

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000081870-94-000033**

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FILER

RALSTON PURINA CO

CIK: **81870** | IRS No.: **430470580** | State of Incorporation: **MO** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: **001-04582** | Film No.: **94527982**
SIC: **2040** Grain mill products

Business Address
*CHECKERBOARD SQ
ST LOUIS MO 63164
3149821000*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1994

Commission File No. 1-4582

RALSTON PURINA COMPANY

- - - -
(Exact name of registrant as specified in its charter)

MISSOURI

43-0470580

- - - -
(State of Incorporation) (I.R.S. Employer Identification
No.)

CHECKERBOARD SQUARE, ST. LOUIS MISSOURI

63164

- - - -
(Address of principal executive offices) (Zip
Code)

(314) 982-1000

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

Registrant (1) has filed all reports required to be filed by
Section 13
or 15(d) of the Securities Exchange Act of 1934 during the
preceding 12

months, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO
 --- --

Number of shares of Ralston-Ralston Purina Group common stock, \$.10 par value, outstanding as of the close of business on May 6, 1994
 - - - 100,451,262.

Number of shares of Ralston-Continental Baking Group common stock, \$.10 par value, outstanding as of the close of business on May 6, 1994
 - - - 20,588,239.

PART I - FINANCIAL INFORMATION
 A. Consolidated

<TABLE>

RALSTON PURINA COMPANY AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF EARNINGS
 (Dollars in millions except per share data)

<CAPTION>

Months Ended	Three Months Ended		Six
	March 31,		
March 31,	1994	1993	1994
1993	----	----	----
<S>	<C>	<C>	<C>
<C>			
Net Sales \$4,090.9	\$ 1,997.7	\$1,913.4	\$4,197.0
-----	-----	-----	-----
Costs and Expenses			
Cost of products sold 2,210.2	1,105.3	1,043.4	2,278.9
Selling, general and administrative 925.3	494.8	459.4	963.3
Advertising and promotion 477.4	209.0	214.9	477.6

Interest	57.5	60.3	113.8
118.9			
Other (income)/expense, net	7.4	(2.5)	15.0
1.8			
	-----	-----	-----
	1,874.0	1,775.5	3,848.6
3,733.6			
	-----	-----	-----
Earnings before Income Taxes, Extraordinary Item and Cumulative Effect of Accounting Changes	123.7	137.9	348.4
357.3			
Income Taxes	51.3	55.3	142.3
142.4			
	-----	-----	-----
Earnings before Extraordinary Item and Cumulative Effect of Accounting Changes	72.4	82.6	206.1
214.9			
Extraordinary Item - Loss on Early Retirement of Debt	(9.5)	0.0	
(9.5) (6.8)			
	-----	-----	-----
Earnings before Cumulative Effect of Accounting Changes	62.9	82.6	196.6
208.1			
Cumulative Effect of Accounting Changes:			
Postretirement Benefits Other Than Pensions			
(171.9)			
Income Taxes			
(35.0)			
	-----	-----	-----
Net Earnings	62.9	82.6	196.6
1.2			
Preferred Stock Dividend, Net of Taxes	5.3	5.3	10.5
10.5			
	-----	-----	-----
Earnings (Loss) Available to Common Shareholders	\$ 57.6	\$ 77.3	\$ 186.1
\$ (9.3)			
	=====	=====	
=====			

Cash Dividends Declared per

Common Share

RPG Stock	\$ 0.60	\$ 0.60
Ralston Purina Co.	\$ 0.316	
	\$ 0.316	

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

<TABLE>

RALSTON PURINA COMPANY AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF EARNINGS (continued)
 (Dollars in millions except per share data)

<CAPTION>

Six Months Ended		Three Months Ended	
		March 31,	
March 31,		1994	1993
1994	1993	-----	-----
-- --	-----		
<S>	<C>	<C>	<C>
<C>			
Earnings (Loss) per Common Share -			
RPG Stock (pro forma in 1993):			
Primary-			
Earnings before extraordinary item and			
cumulative effect of accounting changes		\$ 0.68	\$ 0.71
\$ 1.96	\$ 1.54		
Extraordinary item		(0.08)	
(0.08)	(0.05)		
Cumulative effect of accounting changes			
(1.16)			

Net Earnings		\$ 0.60	\$ 0.71
\$ 1.88	\$ 0.33		
=====			
Fully Diluted-			
Earnings before extraordinary item and			
cumulative effect of accounting changes		\$ 0.65	\$ 0.68
\$ 1.84	\$ 1.46		
Extraordinary item		(0.07)	
(0.07)	(0.05)		

Cumulative effect of accounting changes
(1.06)

	-----	-----
Net Earnings	\$ 0.58	\$ 0.68
\$ 1.77 \$ 0.35		
	=====	=====

=====
CBG Stock (pro forma in 1993):

Primary-		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ (0.10)	\$ 0.18
\$ (0.11) \$ 0.25		
Extraordinary item	(0.04)	
(0.04) (0.03)		
Cumulative effect of accounting changes (2.30)		
	-----	-----

Net Earnings (Loss)	\$ (0.14)	\$ 0.18
\$ (0.15) \$ (2.08)		
	=====	=====

Fully Diluted-		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ (0.10)	\$ 0.15
\$ (0.11) \$ 0.22		
Extraordinary item	(0.04)	
(0.04) (0.03)		
Cumulative effect of accounting changes (2.10)		
	-----	-----

Net Earnings (Loss)	\$ (0.14)	\$ 0.15
\$ (0.15) \$ (1.91)		
	=====	=====

=====
Ralston Purina Company Common Stock:

Primary-		
Earnings before extraordinary item and cumulative effect of accounting changes		\$ 0.75
\$ 1.97		
Extraordinary item		
(0.06)		
Cumulative effect of accounting changes (2.00)		

Net Earnings (Loss)		\$ 0.75
\$ (0.09)		
		=====

=====		
Fully Diluted-		
Earnings before extraordinary item and		
cumulative effect of accounting changes		\$ 0.70
\$ 1.83		
Extraordinary item		
(0.06)		
Cumulative effect of accounting changes		
(1.80)		

- - - - -		
Net Earnings (Loss)		\$ 0.70
\$ (0.03)		
		=====
=====		

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

<TABLE>

RALSTON PURINA COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Condensed)
(Dollars in millions)

<CAPTION>

	March 31,
Sept. 30,	1994
1993	
<S>	<C>
<C>	

Assets

Current Assets	
Cash	\$ 32.4
\$ 21.5	
Marketable securities	229.6
36.4	
Receivables, less allowance for doubtful	
accounts of \$31.0 and \$31.2, respectively	755.2
763.2	
Inventories -	
Raw materials and supplies	209.8
232.6	
Work in process	100.0
93.7	

Finished products	413.0
477.4	
Other current assets	205.2
171.2	

Total Current Assets	1,945.2
1,796.0	

Investments and Other Assets	869.9
944.3	

Property at Cost	3,416.4
3,941.8	
Accumulated depreciation	1,507.9
1,610.2	

	1,908.5
2,331.6	

Total	\$ 4,723.6
\$ 5,071.9	

=====	
Liabilities and Shareholders Equity	
Current Liabilities	
Current maturities of long-term debt	\$ 124.1
\$ 98.4	
Notes payable	480.3
401.3	
Accounts payable	404.2
497.3	
Other current liabilities	598.6
610.3	

Total Current Liabilities	1,607.2
1,607.3	

Long-Term Debt	1,804.9
2,054.5	

Deferred Income Taxes	120.1
149.5	

Other Liabilities	572.0
590.5	

Redeemable Preferred Stock	472.8
509.8	
Unearned ESOP Compensation	(285.4)
(309.5)	

Shareholders Equity	
Preferred stock	
Common stock	
RPG Stock	11.5
11.5	
CBG Stock	2.1
2.1	
Capital in excess of par value	115.4
115.2	
Retained earnings	1,150.0
1,159.3	
Cumulative translation adjustment	(71.2)
(70.1)	
Common stock in treasury, at cost	
RPG Stock	(771.5)
(744.3)	
CBG Stock	(2.5)
Unearned portion of restricted stock	(1.8)
(3.9)	

Total Shareholders Equity	432.0
469.8	

Total	\$ 4,723.6
\$ 5,071.9	
=====	

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

<TABLE>

RALSTON PURINA COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Condensed)
(Dollars in millions)

<CAPTION>

	Six	
Months Ended	March	
31,	1994	
1993	<C>	
<S>	<C>	
<C>		
Cash Flow from Operations		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 206.1	\$
214.9		
Non-cash items included in income	168.9	
142.8		
Changes in operating assets and liabilities used in operations	(102.8)	
(3.2)		
Other, net	4.1	
(20.1)		
- - - - -		
Net cash flow from operations	276.3	
334.4		
- - - - -		
Cash Flow from Investing Activities		
Acquisition of businesses	(39.2)	
Property additions, net	(148.7)	
(132.8)		
Other, net	(2.7)	
4.2		
- - - - -		
Net cash used by investing activities	(190.6)	
(128.6)		
- - - - -		
Cash Flow from Financing Activities		
Proceeds from issuance of debt for spin-off	370.0	
Net cash flow used by debt	(89.2)	
(13.9)		
Cash proceeds from sale of stock	2.7	
2.8		
Treasury stock purchases	(71.7)	
(9.7)		
Dividends paid	(79.2)	
(80.6)		
- - - - -		

Net cash provided (used) by financing activities	132.6	
(101.4)		

Effect of Exchange Rate Changes on Cash	(14.2)	
(14.0)		

Net Increase in Cash and Cash Equivalents	204.1	
90.4		
Cash and Cash Equivalents, Beginning of Year	57.9	
59.5		

Cash and Cash Equivalents, End of Period	\$ 262.0	\$
149.9		
		=====

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

RALSTON PURINA COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1994
(Dollars in millions except per share data)

Note 1 - The accompanying unaudited financial statements have been prepared in accordance with the instructions for Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation, have been included. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year. These statements should be read in connection with the financial statements and notes thereto included in the Ralston Purina Company's (the Company) Annual Report to Shareholders for the

year ended September 30, 1993.

Note 2 - On July 30, 1993, the shareholders of the Company approved a plan to

distribute to shareholders shares of a new class of common stock,

Ralston-Continental Baking Group Common Stock (CBG Stock), which is

intended to reflect separately the performance of the Company's

fresh bakery products business (the CBG Group). As part of this

plan, existing common stock was redesignated Ralston-Ralston Purina

Group Common Stock (RPG Stock) and is intended to reflect

separately the performance of the Company's other businesses (the

RPG Group). The CBG Stock distributed to shareholders, at a ratio

of one share for every five shares of existing common stock,

represents a 55% interest in the business, assets and liabilities of

the CBG Group and the RPG Group retains the remaining 45% interest.

<TABLE>

Note 3 - Primary earnings per share are based on the average number of

shares outstanding during the period. Fully diluted earnings per

share are based on the average number of outstanding shares

adjusted for the dilutive effect of convertible preferred stock,

stock options, convertible debentures and compensation awards. The

earnings per share for the RPG Group and CBG Group for the quarter

and six months ended March 31, 1993 are on a pro forma basis as

the stock distribution described in Note 2 had not occurred as of

that date. The shares and pro forma shares used in earnings per

share computations were as follows:

<CAPTION>

	Three Months	Three Months	Six Months
Six Months	March 31, 1994	March 31, 1993	March 31, 1994
March 31, 1993			
<S>	<C>	<C>	<C>
<C>			
Primary:			
RPG Stock	100,200,000	103,500,000	100,900,000
103,600,000			
CBG Stock	20,400,000	20,700,000	20,500,000
20,700,000			
Ralston Purina			
Common Stock		103,500,000	
103,600,000			
Fully Diluted:			
RPG Stock	110,300,000	113,400,000	110,900,000
113,500,000			
CBG Stock	24,400,000	24,300,000	24,500,000
24,300,000			
Ralston Purina			
Common Stock		114,800,000	
114,900,000			

</TABLE>

RALSTON PURINA COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1994

(Dollars in millions except per share data)

Note 4 - As of March 31, 1994, there were 100,794,000 shares of RPG Stock and 20,589,000 shares of CBG Stock outstanding, and at September 30, 1993, there were 101,763,000 shares of RPG Stock and 20,694,000 shares of CBG Stock outstanding. These share figures are exclusive of shares held in treasury, which were 13,890,000 of RPG Stock and 269,000 of CBG Stock at March 31, 1994, and 12,917,000 of RPG Stock and 1,000 of CBG Stock at September 30, 1993.

Note 5 - Other (income)/expense, net for six months consists of

the following:

March 31, 1993	March 31, 1994
-----	-----
\$12.5 Translation and exchange (gain)/loss	\$14.5
(6.7) Investment income	(6.1)
(4.0) Miscellaneous	6.6
-----	-----
\$ 1.8	\$15.0
=====	=====

Note 6 - Investments and Other Assets consist of the following:

September 30, 1993	March 31, 1994
-----	-----
\$635.7 Intangible Assets	\$571.9
308.6 Other Assets	298.0
-----	-----
\$944.3	\$869.9
=====	=====

Note 7 - During the fourth quarter of fiscal 1993, the Company elected to

adopt Statement of Financial Accounting Standards No.

106 -

Than "Employers' Accounting for Postretirement Benefits Other Pensions" (FAS 106) and Statement of Financial

Accounting Standards

No. 109 "Accounting for Income Taxes" (FAS 109) as of the beginning of the year. The three and six months ended March 31, 1993 have been restated to reflect the accounting changes.

Note 8 - The extraordinary loss in fiscal 1994 was recognized in conjunction with the retirement of \$107.4 of debt that had an effective interest rate of 10.7%. The extraordinary item in fiscal 1993 represents the loss on retirement of debt during the quarter ended December 31, 1992 consisting primarily of a portion of the Company's outstanding 9 1/2% and 9 3/8% debentures and all remaining 7.7% debentures.

RALSTON PURINA COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1994
(Dollars in millions except per share data)

Note 9 - On March 24, 1994, the Company's Board of Directors declared a dividend of \$.30 per share of RPG Stock, payable on June 10, 1994 to shareholders of record on May 16, 1994. RPG Stock quarterly dividends are normally declared in January, March, May and September.

Prior to the redesignation of Ralston Purina Company Stock as RPG Stock, dividends were declared on Ralston Purina Stock. The declaration of the March 1993 dividend was delayed until May 1993.

Note 10- Coincident with the spin-off discussed in Note 11, the Company redeemed 334,109 shares of its Series A 6.75% Preferred Stock at its guaranteed minimum value. The shares were redeemed by the Company in connection with the cessation of participation in the

Company's Savings Investment Plan by plan participants employed by Ralcorp following the spin-off. Following the redemption, 4,265,891 shares of Preferred Stock remained issued and outstanding and continued to be held by the Company's ESOP. As of March 31, 1994, the terms of the Preferred Stock required adjustment of the conversion ratio with respect to RPG Stock to reflect the change in the market value of the RPG Stock as a result of the Ralcorp spin-off. As of that date, the Preferred Stock is now convertible into 2.255 shares of RPG Stock and .4 shares of CBG Stock for each share of Preferred Stock. All other terms and provisions of the Preferred Stock remain unchanged.

Note 11- On March 31, 1994, the company effected a spin-off of its private label and branded cereal, baby food, crackers and cookies, ski resort and coupon redemption businesses (the Distribution). One share of stock of the new company, Ralcorp Holdings, Inc. (Ralcorp), was distributed for each three shares of RPG Stock held by shareholders. The Company's earnings and cash flows through March 31, 1994 reflect the operations of those businesses.

The following pro forma data reflect the results of operations for each quarter in fiscal 1993 and the first two quarters of fiscal 1994 of the Company as if the Distribution had occurred as of the beginning of such periods. Such data have been prepared by adjusting the historical statements for the effect of costs, expenses, assets and liabilities and the recapitalization which might have occurred had the Distribution been effected

as of the

dates indicated. This pro forma data may not necessarily reflect the consolidated results of operations that would have existed had the Distribution occurred on the dates indicated.

<TABLE>

RALSTON PURINA COMPANY AND SUBSIDIARIES
 NOTES TO CONDENSED FINANCIAL STATEMENTS
 MARCH 31, 1994
 (Dollars in millions except per share data)

<CAPTION>

				Pro Forma Financial Data			
				1994			
				1st	2nd	Six	
				Quarter	Quarter	Months	
				-----	-----	-----	
				\$1,936.1	\$1,739.0	\$3,675.1	
				-----	-----	-----	
<S>				<C>	<C>	<C>	
Net Sales (a)				895.3	766.6	1,661.9	
Gross Profit (a)				52.6	53.8	106.4	
Interest (b)				200.4	87.8	288.2	
Earnings before Income Taxes and Extraordinary Loss (a)				81.8	37.8	119.6	
Income Taxes (c)				\$118.6	\$50.0	\$168.6	
Earnings before Extraordinary Loss (a)							

1993							

				1st	2nd	Six	3rd
				4th	Quarter	Months	
Quarter	Quarter	Year					
				-----	-----	-----	-----
				\$1,672.2	\$1,724.0	\$7,013.4	\$3,617.2
				-----	-----	-----	-----

Net Sales (a)			885.4	758.0	1,643.4
753.9	760.2	3,157.5			
Gross Profit (a)			54.8	56.5	111.3
57.2	54.4	222.9			
Interest (b)					
Earnings before Income Taxes,					
Extraordinary Loss and			196.0	112.6	308.6
91.1	108.2	507.9			
Cumulative Effect of					
Accounting Changes (a)			78.2	45.8	124.0
37.4	50.4	211.8			
Income Taxes (c)					
Earnings before Extraordinary			\$117.8	\$66.8	\$184.6
\$53.7	\$57.8	\$296.1			
Loss and Cumulative Effect					
of Accounting Changes (a)					

</TABLE>

(a) Excludes results of operations for Ralcorp.

(b) Reflects reduction of interest expense due to assumed debt repayment by Ralston.

(c) Reflects the tax effect for the pro forma adjustments.

RALSTON PURINA COMPANY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL INFORMATION

On March 31, 1994, the Company effected a spin-off of its private label and branded cereal, baby food and crackers and cookie, ski resort and coupon redemption businesses (Ralcorp). The Company's earnings and cash flows through March 31, 1994, reflect the operations of those businesses.

Operating Results

Net earnings for the six months ended March 31, 1994 were \$196.6 million, compared to \$1.2 million for the same period in the

prior year.

Included in net earnings are extraordinary losses on the early retirement of debt of \$9.5 million, after taxes, in the current six months and \$6.8 million, after taxes, in the prior year six months.

Included in the six months ended March 31, 1993 are charges for the cumulative effect of changes in accounting for postretirement benefits other than pensions and income taxes totaling \$206.9 million, after taxes. Exclusive of these items, earnings declined by \$8.8 million on slightly higher operating earnings more than offset by lower returns on other investments and a higher tax rate.

Second quarter net earnings, exclusive of the aforementioned extraordinary item in the current quarter, decreased \$10.2 million on slightly lower operating earnings, lower returns on other investments and a higher tax rate.

Pro forma net earnings of the Company, exclusive of the Ralcorp operations and exclusive of the effects of extraordinary items and accounting changes, were \$50.0 million and \$168.6 million for the quarter and six months ended March 31, 1994, respectively, compared to \$66.8 million and \$184.6 million for the same periods in the prior year.

Business Segments

Pet food sales for the quarter and six months ended March 31, 1994, increased over the same periods of the prior year primarily on favorable domestic volume comparisons in the second quarter and higher international volume in both the quarter and six months.

Domestic pet food volume in the second quarter of 1993 was negatively impacted by the adoption of simplified promotional practices. Human foods sales were flat for the quarter and up slightly for the six months as the contribution of the oats products business acquired in November 1993 and higher store brand volume were offset by volume declines in

branded cereals and crackers and cookies.

Operating profit for pet foods increased for the quarter and increased slightly for the six months as higher domestic volume in the second quarter and higher international volume were partially offset by higher domestic pet food ingredient costs. Human foods operating profit declined for the quarter and six months primarily on cracker and cookie lower results related to plant relocation start-up.

Bakery product sales declined in the quarter and six months on lower volume and an unfavorable product mix in bread and lower thrift store volume. Operating profit for the quarter and six months declined significantly as a result of the previously mentioned items. The problems encountered in bread products and thrift stores have exceeded the benefits of a cost reduction plan currently underway. Management continues to challenge the way it conducts its business by looking for additional cost savings, other ways to strengthen volume and other opportunities to improve bottom line performance.

Battery product sales increased in the quarter and six months over the same periods of the prior year on the inclusion of rechargeable operations acquired in August 1993 and higher volume in the Asia Pacific region, partially offset by substantial European sales declines. Domestic sales were up for the six months as strong first quarter alkaline volume growth was moderated by volume declines in the second quarter. Substantial declines in European sales resulted from unfavorable currency exchange rates, an unfavorable product mix and significant carbon zinc volume declines. Operating profit for the six months increased slightly as improved domestic results and contribution of rechargeable operations were partially offset by European results. For the quarter, European results and domestic volume declines more than offset the rechargeable products' contribution.

The Company continues to review world wide battery production capacity

and its business structure in light of pervasive global trends, including the continuing shift from carbon zinc to alkaline products and easing of trade restrictions in many regions.

Sales and operating profit of resort operations increased significantly reflecting the acquisition of Breckenridge resort. Sales for the soy protein products business increased on strong volume in food protein products. Operating profit of the soy protein products business increased as higher volume was partially offset by higher raw material costs and unfavorable foreign currency exchange rates.

Sales for international agricultural products declined, primarily in the first quarter, as a result of unfavorable exchange rates and volume declines in Europe. Operating profit was flat as European declines were offset by improvements in most other areas of the world.

Consolidated Results of Operations

Cost of products sold as a percentage of sales for the six months and quarter, respectively, increased from 54.0% and 54.5% in the 1993 periods to 54.3% and 55.3% in the current periods. Increases in the quarter were primarily due to the inclusion of acquired rechargeable battery products which have generally lower margins and higher pet food ingredient costs. For the six months, factors affecting the quarter were partially offset by improvements in other battery products' percentages.

Selling, general and administrative expenses were 23.0% and 22.6% of sales for the 1994 and 1993 six month periods, respectively. Advertising and promotion expense for those periods was 11.4% and 11.7% of sales, respectively. Other expense, net, increased by \$13.2 million primarily on lower returns on other investments.

Income taxes include federal, state and foreign taxes and were

40.8% of earnings before income taxes for the six months ended March 31, 1994, compared to 39.9% in the prior year, reflecting the 1% increase in the federal statutory rate.

Financial Condition

At March 31, 1994, debt as a percentage of total capitalization was 80% compared to 79% at September 30, 1993. For the purpose of this ratio, guaranteed ESOP debt is treated as debt and redeemable preferred stock and related unearned compensation are treated as capital.

The Company's primary source of liquidity is cash flow generated from operations. For the six months ended March 31, 1994, cash flow from operations was \$276.3 million compared to \$334.4 million for the six months ended March 31, 1993. Changes in working capital in the current year account for the majority of the decline. Working capital was \$338.0 million at March 31, 1994 compared to \$188.7 million at September 30, 1993, reflecting the cash flow from the Ralcorp spin-off. Cash and cash equivalents at March 31, 1994 were \$262.0 million compared to \$57.9 million at September 30, 1993. Cash flows in the future will no longer include cash flows from Ralcorp operations.

Financing activities in the first six months of fiscal 1994 include the retirement of \$107.4 million of debt with an effective interest rate of 10.7%. Also in the current six months, the Company received \$370 million from new borrowings. In connection with the spin-off, Ralcorp assumed such debt and other debt totaling \$400 million.

Coincident with the spin-off of Ralcorp on March 31, 1994, the Company redeemed 334,109 shares of its Series A 6.75% Preferred Stock at

its guaranteed minimum value. The shares were redeemed by the Company in connection with the cessation of participation in the Company's Savings Investment Plan by plan participants employed by Ralcorp following the spin-off. 789,417 shares of RPG Stock and 161,582 shares of CBG Stock were issued in connection with the redemption.

As of May 9, 1994, approximately 2,410,300 shares of RPG Stock remained under the Board of Directors' authorization for the purchase of up to 3 million shares of RPG Stock and approximately 3,757,900 shares of CBG Stock remained under the Board of Directors' authorization for the purchase of up to 4 million shares of CBG Stock.

A summary statement of cash flows for the six months ended March 31, 1994 and 1993 is presented in this report.

PART I - FINANCIAL INFORMATION
 B. RPG Group

<TABLE>

RALSTON PURINA GROUP
 COMBINED STATEMENT OF EARNINGS
 (Dollars in millions except per share data)

<CAPTION>

Months Ended	Three Months Ended		Six
March 31,	March 31,		
1994 1993	1994	1993	
<S>	<C>	<C>	<C>
<C>			
Net Sales	\$ 1,507.4	\$1,416.5	
\$3,231.7 \$3,107.7			

Costs and Expenses			
Cost of products sold	862.9	802.0	

1,807.0	1,726.8		
Selling, general and administrative		270.3	243.6
523.1	500.1		
Advertising and promotion		188.3	193.1
434.7	432.9		
Interest		50.3	53.0
100.0	104.7		
Other (income)/expense, net		7.1	(1.4)
14.0	2.9		
		-----	-----
		1,378.9	1,290.3
2,878.8	2,767.4		
		-----	-----
Earnings(Loss) Related to Retained Interest in the CBG Group		(2.5)	2.9
(2.6)	(35.2)		
		-----	-----
Earnings before Income Taxes, Extraordinary Item and Cumulative Effect of Accounting Changes		126.0	129.1
350.3	305.1		
Income Taxes		52.7	50.6
143.6	135.9		
		-----	-----
Earnings before Extraordinary Item and Cumulative Effect of Accounting Changes		73.3	78.5
206.7	169.2		
Extraordinary Item - Loss on Early Retirement of Debt		(7.9)	0.0
(7.9)	(5.7)		
		-----	-----
Earnings before Cumulative Effect of Accounting Changes		65.4	78.5
198.8	163.5		
Cumulative Effect of Accounting Changes:			
Postretirement Benefits Other Than Pensions			
(130.7)			
Income Taxes			
10.4			
		-----	-----
Net Earnings		65.4	78.5

198.8	43.2			
Preferred Stock Dividend, Net of Tax		4.9	4.8	
9.6	9.5			

Earnings After Preferred Stock				
Dividends		\$ 60.5	\$ 73.7	\$
189.2	\$ 33.7			
=====				
Earnings per RPG Stock common share				
(pro forma in 1993) -				
Primary				
Earnings before extraordinary item				
and cumulative effect of				
accounting changes		\$ 0.68	\$ 0.71	\$
1.96	\$ 1.54			
Extraordinary item		(0.08)		
(0.08)	(0.05)			
Cumulative effect of accounting				
changes				
(1.16)				

Net Earnings				
		\$ 0.60	\$ 0.71	\$
1.88	\$ 0.33			
=====				
Fully Diluted				
Earnings before extraordinary item				
and cumulative effect of				
accounting changes		\$ 0.65	\$ 0.68	\$
1.84	\$ 1.46			
Extraordinary item		(0.07)		
(0.07)	(0.05)			
Cumulative effect of accounting				
changes				
(1.06)				

Net Earnings				
		\$ 0.58	\$ 0.68	\$
1.77	\$ 0.35			
=====				
Cash Dividends Declared per				
Common Share		\$ 0.60		\$
0.60				

</TABLE>

<TABLE>

RALSTON PURINA GROUP
COMBINED BALANCE SHEET
(Condensed)
(Dollars in millions)

<CAPTION>

	March 31,
Sept. 30,	1994
1993	
<S>	<C>
<C>	
Assets	
Current Assets	
Cash	\$ 32.4
\$ 21.5	
Marketable securities	188.1
35.9	
Receivables, less allowance for doubtful accounts of \$27.5 and \$27.9, respectively	660.0
673.2	
Inventories -	
Raw materials and supplies	162.5
185.7	
Work in process	100.0
93.7	
Finished products	406.1
469.0	
Other current assets	177.1
142.2	

Total Current Assets	1,726.2
1,621.2	

Retained Interest in the CBG Group	23.2
27.4	

Investments and Other Assets	828.7
902.6	

Property at Cost	2,373.2
2,927.5	

Accumulated depreciation	1,060.3
1,184.8	
- - - - -	
	1,312.9
1,742.7	
- - - - -	
Total	\$ 3,891.0
\$ 4,293.9	
=====	
=====	
Liabilities and Shareholders Equity	
Current Liabilities	
Current maturities of long-term debt	\$ 98.1
\$ 80.1	
Notes payable	462.2
393.9	
Accounts payable	316.2
392.0	
Other current liabilities	480.7
503.7	
- - - - -	
Total Current Liabilities	1,357.2
1,369.7	
- - - - -	
Long-Term Debt	1,435.4
1,731.6	
- - - - -	
Deferred Income Taxes	109.4
138.4	
- - - - -	
Other Liabilities	369.7
386.0	
- - - - -	
Redeemable Preferred Stock	430.2
463.9	
- - - - -	
Unearned ESOP Compensation	(214.0)
(232.1)	
- - - - -	
RPG Group Equity	403.1
436.4	
- - - - -	

Total		\$ 3,891.0
\$ 4,293.9		=====
=====		

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

<TABLE>

RALSTON PURINA GROUP
 COMBINED STATEMENT OF CASH FLOWS
 (Condensed)
 (Dollars in millions)

<CAPTION>

Months Ended	Six	
	March	
31,		
	1994	
1993		
<S>	<C>	
<C>		

Cash Flow from Operations		
Net earnings before extraordinary item and cumulative effect of accounting changes	\$ 206.7	\$
169.2		
Retained Interest in CBG Group's Earnings	2.6	
35.2		
Non-cash items included in income	130.1	
108.3		
Changes in operating assets and liabilities used in operations	(96.4)	
2.7		
Other, net	4.2	
(28.2)		
	-----	-
Net cash flow from operations	247.2	
287.2		
	-----	-

Cash Flow from Investing Activities		
Acquisition of businesses	(39.2)	
Property additions, net	(104.4)	
(100.9)		

Other, net	4.9	
4.2		
	-----	-
Net cash used by investing activities	(138.7)	
(96.7)		
	-----	-
Cash Flow from Financing Activities		
Proceeds from issuance of debt for spin-off	370.0	
Net payments on centrally managed debt	(193.6)	
(105.4)		
Net payments on specifically attributed		
long-term debt, including current maturities	(11.4)	
(4.4)		
Net increase in specifically attributed notes		
payable	46.6	
94.8		
Proceeds from the sale of stock	2.7	
Treasury stock purchases	(69.4)	
Dividends paid	(76.1)	
Cash provided for corporate equity transactions		
(85.9)		
	-----	-
Net cash provided (used) by financing activities	68.8	
(100.9)		
	-----	-
Effect of Exchange Rate Changes on Cash	(14.2)	
(14.0)		
	-----	-
Net Increase in Cash and Cash Equivalents	163.1	
75.6		
Cash and Cash Equivalents, Beginning of Year	57.4	
59.0		
	-----	-
Cash and Cash Equivalents, End of Period	\$ 220.5	\$
134.6		
	=====	

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

RALSTON PURINA GROUP
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1994

(Dollars in millions except per share data)

Note 1 - The accompanying unaudited financial statements have been prepared

in accordance with the instructions for Form 10-Q and do not include

all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the

opinion of management, all adjustments, consisting only of normal

recurring adjustments considered necessary for a fair presentation,

have been included. Operating results for any quarter are not

necessarily indicative of the results for any other quarter or for

the full year. These statements should be read in connection with

the financial statements of the RPG Group and notes thereto included

in the Ralston Purina Company's (the Company) Annual Report to

Shareholders for the year ended September 30, 1993.

Note 2 - On July 30, 1993, the shareholders of the Company approved a plan to

distribute to shareholders shares of a new class of common stock,

Ralston-Continental Baking Group Common Stock (CBG Stock), which is

intended to reflect separately the performance of the Company's

fresh bakery products business (the CBG Group). As part of this

plan, existing common stock was redesignated Ralston-Ralston Purina

Group Common Stock (RPG Stock) and is intended to reflect separately

the performance of the Company's other businesses (the RPG Group).

The CBG Stock distributed to shareholders, at a ratio of one share

for every five shares of existing common stock, represents a 55%

interest in the business, assets and liabilities of the CBG Group

and the RPG Group retains the remaining 45% interest.

Holder of RPG Stock are common shareholders of the

Company.

Although the financial statements of the RPG Group and the CBG Group separately report the assets, liabilities and shareholders equity of the Company attributed to each group, this attribution does not affect legal title to such assets or responsibility for such liabilities. Financial impacts arising from the CBG Group that affect the consolidated results of operations or financial position of the Company could affect the results of operations or financial position of the RPG Group. Accordingly, the Company's consolidated quarterly financial information should be read in connection with the RPG Group financial information.

Note 3 - Primary earnings per share are based on 100,200,000 average RPG

Stock shares and 103,500,000 average pro forma RPG Stock shares for the quarter ended March 31, 1994 and 1993, respectively.

Primary earnings per share are based on 100,900,000 average RPG

stock shares and 103,600,000 average pro forma RPG stock shares for the six months ended March 31, 1994 and 1993, respectively. Fully

diluted earnings per share are based on the average number of shares

outstanding adjusted for the dilutive effect of convertible

preferred stock, stock options, convertible debentures and deferred

compensation awards. The balances were 110,300,000 average RPG

Stock shares and 113,400,000 average pro forma RPG Stock shares for the quarters ended March 31, 1994 and 1993, respectively. Fully

diluted earnings per share are based on 110,900,000 average RPG

stock shares and 113,500,000 pro forma RPG stock shares for the six

months ended March 31, 1994 and 1993, respectively. The earnings

per share for the quarter and six months ended December 31, 1993 are on a pro forma basis as the stock distribution described in Note 2 had not occurred as of that date.

<TABLE>

RALSTON PURINA GROUP
 NOTES TO CONDENSED FINANCIAL STATEMENTS
 MARCH 31, 1994
 (Dollars in millions except per share data)

Note 4 - There were RPG Stock common shares outstanding of 100,794,000 at March 31, 1994 and 101,763,000 at September 30, 1993, exclusive of 13,890,000 and 12,917,000 RPG Stock treasury shares, respectively.

Note 5 - Other (income)/expense, net for six months consists of the following:

<CAPTION>

	March 31,	
March 31,	1994	
1993	-----	-

<S>	<C>	
<C>		
Translation and exchange (gain)/loss	\$14.5	
\$12.5		
Investment income	(6.1)	
(6.5)		
Miscellaneous	5.6	
(3.1)		
-----		-
-----	\$14.0	
\$2.9		
=====	=====	

Note 6 - Investments and Other Assets consist of the following:

March 31,

Sept. 30,

	1994	
1993		
	-----	-
Intangible Assets	\$529.3	
\$594.4		
Other Assets	299.4	
308.2		
	-----	-
	\$828.7	
\$902.6		
	=====	

</TABLE>

Note 7 - During the fourth quarter of fiscal 1993, the Company elected to adopt Statement of Financial Accounting Standards No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions" (FAS 106) and Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes" (FAS 109) as of the beginning of the year. The three and six months ended March 31, 1993 have been restated to reflect the accounting changes.

Note 8 - An extraordinary loss in fiscal 1994 was recognized in conjunction with the retirement of \$89.4 of centrally managed debt attributed to the RPG Group that had an effective interest rate of 10.7%. The extraordinary item in fiscal 1993 represents the loss on retirement of debt during the quarter ended December 31, 1992 consisting primarily of a portion of the Company's outstanding 9 1/2% and 9 3/8% debentures and all remaining 7.7% debentures.

Note 9 - On March 24, 1994, the Company's Board of Directors declared a dividend of \$.30 per share of RPG Stock, payable on June 10, 1994 to shareholders of record on May 16, 1994. RPG Stock

quarterly

dividends are normally declared in January, March, May

and

September. Prior to the redesignation of Ralston Purina

Company

Stock as RPG Stock, dividends were declared on Ralston

Purina Stock.

RALSTON PURINA GROUP

NOTES TO CONDENSED FINANCIAL STATEMENTS

MARCH 31, 1994

(Dollars in millions except per share data)

Note 10 - Coincident with the spin-off discussed in Note 11, the Company

redeemed 334,109 shares of its Series A 6.75% Preferred

Stock at

its guaranteed minimum value. The shares were redeemed

by the

Company in connection with the cessation of

participation in the

Company's Savings Investment Plan by plan participants

employed

by Ralcorp following the spin-off. 789,417 shares of

RPG Stock

were issued in connection with the redemption.

Following the

redemption, 4,265,891 shares of Preferred Stock

remained issued and

outstanding and continued to be held by the Company's

ESOP. As of

March 31, 1994, the terms of the Preferred Stock

required

adjustment of the conversion ratio with respect to RPG

Stock to

reflect the change in the market value of the RPG Stock

as a result

of the Ralcorp spin-off. As of that date, the

Preferred Stock is

now convertible into 2.255 shares of RPG Stock for each

share of

Preferred Stock. All other terms and provisions of the

Preferred

Stock remain unchanged.

Note 11 - On March 31, 1994, the company effected a spin-off of its private

label and branded cereal, baby food, crackers and

cookies, ski

resort and coupon redemption businesses (the Distribution). One share of stock of the new company, Ralcorp Holding, Inc. (Ralcorp), was distributed for each three shares of RPG Stock held by shareholders. The Combined earnings and cash flows through March 31, 1994 reflect the results of operations of those businesses.

The following pro forma data reflect the results of operations for each quarter in fiscal 1993 and the first two quarters of fiscal 1994 of the RPG Group as if the Distribution had occurred as of the beginning of such periods. Such data have been prepared by adjusting the historical statements for the effect of costs, expenses, assets and liabilities and the recapitalization which might have occurred had the Distribution been effected as of the dates indicated. This pro forma data may not necessarily reflect the combined results of operations that would have existed had the Distribution occurred on the dates indicated.

<TABLE>

RALSTON PURINA GROUP
 NOTES TO CONDENSED FINANCIAL STATEMENTS
 MARCH 31, 1994
 (Dollars in millions except per share data)

<CAPTION>

	Pro Forma Financial Data 1994		
	1st Quarter	2nd Quarter	Six Months
	<C>	<C>	<C>
Net Sales (a)	\$1,460.5	\$1,248.1	\$2,708.6
Gross Profit (a)	649.8	518.7	1,168.5

Interest (b)	46.0	46.6	92.6
Earnings before Income Taxes and Extraordinary Loss (a)	200.0	90.1	290.1
Income Taxes (c)	81.7	39.2	120.9
Earnings before Extraordinary Loss (a)	\$118.3	\$50.9	\$169.2
Earnings per Share:			
Primary (a)	\$1.12	\$0.46	\$1.59
Fully Diluted (a)	\$1.05	\$0.45	\$1.50

1993

			1st	2nd	Six
			Quarter	Quarter	Months
3rd	4th	Year	-----		
Quarter	Quarter	Year	Quarter	Quarter	Months

Net Sales (a)			\$1,445.1	\$1,187.9	\$2,633.0
\$1,156.9	\$1,234.4	\$5,024.3			
Gross Profit (a)			641.1	502.5	1,143.6
484.8	511.3	2,139.7			
Interest (b)			47.9	49.2	97.1
49.9	48.5	195.5			
Earnings before Income Taxes and Extraordinary Loss and Cumulative Effect of Accounting Changes (a)			152.6	103.8	256.4
76.7	95.9	429.0			
Income Taxes (c)			76.4	41.1	117.5
29.4	43.7	190.6			
Earnings before Extraordinary Loss and Cumulative Effect of Accounting Changes			\$76.2	\$62.7	\$138.9
\$47.3	\$52.2	\$238.4			
Earnings per Share:					
Primary (a)					
Earnings before extraordinary					

item and cumulative effect of accounting changes			\$0.68	\$0.56	\$1.24
\$0.41	\$0.46	\$2.12			

Fully Diluted (a) Earnings before extraordinary item and cumulative effect of accounting changes			\$0.65	\$0.54	\$1.19
\$0.40	\$0.45	\$2.04			

</TABLE>

- (a) Excludes results of operations for Ralcorp.
- (b) Reflects reduction of interest expense due to assumed debt repayment by Ralston.
- (c) Reflects the tax effect for the pro forma adjustments.

RALSTON PURINA GROUP
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL INFORMATION

On March 31, 1994, the Company effected a spin-off of its private label and branded cereal, baby food and crackers and cookie, ski resort and coupon redemption businesses (Ralcorp). The RPG Group's earnings and cash flows through March 31, 1994, reflect the operations of those businesses.

Operating Results

Net earnings for the six months ended March 31, 1994 were \$198.8 million, compared to \$43.2 million for the same period in the prior year. Included in net earnings are extraordinary losses on the early retirement of debt of \$7.9 million, after taxes, in the current six months and \$5.7 million, after taxes, in the prior year period. Included in the six months ended March 31, 1993 are charges for the cumulative effect of changes in accounting for postretirement benefits other than pensions and income taxes of \$159.2 million, after taxes (including the effects of such charges on the earnings related to the

CBG Group retained interest of \$38.9 million). Exclusive of these items, earnings for the six months declined by \$1.4 million on higher operating earnings, more than offset by lower returns on other investments, lower earnings related to the CBG Group retained interest and a higher tax rate.

Earnings per share, exclusive of the aforementioned items were \$1.96 and \$1.84, on a primary and fully diluted basis, respectively, for the six months ended March 31, 1994, compared to pro forma primary and fully diluted earnings per share of \$1.92 and \$1.80. Earnings per share comparisons benefited from fewer outstanding shares in the current period, reflecting stock repurchases.

For the quarter ended March 31, 1994, net earnings before extraordinary loss were \$73.3 million compared to \$78.5 million for the same quarter in 1993, reflecting factors previously mentioned. Earnings per share on a primary and fully diluted basis were \$.68 and \$.65, respectively, in the current quarter compared to \$.71 and \$.68 in the prior year.

Pro forma net earnings of the RPG Group, exclusive of the Ralcorp operations and exclusive of the effects of extraordinary items and accounting changes (including the effects of the CBG Group retained interest), were \$50.9 million and \$169.2 million for the quarter and six months ended March 31, 1994, respectively, compared to \$62.7 million and \$177.8 million for the same periods in the prior year. Pro forma primary earnings per share on this basis were \$.46 and \$1.59 for the current quarter and six months, respectively, compared to \$.56 and \$1.62 in the 1993 periods.

Business Segments

Pet food sales for the quarter and six months ended March 31, 1994,

increased over the same periods of the prior year primarily on favorable

domestic volume comparisons in the second quarter and higher international volume in both the quarter and six months.

Domestic pet

food volume in the second quarter of 1993 was negatively impacted by the

adoption of simplified promotional practices. Human foods sales were

flat for the quarter and up slightly for the six months as the contribution of the oats products business acquired in November 1993

and higher store brand volume were offset by volume declines in branded

cereals and crackers and cookies.

Operating profit for pet foods increased for the quarter and increased

slightly for the six months as higher domestic volume in the second

quarter and higher international volume were partially offset by higher

domestic pet food ingredient costs. Human foods operating profit declined for the quarter and six months primarily on cracker and cookie

lower results related to plant relocation start-up.

Battery product sales increased in the quarter and six months over the

same periods of the prior year on the inclusion of rechargeable operations acquired in August 1993 and higher volume in the Asia Pacific

region, partially offset by substantial European sales declines.

Domestic sales were up for the six months as strong first quarter alkaline volume growth was moderated by volume declines in the second

quarter. Substantial declines in European sales resulted from unfavorable currency exchange rates, an unfavorable product mix and

significant carbon zinc volume declines. Operating profit for the six

months increased slightly as improved domestic results and contribution

of rechargeable operations were partially offset by European results.

For the quarter, European results and domestic volume declines more than

offset the rechargeable products' contribution.

The Company continues to review world wide battery production capacity

and its business structure in light of pervasive global trends, including the continuing shift from carbon zinc to alkaline products and easing of trade restrictions in many regions.

Sales and operating profit of resort operations increased significantly reflecting the acquisition of Breckenridge resort. Sales for the soy protein products business increased on strong volume in food protein products. Operating profit of the soy protein products business increased as higher volume was partially offset by higher raw material costs and unfavorable foreign currency exchange rates.

Sales for international agricultural products declined, primarily in the first quarter, as a result of unfavorable exchange rates and volume declines in Europe. Operating profit was flat as European declines were offset by improvements in most other areas of the world.

Results of Operations

Cost of products sold as a percentage of sales for the six months and quarter, respectively, increased from 55.6% and 56.6% in the 1993 periods to 55.9% and 57.2% in the current periods. Increases in the quarter were primarily due to the inclusion of acquired rechargeable battery products which have generally lower margins and higher pet food ingredient costs. For the six months, factors affecting the quarter were partially offset by improvements in other battery products' percentages.

Selling, general and administrative expenses were 16.2% and 16.1% of sales for 1994 and 1993 six month periods, respectively.

Advertising and promotion expense for those periods was 13.5% and 13.9% of sales, respectively. Other expense, net, increased by \$11.1 million primarily on lower returns on other investments.

Income taxes include federal, state and foreign taxes and were

41.0% of earnings before income taxes for the six months ended March 31, 1994, compared to 44.5% in the prior year. The income tax percentage is influenced by the inclusion of the RPG Group's loss related to its retained interest in the CBG Group, on an after tax basis, in the computation of pre-tax earnings. Such impact is greatest in the prior year due to the large reported loss. The current year income taxes reflect a 1% increase in the federal statutory rate.

Financial Condition

The RPG Group's primary source of liquidity is cash flow generated from operations. For the six months ended March 31, 1994, cash flow from operations was \$247.2 million compared to \$287.2 million in the six months ended March 31, 1993. The decrease in cash flow is primarily due to changes in working capital. Working capital increased to \$369.0 million at March 31, 1994 compared to \$251.5 million at September 30, 1993, reflecting the cash flow from the Ralcorp spin-off. Cash and cash equivalents at March 31, 1994 were \$220.5 million compared to \$57.4 million at September 30, 1993. Cash flows of the RPG Group in the future will no longer include cash flows from Ralcorp operations.

Financing activities in the first six months of fiscal 1994 include the retirement of \$89.4 million of centrally managed debt attributed to the RPG Group with an effective interest rate of 10.7%. Also in the current six months, the RPG Group received \$370 million from new borrowings. In connection with the spin-off, Ralcorp assumed such debt and other debt totaling \$400 million.

Coincident with the spin-off of Ralcorp on March 31, 1994, the Company redeemed 334,109 shares of its Series A 6.75% Preferred Stock at its

guaranteed minimum value. The shares were redeemed by the Company in connection with the cessation of participation in the Company's Savings Investment Plan by plan participants employed by Ralcorp following the spin-off. 789,417 shares of RPG Stock were issued in connection with the redemption.

As of May 9, 1994, approximately 2,410,300 shares of RPG Stock remained under the Board of Directors' authorization for the purchase of up to 3 million shares of RPG Stock.

A summary statement of cash flows for the six months ended March 31, 1994 and 1993 is presented in this report.

PART I - FINANCIAL INFORMATION
C. CBG Group

<TABLE>

CONTINENTAL BAKING GROUP
COMBINED STATEMENT OF EARNINGS
(Dollars in millions except per share data)

<CAPTION>

Weeks Ended	13 Weeks Ended		26
26, Mar. 27,	Mar. 26,	Mar. 27,	Mar.
1993	1994	1993	1994
-----	----	----	----
<S>	<C>	<C>	<C>
<C>			
Net Sales	\$ 491.4	\$ 499.2	\$
967.4 \$ 988.1			
	-----	-----	-----
Costs and Expenses			
Cost of products sold	243.5	243.7	
474.0 488.3			
Selling, general and administrative	224.5	215.8	

440.2	425.2		
Advertising and promotion		20.7	21.8
42.9	44.5		
Interest		7.2	7.3
13.8	14.2		
Other (income)/expense, net		0.3	(1.1)
1.0	(1.1)		
		-----	-----
		496.2	487.5
		-----	-----
Earnings (Loss) before Income Taxes, Extraordinary Item and Cumulative Effect of Accounting Changes		(4.8)	11.7
(4.5)	17.0		
Income Taxes		(1.4)	4.7
(1.3)	6.5		
		-----	-----
Earnings (Loss) before Extraordinary Item and Cumulative Effect of Accounting Changes		(3.4)	7.0
(3.2)	10.5		
Extraordinary Item - Loss on Early Retirement of Debt		(1.6)	
(1.6)	(1.1)		
		-----	-----
Earnings (Loss) before Cumulative Effect of Accounting Changes		(5.0)	7.0
(4.8)	9.4		
Cumulative Effect of Accounting Changes:			
Postretirement Benefits Other Than Pensions			
(41.2)			
Income Taxes			
(45.4)			
		-----	-----
Net Earnings (Loss)		(5.0)	7.0
(4.8)	(77.2)		
Preferred Stock Dividend, Net of Taxes		0.4	0.5
0.9	1.0		
		-----	-----
Earnings (Loss) after Preferred Stock Dividend		(5.4)	6.5

(5.7) (78.2)

Earnings (Loss) Applicable to the RPG Group's Retained Interest in the CBG Group	(2.5)	2.9	
(2.6) (35.2)			
Earnings (Loss) After RPG Group's Retained Interest	\$ (2.9)	\$ 3.6	\$
(3.1) \$ (43.0)			

</TABLE>

<TABLE>

CONTINENTAL BAKING GROUP
 COMBINED STATEMENT OF EARNINGS (Continued)
 (Dollars in millions except per share data)

<CAPTION>

Weeks Ended	13 Weeks Ended		26
	Mar. 26, 1994	Mar. 27, 1993	Mar. 1994
26, Mar. 27, 1993			

Earnings (Loss) per CBG Stock Common Share (pro forma in fiscal 1993) - Primary

Earnings before extraordinary item and cumulative effect of accounting changes	\$ (0.10)	\$ 0.18	\$
(0.11) \$ 0.25			
Extraordinary item	(0.04)		
(0.04) (0.03)			
Cumulative effect of accounting changes			
(2.30)			
Net Earnings (Loss)	\$ (0.14)	\$ 0.18	\$
(0.15) \$ (2.08)			

=====		=====	
Fully Diluted			
Earnings before extraordinary item and cumulative effect of accounting changes	\$ (0.10)	\$ 0.15	\$
(0.11) \$ 0.22			
Extraordinary item	(0.04)		
(0.04) (0.03)			
Cumulative effect of accounting changes			
(2.10)			
	-----	-----	-----
Net Earnings (Loss)	\$ (0.14)	\$ 0.15	\$
(0.15) \$ (1.91)			
	=====	=====	
=====			

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

<TABLE>

CONTINENTAL BAKING GROUP
 COMBINED BALANCE SHEET
 (Condensed)
 (Dollars in millions)

<CAPTION>

	March 26,
Sept. 25,	1994
1993	-----
- - ----	
<S>	<C>
<C>	

Assets			
Current Assets			
Marketable Securities		\$ 41.5	\$
0.5			
Receivables, less allowance for doubtful accounts of \$3.5 and \$3.3, respectively		95.4	
91.3			
Inventories -			
Raw materials and supplies		47.3	
46.9			

Finished products	6.9	
8.4		
Other current assets	28.1	
29.0		
	-----	-
Total Current Assets	219.2	
176.1		
	-----	-
Investments and Other Assets	61.4	
60.1		
	-----	-
Property at Cost	1,043.2	
1,014.3		
Accumulated depreciation	447.6	
425.4		
	-----	-
	595.6	
588.9		
	-----	-
Total	\$ 876.2	\$
825.1		
	=====	
Liabilities and Shareholders Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 26.0	\$
18.3		
Notes payable	18.1	
7.4		
Accounts payable	88.0	
105.3		
Other current liabilities	118.4	
107.9		
	-----	-
Total Current Liabilities	250.5	
238.9		
	-----	-
Long-Term Debt	369.5	
322.9		
	-----	-
Deferred Income Taxes	10.7	
11.1		
	-----	-

Other Liabilities	222.5		
222.9		-----	-

Redeemable Preferred Stock	42.6		
45.9			
Unearned ESOP Compensation	(71.4)		
(77.4)		-----	-

CBG Group Equity	51.8		
60.8		-----	-

Total	\$ 876.2	\$	
825.1		=====	
=====			

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

<TABLE>

CONTINENTAL BAKING GROUP
 COMBINED STATEMENT OF CASH FLOWS
 (Condensed)
 (Dollars in millions)

<CAPTION>

	26 Weeks
Ended	
Mar. 27,	Mar. 26,
1993	1994
-----	----
<S>	<C>
<C>	

Cash Flow from Operations	
Earnings (Loss) before extraordinary item and cumulative effect of accounting changes	\$ (3.2)
\$ 10.5	
Non-cash items included in income	38.8
34.5	
Changes in operating assets and liabilities	

used in operations	(6.4)
(5.9)	
Other, net	(0.1)
8.1	

Net cash flow from operations	29.1
47.2	

Cash Flow from Investing Activities	
Property additions, net	(44.3)
(31.9)	
Other, net	(2.1)

Net cash used by investing activities	(46.4)
(31.9)	

Cash Flow from Financing Activities	
Net proceeds from centrally managed debt	67.0
1.1	
Treasury stock purchases	(2.3)
Dividends paid	(3.1)
Payment Attributed to Retained Interest	(3.3)
Cash provided for corporate equity transactions prior to distribution of CBG Stock	
(1.6)	

Net cash provided (used) by financing activities	58.3
(0.5)	

Net Increase in Cash and Cash Equivalents	41.0
14.8	
Cash and Cash Equivalents, Beginning of Period	0.5
0.5	

Cash and Cash Equivalents, End of Period	\$ 41.5
\$ 15.3	
	=====
	=====

</TABLE>

See Accompanying Notes to Condensed Financial Statements.

CONTINENTAL BAKING GROUP
NOTES TO CONDENSED FINANCIAL STATEMENTS
MARCH 26, 1994
(Dollars in millions except per share data)

Note 1 - The accompanying unaudited financial statements have been prepared

in accordance with the instructions for Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the

opinion of management, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation,

have been included. Operating results for any thirteen week period

are not necessarily indicative of the results for any other thirteen

week period or for the full year. These statements should be read

in connection with the financial statements of the CBG Group and

notes thereto included in the Ralston Purina Company's (the Company)

Annual Report to Shareholders for the year ended September 30, 1993.

Note 2 - On July 30, 1993, the shareholders of the Company approved a plan to

distribute to shareholders shares of a new class of common stock,

Ralston-Continental Baking Group Common Stock (CBG Stock), which is

intended to reflect separately the performance of the Company's

fresh bakery products business (the CBG Group). As part of this

plan, existing common stock was redesignated Ralston-Ralston Purina

Group Common Stock (RPG Stock) and is intended to reflect separately

the performance of the Company's other businesses (the RPG Group).

The CBG Stock distributed to shareholders, at a ratio of one share

for every five shares of existing common stock, represents a 55%

interest in the business, assets and liabilities of the

CBG Group

and the RPG Group retains the remaining 45% interest.

Holder of CBG Stock are common shareholders of the Company.

Although the financial statements of the RPG Group and the CBG Group

separately report the assets, liabilities and shareholders equity of

the Company attributed to each group, this attribution does not

affect legal title to such assets or responsibility for such

liabilities. Financial impacts arising from the RPG Group that

affect the consolidated results of operations or financial position

of the Company could affect the results of operations or financial

position of the CBG Group. Accordingly, the Company's consolidated

quarterly financial information should be read in connection with

the CBG Group financial information.

Note 3 - Primary earnings per share are based on 20,400,000 average CBG

Stock shares and 20,700,000 average pro forma CBG Stock shares for

the quarters ended March 26, 1994 and March 27, 1993, respectively. Primary earnings per share are based on 20,500,000

average CBG stock shares and 20,700,000 average pro forma CBG stock

shares for the six months ended March 26, 1994 and March 27, 1993,

respectively. Fully diluted earnings per share are based on the

average number of shares outstanding adjusted for the dilutive

effect of convertible preferred stock, stock options, convertible

debentures and deferred compensation awards. The balances were

24,400,000 average CBG Stock shares and 24,300,000 average pro

forma CBG Stock shares for the quarters ended March 26, 1994 and

March 27, 1993, respectively. Fully diluted earnings per share are

based on 24,500,000 average CBG stock shares and

24,300,000 pro
 forma CBG stock shares for the six months ended March
 26, 1994 and
 1993, respectively. The earnings per share for the
 quarter and six
 months ended March 27, 1993 are on a pro forma basis as
 the stock
 distribution described in Note 2 had not occurred as of
 that date.

CONTINENTAL BAKING GROUP
 NOTES TO CONDENSED FINANCIAL STATEMENTS
 MARCH 26, 1994
 (Dollars in millions except per share data)

Note 4 - There were CBG Stock common shares outstanding of
 20,589,000 at
 March 26, 1994 and 20,694,000 at September 25, 1993,
 exclusive of
 269,000 and 1,000 CBG Stock treasury shares,
 respectively.

Note 5 - Other Liabilities consists of the following:

	March 26,	Sept.
25,	1994	
1993	-----	-----
- - - - -		
Self-insurance reserves	\$112.5	
\$112.8		
Other liabilities	110.0	
110.1	-----	-----
- - - - -		
	\$222.5	
\$222.9	=====	
=====		

Note 6 - During the fourth quarter of fiscal 1993, the Company
 elected to
 adopt Statement of Financial Accounting Standards No.
 106 -
 "Employers' Accounting for Postretirement Benefits Other
 Than

Pensions" (FAS 106) and Statement of Financial Accounting Standards

No. 109 - "Accounting for Income Taxes" (FAS 109) as of the beginning of the year. The quarter and six months ended March 27, 1993 has been restated to reflect the accounting changes.

Note 7 - An extraordinary loss for the quarter ending March 26, 1994, was

recognized in conjunction with the retirement of \$18.0 of centrally managed debt attributed to the CBG Group that had an effective interest rate of 10.7%. The extraordinary item in fiscal 1993 represents the loss on early retirement of debt during the quarter ended December 26, 1992 consisting primarily of the Company's outstanding 9 1/2% and 9 3/8% debentures and all remaining 7.7% debentures.

Note 8 - Coincident with the spin-off described in Note 11 of the Company's

notes to condensed financial statements, the Company redeemed 334,109 shares of its Series A 6.75% Preferred Stock at its guaranteed minimum value. The shares were redeemed by the Company in connection with the cessation of participation in the Company's Savings Investment Plan by plan participants employed by Ralcorp following the spin-off. The CBG Group's share of the preferred stock redemption was \$3.3, which was funded by the issuance of 161,582 shares of CBG Stock and \$2.2 of additional centrally managed debt.

CONTINENTIAL BAKING GROUP
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL INFORMATION

Operating Results

The CBG Group incurred a net loss of \$4.8 million for the 26 weeks ended March 26, 1994 compared to a net loss of \$77.2 million for the 26 weeks ended March 27, 1993. Included in the net losses are extraordinary losses on the early retirement of debt of \$1.6 million, after taxes, in the current year period and \$1.1 million, after taxes, in the prior year period. Included in the net loss for the prior year were charges for the cumulative effect of changes in accounting for postretirement benefits other than pensions and income taxes totaling \$86.6 million, after taxes. Exclusive of these items, earnings declined by \$13.7 million from \$10.5 million in the prior year. Primary and fully diluted losses per share were \$.11 in the current period compared to pro forma earnings per primary and fully diluted share of \$.25 and \$.22 in the prior year.

For the 13 weeks ended March 26, 1994, net loss, excluding the aforementioned extraordinary loss, was \$3.4 million, compared to net earnings of \$7.0 million for the same quarter in the prior year. Loss per share before extraordinary item in the current quarter was \$.10 on a primary and fully diluted basis, compared to pro forma earnings per share of \$.18 and \$.15, respectively, in the prior year.

Sales and gross profit declined for the 13 and 26 weeks ended March 26, 1994, on lower volume and an unfavorable product mix in bread and lower thrift store volume. Selling, general and administrative expenses were 45.5% and 43.0% of sales in the current and prior 26 weeks, respectively, primarily as a result of lower sales volume.

The problems encountered in the CBG Group's bread products and thrift stores have exceeded the benefits of a cost reduction plan currently underway. Management continues to challenge the way it conducts

its business by looking for additional cost savings, other ways to strengthen volume and other opportunities to improve bottom line performance.

Financial Condition

Cash provided from operations is the CBG Group's primary source of liquidity and amounted to \$29.1 million for the 26 weeks ended March 26, 1994 compared to \$47.2 million for the same period in the prior year, primarily on lower earnings before cumulative effect of accounting changes. Current liabilities in excess of current assets at March 26, 1994 were \$31.3 million compared to \$62.8 million at September 25, 1993.

The Company manages most financial activities of the group on a centralized, consolidated basis. The liquidity and capital resources of the Company provide financial and operating flexibility to each group. Specific components of centrally managed debt and assets (Net Debt) are attributed to each Group in proportion to the ratio of each Group's attributed Net Debt balance to the Company's total Net Debt. The CBG Group's centrally managed debt increased by \$67.0 million in the 26 weeks ended March 26, 1994 while its cash and cash equivalents increased \$41.0 million.

Financing activities in the first six months of fiscal 1994 include the retirement of \$18.0 million of centrally managed debt attributed to the CBG Group with an average interest rate of 10.7%.

As of February 3, 1994, the Board of Directors of the Company eliminated CBG Stock dividends. In the future, dividend policy will be considered on a quarter by quarter basis.

Coincident with the spin-off of the Company's cereal, baby food, cookie and cracker, ski resort and coupon processing businesses (Ralcorp) on March 31, 1994, the Company redeemed 334,109 shares of its Series A 6.75% Preferred Stock at its guaranteed minimum value. The shares were redeemed by Company in connection with the cessation of participation in the Company's Savings Investment Plan by plan participants employed by Ralcorp following the spin-off. The CBG Group's share of the preferred stock redemption was \$3.3 million, which was funded by the issuance of 161,582 shares of CBG Stock and \$2.2 million of additional centrally managed debt.

As of May 9, 1994, approximately 3,757,900 shares of CBG Stock remained under the Board of Directors' authorization for the purchase of up to 4 million shares of CBG Stock.

A summary statement of cash flows for the six months ended March 31, 1994 and 1993 is presented in this report.

PART II - OTHER INFORMATION

There is no information required to be reported under any items except those indicated below.

Item 1. Legal Proceedings.

The Company and the plaintiff in the Alpo Petfoods, Inc. v. Ralston Purina Company lawsuit have agreed to a settlement of all disputed claims.

On March 21, 1994, the U.S. Environmental Protection Agency ("EPA"), Region IX, issued a Notice of Violation pursuant to Section 113 of the Clean Air Act to Continental Baking Company concerning the construction of an oven at its Sacramento bakery in 1985. An amount of fines or penalties was not specified by the EPA in the Notice.

On May 3, 1994, the State of California issued a summons and

criminal complaint in the Municipal Court for the State of California, County of Sacramento, against Continental Baking Company alleging violation of the California Health and Safety Code for failure to report a release of a hazardous material at its Sacramento bakery.

In the opinion of management, based on the information presently known, the ultimate liability for the two matters reported above, together with liability for all other pending legal proceedings, asserted legal claims, and known potential legal claims which are probable of assertion, taking into account established accruals for estimated liabilities, should not be material.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits filed with this Report:

(11) Statement, re: Computation of Per Share Earnings.

(b) Reports on Form 8-K

The Registrant filed a Report on Form 8-K on February 8, 1994, to file its press release dated February 3, 1994, disclosing the Company's first quarter earnings per share, the operating profit for its Eveready battery business and its pet food businesses, for fiscal 1993, and the results of the election of directors at Ralston's Annual Meeting of Shareholders.

SIGNATURES

Pursuant to the requirements 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.

RALSTON PURINA COMPANY

Registrant

By JAMES R. ELSESSER

James R. Elsesser
Vice President and Chief
Financial Officer

Date: May 13, 1994

Exhibit Index

Exhibits

EX-11 Computation of Earnings Per Share
(provided electronically)

<TABLE>

RALSTON PURINA COMPANY AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(in millions, except per share data)

<CAPTION>

	6 Months Ended Mar. 31, 1993
<S>	<C>
EARNINGS PER COMMON SHARE OUTSTANDING	
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 214.9
Dividend on Series A ESOP convertible preferred stock, net of tax	(10.5)

	\$ 204.4
Extraordinary item	(6.8)
Cumulative effect of accounting changes	(206.9)

Net earnings (loss)	\$ (9.3)
	=====
Weighted average shares - primary earnings per share calculation	103.6
	=====
Earnings (loss) per common share outstanding:	
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 1.97
Extraordinary item	(0.06)
Cumulative effect of accounting changes	(2.00)

Net loss	\$ (0.09)
	=====
EARNINGS PER SHARE ASSUMING FULL DILUTION	
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 214.9
Adjustments to earnings to reflect assumed ESOP preferred stock conversion	(4.2)
Extraordinary item	(6.8)
Cumulative effect of accounting changes	(206.9)

Net earnings (loss) for fully diluted earnings per share calculation	\$ (3.0)
	=====
Wtd. average number of common shares outstanding	103.6
Convertible preferred stock	10.7
Dilutive effect of stock options	0.5
Shares issuable on conversion of debentures	
Dilutive effect of deferred compensation awards	0.1

Weighted average shares - fully diluted earnings per share calculation	114.9
	=====
Earnings (loss) per share assuming full dilution:	
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 1.83
Extraordinary item	(0.06)
Cumulative effect of accounting changes	(1.80)

Net loss	\$ (0.03)
	=====

</TABLE>

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<TABLE>

RALSTON PURINA GROUP
COMPUTATION OF EARNINGS PER SHARE
(in millions, except per share data)

<CAPTION>

	6 Months Ended Mar. 31, 1994	Pro Forma 6 Months Ended Mar. 31, 1993
	-----	-----
<S>	<C>	<C>
EARNINGS PER COMMON SHARE OUTSTANDING		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 206.7	\$ 169.2
Dividend on Series A ESOP convertible preferred stock, net of tax	(9.6)	(9.5)
	-----	-----
Extraordinary item	\$ 197.1	\$ 159.7
Cumulative effect of accounting changes	(7.9)	(5.7)
	-----	-----
Net earnings	\$ 189.2	\$ 33.7
	=====	=====
Weighted average shares - primary earnings per share calculation	100.9	103.6
	=====	=====
Earnings per common share outstanding:		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 1.96	\$ 1.54
Extraordinary item	(0.08)	(0.05)
Cumulative effect of accounting changes		(1.16)
	-----	-----
Net earnings	\$ 1.88	\$ 0.33
	=====	=====
EARNINGS PER SHARE ASSUMING FULL DILUTION		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 206.7	\$ 169.2
Adjustments to earnings to reflect assumed ESOP preferred stock conversion	(2.3)	(3.7)
Extraordinary item	(7.9)	(5.7)
Cumulative effect of accounting changes		(120.3)
	-----	-----
Net earnings for fully diluted earnings per share calculation	\$ 196.5	\$ 39.5
	=====	=====
Wtd. average number of shares outstanding	100.9	103.6
Convertible preferred stock	9.6	9.5
Dilutive effect of stock options	0.3	0.3
Shares issuable on conversion of debentures		
Dilutive effect of deferred compensation awards	0.1	0.1
	-----	-----
Weighted average shares - fully diluted earnings per share calculation	110.9	113.5
	=====	=====
Earnings per share assuming full dilution:		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 1.84	\$ 1.46
Extraordinary item	(0.07)	(0.05)
Cumulative effect of accounting changes		(1.06)

Net earnings

\$ 1.77 \$ 0.35
=====

</TABLE>

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<TABLE>

CONTINENTAL BAKING GROUP
COMPUTATION OF EARNINGS PER SHARE
(in millions, except per share data)

<CAPTION>

	26 Weeks Ended Mar. 26, 1994	Pro Forma 26 Weeks Ended Mar. 27, 1993
<S>	<C>	<C>
EARNINGS (LOSS) PER COMMON SHARE OUTSTANDING		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ (3.2)	\$ 10.5
Dividend on Series A ESOP convertible preferred stock, net of tax	(0.9)	(1.0)
	-----	-----
	\$ (4.1)	\$ 9.5
Extraordinary item	(1.6)	(1.1)
Cumulative effect of accounting changes		(86.6)
	-----	-----
Net loss	\$ (5.7)	\$ (78.2)
	=====	=====
Wtd. average number of shares outstanding	20.5	20.7
Shares issuable with respect to RPG Group's retained interest in the CBG Group	16.8	16.9
	-----	-----
Weighted average shares - primary earnings per share calculation	37.3	37.6
	=====	=====
Earnings (loss) per common share outstanding:		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ (0.11)	\$ 0.25
Extraordinary item	(0.04)	(0.03)
Cumulative effect of accounting changes		(2.30)
	-----	-----
Net loss	\$ (0.15)	\$ (2.08)
	=====	=====
EARNINGS PER SHARE ASSUMING FULL DILUTION		
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	\$ (3.2)	\$ 10.5
Adjustments to earnings to reflect assumed ESOP preferred stock conversion	(1.6)	(1.8)
Extraordinary item	(1.6)	(1.1)
Cumulative effect of accounting changes		(86.6)
	-----	-----
Net earnings (loss) for fully diluted earnings per share calculation	\$ (6.4)	\$ (79.0)
	=====	=====
Wtd. average number of common shares outstanding	20.5	20.7
Shares issuable with respect to RPG Group's retained interest in the CBG Group	16.8	16.9
Convertible preferred stock	4.0	3.6
Dilutive effect of stock options		
Dilutive effect of deferred compensation awards		
	-----	-----

Weighted average shares - fully diluted earnings per share calculation	41.3	41.2
	=====	=====
Earnings (loss) per share assuming full dilution:		
Earnings before extraordinary item and cumulative effect of accounting changes	\$ (0.11)	\$ 0.22
Extraordinary item	(0.04)	(0.03)

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Cumulative effect of accounting changes		(2.10)
	-----	-----
Net loss	\$ (0.15)	\$ (1.91)
	=====	=====

</TABLE>