

# Spirit of Innovation



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## HIGHLIGHTS OF OPERATIONS

In thousands of dollars except for per share amounts

Wrigley brands  
woven into the fabric  
of everyday life  
around the world

	2000	1999
Net Sales	\$ 2,145,706	\$ 2,061,602
Net Earnings	\$ 328,942	\$ 308,183
Per Share of Common Stock (basic and diluted)	\$ 2.90	\$ 2.66
Dividends Paid	\$ 159,138	\$ 153,812
Per Share of Common Stock	\$ 1.40	\$ 1.33
Additions to Property, Plant and Equipment	\$ 125,068	\$ 127,733
Stockholders' Equity	\$ 1,132,897	\$ 1,138,775
Return on Average Equity	29.0%	26.8%
Stockholders at Close of Year	37,781	38,626
Average Shares Outstanding (000)	113,518	115,861

For additional historical financial data see page 14.

WRIGLEY AT A GLANCE

▲ CHEWING GUM/ BUBBLE GUM

Company: Wrigley  
 Countries Served: Over 140  
 Website: [www.wrigley.com](http://www.wrigley.com)

Major Brands:



● BUBBLE GUM/ CONFECTIONS

Company: Amuro! Confections  
 Countries Served: Over 50  
 Websites: [www.bubblegum.com](http://www.bubblegum.com)  
[www.confections.com](http://www.confections.com)

Major Brands:



◆ GUM BASE

Company: L.A. Dreyfus  
 Website: [www.ladreyfus.com](http://www.ladreyfus.com)

◆ FLAVORING

Company: Northwestern Flavors





TO THE STOCKHOLDERS OF THE  
W.M. WRIGLEY JR. COMPANY  
AND THE  
WORLDWIDE WRIGLEY TEAM

A year ago, I shared with you our new vision —

*Wrigley brands woven into the fabric of everyday life around the world.* In order to transform that vision into reality, a roadmap was needed, and over the course of this past year, we have developed one.

The key elements of that roadmap accompany this letter, including our mission statement, an expression of our shared values, and a detailing of some key strategic choices we have made. But words like those below, no matter how well crafted, do not mean anything to a business unless they are communicated to and embraced by the team charged with putting them into practice. During 2000, we took some dramatic steps to reach out to Wrigley team members around the world. In early September, we conducted a series of video broadcasts and local “town hall” meetings, reaching thousands of our

Supporting our vision is a more concrete mission statement:

*Our mission is to achieve generational growth and prosperity for our stakeholders. We will continue to expand our core chewing gum business while establishing new business platforms that build on our company strengths. We will achieve our growth through internal development and strategic acquisitions.*

*To gain sustainable global competitive advantage, we will aggressively pursue excellence in execution, innovation, brand building, product quality, worldwide distribution and merchandising.*

*Our hallmarks will be branding that is pervasive and captures our consumers’ minds and hearts; products that provide added value; and strong customer relationships built on a foundation of mutual understanding and benefit.*

*Fundamental to our success is a high performance organization that believes in the power of our people who, in turn, embrace our shared values.*

people in fourteen locations, spanning four continents and a multitude of time zones. These communications provided people with more details about our plans and provided many the opportunity to engage senior management in a meaningful, face-to-face dialogue about how best to reinforce and advance our vision and mission.

These discussions have moved beyond the theoretical to the practical, as our team members have come to more fully understand some of the key strategic choices we have made, including the Company’s commitment to:

- boost our core chewing gum business;
- expand our chewing gum business in attractive new geographies and new distribution channels;
- focus on innovation in our products, processes, and systems;
- deliver highest quality products and solutions at lowest cost; and
- grow and develop our people.

These choices have implications for everything we do – from how we buy ingredients and make products to what products we make and sell. They point us toward increased communication, relationship building, and collaboration as a global team.

Many new ideas have been put forth and new initiatives implemented over the past year that have both strengthened the performance of our current business and laid the groundwork for growth opportunities in the future. Most encouraging of all has been the energy and the spirit of innovation that have been unleashed throughout our worldwide team. Around the globe, I have witnessed examples of Wrigley team members “thinking outside the box” – breaking through barriers and refusing to be limited by how things have been done in the past.

In 2000, we completed a “state of the art” production line in our Gainesville factory, giving us pellet gum making capacity in the U.S. for the first time in over 20 years. And that new capacity came in handy as we stepped up the pace of innovation with our second rollout of new products in the U.S. market in just over a year with the launch of Eclipse® Polar Ice® pellets as well as Extra® Polar Ice. Consumers have responded favorably to this new, unique flavor.

Underpinning our vision and mission, from a philosophical perspective, are our shared values:

*We treat each other with trust, dignity and respect.*

*We create an environment where people from diverse cultures and backgrounds work together effectively.*

*We support and have the courage to take measured risk.*

*We act with a sense of urgency without sacrificing excellence.*

*We foster a spirit of innovation in all areas of our business.*

*We strive for effective communication that results in teamwork, shared knowledge and ideas.*

*We make an extraordinary effort to attract, identify, recruit and retain the very best person for every job.*

*We pursue lifelong learning and personal development.*

*We encourage individual leadership, responsibility, and accountability.*

*We demand of ourselves high standards of ethical behavior.*

*We develop long-term relationships for mutual growth and profitability.*

Our innovative ways extend beyond product formulation to the way we launch and market products. The original version of our Airwaves® “vapor release” chewing gum was rolled out to a handful of countries at a time. We took a more aggressive approach with the launch of Honey & Lemon Airwaves this past fall. It was the first pan-European brand launch in Company history, rolling out the new brand simultaneously across thirty-seven markets.

For Polar Ice, Honey & Lemon Airwaves, Alpine® and other new Wrigley offerings, innovation also permeated our advertising efforts. Wrigley marketing managers and the creative teams at the Company’s ad agencies crafted a new look and feel for a number of our commercial executions. Some of these advertisements are a little edgier in both concept and execution than previous Wrigley fare, but they never lose sight of their “reason for being” – to connect and communicate with consumers and motivate them to purchase Wrigley brands. The potent combination of new benefits, high quality products, improved trade communication and effective advertising has helped fuel the growth of these new product lines.

Airwaves and other innovative sugarfree products are beginning to make inroads in Asia as well. Strategic product launches in key markets have strengthened our position as market leader in a number of countries in that region, adding incremental value and bringing new consumers into the category.

One of the most striking innovations for our company was the recently announced establishment of the Wrigley Healthcare Division. The mission of Wrigley Healthcare is to develop and market products that use chewing gum as a fast-acting, good-tasting vehicle for the delivery of active ingredients that provide functional health benefits to consumers. The division’s first product was unveiled as well – Surpass® antacid chewing gum. In many ways, Wrigley Healthcare embodies our new corporate vision, mission, and values. It creates a new, internally developed platform for business growth showcasing the best of the old and the new, combining existing Wrigley expertise and brand equity with new technologies and a variety of outside resources. The new division builds upon our current core business, while creating innovative benefits and functionality that will help deepen our relationship with consumers and make our brands more a part of the “fabric of everyday life.”

The past year has seen your Company move toward increased and more effective use of technology. Our most ambitious technology project is known as WeB ESPRIT. It is a truly innovative undertaking, from the way the team was assembled from across the Wrigley organization to the unique and free-flowing workspace that has been created for them in Ismaning, Germany. This effort is designed to make our systems more compatible, responsive and efficient across all our markets and will impact most of our key business and operational processes, including sixteen production facilities and fifty sales offices around the world.

Making our corporate vision a reality will require the common systems, harmonized business processes, shared data, and higher value-added work that will be made possible by this initiative. WeB ESPRIT is not just about streamlining operations to make them more efficient – it is about restructuring processes and relationships to tap into creativity and growth.

In another move designed to facilitate information sharing and collaboration among our people, we have created an intranet portal known as WIN – the Wrigley Innovation Network. In place in the Americas since the fall, WIN is now having its reach extended across the entire Wrigley world as we near completion of our global wide-area network.

Of course, even with all these new initiatives and ventures underway, we have a core business to run, and it has been running quite well. In 2000, the Wrigley Company achieved record shipments, sales and earnings. These gains were across all four regions and came despite our significant investments in innovation and a very difficult environment in terms of the weakness of international currencies relative to the dollar. When results are consolidated, the negative translation effect masks the continuing strength and vitality of the Company’s overseas business. Additionally, value was returned to our stockholders through the repurchase of more than three million shares of Wrigley stock over the past eighteen months, using only internally generated cash.

Your Company has made significant progress over the past year, both in the marketplace and behind the scenes. As I have noted on a number of occasions this past year, the strength, depth and vitality of our worldwide team have never been greater. I am confident in the power of our people to capitalize on the array of opportunities before us, expand the global reach of Wrigley brands, and realize our vision.

Sincerely,



William Wrigley, Jr.



## 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 2000 increased \$84,104 or 4% from 1999. Net sales for 2000 were favorably affected by higher worldwide shipments, product mix, and selected selling price changes. Higher

worldwide shipments, including the introduction of new products, increased net sales by 6%. Favorable mix from premium priced products in Europe, the U.S. and Canada increased net sales by 2%, 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 6%.

Net sales for the Americas in 2000 increased 6% compared to 1999. Favorable product mix increased net sales 3% due primarily to increased U.S. sales of Eclipse® and Extra®. Net sales also increased 3% as a result of higher unit volume, primarily from Amurol Confections and the Latin American and Canadian markets.

International 2000 net sales increased by 12% excluding the effects of foreign currency translation. Higher International net sales resulted from higher unit volume, favorable product mix, and selected selling price changes. Unit volume increased net sales by 8% over 1999, due primar-

ily to growth in China, Russia and numerous other European and Asian markets. Favorable mix from premium priced products, primarily in Europe, increased International net sales by 2% while selected selling price changes also increased International net sales by 2%. International net sales were reduced by 9% as a result of currency translation, primarily in Europe, to a stronger U.S. dollar.

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, the U.S. and Canada 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%.

The Americas 1999 net sales increased approximately 2% 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 Amurool Confections along with higher unit volume in the Canadian market increased 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.

#### COST OF SALES AND GROSS PROFIT

In 2000, consolidated cost of sales was essentially even with 1999. Excluding the effect of foreign currency translation, the cost of sales increase was approximately 5% from 1999. Higher worldwide shipments and product mix were partially offset by lower product cost in Europe. Consolidated gross profit in 2000 was \$1,241,440, an increase of \$84,021 or 7% from 1999. The consolidated gross profit margin on net sales was 57.9% for 2000, up 1.8 percentage points from the 1999 gross margin of 56.1%, mainly due to the combination of lower product costs and favorable mix.

In 1999, consolidated cost of sales increased \$9,195, or 1% from 1998. Excluding the effect of foreign currency translation, the cost of sales increase was approximately 3% from 1998. Higher shipments in certain International markets and product mix increased cost of sales by 3%. Consolidated gross profit in 1999 was \$1,157,419, an increase of \$47,688 or 4% from 1998. The consolidated gross profit margin on net sales was 56.1% for 1999, up 0.7 percentage points from the 1998 gross margin of 55.4%, mainly due to a favorable mix of products in Europe.

#### SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Consolidated 2000 selling and general administrative expenses increased \$56,384 or 8% from 1999. Excluding the effects of foreign currency

translation, the increase was approximately 13% in 2000, mainly due to increased R&D and product development spending in the U.S. and higher worldwide advertising and other marketing expenditures.

Consolidated 1999 selling and general administrative expenses increased \$34,066 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.

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

	2000	1999	1998
Advertising	14.4 %	14.7%	14.5%
Selling and Other Marketing	13.7 %	12.6%	12.4%
General and Administrative	8.2 %	7.7%	7.4%
	36.3 %	35.0%	34.3%

#### INVESTMENT INCOME

In 2000, consolidated investment income increased \$1,549 or 9% from 1999.

The increase was primarily due to higher yields on investments in the U.S. and in Europe.

In 1999, consolidated investment 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.

#### OTHER EXPENSE

In 2000, other expense decreased \$5,696 from 1999. The decrease was mainly the result of 1999 expenses related to the Russia factory start-up.

Other expense for 1999 decreased \$1,333 from 1998 due primarily to reduced foreign currency transaction losses.

#### INCOME TAXES

Income taxes in 2000 increased \$14,123 or 10% from 1999. The effective consolidated income tax rate was 31.4% in 2000 and 30.7% in 1999.

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.

#### NET EARNINGS

Consolidated net earnings in 2000 increased \$20,759 or 7%. On a per share basis, net earnings increased \$.24 or 9% from 1999.

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%.

## Liquidity and Capital Resources

#### OPERATING CASH FLOW AND CURRENT RATIO

Net cash provided by operating activities in 2000 was \$448,283 compared with \$358,036 in 1999 and \$323,847 in 1998.

The Company has a current ratio (current assets divided by current liabilities) in excess of 2.8 to 1 at December 31, 2000 and in excess of 3.1 to 1 at December 31, 1999.

#### ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

Capital expenditures for 2000 were \$125,068, a decrease of \$2,665 from the 1999 capital expenditures of \$127,733. The 1999 capital expenditures represented a decrease of \$20,294 from the 1998 capital expenditures of \$148,027. All of the capital expenditures were funded from the Company's cash flow from operations. Additions to property, plant and equipment in 2001 are expected to be above 2000 capital expenditures and are also planned to be funded from the Company's cash flow from operations.

#### SHARE REPURCHASES

In 2000, under Board of Director authorizations, 1,767,400 shares of Company stock were repurchased for an aggregate price of \$131,765, net of proceeds received from the sale of put options on Company stock. In 1999, 1,608,800 shares 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.

#### 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; and accounting policies and practices.

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

In thousands of dollars except for per share amounts

### CONSOLIDATED RESULTS

	Net Sales	Cost of Sales	Net Earnings	Net Earnings Per Share
<b>2000</b>				
First Quarter	\$503,291	214,966	74,605	.65
Second Quarter	570,224	235,495	92,103	.81
Third Quarter	533,294	223,816	83,842	.74
Fourth Quarter	538,897	229,989	78,392	.70
Total	<u>\$2,145,706</u>	<u>904,266</u>	<u>328,942</u>	<u>2.90</u>
<b>1999</b>				
First Quarter	\$481,046	210,814	69,649	.60
Second Quarter	533,331	231,856	87,490	.75
Third Quarter	507,501	220,777	77,600	.67
Fourth Quarter	539,724	240,736	73,444	.64
Total	<u>\$2,061,602</u>	<u>904,183</u>	<u>308,183</u>	<u>2.66</u>

### 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.

	2000 High	2000 Low	1999 High	1999 Low
First Quarter	\$ 82.875	59.875	100.625	83.688
Second Quarter	84.500	71.250	98.000	81.625
Third Quarter	81.500	70.188	89.625	66.875
Fourth Quarter	96.625	72.875	84.438	66.500

### 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. There was no extra dividend payment made in 2000. Dividends declared in a quarter, with the exception of the extra dividend, are paid in the following quarter.

	2000 Total	1999 Regular	1999 Extra	1999 Total
First Quarter	\$ .35	.22		.22
Second Quarter	.35	.22		.22
Third Quarter	.35	.22		.22
Fourth Quarter	.35	.35	.47	.82
Total	<u>\$ 1.40</u>	<u>1.01</u>	<u>.47</u>	<u>1.48</u>

## SELECTED FINANCIAL DATA

In thousands of dollars and shares except for per share amounts

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>OPERATING DATA</b>											
Net Sales	\$2,145,706	2,061,602	2,004,719	1,937,021	1,835,987	1,754,931	1,596,551	1,428,504	1,286,921	1,148,875	1,110,639
Cost of Sales	904,266	904,183	894,988	892,751	859,414	820,478	737,239	653,687	606,263	540,591	541,284
Income Taxes	150,370	136,247	136,378	122,614	128,840	126,492	122,746	103,944	83,730	79,362	70,897
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	328,942	308,183	297,738	273,771	243,262	223,739	205,767	174,891	148,573	128,652	117,362
Per Share of Common Stock (basic and diluted)	2.90	2.66	2.57	2.36	2.10	1.93	1.77	1.50	1.27	1.09	1.00
Net Earnings	328,942	308,183	304,501	271,626	230,272	223,739	230,533	174,891	141,295	128,652	117,362
Per Share of Common Stock (basic and diluted)	2.90	2.66	2.63	2.34	1.99	1.93	1.98	1.50	1.21	1.09	1.00
Dividends Paid	159,138	153,812	150,835	135,680	118,308	111,401	104,694	87,344	72,511	64,609	58,060
Per Share of Common Stock	1.40	1.33	1.30	1.17	1.02	.96	.90	.75	.62	.55	.49
As a Percent of Net Earnings	48%	50%	50%	50%	51%	50%	45%	50%	51%	50%	49%
Dividends Declared											
Per Share of Common Stock	1.40	1.48	1.31	1.19	1.02	.99	.94	.75	.63	.55	.51
Average Shares Outstanding	113,518	115,861	115,964	115,964	115,983	116,066	116,358	116,511	117,055	117,517	117,743
<b>OTHER FINANCIAL DATA</b>											
Net Property, Plant and Equipment	\$607,034	559,140	520,090	430,474	388,149	347,491	289,420	239,868	222,137	201,386	188,959
Total Assets	1,574,740	1,547,745	1,520,855	1,343,126	1,233,543	1,099,219	978,834	815,324	711,372	625,074	563,665
Working Capital	540,505	551,921	624,546	571,857	511,272	458,683	413,414	343,132	299,149	276,047	229,735
Stockholders' Equity	1,132,897	1,138,775	1,157,032	985,379	897,431	796,852	688,470	575,182	498,935	463,399	401,386
Return on Average Equity	29.0%	26.8%	28.4%	28.9%	27.2%	30.1%	36.5%	32.6%	29.4%	29.8%	31.5%
Stockholders at Close of Year	37,781	38,626	38,052	36,587	34,951	28,959	24,078	18,567	14,546	11,086	10,497
Employees at Close of Year	9,800	9,300	9,200	8,200	7,800	7,300	7,000	6,700	6,400	6,250	5,850
Market Price of Stock											
High	96.625	100.625	104.313	82.063	62.875	54.000	53.875	46.125	39.875	27.000	19.750
Low	59.875	66.500	70.938	54.563	48.375	42.875	38.125	29.500	22.125	16.375	14.583

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 has conducted an independent audit of the financial statements, and its 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 23, 2001

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 (the "Company") at December 31, 2000 and 1999 and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. 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 Company at December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

Chicago, Illinois  
January 23, 2001



## CONSOLIDATED STATEMENT OF EARNINGS

In thousands of dollars except for per share amounts

	2000	1999	1998
<b>EARNINGS</b>			
Net sales	\$ 2,145,706	2,061,602	2,004,719
Cost of sales	904,266	904,183	894,988
Gross profit	1,241,440	1,157,419	1,109,731
Selling and general administrative	778,197	721,813	687,747
Gain related to factory sale	—	—	(10,404)
Operating income	463,243	435,606	432,388
Investment income	19,185	17,636	18,636
Other expense	(3,116)	(8,812)	(10,145)
Earnings before income taxes	479,312	444,430	440,879
Income taxes	150,370	136,247	136,378
Net earnings	\$ 328,942	308,183	304,501
<b>PER SHARE AMOUNTS</b>			
Net earnings per share of Common Stock (basic and diluted)	\$ 2.90	2.66	2.63
Dividends paid per share of Common Stock	\$ 1.40	1.33	1.30

See accompanying accounting policies and notes.

# CONSOLIDATED BALANCE SHEET

In thousands of dollars

In thousands of dollars and shares

	2000	1999
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 300,599	288,386
Short-term investments, at amortized cost	29,301	18,528
Accounts receivable (less allowance for doubtful accounts: 2000 – \$8,186; 1999 – \$9,194)	191,570	181,720
Inventories		
Finished goods	64,676	60,885
Raw materials and supplies	188,615	196,785
	<u>253,291</u>	<u>257,670</u>
Other current assets	39,728	42,301
Deferred income taxes – current	14,226	15,141
Total current assets	<u>828,715</u>	<u>803,746</u>
Marketable equity securities, at fair value	28,535	43,201
Deferred charges and other assets	83,713	114,796
Deferred income taxes – noncurrent	26,743	26,862
Property, plant and equipment, at cost:		
Land	39,125	37,527
Buildings and building equipment	344,457	312,663
Machinery and equipment	756,050	712,585
	<u>1,139,632</u>	<u>1,062,775</u>
Less accumulated depreciation	532,598	503,635
Net property, plant and equipment	<u>607,034</u>	<u>559,140</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,574,740</u>	<u>1,547,745</u>

	2000	1999
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ 94,377	86,583
Accrued expenses	92,531	74,816
Dividends payable	39,467	40,073
Income and other taxes payable	60,976	49,654
Deferred income taxes – current	859	699
Total current liabilities	<u>288,210</u>	<u>251,825</u>
Deferred income taxes – noncurrent	40,144	44,963
Other noncurrent liabilities	113,489	112,182
<i>Stockholders' equity:</i>		
Preferred Stock – no par value Authorized: 20,000 shares Issued: None		
Common Stock – no par value  Common Stock Authorized: 400,000 shares Issued: 2000 – 94,184 shares; 1999 – 93,607 shares	12,558	12,481
Class B Common Stock – convertible Authorized: 80,000 shares Issued and outstanding: 2000 – 22,037 shares; 1999 – 22,614 shares	2,938	3,015
Additional paid-in capital	346	273
Retained earnings	1,492,547	1,322,137
Common Stock in treasury, at cost (2000 – 3,459 shares; 1999 – 1,725 shares)	(256,478)	(125,712)
Accumulated other comprehensive income		
Foreign currency translation adjustment	(136,365)	(100,270)
Unrealized holding gains on marketable equity securities	17,351	26,851
	<u>(119,014)</u>	<u>(73,419)</u>
Total stockholders' equity	<u>1,132,897</u>	<u>1,138,775</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 1,574,740</u>	<u>1,547,745</u>

See accompanying accounting policies and notes.

# CONSOLIDATED STATEMENT

## OF CASH FLOWS

In thousands of dollars

	2000	1999	1998
<b>OPERATING ACTIVITIES</b>			
Net earnings	\$ 328,942	308,183	304,501
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	57,880	61,225	55,774
Loss on sales of property, plant and equipment	778	390	168
Gain related to factory sale	—	—	(10,404)
(Increase) Decrease in:			
Accounts receivable	(18,483)	(21,174)	(12,297)
Inventories	(2,812)	(9,894)	(6,299)
Other current assets	199	2,807	1,310
Other assets and deferred charges	30,408	(22,277)	(17,350)
Increase (Decrease) in:			
Accounts payable	11,068	13,519	4,499
Accrued expenses	19,935	9,734	(3,869)
Income and other taxes payable	14,670	2,649	(4,445)
Deferred income taxes	2,546	2,024	9,826
Other noncurrent liabilities	3,152	10,850	2,433
Net cash provided by operating activities	448,283	358,036	323,847
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	(125,068)	(127,733)	(148,027)
Proceeds from property retirements	1,128	7,909	10,662
Purchases of short-term investments	(125,728)	(32,078)	(109,292)
Maturities of short-term investments	115,007	150,300	92,676
Net cash used in investing activities	(134,661)	(1,602)	(153,981)
<b>FINANCING ACTIVITIES</b>			
Dividends paid	(159,138)	(153,812)	(150,835)
Common Stock purchased	(131,765)	(121,268)	(7,679)
Net cash used in financing activities	(290,903)	(275,080)	(158,514)
Effect of exchange rate changes on cash and cash equivalents	(10,506)	(7,540)	(3,407)
Net increase in cash and cash equivalents	12,213	73,814	7,945
Cash and cash equivalents at beginning of year	288,386	214,572	206,627
Cash and cash equivalents at end of year	\$ 300,599	288,386	214,572
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Income taxes paid	\$ 136,311	130,562	133,530
Interest paid	\$ 749	709	1,164
Interest and dividends received	\$ 19,243	17,579	19,458

See accompanying accounting policies and notes.

# CONSOLIDATED STATEMENT

## OF STOCKHOLDERS' EQUITY INCLUDING COMPREHENSIVE INCOME

In thousands of dollars and shares

	Common Shares Outstanding	Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Earnings	Common Stock in Treasury	Other Comp. Income	Stockholders' Equity
<b>BALANCE DECEMBER 31, 1997</b>	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)					—
<b>BALANCE DECEMBER 31, 1998</b>	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)					—
<b>BALANCE DECEMBER 31, 1999</b>	91,882	\$12,481	3,015	273	1,322,137	(125,712)	(73,419)	1,138,775
Net earnings					328,942			328,942
Other comprehensive income:								
Currency translation							(36,095)	(36,095)
Unrealized holding loss on marketable equity securities, net of \$5,166 tax							(9,500)	(9,500)
Total comprehensive income								283,347
Dividends to shareholders					(158,532)			(158,532)
Treasury share purchases	(1,767)					(131,765)		(131,765)
Options exercised and stock awards granted	33			73		999		1,072
Conversion from Class B Common to Common	577	77	(77)					—
<b>BALANCE DECEMBER 31, 2000</b>	90,725	\$12,558	2,938	346	1,492,547	(256,478)	(119,014)	1,132,897

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 1998 and 1999 have been reclassified to conform to the 2000 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.

### LONG LIVED ASSETS

The Company periodically reviews long lived assets to determine if there are indicators of impairment. When indicators of impairment are present, the Company evaluates the carrying value of the assets in relation to the operating performance and future undiscounted cash flows of the underlying assets. The Company adjusts the net book value of the underlying assets if the sum of the expected future cash flows is less than book value.

### REVENUE RECOGNITION

Revenue from product sales is recognized when the goods are shipped.

### DISTRIBUTION COSTS

The Company classifies distribution costs, including shipping and handling costs, in cost of sales.

### ADVERTISING

The Company expenses all advertising costs in the year incurred. Advertising expense was \$308,446 in 2000, \$303,220 in 1999 and \$291,344 in 1998.

### 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, 2000 and December 31, 1999 were, respectively, \$21,588 and \$15,567 for municipal securities, and \$7,713 and \$2,961 for other debt securities. The average yields of municipal securities held at December 31, 2000 and December 31, 1999 were 3.94% and 3.35%, respectively.

The Company's investments in marketable equity securities are held for an indefinite period. Application of Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," resulted in unrealized holding gains of \$26,644 at December 31, 2000 and \$41,310 at December 31, 1999. Unrealized holding gains, net of the related tax effect, of \$17,351 and \$26,851 at December 31, 2000 and 1999, 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 \$253,291 and \$257,670 at December 31, 2000 and 1999, respectively, including \$107,684 and \$106,581, respectively, valued at cost on a LIFO basis. If current costs had been used, such inventories would have been \$21,968 and \$29,673 higher than reported at December 31, 2000 and 1999, 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 was provided primarily by the straight-line method.

#### ACCRUED EXPENSES

Accrued expenses at December 31, 2000 and 1999 included \$34,129 and \$29,616 of payroll expenses, respectively.

#### OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities at December 31, 2000, included liabilities for approximately \$54,500 of deferred compensation and \$17,500 for post-retirement benefits. At December 31, 1999, they included liabilities for approximately \$53,000 of deferred compensation and \$17,400 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, 2000, open foreign exchange contracts for a number of currencies, primarily British pounds, Euros, and U.S. dollars, maturing at various dates through December 31, 2001, aggregated \$79,853. Open foreign exchange contracts at December 31, 1999, aggregated \$111,289. Unrealized gains or losses on these contracts were not significant as of either December 31, 2000 or 1999.

#### DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and

Hedging Activities," as amended in June 2000 by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," which establishes accounting and reporting standards for derivative instruments and hedging activities. It requires the Company to recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow, or net investment hedges, and establishes accounting standards for reporting changes in the fair value of the derivative instruments. Upon adoption, the Company will be required to record derivative instruments at fair value in the balance sheet and recognize the offsetting gains or losses as adjustments to net income or other comprehensive income, as appropriate. The Company adopted SFAS No. 133, as amended, effective January 1, 2001. The adoption of SFAS No. 133 will not have a material effect on the Company's results of operations or financial position.

#### STOCK SPLIT

On January 23, 2001, the Board of Directors approved a 2-for-1 stock split for shareholders of record on February 6, 2001. The accompanying financial statements are presented on a pre-split basis.

#### 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 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. Additionally, on October 25, 2000, the Board of

Directors authorized \$100,000 in share repurchases. During 2000 and 1999, the Company purchased 1,767,400 and 1,608,800 shares at an aggregate price of \$131,765 and \$118,819, respectively, under the 1993 and 1999 authorities. No shares were repurchased prior to 1999 under the 1993 authority.

#### 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. The status of the Company's Stock Option program is summarized as follows:

	Weighted-Average Number of Shares	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
Granted	828,500	\$75.0565
Exercised	—	—
Cancelled	(18,000)	\$80.5486
<b>Outstanding at December 31, 2000</b>	<b>1,349,500</b>	<b>\$79.3648</b>

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:

Year Ended December 31	2000	1999
Net Earnings		
As reported	\$328,942	\$308,183
Pro forma	\$324,735	\$306,965
Basic and diluted earnings per share		
As reported	\$2.90	\$2.66
Pro forma	\$2.86	\$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 \$23.17 and \$25.29 in 2000 and 1999, respectively. The table below summarizes the key assumptions:

	Interest Rate	Dividend Yield	Expected Volatility	Expected Life
2000	4.75%	1.60%	24.6%	6 years
1999	6.00%	1.60%	22.6%	6 years

The following table summarizes key information about stock options at December 31, 2000:

Range of Exercise Prices	OUTSTANDING STOCK OPTIONS			EXERCISABLE STOCK OPTIONS	
	Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
\$60-69	20,000	9.3	64.0625	—	—
\$70-79	862,500	9.4	75.2533	30,500	77.8268
\$80-89	449,000	8.4	87.4954	112,250	87.4954
\$90-99	18,000	9.9	90.5625	—	—

#### 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:

	2000	1999
Accrued Compensation, Pension and Postretirement Benefits	\$25,282	26,111
Depreciation	(16,503)	(15,583)
Unrealized Holding Gains	(9,293)	(14,459)
Factory Closure and Related Costs	—	54
All Other – Net	480	218
Net Deferred Tax Liability	\$ (34)	(3,659)

Balance sheet classifications of deferred taxes are as follows:

	2000	1999
<b>Deferred Tax Asset</b>		
Current	\$14,226	15,141
Noncurrent	26,743	26,862
<b>Deferred Tax Liability</b>		
Current	(859)	(699)
Noncurrent	(40,144)	(44,963)
Net Deferred Tax Liability	\$ (34)	(3,659)

Applicable U.S. income and foreign withholding taxes have not been provided on approximately \$529,285 of undistributed earnings of international associated companies at December 31, 2000. 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 \$84,000 of deferred income taxes would be provided.

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

	2000	1999	1998
Domestic	\$139,086	154,240	188,472
Foreign	340,226	290,190	252,407
	\$479,312	444,430	440,879

Reconciliation of the provision for income taxes computed at the U.S. Federal statutory rate of 35% for 2000, 1999, and 1998 to the reported provision for income taxes is as follows:

	2000	1999	1998
Provision at U.S. Federal Statutory Rate	\$167,759	155,551	154,276
State Taxes – Net	5,351	6,414	5,588
Foreign Tax Rates	(19,546)	(14,835)	(13,634)
Tax Credits (principally foreign)	(1,675)	(9,189)	(3,575)
Other – Net	(1,519)	(1,694)	(6,277)
	\$150,370	136,247	136,378

The components of the provision for income taxes for 2000, 1999, and 1998 are:

	Current	Deferred	Total
<b>2000</b>			
Federal	\$ 30,704	961	31,665
Foreign	109,184	2,170	111,354
State	7,954	(603)	7,351
	\$147,842	2,528	150,370
<b>1999</b>			
Federal	\$20,262	(1,807)	18,455
Foreign	103,253	4,674	107,927
State	10,708	(843)	9,865
	\$134,223	2,024	136,247
<b>1998</b>			
Federal	\$ 34,083	5,116	39,199
Foreign	83,623	4,710	88,333
State	8,846	—	8,846
	\$126,552	9,826	136,378

#### 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.

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	
	2000	1999	2000	1999
<b>Change in Benefit Obligation</b>				
Benefit Obligation at Beginning of Year	\$ 321,800	345,600	\$ 25,400	26,700
Service Cost	11,100	12,600	900	1,100
Interest Cost	24,200	22,800	2,000	1,900
Plan Participants' Contributions	300	400	—	—
Actuarial Loss (Gain)	10,900	(43,200)	600	(3,000)
Foreign Currency Exchange	(6,400)	(100)	—	—
Other	(2,000)	(200)	—	—
Benefits Paid	(17,900)	(16,100)	(1,800)	(1,300)
Benefit Obligation at End of Year	\$ 342,000	321,800	\$ 27,100	25,400
<b>Change in Plan Assets</b>				
Fair Value at Beginning of Year	\$ 390,800	373,700	\$ 13,600	11,500
Actual Return on Plan Assets	3,100	28,900	(600)	1,600
Employer Contribution	1,600	1,800	1,800	1,800
Plan Participants' Contributions	1,700	2,100	—	—
Foreign Currency Exchange	(7,500)	100	—	—
Other	(900)	300	—	—
Benefits Paid	(17,900)	(16,100)	(1,800)	(1,300)
Fair Value at End of Year	\$ 370,900	390,800	\$ 13,000	13,600
Funded (Underfunded) Status of the Plan	\$ 28,900	69,000	\$ (14,100)	(11,800)
Unrecognized Net Actuarial Gain	(26,000)	(71,300)	(3,400)	(5,600)
Unrecognized Prior Service Costs	7,200	9,200	—	—
Unrecognized Transition Asset	(4,400)	(3,100)	—	—
Prepaid (Accrued) Benefit Cost	\$ 5,700	3,800	\$ (17,500)	(17,400)

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

	Defined Benefit Plans		Postretirement Benefit Plans	
	2000	1999	2000	1999
Prepaid Benefit Cost	\$ 11,400	9,200	\$ —	—
Accrued Benefit Liability	(5,700)	(5,400)	(17,500)	(17,400)
Net Amount Recognized	\$ 5,700	3,800	\$ (17,500)	(17,400)

The Company's non-qualified, unfunded, noncontributory supplemental retirement plan has an accumulated benefit obligation in the amount of \$5,600 and \$5,100 at December 31, 2000 and 1999, respectively.

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

	Defined Benefit Plans			Postretirement Benefit Plans		
	2000	1999	1998	2000	1999	1998
Service Cost	\$ 11,100	12,600	11,400	\$ 900	1,100	900
Interest Cost	24,200	22,800	22,200	2,000	1,900	1,700
Expected Return on Plan Assets	(33,200)	(31,800)	(30,400)	(1,200)	(1,000)	(300)
Amortization of Unrecognized Transition Assets	(900)	(800)	(900)	—	—	—
Prior Service Costs Recognized	1,700	1,600	1,500	—	—	—
Recognized Net Actuarial Loss	(1,900)	(500)	(1,200)	(200)	(100)	(100)
Other Pension Plans	4,000	3,600	3,400	—	—	—
Net Periodic Benefit Cost	\$ 5,000	7,500	6,000	\$ 1,500	1,900	2,200

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

	Defined Benefit Plans			Postretirement Benefit Plans		
	2000	1999	1998	2000	1999	1998
<b>Discount Rate</b>						
Domestic	7.75%	7.75%	6.75%	7.75%	7.75%	6.75%
Foreign	6.0-7.25%	6.25-7.50%	6.0-8.0%	7.75%	7.75%	6.75%
<b>Long-Term Rates of Return on Plan Assets</b>						
Domestic	9.25%	9.00%	9.00%	9.00%	9.00%	5.50%
Foreign	6.50-7.50%	6.5-8.0%	7.0-8.0%	—	—	—
<b>Rates of Increase in Compensation Levels</b>						
Domestic	4.75%	4.75%	4.75%	—	—	—
Foreign	3.0-4.0%	3.0-6.0%	3.3-6.0%	—	—	—

A 5.625% annual rate of increase in the per capita cost of covered postretirement benefits was assumed for 2001. The rate was assumed to decrease gradually to 5% 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	300	(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 \$4,535, \$4,613, and \$4,100 in 2000, 1999, and 1998 respectively.

#### SEGMENT INFORMATION

Management organizes the Company's chewing gum business based on geographic regions. Information by geographic region at December 31, 2000, 1999, and 1998 and for the years then ended is as follows:

Net Sales	2000	1999	1998
Americas, principally U.S.	\$906,006	854,374	835,151
Europe	908,624	905,137	898,954
Asia	244,224	213,096	186,961
Pacific	71,461	71,383	67,384
All Other	15,391	17,612	16,269
Net Sales	\$2,145,706	2,061,602	2,004,719

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

Operating Income	2000	1999	1998
Americas, principally U.S.	\$220,850	212,025	223,258
Europe	251,838	235,375	222,693
Asia	65,711	49,883	33,027
Pacific	22,453	21,158	17,969
Gains Related to Factory Closure and Sale	—	—	10,404
All Other	(97,609)	(82,835)	(74,963)
Total Operating Income	\$463,243	435,606	432,388

"All Other" operating income includes corporate expenses such as costs related to research and development, information systems and certain administrative functions.

Assets	2000	1999	1998
Americas, principally U.S.	\$ 547,954	514,941	448,565
Europe	618,668	609,805	562,356
Asia	158,997	153,049	148,476
Pacific	42,612	44,962	39,565
All Other	81,450	90,229	87,223
Assets Used in Operating Activities	1,449,681	1,412,986	1,286,185
Corporate	125,059	134,759	234,670
Total Assets	\$1,574,740	1,547,745	1,520,855

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	2000	1999	1998
Americas, principally U.S.	\$14,337	15,545	15,961
Europe	26,628	25,408	19,886
Asia	6,945	7,149	5,595
Pacific	1,149	1,153	1,189
All Other	1,874	3,194	3,415
Depreciation Expense Related to Operating Activities	50,933	52,449	46,046
Corporate	6,947	8,776	9,728
Total Depreciation Expense	\$57,880	61,225	55,774

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

Capital Expenditures	2000	1999	1998
Americas, principally U.S.	\$45,728	35,984	32,870
Europe	37,608	69,593	86,761
Asia	11,011	7,818	17,391
Pacific	2,368	2,643	1,683
All Other	1,252	3,507	6,825
Capital Expenditures for Operating Activities	97,967	119,545	145,530
Corporate	28,080	9,234	2,938
Gross Capital Expenditures	126,047	128,779	148,468
Intersegment Asset Transfers	(979)	(1,046)	(441)
Net Capital Expenditures	\$125,068	127,733	148,027

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.



William Wrigley, Jr.  
*President and  
Chief Executive Officer*

John F. Bard  
*Executive Vice President  
(retired as of 6/1/2000)*

Martin J. Geraghty  
*Group Vice President –  
Worldwide Manufacturing  
(retired as of 7/1/2000)*

Peter R. Hempstead  
*Senior Vice President –  
International*

Gary E. McCullough  
*Senior Vice President –  
Americas*

Ronald V. Waters  
*Senior Vice President and  
Chief Financial Officer*

Donald E. Balster  
*Vice President –  
Worldwide Manufacturing*

Gary R. Bebee  
*Vice President*

Vincent C. Bonica  
*Vice President –  
Organizational Development*

David E. Boxell  
*Vice President –  
Personnel  
(retired as of 7/1/2000)*

Philip G. Hamilton  
*Vice President –  
International  
(retired as of 7/1/2000)*

Donagh Herlihy  
*Vice President and  
Chief Information Officer*

Shaun Kim  
*Vice President –  
Worldwide Engineering*

Dennis R. Mally  
*Vice President –  
Information Services  
(retired as of 12/1/2000)*

Jon Orving  
*Vice President –  
International*

Dushan Petrovich  
*Vice President*

Stefan Pfander  
*Vice President –  
International and  
Managing Director –  
Europe*

Wm. M. Piet  
*Vice President –  
Corporate Affairs*

John A. Schafer  
*Vice President –  
Purchasing*

Philip G. Schnell  
*Vice President –  
Research & Development*

Ralph P. Scozzafava  
*Vice President –  
U.S. Sales & Customer  
Marketing  
(as of 1/1/2001)*

Darrell R. Splithoff  
*Vice President –  
Supply Chain & Corporate  
Development*

Christafor E. Sundstrom  
*Vice President –  
Product & Technical  
Development*

Michael F. Wong  
*Vice President –  
International and  
Managing Director –  
Asia*

A. Rory Finlay  
*Senior Director –  
Consumer Marketing*

Reuben Gamoran  
*Controller*

Philip C. Johnson  
*Senior Director –  
Benefits & Compensation*

Howard Malovany  
*Secretary and  
General Counsel*

Alan J. Schneider  
*Treasurer*

Daniela Zaluda  
*Senior Director –  
Product & Technical  
Development*

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



**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)  
Director, The J. M. Smucker Company, since 1991  
Director, divineInterventures, Inc., since 2000

**JOHN F. BARD**

Director of the Company since 1999  
Executive Vice President, Wm. Wrigley Jr. Company (1999-2000)  
Senior Vice President, Wm. Wrigley Jr. Company (1991-99)

**THOMAS A. KNOWLTON**

Director of the Company since 1996  
Dean-Faculty of Business, Ryerson Polytechnic University, since 2000  
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

**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

**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, Unova, Inc., since 1997  
Director, AMCAP Fund, Inc., since 2000  
Director, American Mutual Fund, Inc., since 2000  
Director, Advanced Bionics Corporation, since 2000

**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  
Director, The Limited, Inc., since 1996

**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

Left to right:  
Penny Pritzker, Thomas A.  
Knowlton, Steven B. Sample,  
Melinda R. Rich, John F. Bard,  
William Wrigley, Jr., Alex  
Shumate, Richard K. Smucker

## 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 – [gateway.equiserve.com](http://gateway.equiserve.com).

Additional information about the Wrigley Company in general can be found on our Internet home page at the following address – [www.wrigley.com](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 by EquiServe Trust Company, N.A. 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.

Just under 30,000 or 79% 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 who would like to receive your copies of the annual report and proxy statement via the Internet in the future, you need to complete an online consent form.

Stockholders of record can go directly to the EquiServe form at – [www.econsent.com/wwy](http://www.econsent.com/wwy) – or link to the form through the Wrigley web site.

"Street name" stockholders, holding their shares in a bank or brokerage account, should go to the Wrigley web site – [www.wrigley.com](http://www.wrigley.com) – and complete the form they find there.

## 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 2000 annual report to the Securities and Exchange Commission on Form 10-K is expected to be available on or about February 16, 2001.

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 ([www.wrigley.com](http://www.wrigley.com)).

## TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company, N.A.  
P. O. Box 2500  
Jersey City, NJ 07303-2500  
1-800-446-2617  
Internet: [www.equiserve.com](http://www.equiserve.com)

C O R P O R A T E F A C I L I T I E S  
A N D P R I N C I P A L A S S O C I A T E D C O M P A N I E S — 2 0 0 0

**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

Wrigley Sales Company  
Chicago, Illinois 60611  
(as of 1/1/2001)

Wrigley Manufacturing  
Company, LLC\*  
Chicago, Illinois 60611  
(as of 1/1/2001)

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

Northwestern Flavors, Inc.\*  
West Chicago, Illinois 60185

**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 B.V.  
Amsterdam, Holland

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

Wrigley Hungaria, Kft.  
Budapest, Hungary

Wrigley India Private Limited\*  
Bangalore, Karnataka, India

Wrigley Israel Ltd.  
Herzeliya-Pituach, Israel

Wrigley & Company Ltd.,  
Japan  
Tokyo, Japan

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 Produse  
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

*\*Denotes production facility.*