>
<tr>
<td>Interest</td>
<td>(a) 17,163.84</td>
<td>(a) 41,996.30</td>
</tr>
<tr>
<td>Retirement annuity premiums</td>
<td>86,949.23</td>
<td>68,370.50</td>
</tr>
<tr>
<td>Other selling and delivery expense</td>
<td>7,904,586.55</td>
<td>7,068,677.87</td>
</tr>
<tr>
<td>Other administrative expense</td>
<td>2,995,666.16</td>
<td>2,591,897.03</td>
</tr>
<tr>
<td></td>
<td><strong>$95,859,332.39</strong></td>
<td><strong>$81,487,076.80</strong></td>
</tr>
<tr>
<td>Provision for depreciation</td>
<td>$5,768,394.05</td>
<td>$3,097,369.32</td>
</tr>
<tr>
<td></td>
<td><strong>$4,487,872.42</strong></td>
<td><strong>$2,526,706.84</strong></td>
</tr>
<tr>
<td>Other income (Dividends, rents, discounts, interest, etc.)</td>
<td>222,724.76</td>
<td>244,974.94</td>
</tr>
<tr>
<td></td>
<td><strong>$4,710,597.18</strong></td>
<td><strong>$2,771,681.78</strong></td>
</tr>
<tr>
<td>Provision for Federal income taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal income and surtaxes</td>
<td>$764,400.00</td>
<td>$856,660.00</td>
</tr>
<tr>
<td>Excess profits taxes</td>
<td>2,534,670.00</td>
<td>45,000.00</td>
</tr>
<tr>
<td></td>
<td><strong>$3,299,070.00</strong></td>
<td><strong>$901,660.00</strong></td>
</tr>
<tr>
<td>Less—Post-war refund of excess profits taxes</td>
<td>253,467.00</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>$3,045,603.00</strong></td>
<td><strong>$901,660.00</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$1,664,994.18</strong></td>
<td><strong>$1,870,031.78</strong></td>
</tr>
<tr>
<td>Minority interest in net profits</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$1,664,994.18</strong></td>
<td><strong>$1,869,787.60</strong></td>
</tr>
<tr>
<td><strong>CONSOLIDATED NET PROFIT FOR YEAR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$1,664,994.18</strong></td>
<td><strong>$1,869,787.60</strong></td>
</tr>
<tr>
<td>(a) Interest received on loans to customers by public cold storage warehouse branches and subsidiaries, included in sales, amounted to $50,064.25 for the year 1943, and $53,783.02 for the year 1942.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CONSOLIDATED NET PROFIT FOR YEAR</strong></td>
<td><strong>$1,664,994.18</strong></td>
<td><strong>$1,869,787.60</strong></td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend requirements for year on preferred capital stock of subsidiary company held by minority interests</td>
<td><strong>$182.00</strong></td>
<td><strong>$182.00</strong></td>
</tr>
<tr>
<td>Dividends paid on preferred capital stock of Beatrice Creamery Company</td>
<td>456,585.00</td>
<td>456,585.00</td>
</tr>
<tr>
<td></td>
<td><strong>456,767.00</strong></td>
<td><strong>456,767.00</strong></td>
</tr>
<tr>
<td><strong>NET PROFIT AFTER PREFERRED STOCK DIVIDENDS</strong></td>
<td><strong>$1,208,227.18</strong></td>
<td><strong>$1,413,020.60</strong></td>
</tr>
<tr>
<td>Balance of profit applied to 381,866 shares of Beatrice Creamery Company common capital stock outstanding—per share</td>
<td>$3.16</td>
<td>$3.70</td>
</tr>
</tbody>
</table>

See notes to consolidated financial statements.
CONSOLIDATED STATEMENT OF SURPLUS
For the Year Ended February 28, 1943

EARNED SURPLUS—February 28, 1942 .......................... $4,692,653.31

Add:
Net profit for the year ended February 28, 1943 .......................... $1,664,994.18
Portion of reserve for loss on closed bank accounts returned to surplus .......................... 2,000.00
Prior years Federal income tax adjustments .......................... 2,619.72

1,669,613.90

$6,362,269.21

Deduct:
Dividends paid on preferred stock—$5.00 per share .......................... 456,585.00
Dividends paid on common stock—$1.75 per share .......................... 668,265.50

1,124,850.50

EARNED SURPLUS—FEBRUARY 28, 1943 .......................... $5,237,418.71

CAPITAL SURPLUS—February 28, 1942 .......................... $87,512.94

Deduct:
Goodwill purchased and written off .......................... 4,273.50

$83,239.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Notes receivable include notes representing advances to customers by public cold storage warehouse branches and subsidiaries totaling $534,996.24 as at February 28, 1943, and $964,595.34 as at February 28, 1942, secured by negotiable warehouse receipts.

(2) The Companies’ “Retirement Annuity Plan” is covered by a contract with John Hancock Mutual Life Insurance Company, effective May 1, 1941. The plan provides for the establishment of retirement annuities for eligible employees receiving compensation of $3,000.00 per annum or more. No retirement annuities are payable to any participating employee until he reaches his annuity accrual date.

The cost of “Future Service Retirement Annuities” is paid jointly by the Companies and those eligible employees electing to participate in the plan; the Companies share being charged to Profit and Loss as paid. The total cost of “Past Service Retirement Annuities” is paid by the Companies and is payable in installments of $3,600.00 per month over an estimated period of twenty years. This cost is charged to profit and loss as paid.

The Companies have reserved the right, upon written notice to the insurance company, to modify the amount of Past Service considerations to be paid, provided, however, that the amount to be paid in any contract year shall not exceed the greater of (1) $86,400.00 or (II) the amount required to complete the purchase of the ‘Past Service Annuity,’ which has not already been purchased for each employee who attains his annuity accrual date during such contract year, without the consent of the insurance company.

The “Retirement Annuity Plan” may be suspended or discontinued by the Companies at any time.
TO THE BOARD OF DIRECTORS, Beatrice Creamery Company:

We have examined the balance sheet of the Beatrice Creamery Company and Subsidiary Companies consolidated as at February 28, 1943, and the consolidated statements of profit and loss and surplus, for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the companies, and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In addition to our examination as at February 28, 1943, we examined the accounts and records of a substantial number of the branches and subsidiary companies during the year and made extensive tests of the cash transactions, the income and expense accounts and verified the quantities in the merchandise inventories.

Cash in banks was verified by reconciliation with the amounts reported to us directly by the depositaries. Cash on hand was verified by count or by its subsequent deposit in bank accounts, excepting for small change funds, which were confirmed to us by the custodians.

All customers' accounts, notes and contracts were inspected and inquiry was made as to the collectibility of the receivables. A reserve has been provided against losses that may reasonably be anticipated. A request for verification was mailed to each debtor whose unpaid balance on open account, notes and contracts amounted to $100.00 or more.

Generally accepted methods were used by the companies in taking physical inventories, and, as a test, we verified by subsequent count and reconciliation, the quantities of dairy products and other finished merchandise on hand and in branch and subsidiary public cold storage warehouses, representing a substantial value of the total as at February 28, 1943. All merchandise out on consignment or in outside public cold storage warehouses was verified by letters received directly from the consignees and warehouse companies. Materials and supplies on hand were inspected and the quantities as reported to us do not appear to be in excess of requirements. Inventories were priced at the lower of cost or market. The average processed cost of the purchased items was considered as actual cost; market was determined from the quotations of commodity exchanges and, in the case of products not so quoted, from recent purchase prices.

Investment securities were examined and there being no quoted market, they have been valued at cost or less by officers of the Company.

Only proper capital charges have been included as additions to the land, buildings and equipment accounts, and all retirements have been correctly recorded. Depreciation has been provided at the rates used during the preceding year and the amount, in our opinion, is adequate.

Statements of liabilities were requested from a representative number of trade creditors and all banks with whom the Companies' funds were deposited, and based upon the information received and the records examined, provision has been made in the consolidated balance sheet as of February 28, 1943, for all known direct and contingent liabilities as at that date.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of the Beatrice Creamery Company and Subsidiary Companies consolidated as at February 28, 1943, and the results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. H. GREENHALGH & COMPANY
Certified Public Accountants
YOUR COMPANY
IN WARTIME

Immediately following Pearl Harbor, your Directors and Officers took steps to place your company on a wartime footing. It was recognized at once the effect that the war would have on our operations and, to some extent, we anticipated the orders and restrictions which the government afterwards was obliged to put into effect.

It was apparent that conservation of rubber and gasoline would be necessary. Although the Office of Defense Transportation did not put definite orders into effect until June 1942, several months earlier we started to work out plans for the saving of rubber and other critical materials. Horses and wagons were purchased immediately for use on home delivery routes, and many conversions are still being made. Today, nearly 60% of our home delivery milk routes are served by horse-drawn vehicles. Wholesale milk, butter and, in some cases, ice cream routes have also been converted to horse and wagon deliveries. Through changes in service, rearrangement of routes and the use of wagons equipped with steel capped wood tires, this company has been able to reduce its total mileage of rubber tired vehicles over 500,000 miles per month, as compared to 1941. The mileage on home milk delivery routes has shown a monthly decrease of over 48% as compared to 1941.

During this coming year, the company will be more actively engaged in preparing food for Lend-Lease and the Armed Forces. A greater percentage of the
food products that we manufacture and handle will be diverted from civilian
supply. Rationing, price ceilings, and limitation orders will have an effect on
our business.

At the present time, our company is operating under the following orders:
Thirty per cent of all butter and 50% of all cheese manufactured must be set
aside for government use. In the manufacture of ice cream, the use of sugar is
limited to 70% of 1941 usage and the use of butterfat and milk solids is limited
to 65% of last year's usage. Many of our special products such as Chox, are also
limited by the demand on plant facilities for products for the government, and
are further limited by the amount of sugar allowed. Many of the products which
have been manufactured for us by other people, such as salad dressing, sandwich
spreads, mayonnaise, etc., are also limited as to the amount that may be manu-
factured.

In our fluid milk division, whipping cream has been eliminated, and the amount
of fat in coffee cream has been restricted to 19%. Some voluntary rationing of
fluid milk has taken place in areas that are close to Army Camps or large defense
plants, and it has been necessary at a few plants located in such areas to curtail
the production of cottage cheese, chocolate milk, and other commodities to take
care of the additional demands for fluid milk.

The government has also requested that we set aside 90% of all spray process
dried milk powder for its use.

From a manufacturing standpoint, the various limitation orders and priority
rulings have made our operations more difficult. Restrictions on the use of metal
and the purchase of new equipment have placed a severe strain on our present
equipment in view of greatly increased production at practically all plants.

For several years, your company has maintained a New Products Department
for the purpose of study and research work on new products which we can manu-
Net Outside Sales ........................................... $101,627,726. 100.00c

Disposition
1. Paid for Raw Materials, Ingredients, and Finished Products (Including Transportation) ........................................... 72,195,696. 71.04c
2. Wages and Salaries ........................................... 11,767,301. 11.57c
3. Supplies, Bottles, Cartons, Paper, Office Supplies, etc. ........................................... 3,628,763. 3.57c
4. Depreciation ........................................... 1,280,521. 1.26c
   Maintenance and Repairs ........................................... 1,825,897. 1.80c
   Refrigeration, Fuel, Electricity, Water and Steam ........................................... 1,136,692. 1.12c
5. Delivery and Selling Expenses
   Delivery Expense ........................................... 1,065,791. 1.05c
   Other Selling Expense ........................................... 417,580. 0.41c
6. Direct and Indirect Expense:
   Insurance ........................................... 537,198. 0.53c
   Credit Losses ........................................... 375,961. 0.37c
   Advertising and Association Dues ........................................... 594,090. 0.58c
   Rent ........................................... 279,760. 0.28c
   Interest and Exchange ........................................... 54,283. 0.05c
   Telephone and Telegraph ........................................... 211,052. 0.21c
   Legal and Auditing ........................................... 111,422. 0.11c
   Traveling ........................................... 254,838. 0.25c
   Other Direct and Indirect Expense ........................................... 210,268. 0.21c
7. Officers’ Salaries (12) ........................................... 234,474. 0.23c
8. Taxes—Local and Social Security ........................................... 3,174,018. 3.12c
   Federal ........................................... 4,004,361. 3.94c
   TOTAL EXPENSE ........................................... 100,185,457. 98.58c
9. Net Profit from Operations ........................................... 1,442,286. 1.42c
   Other Income ........................................... 222,725.
   NET PROFIT ........................................... $ 1,664,994.
facture or which we can resell through our present organization. We are engaged in a continual process of diversification which has been speeded up during the war in the interest of economy and distribution. We are working on new products to sell after the war and have designed several which will have limited sales during the war. Our sales of oleomargarine and frozen foods have increased and will probably continue to increase during these times.

As a result of greater volume, the number of full time jobs in the Beatrice Creamery Company organizations increased 17.99% between January 1937 and January 1943. During the period from January 1937 to April 1943, the number of women steadily employed increased 63.01%, while the number of men steadily employed only increased 13.80%. Although the total increase in steady jobs between 1941 and 1943 was approximately 5%, there are fewer men steadily employed at the present time than in 1941, but the number of women employed increased 50%.

Many duties in the dairy industry, formerly considered men's work, are now being performed by women. At Denver, Colorado; Galesburg, Illinois; Greeley,
Colorado; Lincoln, Nebraska; Topeka, Kansas; Tulsa, Oklahoma and Wichita, Kansas, women are now delivering milk to the homes. The number of women drivers will undoubtedly be increased materially during the year. They are also performing many duties within our plants at the can washers, bottle fillers, ice cream freezers and many other occupations formerly held by men. We estimate that in the near future at least half of our employees will be women and they will be used wherever they are physically able to handle the job.

This company is very proud of the service record of its employees and presentation of Loyal Service Emblems has been made to all those with service records of five years or more. These awards have been made to almost half of our full time employees. As a tribute to those who have seen twenty-five years or more of service, we take pride in listing their names on the following pages of this report.
SERVICE RECORD

50 YEARS
H. Brown Cannon Andrew Fluesch, Sr.

Harry M. Palmer
Hyman Robinson

45 YEARS
Morris Robinson
George W. Boyd
Andrew Helfrich
Walter B. Ward

40 YEARS
Mathias Wagner
George H. Buer
Louis Nielson
Daniel M. Haughey
Fayette E. Shuster
Mary J. Reilly

40 YEARS
Charles M. Carriker
John Tulloch
Clyde T. Hays
John A. Risch
Elizabeth L. Graber
Joseph E. Gregory
Charles Genzlsler
Allen F. Richards
John H. Richards
James Miller
Royal A. Allen

35 YEARS
William H. Hammond
Charles E. Wright
Charles W. Scharf
George P. Groves
E. C. Chapelow
W. E. Senne
Alvin H. Hoffman
Edwin N. Buehler
Chas. E. Steinebrey
Eliah Bement
Creede Parker
Alfred Pauli
Chas. F. Frentice
Jordan A. Stewart

30 YEARS
Elizabeth M. Geoghegan
Lawson A. Childers
Lawrence Grubbs
Walter S. Kiest
Irene Bash
Harry H. Himes
W. C. Himes
Matt J. Ambre
William J. Yakes
John T. McGreer
Walter C. Klann
William A. Klann
Clinton H. Haskell
George J. Magee
Herbert W. Post
Daniel R. Mellon
Gertrude A. Hentzler
John E. McCarty
Henry Scheuermann
Richard E. Leeson
John De Miller
Louis Walters
Luke Belke
Peter L. Sharkey
Robert W. Goodcell
Athar B. Parker
Eayre R. Haines

Anthony J. Weber
Ella Tierney
Anna Tierney
Floy Jackson
William G. Morgan
Duncan MacLennan
Frederick J. Fairchild, Jr.
Robert H. Yale
Richard C. Diekow
Van Logan Swearingen
John A. Mullins
Charles H. Snow
Herman A. Wolfe
Sumner E. Crissey
Ellis E. Hodson
Carl Larsen
Genevieve A. Marry
Marius E. Simonsen
Frank Szerlong
Roy R. Deming
C. E. Wilson
M. J. Nicholls
Bernice Koop

John Bruce
Theodore Bruning
Adolph A. Russ
John Vicenc
Helen Harper
Fred L. Richards
Fred A. Jorgensen
William P. Graflman, Sr.
Delos L. Huxtable
Grover W. Kinnor
Fred Myers
John J. Weber
Perry Bryant
Christian H. Fremke
Edward A. Giesow
Theo. Henker
Romayne H. Stryker
Anna C. Schroeder
Herman Rath
Eleanor A. Sawalish
Walter Mozdzyn
Lawrence N. Risch
Otis Rodarmel
Howard H. Huenke
Benjamin F. Hirschfeld
Harry Kommsnak
Carl Quist
John A. Whyman
Pietro Dato
Dale Agastine
Jacob Bromberg
John B. Feldman
Jerome Love
Harry Williamson
Orris Newcomb
Otto Muehlhausen
Chris M. Ziegler
Arthur Mueller
Harry P. Pfieger
George E. Pfieger
O. N. Baker
Howard D. Sreckoffter
Clarence M. Barnett
Noah C. Cox
Albert F. Mundt
30 YEARS

Fowler B. Hall
Joseph Tomboly
Gertrude Johnson
Daniel J. Tindall
Charles V. Holmes

Huey J. Belcher
Ervin F. Hartner
Esther F. Quist
Arthur F. Barth
Charles Fark

Carl W. Weiske
Paul B. Lierman
Ralph A. Burris
Galen H. Davis
Clarence C. Thompson

25 YEARS

Anton Martikan
Everett E. Haskell
Leslie C. Chism
Camille J. Fraipont
Claude Brimer
Joseph R. Hutchinson
Ella L. Robinson
John S. Bernacki
Edward L. Gielow
Samuele Centofanti
Frank Smith
Serafin C. Manko
Paul C. Drawz
Louis E. Pohl
Clarence A. Marshall
Edmund J. Small
Ernest L. McGuire
Chester F. Clark
David W. Phillips
Thomas Hawks
Otto Frey
Virgil Taylor
Robert White
Claude F. Sellers
Edna Burg
Ray Griffin
Clarence A. Carlson
Carl A. Forsburg
Blanche F. Lehman
Claire C. Marry
Maurice C. Weese
Grady H. Shone
George E. Simmons
Walter Friksen
John Lebock
Harry F. Ehris
John J. Nelson
H. P. Lich
George A. Kurk
Clara Tolin
A. G. Roberts
R. Eldenborg
Ernest H. Daniel
Augusta C. Laurence
William P. Robert
William Sonntag
Ralph E. Stephens
Walter E. Williams
Carl Halley
Randolph H. Chester
Patrick J. Ahearn
Everett N. King
Vincent Accardy
Fred E. Branson

Vincent Polvinale
Mary I. Ooomey
Frank Stockler
Grover Glass
Earl Campbell
Eugene R. Williams
Herbert J. Bergman
Fred A. Nix
Jess Vorhees
Russell Spainhour
William A. Graefman
Henry W. Barr
Phil J. Heim
George W. Robben
Florence B. Jones
Bert K. Peter
Fred Nemitz
Wm. Hough
Carl N. Hansen
Russell M. Bodell
George H. Cook
Max Griebnaw
Harry Livesey
Louis Loos
George A. Muller
Walter L. Pauli
Emil J. Schmuzler
Richard Trezise
Carl E. Wilson
Frances Otterbein
Albert Schantz
Ernest C. Ainsworth
Arthur W. Van Lopik
William J. Castongue
Alfred C. Craft
Newton Keathley
Carl Lindblom
Frank Hildinger
John B. West
John F. Schafer
Reno R. Smith
H. C. Losch
Lena Kovacs
Charles E. Willey
John M. Stephens
Jennie M. Peterson
Theodore M. Daniels
Claude W. Brown
L. Schick
Jas. Stanton
Orville D. Huxtable
Jesse M. Pratt
Pearl I. Milburn
Alvie J. Claxton

Ermin B. Carter
William J. Newton
John W. Himes
Lester R. Carlson
Arthur L. Jacobson
George Musselman
Jerry Pinc
George W. Peek
Walter S. Mcgregor
Aloysius J. Stieman
Alexander Gilberts
Joseph S. Warden
Theodore Zemgulis
Walter J. Edwards
Sophia R. Giesler
Robert Quaglione
Alice E. Phillips
Harry Kileen
John Little
J. Anthony Risch
Ida K. Okerberg
W. A. Dennis
Luther M. McNutt
Raymond C. Tomhaye
Humphrey Christensen
Will Lane
Edward Alber
Paul Dietl
Marie McGuinness
Mildred McManus
George H. Scullon
August Frisch
John G. Bennett
W. S. Wallace
John P. Shulnes
Ernest Brockstein
Santa Matassa
Frank Wimby
John R. Bruno
Homer W. Belschner
Albert Dietrich
John J. Bittner
H. G. Nelson
J. H. Covington
James W. Alward
Leon C. Burn
Mary C. Wallace
Anton J. Saleski
Edna M. Newberry
Walter A. Kopke
Ansgar F. Solcimann
David F. Tripp
Chester E. Nellis