2003

shaping the future
of store brand solutions

Ralcorp

RALCORP HOLDINGS, INC. ANNUAL REPORT
WITH NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

COMPANY PROFILE

Ralcorp Holdings, Inc., through internal growth and strategic acquisitions, has emerged as a leader in private label, or store brand, foods. Ralcorp produces a variety of foods sold under the individual labels of grocery, mass merchandise and drugstore retailers throughout the United States and Canada. Our business units include Ralston Foods (Cereals), Bremner (Crackers & Cookies), Nutcracker Brands (Snack Nuts & Candy) and Carriage House (Dressings, Syrups, Jellies & Sauces). In addition, Ralcorp holds a 21.5 percent interest in Vail Resorts, Inc., the premier mountain resort operator in North America.

Ralston Foods

The Carriage House Companies, Inc.

Nutcracker®

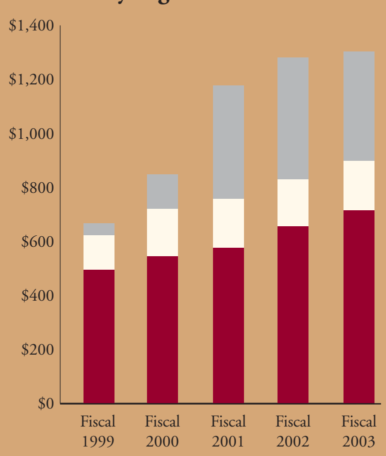
FINANCIAL HIGHLIGHTS *(in millions except per share data)*

Year Ended September 30,	2003	2002	Change
Results for Year			
Net Sales	$1,303.6	$1,280.3	+2%
Net Cash Flow from Operating Activities	105.8	110.8	-5%
Net Earnings*	7.4	53.8	-86%
Per Share - Basic*	.25	1.79	-86%
Per Share - Diluted*	.25	1.77	-86%
Year End Position			
Working Capital**	$ 84.2	$ 85.4	-1%
Total Assets	794.3	832.5	-5%
Long-Term Debt	155.9	179.0	-13%
Total Shareholders' Equity	412.7	436.1	-5%

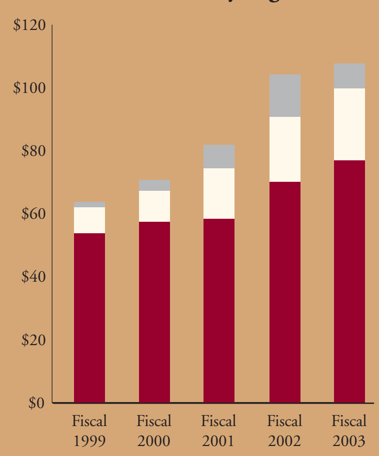
* *2003 net earnings and earnings per share were reduced considerably by a non-cash goodwill impairment charge of $59.0 ($45.5 after taxes, or $1.53 per share).*

** *Excludes cash and cash equivalents.*

Net Sales by Segment



Profit Contribution by Segment



Dressings, Syrups, Jellies & Sauces

Snack Nuts & Candy

Cereals, Crackers & Cookies

shaping the future of your investment

DEAR FELLOW SHAREHOLDERS

As your Company's new co-chief executive officers, we want to thank Joe Micheletto for his leadership, vision and relentless pursuit of shareholder value creation. He originated and orchestrated Ralcorp's transformation from a company with varied interests to a company clearly focused on store brand and value brand foods. He developed a strategic road map for success, then skillfully guided Ralcorp down a path to the creation of shareholder value and the formation of a platform for continued growth.

We enthusiastically accept the challenge of continuing this legacy. Our overriding goal is to deliver consistent operating profit improvements and sustainable cash flow growth, resulting in enhanced shareholder value.

"… a shared commitment to making decisions that deliver shareholder value."

Operating Results

For the 2003 fiscal year ended September 30, 2003, Ralcorp achieved net sales of over $1.3 billion and continued to generate excellent cash flow. The Cereals, Crackers & Cookies segment's profit contribution increased 10 percent ($6.8 million) for the year on sales growth of 9 percent ($58.3 million). At Bremner, sales of crackers and cookies climbed $54.1 million, primarily from the successful Lofthouse cookie acquisition and a 14 percent increase in cracker sales. At Ralston Foods, hot cereal volume increased 5 percent, while ready-to-eat cereal volume was flat.

The Snack Nuts & Candy segment's operating profit improved 11 percent ($2.2 million) for the year on 6 percent sales growth. Known as Nutcracker, this business unit benefitted from increased volume with existing customers, together with favorable ingredient costs.

The Dressings, Syrups, Jellies & Sauces segment's profit contribution fell 41 percent ($5.5 million) for the year, although results improved during the the second half of the year. Known as Carriage House, this segment's decline can be attributed to several factors – the loss of a major co-manufacturing customer at the beginning of fiscal 2003, increased production costs due to inefficiencies related to lower volumes and restructuring initiatives, and continued pricing pressures. Further, Carriage House suffered the biggest

David P. Skarie

Kevin J. Hunt

reduction in sales and profit among all our business units as a result of the Fleming Companies bankruptcy.

Stock Repurchase

Early in fiscal 2003, the Company completed a significant repurchase of its common stock. In December 2002, Ralcorp invested approximately $28 million to purchase 1,145,667 shares of its common stock, representing 3.8 percent of the outstanding shares. At a purchase price of $24 per share, we believed that the stock was undervalued.

Financing Initiative

On May 22, 2003, Ralcorp issued $150 million in seven-year floating rate senior notes, sold to several institutions in a private placement. Demand for the notes by potential buyers greatly exceeded the Company's borrowing needs. We believe the demand for Ralcorp's notes reflects strong lender confidence in our ability to generate reliable cash flows. Despite additional borrowings to fund the stock repurchase, we reduced our long-term debt from $179.0 million at fiscal 2002 year-end to $155.9 million at fiscal 2003 year-end.

Ralston Foods

Ralston Foods is the industry leader in private label ready-to-eat and hot cereals, currently supplying over 50 varieties comparable to the national brands in terms of taste, appearance, and nutrition.

Bremner

Bremner is the largest supplier of private label crackers and cookies in America, producing a full line of quality emulations of the leading national brands, as well as cookies for sale in the in-store bakery section of food retailers.

Carriage House Goodwill Impairment

At the conclusion of fiscal 2003, the Company determined that the carrying value of Carriage House's goodwill exceeded its fair value due to that unit's lower than expected earnings. Consequently, we wrote down the value of its goodwill by $59 million. Although this impairment loss was a non-cash charge, the adjustment significantly reduced the Company's earnings per share.

Clearly, the three acquisitions that were made to form Carriage House have not performed to expectations, but we are firmly committed to improving this operating unit's results. In January, we restructured the Carriage House management team and began consolidating some functions into the well-performing Ralston Foods business unit. In addition, Carriage House exited the low margin honey, ketchup and tomato paste businesses and continues pursuing aggressive production improvements at all facilities.

Investment in Production

Significant investments in our production facilities during 2003 should contribute improved results during fiscal 2004. During fiscal 2003, we began to consolidate our three in-store bakery operations into a single new plant with an on-site freezer, which began operating in the fourth quarter. Once the transition is completed by April 2004, we expect this consolidation to yield annual savings exceeding $3 million.

Outlook

Since helping to create Ralcorp's blueprint for growth in the store brand and value brand food segments in 1997, we remain convinced that the Company will continue with its success in these segments. Store brand products overall are growing across all types of food and other household products. Further, food retailers continue to consolidate and will likely depend on nationwide suppliers with consistently superior product quality and service.

Moreover, we believe our existing business units represent solid foundations for future growth in other food product segments. For example, we recently completed the $287.5 million acquisition of Bakery Chef, Inc., which should complement our existing businesses and is expected to be accretive to earnings per share in fiscal 2004. We believe many food service categories will grow similarly to store brand categories, and this acquisition creates an instant platform for potential expansion in the food service channel and the retail frozen food segment.

As Co-CEOs, we have forged a close relationship based on mutual respect and a shared commitment to making decisions that deliver shareholder value. Together, we are working closely to improve Ralcorp using the strategies developed in 1997 – strategic acquisitions, aggressive cost containment, and organic growth.

Kevin J. Hunt
Co-Chief Executive Officer
and President

David P. Skarie
Co-Chief Executive Officer
and President

Nutcracker

Nutcracker Brands is the largest private label snack nut supplier in the country and a leader in high-quality peanut butter cups and other fine chocolates, matching or exceeding national brand standards.

Carriage House

Carriage House is the nation's largest supplier of store brand spoonable and pourable salad dressings, mayonnaise, table syrup, peanut butter, preserves and jellies, and a leading producer of a variety of private label sauces, all available in several popular brand emulations.

Board of Directors

David R. Banks (1,2)
Private Equity Investor

Jack W. Goodall (1,2)
Former Chairman of the Board,
Jack in the Box Inc.
(restaurants)

M. Darrell Ingram (1,2)
Private Equity Investor

David W. Kemper (1,2)
Chairman, President and Chief
Executive Officer, Commerce
Bancshares, Inc.
(bank holding company)

Richard A. Liddy (1,2)
Former Chairman of the Board,
GenAmerica Financial
(financial and insurance products)

Joe R. Micheletto (3)
Vice-Chairman of the Board of
Directors of Ralcorp Holdings, Inc.

William P. Stiritz (2,3,4)
Private Equity Investor

1 Member of Audit Committee
2 Member of Corporate Governance
and Compensation Committee
3 Member of Executive Committee
4 Chairman of the Board

Corporate Officers

Kevin J. Hunt
Co-Chief Executive Officer and
President; and Chief Executive
Officer of Bremner, Inc. and
Nutcracker Brands, Inc.

David P. Skarie
Co-Chief Executive Officer and
President; and President, The
Carriage House Companies, Inc.
and Ralston Foods

David L. Beré
Vice President; and President and
Chief Executive Officer of Bakery
Chef, Inc.

Thomas G. Granneman
Vice President and Controller

Charles G. Huber, Jr.
Vice President, General Counsel
and Secretary

Richard R. Koulouris
Vice President; and President of
Bremner, Inc. and Nutcracker
Brands, Inc.

Scott Monette
Vice President and Treasurer

Ronald D. Wilkinson
Vice President and Director of
Product Supply

CEO Biographies

David P. Skarie started his career with Ralcorp in 1986 when he joined Ralston Purina. He has assumed positions of increasing responsibilities throughout his career. In 2000, he was named Corporate Vice President and President, Ralston Foods. In 2002, he was named Corporate Vice President and President, The Carriage House Companies, Inc. and Nutcracker Brands, Inc. In January 2003, Mr. Skarie was named Corporate Vice President and President, Ralston Foods and The Carriage House Companies, Inc. In addition, he was named Co-Chief Executive Officer and President of Ralcorp Holdings, Inc. in September 2003. Mr. Skarie has a BBS from Minnesota State University at Mankato.

Kevin J. Hunt began his career with Ralcorp in 1985 when he joined Ralston Purina. He has assumed positions of increasing responsibilities throughout his career. Since 1995, he has served as Corporate Vice President and President, Bremner, Inc. In January 2003, Mr. Hunt assumed the additional title of President, Nutcracker Brands, Inc. In addition, he was named Co-Chief Executive Officer and President of Ralcorp Holdings, Inc. in September 2003. Mr. Hunt has a BA from Dartmouth College and a Masters in International Affairs from Columbia University.

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2003

OR

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

Commission file number 1-12619

RALCORP HOLDINGS, INC.

(Exact name of Registrant as specified in its Articles)

MISSOURI	**43-1766315**
(State of incorporation)	(I.R.S. Employer Identification No.)

800 MARKET STREET
ST. LOUIS, MISSOURI 63101
(314) 877-7000

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange, Inc.
Common Stock Purchase Rights	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. YES ✓ NO__

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). YES ✓ NO__

On March 31, 2003, the aggregate market value of the Common Stock held by non-affiliates of Registrant was $727,992,754. Excluded from this figure is the Common Stock held by Registrant's Directors, who are the only persons known to Registrant who may be considered to be its "affiliates" as defined under Rule 12b-2.

Number of shares of Common Stock, $.01 par value, outstanding as of November 28, 2003: 28,950,488.

DOCUMENTS INCORPORATED BY REFERENCE

Registrant's Notice of Annual Meeting and Proxy Statement relating to its 2004 Annual Meeting (to be filed), to the extent indicated in Part III.

TABLE OF CONTENTS

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, are made throughout this Report. These forward-looking statements are sometimes identified by their use of terms and phrases such as “believes,” “should,” “expects,” “anticipates,” “intends,” “plans,” “will,” or similar expressions elsewhere in this Report. The Company’s results of operations and financial condition may differ materially from those in the forward-looking statements. Such statements are based on management’s current views and assumptions, and involve risks and uncertainties that could affect expected results. For example, any of the following factors cumulatively or individually may impact expected results:

(i) If the Company is unable to maintain a meaningful price gap between its private label products and the branded products of its competitors, successfully introduce new products or successfully manage costs across all parts of the Company, the Company’s private label businesses could incur operating losses;

(ii) Consolidation among members of the grocery trade may lead to increased wholesale price pressure from larger grocery trade customers and could result in significant profit pressure, or in some cases, the loss of key accounts if the surviving entities are not customers of the Company;

(iii) Significant increases in the cost of certain raw materials (e.g., peanuts, wheat, soybean oil, various tree nuts, corn syrup) or energy used to manufacture the Company’s products, to the extent not reflected in the price of the Company’s products, could adversely impact the Company’s results;

(iv) In light of its significant ownership in Vail Resorts, Inc., the Company’s non-cash earnings can be adversely affected by unfavorable results from Vail Resorts;

(v) The Company is currently generating profit from certain co-manufacturing contract arrangements with other manufacturers within its competitive categories. The termination or expiration of these contracts and the inability of the Company to replace this level of business could negatively affect the Company’s operating results;

(vi) The Company’s businesses compete in mature segments with competitors having large percentages of segment sales;

(vii) The Company has realized increases to sales and earnings through the acquisitions of businesses, but the ability to undertake future acquisitions depends on many factors that the Company does not control, such as identifying available acquisition candidates and negotiating satisfactory terms upon which to purchase such candidates;

(viii) Presently, all of the interest on the Company’s indebtedness is set on a short-term basis. Consequently, increases in interest rates will increase the Company’s interest expense;

(ix) If actual or forecasted cash flows of any reporting unit deteriorate such that its fair value falls below its carrying value, goodwill would likely be impaired and an impairment loss would be recorded immediately as a charge against earnings;

(x) In September 2003, the Company began implementing a new information systems software program within its Snack Nuts & Candy segment. Implementation of the new system could cause disruptions to the segment’s operations. In the event the system is implemented within other segments, those segments could be similarly impacted; and

(xi) Other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Company, may impact its financial position, including those risks detailed from time to time in its publicly filed documents. These and other factors are discussed in the Company’s Securities and Exchange Commission filings.

The list of factors above is illustrative, but by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

PART I

ITEM 1. BUSINESS

Ralcorp Holdings, Inc. is a Missouri corporation incorporated on October 23, 1996. Our principal executive offices are located at 800 Market Street, Suite 2900, St. Louis, Missouri 63101. The terms “our,” “we,” “Company,” “Ralcorp,” and “Registrant” as used herein refer to Ralcorp Holdings, Inc. and its consolidated subsidiaries.

We are primarily engaged in the manufacturing, distribution and marketing of store brand (private label) ready-to-eat and hot cereal products, store brand and branded crackers and cookies, store brand and value branded snack nuts and chocolate candy, and store brand wet-filled products such as salad dressings, mayonnaise, peanut butter, syrups, jams and jellies, and specialty sauces.

The following sections of this report contain financial and other information concerning our business developments and operations and are incorporated into this Item 1: “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under Item 7 of this Report; Note 2 “Acquisitions and Goodwill,” Note 9 “Supplemental Earnings Statement and Cash Flow Information,” and Note 19 “Segment Information” to the Financial Statements filed as part of this document under Item 8.

You can find additional information about Ralcorp including our previous 10-Ks, 10-Qs, 8-Ks, and other securities filings by visiting our website at http://www.ralcorp.com or the SEC’s website at http://www.sec.gov, from which they can be printed free of charge. The Company’s Corporate Governance Guidelines; Code of Business Conduct and Ethics for Employees, including executive officers; Code of Business Conduct and Ethics for the Board of Directors; and the Charters of the Board’s Audit and Corporate Governance and Compensation Committees are also available on our website, from which they can be printed free of charge. All of these documents are also available to shareholders upon request sent to the Company’s Secretary.

RECENT BUSINESS DEVELOPMENTS

On December 12, 2002, we completed the purchase of 1,145,667 shares of our common stock at a price of $24.00 per share.

On January 22, 2003, we announced the restructuring of Senior Management. David P. Skarie was appointed President of Ralston Foods in addition to his position as President of the Carriage House Companies, Inc. Also, Kevin J. Hunt was appointed President of Nutcracker Brands, Inc. in addition to his position as President of Bremner, Inc.

On February 4, 2003, we announced the sale of our tomato processing factory in Williams, California.

On February 20, 2003, we announced the closure of our Kent, Washington in-store bakery facility.

On May 22, 2003, we completed the sale of $150 million Floating Rate Senior Notes due May 22, 2010.

On September 18, 2003, we announced that on September 29, 2003, Joe R. Micheletto would retire as Chief Executive Officer and President and would serve as Vice Chairman of the Board of Directors. Kevin J. Hunt and David P. Skarie were each appointed Co-CEO and President of Ralcorp in addition to their existing duties as Presidents of our operating units.

On September 18, 2003, we announced that on September 30, 2003 Robert W. Lockwood would retire as Corporate Vice President, General Counsel and Secretary and Charles G. Huber, Jr. would be appointed Corporate Vice President, General Counsel and Secretary.

On November 6, 2003, we announced that effective immediately Richard R. Koulouris was appointed Corporate Vice President, and President of Bremner, Inc. and Nutcracker Brands, Inc.

On November 12, 2003, we announced the signing of a definitive agreement to purchase Bakery Chef, Inc. for $287.5 million.

On December 3, 2003, we announced the completion of the acquisition of Bakery Chef, Inc.

On December 4, 2003, we announced that David L. Beré was appointed Corporate Vice President, and President and Chief Executive Officer of Bakery Chef, Inc.

OTHER INFORMATION PERTAINING TO THE BUSINESS OF THE COMPANY

Segments

Presently our businesses are comprised of three reportable business segments: Cereals, Crackers & Cookies (consisting of Ralston Foods and Bremner, Inc.); Dressings, Syrups, Jellies & Sauces (The Carriage House Companies, Inc.); and Snack Nuts & Candy (Nutcracker Brands, Inc.). Primarily, we produce and sell emulations of various types of branded food products that retailers, mass merchandisers and drug stores sell under their own "store" brands or under value brands. Each of our business segments attempts to produce products that are equivalent in quality to branded products. In the event branded producers modify their existing products or successfully introduce new products, we may attempt to emulate the modified or new products. In conjunction with our customers, we develop packaging and graphics that rival the national brands. Our goal is that the only difference consumers perceive when purchasing our store brand products is a notable cost savings when compared to branded counterparts.

Cereals, Crackers & Cookies

The Cereals, Crackers & Cookies segment is composed of two product lines: store brand ready-to-eat and hot cereals (the "Store Brand Cereal Business"), and store brand and branded crackers and cookies (the "Cracker and Cookie Business"). In fiscal 2003, these product lines accounted for approximately 44% and 56%, respectively, of the Company's Cereals, Crackers & Cookies segment sales.

Store Brand Cereal Business

Store brand ready-to-eat cereals are currently produced at three operating facilities. Our Cracker and Cookie Business produces shredded wheat cereal for the Store Brand Cereal Business. Ready-to-eat cereals include 13 extruded cereals, fourteen flaked cereals, seven biscuit cereals and three shredded cereals. Three additional cereals are produced for the Store Brand Cereal Business through certain co-manufacturing arrangements. Store brand and branded hot cereals are produced at one facility. The hot cereal products include old-fashioned oatmeal, quick oatmeal, regular instant oatmeal, flavored instant oatmeals, farina, instant *Ralston*®, a branded hot wheat cereal, and *3 Minute Brand*® hot cereals. As expected, we sell far more hot cereals in cooler months. We believe we are the largest manufacturer in the U.S. of store brand ready-to-eat and hot cereals.

We produce cereal products based on our estimates of customer orders and consequently maintain, on average six to eight weeks' inventory of finished products. Our ready-to-eat and hot cereals are warehoused in and distributed through four independent distribution facilities and two of our cereal plants, and shipped to customers principally via independent truck lines. The ready-to-eat and hot cereal products are sold through in-house district sales managers and independent food brokers.

Cracker and Cookie Business

We believe our Cracker and Cookie Business is currently the leading manufacturer of store brand crackers and cookies for sale in the United States. The business also produces branded cookies under the *Rippin' Good*® brand. In addition, the business produces branded and store brand cookies for sale in the in-store bakery sections of food retailers. We utilize the brands *Cascade*® and *Lofthouse*® for branded in-store bakery cookies. Sales of in-store bakery cookies typically increase significantly near major holidays. The Cracker and Cookie Business also produces *Ry Krisp*® branded crackers. Management positions the Cracker and Cookie Business as a low cost, premier quality producer of a wide variety of store brand crackers and cookies. We produce thirty-three kinds of store brand cookies and eighteen kinds of store brand crackers.

Our Cracker and Cookie Business operates eight plants: one produces only *Ry Krisp*® crackers, two produce store brand crackers and cookies, three produce store brand and branded cookies, and two produce cookies for the in-store bakery sections of grocery stores. Cracker and Cookie products are largely produced to order and shipped directly to customers. In the fall and winter as consumer consumption of crackers increases, we have the ability to produce to estimated volumes, thereby building product inventories ranging from four to six weeks. The majority of the products sold to in-store bakery departments of food retailers are stored and shipped frozen. Store brand crackers and cookies are sold through a broker network and district manager sales staff. Branded *Ry Krisp*® crackers and many branded cookies are sold through direct store distributor networks.

Dressings, Syrups, Jellies & Sauces

Our Dressings, Syrups, Jellies & Sauces segment operates six plants. Five plants produce a variety of store brand shelf-stable dressings, syrups, jellies, salsas, sauces, and drink mixes under the *Major Peters'*® brand. One plant produces only peanut butter. The segment's products are largely produced to order and shipped directly to customers. The products are sold through an internal sales staff and a broker network.

Many wet-filled products are easier to produce than those of the cereals, crackers and cookies segments. However, due to the varied nature of branded counterparts and customer preferences, this segment produces far more variations of each type of product compared to our other segments. For example, we produce up to 40 varieties of many types of salad dressing. At any one time, we maintain over 8,000 active SKUs in this segment.

Snack Nuts & Candy

Our Snack Nuts & Candy segment operates two plants that produce a variety of jarred, canned and bagged snack nuts and one plant that produces chocolate candy. Our Snack Nut and Candy products are largely produced to order and shipped directly to customers. We sell our products through an internal sales staff and a broker network. The segment produces store brand products as well as value branded products under the *Nutcracker*® and *Flavor House*® brands. Snack nut sales are seasonal. The segment sells approximately 45% of its snack nuts in a four-month period between September and December. Profits from the sale of snack nuts are impacted significantly by the cost of raw materials (peanuts and tree nuts). Our chocolate candy products are positioned as premium chocolate products and not as an emulation of a branded product. Consequently, our chocolate candy products are sold to customers who maintain premium store brand product lines.

Ownership of Vail Resorts, Inc.

We own 7,554,406 shares of Vail Resorts, Inc. (Vail) common stock (approximately 21.5 percent of the shares outstanding as of September 30, 2003). Additionally, two of our Directors, Messrs. Stiritz and Micheletto, are on the Vail Board of Directors. Currently, we utilize the equity method of accounting to reflect the portion of Vail's earnings (or losses) applicable to us on a non-cash basis.

Pursuant to a Shareholder Agreement entered into in connection with the acquisition of the Vail common stock, we can only sell our Vail common stock in a registered offering allowed under the Shareholder Agreement or in private transactions (provided the purchaser agrees to be bound by the Shareholder Agreement). Vail's results of operations are highly seasonal and are dependent in part on weather conditions and consumers' discretionary spending trends. In light of the significance of our ownership in Vail in comparison to our earnings and assets, changes in the price of Vail's Common Stock can impact our stock price.

Trademarks

We own a number of trademarks that are substantially important to our businesses, including *Lofthouse*®, *Nutcracker*®, *Flavor House*®, *Rippin' Good*®, *Golden Batch*®, and *Major Peters'*®.

Competition

Our businesses face intense competition from large branded manufacturers and highly competitive store label manufacturers in each of their product lines. Top branded ready-to-eat and hot cereal competitors include Kellogg, General Mills, Kraft Foods' Post division, and Quaker Oats (owned by PepsiCo). Large branded competitors of the Cracker and Cookie Business include Nabisco (owned by Kraft) and Keebler (owned by Kellogg), which possess large portions of the branded cracker and cookie categories. The Snack Nuts & Candy segment faces significant competition from one significant branded snack nut producer (Planters, owned by Kraft). Top branded competitors of the Dressings, Syrups, Jellies & Sauces segment include Kraft Foods, Bestfoods, Smucker's, and Heinz. In addition, privately owned store brand manufacturers provide significant competition in all of the Company's segments.

The industries in which we compete are highly sensitive to both pricing and promotion. Competition is based upon product quality, price, effective promotional activities, and the ability to identify and satisfy emerging consumer preferences. These industries are expected to remain highly competitive in the foreseeable future. Our customers do not typically commit to buy predetermined amounts of products. Moreover, many food retailers utilize bidding procedures to select vendors. Consequently, in any segment up to 50% of our business can be subject to a bidding process conducted by our customers.

Future growth opportunities are expected to depend on our ability to implement strategies for competing effectively in all of our businesses, including strategies relating to enhancing the performance of our employees, maintaining effective cost control programs, developing and implementing methods for more efficient manufacturing and distribution operations, and developing successful new products, while at the same time maintaining aggressive pricing and promotion of our products.

Customers

In fiscal 2003, Wal-Mart Stores, Inc. accounted for approximately 14% of our aggregate net sales. Each of our reporting segments sells products to Wal-Mart. Additionally, we sell our products to retail chains, mass merchandisers, grocery wholesalers, warehouse club stores and drug stores across the country and in Canada.

Employees

We employ approximately 5,000 people in the United States (as of September 30, 2003). Approximately 1,700 of our personnel are covered by thirteen union contracts and, from time to time, the Company has experienced union organizing activities at its non-union plants. The contracts expire at various times from January 31, 2004, to October 7, 2007. The production employees at the Lancaster facility are presently working without a contract and have the ability to engage in a strike at any time, but the operations of the Lancaster facility have not been disrupted by the lack of a contract. Notwithstanding the foregoing, we believe relations with our employees, including union employees, are good.

Raw Materials and Energy

Our principal raw materials are grain and grain products, flour, corn syrup, sugar, soybean oil, tomatoes, various nuts such as peanuts and cashews, and liquid chocolate. We purchase raw materials and a variety of packaging materials from local, regional, national and international suppliers. The cost of raw materials used in the Company's products may fluctuate widely due to weather conditions, government regulations, economic climate or other unforeseen circumstances. From time to time, we will enter into supply contracts for periods up to three years to secure favorable pricing for ingredients and up to five years for packaging supplies. We also purchase natural gas, electricity, and steam for use in our processing facilities. Where possible, and when advantageous to the Company, we enter into long-term normal purchase contracts to reduce the price volatility of these items and the cost impact upon our operations. In fiscal 2003, ingredients, packaging, and energy represented approximately 43%, 22%, and 2%, respectively, of our total cost of goods sold.

Seasonality

Due to our equity interest in Vail, which typically yields more than the entire year's equity income during our second and third fiscal quarters, our net earnings are seasonal. In addition, certain aspects of our operations, especially in the Snack Nuts & Candy business, are seasonal, with a higher percentage of sales and operating profits expected to be recorded in the first and fourth fiscal quarters. See Note 20 in Item 8 for historical quarterly data.

Governmental Regulation; Environmental Matters

We are subject to regulation by federal, state and local governmental entities and agencies. As a producer of goods for human consumption, our operations are subject to stringent production and labeling standards. For example, in the early 1990s, new labeling regulations were promulgated and implemented which required us to modify information disclosed on our packaging. Recently, new labeling regulations relating to trans fatty acids have been adopted by regulatory bodies. Management expects that changes in packaging and formulations can be implemented without a material adverse impact on our businesses if existing packaging stock can be used during a transition period while formulas are modified.

Our operations, like those of similar businesses, are subject to various federal, state and local laws and regulations with respect to environmental matters, including air and water quality, underground fuel storage tanks, waste handling and disposal, and other regulations intended to protect public health and the environment. While it is difficult to quantify with certainty the potential financial impact of actions regarding expenditures for environmental matters, particularly remediation, and future capital expenditures for environmental control equipment, in the opinion of management, based upon the information currently available, the ultimate liability arising from such environmental matters, taking into account established accruals for estimated liabilities, should not have a material effect on our consolidated results of operations, financial position, capital expenditures or other cash flows.

Contract Manufacturing

From time to time, any of our segments may provide products for branded companies. Often such products are new branded products for which branded companies lack capacity. Most often, branded products retain ownership for the formulas and trademarks related to products we produce for them. Also, the contract manufacturing business tends to be inconsistent in volume. Often, initial orders can be significant and favorably impact a fiscal period but later volume will level off or the branded company will ultimately produce the product internally and cease purchasing product from us.

ITEM 2. PROPERTIES

Our principal properties are our manufacturing locations. Shown below are our principal owned and leased properties. We also lease our principal executive offices and research and development facilities in St. Louis, Missouri. Management believes its facilities are suitable and adequate for the purposes for which they are used and are adequately maintained. We believe each segment's combination of facilities provides adequate capacity for current and anticipated future customer demand.

Plant Locations	Size (Sq. Ft.)	Owned/ Leased	Production Lines	Products
Battle Creek, MI	476,896	Owned	7	Cereal
Cedar Rapids, IA	150,000	Owned	5	Cereal
Lancaster, OH	478,719	Owned	11	Cereal
Sparks, NV	243,000	Owned	7	Cereal
Freeport, UT	124,000	Leased	4	Cookies
Princeton, KY	700,000	Owned	6	Crackers and Cookies
Poteau, OK	250,000	Owned	5	Crackers and Cookies
Minneapolis, MN	40,000	Owned	3	Crackers
Ogden, UT	325,000	Leased	5	Cookies
Tonawanda, NY	95,000	Owned	3	Cookies
Ripon, WI (two plants)	350,000	Owned	11	Cookies
Billerica, MA	80,000	Owned	8	Snack Nuts
Dothan, AL	135,000	Leased	14	Snack Nuts
Womelsdorf, PA	100,000	Owned	5	Candy
Buckner, NY	269,250	Owned	6	Dressings, Syrups, Jellies & Sauces
Dunkirk, NY	306,000	Owned	6	Dressings, Syrups, Jellies & Sauces
Fredonia, NY	367,000	Owned	10	Dressings, Syrups, Jellies & Sauces
Kansas City, KS	67,000	Owned	4	Dressings, Syrups, Jellies & Sauces
Los Angeles, CA	81,000	Leased	4	Dressings, Syrups, Jellies & Sauces
Streator, IL	165,000	Owned	1	Peanut Butter

ITEM 3. LEGAL PROCEEDINGS

We are a party to a number of legal proceedings in various state and federal jurisdictions. These proceedings are in varying stages and many may proceed for protracted periods of time. Some proceedings involve complex questions of fact and law. Additionally, our operations, like those of similar businesses, are subject to various federal, state, and local laws and regulations intended to protect public health and the environment, including air and water quality and waste handling and disposal.

Pending legal liability, if any, from these proceedings cannot be determined with certainty; however, in the opinion of management based upon the information presently known, the liability of the Company, if any, arising from the pending legal proceedings, as well as from asserted legal claims and known potential legal claims which are likely to be asserted, taking into account established accruals for estimated liabilities (if any), are not expected to be material to our consolidated financial position, results of operations and cash flows. In addition, while it is difficult to quantify with certainty the potential financial impact of actions regarding expenditures for compliance with regulatory matters, in the opinion of management, based upon the information currently available, the ultimate liability arising from such compliance matters should not be material to the Company's consolidated financial position, results of operations and cash flows.

Additionally, we retained certain potential liabilities associated with divested businesses (former branded cereal business and ski resort business). Presently, management believes that taking into account applicable liability caps, sharing arrangements with acquiring entities and the known facts and circumstances regarding the retained liabilities, potential liabilities of the divested businesses should not be material to the Company's consolidated financial position, results of operations and cash flows.

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

There were no matters submitted to the security holders during the fourth quarter of fiscal year 2003.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Kevin J. Hunt	52	Co-Chief Executive Officer and President of the Company since September 2003; Chief Executive Officer of Bremner, Inc. and Nutcracker Brands, Inc. since November 2003. He served as Corporate Vice President of the Company from October 1995 to September 2003; President of Bremner from October 1995 to November 2003; and President of Nutcracker Brands from January 2003 to November 2003.
David P. Skarie	57	Co-Chief Executive Officer and President of the Company since September 2003; President, The Carriage House Companies, Inc. and Ralston Foods since October 2002 and January 2003, respectively. He served as Corporate Vice President of the Company from March 1994 to September 2003; President of Nutcracker Brands, Inc. from April 2002 to January 2003; President of Ralston Foods from June 2000 to September 2002; and Director of Customer Development of Ralston Foods from March 1994 to June 2000.
David L. Beré	50	Corporate Vice President, and President and Chief Executive Officer of Bakery Chef, Inc. since the acquisition of Bakery Chef in December 2003. He served as President and Chief Executive Officer of Bakery Chef since December 1998; and President and Chief Executive Officer of McCain Foods USA from April 1996 to December 1998.
Thomas G. Granneman	54	Corporate Vice President and Controller since January 1999. He served as Vice President and Controller from December 1996 to January 1999.
Charles G. Huber, Jr.	39	Corporate Vice President, General Counsel and Secretary of the Company since October 2003. He served as Vice President and Assistant General Counsel from September 2001 to October 2003; and Assistant General Counsel from March 1994 to September 2001.
Richard R. Koulouris	47	Corporate Vice President, and President, Bremner, Inc. and Nutcracker Brands, Inc. since November 2003. He served as Vice President Operations, Bremner from September 1995 to November 2003.
Scott Monette	42	Corporate Vice President and Treasurer since September 2001. He joined Ralcorp in January 2001 as Vice President and Treasurer. Prior to joining Ralcorp, Mr. Monette was Chief Investment Officer/Benefit Plans for Hallmark Cards, Inc. from December 1998 to January 2001. He served as Corporate Debt Manager for Hallmark Cards, Inc. from January 1996 to December 1998.
Ronald D. Wilkinson	53	Corporate Vice President, and Director of Product Supply of Ralston Foods and The Carriage House Companies, Inc. He has held the Corporate Vice President position and the Ralston Foods position since October 1996, and the Carriage House position since January 2003.

(Ages are as of December 31, 2003)

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York Stock Exchange under the symbol "RAH". There were 11,402 shareholders of record on November 28, 2003. The Company has never paid cash dividends and has no plan to pay cash dividends in the foreseeable future. The range of high and low sale prices of Ralcorp common stock as reported on the NYSE Composite Tape is set forth in Note 20 of the financial statements filed as a part of this document under Item 8.

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEAR FINANCIAL SUMMARY

(In millions except per share data)

	Year Ended September 30,				
	2003	2002	2001	2000	1999
Statement of Earnings Data					
Net sales (a)	$1,303.6	$1,280.3	$1,178.0	$ 847.0	$ 666.2
Cost of products sold	(1,045.6)	(1,027.6)	(952.4)	(672.0)	(511.6)
Gross profit	258.0	252.7	225.6	175.0	154.6
Selling, general and administrative expenses	(171.3)	(163.1)	(153.2)	(111.1)	(99.6)
Interest expense, net	(3.3)	(5.9)	(15.9)	(8.8)	(1.4)
Goodwill impairment loss (b)	(59.0)	-	-	-	-
Restructuring charges (c)	(14.3)	-	(2.6)	(2.5)	-
Litigation settlement income (d)	14.6	1.6	-	-	-
Merger termination fee (e)	-	-	4.2	-	-
Earnings before income taxes and equity earnings	24.7	85.3	58.1	52.6	53.6
Income taxes	(16.9)	(30.7)	(22.1)	(19.6)	(20.1)
Equity in (loss) earnings of Vail Resorts, Inc., net of related deferred income taxes (f)	(.4)	(.8)	3.9	3.4	2.9
Net earnings	$ 7.4	$ 53.8	$ 39.9	$ 36.4	$ 36.4
Earnings per share:					
Basic	$ 0.25	$ 1.79	$ 1.34	$ 1.21	$ 1.17
Diluted	$ 0.25	$ 1.77	$ 1.33	$ 1.19	$ 1.15
Weighted average shares outstanding:					
Basic	29.1	30.0	29.9	30.2	31.1
Diluted	29.7	30.4	30.1	30.6	31.7
Statement of Cash Flows Data					
Cash provided (used) by:					
Operating activities	$ 105.8	$ 110.8	$ 131.0	$ 33.0	$ 42.0
Investing activities	(30.7)	(69.0)	(90.2)	(236.0)	(75.6)
Financing activities	(49.3)	(42.5)	(41.0)	205.2	23.2
Depreciation and amortization	38.7	35.8	41.6	34.3	23.1
Balance Sheet Data					
Working capital (excl. cash and cash equivalents)	$ 84.2	$ 85.4	$ 95.6	$ 144.8	$ 66.4
Total assets	794.3	832.5	817.9	804.7	483.8
Long-term debt	155.9	179.0	223.1	264.4	42.8
Shareholders' equity	412.7	436.1	389.4	350.3	324.1

(a) In 1999, Ralcorp acquired Martin Gillet & Co., Inc. and Southern Roasted Nuts of Georgia, Inc. In 2000, Ralcorp acquired Ripon Foods, Inc., Cascade Cookie Company, Inc., James P. Linette, Inc., and The Red Wing Company, Inc. In 2001, Ralcorp acquired The Torbitt & Castleman Company, LLC. In 2002, Ralcorp acquired Lofthouse Foods Incorporated. For more information about the 2001 and 2002 acquisitions, see Note 2 to the financial statements in Item 8.

(b) In 2003, a non-cash goodwill impairment loss related to the Carriage House reporting unit was recorded in accordance with FAS 142. See Note 2 to the financial statements in Item 8.

(c) In 2003, restructuring charges related to the reduction of operations in Streator, IL, the sale of the ketchup business and the tomato paste business, and the relocation of in-store bakery production. In 2001, restructuring charges related to plant closures in San Jose, CA and Baltimore, MD. In 2000, restructuring charges related to the plant closure in Baltimore, MD. See Note 3 to the financial statements in Item 8.

(d) In 2003 and 2002, Ralcorp received payments in settlement of its claims related to vitamin antitrust litigation. The amounts received were recorded net of related expenses.

(e) In 2001, Agribrands International, Inc. terminated a merger agreement with Ralcorp. Ralcorp received a payment of $5.0 as a termination fee, which was recorded net of related expenses.

(f) In 2003 and 2002, Ralcorp adjusted its equity earnings to reflect the cumulative effect of earnings restatements made by Vail Resorts, Inc. See Note 7 to the financial statements in Item 8.

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

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and capital resources of Ralcorp Holdings, Inc. This discussion should be read in conjunction with the financial statements under Item 8, especially Note 19, and the "Cautionary Statement on Forward-Looking Statements" on page 2. The terms "our," "we," "Company," and "Ralcorp" as used herein refer to Ralcorp Holdings, Inc. and its consolidated subsidiaries.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 1 for a discussion regarding recently issued accounting standards, including FAS 141, 142, 143, 144, 145, 146, 148, 149, and 150; FIN 45 and 46; and EITF 00-10, 00-14, 00-25, 01-09, and 02-17.

RESULTS OF OPERATIONS

Consolidated

Net Sales Net sales grew from less than $1.2 billion in fiscal 2001 to nearly $1.3 billion in 2002 and over $1.3 billion in 2003. The 9% increase from 2001 to 2002 and the 2% increase from 2002 to 2003 were due primarily to the timing of business acquisitions. Refer to the segment discussions below for specific factors affecting results.

Operating Expenses Cost of products sold was 80.2%, 80.3%, and 80.9% of net sales in 2003, 2002, and 2001, respectively, while selling, general and administrative (SG&A) was 13.1%, 12.7%, and 13.0%. In fiscal 2002, gross margins increased as a result of improved operating efficiencies in the Dressings, Syrups, Jellies & Sauces division and lower ingredient costs in the Snack Nuts & Candy division. In fiscal 2002 we adopted FAS 142 which discontinued the amortization of goodwill, while 2001 SG&A included $8.0 million of goodwill amortization. In fiscal 2003, SG&A included $2.5 million of incremental expenses associated with a pilot project to upgrade information systems, $1.5 million related to accounts receivable losses caused by the bankruptcy of the Fleming Companies, Inc. (Fleming), and $1.2 million related to the recall of a product produced for a co-manufacturing customer. Again, refer to the segment discussions below for other factors affecting results.

Interest Expense, Net Net interest expense fell from $15.9 million in 2001 to $5.9 million in 2002 and $3.3 million in 2003 as a result of decreasing debt levels and interest rates. We reduced our long-term debt from $264.4 million at the beginning of fiscal 2001 to $155.9 million by September 30, 2003 as cash from operations exceeded cash needs for business acquisitions, capital expenditures, and stock repurchases. Since nearly all of our interest rates are set on a short-term basis, the declining market rates throughout fiscal 2001, 2002, and 2003 had a favorable effect on interest expense. For more information about our long-term debt, see Note 14. Refer to Note 11 for information about our agreement to sell our trade accounts receivable on an ongoing basis, including amounts of related discounts.

Goodwill Impairment Loss We recorded a goodwill impairment loss in fiscal 2003. In accordance with FAS 142, "Goodwill and Other Intangible Assets," we completed our annual goodwill impairment test of each of our reporting units during the fourth quarter. In the first step of the test, the fair value of each reporting unit was compared with its carrying amount. Based on that indicator, only the Carriage House reporting unit (i.e., the Dressings, Syrups, Jellies & Sauces segment) had a potential impairment, and the second step of the test was conducted for that unit to determine the amount of impairment loss by comparing the implied fair value of goodwill to its carrying value. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value of its identifiable net assets. Estimated fair values were determined based on the best information available, including independent appraisals and the results of valuation techniques such as EBITDA multiples and discounted future cash flows. The implied fair value of goodwill was calculated to be $38.8 million, compared to the carrying value of $97.8 million, so the goodwill impairment loss was determined to be $59.0 million. A portion of Carriage House's goodwill is not deductible for tax purposes, so the deferred tax benefit of the loss was only $13.5 million. Factors leading to the impairment included the bankruptcy of Fleming (formerly a significant customer of Carriage House), the inability to quickly replace lost co-manufacturing business, the increasing competitive pricing pressures in the private label food industry, and the near-term production inefficiencies arising from the Carriage House restructuring initiatives discussed below. For more information about Carriage House operations and our commitment to improving results, refer to the Dressings, Syrups, Jellies & Sauces sections below.

Restructuring Charges In the quarter ended December 31, 2002, we finalized our plans to reduce operations at our Streator, IL facility and transfer production of all product lines except peanut butter to other Dressings, Syrups, Jellies & Sauces locations. Related termination benefits and equipment write-offs totaled $1.4 million in fiscal 2003.

Also in the quarter ended December 31, 2002, we sold our ketchup business, including certain equipment and inventory, resulting in a net loss of $1.4 million. Further, we determined that the resulting reduced cash flows from our tomato paste business, which had supplied the Company's ketchup production, was less than the carrying value of our paste production facility located near Williams, CA, and an impairment charge of $5.0 million was recorded as of December 31, 2002. On February 4, 2003, we sold the tomato paste business, including the Williams, CA facility. The sale resulted in an additional loss of $3.6. The ketchup and paste operations were both part of the Dressings, Syrups, Jellies & Sauces segment.

In the quarter ended March 31, 2003, we announced our plans to close our in-store bakery (ISB) facility in Kent, WA, part of the Cereals, Crackers & Cookies segment, and transfer production to a new ISB plant located in Utah. We are also in the process of transferring production from two other ISB facilities located near the new plant and expect to complete the project by April of 2004. We recorded $2.9 million of expenses related to this ISB restructuring in fiscal 2003.

On July 24, 2000 and January 23, 2001, respectively, we announced plans to close plants in Baltimore, MD and San Jose, CA and move production to other Dressings, Syrups, Jellies & Sauces facilities. Both of these closures were essentially completed by the end of fiscal 2001. During 2001, Baltimore closure and relocation costs of $1.9 million were expensed along with $.7 million related to San Jose, for a total of $2.6 million.

For more information regarding these restructuring charges, see Note 3.

Litigation Settlement Income We received payments in fiscal 2003 and 2002 in settlement of our claims related to vitamin antitrust litigation. The respective amounts recorded were $14.6 and $1.6, net of related expenses.

Merger Termination Fee Agribrands International, Inc. terminated a merger agreement with Ralcorp on December 1, 2000. In accordance with the agreement, we received a payment of $5.0 million as a termination fee, which was recorded in the first quarter of fiscal 2001 net of related expenses.

Income Taxes Income tax provisions generally reflect statutory tax rates, adjusted by the effects of non-deductible goodwill amortization expense or impairment losses. The effective rate was approximately 38% in fiscal 2001, 36% in 2002, and 68.5% in 2003. The 2001 rate included the effect of non-deductible goodwill amortization expense, while goodwill amortization was eliminated in 2002 with the adoption of FAS 142. The 2003 rate included the effect of the non-deductible portion of the goodwill impairment loss. Excluding that effect, the 2003 rate was about 36%. The effective rate is expected to be approximately 36.5% for fiscal 2004. See Note 6 for more information about income taxes.

Equity in Earnings of Vail Resorts, Inc*.* Our pre-tax earnings from Vail were $6.0 million for fiscal 2001, as snowfall amounts and timing were favorable. For fiscal 2002 and 2003, we recorded pre-tax losses of $1.2 million and $.7 million, respectively, from our investment in Vail. Those losses included adjustments totaling $4.9 million in 2002 and $.8 million in 2003 to reflect the cumulative effect of Vail's earnings restatements for prior years. In addition, Vail's results were hurt by reduced travel in the past two years. See Note 7 for more information about this equity investment.

Cereals, Crackers & Cookies

Fiscal 2003 vs. Fiscal 2002

Net sales for the Cereals, Crackers & Cookies segment were up 9 percent in fiscal 2003 from fiscal 2002, with the Ralston Foods cereal division and the Bremner cracker and cookie division contributing increases of $4.2 million and $54.1 million, respectively. About $30 million of the Bremner growth is attributable to an additional four months of sales from Lofthouse, acquired on January 30, 2002, while the remainder came through ongoing expansion with existing customers. Cracker volume was up 14 percent and base cookie volume was down 5 percent. Excluding Lofthouse sales for the first four months, ISB volume was up 4 percent year-over-year. For Ralston Foods, an increase in co-manufactured ready-to-eat (RTE) cereal sales offset a decline in store brand RTE cereal for the year (largely due to the Fleming bankruptcy), so combined RTE volume was flat. Hot cereal volume was up 5 percent (despite losses related to the Fleming bankruptcy), but most of the relative sales dollar improvement at Ralston Foods was due to the amount and timing of promotional discounts.

The segment's profit contribution was up $6.8 million (10 percent) for fiscal 2003. The improvement is primarily attributable to the increased sales, but also to the reduced promotional activity in the current year, reduced expenses related to capital projects, lower freight costs, and favorable product mix. Those benefits were partially offset by rising costs of insurance, employee benefits, and ingredients such as wheat flour, soybean oil, honey, cocoa, and sugar.

Fiscal 2002 vs. Fiscal 2001

Net sales for the Cereals, Crackers & Cookies segment were up $80.8 million in fiscal 2002 from fiscal 2001, as the Ralston Foods cereal division and the Bremner cracker and cookie division contributed increases of $1.9 million and $78.9 million, respectively. While most of Bremner's growth came from the addition of the Lofthouse business, sales at its other cookie businesses grew more than 25 percent as a result of additional co-manufacturing business and ongoing expansion with existing private label customers. Cracker sales volumes were down slightly due to lower demand for saltines. At Ralston Foods, incremental sales to existing customers, driven by several recent product introductions and additional distribution of established items, were offset by price concessions, additional product promotions, and less co-manufacturing business. RTE cereal volumes were up 1 percent from last year and hot cereal volume was up 4 percent.

Profit contribution for the segment increased $11.7 million from $58.4 million (10.2% of net sales) in fiscal 2001 to $70.1 million (10.7% of net sales) in fiscal 2002. Again, most of the improvement was the result of the acquired Lofthouse business and related synergies. In addition, the segment's profit was reduced by $2.4 million of goodwill amortization in fiscal 2001, while goodwill was not amortized in 2002 due to the adoption of FAS 142. Finally, in fiscal 2002 the segment benefited from favorable volumes, plant efficiencies, and lower freight and energy costs, greatly offset by price concessions, promotional programs and rising ingredient costs.

Dressings, Syrups, Jellies & Sauces

The Company's Dressings, Syrups, Jellies & Sauces segment's net sales increased from $420.5 million in fiscal 2001 to $451.5 million in 2002, then decreased to $405.8 in 2003. The 2002 increase was primarily due to the benefit of a full year of results from The Torbitt & Castleman Company, LLC, acquired January 31, 2001. The favorable impact of sales to new customers and increased business with some major existing customers was offset by pricing concessions in certain categories and a reduction of volume with a major co-manufacturing customer. The 2003 decline is attributable primarily to the loss of that co-manufacturing customer at the beginning of the year, as well as to the sale of the ketchup business in November 2002, reduced sales resulting from the Fleming bankruptcy, and continued pricing pressures, partially offset by increased business with continuing customers.

The segment's profit contribution increased from $7.6 million (1.8% of net sales) in fiscal 2001 to $13.5 million (3.0%) in fiscal 2002 and $8.0 million (2.0%) in fiscal 2003. Except as discussed below, the dollar changes from year to year generally reflect the changes in sales described above. During fiscal 2001, profit as a percent of sales began to improve as the segment benefited from savings from the closure of two facilities and additional synergies with Torbitt & Castleman. Those savings and synergies continued into fiscal 2002, but the benefits were offset by a gross margin decline due to increased ingredient costs, lower co-manufacturing volumes, and competitive pricing pressures. In fiscal 2003, the profit percentage fell as a result of increased production costs due to inefficiencies related to the lower volumes and restructuring initiatives, pricing pressures, and charges related to the Fleming bankruptcy. In addition, the segment's profit was reduced by $3.2 million of goodwill amortization expense in fiscal 2001, while goodwill was not amortized in 2002 or 2003 due to the adoption of FAS 142.

Snack Nuts & Candy

Net sales for the Snack Nuts & Candy segment decreased from $182.3 million in fiscal 2001 to $172.8 million in fiscal 2002, then increased to $183.5 million in fiscal 2003. The 2002 decline was the result of the loss of a few customers in competitive bidding, partially offset by increased business with continuing customers. The 2003 growth was generated primarily through continuing increases in volume with several customers, partially offset by continued competitive pricing pressures, an unfavorable product mix, and a significant reduction in first quarter holiday orders from a major customer.

The segment's profit contribution increased from $15.9 million (8.7% of net sales) in fiscal 2001 to $20.6 million (11.9%) in fiscal 2002 and $22.8 million (12.4%) in fiscal 2003. The fiscal 2002 and 2003 percentages improved primarily as a result of favorable costs on some ingredients, partially offset by increased costs on others and competitive pricing pressures. Also, the segment's profit was reduced by $2.4 million of goodwill amortization expense in fiscal 2001, while goodwill was not amortized in 2002 or 2003 due to the adoption of FAS 142.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have funded operating needs by generating positive cash flows through operations. We expect to continue generating operating cash flows through our mix of businesses and expect that short-term and long-term liquidity requirements will be met through a combination of operating cash flows and strategic use of borrowings under committed and uncommitted credit arrangements. Capital resources remained strong at September 30, 2003, with a net worth of $412.7 million and a long-term debt to total capital ratio of 27 percent, compared to corresponding figures for September 30, 2002, of $436.1 million and 29 percent. Working capital, excluding cash and cash equivalents, was down to $84.2 million at September 30, 2003 from $85.4 million at September 30, 2002 as a result of continuing reduction efforts, offset by an increase in our investment in Ralcorp Receivables Corporation of nearly $23 million.

Operating Activities

Cash flows from operating activities were $105.8 million, $110.8 million, and $131.0 million in 2003, 2002, and 2001, respectively. Operating cash flows were augmented in fiscal 2001 by $61.0 million of proceeds from the sale of receivables in September. Conversely, cash was reduced in fiscal 2003 by a $22.4 million net outflow as remittance of receivables collections to the buyer exceeded payments received for new receivables. See "Off-Balance Sheet Financing" below for more information about the sale of receivables. In fiscal 2002 and especially in fiscal 2003, an emphasis on working capital reduction resulted in lower inventory levels. Accounts payable have fluctuated due to the timing of purchases. In 2003, operating cash flows were reduced by a $10 million contribution to our qualified pension plan, included in "Other, net" on the statement of cash flows. We do not expect to be required to make any significant contributions to this plan in the next three years. See Note 16 for more information about this plan.

Investing Activities

Net cash paid for business acquisitions totaled $52.1 million in fiscal 2002 (Lofthouse Foods) and $55.6 million in fiscal 2001 (Torbitt & Castleman). See Note 2 for more information about acquisitions.

Capital expenditures were $36.1 million, $29.1 million, and $35.7 million in fiscal years 2003, 2002, and 2001, respectively. Capital expenditures for fiscal 2004 are expected to be between $40 and $50 million.

In fiscal 2002, Ralcorp received $10.0 million of proceeds from the sale of its Carriage House facility in San Jose, CA, with no material gain or loss.

Financing Activities

Strong operating cash flows and reduced acquisition activity allowed the Company to reduce its long-term debt in fiscal 2001, 2002, and 2003 by $41.7 million, $44.1 million, and $23.1 million, respectively. On May 22, 2003, the Company issued Floating Rate Senior Notes, Series A, in the amount of $150.0, maturing on May 22, 2010. Borrowings under this private placement debt financing incur interest at a rate of 3-month LIBOR plus 0.85%, adjusted quarterly, with interest payable quarterly in arrears. We used the proceeds to repay borrowings under our shorter-term credit arrangements. As of September 30, 2003, total remaining availability under our $275 million revolving credit agreement and our $35 million uncommitted credit arrangements was $309.9 million and Ralcorp was in compliance with all covenants (see Note 14). In addition, our September 30 balance sheet included $29.0 million of cash and cash equivalents. Further cash needs could be met through the sale of the Company's investment in Vail Resorts, Inc., which had a market value of $108 million at September 30, 2003. See Note 7 for more information about this investment, including restrictions on sale.

In November 2002, the Board approved a tender offer for up to 4,000,000 shares at a single price not in excess of $24.00 and not less than $21.00 per share. The offer was in the form of a modified "Dutch Auction" where the final price is determined based upon the number of shares, and the respective prices, tendered. The offer resulted in the purchase of 1.15 million shares at a purchase price of $24.00 per share. As of September 30, 2003, 1,665,300 shares remained available for repurchase by the Company pursuant to previous authorizations by the Board of Directors.

Off-Balance Sheet Financing

As an additional source of liquidity, on September 24, 2001 the Ralcorp entered into a three-year agreement to sell, on an ongoing basis, all of its trade accounts receivable to a wholly owned, bankruptcy-remote subsidiary called Ralcorp Receivables Corporation (RRC). RRC's only business activities relate to acquiring and selling interests in Ralcorp's receivables. RRC's purchases of Ralcorp trade receivables are funded by selling an undivided percentage ownership interest in each individual receivable to a bank commercial paper conduit (the Conduit), as well as by a portion of the cash collected on previously purchased receivables. Upon the agreement's termination, the Conduit would be entitled to all cash collections on RRC's accounts receivable until its purchased interest has been repaid.

The trade receivables sale arrangement with RRC represents "off-balance sheet financing" since the sale results in assets being removed from our balance sheet rather than resulting in a liability to the Conduit. The organization documents of RRC and the terms of the agreements governing the receivables sale transactions make RRC a qualifying special purpose entity. As such, it is not to be consolidated in Ralcorp's financial statements under generally accepted accounting principles. Furthermore, the "true sale" nature of the arrangement requires Ralcorp to account for RRC's transactions with the Conduit as a sale of accounts receivable instead of reflecting the Conduit's net investment as debt with a pledge of accounts receivable as collateral. If RRC were not a qualifying special purpose entity and if the arrangement were not considered a "true sale," the outstanding balance of receivables would remain on Ralcorp's balance sheet, proceeds received from the Conduit would be shown as short-term debt, and there would be no investment in RRC. See further discussion in Note 11.

INFLATION

We recognize that inflationary pressures may have an adverse effect on the Company through higher asset replacement costs, related depreciation and higher material costs. We try to minimize these effects through cost reductions and productivity improvements as well as price increases to maintain reasonable profit margins. It is our view that inflation has not had a significant impact on operations in the three years ended September 30, 2003.

OUTLOOK

We believe the opportunities in the private label, value brand, and food service areas are favorable for long-term growth. In the past few years, we have taken significant steps to reshape the Company, reducing our reliance on any one business segment while achieving sufficient scale in the categories in which we operate. We expect to continue to improve our business mix through volume and profit growth of existing businesses, as well as through acquisitions or alliances. We will continue to explore those acquisition opportunities that strategically fit with our intention to be the premier provider of value-oriented food products.

On July 11, 2003, the Food and Drug Administration issued a final rule amending its regulations on nutrition labeling to require that trans fat be declared in the nutrition label of conventional foods and dietary supplements on a separate line immediately under the line for the declaration of saturated fat. The new rule will be effective January 1, 2006. Because of this regulatory change, we may incur costs related to packaging modifications. Furthermore, given the increased focus on trans fat content and the related health risks indicated by recently published scientific studies, we may incur additional costs to research and implement formulation changes on certain products.

The following sections contain discussions of the specific factors affecting the outlook for each of our reportable segments.

Cereals, Crackers & Cookies

The level of competition in the cereal category continues to be intense for our Ralston Foods division. Competition comes from branded box cereal manufacturers, branded bagged cereal producers and other private label cereal providers. For the last several years, category growth in ready-to-eat and hot cereals has been minimal, which has exacerbated its competitive nature. When branded competitors focus on price/promotion, the environment for private label producers becomes more challenging. We must maintain an effective price gap between our quality private label cereal products and those of branded cereal producers, thereby providing the best value alternative for the consumer. Importantly, pricing and volume agreements with customers are generally determined by the customers' periodic requests for competitive category reviews in each of our divisions. Ralston Foods anticipates additional category review requests to occur in fiscal 2004. Further, Ralston Foods is being negatively impacted by reduced sales resulting from the Fleming bankruptcy.

Cost increases, including recent increases in ingredient costs, contribute to margin pressures. On an enterprise-wide basis, we manage these cost increases by selected forward purchasing and hedging of certain ingredients. Increased employee health care and other benefit costs will continue into the foreseeable future. Accordingly, aggressive cost containment remains an important goal of the organization. In addition, increased distribution is required to remain competitive whether through new and improved product emulations or new co-manufacturing opportunities.

Our cracker and cookie operation, Bremner, also conducts business in a highly competitive category and is affected by many of the same cost and pricing challenges. Major branded competitors continue to market and promote their offerings aggressively and many smaller, regional branded and private label manufacturers provide additional competitive pressures. Bremner's ability to maintain a sufficient price gap between products of branded producers and Bremner's quality private label emulations and its ability to realize improved operating efficiencies from recent acquisitions will be important to its results of operations.

The division continues its effort to maximize synergies through the combination of Lofthouse with Cascade, which has given Bremner a significant presence in the in-store bakery cookie category. As previously mentioned, we plan to complete the restructuring of our ISB group by the end of April 2004, with expected annual cost savings of approximately $3.0 to $3.6 million. In addition, Bremner will continue to focus on cost containment, new products and volume growth of existing products in order to improve operating results.

Dressings, Syrups, Jellies & Sauces

Carriage House's competitors, both large and small, continue to be aggressive on pricing. In addition, the division continues to be negatively affected by certain ingredient cost increases as well as increased employee health care and benefit costs. Wherever possible, we will continue to implement slight price increases to help offset these rising costs. Encouragingly, the cost of peanuts, a major ingredient for Carriage House (peanut butter), has been favorably impacted by the Farm Act of 2002. Although we expect the segment to benefit from lower peanut costs in fiscal 2004, such benefit will likely be more than offset by the aforementioned cost increases and pricing pressures.

We have undertaken an aggressive plan to improve performance by selling unprofitable businesses and continuing to rationalize production capacity. In June 2002, we sold our honey operations. In September 2002, we announced our intention to significantly reduce operations at the Streator, IL facility and transfer production of all product lines except peanut butter to other facilities. As a result of this restructuring, we ultimately expect to realize annual savings in cost of products sold of $2.5 million to $3.0 million (approximately $1.0 million of which is non-cash) beginning in fiscal 2004. In November 2002, we sold our ketchup operations, although production continued through the end of the first quarter, and on February 4, 2003, we sold our industrial tomato paste processing facility. While net sales from the honey, ketchup, and paste businesses totaled approximately $30 million in fiscal 2002, related operating profit was immaterial, so we were able to reduce our capital investment without reducing returns.

Snack Nuts & Candy

Snack nuts and candy continue to be very competitive categories. This segment of Ralcorp faces significant competition from branded manufacturers as well as private label and regional producers. During fiscal 2002, competitive bids for store brand customer business resulted in either loss of margins or loss of customers to competitors. We expect this pricing pressure to continue into the foreseeable future. In fiscal 2003, results were positively impacted by lower peanut prices. In fiscal 2004, we expect competitive pressures could reduce net selling prices while ingredient prices, particularly peanuts, will not decrease any further. The segment will continue to focus on maintaining its customer base and the high quality of its products and on developing new products. In addition, Snack Nuts & Candy segment sales have been, and may continue to be, negatively impacted by the bankruptcy of Fleming.

The segment has recently benefited from lower raw material costs on some ingredients. The cost of cashews, a major ingredient, has trended down from significant highs in fiscal 2000 but now appears to have stabilized. As discussed above, 2002 legislation has resulted in lower peanut costs and may have a favorable effect on profitability. While some benefits of reduced peanut costs were realized in fiscal 2003, the future effect cannot be quantified at this time and is expected to be greatly offset by continued pricing pressures and increasing costs of other ingredients, healthcare, and other employee benefits.

FORM 10-K

Bakery Chef Acquisition

On December 3, 2003, the Company purchased Bakery Chef, Inc., for $287.5 in cash. We financed the acquisition primarily through borrowings under our existing $275 revolving credit facility. Bakery Chef is a leading manufacturer of frozen griddle products (pancakes, waffles and French toast) and frozen pre-baked biscuits sold primarily in the food service channel, and also produces pre-baked frozen muffins, breads and rolls. Bakery Chef became a wholly owned subsidiary of Ralcorp and will operate as a platform for entry into the food service channel and frozen food segment. Bakery Chef operates five manufacturing facilities, employs approximately 800 people, and had net sales of $165 for the year ended December 31, 2002. Based upon Bakery Chef's 2002 results, our initial assessment of its intangible asset valuation and related amortization, and interest rate assumptions, we anticipate the acquisition will immediately add $.25 to $.35 to our diluted earnings per share on an annual basis.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following discussion is presented pursuant to the United States Securities and Exchange Commission's Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies." The policies below are both important to the representation of the Company's financial condition and results and require management's most difficult, subjective or complex judgments.

Under generally accepted accounting principles in the United States, we make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues, and expenses as well as the disclosure of contingent liabilities. We base estimates on past experience and on various other assumptions that are believed to be reasonable under the circumstances. Those estimates form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We record estimated reductions to revenue for customer incentive offerings. Should a greater proportion of customers redeem incentives than estimated, additional reductions to revenue may be required.

Inventories are valued at the lower of cost or market value and have been reduced by an allowance for obsolete product and packaging materials. The estimated allowance is based on a review of inventories on hand compared to estimated future usage and sales. If market conditions and actual demands are less favorable than projected, additional inventory write-downs may be required.

We review long-lived assets, including leasehold improvements and property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell.

Goodwill represents the excess of the cost of acquired businesses over the fair market value of their identifiable net assets. At the beginning of fiscal 2002, Ralcorp adopted FAS 142, which requires that we no longer amortize goodwill but review for impairment on a regular basis. The goodwill impairment tests require us to estimate the fair value of our businesses and certain assets and liabilities, for which we utilize valuation techniques such as EBITDA multiples and discounted cash flows based on projections. In our fiscal 2003 tests, we assumed an EBITDA multiple of about 5.75 and a discount rate of 9.5%.

Pension assets and liabilities are determined on an actuarial basis and are affected by the estimated market-related value of plan assets; estimates of the expected return on plan assets, discount rates, and future salary increases; and other assumptions inherent in these valuations. We annually review the assumptions underlying the actuarial calculations and makes changes to these assumptions, based on current market conditions, as necessary. Actual changes in the fair market value of plan assets and differences between the actual return on plan assets and the expected return on plan assets will affect the amount of pension expense or income ultimately recognized. The other postretirement benefits liability is also determined on an actuarial basis and is affected by assumptions including the discount rate and expected trends in healthcare costs. Changes in the discount rate and differences between actual and expected healthcare costs will affect the recorded amount of other postretirement benefits expense. See Note 16 for more information about pension and other postretirement benefit assumptions.

Liabilities for workers' compensation and accrued health care costs are estimated based on historical experience and expected trends.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, the Company is exposed to commodity price risks relating to the acquisition of raw materials. The Company utilizes derivative financial instruments, including futures contracts and options, to manage certain of these exposures when it is practical to do so. As of September 30, 2003 and 2002, a hypothetical 10% adverse change in the market price of the Company's principal commodities, including corn, oats, wheat and soybean oil, would have decreased the fair value of the Company's derivatives portfolio by $2.6 million and $1.1 million, respectively. This volatility analysis ignores changes in the exposures inherent in the underlying hedged transactions. Because the Company does not hold or trade derivatives for speculation or profit, all changes in derivative values are effectively offset by corresponding changes in the underlying exposures. For more information, see Note 1 and Note 13 to the financial statements included in Item 8.

The Company has interest rate risk with respect to interest expense on variable rate debt. At September 30, 2003 and 2002, the Company had $155.7 million and $178.6 million of variable rate debt outstanding. A hypothetical 10% adverse change in weighted average interest rates during fiscal 2002 and 2001 would have had an unfavorable impact of $.3 million and $.4 million, respectively, on both the Company's net earnings and cash flows. For more information, see Note 14 and Note 21 to the financial statements included in Item 8.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF MANAGEMENT

Management of Ralcorp Holdings, Inc. is responsible for the preparation and integrity of the Company's financial statements. These statements have been prepared in accordance with generally accepted accounting principles and in the opinion of management fairly present the Company's financial position, results of operations and cash flow.

The Company maintains accounting and internal control systems that it believes are adequate to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements. The selection and training of qualified personnel, the establishment and communication of accounting and administrative policies and procedures, and an extensive program of internal audits are important elements of these control systems.

The Board of Directors, through its Audit Committee consisting solely of independent directors, meets periodically with management and the independent auditors to discuss audit and financial reporting matters. To ensure independence, PricewaterhouseCoopers LLP has direct access to the Audit Committee.

The report of PricewaterhouseCoopers LLP, independent auditors, on their audits of the accompanying financial statements follows. This report states that their audits were performed in accordance with generally accepted auditing standards. These standards include an evaluation of internal control for the purpose of establishing a basis for reliance thereon relative to the scope of their audits of the financial statements.

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of Ralcorp Holdings, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Ralcorp Holdings, Inc. and its subsidiaries at September 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, in 2002 the Company changed its method of accounting for goodwill to conform to Statement of Financial Accounting Standards No. 142.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
November 13, 2003, except for Note 21, which is as of December 3, 2003

RALCORP HOLDINGS, INC.

CONSOLIDATED STATEMENT OF EARNINGS

(Dollars in millions except per share data, shares in thousands)

	Year Ended September 30, 2003	2002	2001
Net Sales	$ 1,303.6	$ 1,280.3	$ 1,178.0
Cost of products sold	(1,045.6)	(1,027.6)	(952.4)
Gross Profit	258.0	252.7	225.6
Selling, general and administrative expenses	(171.3)	(163.1)	(153.2)
Interest expense, net	(3.3)	(5.9)	(15.9)
Goodwill impairment loss	(59.0)	-	-
Restructuring charges	(14.3)	-	(2.6)
Litigation settlement income	14.6	1.6	-
Merger termination fee	-	-	4.2
Earnings before Income Taxes and Equity Earnings	24.7	85.3	58.1
Income Taxes	(16.9)	(30.7)	(22.1)
Earnings before Equity Earnings	7.8	54.6	36.0
Equity in (Loss) Earnings of Vail Resorts, Inc., Net of Related Deferred Income Taxes	(.4)	(.8)	3.9
Net Earnings	$ 7.4	$ 53.8	$ 39.9
Basic Earnings per Share	$ 0.25	$ 1.79	$ 1.34
Diluted Earnings per Share	$ 0.25	$ 1.77	$ 1.33
Weighted Average Shares for Basic Earnings per Share	29,131	29,961	29,889
Dilutive effect of:			
Stock options	486	471	197
Restricted stock awards	2	1	-
Deferred compensation awards	127	-	-
Weighted Average Shares for Diluted Earnings per Share	29,746	30,433	30,086

See accompanying Notes to Consolidated Financial Statements.

RALCORP HOLDINGS, INC.

CONSOLIDATED BALANCE SHEET

(In millions except share and per share data)

	September 30, 2003	September 30, 2002
Assets		
Current Assets		
Cash and cash equivalents	$ 29.0	$ 3.2
Investment in Ralcorp Receivables Corporation	52.4	29.7
Miscellaneous receivables	10.9	6.2
Inventories	145.7	161.6
Deferred income taxes	2.9	5.1
Prepaid expenses and other current assets	3.0	2.8
Total Current Assets	243.9	208.6
Investment in Vail Resorts, Inc.	80.1	80.8
Property, Net	265.3	282.6
Goodwill	177.6	238.0
Intangible Assets, Net	15.7	13.9
Other Assets	11.7	8.6
Total Assets	$ 794.3	$ 832.5
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 85.1	$ 75.2
Other current liabilities	45.6	44.8
Total Current Liabilities	130.7	120.0
Long-term Debt	155.9	179.0
Deferred Income Taxes	20.0	36.3
Other Liabilities	75.0	61.1
Total Liabilities	381.6	396.4
Commitments and Contingencies		
Shareholders' Equity		
Common stock, par value $.01 per share		
Authorized: 300,000,000 shares		
Issued: 33,011,317 shares	.3	.3
Capital in excess of par value	114.1	110.0
Retained earnings	393.8	386.4
Common stock in treasury, at cost (4,070,954 and 2,985,066 shares)	(76.9)	(49.9)
Unearned portion of restricted stock	(.1)	(.1)
Accumulated other comprehensive loss	(18.5)	(10.6)
Total Shareholders' Equity	412.7	436.1
Total Liabilities and Shareholders' Equity	$ 794.3	$ 832.5

See accompanying Notes to Consolidated Financial Statements.

RALCORP HOLDINGS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions)

	Year Ended September 30,		
	2003	2002	2001
Cash Flows from Operating Activities			
Net earnings	$ 7.4	$ 53.8	$ 39.9
Adjustments to reconcile net earnings to net cash flow provided by operating activities:			
Depreciation and amortization	38.7	35.8	41.6
Sale of receivables, net	(22.4)	(4.4)	61.0
Deferred income taxes	(12.8)	.6	6.3
Equity in loss (earnings) of Vail Resorts, Inc.	.7	1.2	(6.0)
Goodwill impairment loss	59.0	-	-
Tomato paste asset impairment	5.0	-	-
Loss on sale of tomato paste business	3.6	-	-
Changes in current assets and liabilities, net of effects of acquisitions:			
(Increase) decrease in receivables	(1.8)	23.0	.4
Decrease (increase) in inventories	15.9	6.2	(7.6)
(Increase) decrease in prepaid expenses and other current assets	(.8)	.4	.6
Increase (decrease) in accounts payable and other current liabilities	10.7	(10.8)	(6.7)
Other, net	2.6	5.0	1.5
Net Cash Provided by Operating Activities	105.8	110.8	131.0
Cash Flows from Investing Activities			
Business acquisitions, net of cash acquired	-	(52.1)	(55.6)
Additions to property and intangible assets	(36.1)	(29.1)	(35.7)
Proceeds from sale of property	2.5	12.4	1.1
Proceeds from sale of tomato paste business	2.9	-	-
Other, net	-	(.2)	-
Net Cash Used by Investing Activities	(30.7)	(69.0)	(90.2)
Cash Flows from Financing Activities			
Purchase of treasury stock	(28.6)	-	-
Proceeds from issuance of debt	150.0	-	-
Net repayments under credit arrangements	(173.1)	(44.1)	(41.7)
Proceeds from exercise of stock options	2.4	1.6	.7
Net Cash Used by Financing Activities	(49.3)	(42.5)	(41.0)
Net Increase (Decrease) in Cash and Cash Equivalents	25.8	(.7)	(.2)
Cash and Cash Equivalents, Beginning of Year	3.2	3.9	4.1
Cash and Cash Equivalents, End of Year	$ 29.0	$ 3.2	$ 3.9

See accompanying Notes to Consolidated Financial Statements.

RALCORP HOLDINGS, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Dollars in millions)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Common Stock in Treasury	Unearned Portion of Restricted Stock	Accum. Other Compre-hensive Loss	Total
Balance, September 30, 2000	$ .3	$110.0	$292.7	$(52.7)	$ -	$ -	$350.3
Net earnings			39.9				39.9
Minimum pension liability adjustment, net of $1.1 tax benefit						(1.9)	(1.9)
Net gain on cash flow hedging instruments, net of $.2 tax expense						.4	.4
Comprehensive income							38.4
Activity under stock plans (approx. 49,000 shares)		(.1)		.8			.7
Balance, September 30, 2001	$ .3	$109.9	$332.6	$(51.9)	$ -	$ (1.5)	$389.4
Net earnings			53.8				53.8
Minimum pension liability adjustment, net of $5.7 tax benefit						(9.8)	(9.8)
Net gain on cash flow hedging instruments, net of $.4 tax expense						.7	.7
Comprehensive income							44.7
Activity under stock plans (approx. 117,000 shares)		.1		2.0	(.1)		2.0
Balance, September 30, 2002	$ .3	$110.0	$386.4	$(49.9)	$ (.1)	$(10.6)	$436.1
Net earnings			7.4				7.4
Minimum pension liability adjustment, net of $6.1 tax benefit						(10.8)	(10.8)
Net gain on cash flow hedging instruments, net of $1.6 tax expense						2.9	2.9
Comprehensive loss							(.5)
Purchases of treasury stock (approx. 1,181,000 shares)				(28.8)			(28.8)
Deferred compensation		3.3					3.3
Activity under stock plans (approx. 95,000 shares)		.8		1.8			2.6
Balance, September 30, 2003	$ .3	$114.1	$393.8	$(76.9)	$ (.1)	$(18.5)	$412.7

See accompanying Notes to Consolidated Financial Statements.

RALCORP HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions except per share data)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation – The financial statements are presented on a consolidated basis and include the accounts of Ralcorp and its majority-owned subsidiaries. All significant intercompany transactions have been eliminated. Investments in 20%–50%-owned companies are presented on the equity basis (see Note 7).

Estimates – The financial statements have been prepared in conformity with generally accepted accounting principles, which require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

Cash Equivalents include all highly liquid investments with original maturities of three months or less.

Inventories are valued generally at the lower of average cost or market. In connection with purchasing key raw ingredient materials, the Company often uses commodities futures contracts to reduce the risk of price fluctuations related to future raw materials requirements for commodities such as corn, wheat, oats and soybean oil. For more information on these commodity hedging activities, see Note 13.

Property, Plant and Equipment is recorded at cost and depreciation expense is generally provided on the straight-line basis by charges to costs or expenses at rates based on the estimated useful lives of the properties. Estimated useful lives range from 3 to 15 years for machinery and equipment and 10 to 50 years for buildings and leasehold improvements. Depreciation expense was $35.4, $32.3, and $29.4 in fiscal 2003, 2002, and 2001, respectively.

Other Intangible Assets consist of a trademark and computer software developed or obtained for internal use. The trademark currently has an indefinite life and is not subject to amortization. The computer software is recorded at cost and amortized evenly over its estimated useful life, ranging from 3 to 5 years. Amortization expense related to software was $3.3, $3.5, and $4.2 in fiscal 2003, 2002, and 2001, respectively, with $2.3 scheduled for fiscal 2004 and $1.1 scheduled each year for fiscal 2005, 2006, 2007, and 2008.

Recoverability of Long-lived Assets – The Company continually evaluates whether events or circumstances have occurred which might impair the recoverability of the carrying value of its long-lived assets, including identifiable intangibles and goodwill. An asset is deemed impaired and written down to its fair value if estimated related future cash flows are less than its carrying amount.

Investments – The Company funds a portion of its deferred compensation liability by investing in certain mutual funds in the same amounts as selected by the participating employees. Because management's intent is to invest in a manner that matches the deferral options chosen by the participants and those participants can elect to transfer amounts in or out of each of the designated deferral options at any time, these investments have been classified as trading assets and are stated at fair value in "Other Assets". Both realized and unrealized gains and losses on these assets are included in earnings and offset the related change in the deferred compensation liability.

Revenue is recognized in accordance with shipping terms. Net sales reflect gross sales, including amounts billed to customers for shipping and handling, less sales discounts and allowances.

Shipping and Handling costs defined as freight are included in "Cost of products sold," while storage and other warehousing costs are included in "Selling, general, and administrative." Storage and other warehousing costs totaled $42.0, $40.1, and $34.2 in fiscal 2003, 2002, and 2001, respectively.

Advertising costs are expensed as incurred.

Stock-based Compensation is recognized using the intrinsic value method. Accordingly, no compensation expense has been recognized for the stock options granted since the exercise price was equal to the fair market value of the shares at the grant date, except for $.5 recorded in fiscal 2003 related to the modification of some awards.

If the Company had accounted for the stock-based compensation using the fair value method, which requires recognition of the fair value of the options as compensation cost ratably over the vesting period of the options, net earnings and earnings per share would have been reduced as shown in the following table. See Note 18 for more information about the Company's stock-based compensation plans.

	2003	2002	2001
Net earnings, as reported	$ 7.4	$ 53.8	$ 39.9
Add: Stock-based employee compensation expense included in reported net earnings, net of related tax effects	.5	-	-
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of related tax effects	(2.4)	(2.5)	(1.7)
Pro forma net earnings	$ 5.5	$ 51.3	$ 38.2
Earnings per share:			
Basic - as reported	$ 0.25	$ 1.79	$ 1.34
Basic - pro forma	$ 0.19	$ 1.71	$ 1.28
Diluted - as reported	$ 0.25	$ 1.77	$ 1.33
Diluted - pro forma	$ 0.19	$ 1.68	$ 1.27

Recently Issued Accounting Standards – Significant developments in accounting rules are discussed below.

During the fourth quarter of fiscal 2001, the Company implemented accounting reclassifications as a result of the consensus of the Emerging Issues Task Force (EITF) on issue 00-10, as well as 00-14 and 00-25 which were later codified and reconciled in EITF 01-9. These reclassifications had no impact on net earnings or earnings per share but did affect reported net sales, cost of products sold, and selling, general and administrative expenses.

In June 2001, the Financial Accounting Standards Board (FASB) issued FAS 141, "Business Combinations," which applies to all business combinations initiated after June 30, 2001. The major provisions of FAS 141 include (a) the elimination of the pooling-of-interests method of accounting for business combinations, (b) additional criteria for the recognition of intangible assets independent of goodwill, and (c) disclosure of the primary reasons for a business combination and the allocation of the purchase price paid to the assets acquired and liabilities assumed by major balance sheet caption (see Note 2).

On October 1, 2001, the Company adopted FAS 142, "Goodwill and Other Intangible Assets," which stops the amortization of goodwill and requires a goodwill impairment test at least annually. Neither the transitional impairment test at adoption nor the first annual test as of June 30, 2002 resulted in impairment of Ralcorp's goodwill. See Note 2 for information regarding the impairment loss recorded in fiscal 2003. The following schedule shows fiscal 2001 net earnings and earnings per share (EPS) adjusted to exclude Ralcorp's goodwill amortization expense (net of tax effects) and to adjust Ralcorp's equity earnings to exclude the goodwill amortization expense of Vail Resorts, Inc.

	Net Earnings	Basic EPS	Diluted EPS
Reported	$ 39.9	$ 1.34	$ 1.33
Add back: Goodwill amortization	6.2	.21	.21
Adjust: Equity in earnings of Vail Resorts, Inc.	.6	.02	.02
Adjusted	$ 46.7	$ 1.57	$ 1.56

On October 1, 2003, the Company adopted FAS 143, "Accounting for Asset Retirement Obligations," which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company does not currently have any obligations within the scope of FAS 143, and therefore the application of this statement has had no impact on its financial position, earnings, or cash flows.

FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was adopted by the Company for its financial statements issued for fiscal year 2003, including interim periods. FAS 144 superseded FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," but retained the requirements to (a) recognize an impairment loss only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and (b) measure an impairment loss as the difference between the carrying amount and fair value of the asset. The adoption of FAS 144 has not had a material impact on the Company's financial position, earnings, or cash flows.

FAS 145, "Rescission of FASB Statements No. 4, 55, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," was generally effective for the Company for fiscal year 2003. The adoption of FAS 145 did not have a material impact on the Company's financial position, earnings, or cash flows.

FAS 146, "Accounting for Costs Associated with Exit or Disposal Activities," addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." FAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of an entity's commitment to an exit plan. Costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. The Company adopted FAS 146 prospectively for exit or disposal activities initiated after December 31, 2002. The adoption has not had a material impact on the Company's financial position, earnings, or cash flows.

FAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," amends FAS 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Company currently has no plans to change to the fair value based method from the intrinsic value method currently used. In addition, FAS 148 amends the disclosure requirement of FAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. Those disclosure provisions were adopted by the Company in fiscal 2003 (see Note 18).

FAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," was issued in April 2003 and is generally effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The amendment has not had a material impact on the Company's financial position, earnings, or cash flows.

FAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," became effective during fiscal 2003. The Company has not issued any financial instruments within the scope of FAS 150.

FASB Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that, in certain cases, a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. FIN 45 became effective during fiscal 2003. The Company currently has no obligations from guarantees which would require disclosure or the recognition of a liability, except as disclosed in Note 14 and Note 15.

FIN 46, "Consolidation of Variable Interest Entities, an interpretation of ARB 51," was issued January 13, 2003. The Company currently has no involvement with variable interest entities as defined by FIN 46. FIN 46 specifically states that qualifying special-purpose entities, such as Ralcorp Receivables Corporation (RRC) discussed in Note 11, shall not be consolidated unless the holder has the unilateral ability to cause the entity to liquidate or to change the entity so that it no longer meets certain conditions described in Statement 140. Because RRC's Board of Directors must include an independent director, the Company does not have such unilateral ability.

EITF Issue No. 02-17, "Recognition of Customer Relationship Intangible Assets Acquired in a Business Combination" clarifies certain recognition requirements in FAS 141, "Business Combinations." This additional guidance was adopted by the Company in fiscal 2003 and was applied during the annual goodwill impairment tests performed during the year. Its application did not have a material impact on the Company's financial position, earnings, or cash flows.

Reclassifications – Certain prior years' amounts have been reclassified to conform to the current year's presentation.

NOTE 2 – ACQUISITIONS AND GOODWILL

Each of the following acquisitions was accounted for using the purchase method of accounting, whereby the results of operations are included in the consolidated statement of earnings from the date of acquisition. The purchase price, including costs of acquisition, was allocated to acquired assets and liabilities based on their estimated fair values at the date of acquisition, and any excess was allocated to goodwill.

Fiscal 2002

On January 30, 2002, the Company completed the purchase of 100 percent of the stock of Lofthouse Foods Incorporated (Lofthouse) for $52.8 in cash obtained through borrowings from the Company's revolving credit agreement. Lofthouse is a producer of high quality cookies sold to the in-store bakeries of major U.S. grocers and mass merchandisers. The combination of Lofthouse with Cascade, acquired in 2000, gave Ralcorp a significant presence in this fast-growth category. The acquired business, with approximately $70 in annual sales, is reported in the Cereals, Crackers and Cookies segment. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. The assigned goodwill is deductible for tax purposes. The trademark has an indefinite life and is not subject to amortization.

Current assets	$ 9.1
Property	12.1
Goodwill	28.4
Trademark	9.0
Other assets	.1
Total assets acquired	58.7
Accounts payable	(3.8)
Other current liabilities	(2.1)
Total liabilities assumed	(5.9)
Net assets acquired	$ 52.8

Fiscal 2001

On January 31, 2001, the Company completed the purchase of the wet products portion of The Torbitt & Castleman Company, LLC (T&C), located in Buckner, KY. Acquired product lines include private label syrups, Mexican sauces, jams and jellies, barbecue sauces, flavored syrups and other specialty sauces and are part of the Dressings, Syrups, Jellies & Sauces segment. The $55.6 cost exceeded the fair value of the net assets acquired by $38.9. Before the adoption of FAS 142, that goodwill was being amortized on a straight-line basis over 25 years. The goodwill is deductible for tax purposes.

Pro Forma Information

The following unaudited pro forma information presents the 2002 and 2001 results of operations of the Company, including equity earnings from Vail, as if the fiscal 2002 and 2001 acquisitions described above had occurred as of October 1, 2000. Pro forma adjustments to earnings are net of income taxes at Ralcorp's rates and include actual Lofthouse and T&C earnings before taxes, additional interest expense and, in 2001, amortization of related goodwill totaling $1.7 after taxes. These pro forma results may not necessarily reflect the actual results of operations that would have been achieved, nor are they necessarily indicative of future results of operations.

	2002	2001
Net sales	$ 1,306.1	$ 1,274.3
Net earnings	54.0	39.0
Basic earnings per share	1.80	1.31
Diluted earnings per share	1.77	1.30

Goodwill

The changes in the carrying amount of goodwill by reportable segment (see Note 19) were as follows:

	Cereals, Crackers & Cookies	Dressings, Syrups, Jellies & Sauces	Snack Nuts & Candy	Total
Balance, September 30, 2001	$ 56.0	$ 99.1	$ 54.4	$ 209.5
Goodwill acquired	28.4	-	-	28.4
Purchase price allocation adjustment	-	.1	-	.1
Balance, September 30, 2002	$ 84.4	$ 99.2	$ 54.4	$ 238.0
Goodwill written off related to sale of industrial tomato paste business	-	(1.4)	-	(1.4)
Goodwill impairment loss	-	(59.0)	-	(59.0)
Balance, September 30, 2003	$ 84.4	$ 38.8	$ 54.4	$ 177.6

The Company's reporting units are tested for impairment in the fourth fiscal quarter, after the annual forecasting process. In September 2003, a goodwill impairment loss of $59.0 was recognized in the Dressings, Syrups, Jellies & Sauces reporting unit ($45.5 after taxes, or $1.53 per diluted share). Factors leading to the impairment included lost sales and additional charges related to the bankruptcy of Fleming Companies, Inc. (filed April 1, 2003), the inability to quickly replace co-manufacturing business lost at the beginning of fiscal 2003, increasing competitive pricing pressures, and the near-term production inefficiencies arising from restructuring initiatives. Those factors resulted in lower than expected operating profits and cash flows in fiscal 2003, prompting management to revise earnings forecasts for coming years. Estimated fair values of the reporting unit and its identifiable net assets were determined based on the best information available, including independent appraisals and the results of valuation techniques such as EBITDA multiples and expected present value of future cash flows.

NOTE 3 – RESTRUCTURING CHARGES

In the quarter ended December 31, 2002, the Company finalized its plans to reduce operations at its Streator, IL facility and transfer production of all product lines except peanut butter to other Dressings, Syrups, Jellies & Sauces locations. Termination benefits totaling $1.2 were paid (145 employees) and equipment with a net book value of $.2 was written off, for a total of $1.4 charged to restructuring expenses in fiscal 2003.

Also in the quarter ended December 31, 2002, the Company sold its ketchup business, including certain equipment and inventory. The resulting net loss on the sale was $1.4 and included writing off or reducing the carrying value of related inventories of packaging, ingredients, and finished products, as well as $.4 for other exit costs incurred. Further, management determined that the resulting reduced cash flows from its tomato paste business, which had supplied the Company's ketchup production, was less than the carrying value of its paste production facility located near Williams, CA. Accordingly, the fair value of the related fixed assets as of December 31, 2002, was assessed based on a preliminary market quote, resulting in an impairment charge of $5.0. On February 4, 2003, the Company sold its tomato paste business, including the Williams, CA, facility. The sale resulted in an additional loss of $3.6, including the write-off of $1.4 of goodwill associated with that business. The ketchup and paste operations were both part of the Dressings, Syrups, Jellies & Sauces segment.

In the quarter ended March 31, 2003, Ralcorp announced its plans to close its in-store bakery (ISB) facility in Kent, WA, part of the Cereals, Crackers & Cookies segment, and transfer production to a new ISB plant located in Utah. The Company is also in the process of transferring production from two other ISB facilities located near the new plant and expects to complete the project by April of 2004. The Company recorded $.2 of Kent employee termination benefits (68 employees), $1.3 of costs to remove and relocate equipment, and $.2 to write-off abandoned leasehold improvements. In addition, $1.2 of Kent operating lease termination costs were recorded as a liability when the facility was vacated, with $.5 in "Other current liabilities" and $.7 in "Other Liabilities" on the balance sheet. That amount represents the present value of the remaining lease rentals (through February 2007), reduced by estimated sublease rentals that could be reasonably obtained for the property. Together, these costs totaled $2.9 charged to restructuring expenses in fiscal 2003. All other costs associated with this project are charged to operating expenses as incurred or capitalized, as appropriate.

On January 23, 2001, the Company announced its plan to close the San Jose, CA, plant of its Dressings, Syrups, Jellies & Sauces segment and move production to its other facilities. This process was essentially complete by the end of fiscal 2001. Related costs totaling $.7 were recorded as restructuring charges in fiscal 2001.

On July 24, 2000, the Company announced its plan to close the Baltimore, MD, plant of its Dressings, Syrups, Jellies & Sauces segment and move production to its Dunkirk, NY, facility. This process was completed in fiscal 2001. Related costs totaling $1.9 were recorded as restructuring charges in fiscal 2001.

The following table reconciles the restructuring costs described above to "Restructuring Charges" shown on the statement of earnings. The after-tax effect was $9.2, or $.31 per diluted share, in 2003 and $1.7, or $.06 per diluted share, in 2001. Other than the Kent lease obligations recorded as described above, there were no restructuring reserves at September 30, 2003 or 2002.

	2003	2002	2001
Streator plant downsizing	$ 1.4	$ -	$ -
Ketchup business sale	1.4	-	-
Tomato paste asset impairment	5.0	-	-
Tomato paste business sale	3.6	-	-
ISB plant restructuring	2.9	-	-
San Jose plant closure	-	-	.7
Baltimore plant closure	-	-	1.9
	$ 14.3	$ -	$ 2.6

NOTE 4 – LITIGATION SETTLEMENT INCOME

The Company received payments in settlement of its claims related to vitamin antitrust litigation. The amounts received were recorded net of related expenses. The after-tax effect was $9.3, or $.31 per diluted share, in 2003 and $1.0, or $.03 per diluted share, in 2002.

NOTE 5 – MERGER TERMINATION FEE

Agribrands International, Inc. terminated a merger agreement with Ralcorp on December 1, 2000. In accordance with the agreement, Ralcorp received a payment of $5.0 as a termination fee, which was recorded in the first quarter of fiscal 2001 net of related expenses. The after-tax effect was $2.6, or $.09 per diluted share.

NOTE 6 – INCOME TAXES

The provision for income taxes consisted of the following:

	2003	2002	2001
Current:			
Federal	$ 26.8	$ 27.6	$ 16.7
State	2.6	2.1	1.2
	29.4	29.7	17.9
Deferred:			
Federal	(12.3)	.8	4.4
State	(.2)	.2	(.2)
	(12.5)	1.0	4.2
Income taxes	16.9	30.7	22.1
Deferred income taxes on equity earnings (federal)	(.3)	(.4)	2.1
Total provision for income taxes	$ 16.6	$ 30.3	$ 24.2

A reconciliation of income taxes with amounts computed at the statutory federal rate follows:

	2003	2002	2001
Computed tax at federal statutory rate (35%)	$ 8.4	$ 29.4	$ 22.4
State income taxes, net of federal tax benefit	1.6	1.5	.7
Non-deductible goodwill impairment/amortization	7.6	-	1.2
Other, net	(1.0)	(.6)	(.1)
	$ 16.6	$ 30.3	$ 24.2

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets (liabilities) at September 30 were as follows:

	2003			2002		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Current:						
Accrued liabilities	$ 4.0	$ -	$ 4.0	$ 2.4	$ -	$ 2.4
Inventories	-	(1.5)	(1.5)	2.1	-	2.1
Other items	.4	-	.4	.6	-	.6
	4.4	(1.5)	2.9	5.1	-	5.1
Noncurrent:						
Equity investment in Vail	-	(21.5)	(21.5)	-	(21.8)	(21.8)
Property basis differences	-	(33.5)	(33.5)	-	(32.6)	(32.6)
Intangible assets	4.9	-	4.9	-	(5.1)	(5.1)
Pension	11.8	-	11.8	8.2	-	8.2
Postretirement benefits	5.8	-	5.8	5.4	-	5.4
Deferred compensation	7.4	-	7.4	5.6	-	5.6
Insurance reserves	4.7	-	4.7	3.8	-	3.8
Other items	.4	-	.4	.2	-	.2
	35.0	(55.0)	(20.0)	23.2	(59.5)	(36.3)
Total deferred taxes	$ 39.4	$ (56.5)	$ (17.1)	$ 28.3	$ (59.5)	$ (31.2)

NOTE 7 – EQUITY INVESTMENT IN VAIL RESORTS, INC.

On January 3, 1997, the Company sold its ski resorts holdings (Resort Operations) to Vail Resorts, Inc. (Vail) in exchange for 7,554,406 shares of Vail common stock (NYSE:MTN). At the date of the exchange, the Company's equity interest in the underlying net assets of Vail exceeded the net book value of the net assets contributed by the Company to Vail by $37.5. This excess is being amortized ratably to the investment in Vail over 20 years. The unamortized excess was $24.8 and $26.7 as of September 30, 2003 and 2002, respectively. The amount of retained earnings that represents undistributed earnings of Vail was $14.2 and $14.6 as of September 30, 2003 and 2002, respectively.

The following table summarizes information about the Company's equity investment in Vail at September 30:

	2003	2002
Ownership percentage	21.5%	21.5%
Carrying value	$ 80.1	$ 80.8
Market value	108.0	107.0

Terms of a shareholder agreement provide that the Company will not acquire any additional shares of Vail stock except in limited circumstances. The Company has registration rights with respect to the Vail stock, but the shareholder agreement provides that, with certain limited exceptions, Vail and its largest shareholder can purchase at market prices any Vail stock the Company desires to sell. The Company can only sell its Vail stock in a registered offering allowed under the shareholder agreement or in private transactions (provided the purchaser agrees to be bound by the shareholder agreement). The shareholder agreement provides that the Company will vote the shares of Vail stock in accordance with the recommendation of Vail's Board of Directors with respect to shareholder proposals and nominations to that Board, and with respect to other proposals, in proportion to the votes of all other shareholders. However, the Company may vote as it deems appropriate with respect to proposals for the merger of Vail, the sale of all Vail assets, the creation of any other class of voting stock of Vail or changes to Vail's certificate of incorporation or bylaws if such changes adversely affect the Company's rights under the shareholder agreement. The Company has two representatives on the 17-member Vail Board of Directors.

Vail's fiscal year ends July 31, so the Company reports equity earnings on a two-month time lag. In October 2002, Vail filed an amended Annual Report on Form 10-K for July 31, 2001, which included restatements and reclassifications of previously issued financial information. Because the effects on Ralcorp's earnings were immaterial for any single year and in total, the Company chose to reflect the full $4.9 impact ($3.2 after taxes, or $.10 per diluted share) in fiscal 2002 rather than restate its previously reported financial statements. In November 2003, Vail again restated its financial statements for prior years. Because the effects on Ralcorp's earnings were immaterial for any single year and in total, the Company chose to reflect the full $.8 impact ($.5 after taxes, or $.02 per diluted share) in fiscal 2003 rather than restate its previously reported financial statements. Vail's summarized financial information, as restated, follows.

	Year Ended July 31, 2003	Year Ended July 31, 2002	Year Ended July 31, 2001
Net revenues	$ 710.4	$ 615.3	$ 543.8
Total operating expenses	675.9	566.2	497.9
Income from operations	$ 34.5	$ 49.1	$ 45.9
Income before cumulative effect of change in accounting principle	$ (8.5)	$ 8.8	$ 11.5
Net income	$ (8.5)	$ 7.1	$ 11.5

	July 31, 2003	July 31, 2002
Current assets	$ 117.0	$ 109.4
Noncurrent assets	1,338.4	1,339.6
Total assets	$ 1,455.4	$ 1,449.0
Current liabilities	$ 180.0	$ 154.4
Noncurrent liabilities	750.0	767.0
Minority interest	29.2	23.6
Stockholders' equity	496.2	504.0
Total liabilities and stockholders' equity	$ 1,455.4	$ 1,449.0

NOTE 8 – EARNINGS PER SHARE

The following schedule shows common stock options and deferred compensation awards which were outstanding and could potentially dilute basic earnings per share in the future but which were not included in the computation of diluted earnings per share for the periods indicated because to do so would have been antidilutive. See Note 18 for more information about outstanding options and deferred compensation plans.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2003				
Stock options at $25.09 per share	461,500	-	-	-
Stock options at $25.23 per share	4,500	-	-	-
Stock options at $28.15 per share	4,000	4,000	4,000	4,000
Stock options at $29.85 per share	-	-	-	22,500
Fiscal 2002				
Stock options at $25.09 per share	-	-	-	461,500
Stock options at $25.23 per share	-	-	-	4,500
Stock options at $28.15 per share	-	-	-	4,000
Deferred compensation awards	113,263	99,856	93,301	-
Fiscal 2001				
Stock options at $14.63 per share	407,000	-	-	-
Stock options at $16.31 per share	5,000	-	-	-
Stock options at $17.19 per share	432,500	423,500	423,500	-
Stock options at $18.50 per share	-	458,000	458,000	-
Stock options at $19.30 per share	-	-	-	22,500
Deferred compensation awards	220,489	150,889	151,266	125,068

NOTE 9 – SUPPLEMENTAL EARNINGS STATEMENT AND CASH FLOW INFORMATION

	2003	2002	2001
Repair and maintenance expenses	$ 41.1	$ 41.8	$ 36.7
Advertising and promotion expenses	8.7	8.7	8.2
Research and development expenses	6.2	5.0	4.4
Interest paid	3.6	6.1	16.4
Income taxes paid, net of refunds	32.3	29.9	13.6

NOTE 10 – SUPPLEMENTAL BALANCE SHEET INFORMATION

	September 30,	
	2003	2002
Inventories		
Raw materials and supplies	$ 62.2	$ 59.3
Finished products	85.4	102.3
	147.6	161.6
Allowance for obsolete inventory	(1.9)	(2.9)
	$ 145.7	$ 158.7
Property		
Land	$ 5.0	$ 5.2
Buildings and leasehold improvements	84.3	86.6
Machinery and equipment	378.7	365.1
Construction in progress	16.7	18.7
	484.7	475.6
Accumulated depreciation	(219.4)	(193.0)
	$ 265.3	$ 282.6
Other Intangible Assets		
Computer software	$ 26.7	$ 21.6
Trademark	9.0	9.0
	35.7	30.6
Accumulated amortization	(20.0)	(16.7)
	$ 15.7	$ 13.9
Other Current Liabilities		
Compensation	$ 16.0	$ 15.1
Advertising and promotion	14.6	14.7
Other items	12.0	15.0
	$ 42.6	$ 44.8

NOTE 11 – SALE OF RECEIVABLES

To reduce its long-term debt, on September 24, 2001 the Company entered into a three-year agreement to sell, on an ongoing basis, all of its trade accounts receivable to a wholly owned, bankruptcy-remote subsidiary called Ralcorp Receivables Corporation (RRC). RRC funds its purchases of Ralcorp trade receivables by selling up to $66.0 of ownership interests in such receivables to a bank commercial paper conduit, which issues commercial paper to investors. Ralcorp continues to service the receivables as agent for RRC and the bank conduit. RRC is a qualifying special purpose entity under FAS 140 and the sale of Ralcorp receivables to RRC is considered a true sale for accounting, tax, and legal purposes. Therefore, the trade receivables sold and the related commercial paper borrowings are not recorded on Ralcorp's consolidated balance sheet. However, the Company's consolidated balance sheet does reflect an investment in RRC that in substance represents a subordinated retained interest in the trade receivables sold. As of September 30, 2003, the outstanding balance of receivables (net of an allowance for doubtful accounts) sold to RRC was $86.6 and proceeds received were $34.2, resulting in a retained interest of $52.4. As of September 30, 2002, the outstanding balance of receivables sold was $86.3 and proceeds received were $56.6, resulting in a retained interest of $29.7. Discounts related to the sale of receivables totaled $.7 and $1.2 for the years ended September 30, 2003 and September 30, 2002, respectively, and are included on the statement of earnings in "Selling, general and administrative" expenses.

NOTE 12 – ALLOWANCES FOR DOUBTFUL ACCOUNTS AND OBSOLETE INVENTORY

	2003	2002	2001
Allowance for Doubtful Accounts			
Balance, beginning of year	$ -	$ -	$ 1.6
Provision charged to expense	1.7	.1	.4
Write-offs, less recoveries	(2.2)	(.3)	(.3)
Acquisitions	-	-	.2
Transfers to Ralcorp Receivables Corporation	.5	.2	(1.9)
Balance, end of year	$ -	$ -	$ -
Allowance for Obsolete Inventory			
Balance, beginning of year	$ 2.9	$ 2.5	$ 1.6
Provision charged to expense	4.7	5.5	3.6
Write-offs of inventory	(5.7)	(5.2)	(2.8)
Acquisitions	-	.1	.1
Balance, end of year	$ 1.9	$ 2.9	$ 2.5

NOTE 13 – DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Fair Values

The carrying amounts reported on the Consolidated Balance Sheet for cash and cash equivalents, receivables and accounts payable approximate fair value because of the short maturities of these financial instruments. The estimated fair value of the Company's long-term debt (see Note 14) approximates book value since the interest rates on nearly all of the outstanding borrowings are adjusted frequently.

Concentration of Credit Risk

The Company's primary concentration of credit risk is related to certain trade accounts receivable due from several highly leveraged or "at risk" customers. At September 30, 2003 and 2002, the amount of such receivables was immaterial. Consideration was given to the financial position of these customers when determining the fair value of the Company's subordinated retained interest in accounts receivable (see Note 11).

Hedging Activities

On October 1, 2000, the Company implemented Statement of Financial Accounting Standards (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by FAS 137 and FAS 138 (collectively, the "Statement"). This Statement requires all derivatives to be recognized in the balance sheet at fair value, with changes in that fair value to be recorded in current earnings or deferred in other comprehensive income, depending on whether the derivative instrument qualifies as a hedge and, if so, the nature of the hedging activity. The Company's transition adjustment upon adoption of the Statement was immaterial. In the ordinary course of business, the Company is exposed to commodity price risks relating to the acquisition of raw materials and supplies and interest rate risks relating to debt. Authorized individuals within the Company may utilize derivative financial instruments, including (but not limited to) futures contracts, option contracts, forward contracts and swaps, to manage certain of these exposures by hedging when it is practical to do so. The terms of these instruments generally do not exceed twelve months. The Company is not permitted to engage in speculative or leveraged transactions and will not hold or issue financial instruments for trading purposes. Hedge accounting is only applied when the derivative is deemed to be highly effective at offsetting changes in fair values or anticipated cash flows of the hedged item or transaction. Earnings impacts for all designated hedges are recorded in the Consolidated Statement of Earnings within the same line item as the gain or loss on the item being hedged. For a fair value hedge of a recognized asset or liability or unrecognized firm commitment, the entire change in fair value of the derivative is recorded in earnings as incurred. For a cash flow hedge of an anticipated transaction, the ineffective portion of the change in fair value of the derivative is recorded in earnings as incurred, whereas the effective portion is deferred in accumulated other comprehensive income in the Consolidated Balance Sheet until the transaction is realized, at which time any deferred hedging gains or losses are recorded in earnings. During fiscal 2003, 2002, and 2001, hedging activities consisted only of cash flow hedges on ingredient and packaging purchases. Hedge gains totaling $5.3 were deferred into accumulated other comprehensive income during fiscal 2003, $.8 was reclassified into earnings, and $.1 of ineffectiveness was recorded in earnings as incurred. During fiscal 2002, hedge gains totaling $2.0 were deferred into accumulated other comprehensive income, $.9 was reclassified into earnings, and $.1 of ineffectiveness was recorded in earnings as incurred. Corresponding amounts were immaterial during fiscal 2001. The contractual amounts of the related derivatives totaled $21.2 and $10.5 at September 30, 2003 and 2002, respectively, while the corresponding fair values were $5.2 and $1.0.

NOTE 14 – LONG-TERM DEBT

Long-term debt consisted of the following at September 30:

	2003		2002	
	Balance Outstanding	Interest Rate	Balance Outstanding	Interest Rate
Floating Rate Senior Notes, Series A	$ 150.0	1.980%	$ -	n/a
$275 Revolving Credit Agreement	-	n/a	165.0	2.754%
Uncommited credit arrangements	.1	2.000%	8.0	2.700%
Industrial Development Revenue Bond	5.6	0.990%	5.6	1.540%
Other	.2	Various	.4	Various
	$ 155.9		$ 179.0	

On May 22, 2003, the Company issued Floating Rate Senior Notes, Series A, in the amount of $150.0. Borrowings under this private placement debt financing incur interest at a rate of 3-month LIBOR plus 0.85%, adjusted quarterly, with interest payable quarterly in arrears. Borrowings under this agreement are unsecured and mature on May 22, 2010. The note agreement contains certain representations, warranties, covenants, and conditions customary to agreements of this nature. The covenants include requirements that debt not exceed 3.5 times EBITDA (defined generally as net earnings plus interest expense, taxes, depreciation, and amortization) and that adjusted net worth remain above a certain minimum amount.

On October 16, 2001, the Company entered into a $275 revolving credit agreement. Borrowings under the credit agreement incur interest at the Company's choice of either (1) LIBOR plus the applicable margin rate (currently 0.875%) or (2) the maximum of the federal funds rate plus 0.50% or the prime rate. Such borrowings are unsecured and mature on October 16, 2004 unless such date is extended. The credit agreement calls for an unused fee (currently 0.20%), payable quarterly in arrears, and contains certain representations, warranties, covenants, and conditions customary to credit facilities of this nature. The covenants include requirements that debt not exceed three times EBITDA (defined generally as net earnings plus taxes, interest expense, depreciation, and amortization), EBIT (defined generally as net earnings plus interest and taxes) be at least three times interest expense, and adjusted net worth remain above a certain minimum amount.

The Company has entered into uncommitted credit arrangements with banks that totaled $35.0 as of September 30, 2003. Borrowings under these arrangements typically have terms of less than a week. The amounts outstanding under these arrangements at September 30, 2003 matured October 1, 2003. Based upon management's intent and ability to refinance these amounts on a long-term basis, they were classified as long-term.

Through the acquisition of The Red Wing Company, Inc., the Company acquired an Industrial Development Revenue Bond in the amount of $5.6, which bears interest at a variable rate and matures on April 1, 2005.

As of September 30, 2003, $10.2 in letters of credit and surety bonds were outstanding with various financial institutions, principally related to self-insurance requirements.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is a party to a number of legal proceedings in various state and federal jurisdictions. These proceedings are in varying stages and many may proceed for protracted periods of time. Some proceedings involve complex questions of fact and law. Additionally, the operations of the Company, like those of similar businesses, are subject to various federal, state, and local laws and regulations intended to protect public health and the environment, including air and water quality and waste handling and disposal.

Pending legal liability, if any, from these proceedings cannot be determined with certainty; however, in the opinion of Company management, based upon the information presently known, the ultimate liability of the Company, if any, arising from the pending legal proceedings, as well as from asserted legal claims and known potential legal claims which are probable of assertion, taking into account established accruals for estimated liabilities (if any), are not expected to be material to the Company's consolidated financial position, results of operations and cash flows. In addition, while it is difficult to quantify with certainty the potential financial impact of actions regarding expenditures for compliance with regulatory matters, in the opinion of management, based upon the information currently available, the ultimate liability arising from such compliance matters should not be material to the Company's consolidated financial position, results of operations and cash flows.

Additionally, the Company has retained certain potential liabilities associated with divested businesses (its former branded cereal business and ski resort business). Presently, management believes that taking into account applicable liability caps, sharing arrangements with acquiring entities and the known facts and circumstances regarding the retained liabilities, potential liabilities of the divested businesses should not be material to the Company's consolidated financial position, results of operations and cash flows.

Lease Commitments

Future minimum rental payments (receipts) under noncancelable operating leases and subleases in effect as of September 30, 2003 were:

	2004	2005	2006	2007	2008	Later	Total
Leases	$ 5.2	$ 5.0	$ 2.5	$ 1.7	$ .9	$ 2.9	$ 18.2
Subleases	(.6)	(.7)	(.1)	-	-	-	(1.4)

Rent expense for all operating leases was $7.9, $7.6, and $7.2 in fiscal 2003, 2002, and 2001, respectively, net of sublease income of $.6 in each year.

Container Supply Agreement

During fiscal 2002, the Company entered into a ten-year agreement to purchase certain containers from a single supplier. It is believed that the agreement was related to the supplier's financing arrangements regarding the container facility. The Company's total purchases under the agreement were $7.7 in fiscal 2003 and $2.6 in fiscal 2002. Generally, to avoid a shortfall payment requirement, the Company must purchase approximately 655 million additional containers by the end of the ten-year term. The minimum future payment obligation cannot be determined at this time, but is currently estimated at $4.7.

Other Contingencies

In connection with the sale of the Company's Resort Operations in 1997, Vail assumed the obligation to repay, when due, certain indebtedness of Resort Operations consisting of the following: Series 1990 Sports Facilities Refunding Revenue Bonds in the aggregate principal amount of $19.0, bearing interest at rates ranging from 7.75% to 7.875% and maturing in installments in 2006 and 2008; and Series 1991 Sports Facilities Refunding Revenue Bonds in the aggregate principal amount of $1.5, bearing interest at 7.375% and maturing in 2010 (collectively, "Resort Operations Debt"). The Resort Operations Debt is guaranteed by Ralston Purina Company (Ralston). Pursuant to an Agreement and Plan of Reorganization signed when the Company was spun-off from Ralston in 1994, the Company agreed to indemnify Ralston for any liabilities associated with the guarantees. To facilitate the sale of the Company's branded cereal business to General Mills in 1997, General Mills acquired the legal entity originally obligated to so indemnify Ralston. Pursuant to the Reorganization Agreement with General Mills, however, the Company has agreed to indemnify General Mills for any liabilities it may incur with respect to indemnifying Ralston relating to aforementioned guarantees. Presently, management believes there is not a significant likelihood that Vail will default on its repayment obligations with respect to the Resort Operations Debt.

NOTE 16 – PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company sponsors qualified and supplemental noncontributory defined benefit pension plans and other postretirement benefit plans for its employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending September 30, 2003, and a statement of the funded status as of September 30 of both years.

	Pension Benefits		Other Benefits	
	2003	**2002**	**2003**	**2002**
Change in benefit obligation				
Benefit obligation at beginning of year	$ 138.2	$ 124.2	$ 27.7	$ 20.6
Service cost	5.4	4.8	.1	.1
Interest cost	9.1	8.8	1.8	1.4
Actuarial loss	20.7	6.2	1.6	7.7
Curtailment gain	(15.8)	-	-	-
Benefit payments	(6.1)	(5.8)	(1.4)	(2.1)
Benefit obligation at end of year	$ 151.5	$ 138.2	$ 29.8	$ 27.7
Change in fair value of plan assets				
Fair value of plan assets at beginning of year	$ 99.6	$ 107.6	$ -	$ -
Actual return on plan assets	11.3	(2.3)	-	-
Employer contributions	10.1	.1	-	-
Benefit payments	(6.1)	(5.8)	-	-
Fair value of plan assets at end of year	$ 114.9	$ 99.6	$ -	$ -
Funded status	$ (36.6)	$ (38.6)	$ (29.8)	$ (27.7)
Unrecognized net actuarial loss	40.1	35.0	14.0	13.3
Unrecognized prior service cost	-	-	(.1)	(.2)
Unrecognized transition asset	(.1)	(.1)	-	-
Net amount recognized	$ 3.4	$ (3.7)	$ (15.9)	$ (14.6)
Amounts recognized				
Accrued benefit liability	$ (32.0)	$ (22.2)	$ (15.9)	$ (14.6)
Accumulated other comprehensive income	35.4	18.5	-	-
Net amount recognized	$ 3.4	$ (3.7)	$ (15.9)	$ (14.6)
Weighted-average assumptions as of September 30				
Discount rate	6.00%	6.75%	6.00%	6.75%
Rate of compensation increase	4.75%	4.75%	N/A	N/A
Expected return on plan assets	9.00%	9.50%	N/A	N/A

For September 30, 2003 measurement purposes, the assumed annual rate of increase in the future per capita cost of covered health care benefits was 11% for 2004, declining gradually to an ultimate rate of 5% for 2010 and beyond. For September 30, 2002 measurement purposes, the assumed annual rate of increase in the future per capita cost of covered health care benefits was 12% for 2003, declining gradually to an ultimate rate of 5% for 2010. A 1% change in assumed health care cost trend rates would result in a corresponding change in the accumulated postretirement benefit obligation at September 30, 2003 of approximately $2.8 and in the total service and interest cost components for fiscal 2003 of approximately $.2.

In September 2003, Ralcorp's Board of Directors approved management's recommendation to modify the pension benefits to be provided under the Ralcorp Retirement Plan. Accordingly, no additional pension benefits will be earned by administrative employees as the result of additional service or pay increases after December 31, 2003. The resulting curtailment gain is shown above as a change in benefit obligation during 2003.

The following table provides the components of net periodic benefit cost for the plans.

	Pension Benefits			Other Benefits		
	2003	2002	2001	2003	2002	2001
Service cost	$ 5.4	$ 4.8	$ 4.0	$ .1	$ .1	$ .1
Interest cost	9.1	8.8	8.3	1.8	1.4	1.3
Expected return on plan assets	(11.6)	(12.1)	(11.6)	-	-	-
Amortization of:						
Net loss (gain)	.2	.1	(.8)	.8	.3	-
Prior service cost	-	.2	.3	-	-	-
Transition asset	(.1)	-	(.1)	-	-	-
Net periodic benefit cost	$ 3.0	$ 1.8	$ .1	$ 2.7	$ 1.8	$ 1.4

In addition to the above plans, the Company sponsors defined contribution [401(k)] plans under which the Company makes matching contributions. The costs of these plans were $3.5, $3.0, and $2.7 for the years ended September 30, 2003, 2002, and 2001, respectively. The Company contributed $.9 annually to multiemployer pension plans in fiscal 2003 and 2002.

NOTE 17 – SHAREHOLDERS' EQUITY

At September 30, 2003, 4,072,438 shares of the Company's common stock were reserved under various employee incentive compensation and benefit plans.

The Company has not issued any shares of preferred stock. The terms of any series of preferred stock (including but not limited to the dividend rate, voting rights, convertibility into other Company securities, and redemption) may be set by the Company's Board of Directors.

At September 30, 2003, accumulated other comprehensive loss included $22.5 in net minimum pension liability adjustments after taxes, partially offset by a $4.0 net gain on cash flow hedging instruments after taxes. At September 30, 2002, the respective amounts were $11.7 partially offset by $1.1.

In November 2002, the Company's Board of Directors approved a tender offer for up to 4,000,000 shares of the Company's common stock at between $21.00 and $24.00 per share. The offer was in the form of a modified "Dutch Auction" where the final price is determined based upon the number of shares, and the respective prices, tendered. The offer resulted in the purchase of 1.15 million shares at a purchase price of $24.00 per share on December 11, 2002.

On December 18, 1996, the Company's Board of Directors declared a dividend distribution of one share purchase right (Right) for each outstanding share of the Company's common stock. Each Right entitles a shareholder to purchase from the Company one common share at an exercise price of $30 per share subject to antidilution adjustments. The Rights, however, become exercisable only at the time a person or group acquires, or commences a public tender offer for, 20% or more of the Company's common stock. If an acquiring person or group acquires 20% or more of the Company's common stock, the price will be further adjusted so that each Right (other than those held by the acquiring person or group) would entitle the holder to acquire for the exercise price a number of shares of the Company's common stock found by dividing the then current exercise price by the number of shares of the Company's common stock for which a Right is then exercisable and dividing that amount by 50% of the then current per share market price of the Company's common stock. In the event that the Company merges with, or transfers 50% or more of its assets or earning power to, any person or group after the Rights become exercisable, holders of the Rights may purchase, at the exercise price, common stock of the acquiring entity having a value equal to twice the exercise price. The Rights can be redeemed by the Board of Directors at $.01 per Right only up to the tenth business day after a person or group acquires 20% or more of the Company's common stock. Also, following the acquisition by a person or group of beneficial ownership of at least 20% but less than 50% of the Company's common stock, the Board may exchange the Rights for common stock at a ratio of one share of common stock per Right. The Rights expire on January 31, 2007.

NOTE 18 – STOCK-BASED COMPENSATION PLANS

On January 31, 2002, the Company's shareholders adopted the 2002 Incentive Stock Plan (Plan), which reserves shares to be used for various stock-based compensation awards and replaces the 1997 Incentive Stock Plan. The Plan provides that eligible employees may receive stock option awards and other stock awards payable in whole or part by the issuance of stock. At September 30, 2003, 1,475,734 shares were available for future awards under the Plan.

Stock Options

Changes in nonqualified stock options outstanding are summarized in the following table.

	2003		2002		2001	
	Shares Under Option	Weighted Average Exercise Price	Shares Under Option	Weighted Average Exercise Price	Shares Under Option	Weighted Average Exercise Price
Outstanding, beginning of year	2,387,800	$ 17.35	2,038,000	$ 15.22	1,597,500	$ 14.09
Granted	322,500	24.43	492,500	24.98	523,000	18.35
Exercised	(98,100)	14.57	(122,800)	13.02	(53,000)	12.00
Forfeited or expired	(15,500)	20.30	(19,900)	15.53	(29,500)	15.09
Outstanding, end of year	2,596,700	18.31	2,387,800	17.35	2,038,000	15.22
Exercisable, end of year	724,575	14.39	407,475	14.36	125,750	14.22

Generally, options are exercisable beginning from three to nine years after date of grant and have a maximum term of ten years. The following table provides more information about options outstanding at September 30, 2003.

	Outstanding			Exercisable	
Range of Exercise Prices	Shares Under Option	Weighted Average Remaining Life	Weighted Average Exercise Price	Shares Under Option	Weighted Average Exercise Price
$12.00 - $15.00	884,450	3.35 years	$ 12.93	505,075	$ 13.14
$15.01 - $20.00	907,250	6.18 years	17.84	219,500	17.29
$20.01 - $25.00	321,500	8.96 years	23.89	-	-
$25.01 - $29.85	483,500	8.18 years	25.34	-	-
$12.00 - $29.85	2,596,700	5.93 years	18.31	724,575	14.39

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model. The weighted average assumptions and fair values for options granted each year were as follows:

	2003	2002	2001
Expected stock price volatility	36.21%	37.16%	39.03%
Risk-free interest rate	3.52%	4.70%	4.97%
Expected option life	7.09 yrs	7.15 yrs	6.93 yrs
Fair value (per share)	$10.94	$12.14	$ 9.12

Restricted Stock Awards

The Company granted restricted stock awards of 2,000, 2,155, and 1,795 shares during fiscal 2003, 2002, and 2001, respectively, to the Chairman of the Board. These shares may not be sold, pledged, transferred or disposed of except upon the recipient's death, voluntary termination or retirement, or termination due to expiration of the recipient's term without re-election to a subsequent term. The weighted average grant date fair value of the awards was $25.00 per share in 2003, $23.20 per share in 2002, and $16.25 per share in 2001.

Deferred Compensation

The Incentive Stock Plan provides for deferred compensation plans for non-management directors and key employees, as well as an Executive Savings Investment Plan.

Under the Deferred Compensation Plan for Non-Management Directors, any non-management director may elect to defer, within certain limitations, their retainer and fees until retirement or other termination of their directorship. Deferrals may be made in Ralcorp common stock equivalents (Equity Option) or in cash under a number of funds operated by The Vanguard Group Inc. with a variety of investment strategies and objectives (Vanguard Funds). Deferrals in the Equity Option receive a 33 1/3% Company matching contribution that is fully vested.

Under the Deferred Compensation Plan for Key Employees, eligible employees may elect to defer payment of all or a portion of their bonus until some later date. Deferrals may be made in the Equity Option or in the Vanguard Funds.

The Executive Savings Investment Plan allows eligible employees to defer up to 15% of their compensation once they have reached the legislated maximum annual pre-tax contribution to the Company's Savings Investment Plan [401(k)] or their compensation exceeds the legislated maximum compensation that can be recognized under that plan. A portion of the deferrals under this plan receives a Company matching contribution that vests at a rate of 25% for each year of Company service.

Matching contributions related to these three deferred compensation plans resulted in additional annual compensation expense of approximately $.1 for fiscal 2003, 2002, and 2001. Market adjustments to the liability and investment related to these plans resulted in pretax expense of $.9, $.6, and $1.9 for fiscal 2003, 2002, and 2001, respectively.

NOTE 19 – SEGMENT INFORMATION

The Company's operating segments offer different products and services and are managed separately. These operating segments have been aggregated to present the Company's reportable segments – Cereals, Crackers & Cookies; Dressings, Syrups, Jellies & Sauces; and Snack Nuts & Candy. The Company evaluates segment performance based on profit or loss from operations before income taxes, interest, restructuring charges, and other unallocated corporate expenses.

The accounting policies of the segments are the same as those described in Note 1. The Company's revenues were primarily generated by sales within the United States; foreign sales were immaterial. There were no material intersegment revenues. In fiscal 2003, one customer accounted for $186.5, or approximately 14%, of total net sales. Each of the segments sells products to this major customer.

The table below presents information about reportable segments as of and for the years ended September 30. Note that "Additions to property and intangibles" excludes additions through business acquisitions (see Note 2).

	2003	2002	2001
Net sales			
Cereals	$ 316.7	$ 312.5	$ 310.6
Crackers & Cookies	397.6	343.5	264.6
Dressings, Syrups, Jellies & Sauces	405.8	451.5	420.5
Snack Nuts & Candy	183.5	172.8	182.3
Total	$ 1,303.6	$ 1,280.3	$ 1,178.0
Profit contribution			
Cereals, Crackers & Cookies	$ 76.9	$ 70.1	$ 58.4
Dressings, Syrups, Jellies & Sauces	8.0	13.5	7.6
Snack Nuts & Candy	22.8	20.6	15.9
Total segment profit contribution	107.7	104.2	81.9
Accelerated depreciation related to restructuring	(3.0)	-	-
Interest expense, net	(3.3)	(5.9)	(15.9)
Goodwill impairment loss	(59.0)	-	-
Restructuring charges	(14.3)	-	(2.6)
Litigation settlement income	14.6	1.6	-
Merger termination fee	-	-	4.2
Other unallocated corporate expenses	(18.0)	(14.6)	(9.5)
Earnings before income taxes and equity earnings	$ 24.7	$ 85.3	$ 58.1
Additions to property and intangibles			
Cereals, Crackers & Cookies	$ 19.2	$ 13.5	$ 14.2
Dressings, Syrups, Jellies & Sauces	10.2	13.9	14.9
Snack Nuts & Candy	1.3	1.3	1.1
Corporate	5.4	.4	5.5
Total	$ 36.1	$ 29.1	$ 35.7
Depreciation and amortization			
Cereals, Crackers & Cookies	$ 24.3	$ 24.0	$ 25.5
Dressings, Syrups, Jellies & Sauces	8.5	8.7	11.0
Snack Nuts & Candy	2.3	2.3	4.6
Corporate	3.6	.8	.5
Total	$ 38.7	$ 35.8	$ 41.6
Assets, end of year			
Cereals, Crackers & Cookies	$ 331.9	$ 337.1	$ 295.2
Dressings, Syrups, Jellies & Sauces	168.8	261.2	273.8
Snack Nuts & Candy	101.2	98.1	104.0
Investment in Ralcorp Receivables Corporation	52.4	29.7	41.0
Investment in Vail Resorts, Inc.	80.1	80.8	81.9
Other unallocated corporate assets	59.9	25.6	22.0
Total	$ 794.3	$ 832.5	$ 817.9

NOTE 20 – QUARTERLY FINANCIAL DATA (UNAUDITED)

The results for any single quarter are not necessarily indicative of the Company's results for any other quarter or the full year. Due to the Company's equity interest in Vail (see Note 7), which typically yields more than the entire year's equity income during the Company's second and third fiscal quarters, net earnings of the Company are seasonal. In addition certain aspects of the Company's operations, especially in the Snack Nuts & Candy segment, are somewhat seasonal with a higher percentage of sales and operating profits expected to be recorded in the first and fourth fiscal quarters.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Fiscal 2003					
Net sales	$ 348.3	$ 314.4	$ 311.5	$ 329.4	$ 1,303.6
Gross profit	68.5	60.5	62.5	66.5	258.0
Net earnings	13.3	16.8	16.0	(38.7)	7.4
Diluted earnings per share	.44	.57	.54	(1.34)	.25
Market price per share - high	25.40	27.79	27.55	29.85	29.85
Market price per share - low	19.43	24.00	24.43	24.81	19.43
Fiscal 2002					
Net sales	$ 325.1	$ 313.5	$ 314.9	$ 326.8	$ 1,280.3
Gross profit	65.9	60.4	63.4	63.0	252.7
Net earnings	12.8	14.6	18.1	8.3	53.8
Diluted earnings per share	.42	.48	.59	.25	1.77
Market price per share - high	24.30	28.24	31.25	31.80	31.80
Market price per share - low	18.93	22.40	25.62	20.70	18.93

NOTE 21 – SUBSEQUENT EVENT

On December 3, 2003, the Company completed the acquisition of Bakery Chef, Inc., for $287.5 in cash. Bakery Chef is a leading manufacturer of frozen griddle products (pancakes, waffles and French toast) and other frozen pre-baked products. This acquisition provides a platform for increasing Ralcorp's existing access to the food service channel and allows entry into the frozen food segment. Bakery Chef operates five manufacturing facilities, employs approximately 800 people, and had net sales of $165 for the year ended December 31, 2002. Ralcorp financed the acquisition primarily through borrowings under its existing $275 revolving credit facility. The allocation of the purchase price to the acquired assets and liabilities has not yet been completed.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information regarding directors under the headings "ELECTION OF DIRECTORS," "INFORMATION ABOUT RALCORP'S BOARD OF DIRECTORS," "BOARD GOVERNANCE," and "OTHER MATTERS – Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Notice of Annual Meeting and Proxy Statement (to be filed) is hereby incorporated by reference. Information regarding Executive Officers of the Company is included under Item 4A of Part I.

ITEM 11. EXECUTIVE COMPENSATION

Information appearing under the heading "EXECUTIVE COMPENSATION" and the remuneration information under the heading "DIRECTOR COMPENSATION" in the Company's Notice of Annual Meeting and Proxy Statement (to be filed) are hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The discussion of the security ownership of certain beneficial owners and management appearing under the heading "STOCK OWNERSHIP INFORMATION" and "EQUITY COMPENSATION PLAN INFORMATION" in the Company's Notice of Annual Meeting and Proxy Statement (to be filed) is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information appearing under the headings "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION" and "OTHER RELATIONSHIPS INVOLVING DIRECTORS, OFFICERS, OR THEIR ASSOCIATES" of the Company's Notice of Annual Meeting and Proxy Statement (to be filed) is hereby incorporated by reference.

ITEM 14. CONTROLS AND PROCEDURES

(a) The Company maintains systems of internal controls with respect to gathering, analyzing and disclosing all information required to be disclosed in this report. Within the ninety days preceding the filing of this report, the Company completed an evaluation, under the supervision and with the participation of the Co-Chief Executive Officers and Presidents and the Corporate Vice President and Controller, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon the review, such officers concluded that the design and operation of disclosure controls effectively alerted management to material information regarding the Company and required to be filed in this report.

(b) There have been no significant changes in the Company's internal controls or other factors that could significantly affect those controls since their review was completed.

ITEM 15. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information under the heading "OTHER MATTERS – Independent Public Accountants" and "OTHER MATTERS – Fees Paid To PricewaterhouseCoopers LLC" in the Company's Notice of Annual Meeting and Proxy Statement (to be filed) is hereby incorporated by reference.

PART IV

ITEM 16. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed with this report:

1. Financial Statements. The following financial statements are filed as a part of this document under Item 8.

   -Report of Independent Accountants
   -Consolidated Statement of Earnings for years ended September 30, 2003, 2002 and 2001
   -Consolidated Balance Sheet at September 30, 2003 and 2002
   -Consolidated Statement of Cash Flows for years ended September 30, 2003, 2002 and 2001
   -Consolidated Statement of Shareholders' Equity for the three years ended September 30, 2003
   -Notes to Consolidated Financial Statements

2. Financial Statement Schedules. None. Schedules not included have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. Financial statements of the Registrant's 50% or less owned companies have been omitted because, in the aggregate, they are not significant.

3. Exhibits. See the Exhibit Index that appears at the end of this document and which is incorporated herein. Exhibits 10.14 through 10.45 and Exhibit 10.47 are management compensation plans or arrangements.

(b) Reports on Form 8-K. The Company filed the following reports on Form 8-K during the last quarter of the fiscal year:

   Form 8-K filed July 29, 2003 relating to a press release dated July 29, 2003 announcing fiscal 2003 third quarter earnings.

   Form 8-K filed September 18, 2003 relating to a press release dated September 18, 2003 announcing the retirement of its Chief Executive Officer and President, Joe R. Micheletto, and the appointment of his successors.

   Form 8-K filed September 18, 2003 relating to a press release dated September 18, 2003 announcing the retirement of its General Counsel and Secretary, Robert W. Lockwood, and the appointment of his successor.

SIGNATURES

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

RALCORP HOLDINGS, INC.

By: /s/ KEVIN J. HUNT	/s/ DAVID P. SKARIE
Kevin J. Hunt Co-Chief Executive Officer and President	David P. Skarie Co-Chief Executive Officer and President

December 4, 2003

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints C. G. Huber and T. G. Granneman and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resolution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ KEVIN J. HUNT Kevin J. Hunt	Co-Chief Executive Officer and President (Principal Executive Officer)	December 4, 2003
/s/ DAVID P. SKARIE David P. Skarie	Co-Chief Executive Officer and President (Principal Executive Officer)	December 4, 2003
/s/ THOMAS G. GRANNEMAN Thomas G. Granneman	Corporate Vice President and Controller (Principal Accounting Officer)	December 4, 2003
/s/ DAVID R. BANKS David R. Banks	Director	December 4, 2003
/s/ JACK W. GOODALL Jack W. Goodall	Director	December 4, 2003
/s/ M. DARRELL INGRAM M. Darrell Ingram	Director	December 4, 2003
/s/ DAVID W. KEMPER David W. Kemper	Director	December 4, 2003
/s/ JOE R. MICHELETTO Joe R. Micheletto	Director	December 4, 2003
/s/ RICHARD A. LIDDY Richard A. Liddy	Director	December 4, 2003
/s/ WILLIAM P. STIRITZ William P. Stiritz	Director	December 4, 2003

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
*3.1	Restated Articles of Incorporation of Ralcorp Holdings, Inc. (Filed as Exhibit 3.1 to the Company's Form 10-Q for the period ending December 31, 1996).
*3.2	Bylaws of Ralcorp Holdings, Inc. (Filed as Exhibit 3.2 to the Company's Form 10-K for the year ending September 30, 2002).
*4.1	Shareholder Protection Rights Agreement (Filed as Exhibit 4.1 to the Company's Registration Statement on Form 10 dated December 27, 1996).
*4.2	First Amendment to Shareholder Rights Protection Plan (Filed as Exhibit 4 to the Company's Form 10-Q for the period ending June 30, 1997).
*10.1	$275,000,000 Credit Agreement among Ralcorp Holdings, Inc., the lenders named therein, and Bank One, N.A., as Agent, dated as of October 16, 2001 (Filed as Exhibit 10.1 to the Company's Form 10-K for the year ending September 30, 2001).
*10.2	Reorganization Agreement dated as of January 31, 1997 by and among Ralcorp Holdings, Inc., New Ralcorp Holdings, Inc., Ralston Foods, Inc., Chex, Inc. and General Mills, Inc. (Filed as Exhibit 10.2 to the Company's Form 10-Q for the period ending December 31, 1997).
*10.3	Tax Sharing Agreement dated as of January 31, 1997 between Ralcorp Holdings, Inc. and New Ralcorp Holdings, Inc. (Filed as Exhibit 10.5 to the Company's Form 10-Q for the period ending December 31, 1996).
*10.4	Receivables Purchase Agreement dated as of September 25, 2001 among Ralcorp Receivables Corporation, Ralcorp Holdings, Inc., Falcon Asset Securitization Corporation and Bank One, N.A. (Filed as Exhibit 10.4 to the Company's Form 10-K for the year ending September 30, 2001).
*10.4.1	Amendment No. 1 to Receivables Purchase Agreement dated as of September 25, 2001 among Ralcorp Receivables Corporation, Ralcorp Holdings, Inc., Falcon Asset Securitization Corporation and Bank One, N.A. (Filed as Exhibit 10.4.1 to the Company's Form 10-K for the year ending September 30, 2002).
*10.5	Technology Agreement dated as of January 31, 1997 by and among Ralcorp Holdings, Inc., New Ralcorp Holdings, Inc. and Chex, Inc. (Filed as Exhibit 10.4 to the Company's Form 10-Q for the period ending December 31, 1996).
*10.6	Trademark Agreement dated as of January 31, 1997 by and among Ralcorp Holdings, Inc., New Ralcorp Holdings, Inc. and Chex, Inc. (Filed as Exhibit 10.3 to the Company's Form 10-Q for the period ending December 31, 1996).
*10.7	Agreement and Plan of Merger dated as of August 13, 1996 by and among Ralcorp Holdings, Inc., General Mills, Inc. and General Mills Missouri, Inc. (Filed as Exhibit 2.6 to the Company's Form 10-Q for the period ending December 31, 1996).
*10.8	Stock Purchase Agreement by and among Vail Resorts, Inc., Ralston Foods, Inc. and Ralston Resorts, Inc. dated July 22, 1996 (Filed as Exhibit 10.10 to the Company's Registration Statement on Form 10, dated December 27, 1996).
*10.9	Shareholder Agreement dated as of January 3, 1997 among Vail Resorts, Inc., Ralston Foods, Inc. and Apollo Ski Partners L.P. (Filed as Exhibit 10.9 to the Company's Form 10-Q for the period ending December 31, 1996).
*10.10	First Amendment to Shareholder Agreement dated as of November 1, 1999 among Vail Resorts, Inc., Ralcorp Holdings, Inc. and Apollo Ski Partners LP. (Filed as Exhibit 10.9(a) to the Company's Form 10-K for the year ending September 30, 2000).
*10.11	Amendment to Agreement and Plan of Merger dated October 26, 1996 by and among Ralcorp Holdings, Inc., General Mills, Inc. and General Mills Missouri, Inc. (Filed as Exhibit 10.11 to the Company's Form 10-K for the period ending September 30, 1997).

Exhibit Number	Description of Exhibit
*10.12	Second Amendment to Agreement and Plan of Merger dated January 29, 1997 by and among Ralcorp Holdings, Inc., General Mills, Inc., and General Mills Missouri, Inc. (Filed as Exhibit 10.7 to the Company's Form 10-Q for the period ending December 31, 1996).
*10.13	Third Amendment to Agreement and Plan of Merger dated January 31, 1997 by and among Ralcorp Holdings, Inc., General Mills, Inc. and General Mills Missouri, Inc. (Filed as Exhibit 10.8 to the Company's Form 10-Q for the period ending December 31, 1996).
*10.14	Incentive Stock Plan (Filed as Exhibit 10.01 to the Company's Registration Statement on Form 10 dated December 27, 1996).
*10.15	Form of 1997 Non-Qualified Stock Option Agreement (Filed as Exhibit 10.01 to the Company's Form 10-Q for the period ending June 30, 1997).
*10.16	Form of 1997 Non-Qualified Stock Option Agreement for Non-Management Directors (Filed as Exhibit 10.01 to the Company's Form 10-Q for the period ending June 30, 1997).
*10.17	Form of Amended and Restated Management Continuity Agreement for all Corporate Officers (Filed as Exhibit 10.17 to the Company's Form 10-K for the year ending September 30, 2001).
*10.18	Amended and Restated Management Continuity Agreement for J. R. Micheletto (Filed as Exhibit 10.18 to the Company's Form 10-K for the year ending September 30, 2001).
*10.19	Summary of Terms for 1998 Non-Qualified Stock Options (Filed as Exhibit 10.23 to the Company's Form 10-K for the year ending September 30, 1998).
*10.20	Split Dollar Second to Die Life Insurance Arrangement (Filed as Exhibit 10.07 to the Company's Registration Statement on Form 10 dated December 27, 1996).
*10.21	Change in Control Severance Compensation Plan (Filed as Exhibit 10.06 to the Company's Registration Statement on Form 10 dated December 27, 1996).
*10.22	Deferred Compensation Plan for Non-Management Directors (Filed as Exhibit 10.22 to the Company's Form 10-K for the year ending September 30, 2002).
*10.23	Deferred Compensation Plan for Key Employees (Filed as Exhibit 10.23 to the Company's Form 10-K for the year ending September 30, 2002).
*10.24	Executive Life Insurance Plan (Filed as Exhibit 10.10 to the Company's Registration statement on Form 10 dated December 27, 1996).
*10.25	Executive Health Plan (Filed as Exhibit 10.11 to the Company's Registration Statement on Form 10 dated December 27, 1996).
*10.26	Executive Long Term Disability Plan (Filed as Exhibit 10.12 to the Company's Registration Statement on Form 10 dated December 27, 1996).
*10.27	Supplemental Retirement Plan (Filed as Exhibit 10.14 to the Company's Registration Statement on Form 10 dated December 27, 1996).
*10.28	Executive Savings Investment Plan (Filed as Exhibit 10.28 to the Company's Form 10-K for the year ending September 30, 2002).
*10.29	Form of Indemnification Agreement for all Non-Management Directors of the Company (Filed as Exhibit 10.35 to the Company's Form 10-K for the year ending September 30, 1999).
*10.30	Form of Indemnification Agreement for all Management Directors of the Company (Filed as Exhibit 10.36 to the Company's Form 10-K for the year ending September 30, 1999).
*10.31	Form of Indemnification Agreement for all Corporate Officers who are not Directors of the Company (Filed as Exhibit 10.37 to the Company's Form 10-K for the year ending September 30, 1999).

Exhibit Number	**Description of Exhibit**
*10.32	Summary of Terms of 1999 Non-Qualified Stock Options (Filed as Exhibit 10.38 to the Company's Form 10-K for the year ending September 30, 1999).
*10.33	Summary of Terms of 2001 Non-Qualified Stock Options (Filed as Exhibit 10.33 to the Company's Form 10-K for the year ending September 30, 2001).
*10.34	Form of Non-Qualified Stock Option Agreement dated May 24, 2001 for each non-management Director (Filed as Exhibit 10.34 to the Company's Form 10-K for the year ending September 30, 2001).
*10.35	Form of Non-Qualified Stock Option Agreement dated September 27, 2001 for each non-management Director (Filed as Exhibit 10.35 to the Company's Form 10-K for the year ending September 30, 2001).
*10.36	Restricted Stock Award Agreement dated May 24, 2001 with William P. Stiritz (Filed as Exhibit 10.36 to the Company's Form 10-K for the period ending September 30, 2001).
*10.37	Agreement between Ralcorp Holdings, Inc. and J. R. Micheletto dated May 23, 2002 (Filed as Exhibit 10.1 to the Company's Form 10-Q for the period ending June 30, 2002).
*10.38	Ralcorp Holdings, Inc. 2002 Incentive Stock Plan (Filed as Exhibit 10.38 to the Company's Form 10-K for the period ending September 30, 2002).
*10.39	2002 Restricted Stock Award Agreement with William P. Stiritz granted January 2, 2002 (Filed as Exhibit 10.1 to the Company's Form 10-Q for the period ending March 31, 2002).
*10.40	Form of 2002 Non-Qualified Stock Option Agreement (Filed as Exhibit 10.2 to the Company's Form 10-Q for the period ending March 31, 2002).
*10.41	Form of 2002 Non-Qualified Stock Option Agreement for non-management Directors (Filed as Exhibit 10.41 to the Company's Form 10-K for the period ending September 30, 2002).
10.42	2003 Restricted Stock Award Agreement with William P. Stiritz.
10.43	Form of 2003 Non-Qualified Stock Option Agreement.
10.44	Form of 2003 Non-Qualified Stock Option Agreement for non-management Directors.
*10.45	Corrected Agreement between Ralcorp Holdings, Inc. and J. R. Micheletto dated May 23, 2002 (Filed as Exhibit 10.1 to the Company's Form 10-Q for the period ending December 31, 2002).
*10.46	Floating Rate Senior Notes, Series A, due May 22, 2010 Note Purchase Agreement (Filed as Exhibit 10.1 to the Company's Form 10-Q for the period ending June 30, 2003).
10.47	Retirement Agreement and General Release between Ralcorp Holdings, Inc. and R. W. Lockwood dated September 30, 2003.
21	Subsidiaries of the Company.
23	Consent of PricewaterhouseCoopers LLP.
*24	Power of Attorney (Included under Signatures).
31.1	Certification of Kevin J. Hunt.
31.2	Certification of David P. Skarie.
31.3	Certification of Thomas G. Granneman.
32	Certification pursuant to 18 U.S.C. Section 1350 of Kevin J. Hunt, David P. Skarie, and Thomas G. Granneman.

* Incorporated by reference

RALCORP HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DEAR SHAREHOLDERS:

The 2004 Annual Meeting of Shareholders of Ralcorp Holdings, Inc. will be held at 8:30 a.m. on Thursday, February 5, 2004, at the Bank of America Plaza, 800 Market St., Suite 2100, St. Louis, Missouri, for the following purposes:

- To elect two directors; and
- To transact any other business that may properly be presented at the Annual Meeting.

If you were a shareholder of record at the close of business on November 28, 2003, you may vote on these matters.

It is important that your shares be represented and voted at the Annual Meeting. Whether you plan to attend the Annual Meeting or not, we encourage you to vote in one of these ways:

- USE THE INTERNET WEBSITE shown on the Proxy Card;
- USE THE TOLL-FREE TELEPHONE NUMBER shown on the Proxy Card; OR
- MARK, SIGN, DATE, and PROMPTLY RETURN the Proxy Card in the postage-paid envelope provided.

By Order of the Board of Directors,

Charles G. Huber, Jr.
Secretary

December 17, 2003

RALCORP HOLDINGS, INC.

800 Market Street
St. Louis, MO 63101

PROXY STATEMENT

RALCORP HOLDINGS, INC.

PROXY STATEMENT FOR THE 2004 ANNUAL MEETING OF SHAREHOLDERS

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS

Why Am I Receiving These Materials?

The Board of Directors of Ralcorp Holdings, Inc. (''Ralcorp'' or ''Company'') is soliciting proxies to be used at the 2004 Annual Meeting. This Proxy Statement and Proxy Card are being mailed to shareholders on or about December 26, 2003. A copy of Ralcorp's Annual Report containing financial statements for the fiscal year ended September 30, 2003, has been mailed with this Proxy Statement.

YOUR VOTE IS VERY IMPORTANT AND YOU ARE ENCOURAGED TO VOTE WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

Who Can Vote?

Record holders of Ralcorp Common Stock on November 28, 2003, may vote at the meeting. On that date, there were 28,950,488 shares of Ralcorp Common Stock outstanding.

How Do I Vote?

Shares Registered In Your Name:

- Vote by Internet. Go to http://www.eproxyvote.com/rah and follow the instructions provided.
- Vote by Telephone. Using a touch-tone telephone, call 1-877-779-8683 toll-free and follow the instructions provided.
- Vote by Mail. Mark your Proxy Card, sign, date, and return it in the postage-paid envelope provided.
- Attend the Annual Meeting and cast your vote there.

To vote by Internet or telephone, you will need your Voter Control Number located above your name on your Proxy Card. Internet and telephone voting are available twenty-four hours a day until midnight on Wednesday, February 4, 2004, the day before the Annual Meeting. **If you vote by Internet or telephone, please do not return your Proxy Card.**

Shares Held By Your Bank Or Broker:

If your Ralcorp Common Stock is held in the name of a bank or broker, follow the voting instructions you receive from your bank or broker. If you wish to attend the Annual Meeting and vote your shares, you will need to bring an account statement or letter from your bank or broker indicating that you were the record holder of your shares as of November 28, 2003.

Shares Held In The Savings Investment Plan:

If you participate in the Company's Savings Investment Plan (SIP) and are the record holder of Ralcorp Common Stock in exactly the same name as you are identified by in the SIP, you will receive a single Proxy Card to vote all of your shares. If your plan account is not in exactly the same name as your shares of record, you will receive one Proxy Card for your SIP shares and one for your record shares.

If you own shares through the plan and we have not received your vote by February 3, 2004, the trustee will vote your shares in the same proportion as the shares that are voted on behalf of the other participants in the plan. The trustee will also vote unallocated shares of Ralcorp Common Stock held in the plan in direct proportion to the voting of allocated shares in the plan as to which voting instructions have been received, unless doing so would be inconsistent with the trustee's duties.

How Can I Change My Vote?

You can change your vote in one of three ways:

- Send in another proxy or vote again electronically after your original vote;
- Notify Ralcorp's Corporate Secretary in writing before the Annual Meeting that you have revoked your proxy; or
- Vote in person at the Annual Meeting.

How Many Votes Do I Have?

You are entitled to cast one vote for each share of Ralcorp Common Stock you own on the record date. A majority of the outstanding shares entitled to vote must be represented in person or by proxy in order to conduct the election of directors and other matters in this Proxy Statement.

What Constitutes A Quorum?

A majority of the outstanding shares entitled to vote at the Annual Meeting represented in person or by proxy constitutes a quorum.

How Are Votes Counted?

Shares represented by a Proxy Card marked ''withhold'' for a nominee or nominees acts as a vote against such nominee or nominees. A Proxy Card marked ''abstain'' on a matter will be considered to be represented at the Annual Meeting, but not voted, for these purposes. Shares registered in the name of a bank, broker, or other ''street name'' agent, for which proxies are voted on some, but not all matters, will be considered to be represented at the Annual Meeting and voted only as to those matters marked on the Proxy Card.

All shares that are properly voted—whether by Internet, telephone, or mail—will be voted at the Annual Meeting in accordance with your instructions. If you sign the Proxy Card but do not give voting instructions, the shares represented by your Proxy Card will be voted as recommended by the Board of Directors.

If any other matters are properly presented at the Annual Meeting, the people named on the Proxy Card will use their discretion to vote on your behalf.

How Many Votes Are Needed?

If a quorum is represented at the Annual Meeting, the following votes are required:

- **ELECTION OF DIRECTORS**

  A majority of shares entitled to vote and present at the Annual Meeting must be voted **"FOR"** a nominee.

- **OTHER MATTERS**

  Generally, a majority of the shares entitled to vote and present in person or by proxy at the meeting must be voted **"FOR"** such other matter. However, the Company does not know of any other matter that will be presented at this Annual Meeting.

What Does The Board Recommend?

The Board recommends you vote **"FOR"** the two nominees for director.

PROXY STATEMENT

ELECTION OF DIRECTORS
Item 1 on Proxy Card

Seven members serve on the Board of Directors. The Board is currently divided into three classes, with two classes consisting of two members and one class consisting of three members. Directors for each class are elected at the Annual Meeting held in the year in which the term for their class expires. Messrs. Liddy and Stiritz constitute the class whose term expires at the 2004 Annual Meeting.

The Board has nominated Richard A. Liddy and William P. Stiritz for re-election as directors to each serve three-year terms.

Each nominee has agreed to serve and the Board does not contemplate that any of the nominees will be unable to stand for election. However, if any nominee becomes unable to serve before the Annual Meeting, your Proxy Card will be voted for a person that the Board nominates in such nominee's place, unless you have withheld authority to vote for all nominees.

Other directors are not up for election this year and will continue in office for the remainder of their terms or until their death, resignation or removal.

INFORMATION ABOUT RALCORP'S BOARD OF DIRECTORS

Biographical information on Messrs. Liddy and Stiritz, and the directors continuing in office, is set forth below. Directors' ages are as of December 31, 2003.

DAVID R. BANKS—*Continuing in office—Term expiring 2005*

Age:	66
Director Since:	May 2001
Principal Occupation/ Recent Business Experience:	Private equity investor. Mr. Banks served as Chairman of the Board of Beverly Enterprises, Inc. (health care) from May 1989 to December 2001, and as Chief Executive Officer from May 1989 to February 2001.
Other Directorships:	Nationwide Health Properties, Inc.

JACK W. GOODALL—*Continuing in office—Term expiring 2006*

Age:	65
Director Since:	March 1994
Principal Occupation/ Recent Business Experience:	Mr. Goodall served as Chairman of the Board of Jack in the Box Inc. (restaurants) from April 1996 to February 2001.
Other Directorships:	Rubio's Restaurants, Inc.

M. DARRELL INGRAM—*Continuing in office—Term expiring 2005*

Age:	71
Director Since:	May 2001
Principal Occupation/ Recent Business Experience:	Private equity investor since July 1998.

DAVID W. KEMPER—*Continuing in office—Term expiring 2005*

Age:	53
Director Since:	October 1994
Principal Occupation/ Recent Business Experience:	Chairman, President and Chief Executive Officer of Commerce Bancshares, Inc. (bank holding company) since October 1991
Other Directorships:	Tower Properties Company

RICHARD A. LIDDY—*Standing for election at this meeting for a term expiring 2007*

Age:	68
Director Since:	February 2001
Principal Occupation/ Recent Business Experience:	Mr. Liddy served as Chairman of the Board of GenAmerica Financial (financial and insurance products) from September 2000 to April 2002. He also served as Chairman of the Board of Reinsurance Group of America from May 1995 to April 2002. Mr. Liddy was President of GenAmerica Financial from May 1988 to September 2000 and Chief Executive Officer of General American Life Insurance Company from May 1992 to September 2000. In January 2000, while Mr. Liddy served as President of GenAmerica Financial Corporation, GenAmerica sold its mutual holding company to Metropolitan Life Insurance Company. At the request of the Missouri State Insurance Department, a receiver was appointed in order to oversee the equitable distribution of proceeds to policyholders.
Other Directorships:	Ameren Corporation, Brown Shoe Company, Inc. and Energizer Holdings, Inc.

JOE R. MICHELETTO—*Continuing in office—Term Expiring 2006*

Age:	67
Director Since:	January 1994
Principal Occupation/ Recent Business Experience:	Vice-Chairman of the Board of Directors of Ralcorp Holdings, Inc., since September 2003. Mr. Micheletto served as Chief Executive Officer and President of Ralcorp Holdings, Inc., from September 1996 to September 2003.
Other Directorships:	Energizer Holdings, Inc. and Vail Resorts, Inc.

WILLIAM P. STIRITZ, Chairman of the Board—*Standing for election at this meeting for a term expiring 2007*

Age:	69
Director Since:	January 1994
Principal Occupation/ Recent Business Experience:	Private equity investor. Mr. Stiritz is Chairman of the Board of Energizer Holdings, Inc. (batteries) and Chairman of the Energizer Holdings, Inc., Management Strategy and Finance Committee since April 2000. Mr. Stiritz served as Chairman of the Board of Ralston Purina Company from January 1982 to December 2001. He also served as Chairman of the Board, Chief Executive Officer and President of Agribrands International, Inc. from April 1998 to May 2001.
Other Directorships:	Ball Corporation, The May Department Stores Company and Vail Resorts, Inc.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" MESSRS. LIDDY AND STIRITZ.

PROXY STATEMENT

STOCK OWNERSHIP INFORMATION

Beneficial Ownership of More than 5% of Ralcorp Common Stock

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	% of Shares Outstanding	Explanatory Notes
Barclays Global Investors, NA 45 Fremont Street San Francisco, California 94105	2,681,776	9.2	(a) (b)
Southeastern Asset Management, Inc. 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	1,931,800	6.7	(b) (c)

(a) Barclays has investment authority with respect to all of the shares, sole voting authority with respect to 2,351,262 shares, and no voting authority with respect to 330,514 shares.

(b) Southeastern shares investment authority for 1,881,800 shares with Longleaf Partners Funds Trust, an investment company registered under the Investment Company Act of 1940, and has sole investment authority for 50,000 shares. Southeastern has shared voting authority for 1,881,800 shares and no voting authority with respect to 50,000 shares.

(c) As reported by the beneficial owner as of September 30, 2003, to the Securities and Exchange Commission.

Directors and Executive Officers

The following table shows, as of November 28, 2003, Ralcorp Common Stock beneficially owned by Ralcorp directors and executive officers. Except as noted, all such persons possess sole voting and investment powers with respect to the shares listed. An asterisk in the column listing the percentage of shares outstanding indicates the person owns less than 1% of the Common Stock.

Directors & Executive Officers	Number of Shares(a)	Exercisable Options(b)	Total	% of Shares Outstanding
David R. Banks	1,000	20,000	21,000	*
Jack W. Goodall	30,900	20,000	50,900	*
M. Darrell Ingram	5,000	20,000	25,000	*
David W. Kemper	9,000	20,000	29,000	*
Richard A. Liddy	10,000(c)	20,000	30,000	*
Joe R. Micheletto	77,560	150,900	228,460	*
William P. Stiritz	882,409(d)	190,000	1,072,409	3.7
Kevin J. Hunt	7,952(e)	46,200	54,152	*
David P. Skarie	10,137(f)	24,000	34,137	*
Robert W. Lockwood	14,926(g)	30,250	45,176	*
Ron D. Wilkinson	1,971	31,750(h)	33,721	*
All Directors and Executive Officers as a Group (15 people)	1,071,152	597,050	1,668,202	5.8

(a) Includes the following:
- Shares held directly;
- Shares held indirectly, in the Company's Saving Investment Plan (SIP), or otherwise.

Shares in the SIP are held in a separate fund in which participants acquire units. The fund also holds cash and short-term investments. The shares reported for a participant approximate the number of shares in the fund allocable to that participant, and fluctuate due to the cash in the fund and the Common Stock's price.

(b) Shares that could be acquired by exercising stock options through January 27, 2004. Options granted to a director become exercisable upon that director's termination, retirement, disability or death.

(c) Shares of Common Stock owned by Mr. Liddy's wife.

(d) Includes 5,950 restricted shares as to which Mr. Stiritz has only voting power and 18,333 shares of Common Stock owned by Mr. Stiritz's wife.

(e) Includes 5,301 shares of Common Stock as to which Mr. Hunt has shared voting and investment power.

(f) Includes 8,487 shares of Common Stock as to which Mr. Skarie has shared voting and investment power.

(g) Includes 10,035 shares of Common Stock as to which Mr. Lockwood has shared voting and investment power.

(h) Reflects a decrease in exercisable options reported for Mr. Wilkinson as of fiscal year end on page 9 as he exercised options after September 30, 2003.

BOARD GOVERNANCE

The Board of Directors has adopted independence standards, which are described in the Company's Corporate Governance Guidelines attached as Appendix A to this Proxy Statement. Directors who meet these criteria are independent directors, and currently include Messrs. Banks, Goodall, Ingram, Kemper, Liddy, and Stiritz. The Board of Directors has determined that Mr. Banks qualifies as an ''audit committee financial expert'' as defined by the Securities and Exchange Commission.

Presently, at each regularly scheduled meeting, the non-management directors meet without the presence of management. The independent directors meet without the presence of management and any non-independent director twice each year. When the Board meets without management, Mr. Stiritz, the Company's Chairman, is the presiding director. Shareholders can direct communication to the Company's Chairman and its other non-management directors by writing to the Company's Secretary.

Information concerning the standing Committees of the Board is provided below.

Audit Committee

The Audit Committee is composed of five independent directors, and it reviews auditing, accounting, financial reporting and internal control functions. It also recommends the Company's independent accountants and reviews their services. The Committee's report is on page 15 of this Proxy Statement. A copy of the Committee's charter is attached as Appendix B to this Proxy Statement.

Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee, was established effective December 4, 2003, and reviews and revises, as necessary, the Company's Corporate Governance Guidelines. The Committee also recommends to the Board nominees for directors and executive officers of the Company. The Committee will consider suggestions from shareholders regarding possible director nominees. Such suggestions, together with appropriate biographical information, should be submitted to the Secretary of the Company.

The Committee currently consists of six directors, all of whom are independent. It makes recommendations to the Board regarding CEO and other executive compensation. The Committee also administers the Company's Deferred Compensation and Incentive Stock Plans. The Committee's report on fiscal year 2003 executive compensation is on pages 13-14 of this Proxy Statement.

Executive Committee

The Executive Committee consists of two directors and may exercise all Board authority in the intervals between Board meetings, to the extent such authority is in compliance with the Corporate Governance Guidelines and does not infringe upon the duties and responsibilities of other Board committees.

BOARD AND COMMITTEE SERVICE SUMMARY

Director	Board	Audit	Corporate Governance & Compensation(a)	Executive	Attended 75% or More of Board & Applicable Committee Meetings
David R. Banks	X	X*	X		X
Jack W. Goodall	X	X	X*		X
M. Darrell Ingram	X	X	X		X
David W. Kemper	X	X	X		X
Richard A. Liddy	X	X	X		X
Joe R. Micheletto	X			X	X
William P. Stiritz	X*		X	X*	X
Meetings Held in FY 2003	7	6	2	6	

* Chair

(a) Formerly the Nominating and Compensation Committee, this Committee was established in December of 2003 and held no meetings regarding corporate governance during fiscal year 2003. However, it was composed of the same six independent directors who also served on the Nominating and Compensation Committee.

DIRECTOR COMPENSATION

All non-employee directors receive an annual retainer of $20,000. They are also paid $1,000 for each regular or special Board meeting, Committee meeting, telephonic meeting and consent to action without a meeting. Ralcorp also pays the premiums on directors' and officers' liability and travel accident insurance policies insuring directors. On occasion, the Company provides directors with ski resort accommodations that the Company owns in Colorado. Non-employee directors also receive annual stock-based compensation. All awards vest at the director's termination, retirement, disability or death.

Chairman of the Board

- Restricted stock grant with a fair market value of $50,000 each January.
- Stock option grant of 10,000 shares each September.

Vice-Chairman of the Board

- Through December 31, 2003, Mr. Micheletto receives salary and benefits as an employee of Ralcorp, serving as a consultant to the Company's recently appointed Co-CEOs.
- Restricted stock grant with a fair market value of $200,000 on January 1, 2004, which vests on December 31, 2004, provided Mr. Micheletto has continued to serve as Vice-Chairman and Director.
- On January 1, 2004, Mr. Micheletto is also eligible to begin receiving non-employee director compensation.

Other Non-Employee Directors

- Initial stock option grant of 10,000 shares for newly elected directors.
- Stock option grant of 2,500 shares each September.

Ralcorp has a Deferred Compensation Plan for Non-Employee Directors. Under this plan, any non-employee director may elect to defer, with certain limitations, their retainer and fees until retirement or other termination of his directorship. Deferrals may be made in Common Stock equivalents in an Equity Option or may be made in cash under a number of funds operated by The Vanguard Group Inc. with a variety of investment strategies and objectives. Deferrals in the Equity Option receive a 33⅓% Company matching contribution. All directors have elected to defer their retainers and fees.

EXECUTIVE COMPENSATION

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards	
Name and Principal Position	Year	Salary($)	Bonus($)	Other Annual Compensation ($)	Securities Underlying Options (#)	All Other Compensation ($)(1)
J. R. Micheletto(2)	2003	610,608	627,700	15,451	0	2,489,642(3)
Vice-Chairman of the Board	2002	590,000	627,700	21,247	70,000	24,100
	2001	570,000	463,500	11,149	75,000	24,975
K. J. Hunt	2003	237,504	185,000	0	30,000	15,676
Co-CEO & President	2002	216,300	120,000	1,288	30,000	10,449
	2001	210,000	115,500	307	28,000	10,115
D. P. Skarie	2003	229,008	185,000	0	30,000	10,741
Co-CEO & President	2002	210,000	137,000	0	30,000	10,335
	2001	197,200	115,600	668	28,000	7,309
R. W. Lockwood(4)	2003	231,000	120,500	0	0	14,184
VP, General Counsel	2002	226,500	120,500	0	22,000	6,958
& Secretary	2001	220,500	113,000	396	23,000	6,877
R. D. Wilkinson	2003	200,508	125,000	0	23,000	7,558
VP & Director of	2002	193,308	114,600	0	23,000	7,299
Product Supply	2001	186,800	105,000	0	23,000	7,104

(1) The amounts shown in this column consist of the following fiscal year 2003:
- Company Matching Contributions or Accruals to the Company's SIP and Executive SIP:
  - Mr. Micheletto $23,164
  - Mr. Hunt $13,071
  - Mr. Skarie $9,243
  - Mr. Lockwood $7,315
  - Mr. Wilkinson $6,015
- Imputed Income for Federal Income Tax Purposes:
  - Mr. Micheletto $14,478
  - Mr. Hunt $2,605
  - Mr. Skarie $1,498
  - Mr. Lockwood $6,869
  - Mr. Wilkinson $1,543

(2) Mr. Micheletto retired as the Company's Chief Executive Officer effective September 29, 2003.

(3) This amount includes a one-time retention and succession planning payment of $2,452,000 made on January 15, 2003.

(4) Mr. Lockwood retired as the Company's Vice President, General Counsel, and Secretary effective September 30, 2003.

PROXY STATEMENT

Option Grants in Last Fiscal Year

	Individual Grants				Grant Date Value
Name	Number of Securities Underlying Options Granted(#)(1)	% of Total Options Granted to Employees in Fiscal Year(2)	Exercise or Base Price ($/Sh)	Expiration Date	Grant Date Present Value(#)(3)
J. R. Micheletto	0	0	N/A	N/A	0
K. J. Hunt	30,000	10.0	24.02	1/29/13	329,337
D. P. Skarie	30,000	10.0	24.02	1/29/13	329,337
R. W. Lockwood	0	0	N/A	N/A	0
R. D. Wilkinson	23,000	7.7	24.02	1/29/13	252,492

(1) 25% of the total shares become exercisable on January 31 of 2006, 2007, 2008 and 2009, respectively.

(2) The number of options granted to all employees in fiscal year 2003 was 300,000.

(3) Grant date valuation amounts were determined by application of the Black-Scholes valuation method. Assumptions used were as follows: (i) interest rate equals the interpolated Treasury rate for the applicable maturity on the grant date; (ii) dividend yield continues as 0%; (iii) expected volatility at grant date equals 36.39%; and (iv) expected exercise date equals the midpoint between the date exercisable and the expiration date.

Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized($)	Number of Securities Underlying Unexercised Options at FY-End(#)		Value of Unexercised In-the-Money Options at FY-End($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
J. R. Micheletto	0	0	150,900	265,100	1,977,630	2,498,020
K. J. Hunt	0	0	46,200	135,300	613,305	1,096,563
D. P. Skarie	0	0	24,000	126,750	284,303	978,584
R. W. Lockwood	14,000	189,840	30,250	83,750	366,021	801,304
R. D. Wilkinson	0	0	44,250	95,250	585,821	888,554

Equity Plan Compensation Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted Average of Exercise Price of Outstanding Options ($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column a)
Equity compensation plans approved by security holders	2,596,700	18.31	1,475,734(1)
Equity compensation plans not approved by security holders	0	0	0
Total	2,596,700	18.31	1,475,734

(1) Approximately 91,000 shares of this number are reserved for issuance under the equity option of the Company's Deferred Compensation Plan for Key Employees. This amount equals the dollar value of previous deferrals of income by executive officers and key employees.

EXECUTIVE AGREEMENTS

Severance and Change-in-Control Agreements

The Company entered into a severance agreement with Mr. Lockwood upon announcement of his retirement. His salary and benefits continue through the end of the 2003 calendar year, and the vesting of his Company stock options has been accelerated to January 1, 2004.

The Company has Management Continuity Agreements with the Named Executive Officers. The agreements provide severance compensation to each covered executive officer in the event of the officer's voluntary or involuntary termination after a change-in-control of the Company. The compensation provided would be in the form of a lump sum payment equal to the present value of continuing the executive officer's salary and bonus for a specified period following the executive officer's termination of employment, the continuation of other executive benefits for the same period, and certain pension bridging payments. The initial applicable period is two years (three years in the case of either CEO) in the event of an involuntary termination of employment (including a constructive termination) and one year in the event of a voluntary termination of employment.

No payments would be made if the executive officer's termination is due to death, disability or normal retirement, or is "for cause", nor would any payments continue beyond the executive officer's normal retirement date. Contracts governing stock options provide that upon a change-in-control of the Company, any unexercised, unvested, unearned or unpaid shares become 100% vested. The agreements provide that executives with a Management Continuity Agreement be indemnified from any tax under Section 4999 and Section 280G of the Internal Revenue Code of 1986, as amended, that is attributable to a parachute payment under the Code and any tax upon the payment of such amounts.

RETIREMENT PLAN

The Ralcorp Retirement Plan may provide pension benefits in the future to the named executive officers. Certain regular U.S. employees having one year of service with the Company or certain Company subsidiaries are eligible to participate in the Retirement Plan. Employees become vested after five years of service. Normal retirement is at age 65; however, employees who work beyond age 65 may continue to accrue benefits.

Annual benefits are computed by multiplying the participant's Final Average Earnings (average of participant's five highest consecutive annual earnings during ten years prior to retirement or earlier termination) by the product of 1.5% times the participant's years of service (to a maximum of 40 years) and by subtracting from that amount up to one half of the participant's primary social security benefit at retirement (with the actual amount of offset determined by age and years of service at retirement).

The following table shows the estimated annual retirement benefits that would be payable from the Retirement Plan to salaried employees, including the named executive officers, assuming age 65 retirement. To the extent an employee's compensation or benefits exceed certain limits imposed by the Internal Revenue Code of 1986, as amended, the table also includes benefits payable from an unfunded supplemental retirement plan. The table reflects benefits prior to the subtraction of social security benefits as described above.

PENSION PLAN TABLE

Remuneration (Final Average Earnings)	Years of Service						
	10	15	20	25	30	35	40
$ 100,000	$ 15,000	$ 22,500	$ 30,000	$ 37,500	$ 45,000	$ 52,500	$ 60,000
$ 200,000	$ 30,000	$ 45,000	$ 60,000	$ 75,000	$ 90,000	$105,000	$120,000
$ 300,000	$ 45,000	$ 67,500	$ 90,000	$112,500	$135,000	$157,500	$180,000
$ 400,000	$ 60,000	$ 90,000	$120,000	$150,000	$180,000	$210,000	$240,000
$ 500,000	$ 75,000	$112,500	$150,000	$187,500	$225,000	$262,500	$300,000
$ 600,000	$ 90,000	$135,000	$180,000	$225,000	$270,000	$315,000	$360,000
$ 700,000	$105,000	$157,500	$210,000	$262,500	$315,000	$367,500	$420,000
$ 800,000	$120,000	$180,000	$240,000	$300,000	$360,000	$420,000	$480,000
$ 900,000	$135,000	$202,500	$270,000	$337,500	$405,000	$472,500	$540,000
$1,000,000	$150,000	$225,000	$300,000	$375,000	$450,000	$525,000	$600,000
$1,100,000	$165,000	$247,500	$330,000	$412,500	$495,000	$577,500	$660,000
$1,200,000	$180,000	$270,000	$360,000	$450,000	$540,000	$630,000	$720,000
$1,300,000	$195,000	$292,500	$390,000	$487,500	$585,000	$682,500	$780,000
$1,400,000	$210,000	$315,000	$420,000	$525,000	$630,000	$735,000	$840,000
$1,500,000	$225,000	$337,500	$450,000	$562,500	$675,000	$787,500	$900,000

For the purpose of calculating retirement benefits, the named executive officers had, as of September 30, 2003, the following years of credited service, calculated to the nearest year: Mr. Micheletto—40 years; Mr. Hunt—18 years; Mr. Skarie—18 years; Mr. Lockwood—27 years; and Mr. Wilkinson—8 years. Credited service includes service with Ralston Purina Company, the Company's former parent corporation. Earnings used in calculating benefits under the Retirement Plan and any unfunded supplemental retirement plan previously described are approximately equal to amounts included in the Salary and Bonus columns in the Summary Compensation Table on page 9.

Other Benefit Plans

Beneficiaries of eligible retired executive officers will be provided a death benefit in an amount equal to 50% of the earnings recognized under the Company's benefit plans for the executive officer during the last full year of employment. This benefit is not presently insured or funded.

In addition, the Executive Long-Term Disability Plan would provide benefits to its corporate officers, including certain executive officers, in the event they become disabled. The Long-Term Disability Plan, which is available to certain regular employees of the Company and in which officers must participate at their own expense in order to be eligible for the Executive Long-Term Disability Plan, imposes a limit of $10,000 per month (60% of a maximum annual salary of $200,000) on the amount paid to a disabled employee. The Executive Long-Term Disability Plan will provide a supplemental benefit equal to 60% of the difference between the executive officer's previous year's earnings recognized under the Company's benefit plans and $200,000, with appropriate taxes withheld.

CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Corporate Governance and Compensation Committee consists entirely of independent directors. It approves direct and indirect compensation of all executive officers, administers and makes awards under the Company's existing Incentive Stock Plan. Stock-based awards such as stock options and restricted stock may be granted under that Plan to officers and other key employees of the Company.

Compensation Philosophy

The Company's executive compensation program is designed to provide total compensation that can attract, retain and motivate key employees. The Committee's intent is to provide overall cash compensation packages that have a greater "at risk" element than competitive norms, i.e., salaries below industry medians and performance-based bonuses which may permit recipients to achieve total cash compensation packages exceeding medians. The Committee generally reviews executive officer compensation including salaries, bonuses and any long-term compensation such as stock options each September near the end of the Company's fiscal year.

Salaries

The Committee establishes the salaries for executive officers based on its assessment of each individual's responsibilities, experience, individual performance and contribution to the Company's performance. The Committee also takes into account compensation data from other companies; historical compensation levels at the Company; the competitive environment for attracting and retaining executives; and the recommendation of Mr. Micheletto, except with respect to his own compensation. The Company attempts to set base salary levels at or below the median level for executives holding positions of similar responsibility and complexity at corporations as reflected in published surveys. The salaries and other compensation information for the Company's named executive officers are set forth in the Summary Compensation Table on page 9.

Bonuses

On September 18, 2003, the Committee awarded bonuses to the named executive Officers for the Company's 2003 fiscal year. The amount of each bonus was based on the officer's total compensation package including salary, bonus and stock options; the financial performance of the officer's business unit relative to the business plan (including such measures as sales volume, revenues, costs, cash flow and operating profit); Company financial performance (including the measures of business unit performance listed above and, in addition, earnings per share, return on equity and total return to the shareholders); the officer's individual performance (including the quality of strategic plans, organizational and management development, participation in evaluations of potential acquisitions and similar manifestations of individual performance); the business environment for the officer's business unit; and, with the exception of his own bonus, the recommendations of Mr. Micheletto, which were based on bonus targets (as a percent of salary) set prior to the beginning of the fiscal year.

Although the foregoing factors were weighed heavily by the Committee, individual bonuses and the total bonus pool were not based on application of a strict numerical formula developed prior to the fiscal year, but were based on the Committee's exercise of subjective judgment and discretion in light of the quantitative and qualitative factors listed above. Mr. Micheletto's bonus was based on the Committee's general assessment of the factors described above.

Long-Term Compensation

Long-term compensation currently consists of stock options that entitle the recipient to purchase a specified number of shares of the Company's Common Stock after a specified period of time at an option price, which is ordinarily equal to the fair market value of the Common Stock at the time of grant. They provide executives with an opportunity to buy and maintain an equity interest in the Company while linking the executive's compensation directly to shareholder value since the executive receives no benefit from the option unless all shareholders have benefited from an appreciation in the value of the Common Stock. In addition, since the options ''vest'' serially over a period of time after the date of grant, they enhance the ability of the Company to retain the executive while encouraging the executive to take a longer-term view on decisions impacting the Company.

Chief Executive Officer Succession

In fiscal year 2002, the Committee approved an agreement with Mr. Micheletto, the purpose of which was to encourage him to remain with the Company and develop a succession plan. The agreement provided that if he would continue serving as CEO until December 31, 2002, he would be entitled to a cash payment in a maximum amount equal to the market value of 100,000 shares of the Company's Common Stock. Mr. Micheletto so served and payment was made on January 15, 2003; it is reported in the Summary Compensation Table on pages 9.

Mr. Micheletto recommended to the Board that two successors be named Co-CEOs. On September 18, 2003, the Board accepted his recommendation.

Deductibility of Certain Executive Compensation

A feature of the Omnibus Budget Reconciliation Act of 1993 sets a limit on deductible compensation of $1,000,000 per person, per year for the Chief Executive Officer and the next four highest-paid executives. While it is the general intention of the Committee to meet the requirements for deductibility, the Committee may, in the exercise of its judgment, approve payment of compensation from time to time that may not be fully deductible. The Committee believes this flexibility will enable it to respond to changing business conditions, or to an executive's exceptional individual performance. The Committee will continue to review and monitor its policy with respect to the deductibility of compensation.

J. W. Goodall—*Chairman*	M. D. Ingram	R. A. Liddy
D. R. Banks	D. W. Kemper	W. P. Stiritz

AUDIT COMMITTEE REPORT

The Audit Committee of the Company's Board of Directors consists entirely of non-employee directors who are independent, as defined in the New York Stock Exchange Listing Standard and the Company's Corporate Governance Guidelines, attached to this Proxy Statement as Appendix A. The Audit Committee operates under a written charter adopted by the Board of Directors that is attached as Appendix B to this Proxy Statement.

Management is responsible for the Company's internal controls, financial reporting process and compliance with laws and regulations and ethical business standards. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The independent accountants also assist the Company in implementing its internal controls. Ernst & Young, LLP, the Company's internal auditor, assists the Audit Committee with its responsibility to monitor and oversee these processes and internal controls.

With respect to the Company's audited financial statements for the Company's fiscal year ended September 30, 2003, management of the Company has represented to the Committee that the financial statements were prepared in accordance with generally accepted accounting principles and the Committee has reviewed and discussed those financial statements with management. The Audit Committee has also discussed with PricewaterhouseCoopers LLP, the Company's independent accountants, the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees) as modified or supplemented.

The Audit Committee has received the written disclosures from PricewaterhouseCoopers required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as modified or supplemented, and has discussed the independence of PricewaterhouseCoopers with members of that firm.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors that the audited consolidated financial statements for the fiscal year ended September 30, 2003, be included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for that year.

D. R. Banks—*Chairman*	M. D. Ingram	R. A. Liddy
J. W. Goodall	D. W. Kemper	

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

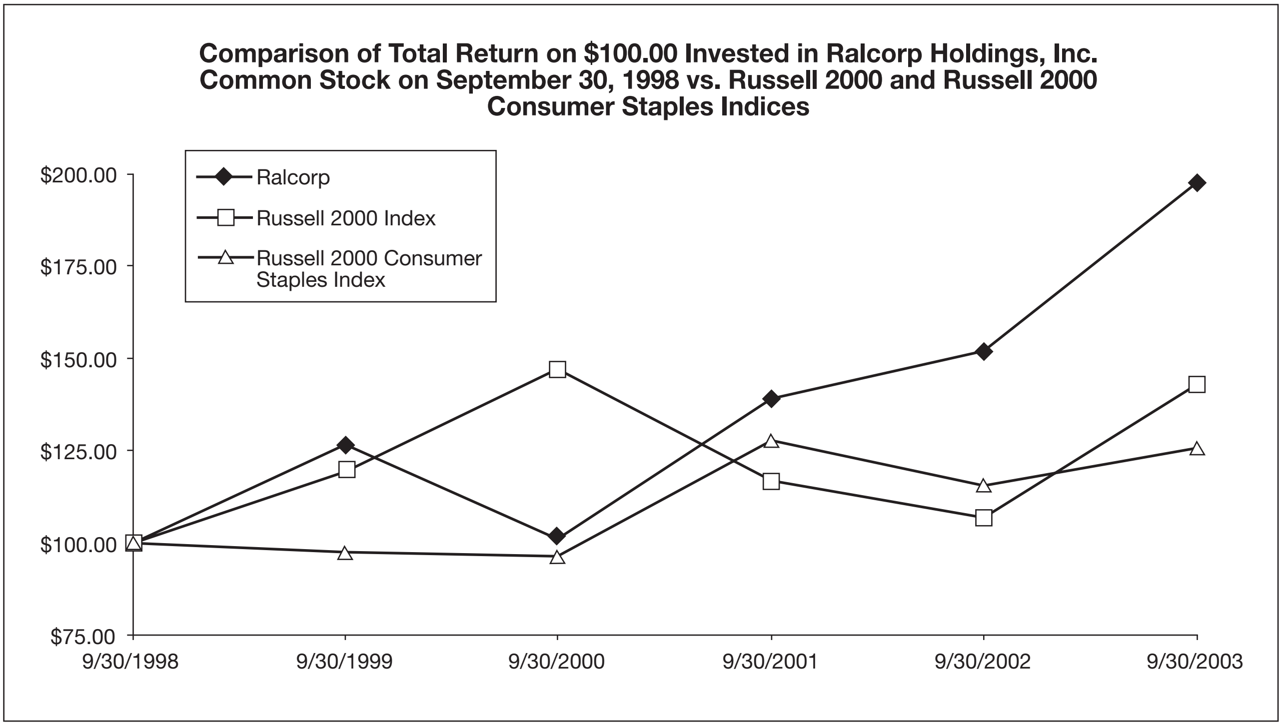
Mr. Micheletto, Vice-Chairman of the Board of Directors of Ralcorp and its former Chief Executive Officer and President, serves on the Board of Directors of Energizer Holdings, Inc. During the Company's fiscal year, he sat on Energizer's Executive, Finance, and Nominating and Executive Compensation Committees. Mr. Stiritz, the Chairman of the Board of Energizer Holdings, Inc., and Chairman of its Management Strategy and Finance Committee, serves on Ralcorp's Board of Directors and sits on its Corporate Governance and Compensation Committee.

OTHER RELATIONSHIPS INVOLVING DIRECTORS, OFFICERS, OR THEIR ASSOCIATES

Mr. Kemper is Chairman, President and Chief Executive Officer of Commerce Bancshares, Inc., which is one of eight banks that participate in the Company's current committed credit facility. Commerce Bancshares' lending commitment under that facility is limited to $25 million out of a total syndicate commitment of $275 million. During the fiscal year, the Company paid approximately $225,000 in interest to Commerce Bancshares, Inc. The Company's corporate credit card program is administered through Commerce Bancshares, Inc., but there is no charge made to or fee paid by the Company for this service.

STOCK PERFORMANCE GRAPH

The following performance graph compares the changes, for the period indicated, in the cumulative total value of $100 hypothetically invested in each of (a) Ralcorp Common Stock, (b) the Russell 2000 Index, and (c) the Russell 2000 Consumer Staples Index.



OTHER MATTERS

Proxy Solicitation

Ralcorp has paid for preparing this Proxy Statement and the Proxy Card. Ralcorp will also pay for the solicitation of proxies. The Company hired Georgeson Shareholder Communications Inc. to assist in the solicitation of proxies for a fee of $8,000 plus expenses. Ralcorp will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for costs, including postage and handling, reasonably incurred by them in sending proxy materials to the beneficial owners of Ralcorp's Common Stock. In addition to the use of the mail, employees of the Company may make proxy solicitations, via telephone or personal contact.

Independent Public Accountants

PricewaterhouseCoopers LLP acted as Ralcorp's independent accountants for fiscal year 2003, and has served in that capacity since 1994. The Board, upon the recommendation of the Audit Committee, appointed PricewaterhouseCoopers as independent accountants for the current fiscal year. A representative of that firm will be present at the Annual Meeting, will have an opportunity to make a statement, if they desire, and will be available to respond to appropriate questions.

Fees Paid to PricewaterhouseCoopers LLC

The following fees were paid for audit services rendered in conjunction with reviewing and auditing the Company's fiscal years 2002 and 2003 financial statements, and for other services during those fiscal years:

	FY 2002	FY 2003
Audit Fees	$348,933	$390,000
Audit-Related Fees	$216,757	$ 15,000
All Other Fees	$ 1,400	$ 1,400

The ''Audit-Related Fees'' paid for fiscal year 2002 were for internal audit services and an audit of the Company's employee benefit plans. For fiscal year 2003, the category included only the audit of the employee benefit plans. For both fiscal years, ''All Other Fees'' was an amount paid for the use of a proprietary accounting research database.

With regard to the fees listed above, the Audit Committee has considered whether the provision by PricewaterhouseCoopers of services other than audit services is compatible with its ability to maintain its independence. Regardless of the size or nature of the other services, if any, to be provided, it is the Audit Committee's policy and practice to approve any services not under the heading ''Audit Fees'' before any such other services are undertaken. The audit performed on behalf of the Company was staffed primarily by full-time, permanent employees of PricewaterhouseCoopers.

Section 16(a) Beneficial Ownership Reporting Compliance

Executive officers and directors of Ralcorp are required under the Securities Exchange Act of 1934 to file reports of ownership and changes in ownership of Ralcorp Common Stock with the Securities and Exchange Commission and the New York Stock Exchange. Copies of those reports must also be furnished to Ralcorp.

Based solely on a review of copies of those reports, other documents furnished to Ralcorp and written representations that no other reports were required, Ralcorp believes that all filing requirements applicable to executive officers and directors have been complied with during the preceding fiscal year except that Robert W. Lockwood filed late one report for two transactions.

Shareholder Proposals for 2005 Meeting

Under the Company's Bylaws, shareholders who desire to nominate a director or present any other business at an Annual Meeting of Shareholders must follow certain procedures. Generally, to be considered at the 2005 Annual Meeting of Shareholders, a shareholder nomination or proposal not to be included in the Proxy Statement and Notice of Meeting must be received by the Company's Secretary between November 7, 2004, and December 7, 2004. However, if the shareholder desires that the proposal be included in the Company's Proxy Statement and Notice of Meeting for the 2005 Annual Meeting of Shareholders then it must be received by the Secretary of the Company no later than August 28, 2004, and must also comply in all respects with the rules and regulations of the SEC and the laws of the State of Missouri. A copy of the Bylaws will be furnished to any shareholder without charge upon written request to the Company's Secretary.

Form 10-K and Other Filings

Upon written request and at no charge, the Company will provide a copy of any of its filings with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K, with financial statements and schedules for its most recent fiscal year. The Company may impose a reasonable fee for expenses associated with providing copies of separate exhibits to the report when such exhibits are requested. These documents are also available on the Company's website, http://www.ralcorp.com, and the SEC's website, http://www.sec.gov.

Notices, Requests or Communications with Directors

Any notice or request discussed above, or any communication intended for any member or members of the Company's Board of Directors, should be directed to the Company's Secretary, Ralcorp Holdings, Inc., 800 Market Street, Suite 2900, St. Louis, Missouri 63101. The Company's Secretary will forward the communication to the designated member or members of the Company's Board of Directors.

By Order of the Board of Directors,

Charles G. Huber, Jr.
Secretary

December 17, 2003

RALCORP HOLDINGS, INC.
CORPORATE GOVERNANCE GUIDELINES
Adopted December 4, 2003

Role of the Board of Directors

The Board of Directors selects and supervises the officers of the Company in the interest and for the benefit of the stockholders. The Board of Directors has delegated to the Co-Chief Executive Officers, together with the other officers of the Company, the authority and responsibility for managing the business of the Company under the direction of the Board. Each director is expected to spend the time and effort necessary to properly discharge the director's responsibilities.

Composition of the Board of Directors

1. Size of the Board of Directors

The Board believes that it should generally have no fewer than five and no more than ten directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased if determined to be appropriate by the Board.

2. Board Membership Criteria

The Board of Directors is responsible for nominating individuals for election to the Board of Directors by the stockholders and for appointing individuals as directors between Annual Meetings of the stockholders. The Corporate Governance and Compensation Committee identifies, reviews and makes recommendations concerning potential members of the Board of Directors.

The Board should be comprised of individuals who, after taking into account their skills, expertise, integrity, knowledge of the industries in which the Company operates, and other qualities, have the ability of the Board to enhance the long-term interest of the shareholders. The Board will evaluate each individual in the context of the entire Board of Directors with the objective of assembling a Board of Directors that can enhance the success of the Company and promote the interests of stockholders. Annually (or more often, if necessary), the Corporate Governance and Compensation Committee reviews the qualifications and backgrounds of the directors and makes recommendation to the Board as to the directors to be nominated for election by the stockholders at the next Annual Meeting or to be appointed as directors between Annual Meetings of the stockholders.

3. Selection of Chairman

The Board of Directors selects a Chairman from among the directors. Presently the Board has determined that the offices of the Chief Executive Officer and the Chairman should not be held by the same person. However, the Board can determine that to enhance the management of the Company, one person should hold the positions of Chief Executive Officer and Chairman.

4. Term Limits

The Board has not established term limits for directors. The Board believes term limits deprive the Company of the knowledge and expertise developed by directors from extended service on the Board of Directors.

5. Retirement of Board Members

The policy of the Board of Directors is that it will not nominate any individual for election as a director by the shareholders or appoint any individual as a director if such person is 70 years or older.

6. Directors Who Change Their Present Job Responsibility

Directors who retire or significantly change the position they held when they became a member of the Board should not leave the Board of Directors simply because of such a change. However, upon any such event, the Corporate Governance Committee will review the appropriateness of continued service on the Board of Directors by that director.

7. No Specific Limitation on Other Board Service

Directors are not prohibited from serving on boards and committees of other organizations, and the Board has not adopted any guidelines limiting such activities. Instead, each director is expected to ensure that other commitments do not interfere with the director's discharge of his or her duties. Directors are expected to inform the Chairman of the Board and the Chairman of the Corporate Governance Committee upon becoming a director of any other public company or becoming a member of the audit committee of any other public company.

8. Director Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. The Company encourages and supports continuing director education and shall reimburse directors for reasonable expenses incurred in connection therewith.

9. Determination of Director Independence

The Board shall be comprised of a majority of directors who qualify as independent directors under the listing standards of the New York Stock Exchange and the applicable rules of the Securities and Exchange Commission.

Further, a director is deemed to be independent if the Board has determined that the director has no material relationship with the Company.

The Board of Directors has established the following categorical standards in connection with determining the independence of directors:

- A director will not be considered to be independent if, during the past five years, the Company has employed the director or any of the director's immediate family (except in a non-officer capacity);
- A director will not be considered to be independent if, during the past five years, the director has been employed by (or affiliated with) the Company's present or former independent accountants or any of the director's immediate family members have been so employed or affiliated (except in a non-partner capacity not involving the Company's business);
- A director's independence will not be considered to be impaired if the director or any immediate family member of the director is employed by (or affiliated with) an entity that loans the Company an amount of money less than 5% of the Company's total assets;
- A director will not be considered to be independent if the director is a partner, shareholder, or officer of a company or firm that provides significant consulting, legal, or financial advisory services to the Company. For purposes of this categorical standard, a company or firm will be considered to provide non-significant services if the fees represent less than (i) 2% of the Company's or firm's gross revenues for its last full fiscal year and (ii) 2% of the Company's gross revenues for its last full fiscal year;
- A director's independence will not be considered to be impaired if the director or any immediate family member of the director is employed by (or affiliated with) a non-significant supplier or customer of the Company. For the purposes of this categorical standard, a supplier or customer will be considered non-significant if its sales to, or purchases from, the Company represent less than (i)

2% of the gross revenues of the customer or supplier for its last full fiscal year and (ii) 2% of the Company's gross revenues, for its last full fiscal year;

- A director's independence will not be considered to be impaired if the director is an employee, officer, or director of a foundation, university or other non-profit organization to which the Company gives directly, or indirectly through its foundation, no more than $200,000 per annum or 5% of the organization's gross revenues for its last full fiscal year (whichever is greater); and
- A director's independence will not be considered to be impaired if such director is an executive officer of an entity for which another director of the Company serves as a director and member of any Board committee of that entity, provided such service does not occur while that other director also serves as an executive officer of the Company.

An individual will be considered to be affiliated with a corporation or other entity, if that individual controls, is controlled by or is under common control with the corporation or other entity.

The Board of Directors will determine the independence of any director with a relationship to the Company that is not covered by the above standards.

Board Meetings

1. Frequency of Meetings

The Board of Directors determines its schedule of Board meetings each year. The current schedule is for four regular meetings each year. The Audit Committee has six regularly scheduled meetings. A director is expected to regularly attend (in person or telephonically) meetings of the Board and of the committees on which the director serves, and to review materials distributed in advance of meetings.

2. Selection of Agenda Items

The Chairman of the Board of Directors establishes the agenda for each meeting. Each member of the Board may suggest additional items for the agenda.

3. Distribution of Materials

The minutes of the prior Board meeting, an agenda for the forthcoming meeting, and selected Company financial information and agenda item background materials must be distributed to Board members in advance of the meetings.

4. Access to Management and Advisors

Board members shall have unrestricted access to management of the Company. The Board of Directors shall have the authority to retain independent legal, accounting or other consultants to advise the Board.

5. Separate Session of Non-Management Directors

The non-management directors of the Company shall meet in regularly scheduled executive sessions without management no fewer than four times a year. The presiding director at these meetings shall be the Chairman or other Board appointed non-management director in the event the Chairman is unavailable.

Director Compensation

The Company believes that the compensation paid to directors should be competitive and should encourage ownership of the Company's stock by directors. The Corporate Governance and Compensation Committee shall periodically review the compensation paid to directors by the Company and make recommendations to the Board of Directors concerning such compensation.

Employees of the Company serving as directors shall not receive any additional compensation for service on the Board of Directors.

Board Committees

1. Number and Names of Board Committees

The Board of Directors shall establish committees from time to time to assist it in discharging its obligations. There are currently three standing committees:

Audit Committee
Corporate Governance and Compensation Committee
Executive Committee

Each committee shall have a written charter, adopted and periodically reviewed by the Board of Directors. The purpose and responsibility of each committee shall be described in its respective charter. After each of its meetings, the committee shall report on the meeting to the Board of Directors.

2. Independence of Committee Members

The Audit and Corporate Governance and Compensation Committees shall be composed entirely of independent directors. The membership of each committee and the compensation paid to the members of each committee will comply with all applicable laws and regulations and the listing standards of the New York Stock Exchange.

3. Committee Agendas

The Chairman of each committee, in consultation with appropriate members of management, establishes the agenda for each meeting. Each member of the committee may suggest additional items for the agenda.

4. Assignment of Committee Members

The Chairman of the Board, after consideration of the advice, experience and expertise of individual directors and in consultation with the Chairman of the Corporate Governance and Compensation Committee, recommends to the Board of Directors the assignment of directors to the committees of the Board of Directors, including the chairmen of the committees.

The Board of Directors does not mandate rotation of committee assignments or chairmen. The Board of Directors believes that the knowledge and expertise developed by directors through extended service on a committee outweigh the benefits obtained through mandatory rotation.

Planning

1. Management Succession

The Board of Directors plans for the succession to the position of Co-Chief Executive Officers. To assist the Board of Directors, the Co-Chief Executive Officers annually provide to the Board an assessment of the Company's executive officers and their potential to succeed him or her. The Co-Chief Executive Officers must also provide to the Board of Directors an assessment of persons considered potential successors to the other executive officers. In addition, the Co-Chief Executive Officers must prepare a short-term succession plan providing for temporary delegation of authority in the event either Co-Chief Executive Officer become unexpectedly unable to perform his or her duties.

2. Performance

Annually, the Corporate Governance and Compensation Committee shall evaluate the performance of the Board of Directors and each committee thereof. The Corporate Governance and Compensation Committee shall discuss the results of their evaluations with the Board of Directors. Annually the Corporate Governance and Compensation Committee in connection with salary and wage determinations will evaluate officer performance.

Annually the Corporate Governance and Compensation Committee reviews the Corporate Governance Guidelines and recommends such changes to the Board of Directors as it determines to be necessary or appropriate.

RALCORP HOLDINGS, INC.
AUDIT COMMITTEE CHARTER

Revised May 22, 2003 and December 4, 2003

Membership

The Audit Committee of the Board of Directors shall consist of members, including a Chairman, appointed by the Board. The Committee members will be appointed by the Board and may be removed by the Board in its discretion. All members shall be independent directors, as determined by the Company in accordance with New York Stock Exchange (NYSE) criteria and the rules and regulations of the Securities and Exchange Commission (SEC); and further, no member shall have any material relationship, with the Company or otherwise, that in the opinion of the Board would interfere with the exercise of independent judgment as a Committee member. The Committee shall not consist of fewer than three non-employee members. All members of the Committee shall be financially literate, and at least one member shall be an ''audit committee financial expert'' as defined by the rules and regulations of the SEC.

The Board shall appoint an individual to serve as Chairman, and may also appoint a Secretary for the Committee. A majority of the members of the Committee shall constitute a quorum for all purposes and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee.

Purpose

The Board appointed the Committee to oversee:

- The quality and integrity of the Company's financial statements and financial reporting;
- The independence and qualification of the Company's independent auditors;
- The performance of the independent audit;
- The Company's systems of internal accounting and financial controls and disclosure controls; and
- The compliance with legal and regulatory requirements, codes of conduct and ethics programs established by management and the Board.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Committee has the authority to retain outside counsel, advisors or other experts, as it deems necessary or advisable. The Board and the Committee are in place to represent the Company's shareholders; accordingly, the independent auditor is ultimately accountable to the Board and the Committee.

Meetings

The Committee shall meet as often as its members deem necessary to perform the Committee's responsibilities.

The Committee will meet periodically, with management, the senior-most internal auditor, and the independent auditors in separate sessions to discuss any matters, which the Committee or these groups believe should be discussed privately with the Committee. The Committee will also meet at any time that the independent auditors believe communication to the Committee is required.

Authority and Responsibilities

The Committee's job is one of oversight and it recognizes that the Company's management is responsible for preparing the Company's financial statements and that the independent auditors are responsible for auditing those financial statements.

PROXY STATEMENT

The Committee shall assist the Board in monitoring the Company's financial reporting processes, systems of internal control, the independence and performance of the Company's independent auditors and the performance of the internal auditors, and shall provide an avenue of communication among management, the independent auditors, the internal auditors and the Board. The Committee shall perform any other activities consistent with the Company's Articles of Incorporation, By-Laws and governing law as the Committee or the Board deems necessary or appropriate.

The Committee will make regular reports to the Board and will propose any necessary action to the Board. The Committee will review and assess the adequacy of this charter at least annually, and recommend any proposed changes to the Board for approval. The Committee will annually evaluate its own performance.

The following duties shall be the common recurring activities of the Committee in carrying out its oversight function. These duties are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

The Committee's duties are to:

- Appoint or replace the Company's independent auditors. Approve all audit engagement fees and terms as well as lawful non-audit engagements with the independent auditor;
- Review and approve the services to be provided by the independent auditors for the coming year, including the scope of audits, audit plan and fees therefore;
- Discuss with management and the independent auditors the quality and adequacy of the Company's internal controls, as well as the Company's accounting policies and principles followed on financial and accounting matters, internal audits, legal compliance, and ethical and responsible business conduct; and review the adequacy of programs and procedures for compliance with such policies;
- Review the effect of new or proposed auditing, accounting or reporting standards with management and the independent auditors;
- Review with management and the independent auditors the audited financial statements to be included in the Company's Annual Report on Form 10-K (or the Annual Report to Shareholders if distributed prior to the filing of Form 10-K). Review and consider with the independent auditors the results of the annual audit of the Company's consolidated financial statements and all matters required to be discussed by Statement of Auditing Standards (''SAS'') No. 61 and other existing professional standards;
- Review with management and the independent auditors the Company's interim financial results to be included in the Company's press releases or quarterly reports to be filed with the SEC and the matters required to be discussed by SAS No. 61; this communication will occur prior to the Company's filing of Form 10-Q;
- Receive annually from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company in accordance with existing professional standards and applicable laws and regulations and rules of the NYSE. Discuss with the independent auditors any such disclosed relationships or non-audit services that may impair their objectivity and independence, and if necessary, recommend that the Board take appropriate action to ensure the independence of the independent auditors;
- Prepare any reports regarding the Committee's actions that SEC rules require be included in the Company's filings;
- Review information concerning environmental, legal, regulatory and other matters which may represent material financial exposure and/or material risk and appropriate management thereof;
- Develop and recommend to the Board for approval a clear and definitive hiring policy regarding employees or former employees of the Company's independent auditors;

- Develop and recommend to the Board for approval a code of business conduct for the Board, consistent with NYSE and SEC rules and regulations, other applicable law, and the Company's existing business conduct guidelines;
- Review the Company's codes of business conduct at least annually, and recommend changes as necessary; and
- Consider any other matters related to the oversight responsibilities of the Committee, as deemed advisable or necessary by Company management, the Board or the Committee.

Corporate and Shareholder Information

General Office
Ralcorp Holdings, Inc.
P.O. Box 618
St. Louis, MO 63188-0618
Telephone: 314-877-7000
Internet: www.ralcorp.com

Date and State of Incorporation
October 23, 1996 – Missouri

Fiscal Year End
September 30

Number of Record Shareholders
11,462 at September 30, 2003

Number of Employees
Approximately 5,000 at September 30, 2003

Independent Accountants
PricewaterhouseCoopers LLP, St. Louis, MO

Notice of Annual Meeting
The 2004 Annual Meeting of Shareholders will be held at the Corporate Offices of Ralcorp Holdings, 800 Market St., 21st Floor, St. Louis, Missouri at 8:30 a.m., Thursday, February 5, 2004. Proxy material for the meeting is enclosed.

Form 10-K Information and Investor Inquiries
Shareholders may obtain, without charge, a copy of the Company's most recent Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, by directing inquiries to:
Ralcorp Holdings, Inc.
Attn: Shareholder Services
P.O. Box 618
St. Louis, MO 63188-0618
Telephone: 314-877-7046

Exchange Listing
New York Stock Exchange, Inc.
Ticker Symbol – RAH

RAH Listed NYSE

Transfer Agent and Registrar
EquiServe Trust Company

Shareholder Telephone Calls:
Operators are available Monday – Friday, 9:00 a.m. to 5:00 p.m. Eastern time.
An interactive automated system is available around the clock daily.
Inside the U.S.: 877-282-1169
Outside the U.S.: 816-843-4299

Internet:
www.equiserve.com

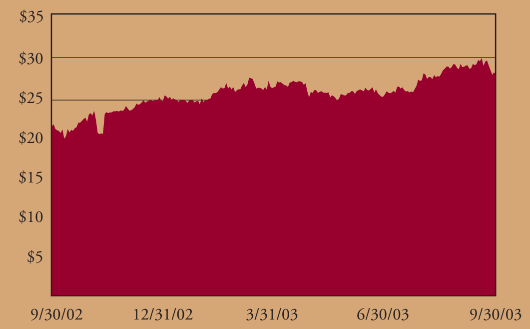
Addresses:
For Questions Regarding Stock Transfers, Change of Address or Lost Certificates:
EquiServe Trust Company
P.O. Box 43023
Providence, RI 02940-3023

To send stock mail certificates for transfer via regular mail:
EquiServe Trust Company
P.O. Box 43023
Providence, RI 02940-3023

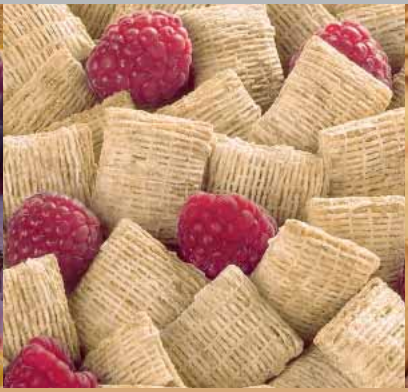
To send stock certificates by messenger or drop off by shareholder:
EquiServe Trust Company
c/o Securities Transfer & Reporting Service
100 William Street, Galleria
New York, NY 10038

To send stock certificates via express courier:
EquiServe Trust Company
150 Royall Street
Canton, MA 02021

Daily Closing Market Price





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