

the globe and spear

WM. WRIGLEY JR. COMPANY ANNUAL REPORT 1999

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 14 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.

CONTENTS

- 2** Wrigley at a Glance
- 4** President's Letter
- 8** Highlights
- 9** Consolidated Statement of Earnings
- 10** Consolidated Balance Sheet
- 12** Consolidated Statement of Cash Flows
- 13** Consolidated Statement of Stockholders' Equity Including Comprehensive Income
- 14** Accounting Policies and Notes to Consolidated Financial Statements
- 22** Report of Management
- 23** Report of Independent Auditors
- 24** Management's Discussion and Analysis
- 27** Quarterly Data
- 28** Selected Financial Data
- 31** Elected Officers
- 32** Board of Directors
- 34** Stockholder Information
- 36** Corporate Facilities and Principal Associated Companies

["AT A GLANCE PAGE"]
[WILL BE FILM PROVIDED]

["AT A GLANCE PAGE"]
[WILL BE FILM PROVIDED]

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

At the Wrigley Company, we have always chosen to look to the future rather than focus on the past. At the beginning of a new era, however, some reflection on the past will help provide an understanding of the foundation that has been laid to allow the Company to take full advantage of promising opportunities on the horizon.

In many ways, 1999 was a transitional year for us, as we came to grips with a number of changes both within and outside the Company. We also faced a wide range of market conditions that affected our business performance.

The U.S. chewing gum market had lost momentum over the past few years. Wrigley shipment trends reached a low point in mid-1999, as our second quarter U.S. volume experienced a sharp drop from the prior year, reflecting competitive activity and retail inventory consolidations. Our management and marketing teams took a fresh look at the situation and revised our business plans for the second half of 1999. With some new trade initiatives, additional advertising investments, and a recharged sales team, we were able to inject new vitality into our U.S. business. Strong shipment increases during the second half of the year offset the volume shortfall experienced through June. This initial business momentum is encouraging and puts us on stronger footing heading into 2000, particularly with new product initiatives and new advertising efforts planned for the U.S. market throughout the year.

Turning to our overseas business, we weathered some economic upheavals in Russia without slowing down our plant construction in St. Petersburg or reducing the size of our hard-working local team. As market conditions have improved, the same employee enthusiasm and entrepreneurial spark that helped Wrigley products become top-sellers in Russia prior to the current economic turmoil are again being applied to advance our business interests. While Russia remains unsettled because its economy and government are still in transition, we continue to be positive about the long-term market prospects.

Our business in the Philippines, also complicated by difficult economic conditions, improved during the second half of 1999, though it was below 1998 levels for the full year. At our new and expanded factory, located in Antipolo City, our Philippine associates continue to gear up production capacity to serve recovering export markets across Southeast Asia.

Overall, our international operations remained an engine of growth for our business. Excluding Russia and the Philippines, international volume increased by a healthy 6%. The biggest contributors to the gain were existing products in a mix of developed and emerging markets — China, Poland, France, and Vietnam — which averaged growth in excess of 20%. New product rollouts also continued, particularly across Europe, as Airwaves® and Ice White® were made available to a growing number of markets.

The continuing shift of our business base to international markets has served the Company well overall, but there are risks associated with operating a truly global enterprise. In addition to political risk, highlighted by this past year's conflict in the Balkans, there is currency risk. Over the long haul, the ebbs and flows of currency fluctuations tend to even out. During the past couple of years, however, currency devaluations have reduced the impact of our solid underlying international volume growth when overseas sales and earnings results were translated back to U.S. dollars. While we expect currency changes to remain an issue as we go forward, we think the potential benefits of expanding the international presence of Wrigley brands far outweigh the risks.

The common thread of each new action initiated during 1999 was a focus on growth. Our Company's greatest assets are its people and its brands, and we sought out ways to support our people and invigorate our brands. As in past years, I spent a good portion of 1999 on the road. At each and every Wrigley location I visited, our global associates continued to impress me with their ideas, energy, and commitment to the business.

Through the whirlwind of events and activities of the last twelve months, the most enduring image in my mind is that of my father. No one worked longer or harder or with more passion for the Company than William Wrigley. It was a privilege to have worked and learned at his side for the past fourteen years, and no one feels his loss more deeply than do I.

The overall vitality of the Company is a testimonial to the hard work and vision of my father, grandfather and great grandfather. William Wrigley Jr., the Company's founder and the ultimate salesman, took chance after chance in order to make Wrigley a household name across the United States and gain toeholds in various international markets. My grandfather, Philip K. Wrigley, guided the Company through the hardships of the Great Depression and the shortages of World War II; and with innovative advertising and an increasing focus on world markets, he firmly established our Company's foundation. My father, William Wrigley, made the Company truly global — consolidating its strength in the U.S. home market, while dramatically increasing its presence across Europe, Asia and the Pacific.

Their record of accomplishments is both a marvelous legacy and a daunting challenge. As a result of these three leaders and the dedicated teams of employees who supported them, Wrigley brands are well known, widely respected and readily available around the world.

But, in today's marketplace, we need to do even more. It is critical that our brands, our people and, therefore, our business continue to grow and evolve. Our corporate vision and challenge is to "weave Wrigley brands into the fabric of everyday life around the world." In order to reap the rewards of this long-range perspective, everyone across our global organization — whether in production, sales, research and development, finance, or the supporting groups for these activities — will have to push and stretch as never before.

For our business to thrive in the future, we must steadfastly hold to certain values that have been keys to our historic success, while changing our pace and mode of operation. The Company's foundation remains one of talented people, quality products, widespread distribution, bold merchandising and effective advertising. Our corporate culture remains one that affords people trust, dignity and respect. In terms of change, an intensified sense of urgency will help us respond to the ever more competitive business environment we face. Also essential for advancing the Wrigley Company's business around the world and achieving long-term success are a spirit of innovation, a willingness to take measured risk, and strong global communications. In addition, we must make sure that we have a deep understanding of our trade customers and our ultimate consumers. To reinforce our relationships with the trade and consumers, we must also put responsibility and accountability in the hands of those closest to them. Some of these principles and practices are already being employed, but they need to become instinctive throughout our organization. As the year 2000 unfolds, we will strive to have this model for success pervade all our operations.

As we step forward into this new year, challenges and opportunities abound. We have a very solid base of business upon which to build. While we remain focused on producing strong operating results, we must also properly develop our longer-term, strategic business opportunities. The growth we seek is the kind that can carry us across generations. We always strive to increase shareholder value, but we do so with a time horizon that goes beyond the next quarter and can range beyond the next year. Our design is to constantly invest for the future while harvesting the results of previous investments. Though we establish growth targets, there can be some variability in results depending upon the particular investments required to ensure the long-term vitality of the business.

In recent years, we stepped up capital investments in order to create sufficient capacity to deliver the right products to the right places and to meet projected demand. For the first time in five years, capital spending declined in 1999, and it is expected to moderate again in 2000. Although we are making a major investment to enable the manufacturing of sugarfree pellet products, such as Eclipse[®], in the United States, no new plants are scheduled for construction in the coming year. It is important to note, however, that other significant investments — in people, information technology, product development and advertising — will be required to address new opportunities and stimulate business growth.

Times of transition and challenge can either weaken or strengthen an organization. Our Company has gained vitality despite the difficulties of this past year, primarily because so many individuals have risen to the occasion and performed above and beyond the call of duty. In addition to friends and family, the employees and stockholders of this Company have provided me with tremendous support, and I am deeply appreciative of all your good wishes.

Now, the year of transition is over, and a new era has begun. While mindful of the many competitive and economic challenges the Company faces, I am energized by the possibilities and the potential of our business. With your continued support, I look forward to the accelerated evolution and aggressive expansion of our Company and our brands around the world.

Sincerely,

A handwritten signature in black ink, appearing to read "Wm Wrigley Jr.", written in a cursive style.

William Wrigley, Jr.

highlights of operations

	1999	1998
	<i>In thousands of dollars except for per share amounts</i>	
Net Sales	\$2,061,602	\$2,004,719
Earnings before factory sale	\$ 308,183	\$ 297,738
—Per Share of Common Stock (basic and diluted)	\$ 2.66	\$ 2.57
Net Earnings	\$ 308,183	\$ 304,501
—Per Share of Common Stock (basic and diluted)	\$ 2.66	\$ 2.63
Dividends Paid	\$ 153,812	\$ 150,835
—Per Share of Common Stock	\$ 1.33	\$ 1.30
Additions to Property, Plant and Equipment	\$ 127,733	\$ 148,027
Stockholders' Equity	\$1,138,775	\$1,157,032
Return on Average Equity	26.8%	28.4%
Stockholders at Close of Year	38,626	38,052
Average Shares Outstanding (000)	115,861	115,964

For additional historical financial data see page 28.

consolidated statement of earnings

	1999	1998	1997
<i>In thousands of dollars except for per share amounts</i>			
EARNINGS			
Revenues:			
Net sales	\$2,061,602	2,004,719	1,937,021
Investment and other income	<u>17,636</u>	<u>18,636</u>	<u>17,153</u>
Total revenues	<u>2,079,238</u>	<u>2,023,355</u>	<u>1,954,174</u>
Costs and expenses:			
Cost of sales	854,931	848,363	847,366
Costs (Gains) related to factory closure and sale	—	(10,404)	3,300
Selling, distribution and general administrative	779,168	743,902	708,310
Interest	<u>709</u>	<u>615</u>	<u>958</u>
Total costs and expenses	<u>1,634,808</u>	<u>1,582,476</u>	<u>1,559,934</u>
Earnings before income taxes	444,430	440,879	394,240
Income taxes	<u>136,247</u>	<u>136,378</u>	<u>122,614</u>
Net earnings	<u>\$ 308,183</u>	<u>304,501</u>	<u>271,626</u>
PER SHARE AMOUNTS			
Net earnings per share of Common Stock (basic and diluted)	<u>\$ 2.66</u>	<u>2.63</u>	<u>2.34</u>
Dividends paid per share of Common Stock	<u>\$ 1.33</u>	<u>1.30</u>	<u>1.17</u>

See accompanying accounting policies and notes.

consolidated balance sheet

	1999	1998
	<i>In thousands of dollars</i>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 288,386	\$ 214,572
Short-term investments, at amortized cost	18,528	137,112
Accounts receivable (less allowance for doubtful accounts: 1999— \$9,194; 1998— \$7,564)	181,720	171,537
Inventories —		
Finished goods	60,885	64,934
Raw materials and supplies	196,785	191,174
	257,670	256,108
Other current assets	42,301	48,816
Deferred income taxes—current	15,141	15,027
Total current assets	803,746	843,172
Marketable equity securities, at fair value	43,201	39,888
Deferred charges and other assets	114,796	92,183
Deferred income taxes—noncurrent	26,862	25,522
Property, plant and equipment, at cost:		
Land	37,527	36,013
Buildings and building equipment	312,663	310,212
Machinery and equipment	712,585	642,556
	1,062,775	988,781
Less accumulated depreciation	503,635	468,691
Net property, plant and equipment	559,140	520,090
TOTAL ASSETS	\$1,547,745	\$1,520,855

1999

1998

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

Accounts payable	\$ 86,583	76,691
Accrued expenses	74,816	67,848
Dividends payable	40,073	23,222
Income and other taxes payable	49,654	49,491
Deferred income taxes—current	699	1,374
Total current liabilities	251,825	218,626

Deferred income taxes—noncurrent

	44,963	40,312
--	---------------	--------

Other noncurrent liabilities

	112,182	104,885
--	----------------	---------

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: **1999—93,607 shares; 1998—93,007 shares**

	12,481	12,401
--	---------------	--------

Class B Common Stock—convertible

Authorized: 80,000 shares

Issued and outstanding:

1999—22,614 shares; 1998—23,214 shares

	3,015	3,095
--	--------------	-------

Additional paid-in capital

	273	272
--	------------	-----

Retained earnings

	1,322,137	1,184,617
--	------------------	-----------

Common Stock in treasury, at cost

(1999—1,725 shares; 1998—111 shares)

	(125,712)	(6,712)
--	------------------	---------

Accumulated other comprehensive income—

Foreign currency translation adjustment

	(100,270)	(61,339)
--	------------------	----------

Unrealized holding gains on marketable equity securities

	26,851	24,698
--	---------------	--------

	(73,419)	(36,641)
--	-----------------	----------

Total stockholders' equity

	1,138,775	1,157,032
--	------------------	-----------

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

	\$1,547,745	1,520,855
--	--------------------	-----------

See accompanying accounting policies and notes.

consolidated statement of cash flows

	1999	1998	1997
	<i>In thousands of dollars</i>		
OPERATING ACTIVITIES			
Net earnings	\$ 308,183	304,501	271,626
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	61,225	55,774	50,439
(Gain) Loss on sales of property, plant and equipment	390	168	(1,141)
Gain related to factory sale	—	(10,404)	—
(Increase) Decrease in:			
Accounts receivable	(21,174)	(12,297)	(19,977)
Inventories	(9,894)	(6,299)	(26,916)
Other current assets	2,807	1,310	(19,053)
Other assets and deferred charges	(22,277)	(17,350)	11,123
Increase (Decrease) in:			
Accounts payable	13,519	4,499	1,549
Accrued expenses	9,734	(3,869)	16,182
Income and other taxes payable	2,649	(4,445)	1,779
Deferred income taxes	2,024	9,826	(2,608)
Other noncurrent liabilities	10,850	2,433	11,475
Net cash provided by operating activities	358,036	323,847	294,478
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(127,733)	(148,027)	(126,509)
Proceeds from property retirements	7,909	10,662	6,888
Purchases of short-term investments	(32,078)	(109,292)	(156,553)
Maturities of short-term investments	150,300	92,676	153,550
Net cash used in investing activities	(1,602)	(153,981)	(122,624)
FINANCING ACTIVITIES			
Dividends paid	(153,812)	(150,835)	(135,680)
Common Stock purchased	(121,268)	(7,679)	(3,676)
Net cash used in financing activities	(275,080)	(158,514)	(139,356)
Effect of exchange rate changes on cash and cash equivalents	(7,540)	(3,407)	(7,104)
Net increase in cash and cash equivalents	73,814	7,945	25,394
Cash and cash equivalents at beginning of year	214,572	206,627	181,233
Cash and cash equivalents at end of year	\$ 288,386	214,572	206,627
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid	\$ 130,562	133,530	126,925
Interest paid	\$ 709	1,164	900
Interest and dividends received	\$ 17,579	19,458	16,598

See accompanying accounting policies and notes.

consolidated statement of stockholders' equity
including comprehensive income

	COMMON SHARES OUTSTANDING	COMMON STOCK	CLASS B COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	COMMON STOCK IN TREASURY	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL STOCK- HOLDERS' EQUITY
<i>In thousands of dollars and shares</i>								
BALANCE DECEMBER 31, 1996	91,815	\$ 12,275	3,221	238	898,512	(12,911)	(3,904)	897,431
Net earnings					271,626			271,626
Other comprehensive income:								
Currency translation							(50,318)	(50,318)
Unrealized holding gain on marketable equity securities, net of \$2,748 tax							5,103	5,103
Total comprehensive income								226,411
Dividends to shareholders					(137,999)			(137,999)
Treasury share purchases	(56)					(3,676)		(3,676)
Options exercised and stock awards granted	55			(12)		3,224		3,212
Conversion from Class B Common to Common	479	64	(64)					—
BALANCE DECEMBER 31, 1997	92,293	12,339	3,157	226	1,032,139	(13,363)	(49,119)	985,379
Net earnings					304,501			304,501
Other comprehensive income:								
Currency translation							3,695	3,695
Unrealized holding gain on marketable equity securities, net of \$4,729 tax							8,783	8,783
Total comprehensive income								316,979
Dividends to shareholders					(152,023)			(152,023)
Treasury share sales, net of purchases	104					4,078		4,078
Options exercised and stock awards granted	37			46		2,573		2,619
Conversion from Class B Common to Common	462	62	(62)					—
BALANCE DECEMBER 31, 1998	92,896	12,401	3,095	272	1,184,617	(6,712)	(36,641)	1,157,032
Net earnings					308,183			308,183
Other comprehensive income:								
Currency translation							(38,931)	(38,931)
Unrealized holding gain on marketable equity securities, net of \$1,160 tax							2,153	2,153
Total comprehensive income								271,405
Dividends to shareholders					(170,663)			(170,663)
Treasury share purchases	(1,637)					(120,861)		(120,861)
Options exercised and stock awards granted	23			1		1,861		1,862
Conversion from Class B Common to Common	600	80	(80)					—
BALANCE DECEMBER 31, 1999	91,882	\$12,481	3,015	273	1,322,137	(125,712)	(73,419)	1,138,775

See accompanying accounting policies and notes.

accounting policies and notes to consolidated financial statements

Dollar amounts in thousands except for per share figures

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. Certain amounts reported in 1997 and 1998 have been reclassified to conform to the 1999 presentation.

FACTORY SALE

In the first quarter of 1998, the Company sold its real estate holding in Santa Cruz, California and recorded a pretax gain of approximately \$10,404 and net earnings of approximately \$6,763 or \$.06 per share. Proceeds from the sale of \$7,434 are included in proceeds from property retirements in the consolidated statement of cash flows.

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 \$303,220 in 1999, \$291,344 in 1998 and \$279,689 in 1997.

INVESTMENTS IN DEBT & EQUITY SECURITIES

The Company's investments in debt securities, which typically mature in one year or less, are held to maturity and are valued at amortized cost, which approximates fair value. The aggregate fair values at December 31, 1999 and December 31, 1998 were, respectively, \$15,567 and \$124,645 for municipal securities, and \$2,961 and \$12,467 for other debt securities. The average yield of municipal securities held at December 31, 1999 and December 31, 1998 is 3.35% and 4.03%, respectively.

The Company's investments in marketable equity securities are held for an indefinite period. Application of Statement of Financial Accounting Stan-

dards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," resulted in unrealized holding gains of \$41,310 at December 31, 1999 and \$37,997 at December 31, 1998. Unrealized holding gains, net of the related tax effect, of \$26,851 and \$24,698 at December 31, 1999 and 1998, respectively, are included as components of accumulated other comprehensive income in 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 \$257,670 and \$256,108 at December 31, 1999 and 1998, respectively, including \$106,581 and \$106,750, respectively, valued at cost on a LIFO basis. If current costs had been used, such inventories would have been \$29,673 and \$37,330 higher than reported at December 31, 1999 and 1998, respectively.

DEPRECIATION

Depreciation is provided over the estimated useful life of the respective asset: 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:

	1999	1998	1997
Straight-line	\$41,976	35,602	32,485
Accelerated	\$19,249	20,172	17,954

ACCRUED EXPENSES

Accrued expenses at December 31, 1999 and 1998 included \$29,616 and \$27,606 of payroll expenses, respectively.

LINE OF CREDIT

In 1999, the Company entered into a \$100,000 line of credit. There were no borrowings outstanding under this line at December 31, 1999. The line of credit expires in October 2000.

OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities at December 31, 1999, included liabilities for approximately \$53,000 of deferred compensation and \$17,400 for postretirement benefits. At December 31, 1998, they included liabilities for approximately \$49,100 of deferred compensation and \$17,600 for postretirement benefits.

FOREIGN CURRENCY TRANSLATION AND EXCHANGE CONTRACTS

The Company has determined that the functional currency for each associated company except for certain 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 non-speculative hedges against future purchase transactions with other associated companies and outside vendors. In addition, the Corporate headquarters enters into forward exchange contracts and purchases currency options as non-speculative 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 the expiration of the contracts, offset foreign exchange gains or losses on the related transactions being hedged. At December 31, 1999, open foreign exchange contracts for a number of currencies, primarily British pounds, Euros, and U.S. dollars, maturing at various dates through December 31, 2000, aggregated \$111,289. Open foreign exchange contracts at December 31, 1998, aggregated \$163,765. Unrealized gains or losses on these contracts were not significant as of either December 31, 1999 or 1998.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, which is effective for fiscal years beginning

after June 15, 2000, establishes accounting and reporting standards which require derivatives to be measured at fair value and recognized as assets or liabilities in the balance sheet. The Company does not anticipate that the balance sheet or statements of earnings and cash flows will be materially impacted by this statement upon adoption.

COMMON STOCK

In addition to its Common Stock, the Company has Class B Common Stock outstanding. 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 Company's Management Incentive Plan (1997 MIP) or under a resolution adopted by the Board of Directors. On August 18, 1993, the Board of Directors authorized a share repurchase program to purchase up to \$100,000 of shares in the open market. On October 27, 1999, the Company's Board of Directors authorized an additional \$200,000 in share repurchases. During 1999, the Company purchased 1,608,800 shares at an aggregate price of \$118,819 under the 1993 and 1999 authorities. No shares were repurchased prior to 1999 under the 1993 authority.

During the fourth quarter of 1999, in connection with the stock repurchase program, the Company sold put options to an independent third party that entitle the holder of the options to sell shares of Company Common Stock to the Company on certain dates at specified prices. On December 31, 1999, two options were outstanding (representing 250,000 shares in aggregate) with a strike price of \$83.47 per share. The put options expire between March 2000 and June 2000. The outstanding put options permit a net share settlement at the Company's option and do not result in a put option liability on the balance sheet.

accounting policies and notes (continued)

STOCK BASED COMPENSATION PLANS

On March 5, 1997, stockholders approved the 1997 MIP. The 1997 MIP authorizes the granting of up to 5,000,000 shares of the Company's new or reissued Common Stock. The 1997 MIP was designed to provide key employees the opportunity to participate in the long-term growth and profitability of the Company through cash and equity-based incentives. In accordance with the 1997 MIP, shares of Wrigley stock or deferral share units may be granted under the Wrigley Stock Option program or awarded under the Long-Term Stock Grant and Stock Award programs. Deferral share units are also awarded to non-employee directors. Options outstanding have been granted at prices which are equal to the fair market value of the stock on the date of grant. Generally, options vest over a four-year period and expire ten years from the date of grant. No options were granted or outstanding during 1998 or 1997. The status of the Company's Stock Option program is summarized below:

	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at December 31, 1998	—	—
Granted	551,000	\$86.0600
Exercised	—	—
Cancelled	12,000	\$87.5625
Outstanding at December 31, 1999	539,000	\$86.0266

The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for stock based compensation plans. Accordingly, as the exercise price equaled the fair market value on the date of grant, no compensation cost has been recognized for the Stock Option program. Compensation costs for other stock based compensation plans were not material. Had compensation cost for the Stock Option program been determined based on fair value of the options at the date of grant, consistent with SFAS No. 123, the Company's net earnings and earnings per share would have been reduced as follows:

	NET EARNINGS	BASIC AND DILUTED EARNINGS PER SHARE
As reported	\$308,183	\$ 2.66
Pro forma	\$306,965	\$ 2.65

The fair value of each option on the date of grant is estimated using the Black-Scholes option-pricing model. The weighted average fair value of each option granted using the model was \$25.29 in 1999. The table below summarizes the key assumptions for 1999:

INTEREST RATE	DIVIDEND YIELD	EXPECTED VOLATILITY	EXPECTED LIFE
6.00%	1.60%	22.6%	6 years

The table below summarizes key information about stock options at December 31, 1999:

OUTSTANDING STOCK OPTIONS				EXERCISABLE STOCK OPTIONS	
RANGE OF EXERCISE PRICES	SHARES	WEIGHTED-AVG. REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
\$70-79	82,000	10	77.8388	—	—
\$80-89	457,000	10	87.4983	—	—

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 balances are as follows:

	1999	1998
Accrued Compensation, Pension and Postretirement Benefits	\$26,111	25,592
Depreciation	(15,583)	(14,300)
Unrealized Holding Gains	(14,459)	(13,297)
Factory Closure and Related Costs	54	239
All Other—Net	218	629
Net Deferred Tax Liability	<u>\$ (3,659)</u>	<u>(1,137)</u>

Balance sheet classifications of deferred taxes are as follows:

	1999	1998
Deferred Tax Asset—		
Current	\$ 15,141	15,027
Noncurrent	26,862	25,522
Deferred Tax Liability—		
Current	(699)	(1,374)
Noncurrent	(44,963)	(40,312)
Net Deferred Tax Liability	<u>\$ (3,659)</u>	<u>(1,137)</u>

Applicable U.S. income and foreign withholding taxes have not been provided on approximately \$498,703 of undistributed earnings of international associated companies at December 31, 1999. These earnings are considered to be permanently invested and, under the tax laws, are not subject to such taxes until distributed as dividends. Tax on such potential distributions would be substantially offset by foreign tax credits. If the earnings were not considered permanently invested, approximately \$40,000 of deferred income taxes would be provided.

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

	1999	1998	1997
Domestic	\$154,240	188,472	172,391
Foreign	290,190	252,407	221,849
	<u>\$444,430</u>	<u>440,879</u>	<u>394,240</u>

Reconciliation of the provision for income taxes computed at the U.S. Federal statutory rate of 35% for 1999, 1998, and 1997 to the reported provision for income taxes is as follows:

	1999	1998	1997
Provision at U.S. Federal			
Statutory Rate	\$155,551	154,276	137,984
State Taxes—Net	6,414	5,588	8,133
Foreign Tax Rates	(14,835)	(13,634)	(1,178)
Tax Credits			
(principally foreign)	(9,189)	(3,575)	(16,638)
Other—Net	(1,694)	(6,277)	(5,687)
	<u>\$136,247</u>	<u>136,378</u>	<u>122,614</u>

The components of the provision for income taxes for 1999, 1998, and 1997 are:

	CURRENT	DEFERRED	TOTAL
1999			
Federal	\$20,262	(1,807)	18,455
Foreign	103,253	4,674	107,927
State	10,708	(843)	9,865
	<u>\$134,223</u>	<u>2,024</u>	<u>136,247</u>
1998			
Federal	\$ 34,083	5,116	39,199
Foreign	83,623	4,710	88,333
State	8,846	—	8,846
	<u>\$ 126,552</u>	<u>9,826</u>	<u>136,378</u>
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>

RETIREMENT AND POSTRETIREMENT PLANS

The Company maintains noncontributory defined benefit plans covering substantially all of its employees in the U.S. and at certain international associated companies. Retirement benefits are a function of 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.

accounting policies and notes (continued)

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, noncontributory supplemental retirement plan.

Domestic plan assets consist primarily of marketable equity and fixed income securities. Foreign plan assets consist primarily of marketable equity and fixed income securities, and contracts with insurance companies.

In addition, the Company maintains certain postretirement plans which provide limited health care 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 during the employee's active working career.

The funded status of the defined benefit plans and postretirement benefit plans were as follows:

	DEFINED BENEFIT PLANS		POSTRETIREMENT BENEFIT PLANS	
	1999	1998	1999	1998
Change in Benefit Obligation				
Benefit Obligation at Beginning of Year	\$345,600	309,800	\$ 26,700	27,900
Service Cost	12,600	11,400	1,100	900
Interest Cost	22,800	22,200	1,900	1,700
Plan Participants' Contributions	400	300	—	—
Actuarial Loss (Gain)	(43,200)	16,100	(3,000)	(3,100)
Other	(300)	(700)	—	—
Benefits Paid	(16,100)	(13,500)	(1,300)	(700)
Benefit Obligation at End of Year	<u>\$321,800</u>	<u>345,600</u>	<u>\$ 25,400</u>	<u>26,700</u>
Change in Plan Assets				
Fair Value at Beginning of Year	\$373,700	343,000	\$ 11,500	8,200
Actual Return on Plan Assets	28,900	34,300	1,600	1,100
Employer Contribution	1,800	8,300	1,800	2,900
Plan Participants' Contributions	2,100	1,800	—	—
Other	400	(200)	—	—
Benefits Paid	(16,100)	(13,500)	(1,300)	(700)
Fair Value at End of Year	<u>\$390,800</u>	<u>373,700</u>	<u>\$ 13,600</u>	<u>11,500</u>
Funded (Underfunded) Status of the Plan	\$ 69,000	28,100	(11,800)	(15,200)
Unrecognized Net Actuarial Gain	(71,300)	(31,100)	(5,600)	(2,400)
Unrecognized Prior Service Costs	9,200	10,800	—	—
Unrecognized Transition Asset	(3,100)	(3,900)	—	—
Prepaid (Accrued) Benefit Cost	<u>\$ 3,800</u>	<u>3,900</u>	<u>\$ (17,400)</u>	<u>(17,600)</u>

The following table provides amounts recognized in the balance sheet as of December 31:

	DEFINED BENEFIT PLANS		POSTRETIREMENT BENEFIT PLANS	
	1999	1998	1999	1998
Prepaid Benefit Cost	\$ 9,200	8,900	\$ —	—
Accrued Benefit Liability	(5,400)	(5,000)	(17,400)	(17,600)
Net Amount Recognized	<u>\$ 3,800</u>	<u>3,900</u>	<u>\$ (17,400)</u>	<u>(17,600)</u>

The Company's non-qualified, unfunded, noncontributory supplemental retirement plan has an accumulated benefit obligation in the amount of \$5,100 and \$5,800 at December 31, 1999 and 1998, respectively.

The components of net pension and net periodic postretirement benefit costs are as follows:

	DEFINED BENEFIT PLANS			POSTRETIREMENT BENEFIT PLANS		
	1999	1998	1997	1999	1998	1997
Service Cost	\$ 12,600	11,400	10,900	\$ 1,100	900	1,000
Interest Cost	22,800	22,200	21,000	1,900	1,700	2,000
Expected Return on Plan Assets	(31,800)	(30,400)	(25,600)	(1,000)	(300)	(300)
Amortization of Unrecognized Transition Assets	(800)	(900)	(800)	—	—	—
Prior Service Costs Recognized	1,600	1,500	1,400	—	—	—
Recognized Net Actuarial Loss	(500)	(1,200)	(800)	(100)	(100)	—
Other Pension Plans	3,600	3,400	3,900	—	—	—
Net Periodic Benefit Cost	<u>\$ 7,500</u>	<u>6,000</u>	<u>10,000</u>	<u>\$ 1,900</u>	<u>2,200</u>	<u>2,700</u>

Assumptions used to determine net pension and net periodic postretirement benefit costs are as follows:

	DEFINED BENEFIT PLANS			POSTRETIREMENT BENEFIT PLANS		
	1999	1998	1997	1999	1998	1997
Discount Rate						
Domestic	7.75%	6.75%	7.25%	7.75%	6.75%	7.25%
Foreign	6.25-7.50%	6.0-8.0%	6.8-8.0%	7.75%	6.75%	7.25%
Long-Term Rates of Return on Plan Assets						
Domestic	9.00%	9.00%	8.50%	9.00%	5.50%	5.50%
Foreign	6.5-8.0%	7.0-8.0%	4.0-8.5%	—	—	—
Rates of Increase in Compensation Levels						
Domestic	4.75%	4.75%	4.75%	—	—	—
Foreign	3.0-6.0%	3.3-6.0%	0.0-5.0%	—	—	—

A 6.875% annual rate of increase in the per capita cost of covered postretirement benefits was assumed for 2000. The rate was assumed to decrease gradually to 5.0% for 2002 and remain at that level thereafter.

Increasing or decreasing the health care trend rates by one percentage point in each year would have the following effect:

	1% INCREASE	1% DECREASE
Effect on Postretirement Benefit Obligation	\$2,300	(2,000)
Effect on Total of Service and Interest Cost Components	\$ 400	(300)

In addition to the defined benefit plans and postretirement benefit plans described above, the Company also sponsors defined contribution plans within the U.S. and at certain international associated companies. The plans cover full time employees and provide for contributions between 3% and 5% of salary. The Company's expense for the defined contribution plans totaled \$4,613, \$4,100, and \$4,719 in 1999, 1998, and 1997, respectively.

accounting policies and notes (continued)

SEGMENT INFORMATION

Management organizes the Company's chewing-gum business based on geographic regions. Intercompany suppliers of flavors, gumbase, and wrapping materials are classified as "All Other". For operating profits, "All Other" also includes costs incurred at the corporate office, net of royalties received from associated companies.

Information by geographic region at December 31, 1999, 1998, and 1997 and for the years then ended is as follows:

NET SALES	1999	1998	1997
North America, principally U.S.	\$ 842,129	820,411	828,773
Europe	905,137	898,954	828,351
Asia/Pacific/Latin America	296,724	269,085	262,156
All Other	17,612	16,269	17,741
Net Sales	<u>\$2,061,602</u>	<u>2,004,719</u>	<u>1,937,021</u>

"All Other" revenues consists primarily of sales of gumbase to customers.

OPERATING PROFITS	1999	1998	1997
North America, principally U.S.	\$201,701	217,888	208,471
Europe	200,893	185,693	164,833
Asia/Pacific/Latin America	59,266	40,333	35,381
All Other	(26,255)	(21,930)	(22,046)
Operating Profits	435,605	421,984	386,639
Other Income	8,825	8,491	10,901
Earnings Before Income Taxes, Factory Closure and Sale	444,430	430,475	397,540
Gains (Costs) Related to Factory Closure and Sale	—	10,404	(3,300)
Earnings Before Income Taxes	<u>\$444,430</u>	<u>440,879</u>	<u>394,240</u>

Management separates non-operating items such as foreign currency transaction gains and losses, investment income, and miscellaneous income and expense from operating profits. The non-operating items are classified as "Other Income".

ASSETS	1999	1998	1997
North America, principally U.S.	\$ 514,941	448,565	439,098
Europe	609,805	562,356	466,120
Asia/Pacific/Latin America	198,011	188,041	172,340
All Other	90,229	87,223	69,049
Assets Used in Operating Activities	1,412,986	1,286,185	1,146,607
Corporate	134,759	234,670	196,519
Total Assets	<u>\$1,547,745</u>	<u>1,520,855</u>	<u>1,343,126</u>

Assets are categorized based upon the geographic segment where they reside. Assets in “Corporate” consist principally of short-term investments and marketable equity securities which are held at the corporate office, as well as certain fixed assets.

DEPRECIATION EXPENSE	1999	1998	1997
North America, principally U.S.	\$ 15,545	15,961	16,077
Europe	25,408	19,886	17,098
Asia/Pacific/Latin America	8,302	6,784	5,464
All Other	3,194	3,415	3,046
Depreciation Expense Related to Operating Activities	52,449	46,046	41,685
Corporate	8,776	9,728	8,754
Total Depreciation Expense	<u>\$ 61,225</u>	<u>55,774</u>	<u>50,439</u>

Depreciation expense is categorized consistent with the geographic region where the asset resides.

CAPITAL EXPENDITURES	1999	1998	1997
North America, principally U.S.	\$ 35,984	32,870	22,899
Europe	69,593	86,761	49,965
Asia/Pacific/Latin America	10,461	19,074	31,872
All Other	3,507	6,825	3,370
Capital Expenditures for Operating Activities	119,545	145,530	108,106
Corporate	9,234	2,938	20,065
Gross Capital Expenditures	128,779	148,468	128,171
Intersegment Asset Transfers	(1,046)	(441)	(1,662)
Net Capital Expenditures	<u>\$ 127,733</u>	<u>148,027</u>	<u>126,509</u>

Capital expenditures are categorized based upon the geographic segment where the expenditure occurred. Intersegment asset transfers are primarily due to sales between production facilities worldwide. Asset sales are typically transferred at net book value.

management's report on responsibility for financial reporting

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 independent 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 24, 2000

report of independent auditors



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, 1999 and 1998 and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1999. 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 auditing standards generally accepted in the United States. 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, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

Chicago, Illinois
January 24, 2000

management's discussion and analysis of results of operations and financial condition

Dollar amounts in thousands except for per share figures

RESULTS OF OPERATIONS

NET SALES

Consolidated net sales for 1999 increased \$56,883 or 3% from 1998. Net sales for 1999 were favorably affected by product mix, higher international unit volume and selected selling price increases. Favorable mix from premium priced products in Europe and North America increased net sales by 2%. In addition, higher international shipments increased net sales by 2%, while selected selling price changes increased net sales by 1%. Translation of foreign currency sales to a stronger U.S. dollar reduced reported net sales by approximately 3%.

North American 1999 net sales increased approximately 3% compared to 1998. While the U.S. maintained volume, net sales increased 1% as a result of favorable product mix primarily due to the launch of Eclipse®, a new product in 1999. Higher unit volume and favorable product mix at Amurrol Confections along with higher unit volume in the Canadian market increased North American net sales 2%.

International 1999 net sales increased by 8%, excluding the effects of foreign currency translation. International net sales were favorably affected by higher unit volume, product mix and selected selling price increases. Unit volume increased net sales by 3%, with higher shipments in China and certain European markets offsetting lower volume in Russia and the Philippines. Favorable mix from premium priced products in Europe, including the introduction of new products, increased international net sales by 3%. Finally, selected selling price changes increased international sales by 2%. International net sales were reduced 4% as a result of currency translation to a stronger U.S. dollar.

Consolidated net sales for 1998 increased \$67,698 or 3% from 1997. Net sales for 1998 were favorably affected by higher international unit volume and selected selling price increases. Higher shipments increased net sales by 4%, while selected selling price changes increased net sales by 2%. Translation of foreign currency sales to a stronger U.S. dollar reduced reported net sales by approximately 3%.

North American 1998 net sales decreased approximately 1% compared to 1997. The U.S. and Cana-

dian markets maintained volume and net sales levels consistent with the prior year. At Amurrol Confections, lower unit shipments reduced North American volume by about 1%.

International 1998 net sales increased by 11%, excluding the effects of foreign currency translation. Unit volume increased over 6%, with higher customer shipments in emerging markets such as Central and Eastern Europe and China offsetting lower volume in Russia and the Philippines.

INVESTMENT AND OTHER INCOME

In 1999, consolidated investment and other income decreased \$1,000 or 5% from 1998. The decrease was primarily due to lower yields on investments in the U.S. and in Europe.

In 1998, consolidated investment and other income increased \$1,483 or 9% from 1997. The increase was mainly due to higher average investment balances worldwide.

COST OF SALES AND GROSS PROFIT

In 1999, consolidated cost of sales increased \$6,568 or less than 1% from 1998. Excluding the effect of foreign currency translation, the cost of sales increase was approximately 4% from 1998. Higher shipments in certain international markets and product mix increased cost of sales by 4%. Consolidated gross profit in 1999 was \$1,206,671, an increase of \$50,315 or 4% from 1998. The consolidated gross profit margin on net sales was 58.5% for 1999, up 0.8% from the 1998 gross margin of 57.7%, mainly due to a favorable mix of products in Europe.

In 1998, consolidated cost of sales increased \$997, essentially constant with 1997. Excluding the effect of foreign currency translation, the cost of sales increase was about 3% from 1997. Excluding the effects of the Santa Cruz closure and sale, consolidated gross profit in 1998 was \$1,156,356, an increase of \$66,701 or 6% from 1997. The consolidated gross profit margin on net sales was 57.7% for 1998, up over 1% from the 1997 gross margin of 56.3%, mainly reflecting lower product costs.

SELLING, DISTRIBUTION, AND GENERAL ADMINISTRATIVE EXPENSES

Consolidated 1999 selling, distribution, and general administrative expenses increased \$35,266 or 5% from 1998. Excluding the effects of foreign currency translation, the increase was approximately 7% in 1999, mainly due to higher advertising and other marketing expenditures in the U.S., Europe and China.

Consolidated 1998 selling, distribution, and general administrative expenses increased \$35,592 or 5% from 1997. Excluding the effects of foreign currency translation, the increase was approximately 8% in 1998, mainly due to higher international selling and marketing expenditures.

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

	1999	1998	1997
Advertising	14.7%	14.5%	14.4%
Selling and Other Marketing	12.6%	12.4%	12.1%
Distribution	2.4%	2.3%	2.3%
General and Administrative	8.1%	7.9%	7.8%
	<u>37.8%</u>	<u>37.1%</u>	<u>36.6%</u>

INCOME TAXES

Income taxes in 1999 decreased \$131 or less than 1% from 1998. The effective consolidated income tax rate was 30.7% in 1999 and 30.9% in 1998.

Income taxes in 1998 increased \$13,764 or 11% from 1997. The effective consolidated income tax rate was 30.9% in 1998 and 31.1% in 1997.

NET EARNINGS

Consolidated net earnings in 1999 increased \$3,682 and \$.03 per share or 1% from 1998. Excluding the effects of the 1998 Santa Cruz sale, 1999 net earnings increased \$10,445 and \$.09 per share or 4%.

Consolidated net earnings in 1998, including the gain related to the Santa Cruz transaction, increased \$32,875 and \$.29 per share or 12% from 1997. Excluding the effects of the Santa Cruz closure and sale, 1998 net earnings increased \$23,967 and \$.21 per share or 9%.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING CASH FLOW AND CURRENT RATIO

Net cash provided by operating activities in 1999 was \$358,036 compared with \$323,847 in 1998 and \$294,478 in 1997.

The Company has a current ratio (current assets divided by current liabilities) in excess of 3.1 to 1 at December 31, 1999 and in excess of 3.8 to 1 at December 31, 1998. The decrease in the 1999 ratio was primarily attributable to lower cash and investment balances as a result of Company common stock repurchases.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for 1999 were \$127,733, a decrease of \$20,294 from 1998 capital expenditures of \$148,027. The 1998 capital expenditures represented an increase of \$21,518 from the 1997 capital expenditures of \$126,509. All of the capital expenditures for 1999 and 1998 were funded from the Company's cash flow from operations. Additions to property, plant, and equipment in 2000 are expected to approximate 1999 capital expenditures and are also planned to be funded from the Company's cash flow from operations.

SHARE REPURCHASES

In 1999, under Board of Director authorities, 1,608,800 shares of Company stock were repurchased for an aggregate price of \$118,819, net of proceeds received from the sale of put options on Company stock.

OTHER MATTERS

SALE OF THE SANTA CRUZ FACTORY

In the first quarter of 1998, the Company sold its real estate holding in Santa Cruz, California and recorded a pretax gain of approximately \$10,404 and net earnings of approximately \$6,763 or \$.06 per share.

YEAR 2000 READINESS DISCLOSURE

The Company has completed its Year 2000 readiness initiatives and did not experience any significant problems as a result of the millennium change. The Company does not anticipate any continued business impacts related to this issue.

The Company incurred approximately \$15,400, including approximately \$2,300 of capital spending, on all of its Year 2000 efforts. Approximately \$5,000 was incurred in 1997, \$7,500 in 1998, and \$2,900 in 1999.

EURO CONVERSION

On January 1, 1999, the exchange rates of eleven countries (Germany, France, the Netherlands, Austria, Italy, Spain, Finland, Ireland, Belgium, Portugal, and Luxembourg) were fixed amongst one another and became the currencies of the EURO. The currencies of the eleven countries will remain in circulation until mid-2002. The EURO currency will be introduced on January 1, 2002. The Company does not expect future balance sheets and statements of earnings and cash flows to be materially impacted by the EURO conversion.

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.

FORWARD-LOOKING STATEMENTS

Statements contained in this report may be considered to be forward looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward looking statements. The Company wishes to ensure that such statements are accompanied by meaningful cautionary statements to comply with the safe harbor under the Act. The Company notes that a variety of factors could cause actual results to differ materially from the anticipated results or expectations expressed in these forward looking statements.

Important factors that may influence the operations, performance, development and results of the Company's business include global and local business and economic conditions; currency exchange and interest rates; ingredients, labor, and other operating costs; insufficient or underutilization of manufacturing capacity; political or economic instability in local markets; competition; retention of preferred retail space; effective marketing campaigns or new product introductions; consumer preferences, spending patterns, and demographic trends; legislation and governmental regulation; accounting policies and practices; and failure of the Company's suppliers, customers or business partners to be Year 2000 ready.

We caution the reader that the list of factors may not be exhaustive. The Company undertakes no obligation to update any forward looking statement, whether as a result of new information, future events, or otherwise.

quarterly data

CONSOLIDATED RESULTS

	NET SALES		COST OF SALES		NET EARNINGS	
					AMOUNT	PER SHARE
<i>In thousands of dollars except for per share amounts</i>						
1999						
First Quarter	\$ 481,046	199,724	69,649	.60		
Second Quarter	533,331	219,606	87,490	.75		
Third Quarter	507,501	208,403	77,600	.67		
Fourth Quarter	539,724	227,198	73,444	.64		
Total	<u>\$ 2,061,602</u>	<u>854,931</u>	<u>308,183</u>	<u>2.66</u>		
1998						
First Quarter ¹	\$ 469,319	200,393	76,106	.66		
Second Quarter	541,162	226,854	84,542	.73		
Third Quarter	493,955	207,140	73,095	.63		
Fourth Quarter	500,283	213,976	70,758	.61		
Total	<u>\$ 2,004,719</u>	<u>848,363</u>	<u>304,501</u>	<u>2.63</u>		

¹Net earnings and earnings per share for the 1st quarter 1998 included gains of \$6,763 and \$.06, respectively, related to the sale 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 and Chicago Stock Exchanges. The table below presents the high and low sales prices for the two most recent years on the New York Stock Exchange.

	1999		1998	
	HIGH	LOW	HIGH	LOW
First Quarter	\$100 ⁵ / ₈	83 ¹ / ₁₆	83 ¹ / ₂	73 ¹ / ₂
Second Quarter	98	81 ⁵ / ₈	104 ⁵ / ₁₆	78 ¹ / ₁₆
Third Quarter	89 ⁵ / ₈	66 ⁷ / ₈	102	72 ¹⁵ / ₁₆
Fourth Quarter	84 ⁷ / ₁₆	66 ¹ / ₂	91 ³ / ₈	70 ¹⁵ / ₁₆

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. Beginning in 2000, there will no longer be an extra dividend payment made each December.

	1999			1998		
	REGULAR	EXTRA	TOTAL	REGULAR	EXTRA	TOTAL
First Quarter	\$.22		.22	.20		.20
Second Quarter	.22		.22	.20		.20
Third Quarter	.22		.22	.20		.20
Fourth Quarter	.35	.47	.82	.20	.51	.71
Total	<u>\$1.01</u>	<u>.47</u>	<u>1.48</u>	<u>.80</u>	<u>.51</u>	<u>1.31</u>

selected financial data

	1999	1998	1997	1996
OPERATING DATA				
Net Sales	\$2,061,602	2,004,719	1,937,021	1,835,987
Cost of Sales	854,931	848,363	847,366	814,483
Income Taxes	136,247	136,378	122,614	128,840
Earnings before factory closure and sale in 1998-96, nonrecurring gain on sale of Singapore property in 1994, and cumulative effect of accounting changes in 1992	308,183	297,738	273,771	243,262
—Per Share of Common Stock (basic and diluted)	2.66	2.57	2.36	2.10
Net Earnings	308,183	304,501	271,626	230,272
—Per Share of Common Stock (basic and diluted)	2.66	2.63	2.34	1.99
Dividends Paid	153,812	150,835	135,680	118,308
—Per Share of Common Stock	1.33	1.30	1.17	1.02
—As a Percent of Net Earnings	50%	50%	50%	51%
Dividends Declared				
—Per Share of Common Stock	1.48	1.31	1.19	1.02
Average Shares Outstanding	115,861	115,964	115,964	115,983
OTHER FINANCIAL DATA				
Net Property, Plant and Equipment	\$ 559,140	520,090	430,474	388,149
Total Assets	\$1,547,745	1,520,855	1,343,126	1,233,543
Working Capital	\$ 551,921	624,546	571,857	511,272
Stockholders' Equity	\$1,138,775	1,157,032	985,379	897,431
Return on Average Equity	26.8%	28.4%	28.9%	27.2%
Stockholders at Close of Year	38,626	38,052	36,587	34,951
Employees at Close of Year	9,300	9,200	8,200	7,800
Market Price of Stock—High	\$ 100.625	104.313	82.063	62.875
—Low	\$ 66.500	70.938	54.563	48.375

1995	1994	1993	1992	1991	1990	1989
<i>In thousands of dollars and shares except for per share amounts</i>						
1,754,931	1,596,551	1,428,504	1,286,921	1,148,875	1,110,639	992,853
778,019	697,442	617,156	572,468	507,795	508,957	451,773
126,492	122,746	103,944	83,730	79,362	70,897	64,277
223,739	205,767	174,891	148,573	128,652	117,362	106,149
1.93	1.77	1.50	1.27	1.09	1.00	.90
223,739	230,533	174,891	141,295	128,652	117,362	106,149
1.93	1.98	1.50	1.21	1.09	1.00	.90
111,401	104,694	87,344	72,511	64,609	58,060	53,506
.96	.90	.75	.62	.55	.49	.45
50%	45%	50%	51%	50%	49%	50%
.99	.94	.75	.63	.55	.51	.47
116,066	116,358	116,511	117,055	117,517	117,743	118,035
347,491	289,420	239,868	222,137	201,386	188,959	171,951
1,099,219	978,834	815,324	711,372	625,074	563,665	498,624
458,683	413,414	343,132	299,149	276,047	229,735	186,588
796,852	688,470	575,182	498,935	463,399	401,386	342,994
30.1%	36.5%	32.6%	29.4%	29.8%	31.5%	32.6%
28,959	24,078	18,567	14,546	11,086	10,497	10,218
7,300	7,000	6,700	6,400	6,250	5,850	5,750
54.000	53.875	46.125	39.875	27.000	19.750	17.917
42.875	38.125	29.500	22.125	16.375	14.583	11.833

nonfinancial information

elected officers — 1999

William Wrigley, Jr.

President and Chief Executive Officer

Douglas S. Barrie

*President — International
(retired as of January 1, 2000)*

Ronald O. Cox

*Group Vice President
(retired as of September 1, 1999)*

John F. Bard

Executive Vice President

Martin J. Geraghty

Group Vice President — Worldwide Manufacturing

Peter R. Hempstead

Senior Vice President — International

Ronald V. Waters

Senior Vice President and Chief Financial Officer

Donald E. Balster

Vice President — Manufacturing

Gary R. Bebee

Vice President — Customer Marketing

David E. Boxell

Vice President — Personnel

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—Organizational Development

Stefan Pfander

*Vice President — International and
Managing Director — Europe*

Wm. M. Piet

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

John A. Schafer

Vice President — Purchasing

Philip G. Schnell

Vice President — Research & Development

Christafor E. Sundstrom

Vice President — Product & Technical Development

Reuben Gamoran

Controller

Philip C. Johnson

Senior Director — Benefits & Compensation

Howard Malovany

Secretary and General Counsel

Alan J. Schneider

Treasurer

board of directors — 1999



WILLIAM WRIGLEY

(passed away on March 8, 1999)



WILLIAM WRIGLEY, JR.

Director of the Company *since 1988*
Joined the Wm. Wrigley Jr. Company *in 1985*
President & Chief Executive Officer *since 1999*
Senior Vice President *(1999)*
Vice President *(1991-98)*
Assistant to the President *(1985-92)*
Director, The J. M. Smucker Company, *since 1991*

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT

Richard K. Smucker *chairman*

Thomas A. Knowlton

Melinda R. Rich

Alex Shumate

COMPENSATION

Thomas A. Knowlton *chairman*

Penny Pritzker

Steven B. Sample

Alex Shumate

NOMINATING

Penny Pritzker *chairman*

Steven B. Sample

Richard K. Smucker



JOHN F. BARD

Director of the Company *since 1999*
Joined the Wm. Wrigley Jr. Company *in 1991*
Executive Vice President *since 1999*
Senior Vice President *(1991-99)*



THOMAS A. KNOWLTON

Director of the Company *since 1996*
Executive Vice President, Kellogg Company *(1992-98)*
President, Kellogg North America *(1994-98)*
President, Kellogg Europe *(1992-94)*



PENNY PRITZKER

Director of the Company *since 1994*
Chairman, Classic Residence by Hyatt, *since 1987*
President, Pritzker Realty Group L.P., *since 1987*
Director, Coast-to-Coast Financial Corporation, *since 1990*



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, Bank One Corporation, *since 1993*
Director, Intimate Brands, Inc., *since 1996*



MELINDA R. RICH

Director of the Company *since 1999*
Joined Rich Products Corp. *in 1986*
Executive Vice President of Innovation *since 1997*
and Director *since 1998*
President, Rich Entertainment Group, *since 1994*
Director, M & T Bank Corp. (Buffalo, NY), *since 1994*



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*



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*

STOCKHOLDER INQUIRIES

Any inquiries about your Wrigley stockholdings should be directed to:

Stockholder Relations
Wm. Wrigley Jr. Company
410 North Michigan Avenue
Chicago, IL 60611
1-800-874-0474

You can access your Wrigley stock account information via the Internet at the following address — <http://gateway.equiserve.com>.

Additional information about the Wrigley Company in general can be found on our Internet home page at the following address — <http://www.wrigley.com>.

CAPITAL STOCK

Common Stock of the Wm. Wrigley Jr. Company is traded on the New York and Chicago Stock Exchanges. 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.

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 DRP is administered First Chicago Trust Company, a division of EquiServe 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 DRP 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 DRP into the account for safekeeping. The Company pays all brokerage and administrative costs associated with the DRP.

Over 29,000 or 77% of the Company's stockholders of record currently participate in the DRP. A brochure fully describing the DRP and its enrollment procedure is available upon request.

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.

ELECTRONIC RECEIPT OF PROXY MATERIALS AND PROXY VOTING

If you are a stockholder of record and would like to receive your copy of the annual report and proxy statement via the Internet in the future, you need to complete an online consent form at the following address — <http://www.econsent.com/wwy>. If there are problems with accessing the form or any questions about it, please contact First Chicago Trust Company.

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 seven 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.

COMPANY PUBLICATIONS

The Company's 1999 annual report to the Securities and Exchange Commission on Form 10-K is expected to be available on or about April 5, 2000.

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

First Chicago Trust Company,
a division of EquiServe

P. O. Box 2500

Jersey City, NJ 07303-2500

1-800-446-2617

Internet: <http://www.equiserve.com>

corporate facilities and principal associated companies — 1999

CORPORATE FACILITIES

Headquarters

Wrigley Building
410 North Michigan Avenue
Chicago, Illinois 60611

Production Facilities

Chicago, Illinois
Gainesville, Georgia

PRINCIPAL ASSOCIATED COMPANIES

Domestic

Amurrol 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*
Don Mills, Ontario, Canada

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

Wrigley Zagreb d.o.o.
Zagreb, Croatia

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.) Ltd.
Port Moresby, Papua New Guinea

Wrigley Philippines, Inc.*
Antipolo City, Philippines

Wrigley Poland Sp. zo.o.*
Poznan, Poland

Wrigley Romania Produce
Zaharoase SRL
Bucharest, Romania

OOO Wrigley
Moscow, Russia
St. Petersburg, Russia*

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.

Wrigley Gida Ticaret Limited Sirketi
Istanbul, Turkey

Wrigley Ukraine TzoV
Kiev, Ukraine

* Denotes production facility.