

# 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. [0000108601-94-000004](#)

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### FILER

#### **WRIGLEY WILLIAM JR CO**

CIK: **108601** | IRS No.: **361988190** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-00800** | Film No.: **94527798**  
SIC: **2060** Sugar & confectionery products

Business Address  
410 N MICHIGAN AVE  
CHICAGO IL 60611  
3126442121

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended March 31, 1994

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

For the transition period from to

For Quarter Ended March 31, 1994 Commission file number 1-800

WM. WRIGLEY JR. COMPANY  
(Exact name of registrant as specified in its charter)

DELAWARE

36-1988190

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

410 North Michigan Avenue  
Chicago, Illinois  
(Address of principal executive offices)

60611  
(Zip Code)

(Registrant's telephone number, including area code) 312-644-2121

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

90,811,623 shares of Common Stock and 25,562,495 shares of Class B Common Stock were outstanding as of April 15, 1994.

<TABLE>

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## WM. WRIGLEY JR. COMPANY

## STATEMENT OF CONSOLIDATED EARNINGS (CONDENSED)

	Three Months Ended	
	March 31	
	1994	1993
<S>	<C>	<C>
Revenues:		
Net sales	\$ 378,557	332,333
Investment and other income	2,551	2,140
Nonrecurring gain on sale of Singapore property	38,102	-
Total revenues	419,210	334,473
Costs and expenses:		
Cost of sales	162,936	145,113
Selling, distribution, and general administrative	137,059	122,240
Interest	582	240
Total costs and expenses	300,577	267,593
Earnings before income taxes	118,633	66,880
Income taxes	42,691	24,520
Net earnings	\$ 75,942	42,360
Net earnings per average share of common stock	\$ .65	.36
Dividends declared per share of common stock	\$ .12	.10
Average number of shares outstanding for the period	116,393,296	116,696,424

All dollar amounts in thousands except for per share values.

SEE ACCOMPANYING NOTES ON PAGE 5

</TABLE>

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PART I - FINANCIAL INFORMATION - ITEM 1 (Cont'd)  
WM. WRIGLEY JR. COMPANY  
STATEMENT OF CONSOLIDATED CASH FLOWS (CONDENSED)

	Three Months Ended	
	March 31,	
	1994	1993
<S>	<C>	<C>
CASH FLOWS - OPERATING ACTIVITIES		

Net earnings	\$ 75,942	42,360
Adjustments to reconcile net earnings to net cash flows from operating activities:		
Depreciation	9,016	7,270
(Gain) Loss on sales of property, plant, and equipment	(38,321)	149
(Increase) decrease in:		
Accounts receivable	(34,034)	(36,224)
Inventories	(17,533)	(7,203)
Other current assets	(240)	(3,696)
Other assets and deferred charges	11,378	(3,940)
Increase (decrease) in:		
Accounts payable	2,549	8,004
Accrued expenses	1,686	12,764
Income and other taxes payable	39,543	9,578
Deferred taxes	(6,725)	(124)
Other noncurrent liabilities	3,120	632
Net cash flows - operating activities	46,381	29,570
CASH FLOWS - INVESTING ACTIVITIES		
Additions to property, plant, and equipment	(9,675)	(16,819)
Proceeds from property retirements	39,163	868
Purchases of short-term investments	(81,971)	-
Maturities of short-term investments	86,890	-
Net (increase) decrease in short-term investments	-	9,426
Net cash flows - investing activities	34,407	(6,525)
CASH FLOWS - FINANCING ACTIVITIES		
Dividends paid	(11,640)	(11,668)
Common stock purchased	(5,600)	(5,291)
Net cash flows - financing activities	(17,240)	(16,959)
Effect of exchange rate changes on cash and cash equivalents	673	1,998
Net increase in cash and cash equivalents	64,221	8,084
Cash and cash equivalents at beginning of period	86,290	84,144
Cash and cash equivalents at end of period	\$ 150,511	92,228
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid	\$ 10,105	16,289
Interest paid	\$ 577	237
Interest and dividends received	\$ 2,224	2,264

All dollar amounts in thousands.  
SEE ACCOMPANYING NOTES ON PAGE 5  
</TABLE>

<TABLE>

WM. WRIGLEY JR. COMPANY  
CONSOLIDATED BALANCE SHEET (CONDENSED)

	March 31, 1994	December 31, 1993
<S>	<C>	<C>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 150,511	86,290
Short-term investments	98,615	103,556
Accounts receivable	153,921	118,222
(less allowance for doubtful accounts; 3/31/94-\$4,896; 12/31/93-\$4,407)		
Inventories -		
Finished goods	54,266	47,471
Raw materials and supplies	141,392	129,325
	195,658	176,796
Other current assets	11,888	11,511
Deferred income taxes - current	5,901	5,918
Total current assets	616,494	502,293
Marketable equity securities at fair value	30,038	31,417
Other assets and deferred charges	18,823	25,881
Deferred income taxes - noncurrent	20,918	15,865
Property, plant and equipment, at cost	558,684	550,877
Less accumulated depreciation	318,565	311,009
	240,119	239,868
Total assets	\$ 926,392	815,324
<b>Current liabilities:</b>		
Accounts payable	\$ 65,696	62,621
Accrued expenses	69,680	67,137
Dividends payable	13,965	11,640
Income and other taxes payable	57,302	17,127
Deferred income taxes - current	470	636
Total current liabilities	207,113	159,161
Deferred income taxes - noncurrent	20,685	22,716
Other noncurrent liabilities	61,804	58,265
<b>Stockholders' equity:</b>		
Preferred stock - no par value		
Authorized - 20,000,000 shares		
Issued - None		
Common stock - no par value		
Authorized - 400,000,000 shares		
Issued - 90,811,623 shares at 3/31/94;		
90,588,065 shares at 12/31/93	12,082	12,078
Class B Common Stock - convertible		
Authorized - 80,000,000 shares		
Issued and outstanding -		
25,562,495 shares at 3/31/94;		
25,812,424 shares at 12/31/93	3,438	3,442
Additional paid-in capital	1,457	1,467
Retained earnings	626,617	564,640
Foreign currency translation adjustment	(22,885)	(24,757)
Unrealized holding gains on marketable equity securities	17,415	18,312

Common Stock in treasury, at cost - 26,371		
shares at 3/31/94; 0 shares at 12/31/93	(1,334)	-
Total stockholders' equity	636,790	575,182
Total liabilities & stockholders' equity	\$ 926,392	815,324

All dollar amounts in thousands.

SEE ACCOMPANYING NOTES ON PAGE 5.

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PART I - FINANCIAL INFORMATION - ITEM 1 (Cont'd)

WM. WRIGLEY JR. COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

1. The Statement of Consolidated Earnings (Condensed) for the three month periods ended March 31, 1994 and 1993, the Statement of Consolidated Cash Flows (Condensed) for the three month periods ended March 31, 1994 and 1993, and the Consolidated Balance Sheet (Condensed) at March 31, 1994 are unaudited. In the Company's opinion, the accompanying financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly the results for the periods, and have been prepared on a basis consistent with the 1993 audited consolidated financial statements. These condensed financial statements should be read in conjunction with the 1993 consolidated financial statements and related notes.
2. An analysis of the cumulative foreign currency translation adjustment follows (in thousands of dollars).

	Decrease (Increase) to Stockholders' Equity	
First Quarter	1994	1993
Balance at January 1	\$24,757	9,692
Translation adjustment for the first quarter	(1,872)	3,002
Balance at March 31	\$22,885	12,694

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PART I - FINANCIAL INFORMATION - ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

## Revenues

### Net Sales

The 1994 first quarter net sales of \$378.6 million was an increase of nearly 14% from the prior year. This increase was primarily due to higher worldwide volume with overseas sales being a major contributor to the gain. This increase was moderated somewhat by translation to a stronger U.S. Dollar.

### Investment and Other Income

The 1994 first quarter investment and other income increased by 19% due primarily to larger amounts invested.

## Costs and Expenses

### Cost of Sales

Cost of sales for the first quarter 1994 increased \$17.8 million or 12% compared to the prior year. This was mainly due to higher international shipment volume and the continued trend toward more sugarfree products.

The consolidated gross profit percentage for the first quarter of 1994 was 57.0%, compared to 56.3% for the prior year. Lower unit product cost, mainly in the U.S., contributed to the gross margin improvement.

### Selling, Distribution, and General Administrative

The selling, distribution, and general administrative expenses for the first quarter of 1994 increased \$14.8 million or 12.1% from the prior year. Advertising expenses accounted for a substantial amount of the increase.

## Net Earnings

In January 1994, the Company sold its real estate holdings in Singapore for a pre-tax gain of \$38.1 million. This nonrecurring gain increased net earnings by an after-tax amount of \$24.8 million or \$.21 per share.

Total net earnings for the first quarter of 1994 were \$75.9 million, an increase of \$33.6 million or 79%. On a per share basis, earnings were \$.65, an increase of \$.29 or 81%. Excluding the nonrecurring Singapore gain, the earnings increases were \$8.8 million or 21% and \$.08 per share or 22%.

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PART I - FINANCIAL INFORMATION - ITEM 2 (Cont'd)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1994 the Company's cash and cash equivalents and short-term investments totaled \$249.1 million compared to \$189.8 million at December 31, 1993 - an increase of \$59.2 million. The ratio of current assets to liabilities (current ratio) at March 31, 1994 was 3.0 to 1 compared to 3.2 to 1 at December 31, 1993.

Capital expenditures for 1994 are expected to be higher than 1993's expenditures of \$63.1 million and are expected to be funded from the Company's operations and internal sources including the proceeds from the sale of real estate holdings in Singapore.

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#### PART II - OTHER INFORMATION

##### Item 4 - Submission of Matters to Vote of Security Holders

The Annual Meeting of Stockholders of the Wm. Wrigley Jr. Company was held on March 8, 1994 to consider the following proposals: 1, the election of nine directors to serve for the ensuing year; and 2, ratification of the appointment of Ernst & Young as the Company's independent auditors for 1994. The results of the voting on each matter, as determined by the independent inspectors of election, are as follows:

Proposal 1. Election of nine directors. With each class of stock voting together, a total of 348,469,854 votes were eligible to be cast and a total of 313,404,926 were submitted with respect to each nominee as follows:

Nominee	For	% For	Withheld
Charles F. Allison III	313,021,702	99.88	383,224
Lee Phillip Bell	313,099,334	99.90	305,592
Robert P. Billingsley	313,045,175	99.89	359,751
R.D. Ewers	313,158,945	99.92	245,981
Gary E. Gardner	313,072,361	99.89	332,565
Penny Sue Pritzker	313,072,167	99.89	332,759
Richard K. Smucker	313,083,308	99.90	321,618
William Wrigley	313,158,056	99.92	246,870
William Wrigley, Jr.	313,145,749	99.92	259,177

Proposal 2. Ratification of Auditors. With each class of stock voting together, a total of 348,469,854 votes were eligible to be cast and a total of 313,404,926 were submitted as follows:

For	Against	Abstain
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## PART II - OTHER INFORMATION

## Item 5 - Other Information

At its meeting of August 18, 1993, the Board of Directors adopted a resolution authorizing the Company to purchase from time to time shares of the Company's Common Stock not to exceed \$100,000,000 in aggregate price.

The Company's Management Incentive Plan (MIP) authorizes the granting of up to 5,400,000 shares of the Company's Common Stock (including 492,222 shares issued under the predecessor 1984 Stock Award Plan) to key managers in various forms including stock grants and stock appreciation rights. Shares so awarded may be issued from the Company Treasury or purchased in the open market.

The Company Stock Retirement Plan for Non-employee Directors authorizes award of up to 300,000 shares in the aggregate to non-employee directors upon their retirement from the Board. Shares so awarded may be issued from the Company Treasury or purchased in the open market.

During the first quarter of 1994, 120,000 shares were purchased under the above resolutions at an aggregate purchase price of \$5,600,150. Of these 93,629 shares were awarded under employee benefit programs, and 26,371 shares were retained as Treasury Stock by the Company for future uses to be determined.

## Item 6 - Exhibits and Reports on Form 8-K

- (b) The Company has not filed a Form 8-K for the three month period ended March 31, 1994.

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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.

WM. WRIGLEY JR. COMPANY  
(Registrant)

By  
Dennis J. Yarbrough

Corporate Controller

By

Dushan Petrovich  
Vice President - Treasurer

Date May 13, 1994