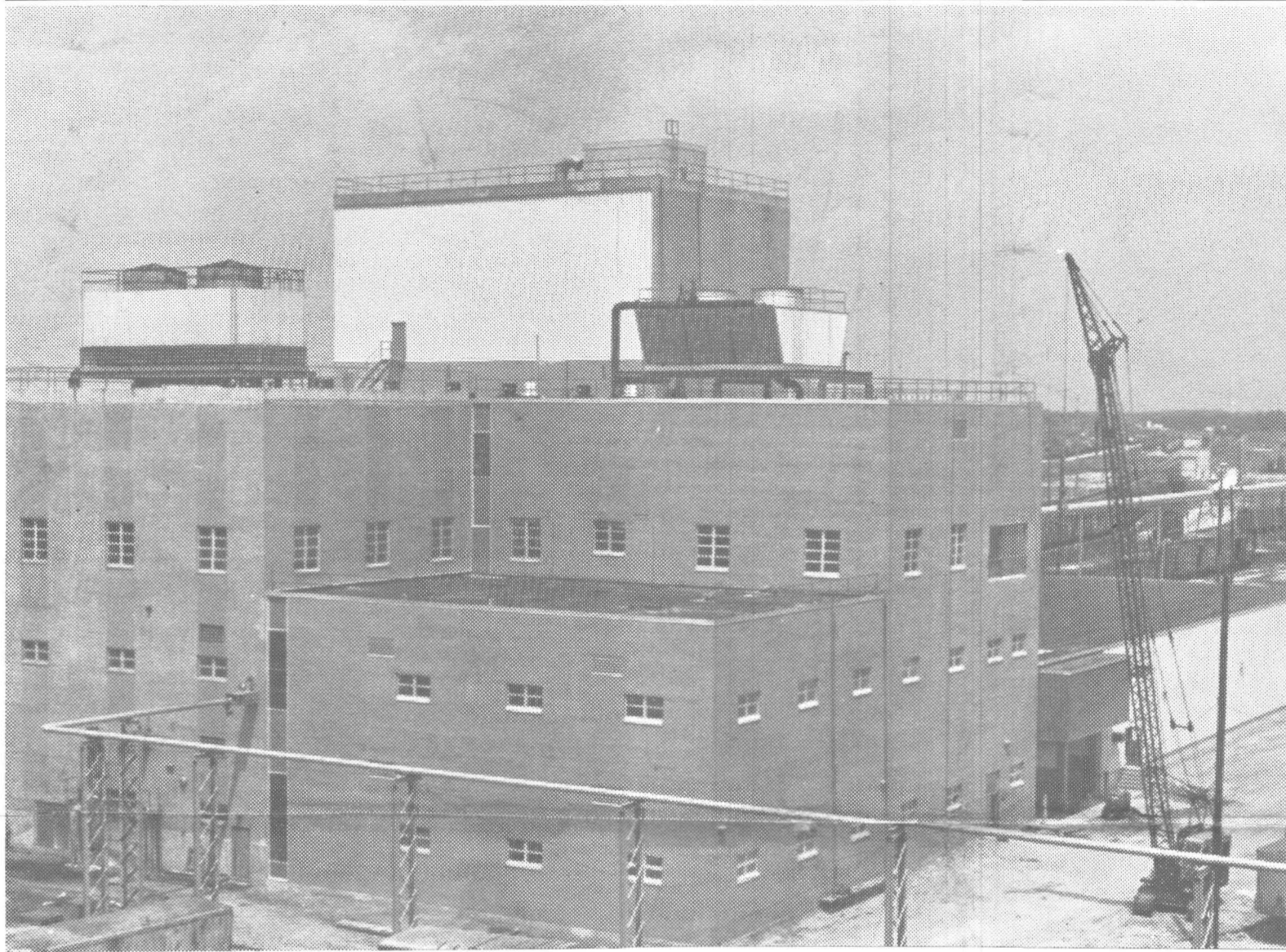


Company Earnings Show Recovery in 3rd Quarter



Virtually all exterior work has been completed on expanded Dextrose Plant. (Related photos on Page 8.)

Improved prices for some of our major products and a near-record sales performance produced a significant increase in Company net earnings in the third quarter ended June 30.

Net earnings reached \$1,307,000 or 50 cents a share for the three-month period compared with earnings of \$840,000 or 31 cents a share for the same quarter of last year. The total represented a marked improvement over each of the two previous quarters and, in fact, fell only \$324,000 short of equaling earnings for the entire first half.

Third quarter sales were \$64,346,000. This compares with sales of \$65,331,000 for the third quarter of fiscal 1967, a record for the quarter.

For the first nine months of the current fiscal year, net earnings stand at \$2,938,000 or \$1.12 a share compared with net earnings of \$4,615,000 or \$1.70 a share for the same period last year.

Sales for the nine months reached \$190,214,000. This compares with sales of \$195,707,000 for the previous year's first nine months.

The financial totals include Wagner Industries, Cicero, Ill.-based manufacturer of fruit-flavored drinks and specialty foods, which was acquired by Staley in a pooling of interest consummated May 29, 1968.

Wagner recorded net earnings of 13 cents per share for the nine months ended June 30, down from 15 cents for the same period of 1967. For the three months, Wagner per share earnings were 4 cents, compared with 3 cents for the same period of the prior year.

The earnings improvement confirmed an optimistic profit improvement outlook for the second half of fiscal 1968 given by Chairman A. E. Staley, Jr., at the Annual Meeting of share holders in May.

At that time, he indicated to the shareholders that substantial improvement could be expected in the remaining six months of the fiscal year.

Depressed margins in corn syrup and starches have been a major factor in the profit decline for much of last year and the first half of this year.

Dextrose Expansion Moves Toward Finish

Production startup of key equipment included in the major expansion of our Dextrose Plant was accomplished July 12 while remaining expansion work moves toward completion with full-scale production expected within a few weeks.

New equipment in the process building addition placed in operation for the first time were several centrifuges and crystallizers, most of the new conveying machinery and the new dextrose dryer, a large piece of equipment extending from the first to the fifth floor of the Dextrose Building.

Operation of the new equipment, along with existing production facilities, immediately resulted in new daily production records for the Dextrose Plant. Production of commercial quantities of dextrose products—other than those previously being made, will be available after the shakedown period of adjustment has been completed on the new equipment.

When full-scale operation of all the new processing equipment is achieved, it will provide a significant increase in the production of "Staleydex" dextrose to meet ever-growing demand in the baking, ice cream, candy, soft drink, canning and other food industries served by the Company.

Duane Chicoine, project manager for the expansion, said,

"Initial startup of the new processing equipment went as smoothly as could be expected and there have been no major problems with the equipment thus far in the shakedown period."

Important new screening equipment, which will enable production of an additional particle size of "Staleydex" dex-

trose, is slated to begin operation soon as the startup sequence continues to move ahead.

When this and other new equipment are ready for full-scale use, the Dextrose Plant will be producing "Staleydex" 111, 222, 333 and 444, ranging from powdered dextrose (111) to fine, regular and coarse particle sizes,

respectively.

In addition to these dry dextrose products, Staley also makes two kinds of liquid dextrose to meet customer preferences for dextrose that will fit their particular blending operations and end-product uses.

Along with the equipment startup July 12, other facilities (Continued on Page 3.)

Staley Acquires Keever Co.

The Staley Company has acquired The Keever Co. of Columbus, Ohio, producers of wheat gluten and commercial laundry products, further expanding the growing network of Staley processing facilities in this country and abroad.

Keever produces wheat gluten for use in foods, and has a line of specialty products for commercial applications, along with a division that makes steel wool for various industrial uses.

Sales of the company totaled \$6.7 million last year.

Nat Kessler, Staley vice president, Manufacturing, announced that the Keever manufacturing organization would remain essentially the same and that the operation will report to G. J. Dustin, Staley technical director-Manufacturing.

The Keever Co. plant consists of a group of brick buildings,

containing some 500,000 square feet of floor space, located on a nine-acre tract of land. The well-maintained machinery consists primarily of wet processing, mixing and drying equipment.

While the processing of wheat gluten differs from corn gluten, much of the equipment used would be readily recognized by Decatur production employees.

In the initial processing, the flours are pumped through a series of rotating reels similar to the equipment formerly used in our Mill House.

It later is fed into a flash dryer like our No. 1 dryer in the Feed House. The plant also utilizes mercos and a Procter-Schwartz dryer arrangement, much like the Decatur plant uses in processing corn.

The firm's leading product, "K-Vol" vital wheat gluten, is a high-grade product extracted

from selected and blended flours in a wet-milling process. After drying, the resulting powdered wheat gluten contains a high concentration of those proteins desirable for bread baking.

The product also finds applications in high protein cereals, utilized by several of the leading cereal producers in the country, and in meatless and macaroni-type products.

Other Keever products have applications in prepared canned soups, sauces and gravy mixes, frozen prepared foods, dietetic drinks, bakery mixes, salad dressings and a variety of meat products.

The Keever Co. was founded in 1898, the same year A. E. Staley, Sr., founded the business of our Company, and was incorporated in 1907, just a year after the Staley Company was incorporated.

Surcharge Bite Lightens Checks

Employees receiving paychecks after July 14 probably noticed they were a little lighter.

For those who took the time to read the note accompanying paychecks, they found it was because of the new Revenue and Expenditure Control Act of 1968 signed into law June 28 by President Johnson. The new law imposes generally a 10 percent surcharge on individual income taxes.

Since the surcharge applies only for nine months of 1968 and six months of 1969, employees paying taxes on a calendar-year basis will actually pay 7.5 percent more in taxes for the entire year 1968 and five percent for 1969.



FOREIGN STUDENTS VISIT STALEY—Four American Field Service exchange students, who lived with local families and attended Decatur schools, visited here recently before returning to their homes in countries abroad. Left to right, Lita Pareja from Peru, Hans Benninger of Switzerland, Lars Nilsson of Norway and Maria Cendoeya of Spain, view corn samples and hear explanation of our grain buying activities from Grain Division Manager Gene Cottle on one stop in Company tour. They also visited grocery products packaging area.

13 Employees Promoted To Plant, Office Posts

Thirteen Staley employees have moved ahead in promotions in recent weeks.

Ronald L. Ioerger has been named assistant manager of soybean meal sales in the Feed Marketing Division. He had been assistant manager of corn feeds since joining Staley in 1967. Ioerger holds a B. S. degree in animal science from the University of Illinois.



Ioerger **Stringer**

Charles S. Stringer has moved up to research statistician in the Chemical Research Department. He had been a research chemist in the department since joining the Company in 1957. He received B. S. and M. S. degrees from Iowa State University, where he majored in chemistry.

Henrietta B. Keck, from goods receiving and shipping clerk, to junior accounts payable clerk, Accounting Department

Patty Ann Lovekamp, from messenger, Office Services to file clerk, Materials Control

Sally J. McRee, from file clerk to goods receiving and shipping clerk, Accounting Department.

Carol A. O'Brien, from messenger, Office Services, to credit and statement clerk, Credit Department

Margaret E. Payton, from clerk-typist to clerk-stenographer, Financial

Denise A. Scott, from messenger, Office Services, to stenographer, Financial

James D. Webb, from record coordinator to freight claims clerk, Transportation.

Other promotions:

Vicki V. Christ, from file clerk to inventory clerk, Materials Control

Robert M. Dean, Jr., from messenger to paper cutter-705 machine operator, Office Services

Gloria J. Floyd, from messenger, Office Services, to file clerk, Accounting Department

William E. Hebenstreit, from technician to oxy-dry technician, Applications Research

Nine 35-Year Veterans Head Group Of 40 Employees Marking Service



Clements

A banner group of nine employees with 35 years service head a total of 40 Staley veterans observing service anniversaries in July. The 40 employees account for 780 years service at Staley.

The 35-year veterans and their service dates are:

Nicholas Chervinko, Sheetmetal Shop, July 22

Raymond M. Clements, Millwright Shop, July 28

Fred Deckard, 20 Building, July 13

Leverett C. Early, Millwright Shop, July 19

John M. Hanson, Sheetmetal Shop, July 7

Gordon E. Jackson, Office Janitors Group, July 20

Richard A. Jackson, Sr., 11, 18 & 75 Buildings, July 15

Richard D. Yocum, Millwright Shop, July 2

Carl D. Young, I & C Shop, July 19

Other employees marking service anniversaries ranging from five to 30 years include:

30 Years

Walter F. Kwasny, Chemical Engineering, July 19

James B. Roderick, 20 Building July 12

Paul E. Schahrer, Shipping Inspectors, July 15

Lloyd T. Stubblefield, Pipe Shop, July 25

25 Years

Evelyn O. Clesson, Office Janitors Group, July 27

Donald R. Dye, Small Machine Shop, July 7

Roy E. Finney, Pilot Plant, July 16

Margaret W. Grant, Plant Cleanup, July 27

Doris H. Jones, Office Janitors Group, July 24

Robert L. Kelly, Sr., Sanitation Department, July 30



Deckard

Early

Hanson

G. E. Jackson



R. A. Jackson

Yocum

Young

Kwasny



Schahrer

Clesson

Dye

Finney



Grant

Kelly

Newberry

Payton

Green D. Newberry, 12 Building, July 28

Jack H. Payton, Office Janitors Group, July 18

20 Years

Ella V. Yates, Financial, July 6

15 Years

William C. Rice, Grocery Products-San Francisco, July 1

Harriett P. Houk, Materials Control, July 21

John F. Lucey, Grocery Products-Pittsburg, July 7

Velda H. Morrison, Credit Department, July 30

Henry S. Patterson, Grocery Products-Richmond, July 21

Martin L. Smith, Paper Industry Sales, July 21

Employees' Youngsters Make News

Randal L. Walser, son of Virginia Walser, Employee Benefits, and Bernard Walser, has been chosen for an appointment to the U. S. Air Force Academy.

Walser, who recently completed his freshman year at the University of Arizona, is one of 10 Air Force ROTC cadets selected by the Air Force Academy's Administration from a list of nominees submitted by the nation's 174 colleges and universities with Air Force ROTC programs.

Walser was recommended for the academy appointment by Col. Robert L. Jones, head of the University of Arizona's department of aerospace studies, and Richard A. Harvill, university president.

Constance L. Thompson, daughter of Donald F. Thompson, utilities engineer, has achieved University Honors for outstanding scholarship at the University of Illinois.

Holder of a near straight-A average, she will complete her degree requirements at the university this summer. Selection for University Honors includes having her name inscribed on a bronze tablet at the university, along with other students in her graduating class who have demonstrated excellence in scholastic achievement.

Mike Miller, 18-year-old son of Elmer F. Miller, Grocery Products territory manager in Wichita, Kansas, has signed a professional baseball contract with the New York Yankees.

News of the signing was reported to the "Staley News" by Wally Randolph, Grocery Products supervisor in the Kansas City District, through John Springer, assistant national sales manager, Grocery Products.

As part of the contract, Mike was given a four-year scholarship to the college of his choice. A standout athlete at Wichita-Kapaun High School, Mike was assigned to the Yankees' minor league team in Johnson City, Tenn., for his first year of professional baseball.

Elmer Miller has been with the Staley Company for 19 years.

Five-Year Service Group

Norman R. Anderson, Electrical and Mechanical Engineering, July 15

Louis C. Asmus, Industrial Sales-Atlanta, July 1

Sharon L. Bobbitt, Office Services, July 23

Michael N. Corbett, Grocery Products-Cleveland, July 20

H. Lee Crouse, Corporate Information Systems Division, July 16

Mary A. Dalluge, Financial, July 15

Earl D. Donaldson, Engineering Research, July 1

Harold L. Good, Electrical and Mechanical Engineering, July 29

Howard D. Larcum, Electrical and Mechanical Engineering, July 10

James R. Sanborn, Grocery Products-Kansas City, July 25

Linden R. Shepard, Employment and Compensation, July 29

Michael F. Stratman, Electrical and Mechanical Engineering, July 22.

Hottest-Selling New Grocery Product

'Lightning White' Strikes Nation

Hard-hitting trade, newspaper and television advertising programs have been launched in key metropolitan areas to back up the introduction of "Lightning White" laundry whitener, the Company's hottest-selling new grocery product.

The level of activity for introducing a new product has been accelerated on the basis of unusually good consumer and trade acceptance of the product while in test markets and the first of the new markets.

Bob Corman, test product manager, said "Lightning White" is exceeding expectations for success of a new product. "It's the type of product that caught on fast and has continued to build in volume more rapidly than could reasonably be expected of a new product at this stage of introduction.

"We felt we had a real winner from the wide acceptance 'Lightning White' received in test markets. Its growth since its expansion into additional sales areas confirms the growing enthusiasm by the consumer public for this product."

In addition to the mass media and trade advertising, "Lightning White" is receiving support from direct-mail campaigns in the metropolitan areas of New York, Chicago and Kansas City aimed at acquainting housewives with the new product.

Product's Appeal

Corman said the appeal of "Lightning White" is that it gets permanent press fabrics whiter and cleaner than chlorine bleach. This is one of the product's strongest selling points and is the one a housewife recognizes in the results of her wash.

Backing up this claim is extensive laboratory testing by our Consumer Products Research Group, comparing washes using "Lightning White," no whitening additive, and also chlorine bleach. The same leading detergent was used in each testing sequence.

Results showed "Lightning White" gets permanent press fabrics up to 37 per cent cleaner than washes without whitening additives, in moderately hard water. Washes using chlorine bleach were 5 percent cleaner than those with detergent alone, giving "Lightning White" a 32 percent advantage in comparable water.

The cleaning-whitening superiority of "Lightning White" was also demonstrated in soft water.

"Lightning White" was developed by Staley research in response to the problems homemakers encounter in laundering permanent press and other fabrics harmed by bleach and harsh cleaning chemicals.

Safe for all Fabrics

Safe for use on all fabrics, it was designed especially to eliminate graying and yellowing, which begins to build up on permanent press garments after as few as three or four wearings and washings.

Behind the successful introduction of "Lightning White" lies two years of development, laboratory testing and test market analysis.

Expansion of "Lightning White" markets has moved rapidly and the product is now in distribution throughout some 75 percent of the country. Only the West Coast remains to be introduced to "Lightning White" and markets there are expected to be opened soon.



SUPERIORITY CONFIRMED—In test after test by our Consumer Products Research Group, the superiority of "Lightning White" over chlorine bleach was demonstrated.

Plans For Progress

(Continued from Page 6.)

on these cost, quality and customer service improvement programs to accelerate progress."

He cautioned the young managers not to misinterpret his comments on the importance of the Manufacturing Division in total Company performance.

"While Manufacturing has an obviously important role, it could not exist without effective sales divisions to sell our products, purchasing groups to obtain our various raw materials and supplies, distribution groups to move the products, financial people to handle and control capital, and research and marketing to find new products, new processes and new markets. "Each is dependent upon the other; each is a vital link in the unified corporate objective of profitable growth."

Turning to career comments,

Commodities Group (Continued from Page 6.)

He added that there are strong ties of mutual interest between each unit of the Commodities Group, because of the effects business in one area may produce in any of the others.

In discussing this aspect as related to the Company's operations, Moore said "I think one of the real dangers that we all run in working for a Company as large as Staley is that we tend to put our own job—its problems and complexities—first, and what might be best for the Company as a whole, second. We don't do this intentionally, but it takes a conscious effort to bear in mind that the Company's welfare, ultimately, affects your welfare."

He told the young managers that it all boils down to teamwork. "I am thoroughly convinced that a unity of purpose, one basic concept in the mind of each employee in every division—to advance the Staley cause—is the most important single factor in Company success."

Kessler said the Manufacturing managers of tomorrow will need the same basics that good managers of today must have. "These are imagination, drive and the nerve to take chances in the fight for better results, lower costs, better quality and increased customer service.

"We need people who want and need to be where the action is."

We Get Letters—And We Like What Folks Are Saying About 'Lightning White' Laundry Aid

Judging from the reaction of homemakers in different parts of the nation, "Lightning White" is striking the country. An unprecedented number of "rave" letters for a new Staley grocery product has been arriving in a steady stream since "Lightning White" entered test markets.

A few of these letters, either in whole or in part, are reprinted below demonstrating the favorable reaction to "Lightning White."

From a housewife in New Orleans:

Gentlemen: Five months ago, I spilled coffee on an "Edith Flag" dress. The material, 100 percent polyester, held the stain through repeated treatments with one product or another. The dress was a total loss until today. In a final effort to salvage a beautiful and expensive garment, I used "Lightning White" as directed. I wish to thank you for this new laundry helper. In an age where many products do so little, it is nice to find one that does so much.

From an Indianapolis woman:

I have been using "Lightning White" for several weeks and find it to be everything you claim.

From a housewife in Ft. Lauderdale, Fla.:

Dear makers of "Lightning White":

I am a mother of ten. We have well water and it is very hard to get a clean wash because of rust stains and yellowing. I have tried many products which have claimed to remove rust stains from laundry and clean greasy or grimy clothing, even with double your money back guarantees.

But, in all my life, there has never been anything like "Lightning White." It's the best thing since bleach.

Please continue to make this wonderful product and I will continue to tell all my friends to buy it.

From a lady in St. Louis:

Dear Sir: I am writing about your wonderful product, "Lightning White." It is superb, believe me. I am a waitress and launder my own white nylon aprons, cuffs and collars. All other products left them yellow, but not "Lightning White." They are now as white as snow. All my friends, who are waitresses, have asked me what I used to get them so white. Thanks for the wonderful product.

From an "Avon" lady in Louisville, Ky.:

Just a note to let you know that I think "Lightning White" is the greatest. I had a pair of white wool socks that I had cleaned time and time again and the spots wouldn't come out, until a friend told me about "Lightning White." I have told a lot of my "Avon" customers about this great product and they feel the same way as I.

From a woman in Greensburg, Pa.:

Enclosed is a label—not an ordinary label, but the label of one of the finest products on the market today—"Lightning White" (I even like the name). This is my third bottle and never in many years have I been so delighted with a laundry product. I have three teenage children and three under school age, and washday could be everyday! But, since I started using "Lightning White" a month ago, I don't wash as often because I no longer worry about stains. The clothes even iron easier.

My sheets and other laundry have lost their yellow cast and are now dazzling white. Even some of my old white blouses look new again. I am 100 percent for "Lightning White." I have used your starches—"Sta-Flo" and other products—for years, but I didn't know about "Lightning White" until I saw an ad on television. It seemed real down to earth—quiet, not shouting like most commercials. So, the next day, I got my first bottle.

I have never wrote a company before to tell them what a fine product they had. I've told lots of my friends to try it. Several have told me that they agree with me.

There are many other letters like those above. Some are brief and to the point while others are quite lengthy in their praise. Several mention it is the first time they have written any company to tell them about one of their products.

A number of letters came from nurses, who said "Lightning White" was the best product they'd found for laundering their uniforms, removing medicine stains and getting them whiter than any similar product.

A woman in Baltimore wrote that "Lightning White" practically saved her marriage because she'd accidentally stained her husband's best white shirt and had been unable to get it clean until she used "Lightning White."

A Boston, Mass., housewife cautioned us not to tamper with the formula or change the product in any way, because she'd finally found the laundry product that performed exactly the way she wanted it to in her wash.

Several writers said they were so pleased with the results they got with "Lightning White" they wanted to know what other products Staley made. Naturally, the Grocery Products Division and Public Relations Division, which usually receives mail of this nature, were glad to supply them with this information.

Lightning White Strikes New York



New Laundry Whitener and Stain Fighter cleans all fabrics—whites and colors—better than detergent alone. It's the best for permanent press and synthetics.

In markets like Detroit, Philadelphia, Cleveland and Boston, Lightning White's sales record proves that this new laundry aid fills an important consumer need. It's the one product that safely and effectively whitens and brightens hard-to-clean permanent press and synthetics. In addition, it removes stains from those washable fabrics which warn against the use of bleach.

Retail reports show that wherever Lightning White is sold, it is increasing sales in the entire laundry aids category. So this new product makes it possible for you to increase your income from your laundry aids section, not just trade the profits of one product for those of another. At the suggested retail price, Lightning White returns a 24% profit. Lightning White offers you the greatest profit potential in the laundry aids section.

Major Introductory Advertising and Promotion Will Create Consumer Demand.

- Heavy TV, day and night, will run on every major New York station starting September 3
- Page and half-page newspaper ads containing a 15¢ coupon will run in 24 newspapers covering every metro community
- A direct mail drop containing a 15¢ store coupon will go to more than 50% of all metro households the weeks of September 2 and 9

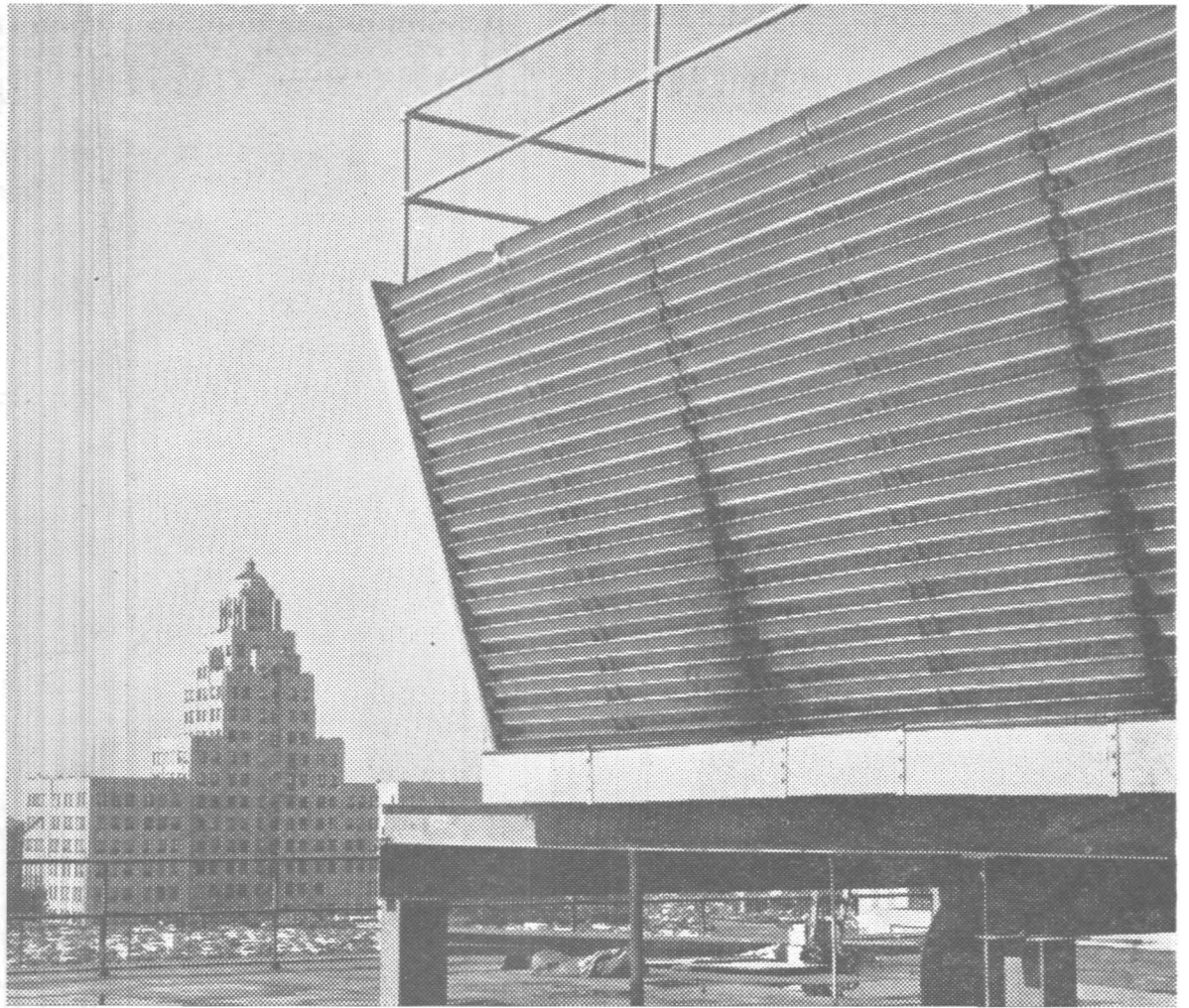
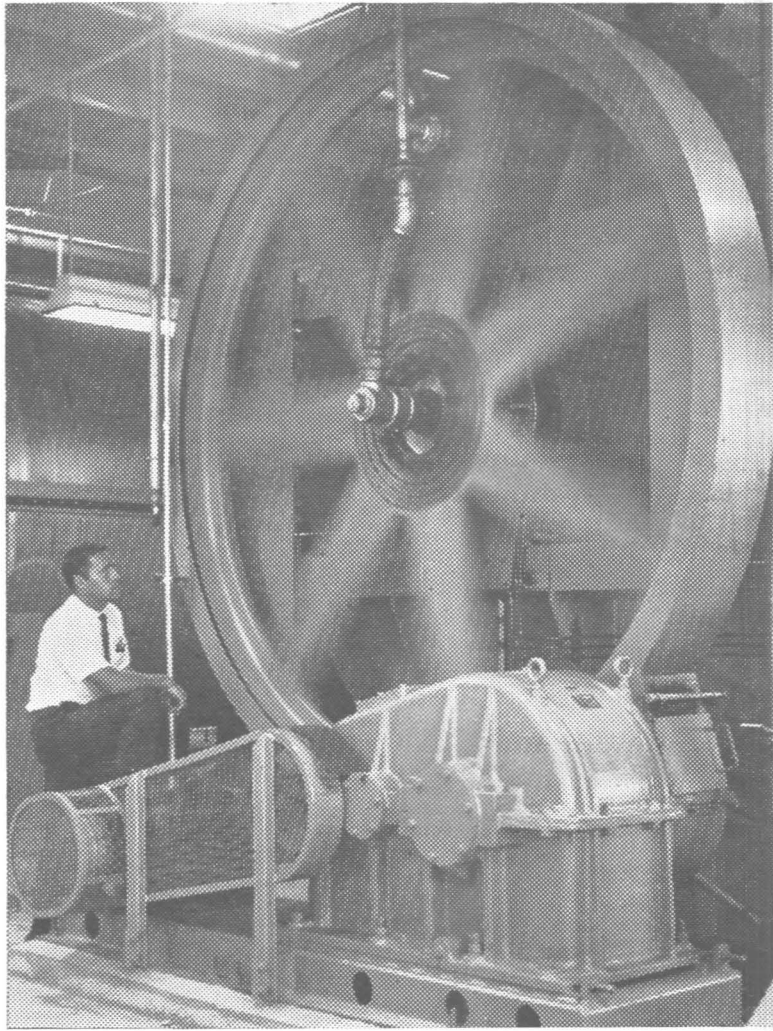
This introductory program is typical of the advertising and promotion which will run throughout the year

Don't let Lightning White strike New York when you're not ready. For further information contact Seggerman-Nixon Corp., 3502 Northern Boulevard, Long Island City, New York, (Phone RA 9-6800.)

Also available in the half-gallon size.

Lightning White is another fine product from Staley, makers of Sta-Puf Fabric Softener and Sta-Flo Spray Starch.

INTRODUCTORY ADVERTISING—"Lightning White" Strikes New York. "Lightning White" Strikes Chicago. These are the bold headlines proclaiming the introduction of "Lightning White" in key metropolitan areas across the country. Ads like the one above are geared to the grocery products trade.



Larger Dextrose Plant Ultra-Modern Inside, Out

Finishing touches are being put on various portions of our expanded Dextrose Plant. The photos on this page show some of the equipment and facilities recently placed in use as the expansion sequence moves toward completion.

TOP LEFT—Rod Simms, senior chemical engineer in charge of process engineering in the Dextrose Plant, is dwarfed by the drive wheel on one of the new crystallizers.

TOP RIGHT—New cooling tower on the roof of the process building addition seems higher than the Office Building, but it's only the perspective from which photo was taken. The equipment cools process water.

MIDDLE RIGHT—Jack Swarhout, first shift lead operator, is shown in bright, new employee locker room.

BOTTOM RIGHT—Lloyd Grace, a senior analyst, runs a test in the Dextrose Building's new control laboratory.

BOTTOM LEFT—Sam Robinson, centrifuge operator, checks controls in midst of bank of new centrifuges which will help increase production of "Staleydex" dextrose significantly. (Related story on Pages 1 and 3.)

