FORM 10-K/A

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

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FILER

CURTICE BURNS FOODS INC

CIK:**26285**| IRS No.: **160845824** | State of Incorp.:**NY** | Fiscal Year End: **0626**
Type: **10-K/A** | Act: **34** | File No.: **001-07605** | Film No.: **97740323**
SIC: **2030** Canned, frozen & preservd fruit, veg & food specialties

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ROCHESTER NY 14603
7163831850

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-K/A-1

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934 (Fee Required)

For the Fiscal Year Ended June 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

Registration Statement (Form S-4) Number 33-56517

AGRILINK FOODS, INC.

(Exact name of registrant as specified in its charter)

New York	16-0845824
(State of incorporation)	(IRS Employer Identification Number)

90 Linden Place, PO Box 681 Rochester, NY 14603
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (716) 383-1850
Securities Registered Pursuant to Section 12(b) of the Act: NONE
Securities Registered Pursuant to Section 12(g) of the Act: NONE

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 (or for such shorter period that the registrant was required to file such reports), 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 definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Aggregate market value of voting stock held by non-affiliates of the registrant:
NONE
Number of common shares outstanding at August 8, 1997:
Common Stock: 10,000

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AGRILINK FOODS, INC.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

On September 18, 1997, Curtice-Burns Foods, Inc. changed its name to Agrilink Foods, Inc. The three recently consolidated business units of Agrilink, Comstock Michigan Fruit, Southern Frozen Foods, and Brooks Foods, are now called Curtice Burns Foods ("CBF").

Agrilink Foods, Inc. (the "Company" or "Agrilink") is a producer and marketer of processed food products, including canned and frozen fruits and vegetables, canned desserts and condiments, fruit fillings and toppings, canned chilies and stews, salad dressings, pickles, peanut butter and snack foods.

On November 3, 1994, Pro-Fac Cooperative, Inc. ("Pro-Fac") acquired Agrilink (the "Acquisition"), and Agrilink became a wholly-owned subsidiary of Pro-Fac. Pro-Fac is an agricultural cooperative corporation formed in 1960 under New York law to process and market crops grown by its members. The purchase price and fees and expenses related to the Acquisition were financed with borrowings under a new credit agreement (the "New Credit Agreement") with CoBank ACB (the "Bank"), and the proceeds of the Company's 12.25 percent Senior Subordinated Notes due 2005 (the "Notes"). Pro-Fac has guaranteed the obligations of the Company under the New Credit Agreement and the Notes. As a result of the indebtedness incurred in connection with the Acquisition, Agrilink has higher interest expenses than prior to the Acquisition.

Upon consummation of the Acquisition, Pro-Fac and Agrilink entered into the Pro-Fac Marketing and Facilitation Agreement (the "Pro-Fac Marketing Agreement"). The New Credit Agreement and the Notes restrict the ability of Pro-Fac to amend the Pro-Fac Marketing and Facilitation Agreement. The New

Credit Agreement and the Notes also restrict the amount of dividends and other payments that may be made by the Company to Pro-Fac.

The Pro-Fac Marketing Agreement provides for Pro-Fac to supply crops and additional financing to Agrilink, for Agrilink to provide a market and management services to Pro-Fac, and for Pro-Fac to share in the profits and losses of Agrilink. Pro-Fac is required to reinvest at least 70 percent of the additional patronage income from Agrilink back into Agrilink. To preserve the independence of Agrilink, the Pro-Fac Marketing Agreement also requires that certain of the directors of Agrilink be individuals who are not employees or shareholders of, or otherwise affiliated with, Pro-Fac or the Company ("Disinterested Directors") and requires that certain decisions, including the volume of and the amount to be paid for crops received from Pro-Fac, be approved by the Disinterested Directors. See further discussion of the relationship with Pro-Fac in NOTE 2 to the "Notes to Consolidated Financial Statements."

In January of 1995, the Boards of Directors of Agrilink and Pro-Fac approved appropriate amendments to the Bylaws of Agrilink Foods, Inc. to allow the Company to qualify as a cooperative under Subchapter T of the Internal Revenue Code. A private letter ruling agreeing to this change was received from the Internal Revenue Service in August 1995. The effective date of the change was June 25, 1995. As a cooperative, patronage income is deductible to the extent distributed to its members. Accordingly, taxation on patronage income is only imposed at the patron level.

Under the Pro-Fac Marketing Agreement, Agrilink manages the business and affairs of Pro-Fac and provides all personnel and administrative support required. Pro-Fac pays Agrilink a quarterly fee of $25,000 for these services. See "Certain Transactions."

NARRATIVE DESCRIPTION OF BUSINESS

The Company sells products in three principal categories: (i) "branded" products, which are sold under various Company trademarks, (ii) "private label" products, which are sold to grocers who in turn use their own brand names on the products and (iii) "foodservice" products, which are sold to foodservice institutions such as restaurants, caterers, bakeries, and schools. In fiscal 1997, approximately 52 percent of the Company's net sales were branded and the remainder divided between private label and foodservice. The Company's branded products are listed under the "Trademarks" section of this report. The Company's private label products include salad dressings, salsa, fruit fillings and toppings, canned puddings, canned and frozen vegetables, Southern frozen vegetable specialty products, and frozen and breaded products which are sold to customers such as A&P, Brunos, Kroger, Piggly Wiggly, Safeway, SuperValu, Topco, Wegmans and Winn-Dixie. The Company's foodservice products include salad dressings, pickles, fruit fillings and toppings, canned and frozen vegetables, frozen Southern specialties, frozen breaded and battered products, canned puddings, cheese sauces and canned and frozen fruit, which are sold to customers such as Carvel, Church's, Disney, Foodservice of America, KFC, MBM, McDonald's, PYA, and Sysco.

Curtice Burns Foods ("CBF"): On September 18, 1997, the Comstock Michigan Fruit, Southern Frozen Foods, and Brooks Foods

business units were consolidated and are now called Curtice Burns Foods, headquartered in Rochester, New York. The consolidated entity represents the largest business unit of Agrilink. This business unit produces products in several food categories, including fruit fillings and toppings; aseptically-produced products; canned and frozen fruits and vegetables and popcorn. Well-known brand names include "Chill Ripe," "Comstock," "Greenwood," "Just for Chili," "McKenzie's," "McKenzie's Gold King," "Pops-Rite," "Rich and Tangy," "Silver Floss," "Super Pop," "Southern Farms," "Thank You," "Tropic Isle," and "Wilderness." In fiscal 1997, approximately 36 percent of net sales for these businesses represented branded products, approximately 25 percent represented private label products and approximately 39 percent represented foodservice/industrial products.

This business unit is a major supplier of branded and private label fruit fillings to retailers and to foodservice institutions such as restaurants, caterers, bakeries and schools. On July 21, 1995, the Company acquired Packer Foods, Inc., and merged this pie filling operation into its existing business. (See further discussion in NOTE 3 of "Notes to Consolidated Financial Statements.")

Aseptic operations produce puddings and cheese sauces for sale. The aseptic production process involves preparation of the product in a sterile environment beginning with batch formulation and continuing through packaging. As a result, once packaged, the product requires no further cooking. The Company believes its aseptic production is a state-of-the-art facility.

This business unit processes fruits and vegetables under Company brands and private labels. Additional products include value-added items such as canned specialty fruits and frozen vegetable blends. Success in the fruit and vegetable processing business is driven, among other things, by an ability to control costs. This objective is managed through capital investments and the modernization of processing equipment, modifications to product mix, and refinement to advertising strategies. In fiscal 1997, $9.6 million was invested in capital improvements.

This Agrilink' business unit is also one of the nation's leading suppliers in the production and sale of frozen, Southern-specialty products such as black-eyed peas, okra, Southern squash, and Southern specialty side dishes that include summer squash casserole, Southern-style creamed corn, and Southern-style black-eyed peas in a savory sauce.

Canned beans and tomato products are sold in several Midwestern states under the Brooks label. The category includes value-added items such as Chili Hot Beans and stewed tomatoes.

Subsequent to fiscal 1997, the Company and Flanagan Brothers, Inc. of Bear Creek, Wisconsin, contributed all of their assets involved in sauerkraut production into one new entity. This new entity, Great Lakes Kraut Company, will operate as a New York limited liability company, with ownership split between the two parties. This joint venture includes the Silver Floss brand, the No. 1 selling sauerkraut brand in the US, and Krrrrisp Kraut, the No. 1 selling refrigerated poly-bag brand in the country.

During fiscal 1997, Agrilink sold its private label canned vegetable operation to Seneca Foods, along with its Blue Boy brand. Included in this sale were the Leicester, New York manufacturing facility and LeRoy, New York distribution warehouse. The disposal did not include the Greenwood and Silver Floss labels, or sauerkraut, glass beets, or frozen vegetable businesses. This transaction also included an agreement requiring Agrilink to handle all vegetable sourcing for Seneca Foods at its New York plants.

On June 27, 1997, URS Logistics, Inc. ("URS") acquired the Company's frozen foods distribution center in Montezuma, Georgia. In addition, the two companies entered into a long-term logistics agreement under which URS will manage this facility and all frozen food transportation operations of Agrilink in Georgia and New York.

Nalley Fine Foods: Nalley is headquartered in Tacoma, Washington. It markets canned meat products such as chilies and stews, pickles, salad dressings, peanut butter and syrup, which are sold throughout the Northwest and Western United States and Western Canada. Approximately three-quarters of Nalley products are branded; however, private label accounts for a growing percentage of Nalley business.

The Nalley products have been a vehicle for both geographic expansion and line extension. Several of Nalley's products have leading market shares in the Pacific Northwest, such as chili and "Nalley" and "Farman's" pickles. In the Pacific Northwest, the Company's "Nalley" and "Bernstein's" brands of salad dressings have a combined market share of approximately 20 percent.

In line with the growing trend toward private label, Nalley has been aggressively pursuing this growing business segment. Specifically, Nalley is executing its store label strategy on specialty products, such as chili and salsa, salad dressings and canned soups. The private label customer base continues to expand on a national basis and includes Winn-Dixie in the

Southeast, Wegmans in Upstate New York,Topco in the Midwest, and Ralph's, Safeway, QFC, Albertsons and Western Family on the West Coast. Specialty businesses, such as International, continue to grow in both branded and private label products.

In April 1997, the Company acquired certain businesses from Nalley Canada Ltd., a privately held, independent snack food company and former subsidiary of Agrilink. The acquired Canadian operations include a $12 million consumer products business that includes Nalley's chili and snack dips; Adams Natural Peanut Butter; Bernstein's Salad Dressings; LaRestaurante Salsa and other niche dressing and sauce products marketed throughout the western Provinces of Canada.

Snack Foods Group: During fiscal 1997, two of the Agrilink' snack businesses, Snyder of Berlin and Husman Snack Foods, were united under one management group. The two entities combined resources to obtain the most cost efficient operations. Tim's Cascade Potato Chips represents the Company's other snack food operation. A brief description of each follows:

Snyder of Berlin: Snyder of Berlin, located in Berlin, Pennsylvania, produces and markets several varieties of potato chips in distinctive silver-colored bags, as well as several varieties of corn-based snack products in conventional packaging, primarily under the "Snyder of Berlin" brand. Snyder products are recognized for their unique taste and freshness among users in Mid-Atlantic states, which are some of the country's highest per capita snack consumption markets.

Husman Snack Foods: Husman Snack Foods, located in Cincinnati, Ohio, manufactures and markets potato chips, popcorn, and cheese curls and distributes other snack items in Cincinnati and Dayton, Ohio and areas of Northern Kentucky. Husman creates a unique product niche by customizing its product development and promotions to local tastes. Multi-packs and licensing agreements with local restaurants are two ways Husman creates its value-added proposition.

Tim's Cascade Potato Chips: Tim's Cascade Potato Chips, located in Auburn, Washington, produces kettle-fried potato chips, popcorn, cheese curls, and snack mix in the Washington, Northern Idaho, Oregon, and Montana area. Kettle frying produces a potato chip that is thicker and crisper than other potato chips.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The business of the Company is principally conducted in one industry segment, the processing and sale of various food products. The financial statements for the fiscal years ended June 28, 1997 and June 29, 1996, which are included in this report, reflect the information relating to that segment for each of the Company's last three fiscal years. The fiscal 1995 amounts, which are also included in this report, are the total of Predecessor and Successor entities.

PACKAGING AND DISTRIBUTION

The food products produced by the Company are distributed to various consumer markets in all 50 states as well as in Canada. Branded lines of the CBF business unit are sold through food brokers which sell primarily to supermarket chains and various institutional feeders. Nalley has its own sales personnel responsible for sales within the Pacific Northwest and uses food brokers for sales in other marketing areas. Snyder's, Tim's and Husman products are marketed through distributors (some of which are owned and operated by the Company) who sell directly to retail outlets in the Midwest, Mid-Atlantic and Pacific Northwest.

Customer brand operations encompass the sale of products under private labels to chain stores and under the controlled labels of buying groups. The Company has developed central storage and distribution facilities that permit multi-item single shipment to customers in key marketing areas.

Curtice Burns Express ("CBX"), a subsidiary of the Company, is a licensed common carrier with authority in 48 states. It is used by the Company to obtain backhaul volume on shipments via the Company's trucks or contract haulers. The other divisions of the Company lease their equipment to CBX for these backhauls.

TRADEMARKS

The major brand names under which the Company markets its products are trademarks of the Company. Such brand names are considered to be of material importance to the business of the Company since they have the effect of developing brand identification and maintaining consumer loyalty. All of the Company's trademarks are of perpetual duration so long as periodically renewed, and it is currently intended that the Company will maintain them in force. The major brand names utilized by the Company are:

<TABLE>

Product	Brand Name
Chilies, stews and soups	Brooks, Mariners Cove, Nalley, Riviera
Fruits and vegetables	Brooks, Chill-Ripe, Gold King, Gracias, Greenwood, Hoosier Sweets, Just for Chili, McKenzie's, McKenzie's Gold King, Naturally Good, Ritter, Southern Farms, Southland, Thank You, Tropic Isle
Fruit fillings and toppings	Comstock, Globe, Gracias, Thank You, Wilderness
Peanut butter	Adams
Pickles	Farman's, Nalley
Popcorn	Pops-Rite, Super Pop
Puddings	Gracias, Thank You

Salad dressings	Bernstein's, Bernstein's Light Fantastic, Nalley
Sauerkraut	Silver Floss, Farman's
Snack food	Cheese Pleezers, Husman, La Restaurante, Snyder of Berlin, Thunder Crunch, Tim's Cascade Chips, Naturally Good, Matthews
Syrup	Lumberjack

</TABLE>

RAW MATERIAL SOURCES

In fiscal 1997, the Company acquired approximately 71 percent of its raw agricultural products from Pro-Fac. The Company also purchased on the open market some crops of the same type and quality as those purchased from Pro-Fac. Such open market purchases may occur at prices higher or lower than those paid to Pro-Fac for similar products. See further discussion of the relationship with Pro-Fac in NOTE 2 to the "Notes to Consolidated Financial Statements."

The vegetable and fruit portions of the business can be positively or negatively affected by weather conditions nationally and the resulting impact on crop yields. Favorable weather conditions can produce high crop yields and an oversupply situation. This results in depressed selling prices and reduced profitability on the inventory produced from that year's crops. Excessive rain or drought conditions can produce low crop yields and a shortage situation. This typically results in higher selling prices and increased profitability. While the national supply situation controls the pricing, the supply can differ regionally because of variations in weather.

The Company purchases all of its requirements for nonagricultural products, including containers, in the open market. Although the Company has not experienced any difficulty in obtaining adequate supplies of such items, occasional periods of short supply of certain raw materials may occur.

ENVIRONMENTAL MATTERS

The disposal of solid and liquid waste material resulting from the preparation and processing of foods and the emission of wastes and odors inherent in the heating of foods during preparation are subject to various federal, state, and local environmental laws and regulations. Such laws and regulations have had an important effect on the food processing industry as a whole, requiring substantially all firms in the industry to incur material expenditures for modification of existing processing facilities and for construction of new waste treatment facilities. The Company is also subject to standards imposed by regulatory agencies pertaining to the occupational health and safety of its employees. Management believes that continued measures to comply with such laws and regulations will not have a material adverse effect upon its competitive position.

Among the various programs for the protection of the environment which have been adopted to date, the most important for the operations of the Company are the waste water discharge permit programs administered by the environmental protection agencies in those states in which the Company does business and by the federal Environmental Protection Agency. Under these programs, permits are required for processing facilities which discharge certain wastes into streams and other bodies of water, and the Company is required to meet certain discharge standards in accordance with compliance schedules established by such agencies. The Company has to date received permits for all facilities for which permits are required, and each year submits applications for renewal permits for some of the facilities.

While the Company cannot predict with certainty the effect of any proposed or future environmental legislation or regulations on its processing operations, management of the Company believes that the waste disposal systems which are now in operation or which are being constructed or designed are sufficient to comply with all currently applicable laws and regulations.

The Company is cooperating with environmental authorities in remedying various leaks and spills at several of its plants. Such actions are being conducted pursuant to procedures approved by the appropriate environmental authorities at a cost that is not material.

Expenditures related to environmental programs and facilities have not had, and are not expected to have, a material effect on the earnings of the Company. In fiscal 1997, total capital expenditures of Pro-Fac and the Company were $13.7 million of which approximately $2.0 million was devoted to the construction of environmental facilities. The Company estimates that the capital expenditures for environmental control facilities, principally waste water treatment facilities, will be approximately $0.8 million for the 1998 fiscal year. However, there can be no assurance that expenditures will not be higher.

SEASONALITY OF BUSINESS

From the point of view of sales, the business of the Company is not highly seasonal, since the demand for its products is fairly constant throughout the year. Exceptions to this general rule include some products that have higher sales volume in the cool weather months (such as canned fruits and vegetables, chili, and fruit fillings and toppings), and others that have higher sales volume in the warm weather months (such as potato chips and condiments). Since many of the raw materials processed by the Company are agricultural crops, production of these products is predominantly seasonal, occurring during and immediately following the harvest seasons of such crops.

PRACTICES CONCERNING WORKING CAPITAL

The Company must maintain substantial inventories throughout the year of those finished products produced from seasonal raw materials. These inventories are generally financed through seasonal borrowings.

A short-term line of credit is extended to the Company under agreements with CoBank, ACB. This line of credit is used primarily for seasonal borrowing, the amount of which fluctuates during the year. The line of credit is subject to annual renewal.

Both the maintenance of substantial inventories and the practice of seasonal borrowing are common to the food processing industry.

SIGNIFICANT CUSTOMERS

The Company's one principal industry segment is not dependent upon the business of a single customer or a few customers. The Company does not have any customers to which sales are made in an amount which equals 10 percent or more of the Company's net sales. The loss of even its biggest customer would not have a materially adverse effect on the Company.

BACKLOG OF ORDERS

Backlog of orders has not historically been significant in the business of the Company. Orders are filled shortly after receipt from inventories of packaged and processed foods.

BUSINESS SUBJECT TO GOVERNMENTAL CONTRACTS

No material portion of the business of the Company is subject to renegotiation of contracts with, or termination by, any governmental agency.

COMPETITIVE CONDITIONS

All products of the Company, particularly branded products, compete with those of national and major regional food processors under highly competitive conditions. Many of the national manufacturers have substantially greater resources than the Company. The principal methods of competition in the food industry are ready availability of a broad line of products, product quality, price, and advertising and sales promotion.

In recent years, and particularly when various food items are in short supply, the constant availability of a full line of food items and the ability to deliver the required items rapidly and economically have been among the most important competitive factors in the markets in which the Company operates. The Company believes that it is competitive with national brands in this area since distribution of many of

its regional brands and custom-pack food items are limited to areas which can easily be served from its production and distribution facilities. In this way, the problems inherent in attempting to supply markets remote from its principal areas of operation are minimized, and the marketing area is commensurate with the production and storage facilities.

Quality of product and uniformity of quality are also important methods of competition. The Company's relationship with Pro-Fac gives the Company local sources of supply, thus allowing the Company to exercise control over the quality and uniformity of much of the raw product which it purchases. The members of Pro-Fac generally operate relatively large production units with emphasis on mechanized growing and harvesting techniques. This factor is also an advantage in producing uniform, high-quality food products.

The Company's pricing is generally competitive with that of other food processors for products of comparable quality. The branded products of the Company are marketed under regional brands and its marketing programs are focused on local tastes and preferences as a means of developing consumer brand loyalty. The Company's advertising program utilizes local media, national magazines, and in-store promotions.

Although the relative importance of the above factors may vary between particular products or customers, the above description is generally applicable to all of the products of the Company in the various markets in which they are distributed.

Profit margins for canned and frozen fruits and vegetables are subject to industry supply and demand fluctuations, attributable to changes in growing conditions, acreage planted, inventory carryover, and other factors. The Company has endeavored to protect against changing growing conditions through geographical expansion of its sources of supply. The Company has emphasized the merchandising of its own brands and expanded service and product development for its high volume private label and foodservice customers. The percentage of sales under brand names owned and promoted by the Company (including franchise brands) amount to approximately 52 percent; sales to the foodservice industry (restaurants and institutional customers) represent approximately 24 percent; private label sales currently represent approximately 20 percent; and sales to other manufacturers are approximately 4 percent of total sales.

An estimate of the number of competitors in the markets served by the Company is very difficult. Nearly all products sold by the Company compete with the nationally advertised brands of the leading food processors, including Borden, DelMonte, Green Giant, Heinz, Frito-Lay, Kraft, Vlasic, Birdseye, and similar major brands, as well as with the branded and private label products of a number of regional processors, many of which operate only in portions of the marketing area served by the Company. While the major brands are dominant in branded products on a national level, the Company believes that it is a significant factor in many of the marketing areas served by one or more of its regional brands.

NEW PRODUCTS AND RESEARCH AND DEVELOPMENT

The amount expensed during the last three fiscal years on Company-sponsored and customer-sponsored research activities relating to the development of new products or the improvement of existing products was not material, and the number of employees engaged full-time in such research activities is also not material. While the Company operates test kitchens and pilot plants for the development of new products, the emphasis generally has been on the development of related products or modifications of existing products for the Company's brands and customized products for the Company's private label and foodservice businesses. No new products which require the investment of a material amount of assets have been publicly announced.

EMPLOYEES

As of June 28, 1997, the Company had 3,363 full-time employees, of whom 2,599 were engaged in production and the balance in management, sales and administration. As of that date, the Company also employed approximately 321 seasonal and other part-time employees, almost all of whom were engaged in production. Most of the production employees are members of various labor unions.
The Company believes its relationship with its employees is good.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

From time to time, the Company makes oral and written statements that may constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 (the "Act") or by the SEC in its rules, regulations, and releases. The Company desires to take advantage of the "safe harbor" provisions in the Act for forward-looking statements made from time to time, including, but not limited to, the forward-looking information contained in the Management's Discussion and Analysis (pages 12 to 19 and other statements made in this Form 10-K/A-1 and in other filings with the SEC.

The Company cautions readers that any such forward-looking statements made by or on behalf of the Company are based on management's current expectations and beliefs but are not guarantees of future performance. Actual results could

differ materially from those expressed or implied in the forward-looking statements. Among the factors that could impact the Company's ability to achieve its goals are:

the impact of strong competition in the food industry;

the impact of weather on the volume and quality of raw product;

the inherent risks in the marketplace associated with new product introductions, including uncertainties about trade and consumer acceptance;

the continuation of the Company's success in integrating operations and the availability of acquisition and alliance opportunities; and

the Company's ability to achieve the gains in productivity and improvements in capacity utilization.

ITEM 2. DESCRIPTION OF PROPERTIES

All plants, warehouses, office space and other facilities used by Agrilink in its business are either owned by Agrilink or one of its subsidiaries or leased from third parties. All of the properties owned by Agrilink are subject to mortgages in favor of the Bank. In general, each business unit occupies offices, processing plants and warehouse space. Some business units have processing plants located in rural areas that are convenient for the delivery of crops from Pro-Fac members and warehouse locations dispersed to facilitate the distribution of finished products. Agrilink believes that its facilities are in good condition and suitable for the operations of the Company.

Four of the properties are held for sale. These properties are located in Alton, New York; Rushville, New York, Mt. Summit, Indiana; and Wall Lake, Iowa.

The following table describes all facilities leased or owned by the Company (other than the properties held for sale and certain public warehouses leased by the Company from third parties from time to time). Except as otherwise noted, each facility set forth below is owned by the Company.

FACILITIES UTILIZED BY THE COMPANY

<TABLE>

<CAPTION>

<S> <C> <C>

Type of Property (By Business Unit)	Location	Square Feet
CURTICE BURNS FOODS:		
Office building, manufacturing plant and warehouse	Benton Harbor, MI	239,252
Distribution center	Coloma, MI	400,000
Manufacturing plant and warehouse	Fennville, MI	350,000
Canning plant and warehouse	Lawton, MI	142,000
Warehouse	Sodus, MI	243,138
Warehouse and office; public storage facility1	Vineland, NJ	191,710
Freezing plant; warehouse; office and dry storage	Barker, NY	123,600
Freezing plant	Bergen, NY	138,554
Cold storage and repack facility and public storage warehouse	Brockport, NY	429,052
Cutting, curing and packaging plant	Gorham, NY	55,534
Canning plant and warehouse; freezing plant	Oakfield, NY	263,410
Canning plant and warehouse	Red Creek, NY	153,076
Cutting, curing and canning plant	Shortsville, NY	111,946
Cutting and curing plant	Waterport, NY	21,626
Manufacturing plant	Ridgway, IL	50,000
Distribution and warehouse	North Bend, NE	50,000
Office, freezing plant, cold storage and repackaging facility	Montezuma, GA	591,300
Office, freezing plant and cold storage	Alamo, TX	114,446

</TABLE>

<TABLE>

FACILITIES UTILIZED BY THE COMPANY

<CAPTION>

<S> <C> <C>

Type of Property (By Business Unit)	Location	Square Feet
NALLEY FINE FOODS:		
Office building, warehouse and tank farm	Enumclaw, WA	87,313
Office building, manufacturing plant and warehouse	Tacoma, WA	412,564
Parking lot and yards1	Tacoma, WA	305,470
Warehouses1	Tacoma, WA	568,556
Receiving and grading station1	Cornelius, OR	11,700
Receiving and grading station1	Mount Vernon, WA	110,806
Receiving and grading station1	Aurora, OR	6,800
Office building - Fuller Building1	Tacoma, WA	60,000
SNACK FOODS GROUP:		
Office, plant and warehouse	Berlin, PA	190,225
Administrative, plant, warehouse and distribution center - Tim's1	Auburn, WA	34,000
Plant, warehouse, and distribution center - Matthews1	Auburn, WA	37,442
Office, plant and warehouse	Cincinnati, OH	113,576
Distribution Center	Elwood City, PA	8,000
Distribution Center	Monessen, PA	10,000
CORPORATE HEADQUARTERS:		
Headquarters office1 (Includes office space for CBF as well as a Corporate Conference Center)	Rochester, NY	62,500

1Leased from third parties, although certain related equipment is owned by the Company.

</TABLE>

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings other than routine litigation incidental to the business to which either the Company or Pro-Fac is a party or to which any of their property is subject. Further, no such proceedings are known to be contemplated by governmental authorities.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

All of the capital stock of the Company is owned by Pro-Fac Cooperative, Inc.

ITEM 6. SELECTED FINANCIAL DATA

Agrilink Foods, Inc.

<TABLE>
FIVE YEAR SELECTED FINANCIAL DATA

(Dollars in Thousands)
<CAPTION>

	Fiscal Year Ended June				
	1997	1996	1995*	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Summary of Operations:					
Net sales	$730,823	$739,094	$748,525	$ 829,116	$ 878,627
Cost of sales	539,081	562,926	530,139	592,621	632,663
Gross profit	191,742	176,168	218,386	236,495	245,964
Selling, administrative, and general expenses	(145,392)	(156,067)	(159,937)	(186,934)	(207,119)
Gain on sale of Finger Lakes Packaging	3,565	0	0	0	0
Restructuring (including gains from disposal)	0	(5,871)	(8,415)	7,768	(61,037)
Change in control expenses	0	0	(2,150)	(3,500)	0
Gain on assets net of additional costs incurred as a result of a fire	0	0	4,154	0	0
Operating income/(loss) before dividing with Pro-Fac	49,915	14,230	52,038	53,829	(22,192)
Interest expense	(35,030)	(41,998)	(32,414)	(18,205)	(19,550)
Pretax income/(loss) before dividing with Pro-Fac and before cumulative effect of an accounting change	14,885	(27,768)	19,624	35,624	(41,742)
Pro-Fac share of (income)/loss before cumulative effect of an accounting change	(7,442)	9,037	(9,616)	(16,849)	21,800
Income/(loss) before taxes and cumulative effect of an accounting change	7,443	(18,731)	10,008	18,775	(19,942)
Tax (provision)/benefit	(3,668)	6,853	(6,026)	(8,665)	(3,895)
Income/(loss) before cumulative effect of an accounting change	3,775	(11,878)	3,982	10,110	(23,837)
Cumulative effect of an accounting change before dividing with Pro-Fac	4,606	0	0	0	0
Pro-Fac share of an accounting change	(2,859)	0	0	0	0
Net income/(loss)	$ 5,522	$(11,878)	$ 3,982	$ 10,110	$ (23,837)
Balance Sheet Data:					
Working capital	$ 84,060	$107,875	$144,171	$ 104,049	$ 100,422
Ratio of current assets to current liabilities	1.8:1	2.0:1	2.3:1	1.7:1	1.6:1
Total assets	$542,561	$634,250	$672,284	$ 446,938	$ 493,729
Long-term debt and senior-subordinated notes (excludes current portion)	$222,829	$309,683	$343,665	$ 79,061	$ 85,037
Long-term obligations under capital leases (excludes current portion)	$ 817	1,125	$ 1,620	$ 124,973	$ 154,102

Other Statistics:

Average number of employees:					
Regular	3,507	3,886	3,838	5,169	5,325
Seasonal	1,068	1,478	1,540	1,596	1,347

<FN>
* Represents the results of operations for both the Predecessor and Successor entities for fiscal 1995.
</FN>
</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this discussion is to outline the most significant reasons for changes in net sales, expenses and earnings from fiscal 1995 through fiscal 1997. The following comparisons to fiscal 1995 present the results of the Company during the period prior to its acquisition by Pro-Fac, ("Predecessor entity") as well as the period subsequent to its acquisition, ("Successor entity"). The financial statements of the Predecessor and Successor entities are not comparable in certain respects because of differences between the cost bases of the assets held by the Predecessor entity compared to that of the Successor entity as well as the effect on the Successor entity's operations for adjustments to depreciation, and interest expense.

The following tables illustrate the Company's results of operations by business unit for the fiscal years ended June 28, 1997, June 29, 1996, and June 24, 1995, and the Company's total assets by business as at June 28, 1997 and June 29, 1996.

<TABLE>
Net Sales
(Dollars in Millions)
<CAPTION>

	Fiscal Years Ended					
	6/28/97		6/29/96		6/24/95	
	$	% of Total	$	% of Total	$	% of Total
CBF	440.2	60.2	431.2	58.4	419.5	56.0
Nalley Fine Foods	182.4	25.0	189.2	25.6	181.2	24.2
Snack Foods Group	67.3	9.2	63.7	8.6	60.5	8.1
Subtotal ongoing operations	689.9	94.4	684.1	92.6	661.2	88.3
Businesses sold or to be sold[1]	40.9	5.6	55.0	7.4	87.3	11.7
Total	730.8	100.0	739.1	100.0	748.5	100.0

<FN>
1 Includes the sales of Finger Lakes Packaging, the portion of the canned vegetable business sold, Nalley Canada Ltd., and Nalley US chips and Snacks business. See NOTE 3 to the "Notes to Consolidated Financial Statements."

</FN>
</TABLE>
<TABLE>
Operating Income[1]
(Dollars in Millions)
<CAPTION>

	Fiscal Years Ended					
	6/28/97		6/29/96		6/24/95	
	$	% of Total	$	% of Total	$	% of Total
CBF	40.5	81.1	26.5	186.6	42.2	81.2
Nalley Fine Foods	10.8	21.7	(2.9)	(20.4)	18.7	35.9
Snack Foods Group	5.9	11.8	4.1	28.9	3.6	6.9
Corporate overhead	(10.5)	(21.0)	(6.8)	(47.9)	(10.3)	(19.8)
Subtotal ongoing operations	46.7	93.6	20.9	147.2	54.2	104.2
Businesses sold or to be sold and other non-recurring[2]	3.2	6.4	(6.7)	(47.2)	(2.2)	(4.2)
Total	49.9	100.0	14.2	100.0	52.0	100.0

<FN>
1 Excludes cumulative effect of an accounting change. See NOTE 1 to the "Notes to Consolidated Financial Statements."

2 In fiscal 1997, such amount includes the operating earnings and gain on the sale of Finger Lakes Packaging, operating activities of the canned vegetable business, final settlement of an insurance claim, and a loss on the disposal of property held for sale.
</FN>
</TABLE>

In fiscal 1996, such amount includes restructuring initiatives and operating activities of both Finger Lakes Packaging and the canned vegetable business.

In fiscal 1995, such amount includes change in control expenses, a gain on assets resulting from a fire and operating activities of Finger Lakes Packaging, the canned vegetable business, Nalley Canada Ltd., and the Nalley US Chips and Snacks business.

See NOTE 3 to the "Notes to Consolidated Financial Statements."

<TABLE>
EBITDA1,2
(Dollars in Millions)
<CAPTION>

	Fiscal Years Ended					
	6/28/97		6/29/96		6/24/95	
	$	% of Total	$	% of Total	$	% of Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CBF	57.1	74.4	44.4	101.6	55.0	72.7
Nalley Fine Foods	16.2	21.1	2.3	5.3	22.9	30.3
Snack Foods Group	7.6	9.9	6.0	13.7	5.4	7.1
Corporate	(10.1)	(13.1)	(6.9)	(15.8)	(10.6)	(13.9)
Subtotal ongoing operations	70.8	92.3	45.8	104.8	72.7	96.2
Businesses sold or to be sold and other non recurring3	5.9	7.7	(2.1)	(4.8)	2.9	3.8
Total	76.7	100.0	43.7	100.0	75.6	100.0

<FN>
1 Earnings before interest, taxes, depreciation, and amortization ("EBITDA") begins with the pretax income of Agrilink before dividing with Pro-Fac and before cumulative effect of an accounting change, and adds to such amount interest expense, depreciation, and amortization of goodwill and other intangibles.

In conjunction with the acquisition of Agrilink by Pro-Fac in 1994, net assets were adjusted to fair market value and additional debt was incurred. Accordingly, depreciation and interest expense have increased significantly, making year-to-year comparisons of operating income and net income difficult to analyze. Therefore, management believes EBITDA is a measurement that allows the operations of the business to be measured in a consistent manner.

EBITDA does not represent information prepared in accordance with generally accepted accounting principles, nor is such information considered superior to information presented in accordance with generally accepted accounting principles.

2 Excludes cumulative effect of an accounting change. See NOTE 1 to the "Notes to Consolidated Financial Statements."

3 In fiscal 1997, such amount includes the operating earnings and gain on the sale of Finger Lakes Packaging, operating activities of the canned vegetable business, final settlement of an insurance claim, and a loss on the disposal of property held for sale.
</FN>
</TABLE>

In fiscal 1996, such amount includes restructuring initiatives and operating activities of both Finger Lakes Packaging and the canned vegetable business.

In fiscal 1995, such amount includes change in control expenses, a gain on assets resulting from a fire, and operating activities of Finger Lakes Packaging, the canned vegetable business, Nalley Canada Ltd., and the Nalley US Chips and Snacks business.

See NOTE 3 to the "Notes to Consolidated Financial Statements."

<TABLE>
Total Assets
(Dollars in Millions)
<CAPTION>

	6/28/97		6/29/96	
		% of		% of

	$	Total	$	Total
CBF	329.0	60.6	339.5	53.5
Nalley Fine Foods	144.4	26.6	134.1	21.1
Snack Foods Group	26.7	4.9	27.8	4.4
Corporate	42.5	7.9	71.6	11.3
Subtotal ongoing operations	542.6	100.0	573.0	90.3
Businesses sold or to be sold2	0.0	0.0	61.3	9.7
Total	542.6	100.0	634.3	100.0

<FN>
1 Includes Finger Lakes Packaging and the portion of the canned vegetable business sold to Seneca Foods. See NOTE 3 to the "Notes to Consolidated Financial Statements."
</FN>
</TABLE>

CHANGES FROM FISCAL 1996 TO FISCAL 1997

Net income for fiscal 1997 of $5.5 million represented a $17.4 million increase over the prior year's loss of $11.9 million. Total EBITDA before cumulative effect of an accounting change was $76.7 million for the year ended June 28, 1997 versus $43.7 million in the prior year. EBITDA for ongoing business reached $70.8 million versus the prior year's $45.8 million. This significant improvement reflected the benefits from numerous initiatives including: (1) a reduction in debt by $86.8 million which included the sales of Finger Lakes Packaging, the canned vegetable business, the Georgia Distribution facility, idle manufacturing facilities, and efforts to improve cash flow through better management of working capital requirements (see NOTE 5 to the "Notes to Consolidated Financial Statements"); (2) the implementation of structural changes within the organization, including the consolidation of the operations of Brooks Foods and Southern Frozen Foods into CBF; and (3) the consolidation of support services such as human resources and agricultural services.. The reduction in interest expense as a result of the debt reduction initiatives improved net income by $5.5 million and consolidation efforts accounted for approximately $2.0 million of the $6.5 million reduction in selling, administrative, and general expenses.

Structural changes within the Company's business units included a review of the Nalley operations and the consolidation of several other operations. EBITDA for the Nalley business unit was $16.2 million for the year ended June 28, 1997 versus $2.3 million in the prior year. These results were driven by organizational changes and the absence of the significant start-up costs for the new salad dressing line which were incurred throughout fiscal 1996.

Net Sales: Total net sales in fiscal 1997 decreased $8.3 million or 1.1 percent compared to the prior year period. While total net sales declined $8.3 million from $739.1 million in fiscal 1996 to $730.8 million in fiscal 1997, net sales from ongoing operations increased $5.8 million. This increase is primarily attributable to increased volume and improved pricing at both CBF and the Snack Foods Group.

The vegetable and fruit categories at CBF have experienced improved pricing due to overall demand and increasing sales to new customers. See further discussion in "Short- and Long-Term Trends.

Increases at the Snack Foods Group are attributable to successful sales/marketing efforts and the acquisition of Matthews Candy Company during the fourth quarter of fiscal 1996. Net sales within the Snack Foods Group increased $3.6 million, of which $0.9

million was attributable to the acquisition of Matthew's and $2.7 million was attributable to continuing business. Management believes the acquisition of Matthew's broadened its line of products and, therefore, enhanced its earnings capability. However, due to the competitive nature of the snack food industry, management is unable to assess whether such increases within the Snack Foods Group will continue to be realized.

Gross Profit: Gross profit of $191.7 million in fiscal 1997 increased $15.5 million or 8.8 percent from $176.2 million in fiscal 1996. This increase is attributable to improved margins in all business units. The increase in gross profit was benefited by improved/increased pricing at the CBF business unit. As highlighted under "Short - and Long-Term Trends," the vegetable and fruit portions of the Company's business can be positively or negatively impacted by the national crop yields. The status of the national supply situation controls pricing. During fiscal 1997, crop yields of commodities in markets in which the Company operates were below that of the prior year and, therefore, pricing levels within the commodities markets in which the Company competes were raised. The increase in pricing favorably impacted gross profit by $9.5 million. Nalley, which in the prior year experienced extremely high start-up costs on the new salad dressing line, has managed through those issues and has significantly improved margins. Operating improvements made at Nalley, primarily the elimination of start-up costs on the new salad dressing line, reductions in manufacturing variances, and reductions in promotional expenses improved gross profit by $4.0 million. Increased sales from the Snack Foods Group also improved profitability. The increase in sales within the Snack Foods Group contributed an increase to gross profit of $1.5 million.

Selling, Administrative, and General Expenses: Selling, administrative, and general expenses have decreased $10.7 million as compared with the prior year. This decrease is net of the inclusion of expenses (approximately $5.6 million) relating to the Company's incentive program. Payments under the incentive programs in fiscal 1997 are attributable to the significantly improved earnings. The net decrease is, however, attributed to a $5.8 million decrease in selling ($1.7 million), advertising ($1.0 million), and trade promotions expenses ($3.1 million) resulted from decreased spending at Nalley's. While the Company is unable to determine the effect these reductions may have on sales, management believes that its current marketing/promotional strategies will not have a negative effect on future earnings. Reductions in other administrative expenses accounted for $10.5 million and were primarily attributable to benefits from the restructuring initiative that began late in fiscal 1996. These initiatives included the consolidation of the administrative functions at CBF and the sale of Finger Lakes Packaging.

Gain on Sale of Finger Lakes Packaging: On October 9, 1996, the Company completed the sale of Finger Lakes Packaging to Silgan Containers Corporation, an indirect, wholly-owned subsidiary of Silgan Holdings, Inc., headquartered in Stamford, Connecticut. A gain of approximately $3.6 million was recognized on this disposal. The Company received proceeds of approximately $30 million which were applied to Bank debt. The transaction also included a long-term supply agreement.

Interest Expense: The decrease in interest expense of $7.0 million or 16.6 percent resulted from both the inventory reduction and cash flow management programs initiated in fiscal 1996 as well as the debt reduction in fiscal 1997 attributable to the sales of Finger Lakes Packaging, the canned vegetable business, and idle facilities.

Provision for Taxes: The provision for taxes in fiscal 1997 of $3.7 million changed $10.6 million from the benefit of $6.9 million in fiscal 1996. The provision for taxes in fiscal 1997 results from increased earnings. The Company's effective tax rate in fiscal 1997 was 49.3 percent. The Company's effective tax rate is negatively impacted by the non-deductibility of goodwill. A further discussion of tax matters is included at NOTE 6 to the "Notes to Consolidated Financial Statements."

Cumulative Effect of a Change in Accounting: Effective June 30, 1996, accounting procedures were changed to include in prepaid expenses and other current assets, manufacturing spare parts previously charged directly to expense. Management believes this change provides a better matching of costs with related revenues when evaluating interim financial statements. The favorable cumulative effect of the change (net of Pro-Fac's share of $2.9 million and income taxes of $1.1 million) was $1.7 million. Pro forma amounts for the cumulative effect of the accounting change on prior periods are not determinable due to the lack of physical inventory counts required to establish quantities at the respective dates. Management does not believe that the difference in accounting methodologies for spare parts had any material impact on the Company's historic financial statements.

CHANGES FROM FISCAL 1995 TO FISCAL 1996

The net loss for fiscal 1996 of $11.9 million represented a decrease of $15.9 million over the prior year. EBITDA from ongoing businesses declined $26.9 million from $72.7 million in the prior year to $45.8 million in fiscal 1996. (A detailed discussion of how the EBITDA calculation is computed and the significance of EBITDA appears at Footnote 1 of the EBITDA table on page 13).

Gross profit for fiscal 1996 declined $42.2 million. The Company's performance was negatively impacted by a reduction in gross profit from the vegetable operations of $22.9 million. In addition, gross profit at Nalley decreased by $13.5 million.

During fiscal 1996, the level of the supply of vegetables resulted in depressed vegetable pricing for the Company and much of the industry as well. The Company experienced a decrease in its pricing consistent with that of the industry. As a result of this decrease in pricing, the Company's vegetable category, which includes significant segments of CBF, experienced a reduction in gross profit of approximately $22.9 million.

Issues impacting Nalley included the costly start-up of the dressing plant, other manufacturing variances and increased promotion expenses. Nalley earnings were $29.6 million lower than the prior year. Several steps were taken to address these problems, including senior management changes at the business unit. A major inventory reduction program across all divisions was implemented in fiscal 1996. Long-term debt was reduced $37.5 million in fiscal 1996 due to the cash flow generated from these programs and from additional payments to the Company by Pro-Fac. (See NOTES 2 and 5 to the "Notes to Consolidated Financial Statements.")

During the fourth quarter of fiscal 1996, the Company initiated a corporate-wide restructuring program. The overall objectives of the plan were to reduce expense, improve productivity, and streamline operations. Efforts focused on the consolidation of operations and the elimination of approximately 900 positions. Reductions in personnel included operational and administrative positions. The total fiscal 1996 restructuring charge amounted to $5.9 million, which included a fourth quarter charge of approximately $4.0 million, primarily comprised of employee termination benefits, and approximately $1.9 million for strategic consulting which was incurred throughout the year. The consolidation of operations being referred to above include the recent consolidation of the Company's Brooks Foods and Southern Frozen Foods business units into the operations of the Company's Comstock Michigan Fruit business unit. The consolidated business unit is now called CBF. As a result of the consolidation, positions were eliminated at both the Brooks Foods and Southern Frozen Foods business units. In addition, positions were also eliminated at Comstock Michigan Fruit and at Nalley. All employees at these locations were notified of the Company's plans during the fourth quarter of fiscal 1996. Management estimates that the reduction in costs from its restructuring initiatives amounts to approximately $2.1 million on an annual basis.

Net Sales: The Company's net sales in fiscal 1996 of $739.1 million decreased $9.4 million or 1.3 percent from $748.5 million in fiscal 1995. The net sales attributable to businesses sold or to be sold were $55.0 million in fiscal 1996 compared to $87.3 million in fiscal 1995. The Company's net sales from ongoing operations were $684.1 million in fiscal 1996, an increase of $22.9 million or 3.5 percent from $661.2 million in fiscal 1995.

Net sales were benefited by volume gains in fruits and fillings and vegetables. However, such volume increases were offset by selling price decreases within those categories. The net impact of volume and pricing changes in fruits and fillings and vegetables were approximately $9.4 million and $11.7 million, respectively. Net sales reductions were realized in the aseptic and chip dip categories of $8.0 million and $3.8 million, respectively. Gross Profit: Gross profit of $176.2 million in fiscal 1996 decreased $42.2 million or 19.3 percent from $218.4 million in fiscal 1995. Of this net decrease, a $14.0 million reduction was attributable to businesses sold or to be sold. The remaining decrease of $28.2 million from ongoing operations was the result of variations in volume, selling prices, costs, product mix, and increased depreciation due to the Acquisition.

Reductions at the Company's CBF operations primarily relates to depressed vegetable pricing.

Reductions at the Company's Nalley operation relates to higher costs on all the product lines, but particularly in salad dressings due to plant start-up activities.

Restructuring: Restructuring expenses, as described above, amounted to $5.9 million in fiscal 1996. Restructuring expenses in fiscal 1995 of $8.4 million reflect the impact of the sale of certain assets of the Nalley US Chips and Snacks business and other expenses relating to the disposal of this operation.

Change in Control Expenses: Change in control expenses recorded in fiscal 1995, amounting to $2.2 million, reflected non-deductible cost relating to the sale of the Company (primarily legal, accounting, and investment banking fees).

Gain on Assets Resulting From Fire Claim: The gain on assets resulting from the fire claim recorded in fiscal 1995 amounted to $4.1 million. This amount represented the replacement value in excess of the depreciated book value of the building and equipment destroyed on July 7, 1994 at CBF. This amount is net of additional costs incurred.

Selling, Administrative and General Expenses: Selling, administrative and general expenses in fiscal 1996 of $156.1 million decreased $3.8 million or 2.4 percent from $159.9 million in fiscal 1995. This net decrease of $3.8 million

includes:
<TABLE>
(In Millions)
<CAPTION>

	Businesses		
	Sold or to be Sold	Ongoing	Total
Change in trade promotions, advertising and selling costs	$(8.3)	$0.7	$(7.6)
Change in other administrative expenses	2.5	1.3	3.8
	$(5.8)	$2.0	$(3.8)

</TABLE>

The $0.7 million increase in trade promotions, advertising and selling costs at the Company's ongoing operations is the net from increased costs at Nalley of $3.7 million (primarily in the canned and dressing product lines), increased costs of $1.0 million at the Snack Group offset by decreases at CBF of $4.0 million (primarily in the filling and topping product lines).

The $1.3 million increase in other administrative costs attributable to the Company's ongoing operations was primarily related to increased expense at Nalley. The increased expense at Nalley included administrative expenses which previously had been allocated to Nalley Chips and Snacks and Nalley Canada Ltd. The disposal of these businesses did not eliminate centralized functions leaving costs which will be reduced over a period of time.

Interest Expense: Interest expense in fiscal 1996 of $42.0 million increased $9.6 million or 29.6 percent from $32.4. million in fiscal 1995. This increase was primarily attributable to the increased borrowing and increased rates related to the Acquisition of the Company by Pro-Fac. The impact of the Acquisition was reflected for the full year in fiscal 1996 and for a partial year in fiscal 1995.

Benefit/(Provision) for Taxes: The benefit for taxes in fiscal 1996 of $6.9 million compared to a provision of $6.0 million in fiscal 1995. A further discussion of tax matters is included at NOTE 6 of "Notes to Consolidated Financial Statements."

LIQUIDITY AND CAPITAL RESOURCES

The following discussion highlights the major variances in the "Consolidated Statement of Changes in Cash Flows" for fiscal 1997 compared to fiscal 1996.

Net cash provided by operating activities decreased in fiscal 1997 primarily due to an inventory-reduction program that favorably impacted fiscal 1996 cash flow. Cash flow was also positively impacted in fiscal 1996 due to the receipt of approximately $8.5 million in insurance proceeds compared to the final settlement of $4.0 million received in fiscal 1997. Earnings, however, were greatly improved in fiscal 1997.

Net cash provided by investing activities increased significantly in fiscal 1997, primarily due to the sales of Finger Lakes Packaging, a portion of the canned vegetable business, the Georgia distribution center, and the idle facilities. These actions were part of an overall initiative in fiscal 1997 to reduce the Company's outstanding debt. Management believes that the significant

reduction in debt will provide the Company with the added financial flexibility needed to operate the business. All proceeds from asset sales were applied to Bank debt in accordance with the terms of the New Credit Agreement. Fiscal 1996 results included proceeds from the disposition of Nalley's Ltd. and the acquisition of Packer Foods. The purchase of property, plant, and equipment in both years was for general operating purposes.

Borrowings: Under the New Credit Agreement, as amended, Agrilink is able to borrow up to $66.0 million for working capital purposes under the Seasonal Facility, subject to a borrowing base limitation, and obtain up to $18.0 million in aggregate face amount of letters of credit pursuant to a Letter of Credit Facility. The borrowing base is defined as the lesser of (i) the total line and (ii) the sum of 60 percent of eligible accounts receivable plus 50 percent of eligible inventory. On June 28, 1997, Pro-Fac established a seasonal line of credit with the Bank. In doing so, the Bank limited the Company's availability under the Seasonal Facility to $66.0 million less outstanding borrowings of Pro-Fac. Pro-Fac's outstanding borrowings under their seasonal line were $7.0 million at June 28, 1997.

The Company believes that the cash flow generated by its operations and the amounts available under the Seasonal Facility should be sufficient to fund its working capital needs, fund its capital expenditures and service its debt for the foreseeable future.

As of June 28, 1997, (i) cash borrowings outstanding under the Seasonal Facility were zero and (ii) additional availability under the Seasonal Facility, after taking into account the amount of the borrowing base and Pro-Fac's outstanding borrowings, was $59.0 million. In addition to its seasonal financing, as of June 28, 1997, the Company had $34.2 million available for long-term borrowings under the Term Loan Facility.

The New Credit Agreement and Indenture requires that Pro-Fac and Agrilink meet certain financial tests and ratios and comply with certain other restrictions and limitations. As of June 28, 1997, the Company is in compliance with, or has obtained waivers for, all such covenants, restrictions and limitations.

Short- and Long-Term Trends: Throughout fiscal 1997 the Company has worked toward accomplishing the restructuring initiatives begun in fiscal 1996. During fiscal 1997, this program focused on debt reduction. Ongoing initiatives will include a focus on the Company's core businesses and growth opportunities. A complete description of the acquisition and disposal activities completed is outlined at NOTE 3 to the "Notes to Consolidated Financial Statements."

The vegetable and fruit portions of the business, which includes CBF, can be positively or negatively affected by weather conditions nationally and the resulting impact on crop yields. Favorable weather conditions can produce high crop yields and an oversupply situation. This results in depressed selling prices and reduced profitability on the inventory produced from that year's crops. Excessive rain or drought conditions can produce low crop yields and a shortage situation. This typically results in higher selling prices and increased profitability. While the national supply situation controls the pricing, the supply can differ regionally because of variations in weather. The effect of the 1996 growing season on fiscal 1997 financial results has been a minor improvement from the prior year.

Supplemental Information on Inflation: The changes in costs and prices within the Company's business due to inflation were not significantly different from inflation in the United States economy as a whole. Levels of capital investment, pricing and inventory investment were not materially affected by the moderate inflation.

Other Matters:

Restructuring: During the fourth quarter of fiscal 1996, the Company initiated a corporate-wide restructuring program. Approximately $4 million of the restructuring charge comprised employee termination benefits. There were no noncash write-offs included in the fiscal 1996 restructuring charge. The cost of the strategic consulting activities was liquidated through payment in fiscal 1996. The $4.0 million reserve for employee terminations is being liquidated in accordance with severance agreements reached with such employees. During fiscal 1997, approximately $2.0 million of this reserve was liquidated. It is anticipated that the remaining reserve will be liquidated during the first quarter of fiscal 1998.

Information Services Reorganization: On June 19, 1997, Systems & Computer Technology Corporation ("SCT") and the Company announced a major outsourcing services and software agreement effective June 30, 1997. The ten-year agreement, valued at approximately $50 million, is for SCT's OnSite outsourcing services, ADAGE ERP software and implementation services and assistance in solving the Year 2000 issue.

Product Recall: In February 1997, the Company issued a nationwide recall of all "Tropic Isle" brand fresh frozen coconut produced in Costa Rica because it has the potential to be contaminated with Listeria monocytogenes, an organism which can cause serious and sometimes fatal infections in small children, frail or elderly people, and others with weakened immune systems. The total estimated cost of the product recall is $0.5 million. This amount was recognized as an expense in fiscal 1997. As of June 1997, approximately $0.4 million of such amount had been liquidated. Should any material costs associated with this recall develop, it is anticipated that such amounts will be covered under the Company's insurance policies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

<TABLE>

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation and integrity of the financial statements and related notes which begins on the page following the "Report of Independent Accountants." These statements have been prepared in accordance with generally accepted accounting principles.

The Company's accounting systems include internal controls designed to provide reasonable assurance of the reliability of its financial records and the proper safeguarding and use of its assets. Such controls are monitored through the internal and external audit programs.

The financial statements have been audited by Price Waterhouse LLP, independent accountants, who were responsible for conducting their examination in accordance with generally accepted auditing standards. Their resulting reports are on the subsequent pages.

The Board of Directors exercises its responsibility for these financial statements. The independent accountants and internal auditors of the Company have full and free access to the Board. The Board periodically meets with the independent accountants and the internal auditors, without management present, to discuss accounting, auditing and financial reporting matters.

/s/ Dennis M. Mullen	/s/ Earl L. Powers
Dennis M. Mullen	Earl L. Powers
President and	Vice President Finance
Chief Executive Officer	Chief Financial Officer

August 1, 1997

Report of Independent Accountants

To the Shareholder and
Board of Directors of
Agrilink Foods, Inc.

In our opinion, the consolidated statements of operations and accumulated earnings/(deficit) and of cash flows listed under Item 8 of this Form 10-K/A-1 present fairly, in all material respects, the results of Agrilink Foods, Inc. and its subsidiaries ("Predecessor Company") operations and cash flows for the period from June 26, 1994 to November 3, 1994, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Predecessor Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit provides a reasonable basis for the opinion expressed above.

As discussed in Note 2 to the financial statements, as of November 3, 1994, the Predecessor Company became a wholly owned subsidiary of Pro-Fac Cooperative, Inc. In conjunction with this change in ownership, identifiable assets and liabilities were adjusted to reflect their fair values at the date of acquisition.

Our audit of the consolidated financial statements also included an audit of the financial statement schedule listed in the accompanying index and appearing under Item 14 of this Form 10-K/A-1. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein for the period from June 26, 1994 to November 3, 1994 when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE LLP

Rochester, New York
August 1, 1997

Report of Independent Accountants

To the Shareholder and
Board of Directors of
Agrilink Foods, Inc.

In our opinion, the consolidated balance sheets and related consolidated statements of operations and accumulated earnings/(deficit) and of cash flows listed under Item 8 of this Form 10-K/A-1 present fairly, in all material respects, the financial position of Agrilink Foods, Inc. and its subsidiaries ("Successor Company") at June 28, 1997 and June 29, 1996, and the results of their operations and their cash flows for each of the two fiscal years ended June 28, 1997 and June 29, 1996 and the period November 4, 1994 to June 24, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Successor 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.

As discussed in NOTE 1 to the "Consolidated Financial Statements," the Successor Company changed its method of accounting for spare parts in 1997.

As discussed in Note 2 to the financial statements, as of November 3, 1994, the Predecessor Company became a wholly owned subsidiary of Pro-Fac Cooperative, Inc. In conjunction with this change in ownership, identifiable assets and liabilities were adjusted to reflect their fair values at the date of acquisition.

Our audits of the consolidated financial statements also included an audit of the financial statement schedule listed in the accompanying index and appearing under Item 14 of the Form 10-K/A-1. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein for the fiscal years ended June 28, 1997 and June 29, 1996 and the period November 4, 1994 to June 24, 1995 when read in conjunction with the consolidated financial statements.

PRICE WATERHOUSE LLP

Rochester, New York
August 1, 1997

FINANCIAL STATEMENTS

<TABLE>
Agrilink Foods, Inc.

Consolidated Statement of Operations and Accumulated Earnings/(Deficit)
(Dollars in Thousands)
<CAPTION>

<S>	Fiscal 1997 Successor <C>	Fiscal 1996 Successor <C>	11/4/94 - 6/24/95 Successor <C>	Fiscal 1995 6/26/94 - 11/3/94 Predecessor <C>
Net sales	$ 730,823	$ 739,094	$ 471,904	$276,621
Cost of sales	539,081	562,926	334,329	195,810
	---------	---------	---------	--------
Gross profit	191,742	176,168	137,575	80,811
Selling, administrative, and general expenses	(145,392)	(156,067)	(99,361)	(60,576)
Gain on sale of Finger Lakes Packaging	3,565	0	0	0
Restructuring charge	0	(5,871)	0	(8,415)
Change in control expenses	0	0	0	(2,150)
Gain on assets net of additional costs incurred as a result of a fire	0	0	(2,315)	6,469
	---------	---------	---------	--------
Operating income before dividing with Pro-Fac	49,915	14,230	35,899	16,139
Interest expense	(35,030)	(41,998)	(24,790)	(7,624)
	---------	---------	---------	--------
Pretax income/(loss) before dividing with Pro-Fac and before cumulative effect of an accounting change	14,885	(27,768)	11,109	8,515
Pro-Fac share of (income)/loss before cumulative effect of an accounting change	(7,442)	9,037	(5,554)	(4,062)
	---------	---------	---------	--------
Income/(loss) before taxes and cumulative effect of an accounting change	7,443	(18,731)	5,555	4,453
Tax (provision)/benefit	(3,668)	6,853	(3,291)	(2,735)
	---------	---------	---------	--------
Income/(loss) before cumulative effect of an accounting change	3,775	(11,878)	2,264	1,718
Cumulative effect of an accounting change before dividing with Pro-Fac	4,606	0	0	0
Pro-Fac share of an accounting change	(2,859)	0	0	0
	---------	---------	---------	--------
Net income/(loss)	5,522	(11,878)	2,264	1,718
Accumulated (deficit)/earnings at beginning of period	(11,878)	0	0	58,121
Less cash dividends declared	(5,522)	0	(2,264)	(1,390)

Accumulated (deficit)/earnings at end of period	$ (11,878)	$ (11,878)	$ 0	$ 58,449

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</FN>
</TABLE>

<TABLE>
Agrilink Foods, Inc.
Consolidated Balance Sheet
(Dollars in Thousands)
<CAPTION>

ASSETS

<S>	6/28/97 <C>	6/29/96 <C>
Current assets:		
Cash and cash equivalents	$ 2,836	$ 8,873
Accounts receivable trade, less allowances for bad debts of $970 and $836, respectively	48,661	47,259
Accounts receivable, other	2,813	8,959
Current deferred tax asset	8,198	11,724
Inventories -		
Finished goods	87,904	97,018
Raw materials and supplies	27,001	33,556
Total inventories	114,905	130,574
Prepaid manufacturing expense	8,265	11,339
Prepaid expenses and other current assets	6,323	1,066
Current investment in Bank	946	0
Total current assets	192,947	219,794
Investment in Bank	24,321	24,439
Property, plant, and equipment, net	217,923	268,389
Assets held for sale	3,259	5,368
Goodwill and other intangible assets less accumulated amortization of $10,053 and $5,961, respectively	96,429	103,760
Other assets	7,682	12,500
Total assets	$542,561	$634,250

LIABILITIES AND SHAREHOLDER'S EQUITY

	6/28/97	6/29/96
Current liabilities		
Current portion of obligations under capital leases	$ 558	$ 547
Current portion of long-term debt	8,075	8,075
Accounts payable	49,231	54,661
Income taxes payable	5,152	3,836
Due to Pro-Fac	4,312	2,215
Accrued interest	8,540	9,447
Accrued employee compensation	11,063	8,368
Other accrued expenses	21,956	24,770
Total current liabilities	108,887	111,919
Long-term debt	62,829	149,683
Senior subordinated notes	160,000	160,000
Obligations under capital leases	817	1,125
Deferred income tax liabilities	40,902	51,572
Other non-current liabilities	22,687	20,746
Total liabilities	396,122	495,045
Commitments and Contingencies		
Shareholder's Equity:		
Common stock, par value $.01; 10,000 shares outstanding, owned by Pro-Fac	0	0
Additional paid-in capital	158,317	151,083
Accumulated deficit	(11,878)	(11,878)
Total shareholder's equity	146,439	139,205
Total liabilities and shareholder's equity	$542,561	$634,250

<FN>
The accompanying notes are an integral part of these consolidated financial statements.

</FN>
</TABLE>

<TABLE>
Agrilink Foods, Inc.
Consolidated Statement of Cash Flows

(Dollars in Thousands)
<CAPTION>

			Fiscal 1995	
	Fiscal 1997 Successor	Fiscal 1996 Successor	11/4/94 - 6/24/95 Successor	6/26/94 - 11/3/94 Predecessor
<S>	<C>	<C>	<C>	<C>
Cash Flows From Operating Activities:				
Net income/(loss)	$ 5,522	$(11,878)	$ 2,264$	$ 1,718
Adjustments to reconcile net income/(loss) to net cash provided by operating activities -				
Restructuring and disposals:				
Restructuring and net (gain)/loss from disposals	(3,565)	5,871	0	5,567
Including net operating losses subsequent to decision to dispose	0	0	0	2,848
Gain on assets resulting from fire claim	0	0	0	(6,469)
Amortization of goodwill and other intangibles	4,092	3,422	2,618	753
Amortization of debt issue costs	800	800	600	0
Depreciation	22,680	26,081	13,864	6,228
Cumulative effect of an accounting change	(4,606)	0	0	0
Provision/(benefit) for deferred taxes	2,787	(6,853)	4,705	(4,205)
Provision for losses on accounts receivable	445	528	91	292
Equity in undistributed earnings of Bank	(1,143)	(1,532)	(1,288)	0
Change in assets and liabilities:				
Accounts receivable	(1,856)	11,309	11,540	(12,722)
Inventories	(1,636)	33,347	67,022	(70,961)
Income taxes payable/refundable	205	4,879	(1,043)	1,491
Accounts payable and accrued expenses	(1,751)	(15,200)	(13,140)	(5,662)
Payable to/receivable from Pro-Fac	466	2,754	(20,098)	9,650
Other assets and liabilities	548	(1,514)	15,029	11,714
Net cash provided by/(used in) operating activities	22,988	52,014	82,164	(59,758)
Cash Flows From Investing Activities:				
Purchase of property, plant, and equipment	(16,876)	(18,038)	(26,891)	(5,689)
Proceeds from disposals	68,716	4,408	0	0
Proceeds from sales of idle facilities	4,465	597	0	0
Proceeds from investment in CoBank	315	0	0	0
Cash paid for acquisition	0	(5,785)	0	0
Net cash provided by/(used in) investing activities	56,620	(18,818)	(26,891)	(5,689)
Cash Flows From Financing Activities:				
Receivable from/payable to Pro-Fac	0	0	(42,000)	42,000
Proceeds from issuance of short-term debt	0	0	0	30,000
Proceeds from issuance of long-term debt	18,000	5,400	359,000	10,886
Payments on short term debt	0	0	(30,000)	0
Payments on long-term debt including acquisition-related financing fees	(104,854)	(43,056)	(178,015)	(350)
Payments on capital leases	(503)	(825)	(1,259)	(11,344)
Stock activity relating to Predecessor's equity	0	0	0	52
Amounts paid to shareholders for acquisition	0	0	(167,800)	0
Capital contribution by Pro-Fac	7,234	10,000	3,888	0
Cash dividends paid to Pro-Fac	(5,522)	0	(2,264)	(1,390)
Net cash (used in)/provided by financing activities	(85,645)	(28,481)	(58,450)	69,854
Net change in cash and cash equivalents	(6,037)	4,715	(3,177)	4,407
Cash and cash equivalents at beginning of period	8,873	4,158	7,335	2,928
Cash and cash equivalents at end of period	$ 2,836	$ 8,873	$ 4,158	$ 7,335
Supplemental Disclosure of Cash Flow Information:				
Cash paid during the year for:				
Interest (net of amount capitalized)	$ 35,587	$ 41,508	$ 17,531	$ 6,967
Income taxes, net	$ 676	$ (703)	$ 5,567	$ 1,417
Acquisition of Packer Foods and Matthews Candy Co.:				
Accounts receivable	0	$ 1,282	$ 0	$ 0
Inventories	0	3,902	0	0
Prepaid expenses and other current assets	0	270	0	0
Property, plant and equipment	0	6,044	0	0
Goodwill	0	493	0	0
Deferred tax asset	0	264	0	0

Accounts payable	0	(4,954)	0	0
Accrued expenses	0	(418)	0	0
Other non-current liabilities	0	(1,098)	0	0
Cash paid for acquisition	$ 0	$ 5,785	$ 0	$ 0

</TABLE>

<TABLE>
Agrilink Foods, Inc.

Consolidated Statement of Cash Flows (Continued)

(Dollars in Thousands)
<CAPTION>

			Fiscal 1995	
	Fiscal 1997 Successor	Fiscal 1996 Successor	11/4/94 - 6/24/95 Successor	6/26/94 - 11/3/94 Predecessor
<S>	<C>	<C>	<C>	<C>
Supplemental Schedule of Non-Cash Investing and Financing Activities:				
In conjunction with the purchase of certain businesses of Nalley Canada Ltd. by Agrilink in fiscal 1997, the following non-cash transactions occurred:				
Notes forgiven	$4,986	$ 0	$ 0	$0
In conjunction with the purchase of Agrilink by Pro-Fac during fiscal 1995, the following non-cash transactions occurred:				
Transfer of Investment in CoBank from Pro-Fac	0	0	21,619	0
Debt forgiven by Pro-Fac	0	0	110,576	0
Other assets contributed by Pro-Fac	0	0	5,000	0
	$ 0	$ 0	$137,195	$0
Capital lease obligations incurred	$ 206	$113	$ 1,562	$0

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</FN>
</TABLE>

AGRILINK FOODS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Agrilink is a producer and marketer of processed food products, including canned and frozen fruits and vegetables, canned desserts and condiments, fruit fillings and toppings, canned chilies and stews, salad dressings, pickles, peanut butter and snack foods. The vegetable and fruit product lines account for approximately 70 percent of sales. The Company's products are primarily distributed in the United States.

The Company is a wholly-owned subsidiary of Pro-Fac Cooperative, Inc. ("Pro-Fac"). The financial statements contained herein present the results of the Company during the period prior to its acquisition by Pro-Fac (the "Predecessor entity") as well as the period subsequent to its November 3, 1994 acquisition (the "Successor entity"). The financial statements of the Predecessor entity and Successor entity are not comparable in certain respects because of differences between the cost bases of the assets as well as the effect on the Successor entity's operations for adjustments to depreciation and interest expense. The Acquisition was accounted for using the purchase method of accounting. In conjunction with the change in ownership all identifiable assets and liabilities were adjusted to reflect their fair values at the date of acquisition.

Fiscal Year: The financial statements of the Predecessor entity include the period from June 26, 1994 through November 3, 1994, the acquisition date. The financial statements of the Successor entity include the period from November 3, 1994 through June 24, 1995, the fiscal year end (see NOTE 2 of "Notes to Consolidated Financial Statements"). The fiscal year of the Successor entity corresponds with that of its parent, Pro-Fac, and ends on the last Saturday in June. Fiscal 1996 comprised 53 weeks and fiscal 1997 and 1995 each comprised 52 weeks.

Consolidation: The consolidated financial statements include the Company and its wholly-owned subsidiaries after elimination of intercompany transactions and balances.

Change in Accounting Principle: Effective June 30, 1996, accounting procedures were changed to include in prepaid expenses and other current assets, manufacturing spare parts previously charged directly to expense. Management believes this change provides a better matching of costs with related revenues when evaluating interim financial statements. The favorable cumulative effect of the change (net of Pro-Fac's share of $2.9 million and income taxes of $1.1 million) was $1.7 million. Pro forma amounts for the cumulative effect of the accounting change on prior periods are not determinable due to the lack of physical inventory counts required to establish quantities at the respective dates. Management does not believe that the difference in accounting methodologies for spare parts had any material impact on the Cooperative's historic financial statements.

Reclassification: Certain items for fiscal 1996 and 1995 have been reclassified to conform with fiscal 1997 presentation.

Cash and Cash Equivalents: Cash and cash equivalents include short-term investments with maturities of three months or less. Short-term investments amounted to $5.3 million at June 29, 1996. There were no such short-term investments at June 28, 1997 or June 24, 1995.

Inventories: Inventories are stated at the lower of cost or market on the first-in, first-out ("FIFO") method. Reserves recorded at June 28, 1997 and June 29, 1996 were $362,000 and $485,000, respectively.

Investment in CoBank ("The Bank"): The Company's investment in the Bank is required as a condition of borrowing. These securities are not physically issued by the Bank, but the Company is notified as to their monetary value. The investment is carried at cost plus the Company's share of the undistributed earnings of the Bank (that portion of patronage refunds not distributed currently in cash).

Manufacturing Overhead: Allocation of manufacturing overhead to finished goods produced is on the basis of a production period; thus at the end of each period, manufacturing costs incurred by seasonal plants, subsequent to the end of previous pack operations, are deferred and included in the accompanying balance sheet under the caption " Prepaid manufacturing expense." Such costs are applied

to finished goods during the next production period and recognized as an element of costs of goods sold.

Property, Plant, and Equipment and Related Lease Arrangements: Property, plant, and equipment are depreciated over the estimated useful lives of the assets using the straight-line method, half-year convention, over 4 to 40 years.

Assets held for sale are separately classified on the balance sheet. The recorded value represents an estimate of net realizable value.

Lease arrangements are capitalized when such leases convey substantially all of the risks and benefits incidental to ownership. Capital leases are amortized over either the lease term or the life of the related assets, depending upon available purchase options and lease renewal features.

Other Assets: Other assets are primarily comprised of debt issuance. Debt issuance costs are amortized over the term of the debt. Amortization expense incurred in fiscal 1997, 1996, and 1995 was $800,000, $800,000, and $600,000, respectively.

Income Taxes: Income taxes are provided on income for financial reporting purposes. Deferred income taxes resulting from temporary differences between financial reporting and tax reporting are appropriately classified in the balance sheet.

Pension: The Company and its subsidiaries have several pension plans and participate in various union pension plans which on a combined basis cover substantially all employees. Charges to income with respect to plans sponsored by the Company and its subsidiaries are based upon actuarially determined costs. Pension liabilities are funded by periodic payments to the various pension plan trusts.

Goodwill and Other Intangibles: Goodwill and other intangible assets include the cost in excess of the fair value of net tangible assets acquired in purchase transactions and acquired non-competition agreements and trademarks. Goodwill and other intangible assets, stated net of accumulated amortization, are amortized on a straight-line basis over 5 to 35 years. The Company periodically assesses whether there has been a permanent impairment in the value of goodwill. This is accomplished by determining whether the estimated, undiscounted future cash flows from operating activities exceed the carrying value of goodwill as of the assessment date. Should aggregate future cash flows be less than the carrying value, a writedown would be required, measured by the difference between the discounted future cash flows and the carrying value of goodwill.

Commodities Options Contracts: In connection with the purchase of certain commodities for anticipated manufacturing requirements, the Company occasionally enters into options contracts as deemed appropriate to reduce the effect of price fluctuations. These options contracts are accounted for as hedges and, accordingly, gains and losses are deferred and recognized in cost of sales as part of the product cost. These activities are not significant to the Company's operations as a whole.

Casualty Insurance: The Company is insured for workers compensation and automobile liability through a primarily self-insured program. The Company accrues for the estimated losses from both asserted and unasserted claims. The estimate of the liability for unasserted claims arising from unreported incidents is based on an analysis of historical claims data. The accrual for casualty insurance at June 27, 1997 and June 28, 1996 was $2.9 million and $3.0 million, respectively.

Earnings Per Share Data Omitted: Earnings per share amounts are not presented, as subsequent to November 3, 1994, the Company is a wholly-owned subsidiary of Pro-Fac.

Environmental Expenditures: Environmental expenditures that pertain to current operations are expensed or capitalized consistent with the Company's capitalization policy. Expenditures that result from the remediation of an existing condition caused by past operations that do not contribute to current or future revenues are expensed. Liabilities are recorded when remedial activities are probable, and the cost can be reasonably estimated.

Advertising: Production costs of commercials and programming are charged to operations in the year first aired. The costs of other advertising promotion and marketing programs are charged in the year incurred. Advertising expense incurred in fiscal year 1997, 1996, and 1995 amounted to $8,376,000, $9,831,000, and $13,150,000, respectively.

Disclosures About Fair Value of Financial Statements: The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash, Accounts Receivable, Accounts Payable, and Other Accrued Expenses: The carrying amount approximates fair value because of the short maturity of these instruments.

Long-Term Investments: The carrying value of the Company's investment in CoBank was $25.3 million at June 28, 1997. As there is no market price for this investment, a reasonable estimate of fair value is not possible.

Long-Term Debt: The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

New Accounting Pronouncements: During fiscal 1997, the Company adopted Financial Accounting Standards Board Statement No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation" As the Company's Long-Term Incentive Plan is a compensatory plan, the adoption of SFAS 123 had no significant impact on operations.

NOTE 2. CHANGE IN CONTROL OF THE COMPANY

In 1993, the Company's management and Board of Directors began exploring several strategic alternatives for the Company, including a possible sale of all the equity of the Company. Those activities ultimately resulted in the Company entering into an Agreement and Plan of Merger with Pro-Fac and its subsidiary PFAC on September 27, 1994 (the "Merger Agreement"). On November 3, 1994, PFAC merged into the Company, making the Company a wholly-owned subsidiary of Pro-Fac.

In connection with the acquisition, PFAC sold $160.0 million of 12.25 percent Senior Subordinated Notes (the "Notes") due 2005 and entered into a credit agreement (the "New Credit Agreement") with the Bank, which provided for a term loan, a term-loan facility, a seasonal-loan facility, and a letter-of-credit facility. All obligations of PFAC under the Notes and the New Credit Agreement have become obligations of the Company.

The Acquisition was accounted for using the purchase method of accounting. In conjunction with the change in ownership all other identifiable assets and liabilities were adjusted to reflect their fair values at the date of Acquisition. These allocations were finalized in fiscal 1996. In recording the transaction, approximately $121.5 million was recorded to adjust property, plant, and equipment to fair market value, and the asset lives were adjusted for assets acquired. In addition, approximately $110.0 million of goodwill and other intangible assets were recorded as the excess of purchase cost over net assets acquired. Included in this amount was approximately $42.0 million for deferred tax adjustments to properly reflect the effects of the acquisition in accordance with the SFAS No. 109, "Accounting for Income Taxes." (See further discussion of tax matters at NOTE 6 to the "Notes to Consolidated Financial Statements.") The resulting annual amortization of goodwill and other intangible assets will approximate $4.0 million using lives ranging from 5 to 35 years. There were no other significant changes to accounting policies as a result of the Acquisition.

Following, in capsule form, is the consolidated, unaudited results of operations of Agrilink Foods for the fiscal year ended June 24, 1995, assuming the acquisition by Pro-Fac took place at the beginning of the fiscal year. The column headed "Actual" for June 24, 1995 is the total of Successor and Predecessor entities.

<TABLE>
(In Millions)
<CAPTION>

	Fiscal Year Ended (Pro Forma is Unaudited)	
	June 24, 1995	
	Actual	Pro Forma
<S>	<C>	<C>
Net sales	$748.5	$748.5
Income before taxes	$ 10.0	$ 7.0
Net income	$ 4.0	$ 2.9

</TABLE>

Agreements with Pro-Fac: The Company's contractual relationship with Pro-Fac is defined in the Pro-Fac Marketing and Facilitation Agreement ("Agreement"). Under the Agreement, the Company pays Pro-Fac the commercial market value ("CMV") for all crops supplied by Pro-Fac. CMV is defined as the weighted average price paid by other commercial processors for similar crops sold under preseason contracts and in the open market in the same or competing market area. Although CMV is intended to be no more than the fair market value of the crops purchased by Agrilink, it may be more or less than the price Agrilink would pay in the open market in the absence of the Agreement. For the fiscal years ended 1997, 1996, and 1995 the CMV for all crops supplied by Pro-Fac amounted to $51.4 million, $44.7 million, and $55.9 million, respectively.

Under the Agreement the Company is required to have on its board of directors some persons who are neither members of, nor affiliated with Pro-Fac ("Disinterested Directors"). The number of Disinterested Directors must at least equal the number of directors who are

members of Pro-Fac. The volume and type of crops to be purchased by Agrilink under the Agreement are determined pursuant to its annual profit plan, which requires the approval of a majority of the Disinterested Directors. In addition, under the agreement, in any year in which the Company has earnings on products which were processed from crops supplied by Pro-Fac ("Pro-Fac Products"), the Company pays to Pro-Fac, as additional patronage income, 90 percent of such earnings, but in no case more than 50 percent of all pretax earnings of the Company. In years in which the Company has losses on Pro-Fac Products, the Company reduces the CMV it would otherwise pay to Pro-Fac by 90 percent of such losses, but in no case by more than 50 percent of all pretax losses of the Company. Additional patronage income is paid to Pro-Fac for services provided to Agrilink, including the provision of a long term, stable crop supply, favorable payment terms for crops, and the sharing of risks of losses of certain operations of the business. Earnings and losses are determined at the end of the fiscal year, but are accrued on an estimated basis during the year. For the fiscal years ended 1997, 1996, and 1995 such additional patronage income/(loss) amounted to $10.3 million, $(9.0) million and $9.6 million, respectively. Under the Indentures related to the Notes, Pro-Fac is required to reinvest at least 70 percent of the additional Patronage income in Agrilink.

The capital contribution of Pro-Fac to the Company at acquisition primarily included the cancellation of indebtedness and capital lease obligations. Subsequent to the acquisition date, Pro-Fac invested an additional $21.1 million in the Company (including reinvested Additional Patronage Income).

NOTE 3. RESTRUCTURING, ACQUISITIONS, AND DISPOSALS

Information Services Reorganization: On June 19, 1997, Systems & Computer Technology Corporation ("SCT") and the Company announced they signed a major outsourcing services and software agreement effective June 30, 1997. The ten-year agreement, valued at approximately $50 million, is for SCT's, OnSite outsourcing services and ADAGE ERP software and implementation services.

Nalley Canada Ltd.: On June 26, 1995, Agrilink sold Nalley Canada Ltd., located in Vancouver, British Columbia, to a management group. The operations were sold for approximately $8.0 million. Approximately, $4.0 million was received in cash. The remainder of the proceeds were received through a series of long-term notes with maturities between 1998 and 2005. The notes beared interest at a rate of 12 1/4%.

In April 1997, the Company acquired certain businesses from Nalley Canada Ltd. The acquired operations include a $12.0 million consumer products business, which markets throughout the western Provinces of Canada. The purchase price of approximately $5.0 million was paid through the forgiveness of various long-term receivables (including interest earned) issued to the Company in connection with its sale of the stock of Nalley Canada Ltd. in 1995.

Brooks Foods: On April 30, 1997, Hoopeston Foods acquired certain assets from the Brooks Foods operating facility. The purchase price of approximately $2.1 million was paid with $400,000 in cash and a $1.7 million ten-year note. The proceeds were applied to outstanding Bank loans. No significant gain or loss occurred as a result of this transaction. In addition, the two companies entered into a copack and warehouse agreement under which Hoopeston will produce, package, and warehouse certain products.

Georgia Frozen Distribution Center: On June 27, 1997, URS Logistics, Inc. ("URS") acquired the Company's frozen foods distribution center in Montezuma, Georgia. In addition, the two companies entered into a long-term logistics agreement under which URS will manage its facility and all frozen food transportation operations of Agrilink in Georgia and New York. The Company received proceeds of approximately $9.1 million which were applied to outstanding Bank loans. No significant gain or loss occurred as a result of this transaction.

Sale of New York Canned Vegetable Businesses: On May 6, 1997, Seneca Foods Corporation ("Seneca") acquired the Agrilink Leicester, New York production facility and the LeRoy, New York distribution center, as well as the Blue Boy brand.

Seneca and the Company have also forged a long-term strategic alliance to combine their agricultural departments into one organization to be managed by Agrilink. The objective is to maximize sourcing efficiencies of New York State vegetable requirements for both companies. This agreement initially has a minimum ten-year term.

The Company received proceeds of approximately $29.4 million which were applied to outstanding Bank loans. No significant gain or loss occurred as a result of this transaction.

Finger Lakes Packaging: On October 9, 1996, the Company completed the sale of Finger Lakes Packaging, Inc. ("Finger Lakes Packaging"), a subsidiary of the Company to Silgan Containers Corporation, an indirect, wholly-owned subsidiary of Silgan Holdings, Inc., headquartered in Stamford, Connecticut. A gain of approximately $3.6 million was recognized on this transaction. Proceeds from this sale were applied to outstanding Bank loans. The Company received proceeds of approximately $30.0 million.

The transaction also included a long-term supply agreement between Silgan and Agrilink.

Packer Foods: On July 21, 1995, the Company acquired Packer Foods, a privately owned, Michigan-based food processor. The total cost of acquisition was approximately $5.4 million in notes plus interest at 10 percent to be paid until the notes mature in the year 2000. The transaction was accounted for as a purchase. For its latest fiscal year ended December 31, 1994, Packer had net sales of $13 million, operating income of $300,000, and income before extraordinary items of $100,000. Packer Foods has been merged into the Company's CBF operations.

Matthews Candy Co.: In the fourth quarter of fiscal 1996, the Company acquired

Matthews Candy Co., a privately owned Washington-based snack food distributor. The total cost of the acquisition was approximately $0.4 million and was paid in cash. Matthews Candy Co. has been merged into the Tim's Cascade Chips operation of the Company's Snack Foods Group.

Restructuring initiatives resulted in the following charges to earnings of the Company in fiscal 1996 and 1995:

Fiscal 1996 Restructuring Charge: During the fourth quarter of fiscal 1996, the Company began implementation of a corporate-wide restructuring program. The overall objectives of the plan were to reduce expenses, improve productivity, and streamline operations. Efforts focused on the consolidation of operations and the elimination of approximately 900 positions. The total fiscal 1996 restructuring charge amounted to $5.9 million. This amount included a fourth-quarter charge of approximately $4.0 million which was primarily comprised of employee termination benefits, and approximately $1.9 million for strategic consulting incurred throughout the year. Reductions in personnel included both operational and administrative positions.

Fiscal 1995 Restructuring Charge: Included in fiscal 1995 results was a restructuring charge of $8.4 million to reflect the estimated impact of the sale of certain assets of the Nalley US Chips and Snacks operation and other expenses relating to the disposal of this operation. On December 19, 1994 this operation was sold for approximately $2.0 million. This sale was contemplated by Pro-Fac in conjunction with the acquisition.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT AND RELATED OBLIGATIONS

The following is a summary of property, plant and equipment and related obligations at June 28, 1997 and June 29, 1996:

<TABLE>
(Dollars in Thousands)
<CAPTION>

	June 28, 1997			June 29, 1996		
	Owned Assets	Leased Assets	Total	Owned Assets	Leased Assets	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Land	$ 5,755	$ 0	$ 5,755	$ 6,005	$ 0	$ 6,005
Land improvements	2,061	0	2,061	2,641	0	2,641
Buildings	80,907	645	81,552	97,855	690	98,545
Machinery and equipment	167,043	2,397	169,440	190,423	2,509	192,932
Construction in progress	13,053	0	13,053	11,881	0	11,881
	268,819	3,042	271,861	308,805	3,199	312,004
Less accumulated depreciation	52,194	1,744	53,938	42,042	1,573	43,615
Net	$216,625	$1,298	$217,923	$266,763	$1,626	$268,389
Obligations under capital leases1		$1,375			$1,672	
Less current portion		558			547	
Long-term portion		$ 817			$1,125	

<FN>
1 Represents the present value of net minimum lease payments calculated at the Company's incremental borrowing rate at the inception of the leases, which ranged from 6.3 to 9.8 percent.

</FN>
</TABLE>
Interest capitalized in conjunction with construction amounted to approximately $342,000 and $470,000 in fiscal 1997 and 1996, respectively.

The following is a schedule of future minimum lease payments together with the present value of the minimum lease payments related to capitalized leases, both as of June 28, 1997.

<TABLE>
(Dollars in Thousands)
<CAPTION>

Fiscal Year Ending Last Saturday In June	Capital Leases	Operating Leases	Total Future Commitment
<S>	<C>	<C>	<C>
1998	$ 783	$ 5,368	$ 6,151
1999	556	4,248	4,804
2000	125	2,522	2,647
2001	92	1,115	1,207

2002	66	444	510
Later years	200	71	271
Net minimum lease payments	1,822	$13,768	$15,590
Less amount representing interest	447		
Present value of minimum lease payments	$1,375		

</TABLE>

Total rent expense related to operating leases (including lease arrangements of less than one year which are not included in the previous table) amounted to $11,204,000, $10,927,000, and $10,297,000 for fiscal years 1997, 1996, and 1995, respectively. The fiscal 1995 amount is comprised of $4,280,000 for the Predecessor entity and $6,017,000 for the Successor entity.

NOTE 5. DEBT

Bank Facility: The Bank Facility includes Term Loan, Seasonal Facility, and Letter of Credit facilities. The outstanding borrowings under the Term Loan were $65.2 million at June 28, 1997.

The Seasonal Facility provides seasonal financing of up to $66.0 million. The Letter of Credit Facility provides $18.0 million.

Guarantees and Security: All obligations under the Bank Facility are guaranteed by Pro-Fac and certain subsidiaries of Agrilink (the "Subsidiary Guarantors"). The Company's obligations under the Bank Facility and Pro-Fac's and the Subsidiary Guarantors' obligations under their respective guaranties are secured by all of the assets of the Company and each guarantor, respectively.

The Bank has extended to a portion of the Term Loan Facility for a limited period of time certain fixed rates that were in effect with respect to indebtedness repaid to the Bank on November 3, 1994. The weighted-average rate of interest applicable to the Term Loan was 8.60 percent per annum for fiscal 1997.

Borrowings under the Seasonal Facility are payable at the expiration of that portion of the facility, which is December 1997; except that for 15 consecutive calendar days during each year, the borrowings under the Seasonal Facility must be zero.

Short-term borrowings for the three years ended June 28, 1997 were as follows:

<TABLE>
(Dollars in Thousands)
<CAPTION>

<S>	Fiscal 1997 <C>	Fiscal 1996 <C>	Fiscal 19951 <C>
Balance at end of period	$ 0	$ 0	$ 0
Rate at fiscal year end	0.0%	0.0%	0.0%
Maximum outstanding during the period	$65,000	$94,000	$94,000
Average amount outstanding during the period	$24,900	$53,700	$66,500
Weighted average interest rate during the period	7.3%	7.4%	7.3%

<FN>
1 The above amounts include borrowings from commercial banks and from Pro-Fac under existing and pre-existing loan agreements.
</FN>
</TABLE>

The Letter of Credit Facility provides for the issuance of letters of credit through December 1997. Management anticipates timely renewals of both the Seasonal and the Letter of Credit facilities.

Certain Covenants: The Pro-Fac Bank Guarantee requires Pro-Fac, on a consolidated basis, to maintain specified levels with regard to working capital, tangible net worth, fixed charges, the incurrence of additional debt, and limitations on dividends, investments, acquisitions, and asset sales. The Company is in compliance with, or has obtained waivers for, all covenants, restrictions and requirements under the terms of the borrowing agreement.

Commitment Fees: The Bank assesses commitment fees of 0.55 percent on the seasonal line and 0.25 percent on the unused portion of the Term Loan.

Fair Value: Based on an estimated borrowing rate at fiscal year end 1997 of 8.7 percent for long-term debt with similar terms and maturities, the fair value of the Company's long-term debt outstanding under the New Credit Agreement was approximately $64.8 million at June 28, 1997.

Based on an estimated borrowing rate at fiscal year end 1996 of 9.6 percent for long-term debt with similar terms and maturities, the fair value of the Company's long-term debt outstanding under the New Credit Agreement was approximately $149.6 million at June 29, 1996.

The Senior Subordinated Notes ("Notes"): The Notes are limited in aggregate principal amount to $160.0 million and will mature on February 1, 2005. Interest on the Notes accrues at the rate of 12.25 percent per annum and is payable semi-annually in arrears on February 1 and August 1.

Guarantees and Security: The Notes represent general unsecured obligations of the Company, subordinated in right of payment to certain other debt obligations of the Company (including the Company's obligations under the New Credit Agreement).

Certain Covenants: The Notes limited the amount Pro-Fac can borrow from the Company to $10.0 million and provided that, if Pro-Fac borrowed from a source other than the Company, Pro-Fac was restricted from borrowing from the Company. On June 28, 1996, Pro-Fac established a line of credit with the Bank and, therefore, no longer can borrow from the Company.

The Notes also limit the amount and timing of dividends and other payments ("Restricted Payments") from the Company to Pro-Fac or to holders of other Agrilink debt or equity. No dividends or other Restricted Payments may be made if there is an existing event of default under the Notes or if Agrilink' Fixed Charge Coverage Ratio (as defined in the Indenture, a ratio of cash flow to interest and tax-adjusted dividends) for the preceding four quarters is not at least 1.75 to 1.00. The amount of all dividends and other Restricted Payments subsequent to the date of the Indenture is subject to an overall limit that is based on the Company's net income and the amount of additional equity invested in the Company.

Fair Value: Based on an estimated borrowing rate at 1997 fiscal year end of 11.1 percent for borrowings with similar terms and maturities, the fair value of the Notes was $174.7 million at June 28, 1997.

Based on an estimated borrowing rate at 1996 fiscal year end of 12.5 percent for borrowings with similar terms and maturities, the fair value of the Notes was $156.7 million at June 29, 1996.

Other Debt: Other debt of $5.7 million carries rates up to 11.0 percent at June 28, 1997.

Maturities: Total long-term debt maturities during each of the next five fiscal years are as follows: 1998 through 1999, $8.1 million each; 2000, $9.0 million, 2001, $15.5 million, and 2002, $10.1 million. Provisions of the Term Loan require annual payments in the years through 2000 on October 1 of each year in an amount equal to the "annual cash sweep" (equivalent to approximately 80 percent of net income adjusted for certain cash and non-cash items) for the preceding fiscal year as defined in the Bank Facility. As of June 28, 1997, the Company had satisfied its obligation under this provision. Provisions of the Term Loan also require that cash proceeds from the sale of businesses be applied to the Term Loan.

NOTE 6. TAXES ON INCOME

Taxes on income before the cumulative effect of a change in accounting include the following:

<TABLE>
(Dollars in Thousands)
<CAPTION>

			Fiscal 1995	
			11/4/94 -	6/26/94 -
	Fiscal 1997	Fiscal 1996	6/24/95	11/3/94

	Successor	Successor	Successo	Predecessor
Federal -				
Current	$ 567	$ 0	$(1,368)	$ 5,834
Deferred	2,639	(5,990)	3,810	(3,529)
	3,206	(5,990)	2,442	2,305
State and foreign -				
Current	314	0	(46)	1,106
Deferred	148	(863)	895	(676)
	462	(863)	849	430
	$3,668	$(6,853)	$ 3,291	$ 2,735

A reconciliation of the Company's effective tax rate to the amount computed by applying the federal income tax rate to income before taxes and cumulative effect of a change in accounting is as follows:

(Dollars in Thousands)

	Fiscal 1997 Successor	Fiscal 1996 Successor	Fiscal 1995 11/4/94 - 6/24/95 Successor	Fiscal 1995 6/26/94 - 11/3/94 Predecessor
Income tax provision/(benefit) at 34% in 1997 and 1996 and 35% in 1995	$2,530	$(6,380)	$1,942	$1,558
State income taxes, net of federal income tax effect	484	(859)	552	294
Goodwill amortization	1,041	784	637	167
Dividend received reduction	(472)	(521)	0	0
Non-deductible legal and advisory expenses	0	0	0	753
Other, net	85	123	160	(37)
	$3,668	$(6,853)	$3,291	$2,735
Effective Tax Rate	49.3%	(36.5)%	59.3%	61.4%

The deferred tax (liabilities)/assets consist of the following at June 28, 1997 and June 29, 1996:

	Fiscal 1997	Fiscal 1996
Liabilities		
Depreciation	$(49,357)	$(61,350)
Non-compete agreements	(462)	(766)
Long-term receivables	(538)	(426)
Prepaid manufacturing	(3,215)	(4,411)
Other	(215)	(39)
	(53,787)	(66,992)
Assets		
Inventory	2,322	2,203
Allowance for doubtful accounts	377	313
Capital and operating loss carryforwards	6,147	27,090
Accrued employee benefits	3,431	3,014
Insurance accruals	2,058	2,031
Pension/OPEB accruals	7,128	6,368
Restructuring reserves	1,332	1,731
Promotional reserves	1,592	0
Other	2,908	2,377
	27,295	45,127
Net deferred liabilities	(26,492)	(21,865)
Valuation allowance	(6,212)	(17,983)
	$(32,704)	$(39,848)

During fiscal year 1997, the Company utilized $22.1 million of net operating loss carryforwards ($8.6 million of tax). Additionally, approximately $5.1

million of net operating loss carryforwards ($1.7 million of tax) were transferred from Pro-Fac.
The benefits for these net operating losses had been recorded in previous years.

During fiscal year 1996, the Company sold the stock of its wholly-owned subsidiary Curtice Burns Meat Snacks, Inc. Substantially all of the assets of this subsidiary were previously sold. The sale resulted in a capital loss of $36.3 million ($14.2 million of tax). As of the date of sale, a full valuation allowance had been recorded against the capital loss carryforward as it was more likely than not that a tax benefit would not be realized. During fiscal year 1997, however, the Company disposed of its Finger Lakes Packaging subsidiary, its New York canned vegetable operation, and a distribution center in Georgia. As a result of these disposals, the Company utilized $21.6 million of its capital loss carryforward. As the related valuation allowance was established in conjunction with the acquisition of the Company by Pro-Fac, the recognition of this capital loss carryforward reduced goodwill in fiscal 1997. As of June 28, 1997, the Company has $14.7 million of a capital loss carryforward available. The capital loss carryforward expires in 2001, and any future recognition of this capital loss carryforward will also reduce goodwill.

In January 1995, the Boards of Directors of Agrilink and Pro-Fac approved appropriate amendments to the Bylaws of Agrilink to allow the Company to qualify as a cooperative under Subchapter T of the Internal Revenue Code. In August 1995, Agrilink and Pro-Fac received a favorable ruling from the Internal Revenue Service approving the change in tax treatment effective for fiscal 1996. Subsequent to this date, a consolidated return has been filed incorporating Agrilink and Pro-Fac. Tax expense is allocated to Agrilink based on its operations.

NOTE 7. PENSIONS, PROFIT SHARING, AND OTHER EMPLOYEE BENEFITS

Pensions: The Company has primarily noncontributory defined benefit plans covering most employees. The benefits for these plans are based primarily on years of service and employees' pay near retirement. The Company's funding policy is consistent with the funding requirements of Federal law and regulations. Plan assets consist principally of common stocks, corporate bonds and US government obligations.

The Company also participates in several union sponsored pension plans. It is not possible to determine the Company's relative share of the accumulated benefit obligations or net assets for these plans.

Pension cost for fiscal years ended 1997, 1996, and 1995 includes the following components:

<TABLE>
(Dollars in Thousands)
<CAPTION>

			Fiscal 1995	
	Fiscal 1997 Successor	Fiscal 1996 Successor	11/4/94 - 6/24/95 Successor	6/26/94 - 11/3/94 Predecessor
<S>	<C>	<C>	<C>	<C>
Service cost -- benefits earned during the period	$ 2,888	$ 3,141	$ 2,427	$ 1,270
Interest cost on projected benefit obligation	6,461	6,544	4,365	2,225
Return on assets				
Actual gain	(4,884)	(19,430)	0	(1,717)
Net amortization and deferral	(4,063)	12,123	(4,789)	(678)
Total gain	(8,947)	(7,307)	(4,789)	(2,395)
Amortization of transition amount	0	0	0	(265)
Amortization of prior service cost	(22)	0	0	61
Amortization of (gain)/loss	(811)	(64)	0	57
	(431)	2,314	2,003	953
Union and other pension costs	282	385	147	1,182
Net pension cost	$ (149)	$ 2,699	$ 2,150	$ 2,135

</TABLE>

As a result of the change of control of the Company, the plan assets and obligations were remeasured on November 3, 1994, and the entire balance of the transition obligation, unrecognized prior service costs, and outstanding gains and losses totaling approximately $5.2 million were adjusted at the time of the acquisition.

The pension plan's funded status was as follows:

<TABLE>

(Dollars in Thousands)
<CAPTION>

	June 28, 1997 Assets Exceed Accumulated Benefits	June 29, 1996 Assets Exceed Accumulated Benefits	June 24, 1995 Assets Exceed Accumulated Benefits
<S>	<C>	<C>	<C>
Actuarial present value of benefit obligations:			
Vested benefit obligation	$(72,223)	$(74,108)	$(65,350)
Accumulated benefit obligation	$(75,138)	$(77,035)	$(69,449)
Projected benefit obligation	$(84,280)	$(85,307)	$(78,809)
Plan assets at fair value	88,979	89,716	74,897
Plan assets in excess of/(less than) projected benefit obligation	4,699	4,409	(3,912)
Unrecognized net (gain)/loss	(15,913)	(18,456)	(8,787)
Unrecognized prior service cost	(243)	(266)	0
	(11,457)	(14,313)	(12,699)
Union and other pension plans	(2,125)	(2,318)	(2,243)
Pension liability	$(13,582)	$(16,631)	$(14,942)

</TABLE>

In 1997, the assumed discount rate, assumed long-term rate of return on plan assets and the assumed long-term rate of compensation increase were 8.0 percent, 10.0 percent, and 4.5 percent, respectively. The year-end projected benefit obligation decreased by approximately $2.6 million due to the increase in the discount rate from 7.75 percent to 8.0 percent.

In 1996, the assumed discount rate, assumed long-term rate of return on plan assets, and the assumed long-term rate of compensation increase were 7.75 percent, 10.0 percent, and 4.50 percent, respectively. The year end projected obligation increased by approximately $7.6 million due to the decrease in the discount rate from 8.5 percent to 7.75 percent.

In 1995, the assumed discount rate, assumed long-term rate of return on plan assets, and the assumed long-term rate of compensation increase were 8.50 percent, 10.0 percent, and 4.50 percent, respectively.

Postretirement Benefits Other Than Pensions: Generally, other than pensions, the Company does not pay retirees' benefit costs. Isolated exceptions exist, which have evolved from union negotiations, early retirement incentives and existing retiree commitments from acquired companies.

The Company has not prefunded any of its retiree medical or life insurance liabilities. Consequently there are no plan assets held in a trust, and there is no expected long-term rate of return assumption for purposes of determining the annual expense.

The plan's funded status was as follows:

<TABLE>
(Dollars In Thousands)
<CAPTION>

	June 28, 1997	June 29, 1996
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Fully eligible active participants	$ 169	$ 141
Other active participants	75	108
Retirees	2,360	2,446
Total	2,604	2,695
Less Plan assets at fair value	0	0
Accumulated postretirement benefit obligation in excess of fair value of assets	(2,604)	(2,695)
Unrecognized gains	(378)	(443)
Accrued postretirement benefit cost	$(2,982)	$(3,138)

</TABLE>
Net periodic postretirement benefit cost included the following components:

<TABLE>
(Dollars in Thousands)
<CAPTION>

			Fiscal 1995	
			11/4/94 - 6/24/95	6/26/94 - 11/3/94
	Fiscal 1997	Fiscal 1996	Successor	Predecessor
<S>	<C>	<C>	<C>	<C>
Service cost	$ 8	$ 23	$ 15	$ 8
Interest cost	199	222	154	74
Net amortization and deferral	(15)	0	0	46
	----	----	----	----
Net periodic postretirement benefit cost	$192	$245	$169	$128
	====	====	====	====

</TABLE>

The weighted-average, assumed discount rate used to measure the benefit obligations was 7.75 percent at the beginning and 8.00 percent at the end of fiscal 1997. The change in the discount rate caused the accumulated postretirement benefit obligation to decrease by approximately $53,000.

The annual rate of increase in the per capita cost of health care benefits was assumed to be 10.0 percent for 1997 and 11.0 percent for 1996. The rate was assumed to decrease gradually to 5.0 percent by the year 2007 and remain at that level thereafter.

The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation (APBO) and the aggregate of the service and interest cost components of the net periodic postretirement benefit cost as follows:

<TABLE>
(Dollars in Thousands)
<CAPTION>

	Successor Fiscal 1997	
	Current Trend	1% Higher Trend
<S>	<C>	<C>
APBO	$2,604	$2,696
Service cost + interest cost	$ 207	$ 215

</TABLE>

Profit Sharing/401(k): Under the prior Deferred Profit Sharing Plan and the Non-Qualified Profit Sharing Plan, the Company allocated to all salaried exempt employees a percentage of its earnings in excess of 5.0 percent of the combined long-term debt and equity (as defined) of Pro-Fac and the Company. In fiscal 1995, $1.4 million was allocated to the plans.

On October 1, 1995, the Company merged the Deferred Profit Sharing Plan into the 401(k) Investment Plan. Under the new combined plan, the Retirement Savings and Incentive Plan ("RSIP"), the Company makes an incentive contribution to the Plan if certain pre-established earnings goals are achieved. The maximum incentive contribution is 3 percent of base salary earned during the fiscal year. In addition, the Company contributes 401(k) matching contributions to the Plan for the benefit of employees who elect to defer a portion of their salary into the plan. During fiscal 1997 and 1996 the Company allocated $500,000 and $400,000, respectively, in the form of matching contributions and $400,000 and $211,000, respectively, in the form of incentive contributions for the benefit of its employees.

Long-Term Incentive Plan: On June 24, 1996, the Company introduced a long-term incentive program, the Agrilink Foods Equity Value Plan, which provides performance units to a select group of management. The future value of the performance units is determined by the Company's performance on earnings and debt repayment. The performance units vest 25 percent each year after the first anniversary of the grant, becoming 100 percent vested on the fourth anniversary of grant. One-third of the appreciated value of units in excess of the initial grant price is paid as cash compensation over the subsequent three years. The final value of the 1997 performance units is determined on the fourth anniversary of grant. The total units granted were 176,278 at $25.04 per unit, and 7,996 at $13.38 per unit in June 1997, and 248,511 at $13.38 per unit in June 1996. In fiscal 1997, approximately $1.5 million was allocated to this plan.

The value of the grants from the Agrilink Foods Equity Value Plan will be based on the Company's future earnings and debt repayment.

Employee Stock Purchase Plan: During fiscal 1996 the Company introduced an Employee Stock Purchase Plan which affords employees the opportunity to purchase semi-annually, in cash or via payroll deduction, shares of Class B Cumulative Pro-Fac Preferred Stock to a maximum value of 5 percent of salary. The purchase price of such shares is par value, $10 per share. During fiscal 1997 and 1996, 31,435 and 33,364 shares, respectively, were held by employees, and 833 shares were subscribed to as of June 28, 1997.

NOTE 8. SUBSEQUENT EVENTS AND OTHER MATTERS

Formation of New Sauerkraut Company: Subsequent to fiscal year-end, on July 1, 1997, the Company and Flanagan Brothers, Inc., of Bear Creek, Wisconsin, contributed all their assets involved in sauerkraut production into one new sauerkraut company. This new company, Great Lakes Kraut Company, will operate as a New York limited liability company, with ownership split between the two companies. Management anticipates the alliance will positively impact fiscal 1998 earnings.

Legal Matters: The Company is party to various litigation and claims arising in the ordinary course of business. Management and legal counsel for the Company are of the opinion that none of these legal actions will have a material effect on the financial position of the Company.

Commitments: The Company's Curtice Burns Foods business unit has guaranteed an approximate $1.4 million loan for the City of Montezuma to renovate a sewage treatment plant operated in Montezuma on behalf of the City.

Curtice Burns Foods Fire: In July 1994, a plant operated by the Company's Curtice Burns Foods business unit, located in Montezuma, Georgia, was damaged by fire. All material costs associated with the facility repairs and business interruption were covered under the Company's insurance policies. A gain on assets destroyed in the fire was recognized by Agrilink prior to the Acquisition.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Management and Directors: Effective upon consummation of the Acquisition, Pro-Fac established a management structure for the Company, providing for a Board of Directors consisting of one management director, Pro-Fac Directors and Disinterested Directors. The number of Pro-Fac Directors is equal to the number of Disinterested Directors. The Chairman of the Board is a Pro-Fac Director. The management and directors are listed below. The Company may in the future expand the Board of Directors, but Pro-Fac has undertaken to cause the Company to maintain a Board on which the number of Pro-Fac Directors does not exceed the number of Disinterested Directors. Both the New Credit Agreement and the Indenture provide that there will be a Change of Control if, for a period of 120 consecutive days, the number of Disinterested Directors on the Board of Directors of the Company is less than the greater of (i) two and (ii) the number of directors of the Company who are Pro-Fac Directors.

Set forth below is certain information concerning the individuals who serve as directors and officers of the Company as well as other corporate officers and the individuals who serve as presidents and chief executive officers of certain of the Company's divisions.

<TABLE>
<CAPTION>

Name	Year of Birth	Positions
<S>	<C>	<C>
Dennis M. Mullen(1)	1953	President and Chief Executive Officer and Director
Roy A. Myers	1931	Retired President and Chief Executive Officer and Director
William D. Rice	1934	Senior Vice President Strategic Development and Secretary
Robert E. McMahon	1941	Vice President Management Information Systems
Earl L. Powers	1944	Vice President and Chief Financial Officer
Beatrice B. Slizewski	1943	Vice President Corporate Communications
Lois J. Warlick-Jarvie	1958	Vice President Human Resources

Stephen R. Wright	1947	Executive Vice President Agriculture
Carl W. Caughran	1953	President and Chief Executive Officer of Nalley Fine Foods
Bernhard Frega	1950	President and Chief Executive Officer of CBF
Tim Kennedy	1948	President and Chief Executive Officer of Tim's Cascade Chips
David R. Ray	1945	President and Chief Executive Officer of Husman and Snyder
Robert V. Call, Jr.(2)	1926	Director and Chairman of the Board
Bruce R. Fox(2)	1947	Director
Cornelius D. Harrington, Jr.(3)	1927	Director
Steven D. Koinzan(2)	1948	Director
Walter F. Payne(3)	1936	Director
Frank M. Stotz(3)	1930	Director

<FN>
(1) Management Director.

(2) Pro-Fac Director.

(3) Disinterested Director.
</FN>
</TABLE>

Dennis M. Mullen has been the President and Chief Executive Officer since January 1997 and a Director of the Company since May 1996. He was Chief Operating Officer from since May 1996 to January 1997 and Executive Vice President since January 1996. He had been President and Chief Executive Officer of CBF from March 1993 to May 1996. He was Senior Vice President and Business Unit Manager Foodservice of CBF from 1991 to 1993, and Senior Vice President-Custom Pack Sales for Nalley from 1990 to 1991. Prior to employment with the Company, he was President and Chief Executive Officer of Globe Products Company.

Roy A. Myers was President and Chief Executive Officer from November 1994 to January 1997. Mr. Myers retired in January 1997. Prior to his retirement Mr. Myers served as a Director and Executive Vice President of the Company from 1987 to the completion of the Acquisition (at which time he was appointed the Chief Executive Officer). He served as Vice President-Operations of the Company from 1985 to 1987 and as Vice President of the Company from 1983 to 1985. He has been an employee of the Company or a predecessor to the Company since 1955 in various other capacities including Industrial Relations Manager, Operations Manager and President of the Corporate Services Division. He was General Manager of Pro-Fac from 1987 until the completion of the Acquisition, having served as Assistant General Manager from 1983 to 1987.

William D. Rice has been Senior Vice President Strategic Development since February 1997 and Secretary of the Company since 1989. He was Chief Financial Officer from 1969 to February 1997. He was Treasurer of the Company from 1975 to 1996. He was Vice President-Finance of the Company from 1969 to 1991. He was Assistant Treasurer of Pro-Fac from 1970 to February 1997 (Management Chief Financial Officer for Pro-Fac).

Robert E. McMahon has been Vice President Information Systems since November 1993; prior to that he was Vice President, Information Systems for the CBF Division 1992-1993 and Director of Corporate Information Systems since December 1991. He joined the CBF Division as Systems Integration Manager in 1989 and became Director of Information Systems for that Division in 1990. Prior to employment with Agrilink, he held management, executive and technical positions with such organizations as Abbott Labs, BASF, IBM, MTech, and Price Waterhouse LLP.

Earl L. Powers has been Vice President and Chief Financial Officer since February 1997. He was Vice President and Corporate Controller from March 1993 to February 1997, and Vice President Finance and Management Information Systems, CBF Division of the Company from 1991 to March 1993. Prior to joining the Company, he was Controller of various Pillsbury Company divisions 1987-1990 and various other executive management positions at the Pillsbury Company 1976-1987.

Beatrice B. Slizewski has been Vice President of Corporate Communications for Agrilink and Pro-Fac since March 1995. She joined the Company as Director of Corporate Communications in 1991. Prior to joining Agrilink (1988-1991), she worked as a marketing and public relations consultant for J.P. Associates, a business consulting agency in Rochester, New York. Previous food industry experience includes 14 years with the R.T. French Company (1974-1988) -- eight years in public relations and six years in various accounting functions.

Lois J. Warlick-Jarvie has been Vice President Human Resources since January 1993; Corporate Director Human Resources July 1991 to January 1993; Manager Compensation, Benefits and Risk Management January 1989 to July 1991; various administrative staff positions within the Company 1982 to 1989.

Stephen R. Wright has been Executive Vice President since November 6, 1996. He was Senior Vice President - Procurement of the Company from November 1994 and Vice President -- Procurement for the Company from 1990 to November, 1994, having served as Director of Commodities and Administration Services for the Company from 1988 to 1990. He became General Manager of Pro-Fac in March 1995.

Carl W. Caughran has been President and Chief Executive Officer of Nalley Fine Foods since March 1996. Prior to joining the Company, he was Vice President/General Manager of Borden's Eastern Snacks Group 1993 to 1995, Vice President/General Manager of Borden's Western Snacks Group 1991 to 1993, and held various executive positions at Borden 1983 to 1991.

Bernhard Frega has been President and Chief Executive Officer of CBF since May 1996. He had been Executive Vice President and Chief Operating Officer of CBF from December 1995 to May 1996. Prior to that he held increasingly responsible positions at CBF, beginning in 1974 in sales and marketing. He became Marketing Director in 1984, Vice President Private Label in 1987 and Senior Vice President for Consumer Products in 1995.

Tim Kennedy has been President and Chief Executive Officer of Tim's since its acquisition by the Company in 1989. Prior to that, he was President and Chief Executive Officer at Tim's which was a privately-held corporation since its inception in 1986.

David R. Ray has been President and Chief Executive Officer of Husman since 1995. He was Executive Vice President and Chief Operating Officer of Husman 1990 to 1995 and Director of Sales for Chips and Snacks at Nalley 1987 to 1990.

Robert V. Call, Jr. has been a Director of the Company since the completion of the Acquisition. Mr. Call had been a Director of the Predecessor entity since 1986 until completion of the Acquisition (at which time he resigned and was reappointed). He has been a Director of Pro-Fac since 1962. He was President of Pro-Fac from 1986 to March 27, 1995, having served as Treasurer from 1973 to 1984. He has been a member of Pro-Fac since 1961. He is a vegetable, fruit and grain farmer (My-T Acres, Inc., Batavia, NY).

Bruce R. Fox has been a Director of the Company since the completion of the Acquisition. He has been a Director of Pro-Fac since 1974. He was Treasurer of Pro-Fac from 1984 until March 27, 1995, when he was elected President. He has been a member of Pro-Fac since 1974. Mr. Fox is a fruit and vegetable grower (N.J. Fox & Sons, Inc., Shelby, MI).

Cornelius D. Harrington, prior to his retirement, was President of the Bank of New England-West in Springfield, MA or a predecessor to the Bank of New England-West from 1978 to December 1990. He was Chief Executive Officer of the Bank of New England-West from 1984 to December 1990. Until 1987, he served as Chairman of the Board of Directors of BayState Medical Center in Springfield, MA. He has been a Director of the Farm Credit Bank of Springfield since January 1994.

Steven D. Koinzan has been a Director of the Company since the completion of the Acquisition. He has been a Director of Pro-Fac since 1983. He was Secretary of Pro-Fac from March 1993 until March 27, 1995, when he was elected Treasurer. He has been a member of Pro-Fac since 1979. Mr. Koinzan is a popcorn, field corn and soybean farmer (Koinzan Farms; Norden, Nebraska).

Walter F. Payne has been a Director of the Company since January 1996 and President and Chief Executive Officer of Blue Diamond Growers since 1992. He held various positions at Blue Diamond Growers between 1973 and 1992. He is currently on the Board of Directors of the Almond Board of California and the International Nut Council, a board alternate for the National Council of Farmer Cooperatives, and a member of the Board of Trustees for the Graduate Institute of Cooperative Leadership.

Frank M. Stotz has been a Director of the Company since the completion of the Acquisition. Mr. Stotz retired in 1994 from his position as Senior Vice President - Finance of Bausch & Lomb Incorporated. Before joining Bausch & Lomb in that capacity in 1991, Mr. Stotz was a partner with Price Waterhouse. He joined Price Waterhouse in Chicago in 1954, was admitted to partnership in 1966 and retired from the firm in 1991 to join Bausch & Lomb. From 1980 to 1991, he was partner in charge of the Rochester office of Price Waterhouse. Mr. Stotz serves on the Boards of Trustees of St. John Fisher College, The Genesee Hospital, The Rochester Center for Governmental Research and The Automobile Club of Rochester. He is also a member of the Bishop's Council of the Catholic Diocese of Rochester.

Term of Office: All directors of the Company will hold office from the date of election until the next annual meeting of the shareholder or until their successors are duly elected and qualified. Each executive officer of the Company will hold office from the date of election until his successor is elected or appointed.

There are no family relationships between any Director, executive officer, or any person nominated or chosen by the Company to become a Director or executive officer. Officers of the Company serve for a term of office from the date of election to the next organization meeting of the Board of Directors or until their respective successors are elected and qualified, except in the case of death, resignation, or removal.

ITEM 11. EXECUTIVE COMPENSATION

The following tables show the cash compensation and certain other components of the compensation of the chief executive officer and certain other most highly compensated executive officers of the Company, earned during fiscal years ended June 28, 1997, June 29, 1996, and June 24, 1995 (collectively, the "Named Executive Officers").

<TABLE>
Executive Compensation
Summary Compensation Table
<CAPTION>

Name and Principal Position	Year	Salary	Annual Compensation1 Bonus2	RSIP/ Matching Contributions Deferred Profit Sharing
<S>	<C>	<C>	<C>	<C>
Dennis M. Mullen -	1997	$349,181	$210,000	$ 8,013
President and Chief Executive Officer	1996	$216,107	$ 0	$ 1,465
	1995	$179,558	$ 71,207	$ 7,265
Roy A. Myers -	1997	$224,000	$125,280	$ 2,736
Retired President, Chief Executive Officer, and Director	1996	$410,154	$ 0	$ 2,672
	1995	$339,927	$200,539	$ 10,609
William D. Rice -	1997	$259,422	$107,000	$ 5,990
Senior Vice President Strategic Development and Secretary	1996	$249,642	$ 0	$ 1,656
	1995	$240,065	$116,143	$ 9,791
Stephen R. Wright	1997	$180,043	$ 80,000	$ 4,321
Executive Vice President	1996	$156,789	$ 0	$ 1,627
	1995	$128,685	$ 51,628	$ 4,520
Earl L. Powers	1997	$187,179	$107,000	$ 4,492
Vice President Finance and Chief Financial Officer	1996	$157,990	$ 0	$ 1,642
	1995	$150,392	$ 60,333	$ 6,099
Bernhard Frega	1997	$175,769	$ 90,000	$ 4,341
President and Chief Executive Officer of CBF	1996	$141,677	$ 0	$ 1,675
	1995	$119,600	$ 42,500	$ 4,539

<FN>
1 No Named Executive Officer has received personal benefits during the period in excess of the lesser of $50,000 or 10 percent of annual salary.

2 Pursuant to the Management Incentive Plan of the Company (the "Incentive Plan"), additional compensation is paid if justified by the activities of the officers and employees eligible under the Incentive Plan and by the earnings of the Company and of Pro-Fac Cooperative, Inc. ("Pro-Fac").
</FN>
</TABLE>

<TABLE>
Long-Term Incentive Plan - Awards in Last Fiscal Year
<CAPTION>

(a) Name	(b) Number of Shares Units or Other Rights Granted (1)	(c) Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price Based Plans (d) Threshold ($ or #)	(e) Target ($ or #)(2)

<S>	<C>	<C>	<C>	<C>
Roy A. Myers	0	6/25/2001	$0	$0
Dennis M. Mullen	32,085	6/25/2001	$0	$0
William D. Rice	23,636	6/25/2001	$0	$0
Stephen R. Wright	13,970	6/25/2001	$0	$0
Earl L. Powers	14,056	6/25/2001	$0	$0
Bernhard Frega	15,041	6/25/2001	$0	$0

<FN>

(1) On June 25, 1997, the Company issued performance units under the Agrilink Foods Equity Value Plan ("EVP") to a select group of management. The future value of the performance units is determined by the Company's performance on earnings and debt repayment. The performance units vest 25 percent each year after the first anniversary of the grant, becoming 100 percent vested on the fourth anniversary of grant. One-third of the appreciated value of units in excess of the initial grant price is paid as cash compensation over the subsequent three years. The final value of the 1997 performance units is determined on the fourth anniversary of grant.

(2) The value of the June 25, 1997 grants from the Agrilink Foods Equity Value Plan will be based on the Company's future earnings and debt repayment. The beginning value of these performance units was set at a level requiring improved earnings and debt-repayment performance. The target payouts shown above are based on the value of the performance units at fiscal 1997 earnings and debt levels and would yield no payout from the plan at those levels. If future performance equals fiscal 1997 performance, no payouts will be made from the plan relative to the options granted on June 25, 1997.

</FN>

</TABLE>

Retirement Plans: The Company's Master Salaried Retirement Plan (the "Pension Plan") provides defined retirement benefits for its officers and all salaried and clerical personnel. The compensation upon which the pension benefits are determined is included in the salary columns of the "Summary Compensation Table."

For retirement before age 65, the annual benefits are reduced by an amount for each year prior to age 65 at which such retirement occurs so that if retirement occurs at age 55, the benefits are 70 percent of those payable at age 65.

The approximate number of years of Plan participation under the Company's Pension Plan as of June 28, 1997, of the Executive Officers listed in the Summary Compensation Table are as follows: Roy A. Myers-34, Dennis M. Mullen-7, William D. Rice-25, Stephen R. Wright-23, Earl L. Powers-5, and Bernhard Frega-21.

On January 28, 1992, the Company adopted an Excess Benefit Retirement Plan which serves to provide employees with the same retirement benefit they would have received from the Company's Master Salaried Retirement Plan under the career average base pay formula, but for changes required under the 1986 Tax Reform Act and the compensation limitation under Section 401(a)(17) of the Internal Revenue Code, which was $150,000 on January 1, 1994, having been revised in the 1992 Omnibus Budget Reform Act.

The following table shows the estimated pension benefits payable to a covered participant, at age 65, at the specified final average pay, and years of credited service levels under the Company's Master Salaried Retirement Plan and the Excess Benefit Retirement Plan.

<TABLE>

Pension Plan Table

Final Average Pay	Years of Plan Participation 15	20	25	30	35
<S>	<C>	<C>	<C>	<C>	<C>
$125,000	$22,142	$ 29,008	$ 35,775	$ 42,721	$ 49,805
150,000	27,392	36,008	44,525	53,221	62,055
175,000	32,642	43,008	53,275	63,721	74,305
200,000	37,892	50,008	62,025	74,221	86,555
225,000	43,142	57,008	70,775	84,721	98,805
250,000	48,392	64,008	79,525	95,221	111,055
275,000	53,642	71,008	88,275	105,721	123,305
300,000	58,892	78,008	97,025	116,221	135,555
325,000	64,142	85,008	105,775	126,721	147,805
350,000	69,392	92,008	114,525	137,221	160,055
375,000	74,642	99,008	123,275	147,721	172,305
400,000	79,892	106,008	132,025	158,221	184,555

</TABLE>

Termination Protection Provisions: The Company has adopted a Salary Continuation Agreement for Mr. Mullen, whereby, two years of salary and benefit continuation will be provided if Mr. Mullen's employment is involuntarily terminated on or before December 31, 1998, for reasons other than for "cause" as such term is defined in the Agreement.

Directors Compensation: In fiscal 1997, non-employee directors who were designated by Pro-Fac received an annual stipend of $6,000 per year, plus $200 per day for attending Board or Committee meetings. In fiscal 1997, all other outside directors, Messrs. Harrington, Payne, and Stotz received an annual rate of $18,000 in addition to $600 per day. The Chairman of the Board receives a fixed amount in lieu of the standard attendance fees and annual stipend. The Company accrued an annual stipend of $24,700 for Mr. Call as Chairman of the Board. Mr. Myers was not paid directors' fees.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

All of the outstanding capital stock of the Company is owned by Pro-Fac Cooperative, Inc.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Management believes all transactions were on terms no less favorable to the Cooperative than could have been reached with unaffiliated third parties.

Borrowings by Pro-Fac: The Indenture governing the Notes permitted the Company to make demand loans to Pro-Fac for working capital purposes in amounts not to exceed $10.0 million at any time, each such loan to bear interest at a rate equal to the rate in effect on the date of such loan under the Seasonal Facility. The loan balance was required to be reduced to zero for a period of not less than 15 consecutive days in each fiscal year. Except for the foregoing provision and except for Pro-Fac's guarantee of the Notes and the New Credit Agreement, as long as Pro-Fac has the right to borrow under the Pro-Fac Marketing and Facilitation Agreement, the Indenture does not permit Pro-Fac to incur any other indebtedness. During fiscal 1996, Pro-Fac repaid amounts due the Company and incurred debt from the Bank.

Equity Ownership in CoBank: As part of its historical lending arrangements with the Bank, which is a cooperative, Pro-Fac made investments in the Bank. Pro-Fac made these investments through (i) a capital purchase obligation equal to a percentage, set annually based on the Bank's capital needs, of its interest paid to the Bank and (ii) a patronage rebate on interest paid by Pro-Fac to the Bank based on the Bank's earnings, which is paid in cash and capital certificates. The investments in the Bank represent a percentage of the previous five-years' average borrowings from the Bank. As of June 28, 1997, the amount of the Company's investment in the Bank was approximately $25.3 million.

Purchase of Crops From Pro-Fac: Each of the members of Pro-Fac sells crops to Pro-Fac pursuant to a general marketing agreement between such member and Pro-Fac, which crops in turn are sold to the Company pursuant to the Pro-Fac Marketing and Facilitation Agreement. During fiscal 1997, the following directors and executive officers of Pro-Fac directly or through sole proprietorships or corporations, sold crops to Pro-Fac and provided harvesting, trucking and waste removal services to Agrilink for the following aggregate amounts:

<TABLE>

NAME	RELATIONSHIP TO PRO-FAC	GROSS PURCHASES IN FISCAL 1997
<S>	<C>	<C>
Dale E. Burmeister	Director	183,000
Robert V. Call, Jr.	Director	2,254,000
Glen Lee Chase	Director	199,000
Tommy R. Croner	Director and Secretary	261,000
Robert DeBadts	Director	422,000
Albert P. Fazio	Director and Vice President	144,000
Bruce R. Fox	Director and President	935,000
Steven D. Koinzan	Director and Treasurer	475,000
Kenneth A. Mattingly	Director	806,000
Allan W. Overhiser	Director	30,000
Paul E. Roe	Director	733,000
Darrell Sarff	Director	75,000

</TABLE>

DIRECTORS AND OFFICERS LIABILITY INSURANCE

As authorized by New York law and in accordance with the policy of that state, the Company has obtained insurance from Chubb Group Insurance insuring the

Company against any obligation it incurs as a result of its indemnification of its officers and directors, and insuring such officers and directors for liability against which they may not be indemnified by the Company. This insurance has a term expiring on August 15, 1998, at an annual cost of approximately $80,000. As of this date, no sums have been paid to any officers or directors of the Company under this indemnification insurance contract.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

The Following Appear in ITEM 8 of This Report
<TABLE>

(2) The following additional financial data are set forth herein:

</TABLE>

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

<TABLE>

SCHEDULE II

Agrilink Foods, Inc.
Valuation and Qualifying Accounts

For the Three Fiscal Years Ended June 28, 1997

	Fiscal 1997 Successor	Fiscal 1996 Successor	Fiscal 1995 11/4/94 - 6/24/95 Successor*	Fiscal 1995 6/26/94 - 11/3/94 Predecessor*
<S>	<C>	<C>	<C>	<C>
Allowance for doubtful accounts				
Balance at beginning of period	$ 836,000	$ 673,000	$ 683,000	$1,066,000
Additions charged to expense	446,000	537,000	91,000	292,000
Deductions	(312,000)	(374,000)	(101,000)	(427,000)
Balance at end of period	$ 970,000	$ 836,000	$ 673,000	$ 931,000
Inventory reserve**				
Balance at beginning of period	$ 485,000	$ 144,000	$ 0	$ 379,000
Net change	(123,000)	341,000	144,000	635,000
Balance at end of period	$ 362,000	$ 485,000	$ 144,000	$1,014,000
Tax valuation allowance***				
Balance at beginning of period	$ 17,983,000	$ 7,366,000	$ 0	$ 0
Net change	(11,771,000)	10,617,000	7,366,000	0
Balance at end of period	$ 6,212,000	$17,983,000	$7,366,000	$ 0

<FN>

* Valuation accounts were revalued by the acquiring company.

** Difference between FIFO cost and market applicable to inventories.

*** See further discussion regarding tax matters at NOTE 6 to the "Notes to Consolidated Financial Statements."

</FN>
</TABLE>

Schedules other than those listed above are omitted because they are either not applicable or not required, or the required information is shown in the financial statements or the notes thereto.

(3) The following exhibits are filed herein or have been previously filed with the Securities and Exchange Commission:

(b) Reports on Form 8-K:

No reports on Form 8-K were filed in the fourth quarter of fiscal 1997.

(c) EXHIBITS:

Exhibit Number	Description
3.3(2)	Certificate of Incorporation of Agrilink.
3.4(3)	Bylaws of Agrilink.
10.1(2)	Indenture, dated as of November 3, 1994 (the "Indenture"), among PFAC, Pro-Fac and IBJ Schroder Bank & Trust Company ("IBJ"), as Trustee, as amended by First Supplemental Indenture, dated as of November 3, 1994, each with respect to Agrilink' 12.25 percent Senior Subordinated Notes due 2005 (the "Notes").
10.2(2)	Term Loan, Term Loan Facility and Seasonal Loan Agreement, dated as of November 3, 1994, among Springfield Bank for Cooperatives (the "Bank"), Agrilink and PFAC.
10.3(2)	Parent Guaranty, dated as of November 3, 1994, by Pro-Fac in favor of the Bank.
10.4(2)	Parent Security Agreement, dated as of November 3, 1994 between Pro-Fac and the Bank.
10.5(2)	Mortgage, Open End Mortgage, Deed of Trust, Trust Deed, Deed to Secure Debt, Purchase Money Mortgage, Assignment, Security Agreement and Financing Statement dated November 3, 1994 among PFAC, Agrilink and the Bank.
10.6(2)	Marketing and Facilitation Agreement, dated as of November 3, 1994, between Pro-Fac and Agrilink.
10.7(2)	Management Incentive Plan, as amended.
10.8(2)	Supplemental Executive Retirement Plan, as amended.
10.10(2)	Master Salaried Retirement Plan, as amended.
10.11(2)	Non-Qualified Profit Sharing Plan, as amended.
10.12(2)	Excess Benefit Retirement Plan.
10.13(6)	Salary Continuation Agreement - Dennis M. Mullen.
10.14(1)	Modification A of Term Loan, Term Loan Facility, and Seasonal Loan Agreement, dated as of January 26, 1995, between Agrilink and the Bank.
10.15(1)	Second Amendment to Non-Qualified Profit Sharing Plan.
10.16(3)	Modifications B-D of Term Loan, Term Loan Facility, and Seasonal Loan Agreement Between Agrilink and the Bank.
10.17(4)	Modifications E-F of Term Loan, Term Loan Facility, and Seasonal Loan Agreement Between Agrilink and the Bank.
10.18(4)	Equity Value Plan Adopted on June 24, 1996.
10.19(4)	Seasonal Loan Agreement Between Pro-Fac and the Bank Dated June 28, 1996.
10.20(6)	Modifications G-K of Term Loan, Term Loan Facility, and Seasonal Loan Agreement Between Agrilink and

Bank.

10.21(6)	OnSite Services Agreement with Systems & Computer Technology.
10.22(6)	Raw Product Supply Agreement with Seneca Foods Corporation.
10.23(6)	Reciprocal Co-Pack Agreement with Seneca Foods Corporation.
18(5)	Accountant's Report Regarding Change in Accounting Method

(c) EXHIBITS (Continued):

Exhibit Number	Description
21.1(6)	List of Subsidiaries.
27(6)	Financial Data Schedule.

(1) Incorporated by reference from Registration Statement No. 33-60273.

(2) Incorporated by reference from Registration Statement No. 33-56517, as amended.

(3) Incorporated by reference from the Registrant's 1995 Annual Report on Form 10-K.

(4) Incorporated by reference from the Registrant's 1996 Annual Report on Form 10-K.

(5) Incorporated by reference from the Registrant's First Quarter Report on Form 10-Q.

(6) Incorporated by reference from Registrant's 1997 Annual Report on Form 10-K.

SIGNATURES

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

AGRILINK FOODS, INC.

Date: December 18, 1997 By:

Earl L. Powers
Vice President Finance and

Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

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

SIGNATURE	TITLE	DATE
*/s/ (ROBERT V. CALL, JR.)	Chairman of the Board; Director	

*/s/ Director

(BRUCE R. FOX)

*/ Director

(CORNELIUS D. HARRINGTON)

*/s/ Director

(STEVEN D. KOINZAN)

*/s/ Director

(WALTER F. PAYNE)

*/s/ Director

(FRANK M. STOTZ)

*/s/ President and Chief Executive Officer

(DENNIS M. MULLEN) and Director
(Principal Executive Officer)

/s/ Earl L. Powers (EARL L. POWER	Vice President Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 21, 1997

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT.

NO ANNUAL REPORT OR PROXY MATERIAL HAS BEEN SENT TO REGISTRANT'S SHAREHOLDER AND NONE IS INTENDED TO BE SENT.

Dated: December 18, 1997 *By: /s/ Earl L. Powers
Earl L. Powers, as
Attorney-in-Fact