

The Wrigley Spear has been associated with the established brands of Wrigley's chewing gum since it was first used in 1893 and is recognized by consumers worldwide as a symbol of quality.

Back in the early 1970's, to reflect the Company's growing international presence, a Wrigley artist first depicted the Spear encircling the globe. The Globe and Spear is now a registered trademark of the Wm. Wrigley Jr. Company. Wrigley brands are produced in 13 factories around the world and sold in over 140 countries. Wrigley's chewing gum represents a truly American product known throughout the world and enjoyed daily by millions.

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WRIGLEY *at a glance*

PRODUCTS

COMPANIES

PRODUCTION FACILITIES

REGIONS SERVED

MAJOR BRANDS

CHEWING GUM/ BUBBLE GUM

WRIGLEY
Over 140 countries served

UNITED STATES Chicago, Illinois
Gainesville, Georgia

CANADA Don Mills, Ontario

● North America
● Latin America

ENGLAND Plymouth

FRANCE Biesheim

AUSTRIA Salzburg

POLAND Poznan

KENYA Nairobi

RUSSIA St. Petersburg (1999)

● Europe
● Middle East
● Africa

AUSTRALIA Sydney

PHILIPPINES Metro Manila

TAIWAN Taipei

CHINA Guangzhou

INDIA Bangalore

● Asia
● Pacific



BUBBLE GUM/ CONFECTIONS

AMUROL CONFECTIONS
Over 50 countries served

UNITED STATES Yorkville, Illinois

North America
Latin America
Europe
Middle East
Africa
Asia
Pacific



GUM BASE

L.A. DREYFUS

UNITED STATES Edison, New Jersey

FRANCE Biesheim

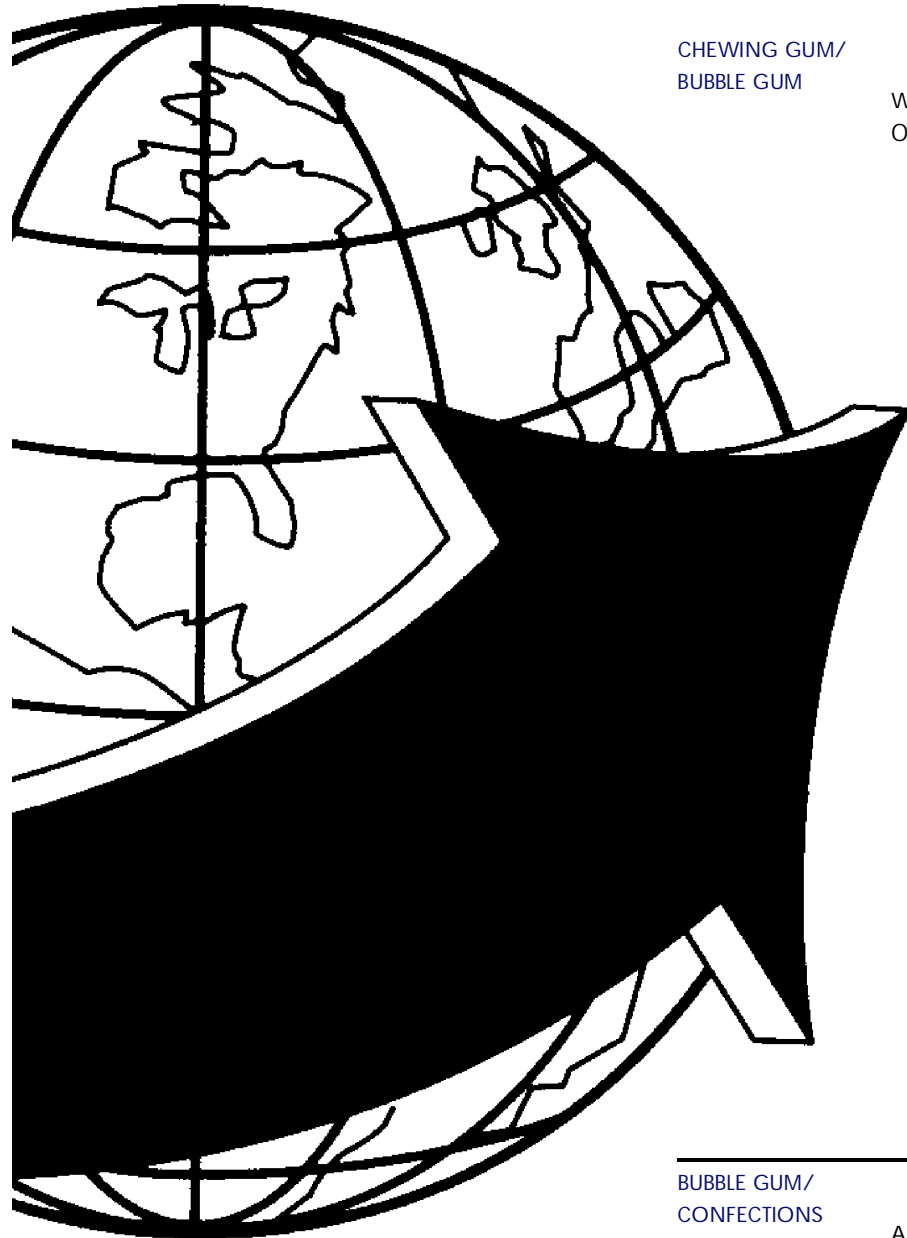
All Wrigley production facilities
(and some outside customers)

FLAVORING

NORTHWESTERN FLAVORS

UNITED STATES West Chicago, Illinois

All Wrigley production facilities
(and some outside customers)



To the Stockholders and Employees of the Wm. Wrigley Jr. Company

Your Company, again in 1997, set new highs over prior years in sales and earnings. This accomplishment required the determination and hard work of the entire worldwide Wrigley Company team. Our overall results were driven primarily by our international companies, and earnings also had the benefit of increased tax credits — a portion of which will not be repeated in 1998.

Throughout Europe and Asia, 1997 was an exceptional year characterized by consistency in volume growth across nearly all of our key markets. In fact, of our top 25 international markets, 22 recorded increased sales revenues. These very positive results, however, were reduced by about 50% in consolidation due to the effect of a stronger U.S. dollar. By taking a slightly longer-term perspective, we see the importance of our international focus, as the size of our overseas business has nearly doubled in the five-year period ending in 1997.

In both our established and developing markets of Europe, Wrigley associates turned in strong sales performances for 1997. Consistent merchandising and advertising efforts, combined with innovative product initiatives, resulted in increased per capita consumption. A new concept for our sugarfree brands designed specifically for children was well-received in Europe. This concept was launched first in Germany, then across the central and eastern countries, and by year-end into Scandinavia.

Our substantial investment in people, manufacturing capacity, advertising and merchandising in Central and Eastern Europe returned healthy dividends. The volume increase for this region over the prior year would, on its own, rank as our sixth largest market. Spending levels to support manufacturing and marketing efforts will remain high in these developing markets, as we seek to raise per capita consumption levels further through greater awareness and expanded availability for our brands.

A similar story emerges in our Asia/Pacific Region. For the third consecutive year, this part of the world recorded the largest percentage volume increase for your Company. China was second only to Central and Eastern Europe in terms of its contribution to our overall 1997 volume increase.

Even though our facility in Guangzhou opened just five years ago, the rapid pace of our growth in the Chinese market required construction activity over the past year that more than doubled the size of this plant. Substantial progress was also made on the replacement factory now under construction in the Philippines, scheduled for completion a year from now.

While the financial turmoil in Southeast Asia has not yet materially affected our performance, a note of caution is necessary. The decline in value of local currencies and weakness in these economies will have an impact on our business. We are closely monitoring the situation in each of these markets and taking whatever steps are needed to minimize any negative financial impact.

Closer to home and encouraging to your Company are the improving trends in our North American business. As we began 1997, we faced substantial marketing challenges in both the sugar and sugarfree segments of our U.S. business and heightened competition in Canada.

Our first priority was to reverse the negative trend for U.S. sugarfree gum sales. Reformulated for even longer-lasting flavor, four improved flavors of Extra® Sugarfree Gum went into the pipeline during the first half of the year. When a sufficient level of distribution was achieved, our new advertising kicked in, and the combination of an improved product and advertising in support of the relaunch was positive. During the second half of 1997, our sugarfree gum sales turned around, and we enjoyed a significant increase compared to the same period in the prior year.

The need to increase our U.S. multipack price at the end of 1996 in the sugar gum segment — after holding prices steady for nearly nine years — led to a substantial volume decline as we entered 1997. We used the improved margins to step up our advertising, and indications in the second half of the year were that our sugar gum volume was recovering.

Our associates in Canada focused their efforts on rationalizing both product offerings and promotional sales. While these changes resulted in slightly lower 1997 volume, their financial performance improved, and they were able to increase their brand support. Going forward, our presence in the Canadian market is expected to be stronger.

Our markets of Mexico, the Caribbean and Central and South America recorded solid volume gains. These improved sales were especially welcome after two years of declining volume following the devaluation of the Mexican peso. We are maintaining our interest in these markets and intend to build volume through new distribution and merchandising programs.

Turning to our associates at Amurrol Confections, their novelty gum category has long been marked by cyclical sales. And in 1997, they had to overcome the impact of a three-year sales decline. Through tight cost control measures, they achieved higher operating earnings over the prior year and improved their prospects for the coming year. They are also pressing forward with new concepts to reverse their sales trend.

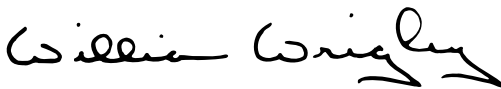
This coming year will see the further expansion of our international organization. China, Russia and Central Europe have provided dramatic business growth in recent years and continue to hold a vast potential for your Company. Hiring and training activities around the world will remain at peak levels to achieve and maintain the market penetration needed in our emerging markets and to staff new and expanded manufacturing facilities.

Capital investments will continue at a high level into 1998. On top of our outlays for bricks and mortar, a significant part of our capital program is the equipment required to ensure that capacity keeps pace with demand. Some of this machinery is purchased; however, the critical equipment is designed and built in-house. In the case of this proprietary technology, our engineering and machine construction departments have produced more specialized equipment in the past three years than in the previous seven. These efforts, significant by themselves, are in addition to the design, project management and start-up of production projects around the world — all of which have come in on time and on or under budget, often in spite of adverse weather conditions, stretched logistics and occasional red tape.

Similar to most companies supported by computer technology, we are confronted with the Year 2000 challenge. This project, to ensure that all of our computer systems will function properly at the turn of the century and beyond, began sometime ago. While good progress has been made, our largest expenditures are estimated to occur in 1998, and we expect to be over this hurdle by the first part of 1999.

As we move another year closer to the 21st Century, plenty of opportunities and a few clouds remain on the horizon. With the support of our shareholders and all Wrigley Company employees, we expect to expand our business well into the new millennium. We enter 1998 relying on the same strengths that have sustained us for the past 107 years — top quality products, powerful advertising, aggressive merchandising, and top-notch people who know how to use these tools.

Sincerely,

A handwritten signature in black ink that reads "William Wrigley". The signature is written in a cursive, flowing style with a prominent loop at the end of the last name.

William Wrigley

highlights of operations

	1997	1996
	<i>In thousands of dollars except for per share amounts</i>	
Net Sales	\$1,937,021	1,835,987
Earnings before factory closure	273,771	243,262
—Per Share of Common Stock (basic and diluted)	2.36	2.10
Net Earnings	271,626	230,272
—Per Share of Common Stock (basic and diluted)	2.34	1.99
Dividends Paid	135,680	118,308
—Per Share of Common Stock	1.17	1.02
Additions to Property, Plant and Equipment	126,509	101,977
Stockholders' Equity	985,379	897,431
Return on Average Equity	28.9%	27.2%
Stockholders at Close of Year	36,587	34,951
Average Shares Outstanding ('000)	115,964	115,983

For additional historical financial data see page 24.

consolidated statement of earnings

	1997	1996	1995
<i>In thousands of dollars except for per share amounts</i>			
EARNINGS			
Revenues:			
Net sales	\$1,937,021	1,835,987	1,754,931
Investment and other income	<u>17,153</u>	<u>14,614</u>	<u>14,811</u>
Total revenues	<u>1,954,174</u>	<u>1,850,601</u>	<u>1,769,742</u>
Costs and expenses:			
Cost of sales	847,366	814,483	778,019
Factory closure and related costs	3,300	19,436	—
Selling, distribution and general administrative	708,310	656,473	639,537
Interest	<u>958</u>	<u>1,097</u>	<u>1,955</u>
Total costs and expenses	<u>1,559,934</u>	<u>1,491,489</u>	<u>1,419,511</u>
Earnings before income taxes	394,240	359,112	350,231
Income taxes	<u>122,614</u>	<u>128,840</u>	<u>126,492</u>
Net earnings	<u>\$ 271,626</u>	<u>230,272</u>	<u>223,739</u>
PER SHARE AMOUNTS			
Net earnings per share of Common Stock (basic and diluted)	<u>\$ 2.34</u>	<u>1.99</u>	<u>1.93</u>
Dividends paid per share of Common Stock	<u>\$ 1.17</u>	<u>1.02</u>	<u>.96</u>

See accompanying accounting policies and notes.

consolidated balance sheet

	1997	1996
	<i>In thousands of dollars</i>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 206,627	181,233
Short-term investments, at amortized cost	120,728	119,330
Accounts receivable (less allowance for doubtful accounts: 1997—\$7,524; 1996—\$8,538)	175,967	165,051
Inventories—		
Finished goods	63,912	52,859
Raw materials and supplies	183,480	180,338
	<u>247,392</u>	<u>233,197</u>
Other current assets	30,538	19,674
Deferred income taxes—current	16,421	10,939
Total current assets	<u>797,673</u>	<u>729,424</u>
Marketable equity securities, at fair value	26,375	18,525
Deferred charges and other assets	59,566	69,461
Deferred income taxes—noncurrent	29,038	27,984
Property, plant and equipment, at cost:		
Land	26,298	25,921
Buildings and building equipment	277,808	251,687
Machinery and equipment	566,766	530,438
	<u>870,872</u>	<u>808,046</u>
Less accumulated depreciation	440,398	419,897
Net property, plant and equipment	<u>430,474</u>	<u>388,149</u>
TOTAL ASSETS	<u>\$1,343,126</u>	<u>1,233,543</u>

1997

1996

*In thousands of dollars and shares***LIABILITIES AND STOCKHOLDERS' EQUITY****Current liabilities:**

Accounts payable	\$ 71,001	75,431
Accrued expenses	78,378	66,434
Dividends payable	22,034	19,715
Income and other taxes payable	53,460	55,756
Deferred income taxes—current	943	816
Total current liabilities	225,816	218,152

Deferred income taxes—noncurrent

	30,874	24,390
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Other noncurrent liabilities

	101,057	93,570
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Stockholders' equity:

Preferred Stock—no par value

Authorized: 20,000 shares

Issued: None

Common Stock—no par value

Common Stock

Authorized: 400,000 shares

Issued: **1997—92,545 shares**; 1996—92,066 shares

	12,339	12,275
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Class B Common Stock—convertible

Authorized: 80,000 shares

Issued and outstanding:

1997—23,676 shares; 1996—24,155 shares

	3,157	3,221
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Additional paid-in capital

	226	238
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Retained earnings

	1,032,139	898,512
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Common Stock in treasury, at cost

(1997—252 shares; 1996—251 shares)

	(13,363)	(12,911)
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Foreign currency translation adjustment

	(65,034)	(14,716)
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Unrealized holding gains on marketable equity securities

	15,915	10,812
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Total stockholders' equity

	985,379	897,431
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

	\$1,343,126	1,233,543
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See accompanying accounting policies and notes.

consolidated statement of cash flows

	1997	1996	1995
	<i>In thousands of dollars</i>		
OPERATING ACTIVITIES			
Net earnings	\$ 271,626	230,272	223,739
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	50,439	47,288	43,773
Gain on sales of property, plant and equipment	(1,141)	(1,771)	(1,090)
(Increase) decrease in:			
Accounts receivable	(26,318)	2,154	(28,619)
Inventories	(26,916)	973	(11,422)
Other current assets	(12,712)	3,777	2,164
Other assets and deferred charges	11,123	(24,075)	(6,297)
Increase (decrease) in:			
Accounts payable	1,549	474	6,427
Accrued expenses	16,182	3	(3,657)
Income and other taxes payable	1,779	6,095	(6,889)
Deferred income taxes	(2,608)	(4,496)	720
Other noncurrent liabilities	11,475	25,149	3,702
Net cash provided by operating activities	294,478	285,843	222,551
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(126,509)	(101,977)	(102,759)
Proceeds from property retirements	6,888	10,785	3,690
Purchases of short-term investments	(1,301,735)	(576,995)	(281,065)
Maturities of short-term investments	1,298,732	559,603	277,913
Net cash used in investing activities	(122,624)	(108,584)	(102,221)
FINANCING ACTIVITIES			
Dividends paid	(135,680)	(118,308)	(111,401)
Common Stock purchased	(3,676)	(6,779)	(11,811)
Net cash used in financing activities	(139,356)	(125,087)	(123,212)
Effect of exchange rate changes on cash and cash equivalents	(7,104)	3,336	1,038
Net increase (decrease) in cash and cash equivalents	25,394	55,508	(1,844)
Cash and cash equivalents at beginning of year	181,233	125,725	127,569
Cash and cash equivalents at end of year	\$ 206,627	181,233	125,725
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid	\$ 126,925	130,499	133,494
Interest paid	\$ 900	631	1,957
Interest and dividends received	\$ 16,598	14,477	14,639

See accompanying accounting policies and notes.

consolidated statement of stockholders' equity

	1997	1996	1995
	<i>In thousands of dollars</i>		
Common Stock			
At beginning of year	\$ 12,275	12,205	12,177
Conversion of Class B Common Stock	64	70	52
Retirement	—	—	(24)
At end of year	<u>12,339</u>	<u>12,275</u>	<u>12,205</u>
Class B Common Stock			
At beginning of year	3,221	3,291	3,343
Conversion to Common Stock	(64)	(70)	(52)
At end of year	<u>3,157</u>	<u>3,221</u>	<u>3,291</u>
Additional Paid-In Capital			
At beginning of year	238	1,625	1,781
Options exercised and stock awards granted	(12)	(1,387)	(156)
At end of year	<u>226</u>	<u>238</u>	<u>1,625</u>
Retained Earnings			
At beginning of year	898,512	786,543	685,850
Net earnings	271,626	230,272	223,739
Dividends declared	(137,999)	(118,303)	(114,852)
Treasury Stock retirement	—	—	(8,194)
At end of year	<u>1,032,139</u>	<u>898,512</u>	<u>786,543</u>
Treasury Stock			
At beginning of year	(12,911)	(10,178)	(9,034)
Purchases	(3,676)	(6,779)	(11,811)
Options exercised and stock awards granted	3,224	4,046	2,449
Retirements	—	—	8,218
At end of year	<u>(13,363)</u>	<u>(12,911)</u>	<u>(10,178)</u>
Foreign Currency Translation Adjustment			
At beginning of year	(14,716)	(8,038)	(13,502)
Translation adjustment	(50,318)	(6,678)	5,464
At end of year	<u>(65,034)</u>	<u>(14,716)</u>	<u>(8,038)</u>
Unrealized Holding Gain			
At beginning of year	10,812	11,404	7,855
Marketable equity securities adjustment	5,103	(592)	3,549
At end of year	<u>15,915</u>	<u>10,812</u>	<u>11,404</u>
Total stockholders' equity	<u>\$ 985,379</u>	<u>897,431</u>	<u>796,852</u>

See accompanying accounting policies and notes.

CONSOLIDATION AND DESCRIPTION OF BUSINESS

The consolidated financial statements include the accounts of the Wm. Wrigley Jr. Company and its associated companies (the Company). The Company's principal business is manufacturing and selling chewing gum. All other businesses constitute less than 10% of combined revenues, operating profit and identifiable assets. Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect assets, liabilities, revenues and expenses. Actual results may vary from those estimates.

FACTORY CLOSURE INCLUDING SUBSEQUENT EVENT

In April 1996, as part of a plan to realign U.S. production capacity, the Company announced its intent to close its Santa Cruz, California factory and transfer, retire, or terminate the 311 employees at that factory by the second quarter of 1997. In 1996, the Company provided \$17,000,000 for related closure costs covering employee severance and costs to maintain and sell the property and incurred \$2,436,000 for employee relocation, training and other transition costs related to this plan for a total charge of \$19,436,000. In 1997, the Company incurred \$3,300,000 for employee relocation, training and other transition costs. As a result of these charges, net earnings per share are reduced by \$.02 and \$.11 per share in 1997 and 1996, respectively.

At December 31, 1997, a total of 305 employees have been transferred, retired or terminated and \$6,404,000 in severance and closure costs have been incurred and charged to the reserve.

On January 22, 1998, the Company sold its real estate holding in Santa Cruz, California. In the first quarter of 1998, the Company expects to record a pretax gain of approximately \$10,000,000 and net earnings of approximately \$6,500,000 or \$.06 per share from the sale of the property.

CASH AND CASH EQUIVALENTS

The Company considers all highly-liquid investments with original maturity of three months or less to be cash equivalents.

ADVERTISING

The Company expenses all advertising costs in the year incurred. Advertising expense was \$279,689,000 in 1997, \$247,571,000 in 1996 and \$240,925,000 in 1995.

INVESTMENTS IN DEBT & EQUITY SECURITIES

The Company adheres to Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Its investments in debt securities, which typically mature in one year or less, are held to maturity and valued at amortized cost, which approximates fair value. The aggregate fair values at December 31, 1997 and December 31, 1996 were, respectively, \$104,684,000 and \$90,323,000 for municipal securities, and \$16,044,000 and \$29,007,000 for other debt securities. The average yield of municipal securities held at December 31, 1997 and December 31, 1996 is 4.28% and 4.11%, respectively.

The Company's investments in marketable equity securities are held for an indefinite period. Application of SFAS No. 115 resulted in unrealized holding gains of \$24,484,000 at December 31, 1997 and \$16,634,000 at December 31, 1996. Unrealized holding gains, net of the related tax effect, of \$15,915,000 and \$10,812,000 at December 31, 1997 and 1996, respectively, were included as components of stockholders' equity.

INVENTORIES

Inventories are valued at cost on a last-in, first-out (LIFO) basis for U.S. companies and at the lower of cost (principally first-in, first-out basis) or market for international associated companies. Inventories totaled \$247,392,000 and \$233,197,000 at December 31, 1997 and 1996, respectively, including \$104,801,000 and \$101,523,000, respectively, valued at cost on a LIFO basis. If current costs had been used, such inventories would have been \$40,674,000 and \$44,268,000 higher than reported at December 31, 1997 and 1996, respectively.

DEPRECIATION

Depreciation is provided over the estimated useful lives of the respective assets: buildings and building equipment — 12 to 50 years; machinery and equipment — 3 to 20 years. Depreciation is provided primarily by the straight-line method for international associated companies and by the accelerated method, with a change to straight-line in the latter years of useful life, for the U.S. companies. The amounts were:

	1997	1996	1995
	<i>In thousands of dollars</i>		
Straight-line	\$32,485	30,489	25,804
Accelerated	\$17,954	16,799	17,969

OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities at December 31, 1997 included liabilities for approximately \$39,400,000 of deferred compensation and \$18,000,000 for post-retirement benefit plans. At December 31, 1996, they included liabilities for approximately \$26,938,000 of deferred compensation and \$16,200,000 for postretirement benefits.

FOREIGN CURRENCY TRANSLATION AND EXCHANGE CONTRACTS

The Company has determined that the functional currency for each associated company except for selected Eastern European entities is its local currency. As some Eastern European entities operate in economies which are considered to be highly inflationary, their functional currency is the U.S. dollar.

Certain foreign associated companies enter into forward exchange contracts and purchase currency options as nonspeculative hedges against future purchase commitments with other associated companies and outside vendors. In addition, the Parent Company enters into forward exchange contracts and purchases currency options as nonspeculative hedges regarding known future royalty payments from, and net investments in, associated companies as well as known foreign currency commitments. Market value gains and losses, recognized at expiration of the contracts, offset foreign exchange gains or losses on the related trans-

actions being hedged. At December 31, 1997, foreign exchange rate contracts for a number of currencies, primarily British pounds, French francs, German marks, and U.S. dollars, maturing at various dates through December 31, 1998, aggregated \$222,209,000. Open foreign exchange contracts at December 31, 1996 aggregated \$239,645,000. Unrealized gains or losses on these contracts were not significant as of either December 31, 1997 or 1996.

ACCRUED EXPENSES

Accrued expenses at December 31, 1997 and 1996 included \$29,667,000 and \$25,972,000 of payroll expenses, respectively.

COMPREHENSIVE INCOME AND SEGMENT DISCLOSURE

In 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." These statements, which are effective for periods beginning after December 15, 1997, modify or expand previous disclosure requirements. The Company's statements of earnings and cash flows will not be impacted by these statements.

EARNINGS PER SHARE

In 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share". This statement, which is effective for periods ending on or after December 15, 1997, changed the method for computing earnings per share. There is no difference between basic and diluted earnings per share for the years ending December 31, 1997, 1996 or 1995. SFAS No. 128 did not affect current or previously reported earnings per share.

COMMON STOCK

The Company's 1988 Management Incentive Plan (MIP) authorized the granting of up to 5,400,000 shares of the Company's new or reissued Common Stock to key managers in various forms, including stock grants and stock appreciation rights. The 1988 MIP terminated on March 5, 1997 with no further grants permitted. On March 5, 1997,

accounting policies and notes (continued)

stockholders approved the Company's 1997 MIP. The 1997 MIP authorizes the granting of up to 5,000,000 shares of the Company's new or reissued Common Stock.

Both the 1988 MIP and 1997 MIP were designed to provide key employees the opportunity to participate in the long-term growth and profitability of the Company through equity-based incentives. In accordance with either MIP, shares of Wrigley stock or deferral share units may be awarded under the Long-Term Stock Grant, Stock Award, and Alternate Investment and Savings Plan programs. The 1997 MIP consolidated all of the Company's executive compensation programs, including the Executive Incentive Compensation Plan, with the programs under the 1988 MIP. Deferral share units are also awarded to non-employee directors. Neither the cost to provide share and share units nor the number of shares which may be issued is material.

Each share of Class B Common Stock has ten votes, is restricted as to transfer or other disposition and is convertible at any time into one share of Common Stock.

Additional paid-in capital primarily represents the excess of fair market value of Common Stock issued from treasury on the date the shares of stock were awarded over the average acquisition cost of the shares.

Treasury Stock may be acquired for the 1988 and 1997 MIP plans or under a resolution the Board of Directors adopted at its meeting of August 18, 1993, authorizing the Company to purchase from time to time shares of the Company's Common Stock not to exceed \$100,000,000 in aggregate price.

On August 19, 1992, the Board of Directors adopted a resolution retiring the entire balance of shares of Common Stock held in the corporate treasury at

that time and all subsequent acquisitions to the extent not required for issuance under the 1988 MIP. On December 22, 1995, 180,000 shares of Common Stock were retired.

Following is a summary of share activity for Common Stock, Class B Common Stock and Treasury Stock:

	COMMON	CLASS B	TREASURY
	<i>In thousands of shares</i>		
Balance at 12/31/96	92,066	24,155	251
Conversion of Class B Shares	479	(479)	—
Treasury Stock Purchases	—	—	56
Options Exercised and Stock Awards Granted	—	—	(55)
Balance at 12/31/97	<u>92,545</u>	<u>23,676</u>	<u>252</u>

INCOME TAXES

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. Components of net deferred tax assets are as follows:

	1997	1996
	<i>In thousands of dollars</i>	
Accrued Compensation, Pension and Postretirement Benefits	\$ 24,506	17,904
Depreciation	(13,465)	(11,704)
Unrealized Holding Gain	(8,569)	(5,822)
Factory Closure and Related Costs	3,709	5,695
All Other—Net	7,461	7,644
Net Deferred Tax Asset	<u>\$ 13,642</u>	<u>13,717</u>

Balance sheet classifications of deferred taxes are as follows:

	1997	1996
<i>In thousands of dollars</i>		
Deferred Tax Asset—		
Current	\$ 16,421	10,939
Noncurrent	29,038	27,984
Deferred Tax Liability—		
Current	(943)	(816)
Noncurrent	(30,874)	(24,390)
Net Deferred Tax Asset	<u>\$ 13,642</u>	<u>13,717</u>

Applicable U.S. income and foreign withholding taxes have not been provided on approximately \$333,000,000 of undistributed earnings of international associated companies at December 31, 1997. These earnings are considered to be permanently invested and, under the tax laws, are not subject to such taxes until distributed as dividends. If the earnings were not considered permanently invested, approximately \$32,000,000 of deferred income taxes would have been provided.

Income taxes are based on pre-tax earnings which are distributed geographically as follows:

	1997	1996	1995
<i>In thousands of dollars</i>			
Domestic	\$172,391	161,510	172,373
Foreign	221,849	197,602	177,858
	<u>\$394,240</u>	<u>359,112</u>	<u>350,231</u>

Reconciliation of the provision for income taxes computed at the U.S. Federal statutory rate of 35% for 1997, 1996, and 1995 to the reported provision for income taxes is as follows:

	1997	1996	1995
<i>In thousands of dollars</i>			
Provision at			
Statutory Rate	\$137,984	125,690	122,581
State Taxes—Net	8,133	8,284	8,963
Foreign Tax Rates	(1,178)	34	2,695
Tax Credits			
(principally foreign)	(16,638)	(376)	(3,223)
Other—Net	(5,687)	(4,792)	(4,524)
	<u>\$122,614</u>	<u>128,840</u>	<u>126,492</u>

The components of the provision for income taxes for 1997, 1996, and 1995 were:

	CURRENT	DEFERRED	TOTAL
<i>In thousands of dollars</i>			
1997			
Federal	\$ 28,054	(3,590)	24,464
Foreign	84,168	982	85,150
State	13,000	—	13,000
	<u>\$125,222</u>	<u>(2,608)</u>	<u>122,614</u>
1996			
Federal	\$ 47,890	(6,205)	41,685
Foreign	72,702	1,709	74,411
State	12,744	—	12,744
	<u>\$133,336</u>	<u>(4,496)</u>	<u>128,840</u>
1995			
Federal	\$ 45,770	(1,333)	44,437
Foreign	66,154	2,053	68,207
State	13,848	—	13,848
	<u>\$125,772</u>	<u>720</u>	<u>126,492</u>

accounting policies and notes (continued)

RETIREMENT PLANS

The Company maintains non-contributory defined benefit pension plans covering substantially all of its employees. Retirement benefits are a function of the years of service and the level of compensation, generally for the highest three consecutive salary years occurring within ten years prior to an employee's retirement date, depending on the plan. The Company's policy is to fund within ERISA or other statutory limits to provide benefits earned to date and expected to be earned in the future.

To the extent that an individual's annual retirement benefit under the plan exceeds the limitations imposed by the Internal Revenue Code of 1986, as amended, and the regulations thereunder, such excess benefits may be paid from the Company's non-qualified, unfunded, non-contributory supplemental retirement plan.

The components of consolidated net pension cost are presented below:

	1997		1996		1995	
	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN
	<i>In thousands of dollars</i>					
Service Cost—						
Benefits Earned During the Year	\$ 6,958	3,709	6,878	3,298	5,754	3,133
Interest Cost						
on Projected Benefit Obligation	16,120	4,556	14,769	4,145	14,202	3,809
Actual Return on Plan Assets	(35,984)	(10,470)	(26,978)	(4,824)	(31,984)	(4,258)
Net Amortization and Deferral	16,147	4,509	8,325	(501)	16,033	(301)
Other Pension Plans	606	3,888	551	4,223	433	3,846
Net Pension Cost	<u>\$ 3,847</u>	<u>6,192</u>	<u>3,545</u>	<u>6,341</u>	<u>4,438</u>	<u>6,229</u>

Assumptions used to determine net pension cost and the actuarial present value of the projected benefit obligation were as follows:

	1997		1996		1995	
	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN
Discount Rates	7.25%	6.8-8.0%	7.5%	7.5-9.0%	7.25%	7.5-9.0%
Long-term Rates of Return on Assets	8.5%	4.0-8.5%	8.5%	7.0-9.0%	8.5%	7.0-9.0%
Rates of Increase in Compensation Levels	4.75%	0.0-5.0%	4.75%	5.0-6.0%	4.75%	5.0-6.0%

Domestic plan assets consist primarily of high quality marketable fixed income and equity securities. Foreign plan assets consist primarily of contracts with insurance companies. The defined benefit plans' funded status and the pension liability recorded in the consolidated balance sheet were as follows:

	1997		1996	
	DOMESTIC	FOREIGN	DOMESTIC	FOREIGN
	<i>In thousands of dollars</i>			
Plan Assets at Fair Value	\$266,517	76,432	240,937	61,685
Actuarial Present Value of Benefit Obligation:				
Vested benefits	183,807	64,260	163,489	48,109
Nonvested benefits	<u>6,677</u>	<u>894</u>	<u>5,897</u>	<u>669</u>
Accumulated Benefit Obligation	190,484	65,154	169,386	48,778
Projected future salary increases	<u>47,855</u>	<u>6,274</u>	<u>41,015</u>	<u>7,450</u>
Projected benefit obligation	<u>238,339</u>	<u>71,428</u>	<u>210,401</u>	<u>56,228</u>
Plan Assets in Excess of Projected Benefit Obligation	28,178	5,004	30,536	5,457
Less Items Not Yet Recognized in Earnings:				
Unrecognized prior service cost	(9,160)	(3,363)	(157)	(453)
Unrecognized net gain	41,482	3,228	30,624	968
Unrecognized transition asset	<u>1,964</u>	<u>2,850</u>	<u>2,282</u>	<u>3,579</u>
Accrued Pension Liability (Asset)	<u>\$ 6,108</u>	<u>(2,289)</u>	<u>2,213</u>	<u>(1,363)</u>

In addition to the defined benefit plans described above, the Company also sponsors defined contribution plans within the U.S. and at selected foreign associated companies. The plans cover full time employees and provide for contributions of between 3% and 5% of salary. The Company's expense for the defined contribution plans totaled \$4,719,000, \$4,700,000, and \$4,850,000 in 1997, 1996, and 1995, respectively.

accounting policies and notes (continued)

POSTRETIREMENT BENEFITS

The Company maintains certain plans which provide limited postretirement healthcare benefits on a contributory basis and life insurance benefits in the U.S. and at certain international associated companies. The cost of postretirement benefits is provided for during the employee's active working career.

A reconciliation of the plans' funded status to the amounts reported in the financial statements follows:

	1997	1996
<i>In thousands of dollars</i>		
Accumulated Postretirement Benefit Obligation:		
Retirees	\$ 8,700	8,000
Active Employees	<u>19,200</u>	<u>17,400</u>
Total	<u>27,900</u>	25,400
Plan Assets	<u>8,200</u>	8,000
Accumulated Postretirement Benefit Obligation in Excess of Plan Assets	19,700	17,400
Unrecognized Actuarial Gain (Loss)	<u>(1,700)</u>	<u>(1,200)</u>
Accrued Postretirement Liability	<u>\$18,000</u>	<u>16,200</u>

The components of the net periodic postretirement benefit cost are as follows:

	1997	1996	1995
<i>In thousands of dollars</i>			
Service Cost	\$1,000	1,000	800
Interest Cost	2,000	1,800	1,600
Return on Plan Assets	<u>(300)</u>	<u>(200)</u>	<u>(300)</u>
Net Periodic Expense	<u>\$2,700</u>	<u>2,600</u>	<u>2,100</u>

Actuarial assumptions used to measure the postretirement benefit cost are as follows:

	1997	1996	1995
Discount Rate	7.25%	7.50%	7.25%
Healthcare Trend to 2002 (in 1997)	8.125-5.0%	8.75-5.0%	9.375-5.0%
Return on Plan Assets	5.5%	5.5%	5.5%

Effects of increasing the healthcare trend rates by one percentage point in each year are summarized below:

	1997	1996	1995
<i>In thousands of dollars</i>			
Increase Accumulated Postretirement Benefit Obligation By	\$2,500	2,400	2,300
Increase Postretirement Benefit Cost By	\$ 400	350	300

OPERATIONS BY GEOGRAPHIC AREAS

Information concerning the Company's operations in different geographic areas at December 31, 1997, 1996, and 1995, and for the years then ended is presented below.

Operating profit is revenue less all costs and expenses other than general corporate expenses, interest expense and income taxes. Operating profit for North America includes costs of \$3,300,000 and \$19,436,000 for 1997 and 1996, respectively, related to the closure of the Santa Cruz factory.

Identifiable assets are those involved in the operations in each geographic area and include all of the assets of associated companies. Marketable equity securities held by the Parent Company are not distributed to geographic areas, and the related dividend income is included in the adjustments and eliminations line.

	1997	1996	1995
			<i>In thousands of dollars</i>
REVENUES:			
North America (principally U.S.)	\$ 929,015	909,540	922,185
Europe	828,415	769,671	703,349
Asia, Pacific & Other	260,848	218,043	189,619
Adjustments and Eliminations	<u>(64,104)</u>	<u>(46,653)</u>	<u>(45,411)</u>
Total Revenues	<u>\$1,954,174</u>	<u>1,850,601</u>	<u>1,769,742</u>
OPERATING PROFIT:			
North America (principally U.S.)	\$ 177,025	166,035	177,563
Europe	176,961	153,513	141,737
Asia, Pacific & Other	41,962	40,866	33,975
Adjustments and Eliminations	<u>394</u>	<u>723</u>	<u>(300)</u>
	396,342	361,137	352,975
Interest and General Corporate Expenses	<u>(2,102)</u>	<u>(2,025)</u>	<u>(2,744)</u>
Earnings Before Income Taxes	<u>\$ 394,240</u>	<u>359,112</u>	<u>350,231</u>
IDENTIFIABLE ASSETS USED IN OPERATIONS:			
North America (principally U.S.)	\$ 706,309	665,172	598,214
Europe	446,523	409,154	353,625
Asia, Pacific & Other	165,400	144,933	126,931
Adjustments and Eliminations	<u>(1,481)</u>	<u>(4,241)</u>	<u>622</u>
	1,316,751	1,215,018	1,079,392
Corporate Assets	<u>26,375</u>	<u>18,525</u>	<u>19,827</u>
Total Assets	<u>\$1,343,126</u>	<u>1,233,543</u>	<u>1,099,219</u>

Management of the Wm. Wrigley Jr. Company is responsible for the preparation and integrity of the financial statements and related information presented in this Annual Report. This responsibility is carried out through a system of internal controls to ensure that assets are safeguarded, transactions are properly authorized and financial records are accurate.

These controls include a comprehensive internal audit program, written financial policies and procedures, appropriate division of responsibility, and careful selection and training of personnel. Written policies include a Code of Business Conduct prescribing that all employees maintain the highest ethical and business standards.

Ernst & Young LLP have conducted an independent audit of the financial statements, and their report appears on the facing page.

The Board of Directors exercises its control responsibility through an Audit Committee composed entirely of outside directors. The Audit Committee meets regularly to review accounting and control matters. Both Ernst & Young LLP and the internal auditors have direct access to the Audit Committee and periodically meet privately with them.

WM. WRIGLEY JR. COMPANY

Chicago, Illinois
January 28, 1998

To the Stockholders and Board of Directors of the Wm. Wrigley Jr. Company

We have audited the accompanying consolidated balance sheet of the Wm. Wrigley Jr. Company and associated companies at December 31, 1997 and 1996, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Wm. Wrigley Jr. Company and associated companies at December 31, 1997 and 1996, and the consolidated results of their operations and cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Chicago, Illinois
January 28, 1998

RESULTS OF OPERATIONS

NET SALES

Consolidated net sales for 1997 increased \$101,034,000 or 6% from 1996. Net sales for 1997 were favorably impacted by higher unit volume and selected selling price increases in international markets, mainly in Europe, and the full year impact of 1996 price increases in North America, primarily the U.S. and Canada. Higher shipments increased net sales 8%, while selected selling price changes increased net sales about 3%. Translation of foreign currency sales to a stronger U.S. dollar reduced reported net sales by 5%.

North American 1997 net sales were essentially unchanged from 1996, as the full year impact of 1996 price increases in the U.S. and Canada offset lower shipments. In total, North American shipments decreased by 2% from the previous year's level mainly due to lower unit shipments at Amurrol Confections and lower U.S. shipments of Wrigley brands.

International 1997 net sales increased by 20%, excluding the effects of foreign currency translation. Unit volume increased 17% in 1997, with customer shipments to emerging markets such as China and Eastern Europe accounting for most of the volume gain.

Consolidated net sales for 1996 were up \$81,056,000 or 5% from 1995. Net sales for 1996 were favorably affected by higher international unit volume and selected selling price increases mainly in Europe and North America. Higher shipments increased net sales by 5%, while selected selling price changes increased net sales about 2%. Translation of foreign currency sales to a stronger U.S. dollar reduced reported net sales by 2%.

North American 1996 net sales were down more than 1% from 1995. The 1996 price increases in the U.S. and Canada tended to offset volume declines. In total, North American shipments decreased by 4% from the previous year's level. At Amurrol Confections, lower unit shipments reduced North American volume about 2%. Decreased sales to Mexico and lower U.S. shipments of Wrigley brands reduced overall North American volume about 2%.

International 1996 net sales increased by 15%, excluding the effects of foreign currency translation. Unit volume increased 10%, with customer shipments to emerging markets such as China and Eastern Europe accounting for most of the volume gain.

INVESTMENT AND OTHER INCOME

In 1997, consolidated investment and other income increased \$2,539,000 or 17% from 1996, mainly due to higher average investment balances worldwide.

In 1996, consolidated investment and other income decreased \$197,000 or 1% from 1995, mainly due to lower average yields.

COST OF SALES AND GROSS PROFIT

In April 1996, as part of a plan to realign U.S. production capacity, the Company announced its intent to close its Santa Cruz, California factory and transfer, retire, or terminate the 311 employees at that factory by the second quarter of 1997. In 1996, the Company provided \$17,000,000 for related closure costs covering employee severance and costs to maintain and sell the property and incurred \$2,436,000 for employee relocation, training, and other transition costs related to this plan for a total charge of \$19,436,000.

In 1997, the Company incurred \$3,300,000 for employee relocation, training and other transition costs. With the realignment of production and related efficiencies, the Company estimates that its U.S. operating costs were \$7,700,000 lower than would otherwise have been the case, resulting in a 1997 net savings of approximately \$4,400,000.

Consolidated cost of sales for 1997 increased \$32,883,000 or 4% from 1996. Excluding the effect of foreign currency translation, 1997 cost of sales increased by about 9% from 1996 mainly due to increased international volume. Excluding the Santa Cruz factory closure costs, consolidated gross profit in 1997 was \$1,089,655,000, an increase of \$68,151,000 or nearly 7% from 1996. The consolidated gross profit margin on net sales was 56.3% for 1997, up nearly 1% from the 1996 gross margin of 55.6%, reflecting lower international product costs and savings from the above mentioned realignment.

In 1996, consolidated cost of sales increased \$36,464,000 or nearly 5% from 1995 mainly due to international volume gains and higher product costs. Excluding the effect of foreign currency translation, the cost of sales increase was about 8% from 1995. Excluding the Santa Cruz factory closure costs, consolidated gross profit in 1996 was \$1,021,504,000, an increase of \$44,592,000 or nearly 5% from 1995. The consolidated gross profit margin on net sales was 55.6% for 1996, compared to a gross margin of 55.7% for 1995.

SELLING, DISTRIBUTION, AND GENERAL ADMINISTRATION EXPENSES

Consolidated 1997 selling, distribution, and general administration expenses increased \$51,837,000 or 8% from 1996. Excluding the effects of foreign currency translation, the increase was about 13% in 1997, mainly due to higher international selling and marketing expenditures.

In 1996, consolidated selling, distribution, and general administration expenses increased \$16,936,000 or 3% from 1995. Excluding the effects of foreign currency translation, the increase was about 5% in 1996, mainly due to higher international selling and marketing activities.

As a percentage of consolidated net sales, the expenses were:

	1997	1996	1995
Selling and Marketing	26.5%	25.5%	26.0%
Distribution and General Administration	10.1%	10.3%	10.4%
	36.6%	35.8%	36.4%

INCOME TAXES

Income taxes in 1997 decreased \$6,226,000 or 5% from 1996. The effective consolidated income tax rate was 31.1% in 1997 and 35.9% in 1996. The lower effective tax rate in 1997 is mainly from tax credits.

Income taxes in 1996 increased \$2,348,000 or 2% from 1995. The effective consolidated income tax rate was 35.9% in 1996 and 36.1% in 1995.

NET EARNINGS

Consolidated net earnings in 1997, including costs related to the Santa Cruz factory closure, increased \$41,354,000 and \$0.35 per share or 18% from 1996. Excluding factory closure costs, 1997 net earnings increased \$30,509,000 and \$.26 per share or 12%.

Consolidated net earnings in 1996, including costs related to the Santa Cruz factory closure, increased \$6,533,000 and \$.06 per share or 3% from 1995. Excluding factory closure costs, 1996 net earnings increased \$19,523,000 and \$.17 per share or 9%.

LIQUIDITY AND CAPITAL RESOURCES

ADDITIONS TO PROPERTY, PLANT, AND EQUIPMENT

Capital expenditures for 1997 were \$126,509,000, an increase of \$24,532,000 from 1996 capital expenditures of \$101,977,000. The 1996 capital expenditures were essentially even with 1995 capital expenditures. All of the capital expenditures for

1997 and 1996 were funded from the Company's cash flow from operations. Additions to property, plant, and equipment in 1998 are expected to be above 1997 capital expenditures and are also planned to be funded from the Company's cash flow from operations.

CURRENT RATIO

The Company has a current ratio (current assets divided by current liabilities) in excess of 3 to 1 at December 31, 1997 and 1996.

OTHER MATTERS

SALE OF THE SANTA CRUZ FACTORY

On January 22, 1998, the Company sold its real estate holding in Santa Cruz, California. In the first quarter of 1998, the Company expects to record a pretax gain of approximately \$10,000,000 and net earnings of approximately \$6,500,000 or \$.06 per share from the sale of the property.

YEAR 2000

The Company recognizes the potential business impacts related to the Year 2000 technology issue. The issue is one where computer systems may recognize the designation "00" as 1900 when it means 2000, resulting in processing failures or errors. The Company began to address this issue in 1995, and is currently implementing appropriate measures to ensure its business operations are not impeded by the millennium change. The Company has made and will continue to make investments in its computer systems and business processes to ensure they are year 2000 compliant. In 1997, the Company incurred approximately \$5,000,000 related to this issue and expects to incur approximately \$10,000,000 in 1998. Costs incurred after 1998 are not expected to be significant.

MARKET RISK

Inherent in the Company's operations are certain risks related to foreign currency, interest rates, and the equity markets. The Company identifies these risks and mitigates their financial impact through its corporate policies and hedging activities. The Company has determined that movements in market values of financial instruments used to mitigate identified risks are not expected to have a material impact on future earnings, cash flows, or reported fair values.

selected financial data

	1997	1996	1995	1994
OPERATING DATA				
Net Sales	\$1,937,021	1,835,987	1,754,931	1,596,551
Cost of Sales	847,366	814,483	778,019	697,442
Income Taxes	122,614	128,840	126,492	122,746
Earnings before factory closure in 1997 and 1996, nonrecurring gain on sale of Singapore property in 1994, and cumulative effect of accounting changes in 1992	273,771	243,262	223,739	205,767
—Per Share of Common Stock (basic and diluted)	2.36	2.10	1.93	1.77
Net Earnings	271,626	230,272	223,739	230,533
—Per Share of Common Stock (basic and diluted)	2.34	1.99	1.93	1.98
Dividends Paid	135,680	118,308	111,401	104,694
—Per Share of Common Stock	1.17	1.02	.96	.90
—As a Percent of Net Earnings	50%	51%	50%	45%
Dividends Declared				
—Per Share of Common Stock	1.19	1.02	.99	.94
Average Shares Outstanding	115,964	115,983	116,066	116,358
OTHER FINANCIAL DATA				
Net Property, Plant and Equipment	\$ 430,474	388,149	347,491	289,420
Total Assets	1,343,126	1,233,543	1,099,219	978,834
Working Capital	571,857	511,272	458,683	413,414
Stockholders' Equity	985,379	897,431	796,852	688,470
Return on Average Equity	28.9%	27.2%	30.1%	36.5%
Stockholders at Close of Year	36,587	34,951	28,959	24,078
Employees at Close of Year	8,200	7,800	7,300	7,000
Market Price of Stock—High	82.063	62.875	54.000	53.875
—Low	54.563	48.375	42.875	38.125

1993	1992	1991	1990	1989	1988	1987
<i>In thousands of dollars and shares except for per share amounts</i>						
1,428,504	1,286,921	1,148,875	1,110,639	992,853	891,392	781,059
617,156	572,468	507,795	508,957	451,773	392,460	338,081
103,944	83,730	79,362	70,897	64,277	53,491	52,863
174,891	148,573	128,652	117,362	106,149	87,236	70,145
1.50	1.27	1.09	1.00	.90	.73	.56
174,891	141,295	128,652	117,362	106,149	87,236	70,145
1.50	1.21	1.09	1.00	.90	.73	.56
87,344	72,511	64,609	58,060	53,506	43,591	35,080
.75	.62	.55	.49	.45	.36	.28
50%	51%	50%	49%	50%	50%	50%
.75	.63	.55	.51	.47	.37	.29
116,511	117,055	117,517	117,743	118,035	120,308	125,006
239,868	222,137	201,386	188,959	171,951	155,260	151,425
815,324	711,372	625,074	563,665	498,624	440,400	407,350
343,132	299,149	276,047	229,735	186,588	165,430	149,154
575,182	498,935	463,399	401,386	342,994	308,538	288,965
32.6%	29.4%	29.8%	31.5%	32.6%	29.2%	24.1%
18,567	14,546	11,086	10,497	10,218	9,440	9,351
6,700	6,400	6,250	5,850	5,750	5,500	5,500
46.125	39.875	27.000	19.750	17.917	13.750	11.833
29.500	22.125	16.375	14.583	11.833	10.667	6.500

CONSOLIDATED RESULTS

	NET SALES		COST OF SALES		NET EARNINGS	
					AMOUNT	PER SHARE
<i>In thousands of dollars except for per share amounts</i>						
1997						
First Quarter	\$ 447,607	196,066	62,849			.54
Second Quarter	521,272	225,348	76,647			.66
Third Quarter	481,938	208,931	69,526			.60
Fourth Quarter	486,204	217,021	62,604			.54
Total	<u>\$1,937,021</u>	<u>847,366</u>	<u>271,626</u>			<u>2.34</u>
1996						
First Quarter	\$ 426,674	187,864	57,613			.50
Second Quarter ¹	483,625	214,217	57,043			.49
Third Quarter	462,425	203,782	61,207			.53
Fourth Quarter	463,263	208,620	54,409			.47
Total	<u>\$ 1,835,987</u>	<u>814,483</u>	<u>230,272</u>			<u>1.99</u>

¹Net earnings and earnings per share for the 2nd quarter 1996 included charges of \$11,200,000 and \$.10 respectively from the closure of the Santa Cruz factory.

MARKET PRICES

Although there is no established public trading market for the Class B Common Stock, these shares are at all times convertible into shares of Common Stock on a one-for-one basis and are entitled to identical dividend payments.

The Common Stock of the Company is listed and traded on the New York Stock Exchange. The table below presents the high and low sales prices for the two most recent years.

	1997		1996	
	HIGH	LOW	HIGH	LOW
First Quarter	\$62 ¹ / ₂	54 ⁹ / ₁₆	62 ⁷ / ₈	52 ¹ / ₄
Second Quarter	71 ³ / ₈	55 ³ / ₄	59 ⁵ / ₈	49
Third Quarter	77 ⁵ / ₁₆	67 ¹ / ₈	61 ³ / ₈	48 ³ / ₈
Fourth Quarter	82 ¹ / ₁₆	64 ⁷ / ₈	62	55 ¹ / ₈

DIVIDENDS

The following table indicates the quarterly breakdown of aggregate dividends declared per share of Common Stock and Class B Common Stock for the two most recent years.

	1997			1996		
	REGULAR	EXTRA	TOTAL	REGULAR	EXTRA	TOTAL
First Quarter	\$.19		.19	.17		.17
Second Quarter	.19		.19	.17		.17
Third Quarter	.19		.19	.17		.17
Fourth Quarter	.19	.43	.62	.17	.34	.51
Total	<u>\$.76</u>	<u>.43</u>	<u>1.19</u>	<u>.68</u>	<u>.34</u>	<u>1.02</u>

William Wrigley

President & Chief Executive Officer

Douglas S. Barrie

Group Vice President

Ronald O. Cox

Group Vice President

John F. Bard

Senior Vice President

Martin J. Geraghty

Senior Vice President — Manufacturing

William Wrigley, Jr.

Vice President

Donald E. Balster

Vice President — Production

Gary R. Bebee

Vice President — Customer Marketing

David E. Boxell

Vice President — Personnel

J. E. Dy-Liacco

*Vice President — International
(retired December 31, 1997)*

Susan S. Fox

Vice President — Consumer Marketing

Philip G. Hamilton

Vice President — International

Shaun Kim

Vice President — Engineering

Dennis R. Mally

Vice President — Information Services

Jon Orving

Vice President — International

Dushan Petrovich

Vice President — Controller

Stefan Pfander

*Vice President — International and
Managing Director — Europe*

Wm. M. Piet

*Vice President — Corporate Affairs,
Secretary and Assistant to the President*

John A. Schafer

Vice President — Purchasing

Philip G. Schnell

Vice President — Research & Development

Christafor E. Sundstrom

Vice President — Corporate Development

Philip C. Johnson

Senior Director — Benefits and Compensation

Alan J. Schneider

Treasurer

John H. Sutton

General Manager — Converting Division



WILLIAM WRIGLEY

Director of the Company *since 1960*
Joined the Wm. Wrigley Jr. Company *in 1956*
President & Chief Executive Officer *since 1961*
Director, Texaco, Inc., *since 1974*
Director, American Home Products Corp., *since 1981*
Director, Grocery Manufacturers of America, *since 1983*



CHARLES F. ALLISON III

Director of the Company *since 1980*
Joined Booz•Allen & Hamilton *in 1958*
Partner of Counsel *since 1996*
Senior Vice President (1977-96)



DOUGLAS S. BARRIE

Director of the Company *since 1996*
Joined the Wm. Wrigley Jr. Company *in 1983*
Group Vice President *since 1984*



LEE PHILLIP BELL

Director of the Company *since 1981*
Director, Bell Phillip TV Productions, *since 1980*
Co-Creator, *The Bold and the Beautiful* and
The Young and the Restless

**COMMITTEES OF THE
BOARD OF DIRECTORS**

AUDIT

Charles F. Allison III *chairman*

Thomas A. Knowlton

Penny Pritzker

Steven B. Sample

Richard K. Smucker

COMPENSATION

Robert P. Billingsley *chairman*

Charles F. Allison III

Lee Phillip Bell

Thomas A. Knowlton

NOMINATING

Richard K. Smucker *chairman*

Lee Phillip Bell

Robert P. Billingsley

Penny Pritzker



ROBERT P. BILLINGSLEY

Director of the Company *since 1977*
Executive Vice President, WLD Enterprises (1987-94)
Vice President, Northern Trust Bank of Florida (1981-86)
Vice President, Northern Trust Company (1966-81)
(retiring March 3, 1998)



THOMAS A. KNOWLTON

Director of the Company *since 1996*
Joined the Kellogg Company *in 1980*
Executive Vice President *since 1992*
President, Kellogg North America, *since 1994*
President, Kellogg Europe (1992-94)



PENNY PRITZKER

Director of the Company *since 1994*
President, Classic Residence by Hyatt, *since 1987*
Partner, Pritzker & Pritzker, *since 1985*
President, Penguin Group L.P., *since 1989*
Director, Coast-to-Coast Financial Corporation, *since 1990*



STEVEN B. SAMPLE

Director of the Company *since 1997*
President, University of Southern California, *since 1991*
President, State University of New York, Buffalo (1982-91)
Director, Presley Companies, *since 1991*
Director, Unova, Inc., *since 1997*



ALEX SHUMATE

Director of the Company *since 1998*
Joined law firm of Squire, Sanders & Dempsey *in 1988*
Managing Partner of the Columbus Office *since 1991*
Chief Counsel and Deputy Chief of Staff
to Governor of Ohio (1985-88)
Director, Banc One Corporation, *since 1993*
Director, Intimate Brands, Inc., *since 1996*
(elected January 28, 1998)



RICHARD K. SMUCKER

Director of the Company *since 1988*
Joined The J. M. Smucker Company *in 1972*
President *since 1987* and Director *since 1975*
Director, Sherwin-Williams Company, *since 1991*
Director, International Multifoods, Inc., *since 1997*



WILLIAM WRIGLEY, JR.

Director of the Company *since 1988*
Joined the Wm. Wrigley Jr. Company *in 1985*
Vice President *since 1991*
Assistant to the President (1985-92)
Director, The J. M. Smucker Company, *since 1991*

STOCKHOLDER INQUIRIES

Any inquiries about your Wrigley stockholdings should be directed to:

Stockholder Relations
Wm. Wrigley Jr. Company
410 North Michigan Avenue
Chicago, Illinois 60611
1-800-824-9681

For additional information about the Company, please visit our Internet home page at: <http://www.wrigley.com>

CAPITAL STOCK

Common Stock of the Wm. Wrigley Jr. Company is traded on the New York Stock Exchange. The Company's symbol is WWY.

Class B Common Stock, issued to stockholders of record on April 4, 1986, has restricted transferability and is not traded on the New York Stock Exchange. It is at all times convertible, on a share-for-share basis, into Common Stock and once converted is freely transferable and publicly traded. Class B Common Stock also has the same rights as Common Stock with respect to cash dividends and treatment upon liquidation.

DIVIDENDS

Regular quarterly dividends are paid in advance on the first business day of February, May, August, and November with the record date for each payment falling on or about the 15th of the prior month. The Company also has a long history of paying "extra" dividends. In recent years, a single "extra" dividend has been paid in December.

DIRECT DIVIDEND DEPOSIT SERVICE

The Direct Dividend Deposit Service allows stockholders to receive cash dividends through electronic deposits into their checking or savings account.

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan (DRP) is open to all stockholders of record. The Plan is administered by FIRST CHICAGO TRUST COMPANY OF NEW YORK and uses cash dividends on both Common Stock and Class B Common Stock, along with voluntary cash contributions, to purchase additional shares of Common Stock. Cash contributions can be made monthly for a minimum of \$50 and a maximum of \$5,000.

All shares purchased through the Plan are retained in a DRP account, so there are no certificates that could be lost, misplaced, or stolen. Additionally, once a DRP account is established, a participant can deposit any Wrigley stock certificates held outside the Plan into the account for safekeeping. The Company pays all brokerage and administrative costs associated with the DRP.

Nearly 27,000 or 73% of the Company's stockholders of record currently participate in the DRP. A brochure fully describing the Plan and its enrollment procedure is available upon request.

STOCK CERTIFICATES

For security and tax purposes, stockholders should keep a record of all of their stock certificates. The record should be kept in a separate place from the certificates themselves and should contain the following information for each certificate: exact registration, number of shares, certificate number, date of certificate, and the original cost of the shares.

If a stock certificate is lost or stolen, notification should be sent to the Company immediately. The transfer agent has two requirements to be met before a new certificate will be issued — a completed affidavit and payment for an indemnity bond based on the current market value of the lost or stolen stock. The replacement of a certificate will take about a week to ten days. Even if a certificate is lost or stolen, the stockholder will continue to receive dividends on those shares while the new certificate is being issued.

A transfer of stock is required when the shares are sold or when there is any change in name or ownership of the stock. To be accepted for transfer, the stockholder's signature on the certificate or stock power must receive a Medallion Signature Guarantee by a qualified financial institution that participates in the Medallion Guarantee program. A verification by a notary public is not sufficient. Anytime a certificate is mailed, it should be sent registered mail, return receipt requested.

CONSOLIDATION OF MULTIPLE ACCOUNTS

To avoid receiving duplicate mailings, stockholders with more than one Wrigley account may want to consolidate their shares. For more information, please contact the Company.

COMPANY PUBLICATIONS

The Company's 1997 annual report to the Securities and Exchange Commission on Form 10-K is expected to be available on or about April 3, 1998.

Other publications that are currently available include:

- The Wrigley Way: Continuing our Legacy of Social Responsibility
- The Story of Chewing Gum and the Wm. Wrigley Jr. Company
- A Historical Look at the Wrigley Building

Requests for these publications should be addressed to Corporate Communications at the main office of the Company. They are also available for review at our Internet home page (<http://www.wrigley.com>).

TRANSFER AGENT AND REGISTRAR

The First Chicago Trust Company of New York
P. O. Box 2500
Jersey City, New Jersey 07303-2500
1-800-446-2617

CORPORATE FACILITIES

Headquarters

Wrigley Building
410 North Michigan Avenue
Chicago, Illinois 60611

Production Facilities

Chicago, Illinois
Gainesville, Georgia

PRINCIPAL ASSOCIATED COMPANIES

Domestic

Amurof Confections Company*
Yorkville, Illinois 60560

Four-Ten Corporation
Chicago, Illinois 60611

International

The Wrigley Company Pty. Limited*
Sydney, Australia

Wrigley Austria Ges.m.b.H.*
Salzburg, Austria

Wrigley Bulgaria EooD
Sofia, Bulgaria

Wrigley Canada Inc.*
Don Mills, Ontario, Canada

Wrigley Chewing Gum Company Ltd.*
Guangzhou, Guangdong,
People's Republic of China

Wrigley s.r.o.
Prague, Czech Republic

The Wrigley Company Limited*
Plymouth, England, U.K.

Oy Wrigley Scandinavia Ab
Turku, Finland

Wrigley France S.N.C.*
Biesheim, France

Wrigley G.m.b.H.
Munich, Germany

Wrigley N.V.
Amsterdam, Holland

The Wrigley Company (H.K.) Limited
Hong Kong

Wrigley Hungária, Kft.
Budapest, Hungary

Wrigley India Private Limited*
Bangalore, Karnataka, India

Wrigley Israel Ltd.
Herzeliya-Pituach, Israel

Wrigley & Company, Ltd., Japan
Tokyo, Japan

L. A. Dreyfus Company*
Edison, New Jersey 08820

Northwestern Flavors, Inc.*
West Chicago, Illinois 60185

The Wrigley Company (East Africa)
Limited*
Nairobi, Kenya

The Wrigley Company (Malaysia)
Sdn. Bhd.
Kuala Lumpur, Malaysia

The Wrigley Company (N.Z.) Limited
Auckland, New Zealand

Wrigley Scandinavia AS
Oslo, Norway

The Wrigley Company (P.N.G.)
Pty. Ltd.
Port Moresby, Papua, New Guinea

Wrigley Philippines, Inc.*
Pasig, Metro Manila, Philippines

Wrigley Poland Sp zo.o.*
Poznan, Poland

Wrigley Romania Produce
Zaharoase SRL
Bucharest, Romania

Wrigley T.O.O.
Moscow, Russia
St. Petersburg, Russia (branch)**

Wrigley Slovakia, s.r.o.
Banska Bystrica, Slovakia

Wrigley d.o.o.
Ljubljana, Slovenia

Wrigley Co., S.A.
Santa Cruz de Tenerife
Canary Islands, Spain

Wrigley Scandinavia AB
Stockholm, Sweden

Wrigley Taiwan, Limited*
Taipei, Taiwan, R.O.C.

* Denotes production facility.

** Under construction.