FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-10-24** | Period of Report: **1994-07-31**
SEC Accession No. 0000088948-94-000006

(HTML Version on secdatabase.com)

FILER

SENECA FOODS CORP /NY/

CIK:**88948**| IRS No.: **160733425** | State of Incorp.:**NY** | Fiscal Year End: **0731**
Type: **10-K** | Act: **34** | File No.: **000-01989** | Film No.: **94554583**
SIC: **2033** Canned, fruits, veg, preserves, jams & jellies

Business Address
1162 PITTSFORD VICTOR RD
PITTSFORD NY 14534
7163859500

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the fiscal year ended July 31, 1994   Commission File Number 0-1989

SENECA FOODS CORPORATION
(Exact name of registrant as specified in its charter)

New York	16-0733425
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1162 Pittsford-Victor Road, Pittsford, New York   14534
(Address of principal executive offices)   (Zip Code)

Registrant's telephone number, including area code   (716)385-9500

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

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.25 Par
(Title of Class)

Check mark indicates whether registrant has (1) 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 registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days.

Yes   No   X

The aggregate market value of the Registrant's voting securities held by non-affiliates based on the closing sales price per market reports by the National Market System on September 30, 1994 was approximately $65,719,000.

Common shares outstanding as of September 30, 1994 were 2,796,555.

Documents Incorporated by Reference:

(1) Proxy Statement to be issued prior to October 31, 1994, in connection with the registrant's annual meeting of stockholders applicable to Part I, Item 4 and Part III, Items 10-13 of Form 10-K.

(2) Portions of the Annual Report to shareholders for fiscal year ended July 31, 1994 applicable to Part II, Items 5-8 and Part IV, Item 14 of Form 10-K.

TABLE OF CONTENTS
FORM 10-K ANNUAL REPORT - FISCAL 1994
SENECA FOODS CORPORATION

PART I
Item 1

Business

General Development of Business

SENECA FOODS CORPORATION (herein referred to as the "Company") was organized in 1949 and incorporated under the laws of the State of New York. On December 20, 1993 the Company acquired certain assets of ERLY Juice, Inc. and WorldMark, Inc. This included manufacturing facilities located in Eau Claire, Michigan. Most of the products are sold under the TreeSweet(r) brand. In an unrelated transaction Seneca acquired the Wapato, Washington juice ingredients business of Sanofi Bio-Industries, Inc. on November 30, 1993. The Company's textile division was sold during August 1993.

Financial Information About Industry Segments

The Company's business activities are conducted in food and non-food segments. The food segment is food processing. The non-food segment is an air charter service.

Narrative Description of Business

Principal Products and Markets

Food Processing

The principal products of this segment include grape products, apple products, and vegetables. The products are canned, bottled, and frozen and are sold to retail and institutional markets. The Company has divided the United States into four major marketing sections: Eastern, Southern, Northwestern, and Southwestern. Plant locations in New York, North Carolina, and Washington provide ready access to the domestic sources of grapes and apples necessary to support marketing efforts in their respective sections of the country. There is also a newly acquired bottling plant in Michigan. Vegetable operations are primarily supported by plant locations in New York, Wisconsin, and Minnesota. In addition, the Company operates a mushroom canning facility in Pennsylvania.

The following summarizes net sales by major category for the three years ended July 31, 1994, 1993, and 1992.
<TABLE>
<CAPTION>

	1994	1993 (In thousands)	1992
Vegetable	$ 145,010	$ 132,459	$ 151,169
Apple	78,453	71,748	78,361
Grape	17,457	19,058	19,457
Other	45,334	30,205	26,844
Total	$ 286,254	$ 253,470	$ 275,831

</TABLE>

Other

Seneca Flight Operations provides air charter service primarily to industries in upstate New York.

Source and Availability of Raw Material

Food Processing

The Company's food processing plants are located in major vegetable, grape, and apple producing states. Fruits and vegetables are primarily obtained through contracts with growers. Apple concentrate is purchased domestically and abroad to supplement raw fruit purchased under contract. The Company's sources of supply are considered equal or superior to its competition for all of its food products.

Seasonal Business

Food Processing

While individual fruits and vegetables have seasonal cycles of peak production and sales, the different cycles are usually offsetting to some extent. The supply of commodities, current pricing, and expected new crop quantity and quality affect the timing of the Company's sales and earnings. An Off Season Allowance is established during the year to minimize the effect of seasonal production on earnings. This is zero at fiscal year end.

Backlog

Food Processing

In the food processing business the end of year sales order backlog is not considered meaningful. Traditionally, larger customers provide tentative bookings for their expected purchases for the upcoming season. These bookings are further developed as data on the expected size of the related national harvests becomes available. In general these bookings serve as a yardstick, rather than as a firm commitment, since actual harvest results can vary notably from early estimates. In actual practice, the Company has substantially all of its expected seasonal production identified to potential sales outlets before the seasonal production is completed.

Competition and Customers

Food Processing

Competition in the food business is substantial with imaginative brand registration, quality service, and pricing being the major determinants in the Company's relative market position. Except for the Seneca apple and grape products and Libby's vegetable products data mentioned below, no reliable statistics are available to establish the exact market position of the Company's own food products. During the past year approximately 43% of the Company's processed foods were packed for retail customers under the Company branded labels of Libby's(r), TreeSweet(r), and Seneca(r). About 18% of the processed foods were packed for institutional food distributors and the remaining 39% of processed foods were retail packed under the private label of customers. The customers represent a full cross section of the retail, institutional, distributor, and industrial markets and the Company does not consider itself dependent on any single sales source. The principal branded products are Seneca Frozen Apple Juice Concentrate, rated the number one seller nationally, Seneca Frozen Natural Grape Juice Concentrate, Seneca applesauce, and Libby's canned vegetable products which rate among the top five national brands.

Environmental Protection

Environmental protection is an area that has been worked on most diligently at each food processing facility. In all locations the Company has cooperated with federal, state, and local environmental protection authorities in developing and maintaining suitable antipollution facilities. In general, pollution control facilities are equal to or somewhat superior to those of our competitors and are within environmental protection standards. The Company does not expect any material capital expenditures to comply with environmental regulations in the near future.

Employment

Food processing -	Full time	1,409
-	Seasonal	1,567
		2,976
-	Other	115
		3,091

Foreign Operations

Export sales for the Company are a relatively small portion (less than 3%) of the food processing sales.

Item 2

Properties

The Company has ten food processing, packaging, and warehousing facilities located in New York State that provide approximately 1,067,000 square feet of food packaging, freezing and freezer storage, and warehouse storage space. These facilities process and package fruit and vegetable products. The Company is a lessee under a number of operating and capital leases for equipment and real property used for processing and warehousing.

Five other processing, packaging, and warehousing facilities are located in the states of North Carolina (208,000 square feet), Pennsylvania (39,000 square feet) and in Washington (263,000 square feet). Processing operations in North Carolina are primarily devoted to apple juice products; in Washington, grape juice, apple juice and sauce; and in Pennsylvania, mushroom canning and warehousing.

One facility in Minnesota, one facility in Michigan, and four facilities in Wisconsin provide approximately 1,795,000 square feet of food packaging, freezing and freezer storage, and warehouse storage space. These facilities process and package various vegetable and fruit products. The facilities are owned by the Company.

The Company owns three food distribution facilities in Massachusetts and New York totaling approximately 400,000 square feet which are leased out to another company through 1995-97.

Substantially all of the properties are well maintained and equipped with modern machinery. All locations, although highly utilized, have the ability to expand as sales requirements justify. Because of the seasonal production cycles the exact extent of utilization is difficult to measure. In certain circumstances the theoretical full efficiency levels are being reached; however, expansion of the number of production days or hours could increase the output by up to 20% for a season.

See Note 6 of Item 8, Financial Statements and Supplementary Data, for additional information about the Company's lease commitments.

Item 3

Legal Proceedings

The Company is not involved in any material legal proceedings.

Item 4

Submission of Matters to a Vote of Equity Security Holders

Additional information will be filed separately with the Commission, pursuant to Regulation 14A, in the Proxy Statement.

PART II

Item 5

Market for the Registrant's Common Stock and Related Security Holder

Matters

Each class of preferred stock receives preference as to dividend payment and declaration over any common stock.

In addition, refer to the 1994 Annual Report, page 16, "Shareholder Information".

Item 6

Selected Financial Data

Refer to the 1994 Annual Report page 3, "Five Year Selected Financial Data".

Item 7

Management's Discussion and Analysis of Financial Condition and Results of Operations

Refer to the 1994 Annual Report page 4, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Item 8

Financial Statements and Supplementary Data

Refer to the 1994 Annual Report pages 5 through 14, "Consolidated Financial Statements and Notes thereto including Independent Auditors' Report".

Item 9

Changes in and Disagreements on Accounting and Financial Disclosure

None.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Seneca Foods Corporation
Rochester, New York

We have audited the consolidated financial statements of Seneca Foods Corporation and subsidiaries as of July 31, 1994 and 1993, and for each of the three years in the period ended July 31, 1994, and have issued our report thereon dated September 24, 1994; which report includes an explanatory paragraph as to a change in accounting for income taxes; such consolidated financial statements and report are included in your 1994 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedules of Seneca Foods Corporation and subsidiaries, listed in Item 14(A)(2). These consolidated financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/S/Deloitte & Touche LLP

Rochester, New York
September 24, 1994

PART III

Item 10

Directors and Executive Officers of the Registrant

Item 11

Executive Compensation

Item 12

Security Ownership of Certain Beneficial Owners and Management

Item 13

Certain Relationships and Related Transactions

Information required by Items 10 through 13 will be filed separately with the Commission, pursuant to Regulation 14A, in a definitive proxy statement involving the election of directors.

PART IV

Item 14

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

A. Exhibits and Financial Statement Schedules

1. Financial Statement Schedules - the following consolidated financial statements of the Registrant, included in the Annual Report for the year ended July 31, 1994, are incorporated by reference in Item 8:

Consolidated Statements of Net Earnings - July 31, 1994, 1993, and 1992

Consolidated Balance Sheets - July 31, 1994 and 1993

Consolidated Statements of Cash Flows - July 31, 1994, 1993, and 1992

Consolidated Statements of Stockholders' Equity - July 31, 1994, 1993, and 1992

Notes to Consolidated Financial Statements - July 31, 1994, 1993, and 1992

Independent Auditors' Report

2. Supplemental Schedules:

Schedule I - Marketable Securities - Other Investments
Schedule V - Property, Plant, and Equipment
Schedule VI - Accumulated Depreciation and Amortization of Property, Plant, and Equipment
Schedule VIII - Valuation and Qualifying Accounts
Schedule X - Supplementary Income Statement Information

Other schedules have not been filed because the conditions requiring the filing do not exist or the required information is included in the consolidated financial statements, including the notes thereto.

3. Exhibits:

No. 3 -Articles of Incorporation and By-Laws - Incorporated by reference to the Company's 10-Q filed October, 1992.

No. 4 -Articles defining the rights of security holders -

Incorporated by reference to the Company's 10-Q filed October, 1992. The Company will furnish, upon request to the SEC, a copy of any instrument defining the rights of any holder of Long-Term Debt.

No. 11 -Computation of Earnings per Share

No. 13 -1994 Annual Report to Shareholders, incorporated by reference and filed herewith.

No. 22 -List of Subsidiaries

B. Reports on Form 8-K

None filed during this period.

<TABLE>

Schedule I

MARKETABLE SECURITIES - OTHER INVESTMENTS
(In thousands, except shares)

<CAPTION>

Name of issuer and title of each issue	Number of shares	Cost	Market value of each issue at balance sheet date	Amount at which portfolio of equity security issues is carried in the balance sheet
<S>	<C>	<C>	<C>	<C>
MARKETABLE SECURITIES				
None				
OTHER INVESTMENTS				
Common Stocks:				
Moog Inc. Class A	714,600	$ 5,363	$ 6,074	$5,363
Moog Inc. Class B	55,900	716	713	716
		$ 6,079	$ 6,787	$6,079

</TABLE>

<TABLE>

Schedule V

PROPERTY, PLANT, AND EQUIPMENT
(In thousands)

<CAPTION>

	Balance at beginning of period	Additions at cost	Retirements	Other	Balance at end of period
<S>	<C>	<C>	<C>	<C>	<C>
Year ended July 31, 1994:					
Land	$ 4,526	$ 93	$ -	$ 95(b)	$ 4,714
Buildings	50,582	246	844	1,478(b)	51,462
Machinery and equipment	112,628	9,045	2,097	3,289(b)	122,865
	$ 167,736	$ 9,384	$ 2,941	$4,862	$ 179,041
Year ended July 31, 1993:					
Land	$ 4,426	$ 100	$ -	$ -	$ 4,526
Buildings	50,427	48	22	129(a)	50,582
Machinery and equipment	112,031	1,575	849	(129)(a)	112,628
	$ 166,884	$ 1,723	$ 871	$ -	$ 167,736
Year ended July 31, 1992:					
Land	$ 4,426	$ -	$ -	$ -	$ 4,426
Buildings	50,146	115	-	166(a)	50,427
Machinery and equipment	104,516	8,587	906	(166)(a)	112,031
	$ 159,088	$ 8,702	$ 906	$ -	$ 166,884

</TABLE>

(a) reclassifications
(b) acquisitions

<TABLE>

Schedule VI
ACCUMULATED DEPRECIATION AND
AMORTIZATION OF PROPERTY, PLANT, AND EQUIPMENT
(In thousands)

<CAPTION>

<S>	Balance at beginning of period <C>	Charged to expense <C>	Retirements <C>	Other <C>	Balance at end of period <C>
Year ended July 31, 1994:					
Buildings	$ 19,183	$ 1,727	$ 825	$ (5)	$ 20,080
Machinery and equipment	74,464	7,526	1,250	5	80,745
	$ 93,647	$ 9,253	$ 2,075	$ -	$ 100,825
Year ended July 31, 1993:					
Buildings	$ 17,471	$ 1,718	$ 6	$ -	$ 19,183
Machinery and equipment	67,695	7,552	783	-	74,464
	$ 85,166	$ 9,270	$ 789	$ -	$ 93,647
Year ended July 31, 1992:					
Buildings	$ 15,607	$ 1,864	$ -	$ -	$ 17,471
Machinery and equipment	60,727	7,778	810	-	67,695
	$ 76,334	$ 9,642	$ 810	$ -	$ 85,166

</TABLE>
<TABLE>

Schedule VIII

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

<CAPTION>

<S>	Balance at beginning of period <C>	Charged to income <C>	Charged to other accounts <C>	Deductions from reserve <C>	Balance at end of period <C>
Year ended July 31, 1994:					
Allowance for doubtful accounts	$ 435	$ (213)	$ -	$ 39(a)	$ 183
Year ended July 31, 1993:					
Allowance for doubtful accounts	$ 281	$ 182	$ -	$ 28(a)	$ 435
Year ended July 31, 1992:					
Allowance for doubtful accounts	$ 285	$ 448	$ -	$ 452(a)	$ 281

</TABLE>

(a)Accounts written off, net of recoveries.

Schedule X

SUPPLEMENTARY INCOME STATEMENT INFORMATION
(In thousands)

	Charged to costs and expenses		
Years ended July 31,	1994	1993	1992
Maintenance and repairs	$ 17,172	$ 10,791	$ 11,349

The amounts for taxes, other than payroll and income taxes, and advertising are omitted because they are less than 1% of Net Sales.

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.

SENECA FOODS CORPORATION

By/s/ Jeffrey L. Van Riper

October 21, 1994

Jeffrey L. Van Riper
Controller and Secretary
(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/Arthur S. Wolcott Arthur S. Wolcott	Chairman and Director	October 21, 1994
/s/Kraig H. Kayser Kraig H. Kayser	President, Chief Executive Officer, and Director	October 21, 1994
/s/Devra A. Bevona Devra A. Bevona	Treasurer	October 21, 1994
/s/Jeffrey L. Van Riper Jeffrey L. Van Riper	Controller and Secretary (Principal Accounting Officer)	October 21, 1994

Continued

/s/Robert T. Brady Robert T. Brady	Director	October 21, 1994
/s/David L. Call David L. Call	Director	October 21, 1994
/s/Edward O. Gaylord Edward O. Gaylord	Director	October 21, 1994
/s/G. Brymer Humphreys G. Brymer Humphreys	Director	October 21, 1994
/s/Susan W. Stuart Susan W. Stuart	Director	October 21, 1994

<TABLE>

Exhibit 11

COMPUTATION OF EARNINGS PER SHARE
(In thousands, except per share amounts)

<CAPTION>

Years ended July 31,	1994	1993	1992
<S>	<C>	<C>	<C>
Primary			
Net earnings applicable to common stock:			
Net earnings	$ 9,104	$ 4,118	$ 891
Deduct preferred stock dividends paid	23	23	23
Net earnings applicable to common stock	$ 9,081	$ 4,095	$ 868
Weighted average number of common shares and common equivalents outstanding	2,899	3,085	3,096
Primary earnings per share	$ 3.13	$ 1.33	$ .28
Fully Diluted			
Net earnings applicable to common stock per above	$ 9,081	$ 4,095	$ 868
Add dividends on convertible preferred stock	20	20	20
Net earnings applicable to common stock on a fully diluted basis	$ 9,101	$ 4,115	$ 888
Shares used in calculating primary earnings per share above	2,899	3,085	3,096
Additional shares to be issued under full conversion of preferred stock	34	34	34
Total shares for fully diluted	2,933	3,119	3,130
Fully diluted earnings per share	$ 3.10	$ 1.32	$ .28

</TABLE>

Description of Business

Seneca Foods Corporation conducts its business almost entirely in food processing which currently contributes about 99% of the Company's sales. Canned and frozen vegetables represent 51% of the food processing volume. Within the apple products category, which contributed 27% of all processed food sales, the Company's Seneca(r) brand frozen apple concentrate continues its position as the nation's number one seller. Of the remaining food processing sales, grape products account for 6%, and bottled, canned, and frozen fruit juice drinks account for the remaining 16%.

Approximately 43% of the Company's food products are packed under its own brands including Seneca(r), Libby's(r) and TreeSweet(r). About 39% of the processed foods are packed under private labels with the remaining 18% sold to institutional food distributors.

The Company also operates a non-food division which contributes about 1% to the Company's sales. Seneca Flight Operations provides air charter service primarily to industries located in upstate New York.

Pittsford, New York
October 14, 1994
<TABLE>

Financial Highlights

<CAPTION>

Years ended July 31,	1994	1993	1992	Increase(Decrease) 1994-93	1993-92
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$290,185,000	$ 257,402,000	$ 279,708,000	12.7%	(8.0)%
Earnings (loss) from continuing operations	5,341,000	3,153,000	(305,000)	69.4	1,133.8
Earnings before extraordinary item and cumulative effect of accounting change	7,704,000	4,118,000	1,358,000	87.1	203.2
Cumulative effect of accounting change	2,006,000	-	-	-	-
Net earnings	9,104,000	4,118,000	891,000	121.1	362.2
Earnings (loss) from continuing operations per share	$ 1.84	$ 1.02	$ (.11)	80.4%	1,027.3%
Earnings before extraordinary item and cumulative effect of accounting change per share	2.65	1.33	.43	99.2	209.3
Cumulative effect of accounting change per share	.69	-	-	-	-
Net earnings per share	3.13	1.33	.28	135.3	375.0
Stockholders' equity	85,285,000	81,296,000	75,828,000	4.9	7.2
Common stockholders' equity per share	30.47	26.47	24.49	15.1	8.1

</TABLE>
Note -- The Company's textile division was sold during August, 1993.

To Our Fellow Shareholders:

Fiscal 1994 was a busy and successful year for Seneca Foods. The Company was able to post a healthy profit and grew both case and dollar sales. This was due primarily to the sharply higher vegetable selling prices, the reasonably normal fruit crop conditions and the addition of two small acquisitions. Earnings from continuing operations were $5,341,000, up 69.4% over 1993. In addition, we had several non-recurring items which affected 1994 earnings. The sale of the Company's textile subsidiary resulted in an after-tax gain of $2,273,000. Also, a required accounting change for recognizing deferred taxes was implemented which resulted in a $2,006,000 gain. Lastly, the Company paid an early payment penalty on a large piece of high interest, long-term debt which was repaid in 1994, resulting in an after-tax extraordinary loss of $606,000. The net result of all of these items was net earnings of $9,104,000 or $3.13 per share versus $4,118,000 or $1.33 per share in 1993. Net sales were up 12.7% in 1994 to $290,185,000 versus 1993's sales of $257,402,000.

As we mentioned before, selling prices in vegetables were sharply higher due to 1993's summer flooding in the midwest. This flooding caused an industrywide shortage of virtually all types of canned and frozen vegetables. While our costs were higher as a result, this increase was more than offset by the higher selling prices. In addition, nearly one-third of Seneca's vegetable pack is produced in New York State, which had almost ideal growing conditions last summer. Consequently, our above budget packs in New York contributed handsomely to our bottom line.

Our juice business also grew in terms of sales and profits, helped by lower raw material costs. During the past several years, increasing apple and grape juice prices had led to the introduction of a variety of less expensive non-100% juice alternatives, such as fruit-flavored drinks, to meet the needs of price-conscious consumers. Today, our products are once again very price competitive versus these non-100% juice alternatives.

In addition, we made two strategic acquisitions in our juice business. In November, we purchased a small, profitable, juice ingredients business in Washington State that was folded into our Western Division. One month later, we purchased the citrus juice business of ERLY Industries which included a bottling plant in Michigan and distribution of canned, frozen and bottled orange and grapefruit juices under the TreeSweet Brand name. This acquisition permits Seneca to offer its customers citrus juice products in addition to our traditional apple, grape and cranberry juice products. Most of this production was moved efficiently into our five bottling facilities around the country.

After the close of the year, we purchased the Nature's Favorite Apple Chip business from Mitsubishi Foods, Inc. This is a niche snack food business with a state-of-the-art manufacturing facility in Yakima, Washington. We expect this business to contribute modestly to our bottom line in 1995, and hope to leverage our sales and marketing expertise to build sales over time.

A major accomplishment in 1994 was the successful implementation of the Nutritional Labeling and Education Act that required that we put nutritional statements on all of our food products. While we welcome the law, which will highlight to the consumer the positive nutritional value of Seneca's products, the logistics of compliance was a costly and time consuming project for Seneca and the entire industry.

As we look to 1995, the vegetable pack has been excellent thus far and we are rapidly filling the depleted pipeline of inventories into the grocery stores. Our expectations are for continuing growth in sales which will include the full year impact of the acquisitions, as well as the more modest growth of our core business. It is, however, still too early to say just how our bottom line will be affected by this year's crops.

Finally, let us thank Seneca's employees who put in many long hours this year managing the expansion of our business. Our strategy of having modern plants and dedicated employees has served the Company well for over forty-five years. Consequently, we believe we are well positioned to take advantage of further growth opportunities and handle the commodity cycles in our business.

/s/Arthur S. Wolcott
/s/Kraig H. Kayser
Chairman
President and Chief
Executive Officer
<TABLE>
Five Year Selected Financial Data

Summary of Operations and Financial Condition

<CAPTION>

Years ended July 31,	1994	1993	1992	1991	1990
		(In thousands of dollars, except per share data)			
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 290,185	$ 257,402	$ 279,708	$ 279,973	$ 295,120
Operating earnings (before Corporate interest and administrative)	$ 18,354	$ 12,843$	12,870	$ 21,544	$ 20,206
Earnings (loss) from continuing operations before extraordinary item and cumulative effect of accounting change	5,341	3,153	(305)	5,252	4,028
Earnings from discontinued operations	90	965	1,663	651	1,778
Gain on the sale of discontinued operations	2,273	-	-	-	-
Earnings before extraordinary item and cumulative effect of accounting change	7,704	4,118	1,358	5,903	5,806
Extraordinary loss	(606)	-	(467)	-	-
Cumulative effect of accounting change	2,006	-	-	-	-
Net earnings	9,104	4,118	891	5,903	5,806
Earnings (loss) from continuing operations per common share	$ 1.84	$ 1.02	$ (.11)	$ 1.69	$ 1.25
Earnings per common share before extraordinary item and cumulative effect of accounting change	2.65	1.33	.43	1.90	1.80
Net earnings per common share	3.13	1.33	.28	1.90	1.80
Working capital	$ 62,794	$ 84,410	$ 76,650	$ 77,703	$ 61,590
Inventories	92,710	82,586	86,309	92,248	84,927
Net property, plant, and equipment	78,216	74,089	81,718	82,754	73,951
Total assets	200,601	203,138	205,814	211,070	194,036
Long-term debt and capital lease obligations	51,476	72,556	77,614	79,938	57,885
Stockholders' equity	85,285	81,296	75,828	76,798	70,918
Additions to property, plant, and equipment	$ 9,384	$ 1,723$	8,702	$ 17,167	$ 11,981
Interest expense, net	6,046	5,834	10,186	9,289	10,106
Net earnings/average equity	10.9 %	5.2%	1.2%	8.0%	8.2%
Continuing earnings before taxes/sales	2.8 %	1.3%	(0.2)%	3.0%	2.2%
Net earnings/sales	3.1 %	1.6%	0.3%	2.1%	2.0%
Long-term debt/equity	60 %	89%	102%	104%	82%
Current ratio	2.2:1	3.2:1	2.8:1	2.8:1	2.2:1
Common stockholders' equity per share	$ 30.47	$ 26.47	$ 24.49	$ 24.77	$ 22.87
National Market System closing price range	22 3/4-15 1/2	16 3/8-14 3/4	21 1/4-15 1/4	25 1/4-20	25 1/4-18
Common cash dividends declared per share	-	-	-	-	-
Price earnings ratio	6.8 x	11.7x	55.4x	10.5x	13.6x

</TABLE>

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Because of the food processing segment, the Company's yearly business cycle shows large inventory growth during the summer and fall harvest period. The inventory peaks in the early winter and drops to its minimum level about the fiscal year end. These peaks are financed through seasonal borrowings whose high and low points essentially correspond with the changes in inventory, or by a reduction in short-term investments. Accordingly, inventory management is key to liquidity.

During 1994 the Company prepaid an issue of high interest long-term debt totaling $13.8 million. This resulted in an extraordinary loss of $0.6 million after taxes. Also during 1994 the Company made two small acquisitions totaling $11.7 million. The debt prepayment and acquisitions were funded by the proceeds from the sale of the textile division (see below) and current operations. During 1994 and 1993 the Company had no new long-term financing. During 1992 the Company began refunding $22.6 million of tax exempt industrial revenue bonds that was completed in 1993 (see Long-Term Debt, note 5). The Company maintained unsecured lines of credit totaling $90.0 million, with peak borrowings reaching $7.0 million during 1994. All credit lines provide for interest below prime rates. There were $1.6 million of borrowings outstanding under these lines at the end of 1994 and none for years 1993 and 1992.

The increase in cash and short-term investments of $0.5 million over the three year period ended in 1994 was primarily due to proceeds from the disposal of the textile segment of $8.4 million; an income tax refund in 1993 of $4.2 million; and net earnings. This was offset by the debt prepayment of $13.8 million; two small acquisitions totaling $11.7 million; the common stock retirement of $5.1 million; capital additions of $9.4 million, $1.7 million, and $8.7 million in 1994, 1993, and 1992, respectively; and smaller items not identified.

During 1994 capital expenditures were higher than both 1993 and 1992. During 1994 the Company upgraded its vegetable processing and juice bottling equipment in the Eastern Division. During 1992 the Company upgraded a portion of its can manufacturing equipment in the midwest.

During August 1993 the Company sold its textile division for approximately $8.4 million. It represented about 6% of the Company's assets and 13% of the Company's sales in 1993.

Results of Operations

The Company's sales from continuing operations of $290.2 million in 1994 represent an increase of 12.7% over last year's results. Sales decreased 8.0% in 1993 and decreased 0.1% in 1992.

In 1994 vegetable sales increased 9.5% due to sharply higher unit selling prices that resulted from 1993's flooding in the midwest. In 1994 fruit and juice sales were up 16.7% led by apple juice which was up 9.3%. The two small acquisitions also contributed to the increase (see Acquisitions, note 13). In 1993 vegetable sales declined 12.4% due to lower unit sales and selling prices while apple and grape sales declined by 8.4% and 2.1%, respectively. This was partially offset by an increase in co-pack sales. Vegetable sales decreased due, in part, to a continued oversupply of processed vegetables in the industry. In 1992 vegetable sales increased due to greater unit sales while apple and grape sales declined. Apple sales in 1992 declined due to the second consecutive year of the worldwide apple shortage.

In 1994 earnings increased for the following reasons: 1) lower apple cost of product sold due to a greater availability of apples, 2) higher selling prices on vegetables which more than offset higher cost of goods sold, 3) the sale of the textile segment and, 4) the $2.0 million gain due to implementing Statement of Financial Accounting Standards (SFAS) 109, Accounting for Income Taxes (see Income Taxes, note 7). In 1993 earnings increased for the following reasons: 1) lower apple cost of product sold due to a greater availability of apples, 2) lower interest cost since there were lower short-term rates, 3) the refinancing mentioned below and, 4) the $1.7 million of interest income from the Internal Revenue Service (see Income Taxes, note 7). In 1992 earnings decreased due, in part, to lower selling prices caused by an industrywide oversupply of processed vegetables. In addition a major shortage of processing apples in Europe and the U. S. caused unprecedented increases in the cost of goods sold which resulted in lower earnings. The 1992 earnings included an extraordinary loss of $0.5 million (after tax benefit) related to a prepayment penalty paid for early extinguishment of Industrial Revenue Bonds and accelerated amortization of their deferred financing costs. Interest savings in the first year more than offset the costs of refinancing (see Long-Term Debt, note 5).

In general, inflation played a relatively small role in the operating results and cash flows of 1994, 1993, and 1992 since the Company values its inventories on a last-in, first-out (LIFO) basis and depreciates its fixed assets under accelerated depreciation methods for tax purposes.

Accounting for Equity Securities - SFAS 115

The Financial Accounting Standards Board recently issued SFAS 115, Accounting for Certain Investments in Debt and Equity Securities. The Company will adopt this statement, as required, in the first quarter of 1995. Based on the current situation with the Common Stock of Moog Inc., under this statement the Company's investment would be classified as available-for-sale securities and thus reported at fair value, with the unrealized gain reported as a separate component of equity.

<TABLE>

Consolidated Statements of Net Earnings

Seneca Foods Corporation and Subsidiaries

<CAPTION>

Years ended July 31,	1994	1993	1992
	(In thousands of dollars, except share amounts)		
<S>	<C>	<C>	<C>
Net sales	$ 290,185	$ 257,402	$ 279,708
Costs and expenses:			
Cost of product sold	247,158	222,143	241,361
Selling, general, and administrative expense	28,824	26,166	28,681
Interest expense, net of interest income of $528, $1,865, and $196, respectively (Note 7)	6,046	5,834	10,186
	282,028	254,143	280,228
Earnings (loss) from continuing operations before income taxes, extraordinary item and cumulative effect of accounting change	8,157	3,259	(520)
Income taxes (Note 7)	2,816	106	(215)
Earnings (loss) from continuing operations before extraordinary item and cumulative effect of accounting change	5,341	3,153	(305)
Earnings from discontinued operations, less applicable income taxes of $46, $591, and $939, respectively (Note 11)	90	965	1,663
Gain on the sale of discontinued operations, less applicable income taxes of $1,171 (Note 11)	2,273	-	-
Extraordinary losses on early extinguishment of debt, less applicable income tax benefit of $312 and $303 (Note 5)	(606)	-	(467)
Cumulative effect of accounting change (Note 7)	2,006	-	-
Net earnings	$ 9,104	$ 4,118	$ 891
Earnings (loss) from continuing operations per common share	$ 1.84	$ 1.02	$ (.11)
Earnings from discontinued operations per common share	.03	.31	.54
Gain on the sale of discontinued operations per common share	.78	-	-
Extraordinary losses on early extinguishment of debt per common share	(.21)	-	(.15)
Cumulative effect of accounting change per common share	.69	-	-
Net earnings per common share	$ 3.13	$ 1.33	$ .28
Weighted average shares outstanding	2,898,863	3,085,333	3,095,887

See notes to consolidated financial statements.

</TABLE>

<TABLE>

Consolidated Balance Sheets

Seneca Foods Corporation and Subsidiaries

<CAPTION>

July 31,	1994	1993
	(In thousands)	
Assets		
Current Assets:		
<S>	<C>	<C>
Cash and short-term investments	$ 2,325	$ 15,522
Accounts receivable, less allowance for doubtful accounts of $183 and $435, respectively	18,651	24,398
Inventories (Note 2):		
Finished products	46,530	38,350
In process	17,980	16,366
Raw materials and supplies	28,200	27,870
Refundable income taxes (Note 7)	890	-
Deferred tax asset (Note 7)	1,194	-
Prepaid expenses	343	250

Total Current Assets	116,113	122,756
Common Stock of Moog Inc. (Note 3)	6,079	6,079
Other Assets	193	214
Property, Plant, and Equipment (Note 6):		
Land	4,714	4,526
Buildings	51,462	50,582
Equipment	122,865	112,628
	179,041	167,736
Less accumulated depreciation and amortization	100,825	93,647
Net Property, Plant, and Equipment	78,216	74,089
Total Assets	$ 200,601	$ 203,138
Liabilities and Stockholders' Equity		
Current Liabilities:		
Notes payable (Note 4)	$ 1,600	$ -
Accounts payable	31,829	19,742
Accrued expenses	13,541	12,980
Current portion of long-term debt and capital lease obligations	6,349	5,057
Income taxes (Note 7)	-	567
Total Current Liabilities	53,319	38,346
Long-Term Debt (Note 5)	50,619	71,534
Capital Lease Obligations (Note 6)	857	1,022
Deferred Income Taxes (Note 7)	10,521	10,940
Commitments (Note 6)	-	-
Total Liabilities	115,316	121,842
Stockholders' Equity (Notes 5 and 8):		
Preferred stock	70	70
Common stock	1,880	1,948
Total Capital Stock	1,950	2,018
Additional paid-in capital	-	3,157
Retained earnings	83,335	76,121
Total Stockholders' Equity	85,285	81,296
Total Liabilities and Stockholders' Equity	$ 200,601	$ 203,138

See notes to consolidated financial statements.
</TABLE>
<TABLE>
Consolidated Statements of Cash Flows

Seneca Foods Corporation and Subsidiaries
<CAPTION>

Years ended July 31,	1994	1993	1992
		(In thousands)	
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net earnings	$ 9,104	$ 4,118	$ 891
Adjustments to reconcile net earnings to net cash provided (used) by operations:			
Depreciation and amortization	9,253	9,270	9,642
Deferred income taxes	(419)	1,615	(904)
Gain on the sale of discontinued operations	(3,444)	-	-
Changes in working capital:			
Accounts receivable	4,142	822	2,006
Inventories	(10,038)	3,723	5,939
Prepaid expenses	(147)	22	(31)
Accounts payable and accrued expenses	16,117	(7,981)	5,044
Income taxes	(2,651)	573	303
Net cash provided by operations	21,917	12,162	22,890
Cash flows from investing activities:			
Acquisitions	(11,670)	-	-
Additions to property, plant, and equipment	(9,384)	(1,723)	(8,702)
Proceeds from the disposal of a segment	8,356	-	-
Disposals of property, plant, and equipment	866	82	96
Net cash used in investing activities	(11,832)	(1,641)	(8,606)
Cash flows from financing activities:			
Payments of long-term debt and capital lease obligations	(19,788)	(2,345)	(31,056)
Common stock retirements	(5,092)	(384)	(81)
Notes payable	1,600	-	-
Proceeds from issuance of long-term debt	-	-	22,630
Other assets	21	(137)	352
Dividends paid	(23)	(23)	(23)
Net cash used in financing activities	(23,282)	(2,889)	(8,178)

Net increase (decrease) in cash and short-term investments	(13,197)	7,632	6,106
Cash and short-term investments, beginning of year	15,522	7,890	1,784
Cash and short-term investments, end of year	$ 2,325	$ 15,522	$ 7,890
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 7,170	$ 9,400	$ 10,853
Income taxes	4,785	1,076	1,022
Supplemental schedule of noncash investing and financing activities:			
None during the periods presented			

See notes to consolidated financial statements.
</TABLE>
<TABLE>
Consolidated Statements of Stockholders' Equity

Seneca Foods Corporation and Subsidiaries

<CAPTION>

	Preferred Stock 6% Cumulative Par Value $.25 Callable at Par Voting	Class A 10% Cumulative Par Value $.025 Convertible Voting	Common Stock Par Value $.25	Additional Paid-In Capital	Net Unrealized Loss on Noncurrent Securities	Retained Earnings
		(In thousands, except share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares authorized	200,000	1,400,000	10,000,000			
Shares issued and outstanding:						
July 31, 1992	200,000	807,240	3,093,666			
July 31, 1993	200,000	807,240	3,068,666			
July 31, 1994	200,000	807,240	2,796,555			
Balance July 31, 1991	$50	$20	$1,955	$ 3,615	$ -	$ 71,158
Net earnings	-	-	-	-	-	891
Cash dividends paid on preferred stock	-	-	-	-	-	(23)
Retirement of common stock	-	-	(1)	(80)	-	-
Net unrealized loss on noncurrent securities		-	- -	-	(1,757)	-
Balance July 31, 1992	50	20	1,954	3,535	(1,757)	72,026
Net earnings	-	-	-	-	-	4,118
Cash dividends paid on preferred stock	-	-	-	-	-	(23)
Retirement of common stock	-	-	(6)	(378)	-	-
Net unrealized gain on noncurrent securities	-	-	-	-	1,757	-
Balance July 31, 1993	$50	$20	1,948	3,157	-	76,121
Net earnings	-	-	-	-	-	9,104
Cash dividends paid on preferred stock	-	-	-	-	-	(23)
Retirement of common stock	-	-	(68)	(3,157)	-	(1,867)
Balance July 31, 1994	$50	$20	$1,880	$ -	$ -	$ 83,335

See notes to consolidated financial statements.
</TABLE>

Notes to Consolidated Financial Statements

Seneca Foods Corporation and Subsidiaries

1. Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts for the parent Company and all of its wholly-owned subsidiaries after elimination of intercompany transactions, profits, and balances.

Revenue Recognition - Sales and related cost of product sold are recognized primarily upon shipment of products.

Concentration of Credit Risk - Financial instruments that potentially subject the Company to credit risk consist of trade receivables and interest-bearing investments. Wholesale and retail food distributors comprise a significant portion of the trade receivables; collateral is not required. The risk associated with the concentration is limited due to the large number of wholesalers and retailers and their geographic dispersion.

The Company places substantially all its interest-bearing investments with financial institutions and monitors credit exposure.

Cash and Short-Term Investments - For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased for a maturity of three months or less as short-term investments.

Inventories - Inventories are stated at lower of cost; last-in, first-out (LIFO); or market.

Income Taxes - Effective August 1, 1993, the Company adopted SFAS 109, Accounting for Income Taxes which requires the use of the liability method of accounting for deferred income taxes. The provision for income taxes includes federal, foreign, and state income taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities.

Depreciation - Property, plant, and equipment is stated at cost or, in the case of capital leases, the present value of future lease payments. For financial reporting, the Company provides for depreciation and capital lease amortization on the straight-line method at rates based upon the estimated useful lives of the various assets.

Earnings per Common Share - Primary earnings per share are calculated on the basis of weighted average common shares outstanding since the effect of common stock equivalents is immaterial. The difference between primary and fully diluted earnings per share is also immaterial.

2. Inventories

The replacement value of the LIFO based inventory was $99,647,000 at July 31, 1994, and $88,864,000 at July 31, 1993.

3. Common Stock of Moog Inc.

The Company's investment in the common stock of Moog Inc. is carried at the lower of aggregate cost or market. The market value of these securities was $6,787,000 as of July 31, 1994 and $6,179,000 as of July 31, 1993. There were no realized gains or losses in 1994, 1993, or 1992, and unrealized gains of $708,000 at July 31, 1994 and $100,000 at July 31, 1993. The Company owns about 7% of the voting stock of Moog Inc. as of July 31, 1994. The Company has the ability and intent to hold these securities for the foreseeable future.

The Financial Accounting Standards Board recently issued SFAS 115, Accounting for Certain Investments in Debt and Equity Securities. The Company will adopt this statement, as required, in the first quarter of 1995. Based on the current situation with the Common Stock of Moog Inc., under this statement the Company's investment would be classified as available-for-sale securities and thus reported at fair value, with the unrealized gain reported as a separate component of equity.

4. Lines of Credit

The Company obtains required short-term funds through bank borrowings. At July 31, 1994, the Company had $4,660,000 outstanding for letters of credit and lines of credit totaling $90,000,000.

The lines are renewable annually at various dates and provide for loans of varying maturities at rates below prime. There are no formal compensating balance arrangements with any of the banks.

Selected details are as follows:

	1994	1993	1992
	(In thousands of dollars)		
Borrowings at year end:			
Amount	$1,600	-	-
Interest rate	5.34 %	-	-
Maximum borrowings during the year	$7,000	$38,300	$40,500
Average borrowings during the year:			
Amount	$ 158	$14,703	$22,563
Interest rate	4.53 %	4.17 %	5.44 %

The average borrowings were computed by dividing the total daily outstanding balances by 365 days. The average interest rate was computed by dividing the actual interest expense by the average borrowings.

5. Long-Term Debt

	1994	1993
	(In thousands)	
Note payable to insurance company, 9.78%, due through 2001	$28,300	$ 30,000
Note payable to insurance company, 13.25%, due through 2001	-	16,800
Industrial Revenue Development Bonds, variable rate, 12.76%, or varies with prime, due through 2028	26,780	27,430
Subordinated debentures, 12% or varies with prime, due through 1996	471	471
Notes payable to others, 3% to 8.55%, due through 2012	1,252	1,263
	56,803	75,964
Less current portion	6,184	4,430
	$50,619	$ 71,534

The Company has four Industrial Revenue Bonds ("IRB's") totalling $22,630,000 which are secured by direct pay letters of credit.

Debt agreements provide, among other things, that the Company may pay dividends on common stock only from consolidated net earnings available for distribution. There was $4,748,000 of earnings available for distribution as of July 31, 1994. The debt agreements also require the maintenance of $51,000,000 in working capital and limit outstanding short-term borrowings to $50,000,000 at any one time. All provisions have been met at July 31, 1994.

Debt repayment requirements for the next five fiscal years are:

	(In thousands)
1995	$ 6,184
1996	3,756
1997	4,149
1998	3,734
1999	3,701

During 1994 the Company paid off its 13.25% note payable to the insurance company. The prepayment penalty paid for the early extinguishment of the debt totaled $918,000, before the applicable income tax benefit of $312,000 which has been accounted for as a net extraordinary loss of $606,000.

6. Leases

The Company leases a portion of its equipment and buildings. Capitalized leases consist primarily of industrial development agency financing instruments which bear interest rates ranging from 4.71% to 6.75%. Other leases include non-cancelable operating leases expiring at various dates through 2005.

Leased assets under capital leases consist of the following:

	1994	1993
	(In thousands)	
Land	$ 93	$ 156
Buildings	1,792	5,892
Equipment	1,167	4,004
	3,052	10,052
Less accumulated amortization	1,791	6,070
	$ 1,261	$ 3,982

The following is a schedule by year of minimum payments due under leases as of July 31, 1994:

	Operating	Capital
	(In thousands)	
Year ending July 31:		
1995	$ 1,048	$ 229
1996	692	133
1997	276	124
1998	5	124
1999	4	124
2000-2004	15	622

2005-2009	2	21
Total minimum payment required	$ 2,042	1,377
Less interest		355
Present value of minimum lease payments		1,022
Amount due within one year		165
Long-term capital lease obligations		$ 857

Aggregate rental expense in 1994, 1993, and 1992 was $2,190,000, $2,266,000, and $2,684,000, respectively.

7. Income Taxes

The Company files a consolidated income tax return. The provision for income taxes includes the effect of continuing and discontinued operations and the extraordinary items as follows:

	1994	1993	1992
		(In thousands)	
Current:			
Federal	$ 2,970	$ 1,175	$ 1,276
State	430	363	200
	3,400	1,538	1,476
Deferred:			
Federal	275	(784)	(897)
State	46	(57)	(158)
	321	(841)	(1,055)
Total income taxes	$ 3,721	$ 697	$ 421

In August 1992 the Internal Revenue Service completed its audit of fiscal years 1983 and 1984. This conclusion allowed the Company to file a refund claim for the years 1985 and 1986. This refund was received during the 1993 fiscal year resulting in a $1,000,000 reduction in the provision for income taxes. Also in 1993, interest income of $1,680,000 has been netted against the interest expense category in the Consolidated Statements of Net Earnings.

The cumulative effect of the adoption of SFAS 109 on August 1, 1993 was $2,006,000. This change is reported in the current Consolidated Statements of Net Earnings. As permitted under this rule, prior years financial statements have not been restated to apply the provisions of SFAS 109.

SFAS 109 is an asset and liability approach to deferred income taxes. It requires the recognition of deferred income taxes reflecting the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial purposes and income tax purposes.

A reconciliation of the expected U.S. statutory rate to the effective rate follows:

	1994	1993	1992
Computed (expected tax rate)	34.0 %	34.0 %	34.0 %
State income taxes (net of federal tax benefit)	2.4	4.2	2.1
Depreciation adjustment	-	0.1	0.6
IRS settlement	-	(20.8)	-
Other	(1.9)	(3.0)	(4.6)
Effective tax rate	34.5 %	14.5 %	32.1 %

The following is a summary of the significant components of the Company's deferred tax assets and liabilities as of July 31, 1994:

	(In thousands)
Deferred tax liabilities:	
Basis and depreciation difference	$ 9,946
State taxes	789
Other	538
	11,273
Deferred tax assets:	
Employee benefits	586
Pension	497
Insurance	466
Sales tax	114

Other	283
	1,946
Deferred tax liability	$ 9,327

Net current assets of $1,194,000 and net non-current liabilities of $10,521,000 are recognized in the balance sheet for the current year. As required by SFAS 109, the deferred tax asset was recorded on the balance sheet as a current asset. Prior to SFAS 109, it was netted against the long-term deferred income tax liability.

Prior to the change in accounting methods, the sources of deferred tax items and the corresponding tax effects during 1993 and 1992 were as follows:

	1993	1992
	(In thousands)	
Accelerated depreciation:		
Federal	$ 275	$ (94)
State	19	(20)
Vacation accrual	5	(4)
Bad debts	(92)	1
Inventory valuation	(91)	(586)
Involuntary conversion	(30)	(30)
Insurance accrual	(157)	321
Promotion accrual	6	49
Prepayments:		
Debt extinguishment	262	(262)
Lease	48	(103)
IRS settlement	(1,000)	-
Other	(86)	(327)
Total deferred taxes	$(841)	$(1,055)

8. Stockholders' Equity

Preferred Stock - The outstanding 10% cumulative, convertible, voting preferred stock consists of 407,240 series A shares, convertible at the rate of one common share for every twenty preferred shares, and 400,000 series B shares, which carry a one for thirty conversion rate. The series A and B shares have a $.25 stated value and a $.025 par value. There are 2,600,000 shares authorized of Class A $.025 par value stock which are unissued and undesignated. In addition there are 30,000 shares of no par stock which are also unissued and undesignated.

Common Stock - Unissued shares of common stock reserved for conversion privileges were 33,695 at July 31, 1994, 1993, and 1992.

9. Quarterly Results (Unaudited)

The following is a summary of the unaudited interim results of operations by quarter:

	First	Second	Third	Fourth
	(In thousands, except per share data)			
Year ended July 31, 1994:				
Net sales	$62,003	$83,780	$82,586	$61,816
Gross margin	8,618	12,426	11,893	10,090
Earnings from continuing operations	259	1,203	1,784	2,095
Earnings from continuing operations per share	.07	.41	.62	.74
Earnings before extraordinary item and accounting change	2,406	1,203	1,857	2,238
Earnings before extraordinary item and accounting change per share	.80	.41	.64	.80
Net earnings	4,412	1,203	1,857	1,632
Net earnings per common share	1.47	.42	.66	.58
Year ended July 31, 1993:				
Net sales	$58,451	$71,510	$67,635	$59,806
Gross margin	8,751	8,993	6,355	11,160
Earnings (loss) from continuing operations	129	(206)	(153)	3,383
Earnings (loss) from continuing operations per share	.04	(.07)	(.05)	1.10

Net earnings	303	4	252	3,559
Net earnings per common share	.10	.00	.08	1.15

Earnings for the fourth quarter have historically reflected adjustments of previously estimated raw material costs and production levels. Due to the dependence on fruit and vegetable yields of the Company's food processing segment, interim costing must be estimated. The volatile nature of inventory quantities and costs within the food processing segment also necessitates estimates of interim changes to the Company's LIFO reserve.

10. Retirement Plan

The Company has a noncontributory defined benefit pension plan covering all employees who meet certain age entry requirements and work a stated minimum number of hours per year. Annual contributions are made to the Plan sufficient to satisfy legal funding requirements.

Pension expense includes the following:

	1994	1993	1992
		(In thousands)	
Service cost for benefits earned during the period	$ 818	$ 838	$ 701
Interest cost on projected benefit obligation	998	983	905
Actual (return) loss on plan assets	(1,691)	(655)	337
Net deferral of actuarial gains (losses)	673	(568)	(1,659)
Amortization of net unrecognized gain at August 1, 1987	(276)	(276)	(276)
Amortization of losses	144	-	-
Amortization of prior service cost	94	94	94
Pension expense	$ 760	$ 416	$ 102

The following table summarizes the funded status and related amounts that are recognized in the consolidated balance sheets:

	1994	1993	1992
		(In thousands)	
Actuarial present value of accumulated benefit obligation:			
Vested	$ 11,214	$8,478	$ 7,896
Nonvested	689	507	262
Total	$ 11,903	$8,985	$ 8,158
Plan assets at fair market value, primarily listed stocks and fixed income securities	$ 16,009	$14,867	$14,739
Projected benefit obligation	15,684	12,920	11,877
Plan assets in excess of projected benefit obligation	325	1,947	2,862
Unrecognized gain at transition	(4,832)	(5,108)	(5,384)
Unrecognized prior service cost	750	844	938
Unrecognized net loss	2,295	1,616	1,299
Accrued pension liability	$ (1,462)	$(701)	$ (285)

The projected benefit obligation was determined using an assumed discount rate of 7% and an assumed long-term salary increase rate of 4%. The assumed long-term rate of return on plan assets was 7%. The Plan holds the Company's stock with a fair market value of $1,661,000.

11. Discontinued Operations

In August 1993 the Company completed its sale of the textile division for $8,400,000 in cash and reported a net gain of $2,273,000 in the first quarter of 1994. As a result of the sale, textile operations have been accounted for as discontinued operations in current and prior periods in the Consolidated Statements of Net Earnings.

Net sales for the textile division were $2,246,000 in 1994, $43,087,000 in 1993, and $49,265,000 in 1992. Total assets were $8,400,000 and total liabilities were $3,500,000 resulting in $4,900,000 of net assets as of the August 1993 closing.

12. Fair Value of Financial Instruments

As of July 31, 1994, the carrying amount and the fair value of the Company's financial instruments, as determined under SFAS 107, "Disclosures about Fair Value of Financial Instruments", were as follows:

	Carrying Amount	Estimated Fair Value
	(In thousands)	
Long-term debt, including current portion	$ 56,803	$ 60,074
Common stock of Moog Inc.	6,079	6,787
Notes payable	1,600	1,600

The estimated fair values were determined as follows:

Long-term debt - The quoted market prices for similar debt or current rates offered to the Company for debt with the same maturities.

Common stock of Moog Inc. - Based on quoted market prices.

Notes payable - The carrying amount approximates fair value.

13. Acquisitions

On December 20, 1993 the Company acquired certain assets of ERLY Juice, Inc. and WorldMark, Inc. This included manufacturing facilities located in Eau Claire, Michigan. Most of the products are sold under the TreeSweet brand.

In an unrelated transaction Seneca acquired the Wapato, Washington juice ingredients business of Sanofi Bio-Industries, Inc. on November 30, 1993.

The combined purchase price of these acquisitions was $11,670,000 which was funded out of working capital.

Both were accounted for under the purchase method and, accordingly, the operating results of the acquired have been included in the consolidated operating results since the dates of acquisition.

The following summary, prepared on a pro forma basis, combines the consolidated results of operations as if ERLY and Sanofi were acquired at the beginning of the periods presented:

	1994	1993
	(Unaudited) (In thousands, except per share amounts)	
Net sales	$301,121	$318,302
Net earnings from continuing operations	$ 5,602	$ 3,036
Net earnings from continuing operations per share	$ 1.92	$ .98

The 1993 pro forma amounts are based on the prior owners actual sales. The 1994 pro forma amounts are based on the Company's partial year sales annualized.

The explanation for the difference is the Company's strategic focus on the most profitable areas of the acquired businesses.

Subsequent to 1994 year end the Company acquired the assets of M.C. Snack, Inc. of Yakima, Washington, a snack food maker of apple chips under the Nature's Favorite Brand. Results of this acquisition, on a pro forma basis, would not be materially different from the results reported.

Independent Auditors' Report

To the Board of Directors
and Stockholders of
Seneca Foods Corporation
Pittsford, New York

We have audited the accompanying consolidated balance sheets of Seneca Foods Corporation and subsidiaries as of July 31, 1994 and 1993, and the related consolidated statements of net earnings, stockholders' equity, and cash flows for each of the three years in the period ended July 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Seneca Foods Corporation and subsidiaries as of July 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Note 7 to the consolidated financial statements, in fiscal 1994 the Company changed its method of accounting for income taxes to conform with Statement of Financial Accounting Standards No. 109.

/s/Deloitte & Touche LLP

Rochester, New York
September 23, 1994

Directors

Robert T. Brady
President and Chief Executive Officer
Moog Inc.

David L. Call
Dean, College of Agriculture
and Life Sciences
Cornell University

Edward O. Gaylord
President
Gaylord & Company

G. Brymer Humphreys
President
Humphreys Farm Inc.

Kraig H. Kayser
President and Chief Executive Officer

Susan W. Stuart
Marketing Consultant

Arthur S. Wolcott
Chairman

Officers
Corporate

Arthur S. Wolcott
Chairman

Kraig H. Kayser
President and Chief Executive Officer

Alvin L. Gauvin
Senior Vice President, Sales and Marketing

Ricke A. Kress
Senior Vice President, Operations

Devra A. Bevona
Treasurer

Jeffrey L. Van Riper
Controller and Secretary
Processed Food Group

Seneca Foods -
  Central
  Michael H. Haney
  President

  Eastern
  Steven E. Klus
  President

  Western
  Edward J. Johnson
  President

  Kennett
  Richard O. Mayo
  President

Sales and Marketing Groups -

  Branded Sales
  Michael B. Malone
  Vice President

  Food Service and
  Private Label Sales
  R. Russell Curtis
  Vice President

Technical Services Group -

  Vincent J. Lammers
  Vice President

Non-Food Group

Seneca Flight Operations
Paul E. Middlebrook
President

Corporate Offices

1162 Pittsford-Victor Road
Pittsford, New York 14534
Telephone (716) 385-9500

Independent Auditors

Deloitte & Touche LLP
Rochester, New York

General Counsel

Jaeckle, Fleischmann & Mugel
Buffalo, New York

Transfer Agent and Registrar

Seneca Foods Corporation
Suite 1010, 1605 Main Street
Sarasota, Florida 34236

Manufacturing Plants
  and Warehouses

Food Group

Eau Claire, Michigan
Rochester, Minnesota
Dundee, New York
East Williamson, New York
Geneva, New York
Marion, New York
Newark, New York

Oaks Corners, New York
Portland, New York
Seneca Castle, New York
Mountain Home, North Carolina
Kennett Square, Pennsylvania
Othello, Washington
Prosser, Washington
Wapato, Washington
Yakima, Washington
Baraboo, Wisconsin
Cumberland, Wisconsin
Jackson, Wisconsin
Janesville, Wisconsin

Non-Food Group

Chicopee, Massachusetts
Peabody, Massachusetts
Clifton Park, New York
Penn Yan, New York

Notice of Annual Meeting

The 1994 Annual Meeting of Shareholders will be held on Saturday, December 3, 1994, beginning at 9:00 A.M. at the Company's facilities at 74 Seneca Street, Dundee, New York. A formal notice of the meeting together with a proxy statement and proxy form will be mailed to shareholders of record as of October 14, 1994.

Additional Information

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1994, as filed with the Securities and Exchange Commission, will be provided by the Company to any shareholder who so requests in writing. Requests should be sent to Devra A. Bevona, Seneca Foods Corporation, 1162 Pittsford-Victor Road, Pittsford, New York 14534.

Shareholder Information

The Company's common stock is traded on NASDAQ National Market System. The 2.8 million outstanding shares are owned by 654 shareholders of record. The high and low prices of the Company's common stock during each calendar quarter of the past two years are shown below.

	1994		1993	
Quarter	High	Low	High	Low
First	$19.50	$15.50	$16.00	$15.25
Second	20.00	18.50	16.25	15.25
Third	21.00	19.00	16.25	15.25
Fourth	22.75	19.50	16.38	14.75

The Company may pay dividends on common stock only from consolidated net earnings available for distribution which were $4,748,000 as of July 31, 1994. Payment of dividends to common stockholders is made at the discretion of the Company's Board of Directors and depends, among other factors, on earnings, capital requirements, operating and financial condition of the Company. The Company has not declared or paid a common dividend in many years.

Exhibit 22

LIST OF SUBSIDIARIES

The following is a listing of subsidiaries 100% owned by Seneca Foods Corporation, directly or indirectly:

Name	State
Marion Foods, Inc.	New York
Seneca Foods International, Ltd.	New York
SSP Company, Inc.	Massachusetts

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
Commercial and Industrial Companies
Article 5 of Regulation S-X
</LEGEND>
<MULTIPLIER> 1000

<S>	<C>
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	JUL-31-1994
<PERIOD-END>	JUL-31-1994
<CASH>	2325
<SECURITIES>	0
<RECEIVABLES>	18834
<ALLOWANCES>	183
<INVENTORY>	92710
<CURRENT-ASSETS>	116113
<PP&E>	179041
<DEPRECIATION>	100825
<TOTAL-ASSETS>	200601
<CURRENT-LIABILITIES>	53319
<BONDS>	51476
<COMMON>	1880
<PREFERRED-MANDATORY>	0
<PREFERRED>	70
<OTHER-SE>	83335
<TOTAL-LIABILITY-AND-EQUITY>	200601
<SALES>	290185
<TOTAL-REVENUES>	290185
<CGS>	247158
<TOTAL-COSTS>	247158
<OTHER-EXPENSES>	28824
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	6046
<INCOME-PRETAX>	8157
<INCOME-TAX>	2816
<INCOME-CONTINUING>	5341
<DISCONTINUED>	2363
<EXTRAORDINARY>	(606)
<CHANGES>	2006
<NET-INCOME>	9104
<EPS-PRIMARY>	3.13
<EPS-DILUTED>	3.10

</TABLE>