

## Ralston Announces First Quarter Earnings

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Ralston Purina Company today announced first quarter earnings before unusual items of \$81,100,000 compared to pro forma earnings from continuing operations before unusual items of \$89,000,000 in the prior year. Earnings decreased primarily on lower operating earnings, mark-to-market adjustments on liabilities denominated in share equivalents and lower equity earnings from the Company's investment in Interstate Bakeries Corporation, partially offset by lower interest expense. Earnings per share before unusual items were \$.28 on a basic and diluted basis, compared to pro forma earnings per share from continuing operations before unusual items of \$.30 a year ago. Pro forma comparisons are necessary because Ralston spun off its Battery Products business on April 1, 2000. First quarter sales were \$731,300,000 compared to \$728,300,000 in the prior year first quarter.

Net earnings for the first quarter were \$81,400,000, or \$.28 per basic and diluted share. Net earnings included an after-tax gain on the sale of a portion of the Company's investment in Conoco, Inc. (Conoco) B common stock of \$300,000. The prior year first quarter net earnings of \$242,800,000, or \$.83 and \$.82 per basic and diluted share, respectively, included an unusual item of \$48,400,000, or \$.17 per basic and diluted share, representing an unrealized after-tax gain resulting from the market value adjustment of the Company's stock appreciation income linked securities (SAILS). Net earnings for the prior year quarter also included net earnings from discontinued operations of \$107,700,000, or \$.37 and \$.36 per basic and diluted share, respectively.

Sales for North American Pet Foods decreased 2 percent in the quarter on lower volumes and an unfavorable size mix, partially offset by a favorable product mix. This decrease reflects the current competitive environment and volume increases in the prior year associated with pantry loading by consumers preparing for Y2K.

Profitability for this segment decreased 5 percent in the quarter due to the sales decrease and unfavorable ingredient costs, partially offset by decreased promotional spending.

International Pet Foods' sales increased 6 percent in the quarter primarily as a result of volume increases in the Americas and Asia, partially offset by decreased Northern European sales due to lower volumes and unfavorable foreign exchange.

Profitability for this segment decreased 17 percent in the quarter due primarily to decreased volumes in Northern Europe and expenses associated with expansion into the Asian market.

Sales for Golden Products increased 13 percent in the quarter due to significant volume increases in scooping litter and new product introductions in the third quarter of the prior year. Profitability for Golden Products increased 6 percent in the quarter due to the sales increase, partially offset by increased product costs.

SOURCE: Ralston Purina Company

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