SECURITIES AND EXCHANGE COMMISSION

FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

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FILER

SAVANNAH FOODS & INDUSTRIES INC

CIK:**86941**| IRS No.: **581089367** | State of Incorp.:**DE** | Fiscal Year End: **0929**
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Mark one)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 28, 1997 or

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ____________________________

Commission file number: 1-11420

SAVANNAH FOODS & INDUSTRIES, INC.
(Exact name of Registrant as specified in its Charter)

Delaware	58-1089367
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification No.)

P. O. Box 339, Savannah, Georgia 31402
(Address of principal executive offices with zip code)

Registrant's telephone number, including area code (912)234-1261

Securities registered pursuant to Section 12(b) of the Act:

Common Stock - Par Value: $.25 per share
(Title of Class)

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in any amendment to this Form 10-K. ( )

At December 1, 1997, there were 28,738,196 shares of Common Stock outstanding for shareholder voting purposes. As of September 28, 1997, 2,500,000 shares were held by the Registrant's Benefit Trust, which are not considered outstanding for earnings per share purposes. The aggregate market value of the voting stock held by non-affiliates of the Registrant on December 1, 1997 was $255,429,683.

The exhibit index is located on page 55 of this filing.

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FORWARD LOOKING STATEMENTS - SAFE HARBOR PROVISIONS

Any statements in this Form 10-K regarding future market prices or operating results or any other statements that are not historical facts constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward looking statements involve risks and uncertainties. Any forward looking statements in this document are intended to be subject to the safe harbor protection provided by Sections 27A and 21E. For a discussion identifying some important factors that could cause actual results to vary materially from those anticipated in forward looking statements, see the "Competition" and "Statement on Business Risks and Forward Looking Information" sections on pages 4 and 5 of this Form 10-K.

PART I

Item 1. Business

Savannah Foods & Industries, Inc. (the "Registrant") was incorporated in Delaware on February 19, 1969, as the successor to Savannah Sugar Refining Corporation, which was originally incorporated in New York in 1916.

As discussed in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on September 12, 1997, the Registrant entered into an agreement and plan of merger (the "Merger Agreement") with Imperial Holly Corporation ("Imperial Holly"). On October 16, 1997, Imperial Holly successfully completed its tender offer for 50.1% of the Registrant's outstanding Common Stock. The merger is expected to close in December 1997 with Imperial Holly acquiring the remaining Common Stock of the Registrant.

The Registrant and its subsidiaries collectively comprise one business segment and are engaged in the production, marketing, and distribution of food products, primarily refined sugar.

The Registrant and its wholly-owned subsidiaries, Savannah Foods Industrial, Inc. and Dixie Crystals(R) Brands, Inc., are engaged in the refining and marketing of a complete line of bulk and liquid sugars and sugar products, including edible molasses and liquid animal feeds. They also produce and market a complete line of packaged sugars and portion control items consisting of sugar envelopes, artificial sweeteners, salt, pepper, non-dairy creamer, and certain other products. Industrial and grocery products are marketed primarily in the southeastern portion of the United States, Louisiana, and Texas, but are also widely distributed into other states generally east of the Mississippi and south of New England. Foodservice products are marketed throughout the United States. Products are marketed under the trade names Dixie Crystals(R), Evercane(R), Savannah Gold(R), and Quick'n Sweet(TM) but are also sold under the Registrant's other controlled labels and under customers' private label brands. The Registrant's saccharin-based sweetener is marketed under the trade name Sweet Thing(R) and its aspartame-based sweetener is marketed under the trade name Sweet Thing II(R). These products are marketed both by means of direct sales and through brokers and are primarily distributed directly to the customer by common carrier truck or railcar, including Registrant-owned vehicles.

Michigan Sugar Company, a wholly-owned subsidiary of the Registrant, and its wholly-owned subsidiary, Great Lakes Sugar Company, are engaged in the processing of sugarbeets into refined sugar and the production of beet pulp and molasses. The refined sugar is marketed primarily in the states of Michigan and Ohio, but is also distributed in the midwestern and eastern parts of the United States. Packaged sugar is marketed under the trade name PIONEER(R), but is also sold under customers' private label brands. These products are marketed both by means of direct sales and through brokers and are primarily distributed directly to the customer by common carrier truck or railcar. Most of the beet pulp is pelletized and sold for export. The balance is sold in the domestic market.

King Packaging Company, Inc., a wholly-owned subsidiary of Dixie Crystals(R) Brands, Inc., packs custom made meal kits for the foodservice industry and provides complementary products to the sugar and portion control products manufactured at the Registrant's other locations. These products are marketed to the foodservice trade throughout the United States both by means of direct sales and through brokers and are primarily shipped directly to customers by common carrier truck.

Raw Materials. A large portion of the raw sugar for the Registrant's Port Wentworth, GA refinery, and all the raw sugar for the Clewiston, FL refinery, is normally supplied by cane sugar producers in the state of Florida. A large portion of the raw sugar for the Registrant's Gramercy, LA refinery is normally supplied by cane sugar producers in the state of Louisiana. In the case of the Savannah and Gramercy refineries, the remaining raw sugar requirements are purchased on the open market, and consist of off-shore cargoes purchased directly and through raw sugar trade houses. The Registrant uses the futures market as a hedging and purchasing mechanism, as circumstances warrant.

Michigan Sugar Company and its subsidiary, Great Lakes Sugar Company, process sugarbeets under annual contracts from Michigan and Ohio farmers. The land around the processing plants of the company is well suited to growing sugarbeets. Until 1996, the company had not experienced difficulty in obtaining a sufficient quantity of beets to support successful operation of its plants. Under the contracts with the farmers, certain sales expenses and other non-processing expenses are first deducted from the proceeds of refined sugar, pulp, and molasses sales after which the balance is divided between the company and the farmers.

Competition. All phases of the refined sugar business and all geographic markets of the business engaged in by the Registrant and its subsidiaries are highly competitive. This competition is not only with other cane sugar refiners and beet sugar processors, but also with corn sweeteners, artificial sweeteners, and with resellers who purchase all of these sweeteners. Other cane sugar refineries are located in Florida, Louisiana, Maryland, New York, Texas, and California. Other beet sugar processors are located in California, Colorado, Idaho, Michigan, Minnesota, Montana, Nebraska, North Dakota, Oregon, Texas, and Wyoming.

Competition is primarily based upon price, but is also based upon product quality and customer service. At times, the cane sugar refiners are at a competitive disadvantage to the beet sugar producers due to differing methods by which raw materials are purchased. In the beet industry, the beet farmers participate in any increase or decrease in the selling price of refined sugar. However, in the cane industry, refiners purchase raw sugar at prices which are influenced by the United States Government's policy to support sugar farmers, and which do not fluctuate in tandem with refined sugar selling prices. Consequently, when competitive pressures reduce refined sugar prices, the margins of cane sugar refiners are affected more adversely than those of beet sugar producers.

Number of Employees. At September 28, 1997, the Registrant and its subsidiaries had 1,760 full-time employees. In addition, Michigan Sugar Company and Great Lakes Sugar Company employ a number of seasonal workers during the beet processing campaigns.

Statement on Business Risks and Forward Looking Information. The Registrant generally does not make specific projections about future income or provide other specific forward looking information. However, due to changes brought about by the Private Securities Litigation Reform Act of 1995, the Registrant believes it is appropriate to outline several key factors which impact its future performance.

All phases of the Registrant's business are very competitive with the primary competitors being other sugar cane refiners and beet sugar processors. Because sugar is a commodity, competition is based primarily upon price, but is also based upon product quality and customer service. The Registrant is diversified into all marketing and production (i.e. cane and beet) phases of the refined sugar industry, but the majority of its capacity, approximately 85%, is cane sugar, with the remaining 15% being beet sugar. Thus, its operating results are influenced mostly by factors which affect the cane sugar industry.

Cane sugar refiners operate on large volumes and small margins. Consequently, a small percentage change in sales prices or in the cost of raw materials or manufacturing costs can result in a large percentage change in income from operations.

In today's market, the primary driver of refined sugar sales prices is the amount of beet sugar produced. A large amount of beet sugar generally means lower prices as beet producers sell their larger production. The amount of beet sugar produced not only affects selling prices, but also affects the per unit manufacturing costs of the sugar industry. Many of the costs in the manufacturing process, whether beet or cane, are fixed and must be divided among the actual production. As volume increases or decreases, per unit manufacturing costs decrease or increase, respectively. Thus, forecasting the amount of beet sugar which will be produced is an essential element in predicting the Company's profitability.

In addition to sales prices and per unit manufacturing costs, the other primary factor in determining operating income is the cost of raw sugar, which is by far the largest single cost of producing

refined cane sugar. Raw sugar is a commodity, and while the Registrant purchases it using many different pricing methods, the price is always based in some manner on the market price of raw sugar as determined by the commodities market. Thus, its price is subject to the numerous variables that affect the price of any commodity. In general, however, the price of raw sugar is supported through the sugar program portion of the U.S. Government's Farm Bill.

Forward looking information affecting the Registrant and the sugar industry should be considered within this context.

Item 2. Properties.

Registrant and its wholly-owned subsidiaries own and operate three cane sugar refineries, two sugar melt and transfer facilities, four sugarbeet processing plants and four foodservice production facilities. In 1996, Michigan Sugar closed its sugarbeet processing plant in Fremont, Ohio because it was unable to contract for enough sugarbeet acres to make operation of the facility economical.

The three cane sugar refineries are located in Port Wentworth, Georgia; Gramercy, Louisiana and Clewiston, Florida and are owned by Savannah Foods Industrial, Inc. The Port Wentworth facility borders the Savannah River and the Gramercy facility borders the Mississippi River. Both of these locations include a deep water dock with facilities for shipping and receiving ocean-going vessels.

Savannah Foods Industrial, Inc. also owns sugar melt and transfer facilities in St. Louis, Missouri and Ludlow, Kentucky. The St. Louis facility borders on the Mississippi River and has a dock for receiving sugar and molasses shipments.

Michigan Sugar Company owns and operates four sugarbeet processing plants which are located in Caro, Carrollton, Sebewaing, and Croswell, Michigan. Great Lakes Sugar Company owns and operates a storage facility in Findlay, Ohio.

Dixie Crystals(R) Brands, Inc. owns production facilities in Perrysburg, Ohio; Visalia, California and Savannah, Georgia. Also, King Packaging Company, Inc. owns and operates a packaging facility in Bremen, Georgia.

The facilities listed above provide the Registrant with sufficient productive capacity to meet the demands of its current markets.

Item 3. Legal Proceedings.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 1997.

PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters.

The Registrant's common stock, par value $.25 per share ("Common Stock"), is listed and traded on the New York Stock Exchange ("NYSE") under the symbol "SFI". The following table sets forth for the periods indicated the high and low sales prices on the NYSE composite tape. The information provided has been adjusted to the nearest 1/8 and was compiled from quotations furnished by the New York Stock Exchange. The Registrant has paid cash dividends on its Common Stock every year since 1924. The following information is for the twelve-month periods ended September 28, 1997 and September 29, 1996:

Quarter Ended	High	Low	Dividends Paid
12/29/96	$16.750	$13.125	$.0250
03/30/97	15.750	12.500	.0250
06/29/97	17.625	12.375	.0375
09/28/97	19.250	12.625	.0375
			$.1250
12/31/95	$13.875	$11.375	$.025
03/31/96	13.000	10.500	.025
06/30/96	13.625	10.750	.025
09/29/96	14.000	11.250	.025
			$.100

As of September 28, 1997, the following indicates the number of holders of record of equity securities:

Title of Class	Number of Record Holders
Common Stock	2,919

After the merger with Imperial Holly is completed, the Company's Common Stock will be delisted from the NYSE.

Item 6. Selected Financial Data.

SAVANNAH FOODS & INDUSTRIES, INC.
SUMMARY OF OPERATIONS

(In thousands except for per share amounts and ratios)
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	Fiscal Period Ended				
	September 28, 1997	September 29, 1996	October 1, 1995	October 2, 1994	October 3, 1993 (1)
<S>	<C>	<C>	<C>	<C>	<C>
OPERATIONS FOR THE FISCAL PERIOD					
Net sales..	$1,191,839	$1,146,332	$1,098,544	$1,074,367	$ 818,116
Income from operations...........................	57,658	21,799	7,401	19,432	11,839
Income (loss) before change in accounting principle and extraordinary item.........	32,081	6,943	(3,493)	5,743	1,986
Net income (loss) (2)............................	31,705	5,972	(3,493)	5,743	2,586
Other income statement information -					
Depreciation and amortization expense.....	23,435	27,994	28,314	28,972	19,362
Interest expense..........................	6,850	12,355	14,847	13,380	10,226
Provision for (benefit from) income taxes.	19,136	2,738	(2,585)	2,863	1,155
Cash dividends declared..........................	3,280	2,624	8,396	14,169	10,627
Capital expenditures (3).........................	15,664	7,916	17,303	22,218	39,877
FINANCIAL POSITION AT THE END OF THE FISCAL YEAR					
Current assets...................................	$ 180,395	$ 180,552	$ 197,802	$ 198,880	$ 269,990
Current liabilities..............................	87,224	85,946	114,740	85,140	154,760
Working capital..................................	93,171	94,606	83,062	113,740	115,230
Property, plant and equipment - gross............	416,087	406,729	436,991	421,312	407,924
Accumulated depreciation.........................	236,094	220,183	206,100	180,810	159,111
Total assets.....................................	399,071	398,261	476,507	486,127	567,852
Long-term debt...................................	26,100	59,754	106,864	140,224	142,078
Stockholders' equity.............................	216,689	173,727	169,649	188,174	194,714
PER SHARE					
Weighted average shares outstanding..............	26,238	26,238	26,238	26,238	26,238
Shares outstanding at end of fiscal period........	26,238	26,238	26,238	26,238	26,238
Income (loss) per weighted average share outstanding -					
Income (loss) before change in accounting principle and extraordinary item...........	$ 1.22	$ 0.27	$ (0.13)	$ 0.22	$ 0.08
Net income (loss).............................	1.21	0.23	(0.13)	0.22	0.10
Dividends declared per share......................	0.125	0.10	0.32	0.54	0.405
Stockholders' equity per share (4)...............	8.26	6.62	6.47	7.17	7.42
RATIOS					
Current assets divided by current liabilities.....	2.07	2.10	1.72	2.34	1.74
Long-term debt divided by long-term debt and stockholders' equity......................	10.8%	25.6%	38.6%	42.7%	42.2%
Provision for (benefit from) income taxes divided by pre-tax income (loss).......................	37.4%	28.3%	42.5%	33.3%	36.8%

</TABLE>

(1) During the fiscal period ended October 3, 1993, the Company changed its year end from the Sunday closest to December 31 to the Sunday closest to September 30. As a result, the fiscal period ended October 3, 1993 represents a 39 week period.

(2) The Company recorded an extraordinary item for penalties incurred on the prepayment of long-term debt during the fiscal periods ended September 28, 1997 and September 29, 1996. For more information, see Note 6 to the accompanying consolidated financial statements. The Company adopted FAS 109, "Accounting for Income Taxes" during the fiscal period ended October 3, 1993.

(3) Includes acquisition of Reckitt & Colman, Inc. fixed assets in January 1995 totalling $1,000,000, and King Packaging Company, Inc. fixed assets in July

1993 totalling $4,757,000.

(4) Based on shares outstanding at end of fiscal period.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Recent Developments - Pending Merger of the Company:

On September 12, 1997, the Company entered into the Merger Agreement providing for the acquisition of the Company by Imperial Holly. Imperial Holly is a sugar refiner and beet processor headquartered in Sugar Land, Texas. Pursuant to the Merger Agreement, a wholly-owned subsidiary of Imperial Holly ("IHK Sub") successfully completed a tender offer for 50.1% of the Company's outstanding Common Stock at a price of $20.25 per share in cash, resulting in a change of control of the Company. Pursuant to the Merger Agreement, IHK Sub will be merged with and into the Company, with the Company surviving as a wholly-owned subsidiary of Imperial Holly (the "Merger"). Upon consummation of the Merger, the remaining shares of Company Common Stock will be exchanged for cash and common stock of Imperial Holly so that the aggregate number of shares of the Company's Common Stock to be converted into Imperial Holly common stock will be equal to 30% of all outstanding shares of the Company's Common Stock prior to the tender offer. The Merger is expected to close in December 1997.

Prior to entering into the Merger Agreement with Imperial Holly, the Company, on July 14, 1997, entered into a merger agreement with Flo-Sun Incorporated ("Flo-Sun"), a Florida based raw sugar producer and refiner. On August 25, 1997, Imperial Holly submitted a proposal to acquire the Company, and after negotiations between the Company and the two parties, the Company's Board of Directors approved the Merger Agreement with Imperial Holly. In accordance with the Flo-Sun merger agreement, the Company paid Flo-Sun a $5,000,000 termination fee and reimbursed Flo-Sun $3,000,000 for expenses in connection with the proposed merger. This $8,000,000 along with the Company's legal fees and other expenses related to the proposed Flo-Sun merger comprise the majority of the $13,394,000 of merger expenses discussed below.

Results of Operations:

Fiscal 1997 compared to fiscal 1996

The Company's net income for fiscal 1997 was $31,705,000, or $1.21 per share, on sales of $1,191,839,000, compared to net income of $5,972,000, or $.23 per share, on sales of $1,146,332,000 for fiscal 1996. Fiscal 1997 net income includes an after-tax extraordinary charge of $376,000, or $.01 per share, for prepayment penalties incurred on the Company's Senior Notes. Fiscal 1996 includes a similar after-tax extraordinary charge of $971,000, or $.04 per share.

Income from operations for fiscal 1997 and fiscal 1996 include four transactions which affect comparability between the two years. In the fourth quarter of fiscal 1997, the Company recorded $13,394,000, or $.33 per share, of costs related to the merger of the

Company (see Note 2 to the consolidated financial statements), and in fiscal 1996, the Company recorded three significant transactions. First in fiscal 1996, the Company sold its plane resulting in a gain of $2,289,000. Second in fiscal 1996, the Company recognized a $3,800,000 loss on the sale of the property, plant and equipment and certain other assets of Raceland Sugars, Inc., its raw sugar mill subsidiary. These amounts are included in the caption "Other costs" in the accompanying Consolidated Statement of Operations. Third, the Company recorded a non-cash charge of $10,280,000 in fiscal 1996 for the impairment of long-lived assets located at the Company's Fremont, Ohio beet sugar manufacturing facility. This amount is included in the caption "Impairment of long-lived assets" in the accompanying Consolidated Statement of Operations. For further discussion of the fiscal 1996 items, see "Fiscal 1996 compared to fiscal 1995" below.

Excluding the impairment of long-lived assets and other costs, income from operations for fiscal 1997 was $71,052,000, or double the comparable amount in fiscal 1996 of $35,453,000.

Income from operations for fiscal 1997 improved significantly from fiscal 1996 due to increased operating profits in the cane sugar division. Volumes and margins for cane refiners were favorably impacted by the reduction of national beet sugar production. At approximately 4,050,000 tons, production from the 1996 beet crop was up slightly from the 1995 beet crop, which was down about 600,000 tons, or 13%, from the 1994 beet crop's record production. Over the same two years, domestic consumption of sugar increased by about 300,000 tons. With less beet sugar on the market and with increased consumption, cane sugar volumes expanded to meet the overall demand for refined sugar. Refined sugar selling prices rose as a result of the tightened supply. Also, average raw sugar costs were lower than in fiscal 1996. Reduced raw sugar costs and increased selling prices resulted in higher operating profit margins for fiscal 1997 compared to fiscal 1996.

The Company's beet sugar division was only modestly profitable in fiscal 1997 and profits were slightly lower than fiscal 1996. Higher selling prices in fiscal 1997 offset lower volumes resulting from a reduction in contracted acres harvested for the Company.

Selling, general and administrative expense is up $5,183,000, or 9%, from fiscal 1996. The increase is primarily due to an incentive compensation program which links employee compensation to the Company's earnings and to an increase in advertising expense.

Depreciation and amortization expense is down $4,559,000, or 16%, from fiscal 1996 due to asset sales and write-downs in fiscal 1996, and a reduction in depreciation expense related to the Company's Colonial Sugars refinery which was purchased in 1986.

Interest expense is down $5,505,000, or 45%, from fiscal 1996. Average short-term borrowings were down about $33,000,000 for the year due to higher net income and a lower investment in inventories. Average long-term debt was down about $45,000,000 compared to last year.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130 - Reporting Comprehensive Income, and Statement of Financial Accounting Standards No. 131 - Disclosure about Segments of an Enterprise and Related Information. The Company is required to adopt these Statements in fiscal 1999. Management does not expect either of these Statements to have a material impact on the Company's results of operations.

Fiscal 1996 compared to fiscal 1995

The Company's net income for fiscal 1996 was $5,972,000, or $.23 per share, on sales of $1,146,332,000, compared to a net loss of ($3,493,000), or ($.13) per share, on sales of $1,098,544,000 for fiscal 1995. Fiscal 1996 net income includes an after-tax extraordinary charge of $971,000, or $.04 per share, for the prepayment of long-term debt. Domestic sugar sales volumes increased 5% over fiscal 1995, but overall sugar sales volume was flat as export volume decreased significantly from fiscal 1995. Domestic sugar sales prices increased 4% and average raw sugar costs decreased 2%.

Fiscal 1996 income from operations includes three significant transactions which affect the comparability between fiscal 1996 and fiscal 1995. First, in the first quarter of 1996, the Company sold its plane resulting in a gain of $2,289,000. Second, in the second quarter of fiscal 1996, the Company sold the property, plant and equipment and certain other assets of Raceland Sugars, Inc., its raw sugar mill subsidiary, for $12,500,000 cash and recognized a loss on the sale of $3,800,000. These amounts are included in the caption "Other costs" in the accompanying Consolidated Statement of Operations. After liquidation of the inventories and other working capital accounts, the Company received net proceeds of approximately $15,000,000 on the sale of Raceland. Third, in accordance with Statement of Financial Accounting Standards No. 121 Accounting for the Impairment of Long- Lived Assets and for Assets to be Disposed Of, the Company recorded a non-cash charge in the fourth quarter of 1996 of $10,280,000 ($6,476,000, or $.25 per share, net of tax) for the impairment of long-lived assets located at the Company's Fremont, Ohio beet sugar manufacturing facility. A decision was made not to run the Fremont facility during fiscal 1997 due to a lack of a viable supply of sugarbeets and molasses. Future operation of the facility is dependent on an adequate supply of sugarbeets and molasses. However, the projected future cash flows from this facility are less than the carrying value of the assets; therefore, an impairment loss has been recognized. This amount is included in the caption "Impairment of long-lived assets" in the accompanying Consolidated Statement of Operations.

Fiscal 1996 income from operations before the impairment of long-lived assets and other costs was $35,453,000, up $23,768,000 from fiscal 1995. The large increase resulted from smaller domestic beet sugar production of 3.9 million tons in fiscal 1996 compared to 4.5 million tons in fiscal 1995. The reduction in beet sugar improved refined sugar selling prices and, therefore, the Company's profitability. Additionally, average raw

sugar costs have decreased from fiscal 1995 which has also increased profitability.

The Company's cane sugar divisions experienced significant domestic volume and margin increases over fiscal 1995 as the reduced domestic beet crop and increased sugar consumption provided more sales opportunities for cane refiners.

The Company's beet sugar division benefited from the higher refined sales prices, but reported much lower operating profit due to significantly reduced sugar production. The sugarbeet crop was smaller and of lesser quality due to poor growing conditions and an insect infestation.

Selling, general and administrative expenses decreased $1,199,000 in fiscal 1996 from fiscal 1995 despite a $1,177,000 increase in advertising costs related to the Company's new products.

Interest expense decreased compared to fiscal 1995 as a result of lower long-term debt levels throughout the year resulting from the prepayment of the Senior Notes.

Liquidity and Capital Resources:

During fiscal 1997, the Company generated $65,000,000 of cash from net income before noncash items. This cash was used primarily to repay $28,000,000 of long-term debt, fund additions to property, plant and equipment of $15,664,000 and to make contributions to the Company's qualified employee retirement plans aggregating $18,271,000.

To provide liquidity for short-term operating needs, the Company maintains a $120,000,000 Revolving Credit Facility (see Note 6 to the consolidated financial statements for an amendment to the credit facility) and has the ability to fund seasonal increases in beet sugar inventory through borrowings from the Commodity Credit Corporation. These sources of short-term funds, along with cash generated by the Company's operations, provide ample liquidity to meet the Company's operating cash requirements. At September 28, 1997, the Company had no short-term borrowings outstanding.

During fiscal 1997, the Company paid the remaining $25,000,000 balance of the Senior Notes ahead of scheduled maturities. This payment, together with regularly scheduled payments, resulted in total payments on long-term debt of $28,000,000.

Stockholders' equity increased primarily by earnings of $31,705,000 and a reduction in the minimum pension liability of $14,038,000 and decreased by dividends of $3,280,000. The minimum pension liability decreased primarily due to the Company's contributions to the qualified employee retirement plans. Changes in debt and equity resulted in a decrease in the ratio of long-term debt to total capital from 26% at the end of fiscal 1996 to 11% at the end of fiscal 1997.

During fiscal 1997, the Company increased its annual dividend from $.10 per share to $.15 per share.

Fixed asset additions during fiscal 1997 were $15,664,000 compared to depreciation for the same period of $21,147,000. Major projects included the development of new sugarbeet receiving stations in Michigan and the replacement and upgrade of packaging and production equipment. The investment in sugarbeet receiving stations is planned to assist in maintaining and expanding sugarbeet acreage. The other expenditures are expected to benefit the Company through new packaging, increased efficiency, improved quality control and expanded operational capabilities. The Company anticipates that fixed asset additions will approximate $20,000,000 in fiscal 1998.

Item 8. Financial Statements and Supplementary Data.

(a) Financial Statements:

(b) Financial Statement Schedules for the fiscal years ended September 28, 1997, September 29, 1996, and October 1, 1995:

Schedules are omitted because they are not applicable, or the required information is shown in the financial statements or notes thereto.

Report of Independent Public Accountants

To the Stockholders and Board of Directors of
Savannah Foods & Industries, Inc.

We have audited the accompanying consolidated balance sheet of Savannah Foods & Industries, Inc. and Subsidiaries as of September 28, 1997, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Savannah Foods & Industries, Inc. and Subsidiaries as of September 28, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP
Atlanta, Georgia
November 17, 1997

Report of Independent Accountants

To the Stockholders and Board of Directors of
Savannah Foods & Industries, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Savannah Foods & Industries, Inc. and its subsidiaries at September 29, 1996, and the results of their operations and their cash flows for each of the two fiscal years then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above. We have not audited the consolidated financial statements of Savannah Foods & Industries, Inc. for any period subsequent to September 29, 1996.

PRICE WATERHOUSE LLP
Atlanta, Georgia
November 18, 1996

SAVANNAH FOODS & INDUSTRIES, INC.
Consolidated Balance Sheets
(In thousands except for shares and per share amounts)

<TABLE>
<CAPTION>

<S>	September 28, 1997 <C>	September 29 1996 <C>
Assets		
Current assets:		
Cash and cash equivalents	$ 14,677	$ 15,300
Accounts receivable	68,635	76,109
Inventories (net of LIFO reserve of $9,949 in 1997 and $8,018 in 1996) (Note 4)	90,908	83,929
Other current assets	6,175	5,214
Total current assets	180,395	180,552
Property, plant and equipment (Note 5)	179,993	186,546
Other assets	38,683	31,163
	$ 399,071	$ 398,261

Liabilities and Stockholders' Equity

Current liabilities:

Short-term borrowings (Note 6)	$ -	$ 7,500
Current portion of long-term debt (Note 6)	7,824	2,170
Trade accounts payable	55,756	52,701
Other liabilities and accrued expenses	23,644	23,575
Total current liabilities	87,224	85,946
Long-term debt (Note 6)	26,100	59,754
Deferred employee benefits	69,058	78,834
Stockholders' equity (Note 11):		
Common stock $.25 par value; $.55 stated value; 64,000,000 shares authorized; 31,306,800 shares issued	17,365	17,365
Capital in excess of stated value	43,639	31,764
Retained earnings	221,949	193,524
Treasury stock, at cost (2,568,604 shares)	(15,849)	(15,849)
Minimum pension liability adjustment	-	(14,038)
Stock held by benefit trust, at market (2,500,000 shares)	(46,875)	(35,000)
Other	(3,540)	(4,039)
Total stockholders' equity	216,689	173,727
Commitments and contingencies (Note 12)	-	-
	$ 399,071	$ 398,261

</TABLE>

(The accompanying notes are an integral part of the consolidated financial statements.)

SAVANNAH FOODS & INDUSTRIES, INC.
Consolidated Statements of Operations
(In thousands except for shares and per share amounts)

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		
	September 28, 1997	September 29, 1996	October 1, 1995
<S>	<C>	<C>	<C>
Net sales	$ 1,191,839	$ 1,146,332	$ 1,098,544
Operating expenses:			
Cost of sales and operating expenses	1,037,502	1,028,218	1,002,679
Selling, general and administrative expenses	59,850	54,667	55,866
Depreciation and amortization	23,435	27,994	28,314
Impairment of long-lived assets (Note 3)	-	10,280	-
Other costs (Notes 2, 13)	13,394	3,374	4,284
	1,134,181	1,124,533	1,091,143
Income from operations	57,658	21,799	7,401
Other income and (expenses):			
Interest and other investment income	874	847	1,258
Interest expense	(6,850)	(12,355)	(14,847)
Other (expense) income	(465)	(610)	110
	(6,441)	(12,118)	(13,479)
Income (loss) before income taxes and extraordinary item	51,217	9,681	(6,078)
Provision for (benefit from) income taxes (Note 7)	19,136	2,738	(2,585)
Income (loss) before extraordinary			

item	32,081	6,943	(3,493)
Extraordinary item, net of tax (Note 6)	(376)	(971)	-
Net income (loss)	$ 31,705	$ 5,972	$ (3,493)
Per share:			
Income (loss) before extraordinary item	$ 1.22	$ 0.27	$ (0.13)
Extraordinary item (Note 6)	(0.01)	(0.04)	-
Net income (loss)	$ 1.21	$ 0.23	$ (0.13)
Dividends	$ 0.125	$ 0.10	$ 0.32
Weighted average shares outstanding	26,238,196	26,238,196	26,238,196

</TABLE>

(The accompanying notes are an integral part of the consolidated financial statements.)

SAVANNAH FOODS & INDUSTRIES, INC.
Consolidated Statements of Changes in Stockholders' Equity
(In thousands)

<TABLE>
<CAPTION>

	Common Stock	Capital in Excess of Stated Value	Retained Earnings	Treasury Stock	Minimum Pension Liability Adjustment	Stock Held By Benefit Trust	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at October 2, 1994	$ 17,365	$ 12,190	$202,065	$(31,275)	$ (8,210)	$ -	$ (3,961)	$188,174
Net loss			(3,493)					(3,493)
Cash dividends declared			(8,396)					(8,396)
Increase in minimum pension liability adjustment					(6,632)			(6,632)
Increase in cumulative translation adjustment							(425)	(425)
Decrease in note receivable from employee stock ownership plan							421	421
Balance at October 1, 1995	17,365	12,190	190,176	(31,275)	(14,842)	-	(3,965)	169,649
Net income			5,972					5,972
Cash dividends declared			(2,624)					(2,624)
Decrease in minimum pension liability adjustment					804			804
Establish benefit trust with treasury stock (Note 11)		11,449		15,426		(26,875)		-
Increase in fair market value of stock held by benefit trust (Note 11)		8,125				(8,125)		-
Increase in cumulative translation adjustment							(74)	(74)
Balance at September 29, 1996	17,365	31,764	193,524	(15,849)	(14,038)	(35,000)	(4,039)	173,727
Net income			31,705					31,705
Cash dividends declared			(3,280)					(3,280)
Increase in fair market value of stock held by benefit trust (Note 11)		11,875				(11,875)		-
Decrease in minimum pension liability adjustment					14,038			14,038
Decrease in cumulative translation adjustment							499	499
Balance at September 28, 1997	$ 17,365	$ 43,639	$221,949	$(15,849)	$ -	$(46,875)	$ (3,540)	$216,689

</TABLE>

(The accompanying notes are an integral part of the consolidated financial statements.)

SAVANNAH FOODS & INDUSTRIES, INC.
Consolidated Statements of Cash Flows
(In thousands)

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	September 28, 1997	September 29, 1996	October 1, 1995
<S>	<C>	<C>	<C>
Cash flows from operations:			
Net income (loss)	$ 31,705	$ 5,972	$ (3,493)
Adjustments to reconcile net income (loss) to net cash provided by operations -			
Depreciation and amortization	23,435	27,994	28,314
Impairment of long-lived assets (Note 3)	-	10,280	-
Extraordinary item, net of tax, related to financing activities	376	971	-
Provision for deferred income taxes	9,410	(5,173)	(207)
Net loss on disposal of assets	110	2,595	674
Decreases (increases) in working capital -			
Accounts receivable	7,474	(9,118)	8,785
Inventories	(6,979)	20,565	(17,781)
Other current assets	(3,985)	7,924	(6,952)
Trade accounts payable	3,055	(10,558)	6,306
Other liabilities and accrued expenses	(904)	1,110	(777)
Funding of deferred employee benefits in excess of expense accrual	(11,241)	-	-
Other	892	(2,713)	1,122
Cash provided by operations	53,348	49,849	15,991
Cash flows from investing activities:			
Additions to property, plant and equipment	(15,664)	(7,916)	(16,303)
Proceeds from sale of property, plant and equipment	960	2,538	784
Sale of investments	-	13,869	3,615
Business sales and (acquisitions)	-	12,500	(7,050)
Use of escrowed industrial revenue bond funds for additions to property, plant and equipment	-	3,253	-
Other	-	(182)	(2,182)
Cash (used for) provided by investing activities	(14,704)	24,062	(21,136)
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	(7,500)	(14,800)	22,300
Payments of long-term debt	(28,000)	(51,240)	(28,703)
Debt prepayment charge, net of tax	(376)	(971)	-
Liquidation of unused industrial revenue bond escrow balances	-	-	5,742
Dividends paid	(3,280)	(3,280)	(11,282)
Other	(111)	106	226
Cash used for financing activities	(39,267)	(70,185)	(11,717)
Cash flows for year	(623)	3,726	(16,862)
Cash and cash equivalents, beginning of year	15,300	11,574	28,436
Cash and cash equivalents, end of year	$ 14,677	$ 15,300	$ 11,574

</TABLE>

(The accompanying notes are an integral part of the consolidated financial statements.)

Note 1 - Summary of Significant Accounting Policies:

Nature of operations - The Company is engaged in the production, marketing and distribution of food products, primarily refined sugar. The Company produces a complete line of bulk and liquid sugars, packaged sugar, sugar envelopes and sugar products, including edible molasses and liquid animal feeds. The Company also packages and distributes other products such as custom made plastic cutlery meal kits, salt, pepper, artificial sweetener, non-dairy creamer and certain other products which complement its sugar business. Industrial and grocery markets served by the Company are the southeastern, midwestern and eastern parts of the United States, as well as Louisiana and Texas. Products for the foodservice market are distributed throughout the United States. The Company has one primary business segment - Sugar Products.

Fiscal year - The Company's fiscal year ends on the Sunday closest to September 30. Fiscal 1997, 1996 and 1995 each included 52 weeks.

Principles of consolidation - The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Business entities in which the Company owns 50% or less are accounted for using the equity method.

Cash and cash equivalents - Cash and cash equivalents include all investments purchased with an original maturity of 90 days or less which have virtually no risk of loss of the principal value of the investment.

Inventories - Inventories are valued at the lower of cost or market. Cost is determined by the last-in, first-out (LIFO) method for sugar, packaging materials, and certain other items. Costs for maintenance parts and other non-sugar products are determined using the first-in, first-out (FIFO) and moving average methods.

Futures transactions and interest rate swaps - The Company uses futures contracts to manage its inventory and fuel positions, both to set pricing and to reduce the Company's exposure to price fluctuations. It also uses interest rate hedges to fix interest rates on current and anticipated borrowings to reduce exposure to interest rate fluctuations. Under existing accounting literature, these activities are accounted for as hedging activities.

To qualify as a hedge the item to be hedged must expose the Company to inventory pricing or interest rate risk and the related contract must reduce that exposure and be designated by the Company as a hedge. To hedge expected transactions, the significant characteristics and expected terms of such transactions must be identified and it must be probable that the transaction will occur.

Gains and losses on futures contracts, including gains and losses upon termination of the contract, are matched to inventory purchases and are included in the carrying value of inventory and charged or credited to cost of sales as such inventory is sold or used in production.

The net cash paid or received on interest rate hedges is included in interest expense. Gains or losses on the termination of hedges are deferred and recognized in interest over the period covered by the interest rate hedge.

If derivative transactions do not meet the criteria for hedges, the Company recognizes unrealized gains or losses as they occur. If a hedged transaction no longer exists or a hedged anticipated transaction is deemed no longer probable to occur, cumulative gains and losses on the hedge are recognized immediately in income and subsequent changes in fair market value of the derivative transaction are recognized in the period the change occurs.

Amortization of intangibles - The Company has intangible assets included in "Other assets" aggregating $7,637,000 and $9,529,000 at September 28, 1997 and September 29, 1996, respectively. Goodwill of $4,974,000 at September 28, 1997, and $5,378,000 at September 29, 1996, is being amortized over fifteen years on a straight-line basis, and other intangible assets are being amortized over five years on a straight-line basis. Amortization expense was $2,288,000, $2,341,000 and $2,169,000 for fiscal 1997, 1996 and 1995, respectively.

When factors indicate that goodwill should be evaluated for impairment, the Company uses an estimate of the related operation's discounted cash flows over the remaining life of goodwill in measuring whether or not the goodwill is recoverable.

Property, plant and equipment - Property, plant and equipment is valued at cost, less accumulated depreciation and amortization. For financial reporting purposes, depreciation is computed on the straight-line method over the estimated useful lives of the assets. In general, buildings are depreciated over 20 years, machinery and equipment over 3 to 15 years and leasehold improvements over 10 years.

Accrued expenses related to beet operations - The Company's beet processing plants are generally operated from October through February and then, from March through September, are repaired for the next processing cycle. As sugar is processed from October through February, the Company accrues estimated repair costs and other costs to be incurred in March through September and includes such costs in inventory and, as the sugar is sold, in cost of sales. In contrast, certain other sugarbeet processors capitalize such costs and include them as prepaid expenses related to the next processing cycle.

Fair value of financial instruments - For cash, cash equivalents, accounts receivable, trade accounts payable, other liabilities and accrued expenses and short-term borrowings, the carrying amounts approximate fair value because of the short maturities of these instruments.

Revenue recognition - The Company recognizes revenue as product is shipped.

Stock options - The Company measures stock-based compensation expense using the intrinsic value approach of Accounting Principles Board Opinion No. 25. Pro forma disclosures required by Statement of Financial Accounting Standards No. 123 - Accounting for Stock-Based Compensation are included in Note 10.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications - Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2 - Pending Merger of the Company:

On September 12, 1997, the Company entered into the Merger Agreement providing for the acquisition of the Company by Imperial Holly. Imperial Holly is a sugar refiner and beet processor headquartered in Sugar Land, Texas. Pursuant to the Merger Agreement, a wholly-owned subsidiary of Imperial Holly ("IHK Sub") initiated a cash tender offer on September 18, 1997 for 50.1% of the Company's outstanding Common Stock at a price of $20.25 per share. The tender offer was closed on October 16, 1997, resulting, on October 24, 1997, in the funding of the acquisition of 14,397,836 shares, or 50.1%, of the Company's Common Stock and a change in control of the Company. Pursuant to the Merger Agreement, IHK Sub will be merged with and into the Company, with the Company surviving as a wholly-owned subsidiary of Imperial Holly (the "Merger"). Upon consummation of the Merger, the remaining shares of Company Common Stock will be exchanged for cash and common stock of Imperial Holly so that the aggregate number of shares of the Company's Common Stock to be converted into Imperial Holly common stock will be equal to 30% of all outstanding shares of the Company's Common Stock prior to the time of the cash tender offer. The Merger is expected to close in December 1997.

Prior to entering into the Merger Agreement with Imperial Holly, the Company, on July 14, 1997, entered into a merger agreement with Flo-Sun Incorporated ("Flo-Sun"), a Florida based raw sugar producer and refiner. On August 25, 1997, Imperial Holly submitted a proposal to acquire the Company, and after negotiations between the Company and the two parties, the Company's Board of Directors approved the Merger Agreement with Imperial Holly. In accordance with the Flo-Sun merger agreement, the Company paid Flo-Sun a $5,000,000 termination fee and reimbursed Flo-Sun $3,000,000 for expenses in connection with the proposed merger. This $8,000,000 along with the Company's legal fees and other expenses related to the proposed Flo-Sun merger comprise the majority of the $13,394,000 of merger expenses summarized in Note 13.

Note 3 - Impairment Loss:

In the fourth quarter of fiscal 1996, the Company recorded a non-cash impairment loss of $10,280,000 ($6,476,000, or $.25 per share, net of tax) related to a write-down of the property, plant and equipment of the Company's Fremont, Ohio beet sugar facility. A decision was made in 1996 not to run the Fremont facility during fiscal 1997 due to the lack of a viable supply of sugarbeets and beet molasses. As a result, the projected future cash flows from this facility are less than the carrying value of the assets; therefore, an impairment loss has been recognized. The impaired assets include buildings and machinery and equipment used to manufacture, ship, and store refined sugar and its by-products. These assets were written down to their fair value based on the salvage value of the assets. The recognition of this impairment was in accordance with the provisions of Statement of Financial Accounting Standards No. 121 - Accounting for the Impairment of Long-Lived Assets and for Long- Lived Assets to Be Disposed Of and is not materially different than the amount that would have been recognized under the Company's previous policies. As of September 28, 1997 the Company does not plan on operating the Fremont facility during fiscal 1998.

Note 4 - Inventories:

A summary of inventories by method of pricing and class is as follows:

	September 28, 1997	September 29, 1996
	(In thousands)	
Last-in, first-out	$55,713	$35,311
First-in, first-out	7,501	9,682
Moving average	27,694	29,462
Specific identification	-	9,474
	$90,908	$83,929
Raw materials and work-in-process	$30,720	$17,693
Packaging materials, parts and supplies	16,912	20,713
Finished goods	43,276	36,049
Payments related to future inventory purchases	-	9,474
	$90,908	$83,929

The replacement cost of inventories exceeded reported cost by approximately $10,246,000 at September 28, 1997 and $8,233,000 at September 29, 1996.

Note 5 - Property, Plant and Equipment:

Property, plant and equipment is summarized as follows:

	September 28, 1997	September 29, 1996
	(In thousands)	
Land	$ 7,769	$ 7,498
Buildings	93,081	89,194
Machinery and equipment	314,482	305,717
Leasehold improvements	1,202	1,201
Projects-in-process	9,833	3,119

	426,367	406,729
Less - Accumulated depreciation and amortization	(246,374)	(220,183)
	$ 179,993	$186,546

</TABLE>

Repairs and maintenance expense was $26,460,000, $31,699,000 and $35,241,000 for fiscal 1997, 1996 and 1995, respectively.

Note 6 - Long-term Debt, Credit Arrangements and Leases:

Long-term debt is summarized as follows:

<TABLE>
<CAPTION>

<S>	September 28, 1997 <C>	September 29, 1996 <C>
	(In thousands)	
Senior Notes - Series A at 8.35% of $19,941 and Series B at 7.15% of $5,059	$ -	$ 25,000
Notes payable to banks related to the ESOP	9,815	9,815
Industrial revenue bonds	22,500	22,500
Other long-term debt	1,609	4,609
	33,924	61,924
Less - Current portion	(7,824)	(2,170)
	$ 26,100	$ 59,754

</TABLE>

The Company elected to prepay $25,000,000 of the Senior Notes in 1997. The Company incurred $376,000 (net of $236,000 income tax benefits), or $.01 per share, of related prepayment penalties which are reflected as an extraordinary item in the Consolidated Statement of Operations. The Company prepaid $35,000,000 of the Senior Notes in 1996 and incurred $971,000 (net of $570,000 income tax benefits), or $.04 per share, of related prepayment penalties.

At September 28, 1997, the Company had $9,815,000 in notes payable related to the Employee Stock Ownership Plan (ESOP) and $22,500,000 of industrial revenue bonds. These notes and bonds carry tax-advantaged variable rates of interest equal to approximately 5.59% in 1997. The ESOP loans are payable as follows: $6,215,000 in fiscal 1998 and $3,600,000 payable in fiscal 1999 through fiscal 2001. The $22,500,000 industrial revenue bonds are payable as follows: $4,500,000 in 2000; $4,500,000 in 2001; $6,000,000 in $1,000,000

annual installments in 2002 through 2007; $3,500,000 in 2004; $2,500,000 in $500,000 installments from 2001 through 2005; and $1,500,000 due in 2017. These bonds are secured by financing statements on project-related equipment, the cost of which approximates the bond amounts.

On April 1, 1996, the Company entered into a $120,000,000 revolving credit facility which expires on January 1, 2000, and automatically extends by one year on each anniversary date of the agreement. On October 16, 1997, the Company reduced the amount of this revolving credit facility from $120,000,000 to $60,000,000 and amended the expiration date to a date not later than January 31, 1998. In general, this facility enables the Company to borrow funds at LIBOR plus 1/2% to 3/4%, depending upon achievement of specified financial targets. The Company pays an annualized facility fee of 1/10% and an annualized fee of 1/10% of the unused portion of the facility. As of September 28, 1997 the Company was in compliance with all of its debt covenants.

Short-term borrowings, including borrowings under the Company's revolving credit facilities which were for temporary working capital needs, are summarized as follows:

<TABLE>
<CAPTION>

<S>	Fiscal Year Ended September 28, 1997 <C>	September 29, 1996 <C>	October 1, 1995 <C>
	(In thousands)		
Daily average outstanding borrowings	$ 5,789	$39,004	$31,373
Daily weighted average interest rate	5.79%	5.66%	6.29%
Maximum borrowings	$45,000	$71,980	$68,500
Amount outstanding at year-end	$ -	$ 7,500	$22,300

</TABLE>

The Company uses interest rate exchange agreements, more commonly called interest rate swaps, to manage its interest rate exposure. Swaps were entered into to fix the interest rate on variable debt at rates which the Company considered attractive at the time the agreements were consummated. When the Company entered into these agreements, it compared its anticipated interest costs to other long-term borrowing sources such as private placements and other fixed rate borrowing options. The notional amounts of swaps outstanding at September 28, 1997 and September 29, 1996 were $30,000,000. The fixed rates of interest for swaps outstanding during fiscal 1997 and 1996 were 8.83% and 8.66%, respectively. These swaps expire from December 1997 to February 1998. The effective fixed rate of swapped debt instruments during fiscal 1997 and 1996 was 7.53% and 7.76%, respectively. Accordingly, the Company has realized its desired objectives in the use of these financing instruments. If the Company had canceled these agreements as of September 28, 1997, it would have been required to pay the counter-parties to the agreements an aggregate amount of $188,047.

The Company has also entered into forward swap agreements for periods ranging from 1998 to 2004 which fix the rate on the following debt: $20,000,000 in 1998-1999, $30,000,000 in 2000, $50,000,000 in 2001, $90,000,000 in 2002 and $80,000,000 in 2003-2004. The Company

entered into these agreements to fix the rate on variable rated debt intended to be borrowed during this time period. The swaps require the Company to pay fixed rates ranging from 6.5% to 7.0% against 90 day LIBOR. These transactions were entered into to protect the Company against interest rate increases and to fix future interest rates at rates the Company considers attractive. If the Company had canceled these agreements as of September 28, 1997, it would have been required to pay an aggregate amount of $187,794.

Interest expense was $6,850,000 in fiscal 1997, $12,355,000 in fiscal 1996, and $14,847,000 in fiscal 1995. Cash payments of interest were $6,138,000 in fiscal 1997, $12,945,000 in fiscal 1996, and $13,620,000 in fiscal 1995.

Annual maturities of long-term debt each year for the next five fiscal years are $7,824,000 in 1998, $500,000 in 1999, $5,000,000 in 2000, $7,600,000 in 2001, $1,500,000 in 2002, and $11,500,000 in subsequent years through 2017.

Lease expense related to operating leases aggregated $2,098,000, $2,081,000, and $1,552,000 in fiscal 1997, 1996 and 1995, respectively. Lease commitments on operating leases exceeding one year for fiscal 1998, 1999, 2000, 2001 and 2002 are $1,255,000, $1,156,000, $1,124,000, $504,000 and $504,000, respectively.

Note 7 - Income Taxes:

Pre-tax income for all years presented was taxed exclusively in the United States. The provision for (benefit from) income taxes is comprised of the following:

<TABLE>
<CAPTION>

	Fiscal Year Ended September 28, 1997	September 29, 1996	October 1, 1995

(In thousands)

<S>	<C>	<C>	<C>
Current federal	$ 7,990	$ 6,092	$(1,515)
Current state	1,500	1,249	(863)
Deferred federal	8,564	(4,357)	(271)
Deferred state	846	(816)	64
Provision for (benefit from) income taxes	$18,900	$ 2,168	$(2,585)
Tax effect of change in:			
Minimum pension liability adjustment	$ 8,607	$ 507	$(4,716)
Cumulative translation adjustment	306	(45)	(261)
	$ 8,913	$ 462	$(4,977)

</TABLE>

Cash payments for income taxes amounted to $19,837,000, $537,000 and $6,637,000 for fiscal 1997, 1996 and 1995, respectively.

Deferred income tax assets (liabilities) are comprised of the following:

<TABLE>
<CAPTION>

<S>	September 28, 1997 (In thousands) <C>	September 29, 1996 <C>
Loss on impairment of long-lived assets	$ 3,906	$ 3,906
Depreciation	(23,916)	(21,658)
Other postretirement benefits	12,928	12,565
Accrued pension liability	(5,407)	8,796
Deferred compensation	8,968	7,743
Tax benefit purchases	-	(1,143)
Other non-current	3,133	4,009
Total net non-current (liability) asset	(388)	14,218
Other accrued expenses	885	2,288
Inventory	(2,078)	(243)
Other current	609	980
Total net current (liability) asset	(584)	3,025
Net deferred (liability) asset	$(972)	$ 17,243

</TABLE>

A reconciliation between the provision for (benefit from) income taxes and the amount computed by applying the U. S. federal income tax rate to income before income taxes and extraordinary item is as follows:

<TABLE>
<CAPTION>

	Fiscal Year Ended		
<S>	September 28, 1997 (In thousands) <C>	September 29, 1996 <C>	October 1, 1995 <C>
Computed "expected" tax expenses (benefit)	$ 17,712	$ 3,292	$(2,127)
Increases (reductions) in taxes resulting from:			
State income taxes, net of federal income tax benefit	1,524	224	280
Tax-free income earned	(756)	(221)	(120)
Tax rate benefit of NOL carryback	-	(600)	-

Merger costs	177	-	-
Other	479	43	(618)
	19,136	2,738	(2,585)
Extraordinary item	(236)	(570)	-
Provision for (benefit from) income taxes	$ 18,900	$ 2,168	$(2,585)

</TABLE>

Note 8 - Pension Plans:

Substantially all employees and retirees of the Company are covered by noncontributory defined benefit pension plans. The Company also provides supplemental pension benefits to certain retired employees. The supplemental pension benefits are determined annually by the Board of Directors.

The Company's largest defined benefit plan provides employees a retirement benefit based on a percentage of their final three year average pay. Effective July 1, 1996, this percentage of final pay was modified, and provisions to reduce pension benefits for early retirement were incorporated into this plan. These modifications,

along with some other minor changes, reduced the "projected benefit obligation" at September 29, 1996 by $3,009,000.

Benefits under the noncontributory defined benefit pension plans for bargaining employees are primarily based on years of service.

The Company's contribution policy for all pension plans is to contribute at least the minimum amount required by the Employee Retirement Income Security Act. At September 28, 1997, the assets of these plans are invested primarily in commingled institutional stock and bond funds and cash equivalents.

The following table sets forth the status of the Company's qualified defined benefit pension plans and the pertinent assumptions used in computing this information as of the end of each respective year:

<TABLE>
<CAPTION>

	September 28, 1997	September 29, 1996
	(In thousands)	
<S>	<C>	<C>
Actuarial present value of benefit obligation based on current compensation:		
Vested	$ (90,985)	$ (80,235)
Nonvested	(1,580)	(6,216)
Accumulated benefit obligation	(92,565)	(86,451)
Increase in present value of benefit obligation to reflect projected compensation increases	(9,371)	(4,846)
Projected benefit obligation	(101,936)	(91,297)
Plan assets at fair value	100,537	72,533
Projected benefit obligation in excess of plan assets	(1,399)	(18,764)
Unrecognized prior service cost	(162)	(193)
Unrecognized net loss	26,990	29,810
Unrecognized net asset at transition	(230)	(1,276)
Adjustment required to recognize minimum liability	-	(23,495)
Pension asset included in "Other assets" and pension (liability) included in "Deferred employee benefits"	$ 25,199	$ (13,918)
Actuarial assumptions:		
Discount rate	7.5%	7.5%

Projected salary increases	4.5%	4.5%

</TABLE>

Pension expense and the assumed rate of return on plan assets used to calculate it are summarized as follows:

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	September 28, 1997	September 29, 1996	October 1, 1995
	(In thousands)		
<S>	<C>	<C>	<C>
Costs related to services provided by employees during the year	$ 2,104	$ 2,070	$ 2,250
Interest cost on projected benefit obligation	6,846	6,874	6,601
Actual gain on plan assets	(17,023)	(5,939)	(6,390)
Net amortization and deferrals	10,689	659	437
Pension expense related to defined benefit plans	2,616	3,664	2,898
Supplemental pension benefits	217	205	190
Total pension expense	$ 2,833	$ 3,869	$ 3,088
Actuarial assumption:			
Expected long-term rate of return on plan assets	9.5%	9.5%	9.5%

</TABLE>

The Company has an unqualified Supplemental Executive Retirement Plan (SERP) which it amended in 1996 by freezing the years of credited service for participants as of June 30, 1996. This modification reduced the "projected benefit obligation" at September 29, 1996 by $3,689,000. The actuarially determined expense related to the SERP is summarized as follows:

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	September 28, 1997	September 29, 1996	October 1, 1995
	(In thousands)		
<S>	<C>	<C>	<C>
Costs related to services provided by employees during the year	$ -	$ 316	$ 283
Interest cost on projected benefit obligation	908	928	912
Net amortization and deferrals	136	203	169
Net curtailment gain	-	(189)	-
Total pension expense related to SERP plan	$1,044	$ 1,258	$1,364

</TABLE>

The table below summarizes the status of the SERP plan and the pertinent assumptions used in computing this information at the end of each respective year:

<TABLE>
<CAPTION>

	September 28, 1997	September 29, 1996
	(In thousands)	
<S>	<C>	<C>
Actuarial present value of benefit obligation based on current compensation:		
Vested	$ (9,659)	$ (7,770)
Nonvested	(61)	(648)
Accumulated benefit obligation	(9,720)	(8,418)
Increase in present value of benefit obligation to reflect projected compensation increases	(3,544)	(2,613)
Projected benefit obligation	(13,264)	(11,031)
Unrecognized prior service cost	-	-
Unrecognized net loss	2,666	700
Adjustment required to recognize minimum liability	-	(273)
Pension liability included in "Deferred employee benefits"	$(10,598)	$(10,604)
Actuarial assumptions:		
Discount rate	7.5%	7.5%
Projected salary increases	4.5%	4.5%

</TABLE>

In accordance with the provisions of Statement of Financial Accounting Standards No. 87 - Employers' Accounting for Pensions, the Company has recorded an additional minimum liability at September 29, 1996 representing the excess of the accumulated benefit obligation over the fair value of plan assets and accrued (prepaid) pension expense for its pension and SERP plans. The additional liability has been offset by an intangible asset which is included in "Other assets" to the extent of previously unrecognized prior service cost. Amounts in excess of previously unrecognized prior service cost are recorded net of the related deferred tax benefit as a reduction of stockholders' equity of $14,038,000 at September 29, 1996. As a result of significant funding and improved asset performance during fiscal 1997, the Company was not required to record an additional minimum pension liability at September 28, 1997.

Note 9 - Other Retirement and Benefit Plans:

The Company has a deferred compensation program, which it modified in 1996. The modification, effective June 30, 1996, terminated all additional employee deferrals and reduced the guaranteed rate of interest paid on amounts deferred by active nonemployee directors to 8% initially, and then to the prime rate in effect on each January 1. This program allowed directors and certain management employees to defer all or a portion of their compensation and earn a guaranteed interest rate on the deferred amounts. In effect, such amounts deferred are unsecured loans to the Company. The deferred salaries and interest at the market rate are accrued as incurred. Interest above the market rate is accrued over the vesting period. The interest expense related to the Company's deferral plan was $2,529,000 in 1997, $2,523,000 in 1996, and $2,320,000 in 1995.

In addition to the above deferred compensation program for directors and certain management employees, the Company maintains two stock-based deferred compensation programs for non-employee directors. See Note 10 - Stock-Based Compensation for an explanation of these programs.

The Company has included in "Deferred employee benefits" $23,661,000 at September 28, 1997 and $20,524,000 at September 29, 1996 to reflect its liability under its deferred compensation programs. As of September 28, 1997, payments required to be made to participants in these programs for the next five fiscal years are approximately $1,510,000 in 1998, $1,607,000 in 1999, $1,939,000 in 2000, $2,921,000 in 2001 and $2,323,000 in 2002.

Subsequent to September 28, 1997, Imperial Holly purchased 50.1% of the Company's Common Stock. As a result, the "change in control" provisions of the nonemployee directors deferred compensation programs were implemented. These provisions allow the nonemployee directors the option of electing to receive immediate payment of their vested balances in these programs. After these elections were made, payments required to be made to participants in these programs for the next five fiscal years are approximately $7,707,000 in 1998, $1,607,000 in 1999, $1,930,000 in 2000, $2,029,000 in 2001 and $2,058,000 in 2002.

The Company sponsors 401(k) plans in which substantially all non-bargaining employees and certain bargaining unit employees are eligible to participate. These plans allow eligible employees to save a portion of their salary on a pre-tax basis. The Company makes monthly contributions to these plans which aggregated $416,000 in 1997, $449,000 in 1996, and $437,000 in 1995.

The Company also sponsors an Employee Stock Ownership Plan (ESOP). Substantially all non-bargaining employees participate and receive shares in their account at the discretion of the Board of Directors. Expenses related to this plan have been immaterial in 1997, 1996, and 1995.

Under the terms of the Company's short-term incentive compensation program, $5,635,000 was accrued in "Other liabilities and accrued expenses" at September 28, 1997.

The Company also sponsors benefit plans that provide postretirement health care and life insurance benefits to certain employees who meet the applicable eligibility requirements. The cost of postretirement health care and life insurance benefits is summarized as follows:

	Fiscal Year Ended		
	September 28, 1997	September 29, 1996	October 1, 1995
	(In thousands)		
Costs related to services provided by employees during the year	$ 430	$ 520	$ 476
Interest cost on accumulated benefit obligation	2,370	2,408	2,447
Total postretirement benefit expense	$2,800	$2,928	$2,923

The actuarial and recorded liabilities for these postretirement benefits, none of which have been funded, and the pertinent assumptions used to compute this information are as follows:

	September 28, 1997	September 29, 1996
	(In thousands)	
Accumulated postretirement benefit obligation:		
Retirees	$(23,513)	$(20,594)
Active participants	(5,961)	(11,865)
Accumulated benefit obligation	(29,474)	(32,459)
Unrecognized net gain	(5,325)	(1,329)
Accrued postretirement benefit obligation included in "Deferred employee benefits"	$(34,799)	$(33,788)

	=======	========
Actuarial assumptions:		
Discount rate	7.5%	7.5%
Health care cost trend rate -		
Fiscal 1997 - 1999	7.5%	7.5%
Fiscal 2000 - 2004	6.0%	6.0%
Thereafter	5.0%	5.0%

</TABLE>

Increasing the health care cost trend rate assumption by one percentage point would have increased the accumulated postretirement benefit obligation as of September 28, 1997 by approximately $1,597,000 and would have increased postretirement benefit expense by approximately $221,000 in fiscal 1997.

Note 10 - Stock-Based Compensation:

The Company has four stock-based compensation plans which are described below.

On December 16, 1996, the Board of Directors adopted the 1996 Equity Incentive Plan and granted options for employees to purchase 187,558 shares of Common Stock. The options granted vested over a three-year period. Under the terms of the Merger Agreement with Imperial Holly, the 187,558 options became vested, and

employees holding these options will, in general, receive cash for the difference between $20.25 and their exercise price of $13.94, and the options and the plan will be canceled. The cost related to this plan was $43,000 in fiscal 1997.

In fiscal 1996 the Company had entered into an agreement which granted the Company's Chairman of the Board an option to purchase 100,000 shares of Common Stock. This option was surrendered back to the Company in 1997 unexercised and there are no continuing rights under this option.

To make accounting estimates to calculate the fair value of the above options at the date of grant using the Black-Scholes option pricing model, the Company assumed a dividend yield of 1.0%, expected volatility of 36.5%, a risk free interest rate of 6.2%, and an expected life of 5 years. If compensation costs for options had been recorded based on the fair value of the options at the date of grant, such costs, and reported net income, would have changed by insignificant amounts.

The Company maintains two share unit plans for the non-employee members of its Board of Directors ("Outside Directors"). One plan relates to the modification of prior deferred compensation agreements and the other relates to annual retainers paid to the Directors after June 30, 1996.

Effective June 30, 1996, the existing deferred compensation agreements with all active Outside Directors were modified to reduce the guaranteed interest rate to 8%, and then to the prime rate in effect on each January 1. The effect of this modification is estimated to have reduced the present value, as of June 30, 1996, of the payments which ultimately will be paid to the Outside Directors under the related deferred compensation agreements by $2,600,000. As consideration for the reduction in the interest rate credited on the Outside Directors' deferred compensation, a Supplemental Share Unit Plan was established for these Directors. This plan granted 111,619 share units (a share unit is the equivalent of one share of Company Common Stock) to these Directors at an $11.00 per share unit price. At the $11.00 per share unit price these share units had a value of $1,228,000 compared to the $2,600,000 reduced value of the deferred compensation agreements. The value of each share unit fluctuates based on the highest daily closing price of the Company's Common Stock during the preceding twelve-month period. Dividend equivalents are reinvested in additional share units.

Under the terms of the Merger Agreement with Imperial Holly Corporation, these share units were valued at $20.25 and the Outside Directors have the option to receive cash upon consummation of the Merger, or to defer the cash value of such share units and to receive interest at the prime rate.

The Board of Directors adopted a Non-Employee Directors' Compensation Plan as of July 1, 1996. Under this plan, the annual compensation paid to the

Directors as a retainer was set at 1,820 share units per year for 5 1/2 years. Each Director vests in 455

share units on the last day of each calendar quarter, as long as the Director remains on the Board of Directors.

Under this plan, 110,110 share units were granted which covered the 5 1/2 year term of the Plan. In fiscal 1997, 8,645 shares were forfeited. In fiscal 1996 and fiscal 1997, respectively, 5,005 and 19,110 share units vested. Under the terms of the Plan, when Imperial Holly successfully tendered for 50.1% of the outstanding shares of the Company, 69,615 share units, which would have been received through the 5 1/2 year Plan term, became vested. All vested share units were valued at $20.25 and the Outside Directors have the option to receive cash upon consummation of the Merger, or to defer the cash value of such share units and to receive interest at the prime rate.

The expense related to the two share unit plans for the Outside Directors was $951,000 in fiscal 1997 and $1,633,000 in fiscal 1996.

Note 11 - Stockholders' Equity and Benefit Trust:

The Certificate of Incorporation of the Company, as amended, authorizes a class of preferred stock to consist of up to 1,000,000 shares of $.50 par value stock. The Board of Directors can determine the characteristics of the preferred stock without further stockholder approval.

During fiscal 1996, the Company established a Benefit Trust (the "Trust") with 2,500,000 shares of treasury stock. The purpose of this Trust was to enhance the Company's financial flexibility to provide funds to satisfy its obligations under various employee benefit plans and agreements. The employee benefits payable from the Trust are primarily included in the $69,058,000 "Deferred employee benefits" liability. Shares held by the Trust are not considered outstanding for earnings per share calculations until they are sold, but are considered outstanding for shareholder voting purposes. The shares are voted based upon the voting results of the shares held in the Company's Employee Stock Ownership Plan.

To record this transaction, the Company reduced "Treasury stock" by the average cost of these shares to the Company, or $15,426,000, and the fair market value of the stock was recorded as "Stock held by benefit trust" to reflect a note payable to the Company for the market value of the 2,500,000 shares of stock. "Capital in excess of stated value" was increased for the difference of $11,449,000 between the cost of the shares and their fair value. Each quarter, "Stock held by benefit trust" is adjusted to the fair market value of the shares held in the Trust, and an adjustment for the same amount is made to "Capital in excess of stated value". At September 28, 1997, the market value of the stock was $18.75 per share.

Once the tender offer and Merger with Imperial Holly is completed as discussed in Note 2, the Benefit Trust will have received an estimated $38,415,000 and 921,000 shares of Imperial Holly Corporation common stock. Under the terms of the Trust, as amended, the cash received from the tender offer was used to repay to the Company the

note payable due for the shares, plus accrued interest, aggregating $27,621,000. The balance of the cash will be used to purchase common stock of Imperial Holly. This purchased stock, along with the 921,000 shares of Imperial Holly common stock received in the Merger, can only be used to either make, or to reimburse Imperial Holly for, payments due to Savannah Foods employees and retirees for liabilities under deferred compensation plans aggregating $23,661,000 and under supplemental executive retirement plans aggregating $10,598,000 at September 28, 1997.

Note 12 - Commitments and Contingencies:

The Company has contracted for the purchase of a substantial portion of its future raw sugar requirements. Prices to be paid for raw sugar under these contracts are based in some cases on market prices during the anticipated delivery month. In other cases prices are fixed and, in these instances, the Company generally obtains commitments from its customers to buy the sugar prior to fixing the price, or enters into futures transactions to hedge the commitment.

The Company is exposed to loss in the event of non-performance by the other party to the interest rate swap agreements discussed in Note 6. However, the Company does not anticipate non-performance by the counter-parties to the transactions.

As of the end of fiscal 1997, the Company has resolved substantially all of the claims by the United States Customs Service (Customs) in the Company's favor. Customs had alleged that drawback claims prepared by the Company for certain export shipments of sugar during the years 1984 to 1988 were technically and/or substantively deficient and that the Company, therefore, was not entitled to amounts previously received under these drawback claims. The Company disputed Customs' findings and has been vigorously protesting this matter with Customs.

The Company has employment agreements with certain senior management which contain "change in control" provisions. The Company could be required to pay up to $5,900,000 to these employees as a result of Imperial Holly's purchase of 50.1% of the Company's Common Stock.

Note 13 - Quarterly Financial Information (Unaudited):

Unaudited quarterly financial information for fiscal 1997 and 1996 is as follows:

<TABLE>
<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands except for per share amounts)			
<S>	<C>	<C>	<C>	<C>
Fiscal 1997				
Net sales	$303,121	$276,489	$303,546	$308,683
Gross profit	37,652	36,355	40,446	39,884
Other costs	-	-	-	(13,394)
Income from operations	16,408	16,354	19,681	5,215
Income before extraordinary item	9,148	8,829	11,402	2,702
Per share	.35	.34	.43	.10
Net income	9,148	8,829	11,026	2,702
Per share	.35	.34	.42	.10
Fiscal 1996				
Net sales	$304,409	$250,804	$287,462	$303,657
Gross profit	27,937	24,951	31,151	34,075
Impairment loss	-	-	-	(10,280)
Other costs	1,525	(3,800)	-	(1,099)
Income from operations	8,550	162	10,906	2,181
Income (loss) before extraordinary item	3,543	(2,043)	4,726	717
Per share	.14	(.08)	.18	.03
Net income (loss)	3,543	(2,043)	4,028	444
Per share	.14	(.08)	.15	.02

</TABLE>

"Other costs" included above and in the Consolidated Statements of Operations include the following:

<TABLE>
<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Fiscal 1997				

Merger related costs:				
Termination fee and expenses	$ -	$ -	$ -	$ (8,000)
Legal and administrative expenses	-	-	-	(3,894)
Cost of workforce reduction	-	-	-	(1,500)
Other costs	$ -	$ -	$ -	$(13,394)
Fiscal 1996				
Net gain (loss) on asset disposals	$1,525	$(3,800)	$ -	$ (376)
Cost of workforce reduction	-	-	-	(723)
Other costs	$1,525	$(3,800)	$ -	$ (1,099)

</TABLE>

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

(a) Previous independent accountants

On October 17, 1996, the Registrant notified Price Waterhouse LLP that it would be dismissed as the Registrant's independent accountants upon completion of its audit of the consolidated financial statements as of and for the fiscal year ended September 29, 1996. This audit was completed on November 18, 1996.

The reports of Price Waterhouse LLP on the consolidated financial statements of the Registrant as of and for the fiscal years ended September 29, 1996 and October 1, 1995 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

The Registrant's Audit Committee and Board of Directors made and approved the decision to change independent accountants.

In connection with its audits for the fiscal years ended September 29, 1996 and October 1, 1995 and through November 18, 1996, there have been no disagreements with Price Waterhouse LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Price Waterhouse LLP would have caused them to make reference thereto in their report on the consolidated financial statements for such years.

During the fiscal years ended September 29, 1996 and October 1, 1995 and through November 18, 1996, there have been no reportable events (as defined in Regulation S-K Item 304(a)(1)(v)).

The Registrant has requested that Price Waterhouse LLP furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements. Copies of such letters, one dated October 22, 1996 and one dated November 18, 1996 were filed as Exhibits 16-1 to two Form 8-K's filed with the SEC. The Form 8-K's were dated October 17, 1996 and November 18, 1996, respectively.

(b) New independent accountants

The Registrant engaged Arthur Andersen LLP as its new independent accountants as of December 16, 1996. During the fiscal years ended September 29, 1996 and October 1, 1995 and through December 16, 1996, the Registrant has not consulted with Arthur Andersen LLP on items which (1) were or should have been subject to SAS 50 (Reports on the Application of Accounting Principles) or (2) concerned the subject matter of a disagreement or reportable event with the former independent accountants, (as described in Regulation S-K Item 304(a)(2)).

PART III

Item 10. Directors and Executive Officers of the Registrant

Directors of Savannah Foods & Industries, Inc.

Pursuant to the terms of the Agreement and Plan of Merger, dated as of September 12, 1997 among Imperial Holly Corporation, IHK Merger Sub Corporation and Savannah Foods & Industries, Inc. (the "Merger Agreement"), on October 24, 1997, Lee B. Durham, Jr., Robert L. Harrison, James M. Reed, F. Sprague Exley, John D. Carswell, Dale C. Critz and Arthur M. Gignilliat, Jr. resigned from the Board of Directors of the Company and seven representatives of Imperial Holly were appointed to the Board.

The Board of Directors currently consists of 12 members. Each Director holds office until such Director's successor is elected and qualified or until such Director's earlier resignation, death or removal.

Set forth below is information with respect to standing members of the Board of Directors as of December 1, 1997.

W. WALDO BRADLEY Chairman, Bradley Plywood Corporation Age: 63 Director since: 1979 Present term expires: 1999	Chairman of the Board of Bradley Plywood Corporation, Savannah, Georgia, a wholesale distributor of building materials. He also serves as a Director of First Union Corporation, Charlotte, North Carolina, and AGL Resources, Inc., Atlanta, Georgia.
PETER C. CARROTHERS Managing Director, Imperial Holly Corporation Age: 58 Director since: 1997 Present term expires: 2000	Officer of Imperial Holly Corporation since 1994. Managing Director and Senior Vice President - Operations from 1994 to present. PepsiCo Foods International, Vice President - Logistics from 1990 to 1994.

R. EUGENE CARTLEDGE Director, Savannah Foods & Industries, Inc. Age: 68 Director since: 1995 Present term expires: 2000	Former Chairman of the Board of Directors of Savannah Foods & Industries, Inc., a position he held from April 1996 to October 1997. Retired Chairman and Chief Executive Officer of Union Camp Corporation, a position he held from 1986 to 1994. He is also a Director of Union Camp Corporation, The Sun Company, Delta Airlines, Inc., Blount, Inc., Chase Brass Industries, and UCAR International Inc.
DOUGLAS W. EHRENKRANZ Managing Director, Imperial Holly Corporation Age: 40 Director since: 1997 Present term expires: 1999	Officer of Imperial Holly Corporation since 1995. Managing Director from April 1997 to present and Vice President - Sales and Marketing from 1995 to present. Marketing Manager with PepsiCo's Taco Bell subsidiary from 1993 to 1994 and served in various positions at Procter & Gamble Corporation from 1979. His last position at Procter & Gamble before joining PepsiCo was Category Sales Manager for Folgers Coffee.
ROGER W. HILL Managing Director, Imperial Holly Corporation Age: 58 Director since: 1997 Present term expires: 2000	Director of Imperial Holly Corporation since 1988. Managing Director of Imperial Holly Corporation from 1996 to present. President and CEO Holly Sugar Corporation from 1988 to present.
JAMES C. KEMPNER President, Chief Executive Officer and Chief Financial Officer, Imperial Holly Corporation Age: 58 Director since: 1997 Present term expires: 2000	Director of Imperial Holly Corporation since 1988. President, Chief Executive Officer and Chief Financial Officer of Imperial Holly Corporation from 1993 to present. Executive Vice President and Chief Financial Officer of Imperial Holly Corporation from 1988 to 1993. He is also a Director of Bouygues Offshore S.A.

<TABLE>
<S> <C>

KAREN L. MERCER Vice President and Treasurer, Imperial Holly Corporation Age: 35 Director since: 1997 Present term expires: 1998	Officer of Imperial Holly Corporation since 1994. Vice President and Treasurer from April 1997 to present. Treasurer from 1994 to April 1997. Texas Commerce Bank, N.A. Vice President - Commercial Lending in 1993. First City, Texas - Houston, N.A. various positions from 1988 to 1993.
JOHN A. RICHMOND Managing Director, Imperial Holly Corporation Age: 50 Director since: 1997 Present term expires: 1999	Officer of Imperial Holly Corporation since 1991. Managing Director from April 1997 to present and Vice President - Operations from 1995 to present. Holly Sugar Corporation, Senior Vice President and General Manager - Beet Sugar Operations from 1993 to 1995. Holly Sugar Corporation, Senior Vice President and General Manager - Eastern Division from 1992 to 1993.
WILLIAM F. SCHWER Managing Director, Imperial Holly Corporation Age: 50 Director since: 1997 Present term expires: 1998	Officer of Imperial Holly Corporation since 1989. Managing Director from 1995 to present. Senior Vice President and General Counsel from 1993 to 1995. Vice President and General Counsel from 1990 to 1993.
WILLIAM W. SPRAGUE III President and Chief Executive Officer, Savannah Foods & Industries, Inc. Age: 41 Director since: 1990 Present term expires: 1999	President and Chief Executive Officer of Savannah Foods & Industries, Inc. since 1995. President and Chief Operating Officer from 1993 to 1995. Vice President - Sales from 1991 to 1993. Mr. Sprague first joined the Company in 1983.
HUGH M. TARBUTTON President, Sandersville Railroad Company Age: 65 Director since: 1971 Present term expires: 1999	President of Sandersville Railroad Company, Sandersville, Georgia. Vice-President & Treasurer of B-H Transfer Co.

</TABLE>

<TABLE>
<S> <C>

ARNOLD TENENBAUM President, Chatham Steel Corporation Age: 61 Director since: 1989 Present term expires: 1998	President of Chatham Steel Corporation. Chatham Steel is a wholesale distributor of metal products. It has branches in five states. Mr. Tenenbaum is on the Board of Directors of First Union Bank of Savannah, First Union Bank of Georgia, Savannah Electric and Power Company, Blue Cross and Blue Shield of Georgia, Cerulean Workplace Health, and the Georgia Lottery Corporation.

</TABLE>

On October 24, 1997 R. Eugene Cartledge resigned as Chairman of the Board of Directors.

On April 17, 1997 Robert S. Jepson, Jr. resigned from the Board of Directors of the Company.

Management of Savannah Foods & Industries, Inc.

In addition to William W. Sprague III, who also serves as a Director, the following individuals serve as Executive Officers of the Company:

<TABLE>

<S>	<C>
DAVID H. ROCHE Senior Vice President President - Savannah Foods Industrial, Inc. President - Michigan Sugar Company	Mr. Roche, age 50, first joined Michigan Sugar Company in 1976, and assumed his present office in 1996. Prior to that he served Michigan Sugar Company as President and Chief Operating Officer, Executive Vice President and Vice President - Administration.
JAMES M. KELLEY Senior Vice President President - Dixie Crystals(R) Brands, Inc.	Mr. Kelley, age 54, first joined the Company in 1973, and was elected to his present office in 1995. Prior to that he served as President - Dixie Crystals(R) Foodservice, Inc. and as Assistant Vice President - Foodservice Division.
GREGORY H. SMITH Senior Vice President Chief Financial Officer and Treasurer	Mr. Smith, age 48, first joined the Company in 1978, and was elected to his present office in 1995. Prior to that he served as Vice President - Finance, Treasurer, Vice President - Corporate Development, Chief Information Officer, and Corporate Controller.
BENJAMIN A. OXNARD, JR. Senior Vice President - Raw Sugar	Mr. Oxnard, age 63, first joined the Company in 1983 as Vice President - Raw Sugar. He was elected to his present office in 1996.

</TABLE>

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Executive Officers and Directors, and persons who own more than 10% of its Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Such persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms filed by such person.

Based solely upon the Company's review of such forms furnished to the Company and written representations from certain reporting persons, the Company believes that all filing requirements applicable to the Company's Executive Officers, Directors and more than 10% stockholders were complied with, except that 1) in May 1997, Mr. Exley, the Company's Senior Vice President - Human Resources & Administration, reported the sale of 100 shares which should have been reported in March 1997, and 2) in October 1997, Mr. Sprague III, the Company's President and CEO, reported that he had resigned as trustee from a trust of which he was a trustee and a beneficiary. His resignation should have been reported in September 1997.

Item 11. Executive Compensation

The following tables sets forth the compensation awarded to, earned by, or paid to each person who served as the Company's Chief Executive Officer during its most recent fiscal year and of its four other most highly compensated Executive Officers during such year:

Summary Compensation Table

<TABLE>
<CAPTION>

		Annual Compensation			Long-Term Compensation: Awards		Long-Term Compensation: Payouts	
Name and Principal Position	Fiscal Year(1)	Salary ($)	Bonus ($)	Other Annual Compen-sation ($)(2)	Restricted Stock Awards ($)	Option/ SARs (#)	LTIP Payous ($)	All Other Compen-sation ($)(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
William W. Sprague III	1997	414,595	306,801	0	0	9,256	0	5,276
President & Chief	1996	365,400	0	0	0	0	0	5,704
Executive Officer	1995	362,460	0	0	0	0	0	13,131
James M. Kelley	1997	245,000	145,040	0	0	5,274	0	9,843
Senior Vice President	1996	211,768	0	0	0	0	0	7,095
President - Dixie	1995	209,396	0	0	0	0	0	6,809
Crystals(R) Brands, Inc.								
David H. Roche	1997	245,000	145,040	0	0	5,274	0	641
Senior Vice President	1996	194,230	0	0	0	0	0	3,801
President - Savannah	1995	195,896	0	0	0	0	0	4,073
Foods Industrial, Inc.								
President - Michigan								
Sugar Company								
Gregory H. Smith	1997	192,615	99,775	0	0	4,197	0	2,166
Senior Vice President	1996	185,000	0	0	0	0	0	280
Chief Financial Officer	1995	160,834	0	0	0	0	0	352
and Treasurer								
F. Sprague Exley (4)	1997	189,569	98,197	0	0	4,111	0	7,886
Senior Vice President -	1996	185,000	0	0	0	0	0	9,911
Human Resources &	1995	147,898	0	0	0	0	0	15,570
Administration								

</TABLE>

(1) The Company's fiscal year ends on the Sunday closest to September 30.

(2) "Perquisites" do not exceed $50,000 or 10% of total salary and bonus.

(3) "All Other Compensation" for fiscal 1997 includes: (i) above market earnings accrued on deferred compensation (Mr. Sprague III - $2,872; Mr. Kelley - $7,903; Mr. Roche - $0; Mr. Smith - $0; Mr. Exley - $7,396), and (ii) amounts contributed to defined contribution retirement plans (Mr. Sprague III - $2,404; Mr. Kelley - $1,940; Mr. Roche - $641; Mr. Smith - $2,166; Mr. Exley - $490).

(4) Mr. Exley terminated his employment with the Company effective November 30, 1997.

Option/SAR Grants in Last Fiscal Year

<TABLE>
<CAPTION>

Individual Grants (1) Name	Number of securities underlying options/SARs granted (#)	% of total options/SARs granted to employees in fiscal year	Exercise or base price	Market price on date of grant	Expiration date	Grant date present value (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
William W. Sprague III	9,256	4.9%	$13.9375	$13.9375	12/16/2006	$55,999
James M. Kelley	5,274	2.8%	$13.9375	$13.9375	12/16/2006	$31,908
David H. Roche	5,274	2.8%	$13.9375	$13.9375	12/16/2006	$31,908
Gregory H. Smith	4,197	2.2%	$13.9375	$13.9375	12/16/2006	$25,392

F. Sprague Exley	4,111	2.2%	$13.9375	$13.9375	12/16/2006	$24,872

</TABLE>

(1) The options were granted by the Board of Directors on December 16, 1996 pursuant to the 1996 Equity Incentive Plan (the "Plan") and became exercisable as follows: 33 1/3%, 66 2/3% and 100% on the first, second and third anniversary, respectively, of the date the option was granted. As a result of Imperial Holly's successful tender offer for 50.1% of the Company's Common Stock, a "change in control" as defined in the Plan occurred and in accordance with the terms of the Plan, the options became fully vested and immediately exercisable with the holders of the options having the right to require, within 10 business days of such change in control, the Company to purchase the options from the holder for an aggregate amount of the then fair market value of the Common Stock less the $13.9375 exercise price. On October 31, 1997, Mr. Smith elected to receive cash for his options in conjunction with this provision. Pursuant to the Merger Agreement, at the completion of the Merger, each unexpired and unexercised option shall, at the election of the holder, i) be converted into an option to purchase Imperial Holly common stock or ii) be canceled with the holder receiving in cash the difference between $20.25 per share and the $13.9375 exercise price.

(2) The grant date present value was calculated using the Black-Scholes model. The assumptions used in the valuation were as follows: expected volatility - 36.52%, risk-free rate of return - 6.17%, dividend yield - 1.0%, and time of exercise - 5 years.

Pension Plans

The Company has in effect a non-contributory pension plan which applies to substantially all non-bargaining unit employees, including Executive Officers. The normal retirement age under the plan is 65. When an employee retires, several forms of benefit payments are available, including an actuarially reduced benefit to provide a surviving spouse's annuity of 50%, 75%, or 100% of the employee's reduced pension. The basic payment formula is 1.75% of the final three-year average of earnings, times credited years of service (up to 30) minus a Social Security allowance. A reduced benefit can be received at age 55 with 10 or more years of credited service or at age 62 with five or more years of credited service. The following table shows the estimated annual pension benefits payable to participants upon normal retirement from the Company's pension plan in specified remuneration classes and years of credited service:

Pension Plan Table

Years of Service

<TABLE>
<CAPTION>

Remuneration	10	15	20	25	30 & above
$125,000	$19,700	$29,500	$39,400	$49,200	$59,000
$160,000 & above	25,800	38,700	51,600	64,500	77,400

</TABLE>

Covered compensation is defined as base salary, as presented under the Salary column in the Summary Compensation Table, however, it is subject to Internal Revenue Code limits. The amounts set forth in the table are calculated on a straight-life annuity basis payable at age 65 and are offset by an allowance for Social Security. The estimated credited years of service for each of the named Executive Officers are: William W. Sprague III: 14; James M. Kelley: 24; David H. Roche: 21; Gregory H. Smith: 19; and F. Sprague Exley: 32.

In addition to benefits paid under the Company's pension plan for substantially all employees, all Executive Officers of the Company receive coordinated benefits from the Supplemental Executive Retirement Plan (the "SERP"). The SERP includes each of the Executive Officers listed in the foregoing Summary Compensation Table, and provides a benefit based upon the following formula: 65% of base salary, less the amount payable from the pension plan (frozen as of June 30, 1996), less a social security allowance (frozen as of June 30, 1996), all multiplied by a fraction the numerator of which is the Executive Officer's years of service as of June 30, 1996 and the denominator of which is the years of potential service at normal retirement.

The estimated annual benefits payable upon retirement at normal retirement age, using current earnings, for each of the named Executive Officers from the Company's non-contributory pension plan and the SERP are as follows: William W. Sprague III: $166,200; James M. Kelley: $147,700; David H. Roche: $142,800; Gregory H. Smith: $121,600 and F. Sprague Exley: $129,800.

Compensation of Directors

Effective April 23, 1996, the Company entered into a one-year agreement with R. Eugene Cartledge to serve as the Chairman of the Board of Directors of the Company. After the expiration of this agreement, Mr. Cartledge continued to serve as Chairman of the Board, but declined any further remuneration. Also, on June 18, 1997, Mr. Cartledge relinquished his option to purchase 100,000 shares of Common Stock from the Company which had been awarded to him by his one-year agreement. Mr. Cartledge resigned as Chairman of the Board on October 24, 1997, but continues to serve as a Director of the Company.

Directors who are also employees of the Company are not compensated for service as Directors or as members of any Committee of the Board of Directors. Non-employee Directors are paid $1,000 for

each Board meeting attended and $750 for each Committee meeting attended except for meetings of the Committee of Outside Directors. Directors may elect to defer meeting fees pursuant to the Deferred Compensation Plan for Directors of Savannah Foods & Industries, Inc. (the "Plan"). The terms of the Plan provide that the Directors earn interest on their deferred balances equal to the prime rate in effect on each January 1. During fiscal 1997, the Company expensed $183,000 in meeting fees and $211,000 in interest related to the Plan.

The Company's Non-Employee Directors' Compensation Plan (the "Plan") pays a retainer to non-employee Directors in Share Units (a Share Unit is the equivalent of one share of Company Common Stock). Under the Plan, each Director was granted 10,010 Share Units which vest over the 5 1/2 year Plan term (from July 1, 1996 to December 31, 2001) at the rate of 455 Share Units per quarter, as long as the Director remains on the Board of Directors. In the event of a change in control of the Company, as defined in the Plan, all Directors serving on June 1, 1996 immediately vest in all remaining Share Units. Unvested Share Units are forfeited to the Company. Upon vesting, the Director is paid, in cash, the value of such Share Units, based upon the fair market value of the Company's Common Stock at the time of vesting. The fair market value is defined as the closing price of a share of the Company's Common Stock. The Plan permits a Director to defer all or a portion of his or her vested Share Units until after termination of the Director's service on the Board, in which case the Share Units are valued at the highest closing price of a share during the twelve months preceding the Director's termination of service. Dividend equivalents are reinvested in additional Share Units. During fiscal 1997, the Company expensed $385,000 related to this Plan.

Effective June 30, 1996, the existing deferred compensation agreements with all active non-employee Directors were modified to reduce the guaranteed interest rate to the prime rate. The effect of this modification is estimated to have reduced the present value, as of June 30, 1996, of the payments which ultimately will be paid to these Directors under the related deferred compensation agreements by $2,600,000. As consideration for this reduction, the Company established the Supplemental Share Unit Plan (the "Plan"). The Plan granted 111,619 Share Units (a Share Unit is the equivalent of one share of Company Common Stock) to these Directors at an $11.00 per Share Unit price. At the $11.00 per Share Unit price, these Share Units had a value of $1,228,000 compared to the $2,600,000 reduced value of the deferred compensation agreements. The value of each Share Unit fluctuates based on the highest daily closing price of the Company's Common Stock during the preceding twelve-month period. Dividend equivalents are reinvested in additional Share Units. At retirement from the Board of Directors, each non-employee Director will receive, in cash, the value of the Share Units in his deferral account. During fiscal 1997, the Company expensed $586,000 related to this Plan.

Under the terms of the Non-Employee Directors' Compensation Plan (the "Plan"), upon the successful completion of Imperial Holly's tender offer for 50.1% of the Company's outstanding Common Stock (the "Tender Offer"), each of the 10,020 Share Units to which each of the non-employee Directors are

entitled became fully vested (other than James M. Reed who holds 2,285 fully vested Share Units). Seven of the ten participant Directors have elected to receive a payout of the value of their Share Units upon consummation of the Merger. Lee B. Durham, Jr.'s existing election under the Plan provided for him to receive payment upon the termination of his service on the Company's Board of Directors, which occurred on October 24, 1997. Robert L. Harrison has elected to retain his original deferral election, which will result in his receiving payout of his benefits quarterly over a fifteen-year period beginning the January 1 after his 66th birthday. John D. Carswell has elected to retain his original deferral election, which will result in his receiving payout of his benefits quarterly over a ten-year period beginning the quarter following the date of his departure from the Company's Board of Directors. In each case, the value of a Share Unit will be based on the $20.25 per share offer price (the "Offer Price"), with deferred payouts accruing interest at the prime rate in effect on the first business day of each year until payment in full. The value of the Share Units outstanding under the Non-Employee Directors' Compensation Plan (net of any interest accruing after completion of the Tender Offer), based on the Offer Price, is $1,872,447 ($46,274 for Mr. Reed and $202,908 for each of the other nine participant Directors).

Six of the eight Directors participating in the Supplemental Share Unit Plan (the "Plan") (Messrs. Cartledge and Reed were not eligible to participate) have elected to receive, upon consummation of the Merger, a lump sum payment of the value of their Share Units granted under the Plan. Mr. Durham's existing election under the Plan provided for him to receive payment upon the termination of his service on the Company's Board of Directors, which occurred on October 24, 1997. Mr. Harrison has elected to retain his original deferral election, which will result in his receiving payout of his benefits quarterly over a fifteen-year period beginning on January 1 after his 66th birthday. In each case, the value of a Share Unit will be based on the Offer Price, with deferred payouts accruing interest at the prime rate in effect on the first business day of each year until payment in full. The aggregate value of the Share Units outstanding under the Supplemental Share Unit Plan (net of any interest accruing after completion of the Tender Offer), based on the Offer Price, is $2,282,397, as follows: W. Waldo Bradley, $495,081; John D. Carswell, $401,369; Dale C. Critz, $73,428; Lee B. Durham, Jr., $380,471; Arthur M. Gignilliat, Jr., $194,683; Robert L. Harrison, $158,122; Hugh M. Tarbutton, $504,303; and Arnold Tenenbaum, $74,941.

Pursuant to the provisions of the Deferred Compensation Plan for Directors (the "Plan"), six of the eight Directors participating in the Plan (Messrs. Cartledge and Reed elected not to participate) have elected to receive, upon consummation of the Merger, a lump sum payment of the value of their deferral accounts under the Plan aggregating $2,135,824. Mr. Durham's existing election under the Plan provided for him to receive payment upon the termination of his service on the Company's Board of Directors, which occurred on October 24, 1997. Mr. Harrison has elected to retain his original deferral election, which will result in his receiving payout of his benefits quarterly over a fifteen-year period beginning the January 1 after his

66th birthday. Deferred payouts will accrue interest at the prime rate in effect on the first business day of each year until payment in full. The aggregate value of the deferral accounts under the Plan (net of any interest accruing after completion of the Tender Offer) is $2,818,289 (of which amount $2,605,755 will be paid upon consummation of the Merger); the amount owed to the current and former Directors of Savannah Foods is as follows: Mr. Bradley, $592,549; Mr. Carswell, $480,404; Mr. Critz, $107,985; Mr. Durham, $469,931; Mr. Gignilliat, $233,012; Mr. Harrison, $212,534; Mr. Tarbutton, $622,421; and Mr. Tenenbaum, $99,452.

Pursuant to the Merger Agreement with Imperial Holly, on October 24, 1997, seven Directors resigned and seven representatives of Imperial Holly were appointed to the Board of Directors. The new members of the Board are all employees of Imperial Holly and will not receive any remuneration for their service on the Company's Board.

Employment Contracts

The Company had entered into contracts with all Executive Officers to reduce the risk of their departure or distraction to the detriment of the

Company and its stockholders in the event of a "change in control" of the Company as defined in such contracts. If these Executive Officers are terminated after a change in control, as defined therein, the contract provides for a lump sum payment of 2.99 times average annual taxable compensation for the past five years. Imperial Holly's successful Tender Offer constitutes a change in control under the provisions of these contracts.

Two of the Executive Officers of the Company, Gregory H. Smith and F. Sprague Exley, executed severance and non-compete agreements in fiscal 1997, which will become effective on or before December 31, 1997. The Company ascribed $150,000 of the total amount payable to each of these individuals as non-compete payments under the terms of each agreement. The balance of the amounts payable to these individuals is less than the 2.99 times average annual taxable compensation for the past five years as prescribed in the contracts they relinquished when they executed their severance and non-compete agreements.

In the event that the other three Executive Officers listed in the Summary Compensation Table above are paid under the change in control provisions of their employment contracts, the aggregate amount payable to these individuals would be $1,928,000.

Compensation Committee Interlocks and Insider Participation

During fiscal 1997, Messrs. Arthur M. Gignilliat, Jr. (chairman) W. Waldo Bradley, R. Eugene Cartledge, Dale C. Critz, Robert L. Harrison, and James M. Reed served as members of the Compensation Committee. No member of this Committee is a former or current Executive Officer or employee of the Company or any of its subsidiaries. R. Eugene Cartledge, who resigned as a member of the Committee in December 1996, is the former Chairman of the Board of Directors of the Company. In honor of Mr. Cartledge, the Company made a $1,000,000 contribution to the Cartledge Foundation, a Private Charitable Foundation recognized as exempt from tax under IRC Section 501(c)3 and controlled by Mr. Cartledge. Robert L. Harrison is President of Stevens Shipping & Terminal Company in Savannah, Georgia. The Company conducts business with this firm related to port activities associated with the importation of raw sugar. In fiscal 1997, the Company purchased services from this firm in the amount of approximately $1,845,000. James M. Reed is Vice Chairman and Chief Financial Officer of Union Camp Corporation. The Company purchases packaging supplies from this firm. During fiscal 1997, the Company purchased goods from this firm in the amount of approximately $6,527,000.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Pursuant to the terms of the Merger Agreement, Imperial Holly's Tender Offer for 50.1% of the Company's outstanding Common Stock was successfully completed on October 16, 1997.

The following table sets forth, as of December 1, 1997, certain information with respect to the beneficial ownership of Common Stock of the Company by Directors, each Non-Director Executive Officer named in the Summary Compensation Table above, all Directors and Executive Officers of the Company as a group, and each holder known by the Company to be the beneficial owner of more than 5% of the Company's issued and outstanding Common Stock. Except as disclosed in the notes to the table, each person has sole voting and investment powers with respect to the whole number of shares shown as beneficially owned by him.

<TABLE>
<CAPTION>

Name	Amount and Nature of Beneficial Ownership	Percent of Class(1)
<S>	<C>	<C>
Archer-Daniels-Midland Company(2)	1,661,900 (3)	5.78%
Imperial Holly Corporation(4)	14,398,284 (5)	50.10%
W. Waldo Bradley	7,268	*

Peter C. Carrothers	2,200		*
R. Eugene Cartledge	12,059		*
Douglas W. Ehrenkranz	0		*
Roger W. Hill	14,398,324	(6)	50.10%
James C. Kempner	14,401,284	(6)	50.11%
Karen L. Mercer	0		*
John A. Richmond	0		*
William F. Schwer	0		*
William W. Sprague III	18,341	(7)	*
Hugh M. Tarbutton	92,409	(8)	*
Arnold Tenenbaum	722	(9)	*
F. Sprague Exley	33,211	(10)	*
James M. Kelley	14,022	(11)	*
David H. Roche	8,348	(12)	*
Gregory H. Smith	5,391		*
All Directors and Executive Officers as a group (17 individuals)	14,615,485	(13)	50.86%

</TABLE>

* Indicates less than 1.00%

(1) Amounts are calculated based upon 28,738,196 shares outstanding, which includes the 1,004,921 shares held in the Company's Benefit Trust.

(2) The business address of Archer-Daniels-Midland Company is:
4666 Faries Parkway
P. O. Box 1470
Decatur, Illinois 62525

(3) Information is based on Schedule 13D filed by Archer-Daniels-Midland Company, dated May 17, 1995 and amended on September 1, 1995, disclosing voting and investment power held by such person with respect to shares of Common Stock.

(4) The business address of Imperial Holly Corporation is:
One Imperial Square
Suite 200 8016 Highway 90-A
Sugar Land, Texas 77478

(5) Information is based on a Schedule 13D filed by Imperial Holly Corporation, dated October 17, 1997, disclosing voting and investment power held by such person with respect to shares of Common Stock. Includes 14,397,836 shares acquired by IHK Sub in the Tender Offer.

(6) Includes 14,398,284 shares beneficially owned by Imperial Holly, of which Mr. Kempner is the Chief Executive Officer and a director and Mr. Hill is a Managing Director and a director. Both Messrs. Kempner and Hill disclaim beneficial ownership of such shares.

(7) Includes 9,256 shares which Mr. Sprague may acquire at his discretion through the exercise of stock options. Includes 1,227 shares owned by his wife and 3,597 shares owned by his children, in which Mr. Sprague disclaims any beneficial ownership.

(8) Includes 11,012 shares held by Mr. Tarbutton's wife as custodian for their children, in which he disclaims any beneficial ownership.

(9) Includes 481 shares held by Mr. Tenenbaum's wife as custodian for their children, in which he disclaims any beneficial ownership.

(10) Includes 4,111 shares which Mr. Exley may acquire at his discretion through the exercise of stock options.

(11) Includes 5,274 shares which Mr. Kelley may acquire at his discretion through the exercise of stock options.

(12) Includes 5,274 shares which Mr. Roche may acquire at his discretion through the exercise of stock options.

(13) Includes 23,893 shares which the Executive Officers may acquire at their discretion through the exercise of stock options.

Item 13. Certain Relationships and Related Transactions

Archer-Daniels-Midland Company reported ownership of 5.78% of the outstanding Common Stock of the Company during fiscal 1997. During fiscal 1997, the Company purchased goods from this firm in the amount of approximately $172,000.

Messrs. R. Eugene Cartledge, Robert L. Harrison, and James M. Reed, Directors of the Company, had certain relationships and related transactions with the Company as disclosed in the Compensation of Directors and Compensation Committee Interlocks and Insider Participation sections of Item 11, Executive Compensation.

Imperial Holly Corporation reports ownership of 50.1% of the outstanding Common Stock of the Company. The Company purchases from and sells sugar to this firm. In fiscal 1997, the Company purchased/sold goods from/to this firm in the amount of approximately $7,816,000 and $1,276,000, respectively.

Arnold Tenenbaum, a Director of the Company, is President of Chatham Steel Corporation. The Company purchases steel products from this firm. During fiscal 1997, the Company purchased goods from this firm in the amount of approximately $74,000.

Wachovia Bank of North Carolina, N.A. is the trustee of the Company's Benefit Trust. An affiliate of Wachovia Bank of North Carolina, N.A. (Wachovia) serves as agent for a syndicate of banks for the Company's $120,000,000 credit facility dated April 1, 1996, of which Wachovia has committed $37,500,000. No amounts were outstanding under this facility at September 28, 1997. The Company also has several standby letters of credit with Wachovia supporting various commercial and debt transactions totaling $9,660,000 at September 28, 1997. For fiscal 1997, the Company paid Wachovia $393,000 in interest and $116,000 in fees related these credit instruments. In the opinion of management, the terms of such arrangements are fair and reasonable and as favorable to the Company as could have been obtained from a wholly unrelated party.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)(1) and (2): See index of Financial Statements, Item 8(a) and 8(b), page 14.

(a)(3) Exhibits:

Page No.	Exhibit Number	Description
	2-1	Agreement and Plan of Merger Among Imperial Holly Corporation, IHK Merger Sub Corporation and Savannah Foods & Industries, Inc. is hereby incorporated by reference to Commission File No. 1-11420 filed on Form 8-K dated September 12, 1997 as Exhibit 99.8.
	3-1	Articles of Incorporation, as amended, is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended January 3, 1993 as Exhibit 3-1.
	3-2	By-Laws, as amended, are hereby incorporated by reference to Commission File No. 1-11420 on Form 10-Q for the quarter ended March 30, 1997 as Exhibit 3-2.
	4-1	Credit Agreement, dated as of April 1, 1996, among Savannah Foods & Industries, Inc., as the borrower, the banks listed therein, and Wachovia Bank of Georgia, N.A., as agent is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-Q for the quarter ended March 31, 1996 as Exhibit 4-1.
62	4-2**	Consent and Waiver Under and First Amendment to Credit Agreement.

68	4-3**		Second Consent and Waiver Under Credit Agreement.
	4-4		In reliance upon Item 601(b) (4) (iii) of Regulation S-K, various instruments defining the rights of holders of long-term debt of Registrant are not being filed herewith because the total of securities authorized under each such instrument does not exceed 10% of the total assets of Registrant. Registrant hereby agrees to furnish a copy of any such instrument to the Commission upon request.
	10-1*		Short-term Incentive Compensation Program is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-Q for the quarter ended December 29, 1996 as Exhibit 10-1.

	10-2*		Supplemental Executive Retirement Plan, as amended and restated, is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended January 3, 1993 as Exhibit 10-2.
	10-3*		Amendment No. 1 to the Supplemental Executive Retirement Plan is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended January 3, 1993 as Exhibit 10-3.
	10-4*		Amendment No. 2 to the Supplemental Executive Retirement Plan is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended September 29, 1996 as Exhibit 10-4.
72	10-5*	**	Amendment No. 2a to the Supplemental Executive Retirement Plan.
	10-6*		Amendment No. 3 to the Supplemental Executive Retirement Plan is hereby incorporated by reference to Commission File No. 1-11420 to Schedule 14D-9, filed with the Commission on September 18, 1997 as Exhibit (c)(5).
	10-7*		Amendment No. 4 to the Supplemental Executive Retirement Plan is hereby incorporated by reference to Commission File No. 1-11420 to Schedule 14D-9, filed with the Commission on September 18, 1997 as Exhibit (c)(6).
	10-8*		Deferred Compensation Plan for Key Employees, as amended and restated, is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended January 3, 1993 as Exhibit 10-4.
	10-9*		Amendment No. 1 to the Deferred Compensation Plan for Key Employees is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended January 3, 1993 as Exhibit 10-5.
	10-10*		Amendment No. 2 to the Deferred Compensation Plan for Key Employees is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended October 2, 1994 as Exhibit 10-6.
	10-11*		Amendment No. 3 to the Deferred Compensation Plan For Key Employees is hereby incorporated by reference to Commission File No. 1-11420 to Schedule 14D-9, filed with the Commission on September 18, 1997 as Exhibit (c)(7).

	10-12*		Amendment No. 4 to the Deferred Compensation Plan For Key Employees is hereby incorporated by reference to

		Commission File No. 1-11420 to Schedule 14D-9, filed with the Commission on September 18, 1997 as Exhibit (c)(8).
	10-13*	Amendment No. 5 to the Deferred Compensation Plan For Key Employees is hereby incorporated by reference to Commission File No. 1-11420 to Schedule 14D-9, filed with the Commission on September 18, 1997 as Exhibit (c)(9).
	10-14*	Deferred Compensation Plan for Directors of Savannah Foods & Industries, Inc. as amended and restated is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended September 29, 1996 as Exhibit 10-8.
	10-15*	Savannah Foods & Industries, Inc. Non-Employee Directors' Compensation Plan is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended September 29, 1996 as Exhibit 10-9.
	10-16*	Savannah Foods & Industries, Inc. Non-Employee Directors' Supplemental Share Unit Plan is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-K for the year ended September 29, 1996 as Exhibit 10-10.
	10-17*	Employment Agreements with all other Executive Officers of the Company are incorporated by reference to Commission File No. 1-11420 filed on Form 10-K for the year ended January 1, 1989 as Exhibit 10-10.
	10-18*	Employment Agreement - W. W. Sprague, III is incorporated by reference to Commission File No. 1-11420 filed on Form 10-K for the year ended December 29, 1991 as Exhibit 10-10.
	10-19*	Employment Agreement - David H. Roche is incorporated by reference to Commission File No. 1-11420 filed on Form 10-K for the year ended October 1, 1995 as Exhibit 10-9.
	10-20*	1996 Equity Incentive Plan is hereby incorporated by reference to Commission File No. 1-11420 on Form 10-Q for the quarter ended March 30, 1997 as Exhibit 10-1.

	16-1	Letters re: change in certifying accountant are incorporated by reference to Commission File No. 1-11420 filed on Form 8-K dated October 17, 1996 as Exhibit 16-1 and by reference to Commission File No. 1-11420 filed on Form 8-K dated November 18, 1996 as Exhibit 16-1.
75	21-1**	Subsidiaries of Registrant
76	23-1**	Consents of Independent Accountants
78	27-1**	Financial Data Schedules (for SEC use only)

* Indicates exhibits which are management contracts or compensatory agreements.

** Previously filed.

(b) Reports on Form 8-K:

On July 14, 1997, the Company filed a Form 8-K announcing that it had entered into an Agreement and Plan of Merger with a wholly owned subsidiary of Flo-Sun, Incorporated.

On July 18, 1997, the Company filed a Form 8-K announcing that three purported class action lawsuits were filed by purported stockholders of the Company in connection with the Company's proposed merger with Flo-Sun, Incorporated.

On September 12, 1997, the Company filed a Form 8-K announcing that it had entered into an Agreement and Plan of Merger with Imperial Holly Corporation and had terminated the Agreement and Plan of Merger with Flo-Sun, Incorporated.

On October 17, 1997, the Company filed a Form 8-K announcing a change in control of the Company. In accordance with the Agreement and Plan of Merger with Imperial Holly Corporation, Imperial Holly acquired 50.1% of the outstanding shares of the Company's Common Stock.

(c) See (a) (3) Exhibits above.

(d) Not applicable.

UNDERTAKINGS

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned Registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into Registrant's Registration Statement on Form S-8 Number 2-94678, Employee Retirement Savings Account Plan (filed December 22, 1984 as amended on October 18, 1994).

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to Directors, Officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a Director, Officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such Director, Officer or controlling persons in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SAVANNAH FOODS & INDUSTRIES, INC.

Dated: December 12, 1997 By:/S/ William W. Sprague III

William W. Sprague III
President and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons on behalf of Registrant in the capacities and on the dates indicated:

/S/William W. Sprague III ------------------------- William W. Sprague III	President and Chief Executive Officer and Director	December 12, 1997
/S/Gregory H. Smith ------------------- Gregory H. Smith	Senior Vice President Chief Financial Officer and Treasurer (PRINCIPAL FINANCIAL AND PRINCIPAL ACCOUNTING OFFICER)	December 12, 1997
/S/W. Waldo Bradley ------------------ W. Waldo Bradley	Director	December 12, 1997
/S/Peter C. Carrothers ---------------------- Peter C. Carrothers	Director	December 12, 1997
/S/R. Eugene Cartledge ---------------------- R. Eugene Cartledge	Director	December 12, 1997
/S/Douglas W. Ehrenkranz ------------------------ Douglas W. Ehrenkranz	Director	December 12, 1997
/S/Roger W. Hill --------------- Roger W. Hill	Director	December 12, 1997
/S/James C. Kempner ------------------- James C. Kempner	Director	December 12, 1997
/S/Karen L. Mercer ------------------ Karen L. Mercer	Director	December 12, 1997
/S/John A. Richmond ------------------- John A. Richmond	Director	December 12, 1997
/S/William F. Schwer -------------------- William F. Schwer	Director	December 12, 1997
/S/Hugh M. Tarbutton -------------------- Hugh M. Tarbutton	Director	December 12, 1997
/S/Arnold Tenenbaum ------------------- Arnold Tenenbaum	Director	December 12, 1997