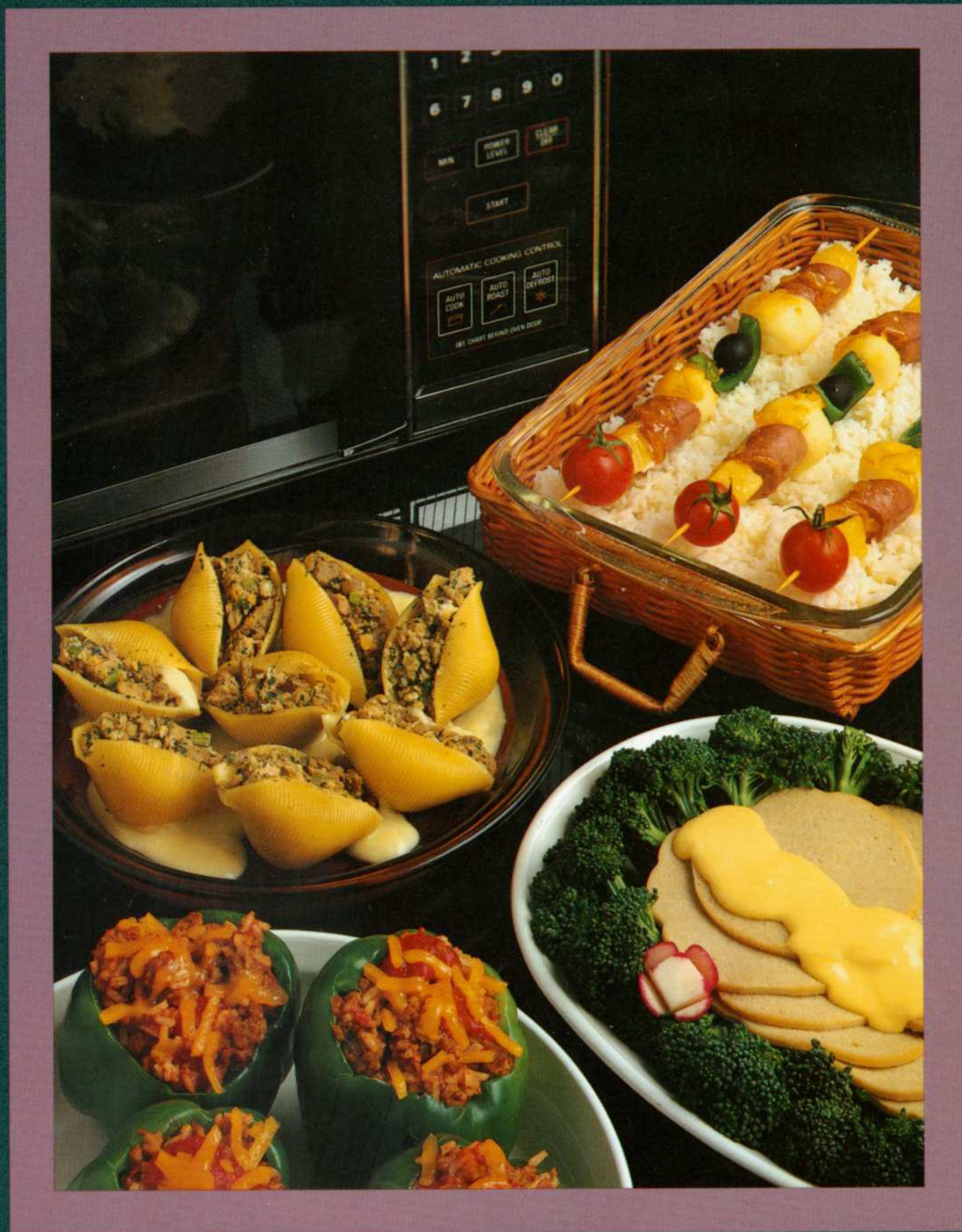


The Tradition of Healthy Choices



Worthington Foods



MISSION STATEMENT

WORTHINGTON FOODS, INC. develops, manufactures and markets beverage, snack and non-meat protein food products. To fulfill its long-term commitment to promote better health through sound nutrition, Worthington Foods offers products free of cholesterol, animal fats, caffeine and other unhealthy ingredients. For 50 years, it has served health-conscious customers who prefer the Worthington Foods' alternative—good tasting nutritious food products.

As a corporation, Worthington Foods, Inc. exists to serve its customers, employees, shareholders and community and is dedicated to the following:

To provide consumers with nutritionally sound, high quality food products at a fair price. To that end, Worthington Foods will maintain its commitment to innovative food technology.

To provide employees with a pleasant working environment, opportunities for personal growth and appropriate financial rewards.

To provide shareholders with investment security and an attractive return on their investment.

To provide its community with a good corporate neighbor, by assuming a responsible leadership role in economic, social and industry matters affecting the public interest.

Worthington Foods remains dedicated to the Christian ethics and moral values upon which it was founded. An innovative industry leader, Worthington Foods will continue to conduct business and establish policy based on those founding principles.

Executive Committee

(Left to right):

*Dale E. Twomley,
President and CEO;
Franklin D. Poston,
Vice President of
Marketing and Sales;
Richard S. Leiss,
Director of Research
and Development;
William T. Kirkwood,
Assistant Treasurer
and Controller;
Kent K. Bermingham,
Executive Vice President
and COO;
Philip J. Meves, Director
of Quality Control.*



A Tradition of Excellence

When Dr. George Harding, Sr. started the manufacture and marketing of vegetarian foods some 50 years ago, he scarcely could have imagined the growth and success this company would achieve.

Building upon a commitment to innovation and quality, Dr. Harding assembled a management team who caught sight of the potential for these healthier foods.

Today Worthington Foods serves a growing market whose consumers are concerned about their health and are taking greater interest in their dietary choices. They are looking for foods low in saturated fat and cholesterol . . . products high in protein and fiber . . . packaged goods offering the right combination of nutritional quality, consumer convenience and superior taste.

As the world's largest producer of vegetable protein foods, Worthington Foods is well positioned to serve this growing market. We pioneered the development of tasty, nutritious vegetarian foods and now manufacture well over 100 products for consumer, institutional and international markets.

From our first peanut-based, canned products to today's microwaveable breakfast meals, we have maintained the Worthington commitment of "putting good taste into good nutrition."

Worthington Foods has achieved a half-century of steady growth while facing many challenges along the way. Ingredients and packaging materials were in short supply during World War II. Many food stores were not equipped with adequate freezer space when we first introduced frozen products during the 1950s. And most Americans weren't aware of the importance of reducing cholesterol and animal fat in the 1970s when the Morningstar Farms line was introduced into supermarkets.

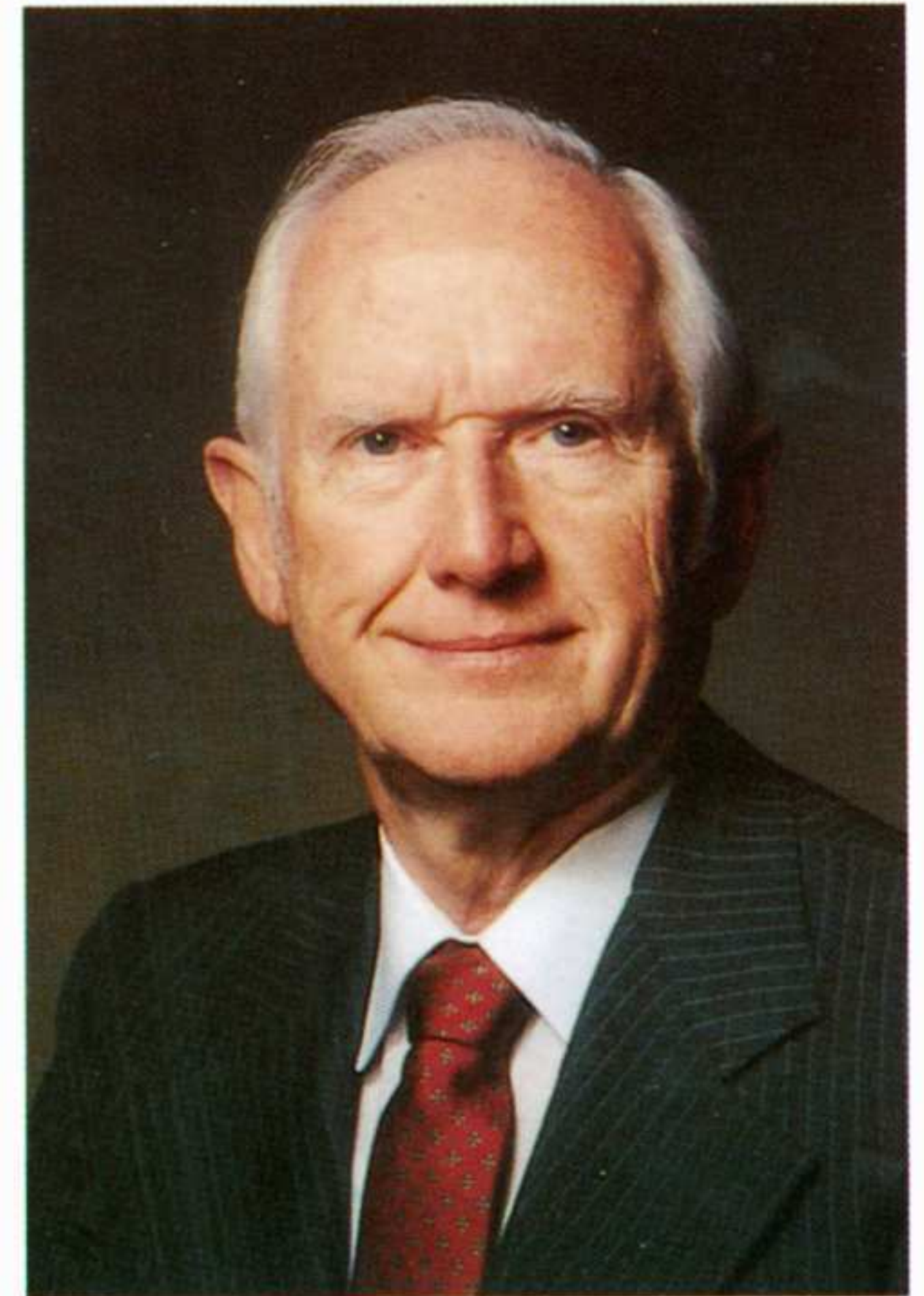
But the company maintained its leadership within the industry and built a loyal consumer base which recognized the excellence and value of Worthington products.

Today we face new challenges: matching production capacity to increased consumer demand; remaining an innovative force in food science and processing technology; and achieving even higher levels of product quality plus customer satisfaction.

We meet today's challenges as we did in the beginning—using the best talent and applying the Christian ethics and moral values that have served us so successfully over the past half century.



James L. Hagle



Allan R. Buller

James L. Hagle

James L. Hagle
Chairman of the Board
of Directors

Allan R. Buller

Allan R. Buller
Secretary and Treasurer

Mainstream America Eats Healthier



Dale E. Twomley

Notice anything different the last time you ate in a restaurant? Or how about the last time you heated your favorite packaged meal in the microwave?

Chances are information about calories and cholesterol content were given as much attention on the menu as price. And phrases like "lite" and "natural" probably received prominent display on the food package.

You may not realize it, but we are in the midst of a revolution in American diet and nutrition. Consider the following information gleaned recently from the nation's press:

- 42 percent of U.S. households have at least one member who is on a diet to control cholesterol.
- 68 percent of shoppers are switching to foods lower in fat and calories, and 71 percent are looking for foods higher in fiber.
- The number of vegetarians in the United States has increased six-fold over the past decade to more than 6 million.
- And by 1995, total sales of "healthy foods" are expected to exceed \$98 billion annually . . . or about *one-third* of all food purchases.



These reports come as no surprise to us at Worthington Foods. We have been on the leading edge of this "healthy revolution" for half a century. The marketplace is *now* catching up to us.

To maintain our leadership within the industry, we have launched a major capital expansion to add manufacturing capacity and to improve production efficiencies.

An initial \$6 million phase has allowed us to increase significantly the production of Morningstar Farms Scramblers® egg product and the output of our fryline for frozen products. Automated freezing and packaging equipment have sped production while improving product quality.

As we reach maximum production capacity at our Worthington plant, we are expanding to a new 50,000-square-foot frozen foods manufacturing facility in Zanesville, Ohio.

Worthington Foods, once considered a niche marketer of specialty foods, is now catering to the dietary preferences of mainstream America.

While maintaining steadfastly our primary objective of promoting better health through sound nutrition, we are now poised to take greater advantage of new opportunities to develop, manufacture and market beverage, snack and non-meat protein foods.

Mainstream America may be catching up to us in terms of a healthier diet, but we intend to remain the leader by offering the Worthington alternative—good tasting, nutritious food products—for today and into the next half century.

Dale E. Twomley

Dale E. Twomley
President and CEO



American Soybean Association

Southern-Fried Flavor... Zero Cholesterol

*The Story of Morningstar Farms® Country Crisps
from Soybeans to Shoppers*

Joe Craig* squints against the early August sun as he guides his combine along the parallel rows of soybeans on his central Illinois farm. Each plant stands about two feet tall, bearing its beans in fuzzy pods clustered near the stalk.

Superior in protein content to any other legume, the soybean is central to the diet of millions of East Asians and is becoming familiar to an ever increasing number of Americans—due in part to companies like Worthington Foods which uses soy protein as an ingredient in many of its food products.

Today Joe will harvest about 1,100 bushels of soybeans—a small part of the nation's lucrative 2-billion-bushel annual crop, representing more than half of the world's total supply.

In Joe's combine, beans are separated from stalks, cascading into the bins of near-by trucks destined for a soy processing plant near Decatur.

At the plant, soybeans from dozens of farms like Joe's are crushed to extract the golden oil which becomes a primary ingredient in the manufacture of margarine, mayonnaise, shortening and salad dressing—plus many other consumer and industrial goods. In fact, the typical American adult consumes an estimated 6 gallons of soy oil annually, representing nearly 40 percent of his/her total fat and oil intake.

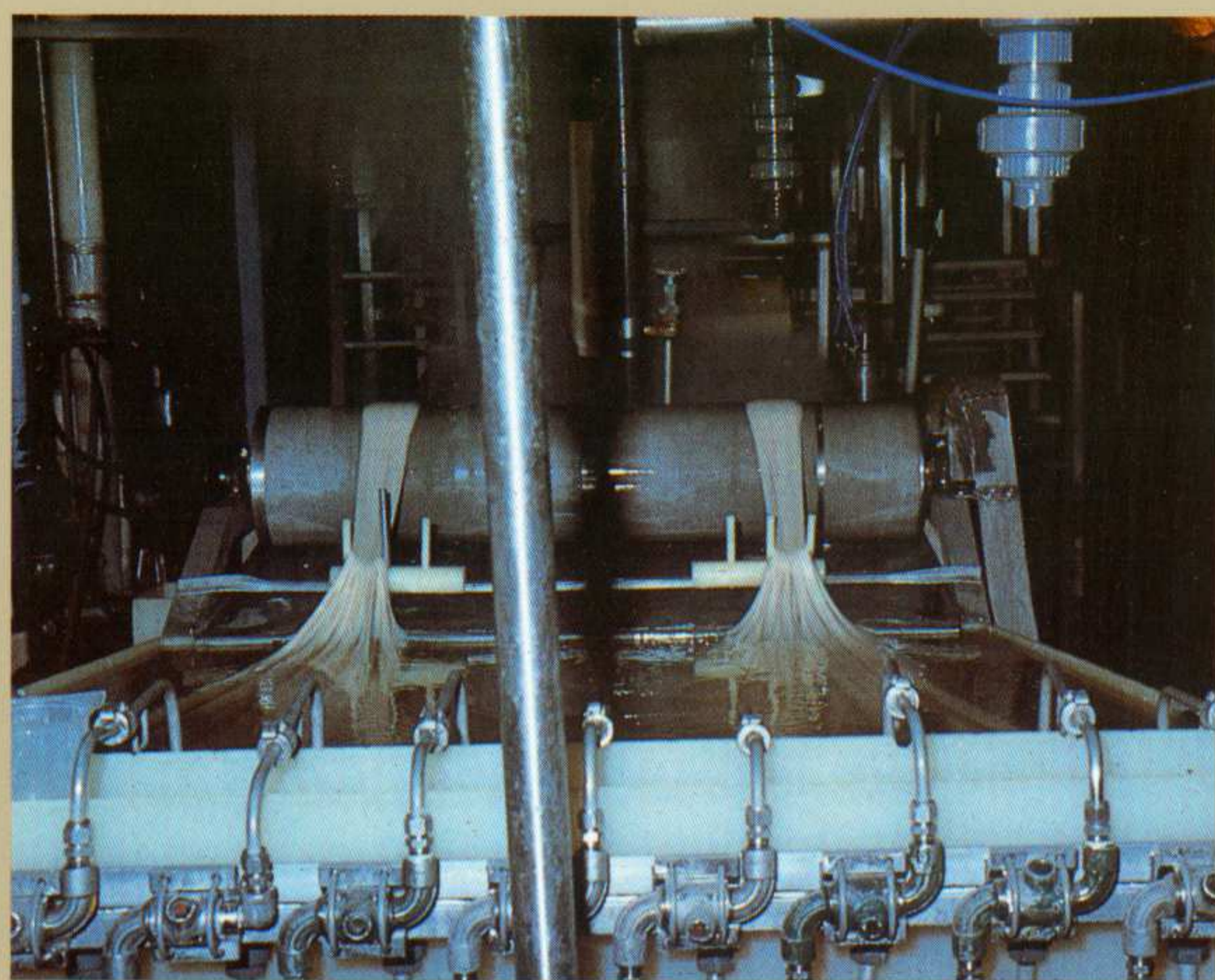
Some of the soy pulp is milled to produce the high-protein soy flour used by food manufacturers. Much of the remaining pulp is turned into animal feed.



Cholesterol-free Country Crisps are available in patties as well as zesty flavor and homestyle nuggets.



**Some names and identities of persons outside of Worthington Foods are fictionalized.*



Soy protein isolate is extruded through spinnerette heads and gathered in bundles to produce a texture similar to chicken.

Under the watchful eye of Bill Samples, a production supervisor, part of the soy flour is further refined to yield a soy isolate which increases protein content from 50 percent to nearly 90 percent of total weight.

It is this powdered soy isolate—among other soy by-products—that finds its way to the receiving dock of Worthington Foods, a company just north of Columbus, Ohio, that has been on the leading edge of vegetable protein technology for the past half-century. The company, in fact, pioneered the process of spinning soy protein into fibers resembling the appearance and texture of various meat products.

Here researchers like Bob Updegraff are finding even greater opportunities to develop vegetarian products which offer a healthful alternative to the high-cholesterol, high-saturated fat foods found in many American homes.

One of Bob's recent developments is a product called Country Crisps, marketed under the company's Morningstar Farms brand. The Country Crisps nuggets and patties resemble the taste, texture and appearance of chicken but contain absolutely no meat or cholesterol and are lower in saturated fat and calories than prepared chicken products.

Country Crisps nuggets start out as the protein isolate received from the soy processing plant. It is mixed with water to produce a semi-liquid paste which is spun into vegetable protein fiber. In the

spinning process, the soy paste is forced through spinnerette heads which contain thousands of microscopic pores to produce continuous threads of soy protein, each about the diameter of a human hair.

The threads are passed through a bath to harden the protein mixture, then heated and stretched to give the fiber bundles proper texture and mouth feel. But the spun soy protein is still far removed from the final chicken-like product.

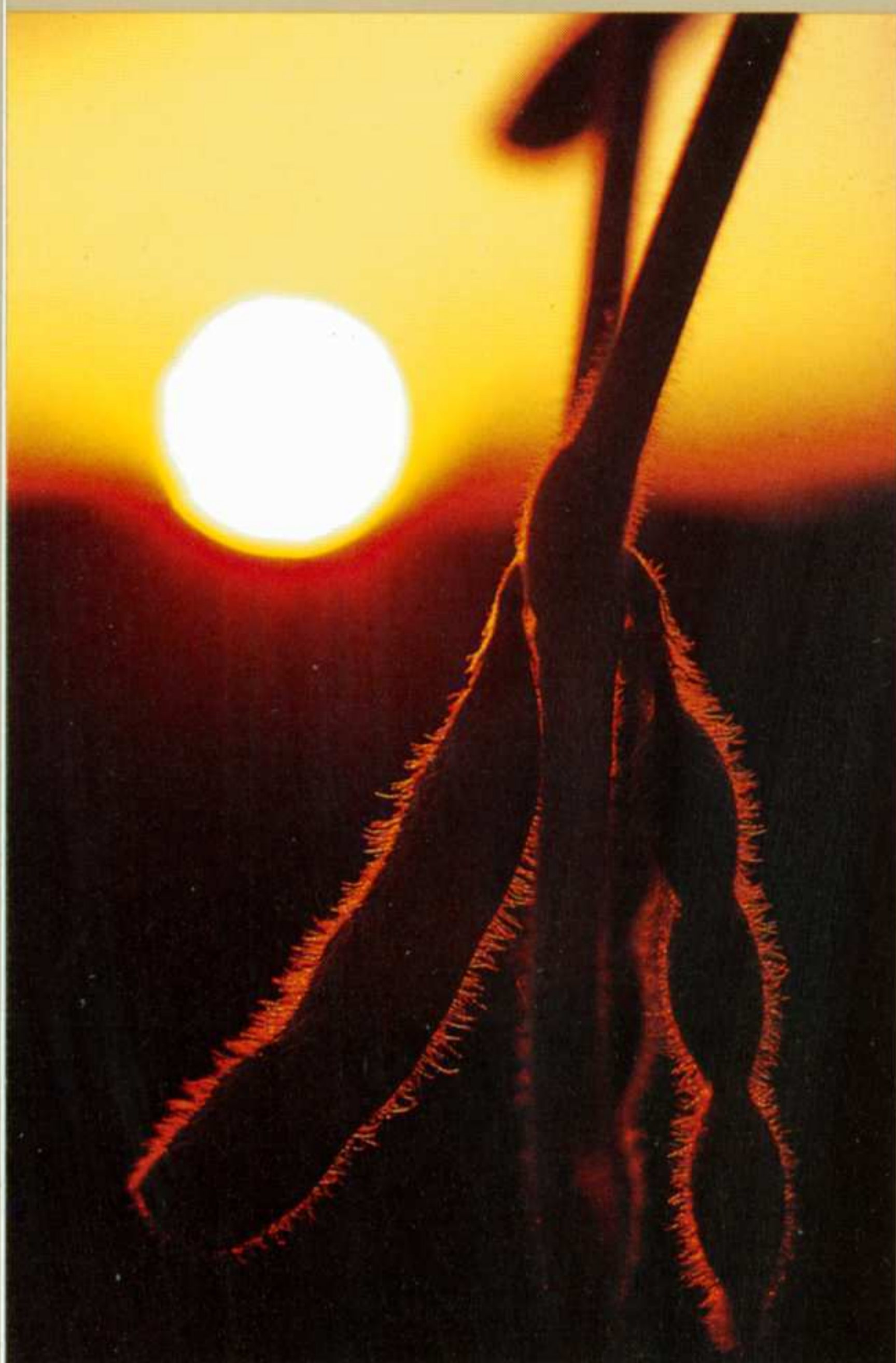
Cut into approximately 4-inch lengths, the fiber bundles are blended with other proteins, flavors and colors to provide the distinctive chicken-like taste and texture. The resultant mix is then injected into clear plastic casings and cooked to produce the 24-pound "chicken" rolls.

Once cooled and stripped from their casings, the rolls are sliced to a 1/4-inch thickness and then diced into 1/4-oz. pieces. A vibrating conveyor orients the nuggets for a breading of wheat flour crumbs.

As the stream of nuggets moves toward the deep-fat fryer, rollers press the crumbs firmly to the "chicken" pieces and air knives remove any loose breading.

Carried along a continuous stainless-steel belt through Worthington Foods' new fryer unit, the nuggets are cooked in polyunsaturated corn oil at 365° F. The whole process of battering, breading and frying takes less than a minute.

Fried to a crispy golden brown outside and a tender tasty goodness inside, the nuggets are now ready to eat, but not ready to sell. Margaret Bevan, a second-



American Soybean Association

A computer-controlled scale fills each carton to within 3 grams of designated package weight.



*Margaret Bevan examines
Country Crisp nuggets as they
exit the corn oil fryer.*

shift operator, removes any irregularly shaped pieces from the conveyor before the nuggets are fed into a spiral freezer.

Hot product enters the freezer and spirals upward in the -40° F. chamber. Within minutes, the frozen nuggets emerge.

Country Crisps nuggets tumble into the computer-controlled scale where they are routed into one of eight chambers. Here they are automatically weighed and combined to fill the bright orange and white printed cartons to within 3 grams of designated package weight.

The nuggets have not been touched or assisted by human hands since the "chicken" rolls were fed into the slicer/dicer at the head of the fryline.

Packed eight cartons to each corrugated shipper, the Country Crisps are transported via overhead conveyors to the company's distribution center where they are stacked 100 cases to a pallet.

Within hours, the Country Crisps pallets are trucked some 20 miles to Worthington Foods' Valley View warehouse on the southwest side of Columbus. Here they will stay in frozen storage for at least five days until all the quality assurance tests are completed.

Later that week, Pete McDonald maneuvers the refrigerated trailer of his 18-wheel rig to the Valley View loading dock. Six pallets of Country Crisps complete a load of Morningstar Farms products bound for the Americold public warehouse in Portland, Oregon.

Safeway's distribution center is supplied from the Americold warehouse. From here, Country Crisps will be delivered to the Safeway store on Division Street and placed with other Morningstar Farms products in the store's glass-doored freezer case.

But that's at the end of Pete's 2,200 mile drive. Right now, the burly trucker adjusts his sun visor and pops another Willie Nelson cassette into the truck's tapedeck as he steers west along I-74 . . . a route that will take him not far from the central Illinois farm where Joe Craig is already planting another soybean crop.



*Country Crisps are
lower in calories
than prepared
chicken products
and contain no
animal fat.*





The "Heart-Wise" Choice

The evidence is conclusive. Medical researchers have linked excess dietary cholesterol with increased incidence of heart attacks and strokes.

Millions of Americans who have only recently heard of the white, waxy substance circulating through their bloodstreams are now looking for "Heart-Wise" alternatives to the high-cholesterol, high-saturated fat foods that far too long have been a part of their diets.

Introduced in the early 1970s, the Morningstar Farms brand is the only full line of cholesterol-free items distributed

nationally through grocery stores and supermarkets. These frozen, easy-to-prepare products have experienced double-digit growth in recent years as consumers step up their search for healthy replacements to eggs, bacon, sausage and hamburger.

Scramblers®, the zero cholesterol real egg product, has become one of the fastest growing items in the frozen foods section. It tastes like farm-fresh eggs because Scramblers is made from real eggs, but with half the fat, one-third fewer calories and *no* cholesterol. Scramblers can be



Cholesterol-free Morningstar Farms® products are found in more than 90 percent of the nation's supermarkets.

CHOLESTEROL AND YOUR HEALTH

More than half of all American adults have blood-cholesterol levels of 200 mg/dl (milligrams per deciliter) or greater. This places them at an increased risk of coronary heart disease. Approximately one in four adults have levels considered "high," that is, 240 mg/dl or greater.

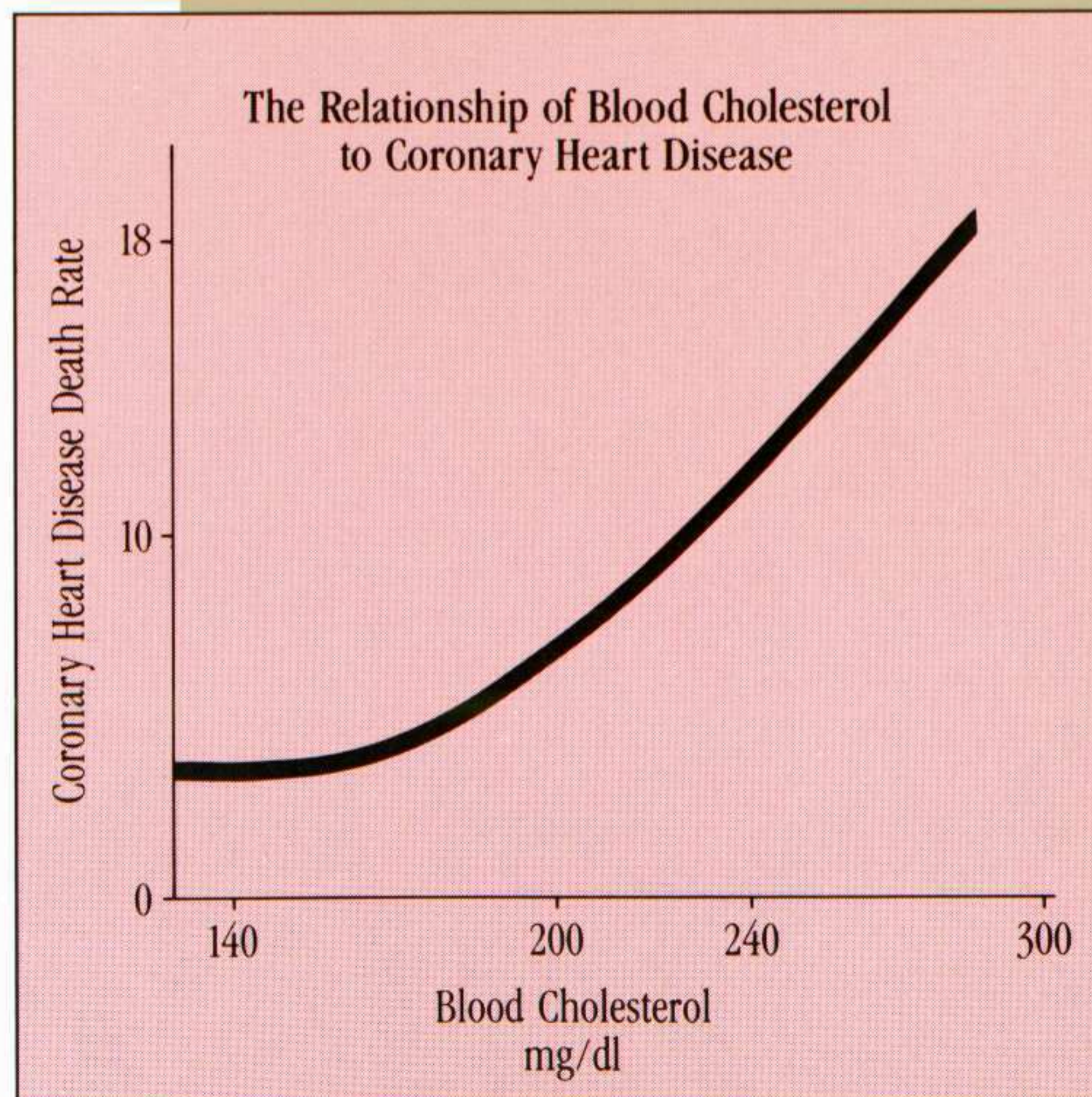
If you don't know your

blood-cholesterol level, have it checked. It's a simple procedure. *Know your number!*

Lowering a high blood-cholesterol level will slow the buildup of fatty deposits on arterial walls and reduce the risk of coronary heart disease. *Some studies show that a 1% reduction in total serum cholesterol results in a 2% reduction in coronary risk.*

The primary treatment for high blood cholesterol is a diet low in cholesterol and saturated fats. Cholesterol-producing saturated fats are found primarily in animal and dairy products and in some vegetable products such as coconut and palm oils.

Total daily intake of cholesterol should be limited to less than 300 mg, or about the amount of cholesterol found in one whole large egg.



used in any recipe calling for whole eggs.

Breakfast Links, Patties and Strips provide the taste satisfaction of sausage and bacon but are completely free of meat or animal fat. They are comparable in protein to their meat counterparts, but have a higher ratio of polyunsaturated to saturated fats. Grillers, too, offer a tasty, cholesterol-free alternative to hamburger patties.

In addition to the base line of Morningstar Farms products—which is found in about 90 of the nation's supermarkets—the brand has been introducing several new products in selected markets.

Three single-serving breakfast meals combine Scramblers, Links or Patties with cholesterol-free pancakes, hash browns or French toast. These microwaveable Country Breakfasts provide convenient, healthful choices to the high-fat, high-calorie morning meals found in many homes.

Country Crisps nuggets and patties resemble breaded and fried chicken products. Great for sandwiches and snacks, these vegetable protein items are lower in cholesterol and saturated fat than even chicken. And like the Country Breakfasts, Country Crisps have gained strong consumer acceptance in the regions where they are now available.

Research and development work continues on other cholesterol-free products—including entree items—that may soon become a part of the Morningstar Farms line, serving today's "Heart-Wise" consumers.



Peanut Butter and Jelly Muffins

- | | |
|--------------------------------------|-----------------------------|
| 2 cups flour | 1/3 cup polyunsaturated oil |
| 1/4 cup sugar | Vegetable cooking spray |
| 1 tablespoon baking powder | 1/4 cup peanut butter |
| 1/4 teaspoon salt | 1/2 cup jelly |
| 1 cup skim milk | |
| 1/2 cup MORNINGSTAR FARMS SCRAMBLERS | |

Combine flour, sugar, baking powder, and salt into a bowl. Combine skim milk, SCRAMBLERS, and oil; beat with rotary beater until well mixed. Make a well in the center of the dry ingredients; pour liquids into well. Stir just until dry ingredients are moistened. Do not overmix! Fill cooking spray-coated 2 1/2 inch muffin cups 1/3 full. Combine peanut butter and 1/4 cup of the jelly. Dot 2 teaspoons peanut butter and jelly mixture throughout the center of each cup and cover with remaining batter (each cup should be 2/3 full). Spoon 1 teaspoon jelly in the center of each cup. Bake at 400 degrees for 20-25 minutes or until done. Remove from cups. Serve hot. Yield: 12 muffins

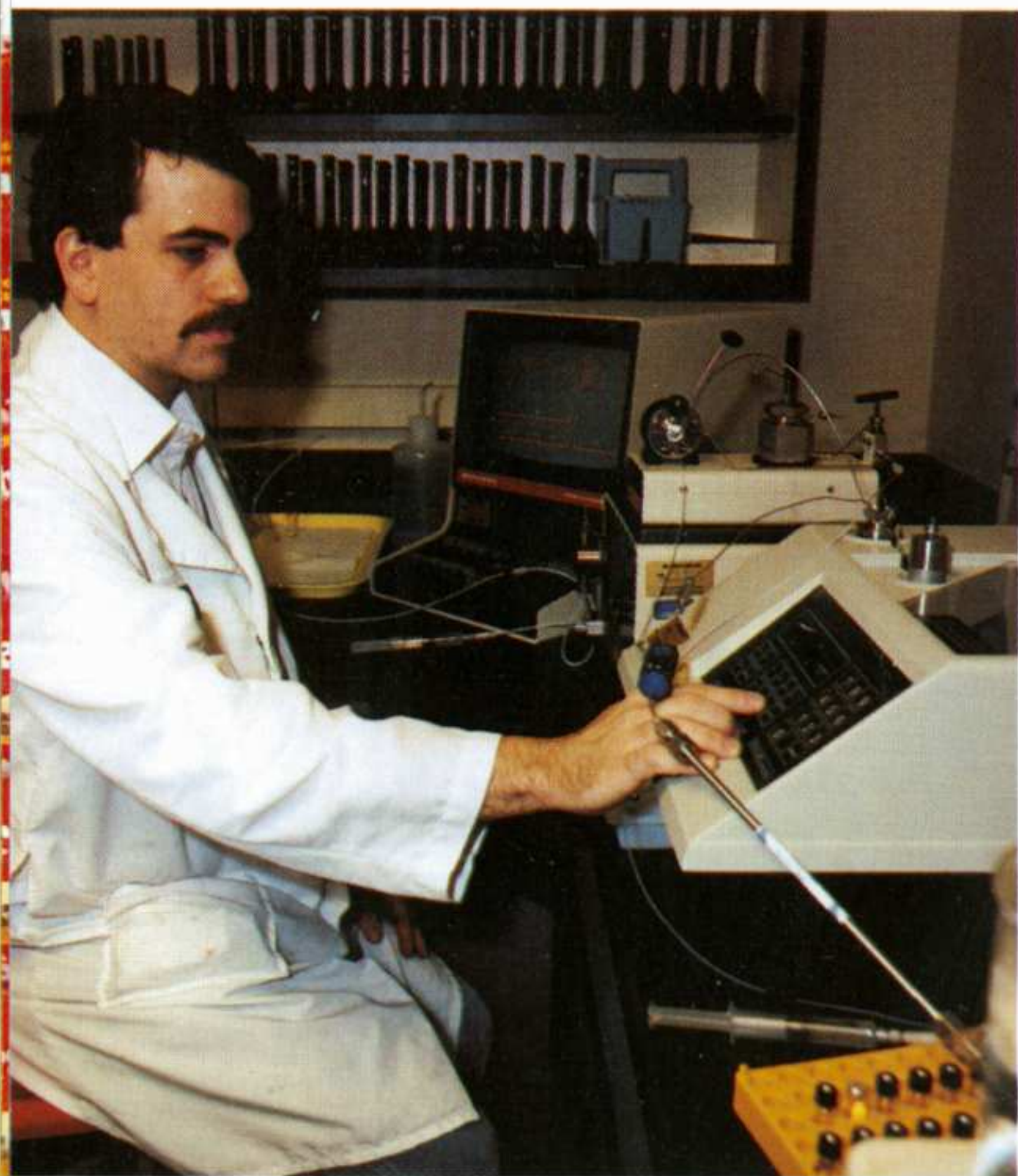
PER MUFFIN:	
Calories	228
Protein	5 grams
Cholesterol	0 milligrams



Scramblers®, the zero-cholesterol real egg product, can be used in any recipe calling for whole eggs.



Good Taste Plus Good Nutrition



Kurt Plouse uses state-of-the-art analytical equipment to determine the nutritional content of Worthington products.

Putting good taste into good nutrition is nothing new for Worthington Foods. The company has been selling the most complete line of vegetarian products under its Worthington label for some 50 years.

Developed initially to meet the dietary preferences of Seventh-day Adventist consumers, the brand now serves a rapidly growing market of vegetarians and semi-vegetarians with more than 50 canned, dry and frozen products.

Available for many years in specialty and health food stores, the Worthington line is now found with increasing fre-

quency on the shelves of grocery stores and supermarkets.

Nearly three generations have enjoyed the healthy benefits and taste advantages of Worthington products. They can be sure when they purchase foods with the Worthington label that they are getting much more than just the finest in vegetarian products. They are getting foods free of cholesterol—plus foods with an excellent ratio of polyunsaturated to saturated fats.

These products are rich in protein and many offer a good source of dietary fiber.

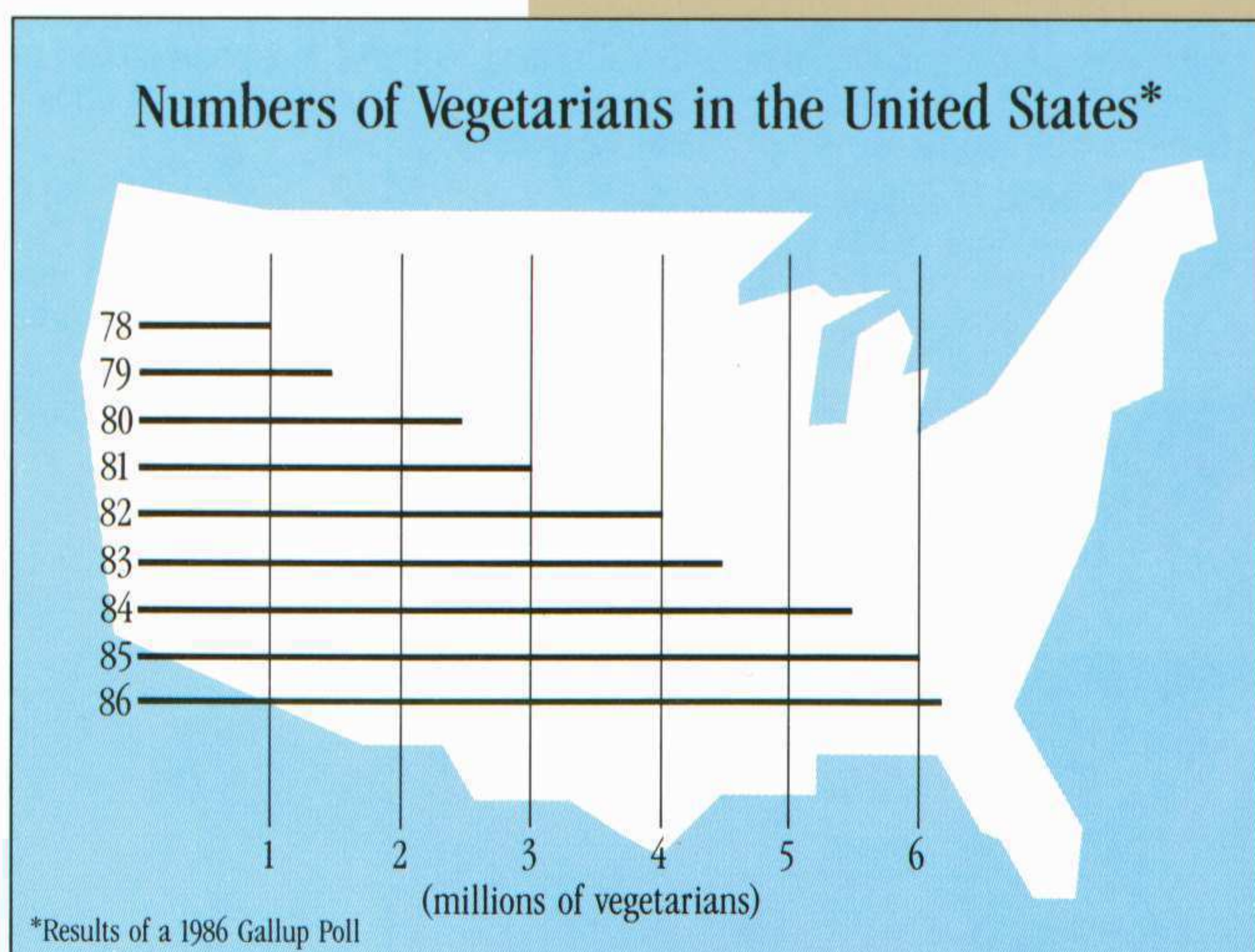
THE GREENING OF AMERICA

Welcome to vegetarian dining, one of the latest consequences of healthier attitudes among Americans. While the number of consumers who have given up meat completely is still small, more and more diners are loading their plates with fruits and vegetables—7% more fruit and 11% more vegetables than five years ago.

A recent Gallup poll shows some 6.2 million Americans now call themselves vegetarians, a six-fold increase in the past decade. And retail sales of vegetarian foods are projected to triple to \$783 million annually by 1995.

Even in the Lone Star State, where Steve Munday of the Texas and Southwest Cattle Raisers Association says giving up beef would be “positively un-Texan,” about 20% of the customers at Houston’s Paradise Bar and Grill now demand the vegetarian platter.

“Vegetarian eating habits,” says Dean Ornish of the University of California at San Francisco Medical School, “have been taken out of the realm of the strange and placed into the realm of the scientific.”





Manhattan Skallops Chowder

- | | | | |
|-------|---------------------------------------|---|--|
| 2 | 10-ounce cans no-salt stewed tomatoes | 2 | packages G. Washington's Golden Seasoning and Broth Mix, or 5 teaspoons of other chicken-type base |
| 1 | cup sliced celery | 8 | WORTHINGTON STRIPPLES®, diced |
| 1/2 | cup chopped onions | 1 | 20-ounce can WORTHINGTON NO-SALT-ADDED VEGETABLE SKALLOPS®, drained and cut into bite-size pieces. |
| 1 1/2 | cups diced potatoes | | |
| 1/2 | cup chopped carrots | | |
| 5 | cups water | | |

Put all ingredients, except SKALLOPS, in large Dutch oven or kettle. Simmer, covered, for 35 minutes or until vegetables are tender. Add SKALLOPS. Simmer 10 minutes longer. **Serves 6.**

Calories per 10-oz. serving	191
Protein per serving	18 grams
Cholesterol per serving	0 milligrams

Moreover, they are lower in calories than their meat counterparts and provide essential vitamins and minerals.

All but three Worthington products have fewer than 300 calories per serving—the threshold for low-calorie foods widely advertised in the mass media. And some 60% of the line contain less than 500 mg of sodium per serving.

Many of the brand's old favorites like Choplets® and Veja-Links® are being joined by a host of new products. Crispy Chik nuggets and patties, which resemble the taste, texture and appearance of chicken, have quickly become a favorite in many vegetarian households.

To more accurately reflect the taste and nutritional advantages of Worthington products, the company has launched a new label identity. Products flagged with the distinctive "Taste-Plus" banner designate the combination of great taste and superior nutrition. For example, Worthington's Vegetable Skallops®—which contain only 2 grams of fat and less than 100 calories per serving—can be prepared and served in a variety of taste-tempting applications.

"Taste-Plus" is another part of Worthington Foods' continuing commitment to serving its core market of vegetarian consumers because the company knows that a satisfied customer is a long-term customer.



The "Taste-Plus" identity designates the combination of great taste and superior nutrition in Worthington products.



The Good Taste of Natural Living



The Natural Touch line satisfies the dietary preferences of consumers who prefer foods made with all-natural ingredients.

The most recent addition to Worthington Foods' three brand lines comes by its great taste and convenience *naturally*.

Launched in 1984 to serve an emerging natural foods market, Natural Touch products offer the same nutritional value and superior quality of the company's other brands. But the Natural Touch line caters to shoppers who prefer foods made from all-natural ingredients with minimal processing.

Starting with an initial offering of four frozen entrees, the Natural Touch line now encompasses nearly all departments of a health foods store, including canned and dry products.

Kaffree Roma has quickly become one of the nation's leading coffee substitutes. This roasted grain beverage—an extension of the brand's popular Kaffree Teas—gives natural foods consumers a robust, coffee-like flavor, but without caffeine. Roma is now available in a drip blend as well as two sizes of "flavor-burst" instant crystals.

Natural foods consumers no longer have to sacrifice flavor for convenience with the addition of Entrée Mixes to the Natural Touch line. Water and oil are all that are needed to mix up a meatless main course in just minutes.

Natural Touch has also responded to the growing interest in ethnic foods. The brand's frozen Mexican entrees combine authentic "south-of-the-border" flavor with microwaveable convenience. They're meat-free and contain no lard or beef fat.

With the nutrition, convenience, versatility and taste to satisfy today's health-conscious consumers, Worthington's Natural Touch has become the "natural wonder" of this emerging market.



Natural foods shoppers can enjoy the microwave convenience of frozen Natural Touch products.

THE NATURAL TOUCH PURITY PLEDGE

Every one of Worthington Foods' Natural Touch products carries the following purity pledge:

This Natural Touch product is completely free of anything artificial . . . no artificial additives, colors, flavors, preservatives . . . you have our word on it.

Natural foods shoppers who purchase products from the Natural Touch line recognize the company's commitment to quality.

In fact, Worthington Foods recently installed its own tofu production equipment when manufacturing personnel could not be assured of the quality and consistency of tofu produced by outside suppliers. The Natural Touch line now uses the company's own tofu in the making of its Tofu Garden Patties and Tofu Topper pâtés.



Kaffree Roma has quickly become one of America's leading coffee substitutes.

Dinner Entrée Spinach Loaf

- 8 ounces NATURAL TOUCH DINNER ENTRÉE (ground)
- ¼ cup low-fat sour cream
- 1 can (10 ounces) NATURAL TOUCH HERBS & SPICE TOFU TOPPER
- ½ cup frozen chopped spinach (thawed and drained)
- 1 loaf of bread (round)

Combine first four ingredients and mix well. Chill 2 hours before serving. Hollow out center of round bread loaf and fill with DINNER ENTRÉE mixture. Use center bread pieces torn into bite-size chunks for service.

Yield: 40 1-tablespoon servings

Per serving:	
Calories	40
Protein	2 grams
Cholesterol	0 milligrams





Directors Back Row: Donald G. Orrick, George T. Harding, IV, Warren E. Hartman; Middle Row: Ashley T. McCarter, Allan R. Buller, Theodore A. Hamer, Dale E. Twomley; Seated: Barbara L. Slonaker, James L. Hagle.

Directors and Officers

Committees:

Audit Committee: Theodore A. Hamer, Allan R. Buller, George T. Harding, IV, Ashley T. McCarter, Michael Schoonover.

Executive Compensation Committee: Ashley T. McCarter, Allan R. Buller, Theodore A. Hamer, Barbara L. Slonaker.

Health Benefits Committee: Ashley T. McCarter, Allan R. Buller, Theodore A. Hamer, Barbara L. Slonaker.

Retirement Plans Committee: Ashley T. McCarter, Allan R. Buller, Theodore A. Hamer, Barbara L. Slonaker.

James L. Hagle, Chairman, Director.
Retired 1977 as President of the Worthington Foods segment of Miles Laboratories; Chairman of the Board of Trustees of Harding Hospital, Worthington, Ohio.

Dale E. Twomley, President, Chief Executive Officer, Director.

Former Dean of the School of Business, Andrews University, Berrien Springs, Michigan; member of the Board of Trustees of Andrews University, Berrien Springs, Michigan; member of the Board of Trustees of Harding Hospital, Worthington, Ohio.

Allan R. Buller, Secretary, Treasurer, Director.

Retired 1985 as President of Worthington Foods; former Executive Vice President of the Worthington Foods segment of Miles Laboratories; member of the Executive Committee of the Ohio Conference of Seventh-day Adventists; Chairman of the Board of Trustees of Harding-Evans Foundation, Worthington, Ohio.

George T. Harding, IV, Vice President, Director.

Physician and Medical Director of Harding Hospital, Worthington, Ohio; President of Harding Medical Center; member of the Board of Trustees of Kettering Medical Center, Kettering, Ohio.

Theodore A. Hamer, Director.

Director of Transportation, Mead Corporation, Dayton, Ohio; Vice Chairman of the Board of Trustees of Kettering Medical Center, Kettering, Ohio.

Warren E. Hartman, Director.

Retired 1979 as Vice President of Scientific Affairs for the Worthington Foods segment of Miles Laboratories; former Vice President of Research & Development for Worthington Foods, Inc.

Ashley T. McCarter, Director.

Retired 1980 as Senior Vice President of Nationwide Insurance Companies; member of the Board of Directors of the Pickett Companies, Columbus, Ohio; J.D., Wake Forest University School of Law.

Donald G. Orrick, Director.

Dentist, private practice, Worthington, Ohio; President and Trustee of Bar Harbor Property Owner's Association, Inc., Marblehead, Ohio; former President of Worthington Area Chamber of Commerce; immediate past Chairman of Worthington Board of Zoning Appeals.

Barbara L. Slonaker, Director.

Computer analyst, formerly with Electronic Data Systems, Washington, D.C.; active in computer free-lance work, artistic and real estate business ventures in the Chicago area.

Kent K. Bermingham

Executive Vice President and Chief Operating Officer for Worthington Foods, Inc.

William T. Kirkwood, Assistant Treasurer.

Controller for Worthington Foods, Inc.

Franklin D. Poston

Vice President of Marketing and Sales for Worthington Foods, Inc.

Evelyn A. Wiesner, Assistant Secretary.

Administrative Assistant for Worthington Foods, Inc.

A History of Worthington Foods



Worthington Foods, Inc. began production in a burned out two-story house in 1939. Although the hole in the center of the roof had been repaired, the blackened beams still showed. The front room on the first floor had been replastered, but in the other rooms the lath remained exposed. The tangle of pipes overhead in the basement made the 7-foot clearance even more unmanageable. Under foot, the floors were uneven.

Whoever happened to be handy lugged 125-pound bags of peanuts up and down stairs

of that house. The boiler in the basement and the roaster on the second floor exposed workers to debilitating heat. Gluten was rinsed with a garden hose and gluten steaks were ladled out of kettles by hand. Cans were packed and labels brushed on one can at a time, by hand.

MORE THAN JUST A FOOD COMPANY

The company's founder, Dr. George T. Harding III, then 34, was a psychiatrist, and medical director of the Harding Sanitarium in the central Ohio community of Worthington. Why would he start a food company? It was not primarily to make a profit. He had two other concerns in mind.

The first was nutrition. At the sanitarium—opened by Seventh-day Adventist George T. Harding II in 1919 to provide total care of the body, mind and spirit—nutrition was emphasized and vegetarianism encouraged. The kitchen baked and sold whole wheat bread to the community. The sanitarium also purchased “health foods” from Battle Creek Foods in Michigan and Madison Foods in Tennessee. These included soy and peanut-based meat substitutes, called “nut meats,” developed originally by Dr. John Harvey Kellogg, brother of the Battle Creek cereal magnate, to provide a completely balanced non-meat diet. But these foods were expensive for the sanitarium to provide for its patients. Harding also believed they could be made more appealing to non-vegetarians.

His second concern was the growth of the Seventh-day Adventist community in Worthington. Since most of the employees of the sanitarium were unmarried nurses, the church-operated elementary school had only eight students. Harding and other parents wanted to attract young families to the community so that the church school, in particular, would flourish.

Returning from a visit to Madison Foods in 1938, Harding said, “There is no reason we can't have a food company here in Worthington.” And in 1939 when the company had begun to operate, he and his wife, Mary Virginia, “felt like we had really accomplished something. Finally, we had young families moving to the community and enlarging the church and the school. At that time, these were bigger goals than making money. We thought if we could just make the company exist, we would be doing real missionary work.”



Special Foods turned a burned-out, two-story house into its first manufacturing site.



Harding Sanitarium emphasized nutrition through a vegetarian diet for its patients.

But Harding's idea was not met with complete enthusiasm. For one thing, with a war beginning in Europe, and acrimonious debate at home over America's likely involvement, sound heads warned against so risky an investment. And his friends were concerned about the lingering effects of the Great Depression. One advisor on the sanitarium staff, Dr. Fred Weber, warned, "So many doctors have lost their shirts on ventures such as this."

Harding was strongly encouraged, nevertheless, by one acquaintance, Bill Robinson, a former salesman for Battle Creek Foods. Robinson urged that in Worthington there was a need, a market, and (having enjoyed vegetarian delicacies created in the sanitarium kitchen) "the perfect chef." Dr. Harding repeatedly said there would not have been a Worthington Foods without Bill Robinson.

NO TWO BATCHES EVER TASTED THE SAME

The company, named Special Foods, was started with a capital investment of \$5,000 and five shareholders:

Dr. George Harding III, Dr. Harrison Evans, Phil Hoffman, Bill Robinson and Elwin Knecht ("the perfect chef"). The two-story burned out house was a community eyesore on the corner of State Route 161 and Proprietors Road across the street from the entrance to Harding Sanitarium. The Special Foods board purchased it believing that if the business was not successful, they could always sell the building as a residence. They moved it up Proprietors Road to the corner of Potter Street and did minimal remodeling. The basement was used for manufacturing, the first floor became space for offices and the second floor was used for storage and roasting.

The first Special Foods' products were very similar to Battle Creek Foods' products. Special Foods had a dark "meat," PROAST, and a light "meat," NUMETE. Both were peanut based. NUMETE was plain ground peanuts

with salt and flavoring. The company also packed and distributed a flavoring called TASTEX made from yeast and vegetables imported from Germany. BETA BROTH, a brewer's yeast-based hot beverage, rounded out the young company's line of products.

Production in those days was difficult. In making PROAST, for instance, the peanuts were cooked, ground and placed on trays to be roasted in a gas heated oven, and then cooled and reground into meal. This meal was hand fed into a grinder along with gluten and then reground for a more thorough mixing. The fine mix was made in a dough mixer with water and seasoning added, then hand packed into cans. Since the roaster was on the second floor, 125-pound bags of peanuts had to be hauled upstairs to be roasted in a converted coffee roaster, hauled back to the first floor to be sorted and then down to the basement for grinding and processing.

Imagine the board meetings they held on Saturday nights. The men would decide how much flour and peanuts they could afford to buy for the coming week, and Elwin Knecht would conduct taste tests of recipes he was developing.

One new product involved cooking a slice of gluten in TAXTEX and a mushroom broth. When Harding's 12-year-old son George tasted it at one of these meetings, he was enthusiastic about it and said, "Let's call them CHOPLETS!" They were an overnight success. But Knecht had to be coaxed to write his recipes down. Early customers complained that no two batches of CHOPLETS[®], although all delicious, ever tasted the same.

Originally, the only paid employee was Bill Robinson. On sales trips he visited Seventh-day Adventist institutions and their surrounding communities, Catholic, Jewish and Mormon communities and health food stores. He also took care of paper work back in Worthington.

Soon Snowden Crandall was hired to help with production, and in the Spring of 1940, Elwin Knecht's brother Bernie (B.J.) joined the company as plant engineer. Working in the tremendous heat created by the boiler and roaster in that little house, Knecht lost 20 pounds in his first six weeks of work. He was a mechanical wizard and an innovator, and came to be counted on for his ability to fix almost anything with a hammer and a piece of wire. In fact, a bronzed hammer and plaque hang on his living room wall now, a gift from co-workers to memorialize those hard days.

When Knecht arrived, he was quickly introduced to the production process at Special Foods. Knecht says that he was absolutely flabbergasted at the methods being used. When he first walked in, he found Crandall in the basement washing a batch of gluten with a garden hose. Crandall would mix a batch of dough as one would for bread, and run water over it with the garden hose to rinse away the starch. Then he kept reducing the starch and "developing" the gluten until he was satisfied with the results. It was a primitive method.

Knecht was concerned about the waste of starch and suggested that they sell this by-product. For a while the company bottled and sold the starch under its own label, but eventually modified a Dodge pickup to haul it to the Keever Starch Company in Columbus.

JUST STRUGGLING FOR EXISTENCE

Knecht remembers one near disaster soon after he arrived. A new boiler had been installed in the basement under Robinson's office. Robinson had been complaining of headaches, but no one had paid much attention. Then one morning Knecht came to work as usual and went to the basement to wash some gluten. He remembers Crandall looking and acting very peculiar that morning, walking around and using odd, disconnected sentences. His vacant stare and aimless behavior puzzled Knecht. One of the other workers was standing at a base-

ment window staring at nothing in particular. Then, as Knecht remembers it, "The lights suddenly went out." Knecht had collapsed and was rushed outside. Only then did the extent of the problem become apparent. The entire basement work crew had become ill. Carbon monoxide from the new furnace was the culprit.

At a number of critical junctures during this start-up period, the company was kept financially afloat by additional investors. Cash infusions from one very important, albeit somewhat unorthodox, investor came to be known as "The Shoebox Express." Dr. Florence Keller, a California surgeon, used to send cash to the company by mail in a shoebox. She was very interested in and supportive of the business and would accumulate dollar bills, \$10 bills, \$20 bills, stuff them into a shoebox to the tune of perhaps \$500, and trust the United States Postal Service. A few years later, when the company needed equipment to expand operations and funds were not available, a package arrived from California. Inside was a shoe box filled with small bills totaling \$5,000. Risky as this practice was, none of these investment packages were ever lost, and they often arrived just when they were needed most.

Despite many hardships, annual sales grew to \$20,000 by the end of the second year. But Robinson recognized the need for additional management. On sales trips to Hinsdale Sanitarium in Illinois, he began sharing his interest in the business with an old school friend, James Hagle. Eventually, Hagle agreed to travel to Worthington to talk with Dr. Harding. They hit it off immediately. Hagle agreed to join the company, but only if he could be a shareholder. At 29, he said his interest was not in exchanging one salaried job for another. Hagle, who had other job

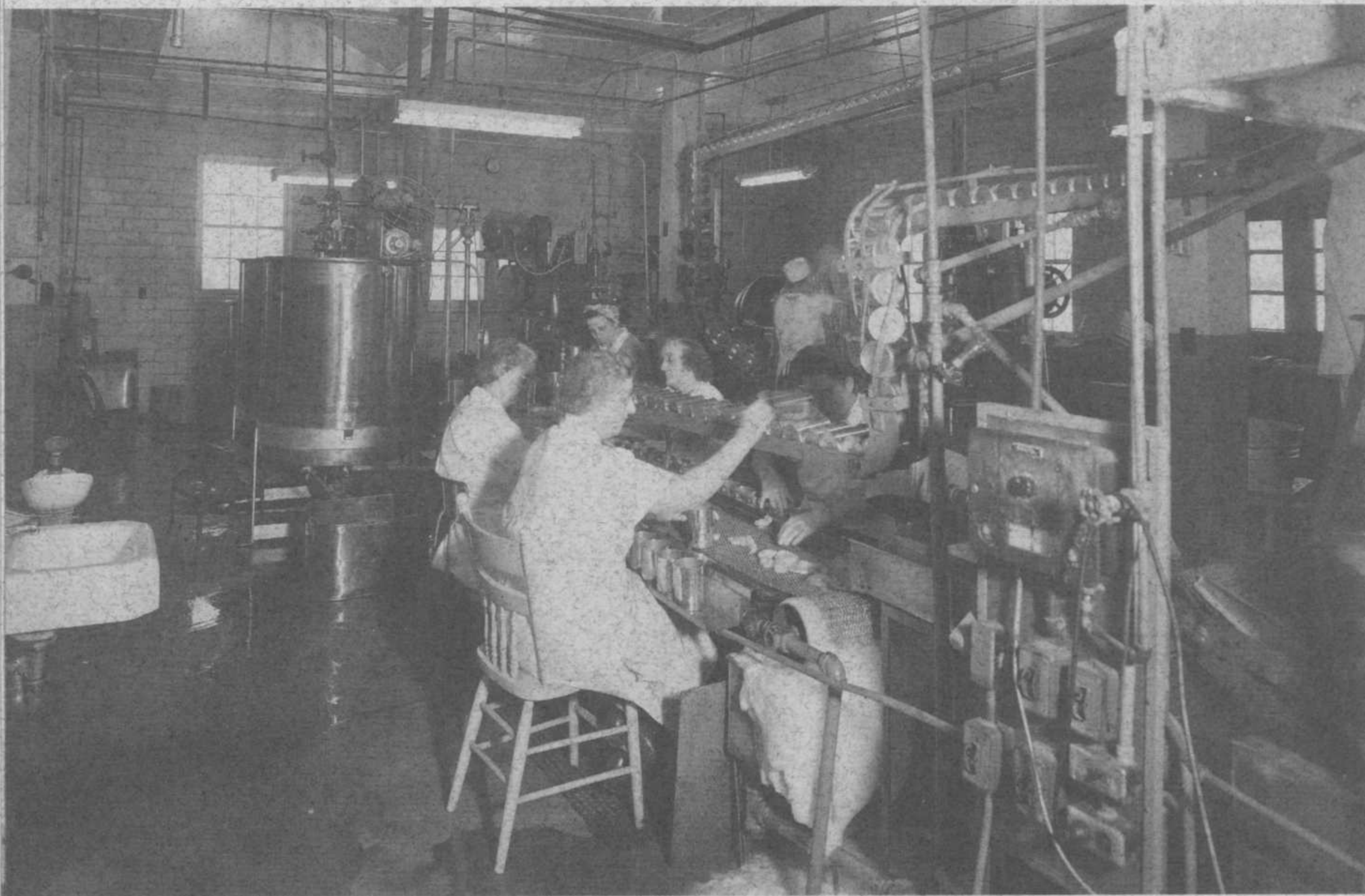
offers at much higher salaries, says now, "The salary didn't make a bit of difference. When I thought that I had a chance to apply what I had learned and become my own boss, that was what intrigued me." Because Hagle had no capital, Harding loaned him \$1,000 and Hagle became a shareholder. He was initially given the title secretary-treasurer, but Robinson was eager to be out of management. It was only a short time before Hagle had been assigned the major managerial responsibilities.

Those close to the company see the day Hagle arrived as a significant milestone in company history. Harding observed, "In this early stage, when we were just struggling for existence, if Jim hadn't come along, we would probably have gone under because none of us had what he had." Another charter board member, Harrison Evans, said, "With his leadership and imagination, Jim made Worthington Foods what it became."



POST-WAR EXPANSION ADDS KEY PERSONNEL

Hagle could see that what was needed at this critical time was not conservatism, but a new thrust in marketing and product development. Consequently he brought two key men into the company. The first post-war recruit was Allan Buller. Hagle had known Buller in school and had contacted him while Buller was still a supply sergeant in the army overseas. Hagle had said, "Al, before you take another job when you get out of the army, I want you to contact me. We have a little infant company here, and you might be interested." Buller and his wife Mickey liked what they saw and moved to Worthington on December 2, 1945, Al's birthday.



First steps toward automation were taken during the company's growth of the post-war years.

When Buller arrived on the job, he asked Hagle, "What's my title going to be?" And Hagle is reported to have said, "I don't care. You can pick any title you want, but you're going to do the same things I do. We're going to wear a lot of hats." Buller started as assistant manager.

Shortly after Buller's arrival, the company recruited Warren "Kelly" Hartman. Hartman had been working for the State of Michigan in the Department of Health and had a strong scientific background. Small as the company was, Hartman was placed in charge of his own product development depart-

ment, and sent for additional training at the Massachusetts Institute of Technology. Hagle says now, "I suspect that Kelly Hartman knows more about meat analogs than any other single person." Hartman equipped a lab single-handedly, kept himself informed, did a great deal of original research and pushed Worthington Foods to the leading edge of product research and development.

At approximately the same time, Ken Case returned as sales manager, having earned his college degree at Ohio State University. Ken remained in that position at Worthington for many years and became an important part of the close-knit Worthington "family." Buller remembers Case as "one of the finest and nicest men that you'll ever meet."

It was a fun time to work for the company. Hartman remembers the camaraderie of those days very fondly. He says the workers were a group of good friends. They worked together, bowled together, went to church together and still got along. It was a time of many challenges and problems for the company, but workers had a sense that important things were happening. Every employee was given the opportunity to show initiative and creativity. Everyone connected with the company had dreams. Hartman says they "dreamed of the day when they would hit it big." They would say, "Oh, a few more years. In a few more years..."

Hagle and his management staff were developing the kind of rapport that made things happen. If something turned out well, Hagle would credit the person who developed the idea and play down his own role in it. On the other hand, if a project went sour, he would say, "Well, we goofed that time, didn't we?" That kind of support brought great loyalty from the staff, which in turn gave the company stability.

With the addition of Buller and Hartman to the staff just after the war, the key personnel were in place that would lead the company through 25 years of steady expansion and growth. Under the direction of these men, along with Special Foods' original management, products were developed and wise decisions made that would place the company in a very favorable position when the next major market shift occurred in the late '60s.

FROM SPECIAL FOODS TO WORTHINGTON FOODS

The company underwent two other important changes during that same period. In December of 1945, the same month that Allan Buller arrived, the name was changed from Special Foods to Worthington Foods, Inc.

Just over two years later, the company experienced an organizational shake-up. Dr. George Harding III, president of Worthington Foods and Harding Hospital, was invited to be president of Loma Linda University. His acceptance forced a rapid change in company officers. With Dr. Harding's move to California, the board elected Jim Hagle as president and Allan Buller as secretary-treasurer (Hagle's former position). At the same time, it was decided that Harding Hospital needed Hagle as administrator. As a result, Hagle moved his primary office to the hospital, and Buller became general manager of the food company as well as secretary-treasurer.

In April of that same year, Worthington Foods published the first issue of the *Chopletter*. This first company newsletter was mailed to 8,000 persons. Ten years later the mailing list had grown to 60,000. Filled with product information, company news, recipes, anecdotes and photographs, it became Worthington's link to its customers worldwide. *Chopletter* recipes in bound editions became cherished references in many kitchens.

The idea for the first product Hartman developed came from Dr. Warren C. Harding II. He had said, "We have a cutlet, and what we need now is a hot dog." Thus started the MEATLESS WIENER, called VEJA-LINKS® today. First, Hartman went to Schmidt's Packing Company in Columbus to see how the Germans made wieners. The folks at Schmidt's were very friendly and helpful and openly discussed their process. So Worthington Foods at first linked the MEATLESS WIENERS the way the Germans did. They filled a plastic casing, bent the casing back and forth, and twisted it by hand. Then the MEATLESS WIENERS were placed in a can. The casings had to be removed before the wieners were eaten.

Some of the office staff and spouses would come to the plant for a few hours every evening making pilot quantities of the wieners. The market response was immediate and strong. MEATLESS WIENERS took off to the extent that the company was not able to keep up with demand by a hand-packing operation.

In one of the trade journals, Buller found an advertisement for a linking machine that would automate the MEATLESS WIENERS process. The company decided to purchase it even though, at \$1,800, it was a major expenditure at that time. In a few weeks the machine arrived, and Knecht called Buller over to see it. The machine wasn't very large, actually. Buller remembers that it could fit on top of an ordinary office desk, but it looked quite sophisticated in their eyes. Everyone was eager to try the new wonder and set a date for a trial run a couple of days ahead.

The next day, Buller was visiting the plant and stopped by Knecht's office to take another look at the machine. To his shock, he found it disassembled with parts scattered all over the benchtop. Buller asked in horror, "Bernie, what in the world has happened? The machine was perfect yesterday, and now look at it!" Knecht calmly replied, "Oh, I just took it apart to see what made it work." He reassembled the machine in time for the production test, and it produced MEATLESS WIENERS perfectly.

But Buller was in for more shocks with his new product, successfully received as it was. First the Pennsylvania Department of Agriculture challenged the product name, saying that by definition, there was no such thing as a meatless wiener. The product name was changed to VEJA-LINKS.

Then the State of Michigan notified Worthington Foods that VEJA-LINKS had been seized from a Michigan store because it was in violation of the state meat products laws. Buller discovered that the law stated that anything in the shape of a wiener must contain a certain percentage of meat. It was decided to fight this issue in court. But Worthington lost the first round.

However, on appeal, Worthington provided evidence of food items that had been packed in link form but had nothing to do with meat—candy, cookies, bread dough, cheese and so forth. This time the judge decided in favor of Worthington Foods, and the case established a precedent, legitimizing the company's place in the food market.

Still, Buller sometimes received letters from customers like this one: "I don't like your wieners. I put them in a pan to fry them, and they went scooting around and around in the pan and jumped out on the stove." The customer had neglected to take the casings off before attempting to fry the links—although it was plainly stated on the can—and she was shocked to see her VEJA-LINKS launching themselves like little missiles around her kitchen. It was a few more years before Worthington could advertise VEJA-LINKS as a "skinless, meatless wiener with no casing to remove."



SALES STRATEGY ADJUSTMENTS

The product line was also expanded by the acquisition of the meat analog portion of a Mt. Vernon, Ohio, company called International Nutrition Laboratories. Dr. Harry Miller, known as "the China Doctor," had started the business after serving as a medical missionary to China for many years. When he was advanced in age and interested in a merger or purchase of his firm, he sold the soy milk portion of his business to the Loma Linda Food Company, which continued to manufacture soy milk in the Mt. Vernon plant. The meat analog portion was sold to Worthington. The best known of the acquired products was MILLER'S CUTLETS, which were known as MC. Later, that product became VEGETARIAN CUTLETS.

The line of products was expanding in the early 1950's to such an extent that a new warehouse for finished goods was built just north of the factory building. Worthington Foods was selling a bread-ing meal to be used with CHOPLETS called GOLDEN FRY. There was a vegetable-based gelatin product called KEL-JEL, a drumstick with a wooden stick in the center called FRY STICKS, a pie mince sold in glass jars, meatballs in gravy called WORTHINGTON ENTREE, sweet dill pickle strips, a sandwich

spread, sesame oil, unseasoned ground gluten, SOYAMEL® (a soy milk with improved taste), VEJA-LINKS, and MC (MILLER'S CUTLETS).

It was time to rethink the sales operations. The most obvious solution to the growing distribution problem was to use food brokers. But the company's officers wanted salesmen who believed in the products, used them and were enthusiastic about them. And because of the uniqueness of the products and the special markets that Worthington Foods served, the decision was made to hire salesmen who would be representative of the company and its high standards.

One of the company's first salesmen was Bill Gersonde, who did not feel that he was really selling until the customer said, "No," so that he would have to really work to sell him something. Buller remembers Gersonde, as "a live wire if I ever saw one. He had more energy at age 70 than most of us had at 30 or 40." Gersonde helped the company break through the supermarket barrier, where store buyers would sometimes resist the products because they were not advertised on the radio or in newspapers. Gersonde used in-store demonstrators to promote products by customer sampling.



Production and storage facilities were expanded behind the original "house" plant during the 1950s.



By the late 1950s, another competitor expressed interest in an acquisition. This was the Battle Creek Food Company, founded by Dr. John Harvey Kellogg. Buller was quite nostalgic as he remembered working for Dr. Kellogg in his experimental lab when Buller was only 18. He remembered how Dr. Kellogg's little white goatee would jump up and down as he sampled his food experiments. Worthington could trace its roots directly to this pioneer company. Battle Creek Foods was 91 years old, and Worthington Foods was only 21. Now after Dr. Kellogg's death, the shareholders were ready to sell. So Worthington acquired the Battle Creek product line, the equipment and the rights to manufacture and market the products. The deal was closed in 1960. That year, partly as a result of acquiring Battle Creek Foods, sales reached \$1 million.

Fortunately, Worthington had already begun setting up branch warehouses. The first was in Portland, Oregon, in the mid-1950s to serve the Pacific Northwest. Shortly thereafter, a second warehouse was secured in San Leandro, California. Soon a Florida warehouse was added. Buller found a lot across the street from Forest Lake Academy near Orlando, Florida. Then, he secured land in Beltsville, Maryland, where a warehouse was built that is still in use today. Later a warehouse was built in South Lancaster, Massachusetts, to serve the New England territory. By 1967, Worthington Foods had opened its ninth warehouse.

THE BREAKTHROUGH: SPUN SOY FIBER

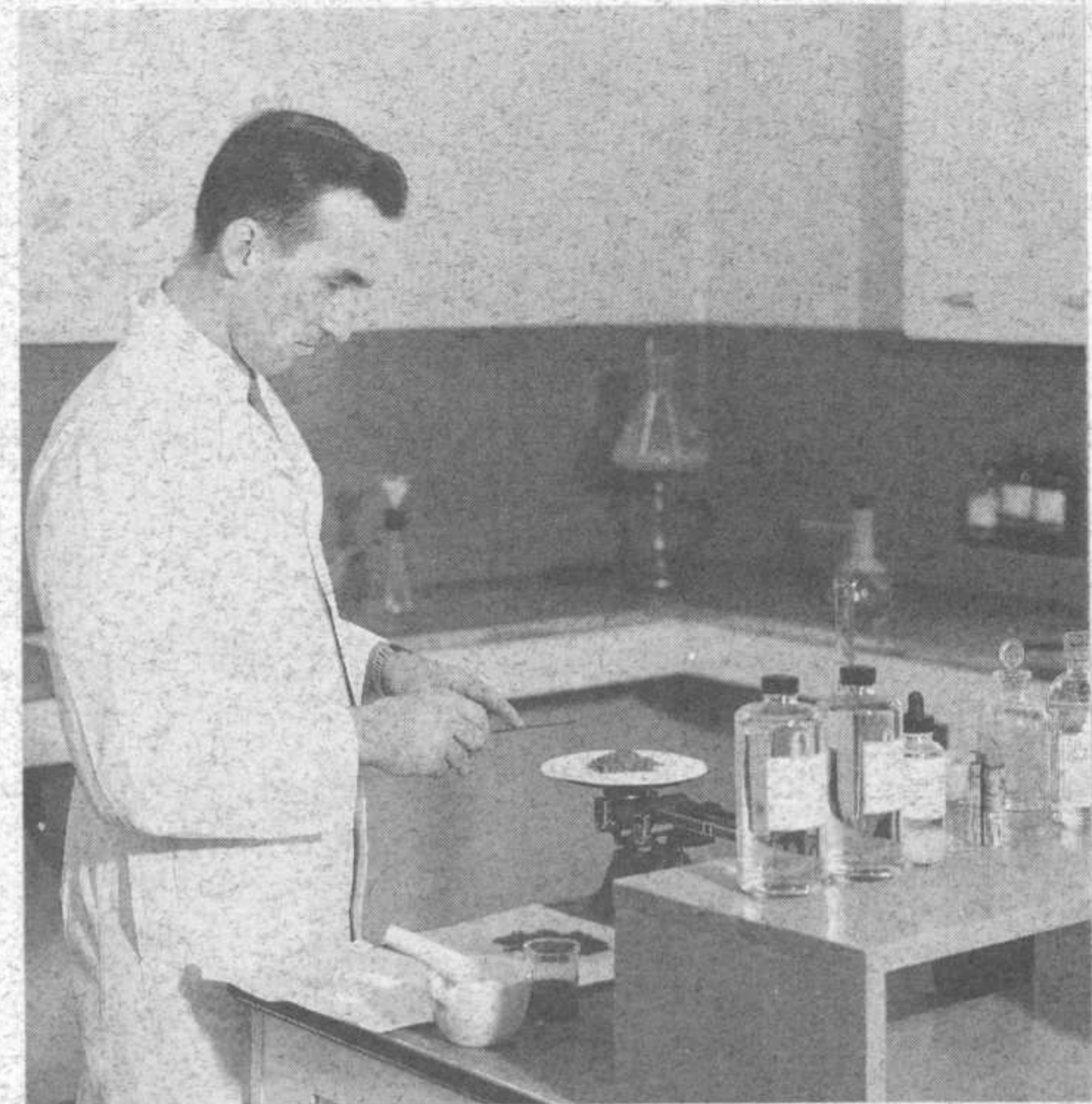
Perhaps the single most innovative development in the history of the company started the day Robert Boyer paid an unannounced visit to Worthington Foods. He walked into Buller's office, introduced himself and opened an attache case full of samples wrapped in tinfoil. Buller almost jumped out of his chair. Remembering that day, he says, "I imagine my eyes got pretty big, because he had several products there that looked very much like meat, and I realized they weren't meat." One looked like ham, one like

beef and one like lamb. When he tore one apart, it looked like the fibers of meat. Then he put it in his mouth and chewed it. Although it had the texture of meat, it tasted "horrible." But Buller got excited about the possibilities of what he was seeing and called Hagle in to have a look. After chewing a piece, Hagle asked Boyer, "Can you make it taste like anything?" Boyer assured them that he could and that it was the alcohol used to extract the protein that had given it the horrible taste. A different extraction method could produce a different product.

Boyer was a scientist who had worked for Henry Ford. He had developed a synthetic plastic made from soybean protein that could be used for auto accessories. In research on synthetic fabrics for the war effort using soybeans, Boyer had adopted a protein spinning process. The process reduced the protein to a liquid suspension and extruded it through platinum spinnerettes with microscopic holes. The end product, however, was not tough enough to make a fabric. Testing the fibers by biting them, Boyer discovered a texture much like the fiber in meat. And so he said, "If I couldn't make the outside of the sheep, the wool, I'll try to make the inside of the sheep, a lamb chop." Boyer had visited several food companies with his new process, but none could see an application for their business. In spite of this, several companies had taken a license, including Ralston-Purina, General Mills and Swift. Finally, someone suggested that Boyer visit a little food company in Worthington, Ohio. And that had led him to Buller's office.

Boyer was invited to work in the Worthington laboratory with Kelly Hartman, and Worthington eventually licensed his patents and hired Boyer as a consultant. Out of this relationship, a whole new line of products developed. Worthington was too small to go into the business of crushing soybeans and disposing of the oil, or of purchasing the protein extrusion or spinning equipment. So Boyer negotiated with Ralston-Purina to set up a pilot plant to make the protein for Worthington. As it turned out, Ralston-Purina made

Kelly Hartman recalls the product development work in the 1950s and '60s as his most exciting and challenging.



the protein, did the spinning, and Worthington bought the output and put it into new products.

When the new Ralston-Purina plant was operational, it had the capacity of 10,000 pounds a day. Worthington was not ready for this kind of volume, but working out these difficulties involved Jim Hagle in further negotiations with executives of a large corporation. Finally, Worthington agreed to take all the production, and sales took off. The products—WHITE CHIK, BEEFLIKE, PROSAGE®, STRIPPLES®, and HOLIDAY ROAST (with a plastic wishbone)—were all hits.

Hartman remembers those days as his most exciting and challenging with the company. It was a delicate problem getting other companies, like Ralston-Purina, to do a part of the research and production cycle without stealing Worthington's thunder. Many corporations got involved and took a license because they wanted to be on the cutting edge of protein technology. Hartman says, "We had vice presidents sticking out our ears, coming here trying either to buy us or get in on the know-how."

Almost every major university in the country was interested in what was going on. Hartman says the experimental products were called a lot of good things and a lot of bad things, too. The products were called "phony-bologna," "fake steaks" and "sham ham." Government agencies also became interested, including the Agency for International Development and the United Children's Fund.



Allan Buller displays one of Worthington Foods' early delivery trucks to serve the growing network of warehouses.

THE FIRST TO OFFER FROZEN MEAT ANALOGS

At this time, serious problems developed with the manufacturers of a product called SPAM®. They thought Worthington was infringing upon their name and product in its use of the name WHAM® for one of its new products. They claimed that WHAM was going to damage their SPAM trademark. In preparation for his presentation, Hagle made up a demonstration package of WHAM with a couple of overlays over the name. Taking this package to their corporate headquarters in Chicago, Hagle sat down with the attorneys and officers and said, "We deny that we are in any way infringing on SPAM. Our product is nothing like it; it's a vegetarian product." Hagle went on to say, "If you are insistent about the name, how do you like this?" And he turned over one of the overlays that said WHAMI. The officers and attorneys scratched their heads, according to Hagle. Finally, the company withdrew its lawsuit.

Another problem with the new line of products was that they did not can well. The products deteriorated in flavor and texture under high temperatures. Freezing was the obvious answer, but this required big changes. The company had to purchase trucks for frozen delivery. In addition, at that time many stores were not equipped for frozen foods, so Worthington Foods supplied these stores with food freezers. It was a costly but profitable venture because it increased sales volume tremendously.

Thus Worthington Foods became the first company to offer frozen meat analogs. And in October, 1963, a series of television, radio and newspaper advertisements featuring the new frozen foods was introduced. All these developments caught the attention of a number of major food companies.

The 1960s brought numerous new promotions of Worthington products. Churches and schools could redeem Worthington labels for 2 cents each. BARBIE SUE was a barbecue sandwich promoted by a local drive-in restaurant. Customers could get a replica BARBIE SUE doll dressed as a cowgirl as a premium. Another Worthington premium was the Pathfinder Jackknife which could be ordered by sending 25 product labels and 25 cents to the company.

The 1960s brought a third acquisition. In 1964, Worthington Foods acquired the ownership, management and operation of Nutrition International Corporation, otherwise known as Madison Foods. This was the company that had originally inspired Dr. George Harding III to start a food company in Worthington in 1939.

In these 25 years, Worthington Foods had been managed carefully, yet often boldly, from a cottage industry in a burned-out house to a place at the very front of the high technology food industry. The company was poised now, unknowingly, to be engulfed and lost or to be swept further forward than its original founders could possibly have imagined. To use Hagle's words, they had "broken through to the mass market." And they were about to go straight up.

THE WORLD FOCUSES ON WORTHINGTON FOODS

Toward the end of the '60s, much publicity was given to a world protein shortage. By this time there was a meat shortage in the United States, and prices were up. Articles were being written about a larger protein shortage to come. Then in 1969 Stanford University published a special report on vegetable protein as part of its series called "The President's Report." This report went to presidents of the major corporations in the United States. They detailed the companies engaged in the meat analog business including Ralston-Purina, Central Soya, Archer Daniels and Worthington Foods. It went on to report that Worthington Foods had more market-ready products than any other company and that Worthington was actually putting the technology into products that could be sold.

No one at Worthington knew about the report until Hagle and Buller started receiving phone calls from large corporations. At one point, Worthington had 200 inquiries from around the world. When Hagle made a trip to visit with food industry executives in Japan, India, Italy, Germany and England, he came back feeling excited, but also overwhelmed by the interest generated in vegetable protein products.

Hagle began lying awake at night trying to figure out how to take advantage of this sudden worldwide interest in Worthington's products. How could he make a go of this thing? International distribution to meet this interest was far beyond Worthington's capabilities. To attempt it with the resources on hand would be corporate suicide.

But to ignore the opportunity would also be suicidal. Worthington was in danger of having the market pulled out from under them by any one of a number of huge U.S. corporations that were prepared to aggressively enter the high technology foods market.

He finally narrowed his options to four. First, the company could work out a merger with Worthington's biggest competitor, Loma Linda Foods. Second, Worthington could go public and raise capital through the sale of stock. Third, it could merge with a larger corporation. Fourth, the company could be sold.

Hagle personally favored a merger with Loma Linda Foods, which was owned by the Seventh-day Adventist church. Many in the Adventist Church were concerned that the competition between these two companies was destructive. A merged company could aggressively pursue the expanding domestic and world markets. Hagle wanted the merged company to be independent and self-supporting, but with benefits to the church. In his own life, Hagle had "wanted to make a significant contribution to the church without being dependent on the church." He felt the same philosophical position would work to everyone's benefit if the food companies were combined into a strong and independent self-supporting company.

So Hagle began negotiating with church officials at the General Conference of Seventh-day Adventists in Takoma Park, Maryland. He proposed to form a new self-supporting corporation. The church would own one-third of the shares and have one-third of the board seats. In addition, shares would be sold only to Adventists. Although many supported this plan, others believed that the church should not give up ownership of the food business. Still others feared that Loma Linda Foods might lose its identity in this merger. As a result of these differences of opinion, this debate continued and a merger was never accomplished.

Not having a track record acceptable to the stock market, the Worthington board felt they had to rule out the option of going public. This left the option of selling out or merging with a larger organization. Corporations interested in buying or merging included

Beatrice Foods, W. R. Grace and Company, Hershey Chocolate and others. The list was finally narrowed to Ralston-Purina, Quaker Oats, Coca Cola, Staley Starch and Miles Laboratories.

The next few years were years of negotiation. Hagle remembers that "It was exciting to go into the board rooms of well-known corporations and have a give-and-take with their top people, to test out my own capabilities and hold my own on business matters."

One of the most exciting offers came from the chairman of the Coca Cola Company, Paul Austin. Hagle recalls, "They made a fabulous offer. They wanted us very badly." One day Austin put his arm around Hagle's shoulder and told him Coca Cola "needed a halo." Coca Cola was beginning to be unwelcome in some Third World countries because they were making money without supplying a nutritious product. Vegetable protein would help the Coca Cola image. The purchase, however, would have been in cash not stock and would have benefited shareholders less than other offers. In addition, Worthington officers had philosophical problems with a company that "needed a halo" and had pushed caffeine products.



By the 1960s, Worthington Foods had developed the world's largest assortment of canned, frozen and dry meat-analog products.

NEGOTIATIONS LEAD TO THE MERGER WITH MILES

So Worthington officers looked carefully at other corporate suitors. They concluded that Miles Laboratories' offer was the most compatible one for Worthington Foods. Miles Laboratories had long been in the health and nutrition business. They were producing ONE-A-DAY MULTI-VITAMINS®, ALKA-SELTZER® and a number of health-care products. Executives from Miles could see the possibility of producing foods for the general public. When the Worthington management talked about the Seventh-day Adventist and vegetarian markets, Miles could see the importance of continuing this market. In addition, they felt that a whole new product line could be developed for the public market. None of the other interested corporations talked in quite those terms, according to Buller.

When Miles Laboratories discovered that they were competing with Coca Cola, they knew they had to act quickly. They made an offer. Worthington made a counter offer that changed the sale to stock instead of cash. Miles accepted. So early in 1970, Worthington Foods became a wholly owned subsidiary of Miles Laboratories.

Throughout the negotiations, Hagle determined to preserve Worthington's credibility to the Adventist market. Speaking in a very straightforward manner, Hagle said, "The first thing I want to tell you before we go any further is that we are Seventh-day Adventists. You'd better find out what kind of people we are because you may not want us. We might just be a real problem to you. You know, we are a peculiar bunch." Then he gave each executive a copy of *Your Friends the Adventists* and *The Seventh Day*.

The final agreement included provisions guaranteeing employee Sabbath-keeping rights on Saturday and for the preservation of the Worthington line as totally vegetarian products that the Adventist market could continue to rely upon. In addition, Miles requested that Jim Hagle, Allan Buller and Kelly

Hartman remain with the organization for at least five years. Finally, the approximately 100 Worthington shareholders took Miles stock in what Hagle described as a "very favorable deal."

Overall, the Miles years were very productive ones for the Worthington Division. Sales at the time of the merger were \$6 million annually. In 10 years they doubled to over \$12 million. An efficient, 70,000-square-foot plant was built. This plant could produce four times the previous volume of food. The research staff grew from five to 50 persons with a budget of \$2 million a year. The Research and Development Building was expanded by 9,000 square feet. Many trademarks and patents were developed, and a new line of cholesterol-free products to be sold in the supermarket trade was introduced with the brandname Morningstar Farms®.

In fact, Miles spent a great deal of money introducing Morningstar Farms during the 1970s. Miles bought a plant in Schaumburg, Illinois, to manufacture Morningstar Farm products. They set up a network of food brokers and spent millions annually in advertising and promotions.

One of the first assignments Allan Buller was given as vice president and secretary-treasurer of the Worthington Division was to be chairman of the planning committee for the new plant. When Buller saw the preliminary architectural drawings, he noticed that the new plant would cover all the area of the existing plant and eliminate a giant oak tree on the property. The tree was about 250 years old and one of the largest and oldest specimens of white oak in central Ohio. It had been standing when the Declaration of Independence was signed. At first when he raised an objection, Buller was told he could choose either to have a new building or to save the tree. But when Dr. Walter Ames Compton, president of Miles Laboratories, was informed, he said to save the tree at any cost. Today the tree still stands outside a redesigned corner of the plant, which had an alteration cost of more than \$50,000.

In 1978, Miles Laboratories was itself acquired by Bayer AG of West Germany, a huge international corporation with annual sales in the \$20 billion range and about 80,000 employees. Apparently Bayer needed a U.S. firm as a marketing outlet for Bayer pharmaceutical products. Miles seemed an ideal company.

THE BUY-BACK: PUTTING IT ALL ON THE LINE

Shortly after Miles' sell-out to Bayer AG, Hagle, Buller and Dr. George Harding IV discreetly informed the Miles management that they would like an opportunity to buy Worthington Foods back. A buy-back provision had been discussed as part of the original sale contract with Miles in 1970. Now in 1981, the Miles management indicated that they thought Bayer AG might be receptive to an offer.

But the Worthington investors had no idea what the company was now worth. Miles had assumed all the accounting functions in 1970, and the Worthington officers did not even know how much the new plant had cost. Miles executives gave the prospective investors an appraisal of Worthington that had been developed by a management consulting firm, which identified the company assets and market value.

Eventually, the buy-back group decided to offer the lowest value in the appraisal book. Bob Rose, then president of Miles, advised Jim Hagle, "You figure out what you can afford to pay for it and still make the company successful, and we'll present the offer to the Bayer management." In June of 1982 at Leverkusen, Germany, the proposal was presented. Bayer AG accepted.

Hagle requested time to put the finances together. First, Hagle, Buller and Dr. George Harding IV applied for a loan with the Huntington National Bank. The bank agreed to a multi-million dollar loan. Miles agreed to take some of the payment in notes. This left several million dollars in equity capital to be raised. Investors and friends of Worthington Foods came forward to have a part in the buy-back.

Even Dr. George Harding III, the Special Foods founder, now 78, was very excited about the repurchase. Hagle advised him that perhaps it was not the time for a person of his age to be investing in a risky venture. In spite of the advice, Harding would not be discouraged. He simply said, "You know I'm going to invest; this is my life." And he did invest—as a matter of fact, more than any investment counselor would have advised. But Dr. Harding still had faith in his 1939 dream.

Between June 25 and October 15 the money was raised, but it was not easy. Even 48 hours before the closing date, \$500,000 was still needed. So Hagle and Buller signed a personal note for \$500,000. Buller remembers how scary that was for him and Hagle. In addition, they put their own money into it. Buller took his retirement funds from Miles Laboratories and remortgaged his house. His wife Mickey said, "Allan, are you sure you want to do this? You're 65 years old, and you've used your retirement money and our house."

The business was repurchased on October 15, 1982. The last \$100,000 needed to make the purchase arrived on October 14.

Shortly after the Miles merger, the name Worthington Foods, Inc. had been dropped. So as the possibility of a repurchase grew more likely, Hagle determined to get the name back. He went to the Ohio Secretary of State to change the name of a small corporation he owned called Worthington Land Company to Worthington Foods, Inc. When he first made the request, he was told that another company already had that name. Then he said, "Please look it up." They did and discovered that the name had been abandoned. So Hagle became the sole and proud owner of Worthington Foods, Inc. for a few days. When the assets were purchased, they had the name to go with them.



NO LOST PRODUCTION TIME OR SALES DROP

The contract closed on Friday, October 15, 1982, and on Monday, October 18, the company opened under new ownership. Buller was the president, Hagle was treasurer and chairman of the board, and Dr. George Harding IV was secretary and vice president. All employees chose to stay with the new company, and no production time or sales were lost. The whole operation was once again in Worthington, Ohio. The plant in Illinois was not purchased since the forecast of profitability had been based on the lower overhead of one plant in Worthington. Equipment from Illinois was moved in late 1982.

A small loss was projected in 1982 and realized, but no greater than expected. But in 1983, sales took off. The profits were greater than projected in 1983, and have exceeded projections every year since.

The years under the Miles umbrella left a positive legacy in a number of ways. Although Worthington Foods, Inc. is still a relatively small company, its procedures, policies and systems seem like those of a much larger corporation. Accounting procedures and manufacturing policies are really the policies and procedures of a billion dollar

company. Many individuals who have observed Worthington's production system, inventory controls and scheduling systems are amazed that a company of Worthington's size has this level of sophistication.

One of the first problems facing management after the repurchase was a production schedule change. Miles had instituted a three-shift, six-day work schedule. This must be changed to a five-day work week to eliminate Saturday work. How could this be done without losing important production time or upsetting employees with built-in overtime? Buller later said, "There's no way this issue could have been resolved with human effort alone." The ultimate solution offered benefits to all concerned. The employees got a shorter work week with no loss in pay. The company got a five percent increase in production with no Saturday work. And all this was accomplished in one week of negotiation and planning.

Shortly after the buy-back, the board began to look for new top-flight people to bring on board. Hagle called Dr. Grady Smoot, president of Andrews University in Berrien Springs, Michigan, to say, "We're looking for somebody to come to Worthington Foods as a member of our management team who could eventually get a shot at being the president." About a week later Dr. Dale



Twomley, dean of the School of Business, called Hagle and said, "I have someone interested in Worthington Foods." Hagle asked, "Who is it?" and Twomley replied, "It's me."

Twomley became vice president for development in June of 1983. Given the opportunity to learn the business, he worked with Hagle, Buller and the whole organization. Twomley was named president and CEO on January 1, 1986. Today, under Twomley's leadership, the company is making a reality of what Hagle dreamed when he said, "Someday we'll go straight up."

AN EXPLOSIVE GROWTH RATE

In 1983, annual sales were in the low \$20 millions; in 1985, \$28 million. Twomley's objective in 1986 as the new president was to double annual sales in five years. Two years later in 1988, sales approached the \$50 million mark. Projections for 1989 are in the range of \$65 million, well above Twomley's original goal. It is interesting to note that in 1945 when Buller arrived at Worthington, sales reached \$100,000 a year. Now, \$100,000 a day would be a very slow day for the company. Twomley says, "I see us going from a conservative growth pace into an explosive growth mode."

Today's potential investor in Worthington Foods sees a company with some 350 employees and a 50-year history of success. He sees successful products heading for spectacular growth, little competition in some areas and good profit margins. As Twomley says, "Profit is not a dirty word in business nor in Christian thinking."

It's worth asking, What was responsible for this success? No one person accomplished it, of course, but it started with one man's dream. And his dream was based on something bigger than a profit. Remember that for Dr. Harding, this company was always a mission.

Others joined him to keep the company steadily on a course of genuine Christian values and good business principles. Jim Hagle reflects, "The biggest thing I did was to bring good people together—loyal people—and give them an opportunity to show initiative and to recognize them for their contributions." But we can see that Hagle did more than that. He helped the people who worked at Worthington to catch a dream. Allan Buller says it clearly: "It takes faith in people, faith in an idea, and faith in a calling to make any mission successful." But Hagle says it best: "It takes more than peanuts and wheat gluten to make a successful food company."



The Morningstar Farms® line of cholesterol-free foods was introduced under Miles Laboratories.



*October 18, 1982:
The beginning of the new
Worthington Foods.*



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