StaleyNews

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Shareholders learn fiscal '85 a year of transition; Staley Continental evolves

Providing background for major events that occurred in the Staley Company during the first quarter of fiscal 1985, Chairman Don Nordlund told shareholders, "Over the past decade, the growth of the Staley Company has been fueled largely by the success of one product -- high fructose corn syrup. Staley pioneered its commercial development and, by aggressive actions, built a position of market leadership, which we maintain today. The Staley high fructose corn syrup story is truly a remarkable one -- one in which this company, its employees and shareholders can take justifiable pride."

Continuing, Nordlund told the more than 316 attending the meeting, "Staley management, however, has long recognized that the phenomenal growth of high fructose could not continue forever. We realized that high fructose corn syrup would mature as a product, and when that day arrived, Staley would require new earnings streams to maintain solid future growth. Much time was spent analyzing other businesses which would be compatible and attractive diversifications. We also reexamined our existing businesses in terms of their strategic fit with the company's long-term growth objectives."

The results of this extensive analysis has become obvious; first, with the acquisition of CFS Continental in November, 1984 and second, with the divestiture of the soybean milling business in January.

"Some time ago, we identified 'foodservice' as a business that would be an attractive, vertical extension of Staley's strong position as a food ingredients supplier," the chairman told stockholders. "We required, however, a dynamic, well-managed national foodservice distributor, willing to join us in building a new Staley. We found that company in CFS Continental and in its management, led so ably by Bob and Alvin Cohn.

"In essence, the company has divested itself of one business, historically volatile, unsatisfactory in terms of return on investment in recent years and, from our prespective, appearing to have uncertain growth potential. We have replaced it with a business that is growing, dynamic and in step with today's lifestyle; one that has consistently generated good returns and has exciting prospects," Nordlund said.

While these moves were carried out with swift dispatch, the chairman emphasized that they were preceded by long and careful deliberation. He noted they also were considered with an awareness and concern for their impact on both Staley and CFS people and the communities in which they work and live.

Commenting, Nordlund said, "In making changes of this magnitude, some hardship is inevitable, yet these changes needed to be made in the best interests of the company, the vast majority of its employees and, certainly, its shareholders.

New company takes shape

"These two moves have reshaped Staley in a very dramatic way. It is appropriate that you have approved the reorganization and creation of Staley Continental; it is in keeping with the spirit of what truly can be considered a new company."

Under the umbrella of Staley Continental, both A. E. Staley and CFS Continental will operate as equal, wholly owned subsidiaries. There are sound business reasons for this strategy, according to Nordlund. Most compelling -- CFS and Staley are successful organizations with proven track records, and both have bright futures.

While CFS and Staley will operate separately, there are many potential synergies between the two companies, the chairman pointed out. For example, Staley brings a wealth of food technology expertise in the area of new and improved products; and the knowledge CFS has of the foodservice industry can direct this expertise to the development of new products which CFS can market. The process of exploring such synergies already is well under way.

"The holding company, Staley Continental, not only brings greater financial resources and other support services to both companies, but also provides flexibility to diversify, to redeploy assets, and to grow non-core businesses," Nordlund said.

"We are encouraged with our beginning. Results for the first quarter, ended December 31, 1984, reflected both the sale of the soybean processing business as well as two months' operations of CFS Continental. . ."

While operating results for the quarter met expectations, Nordlund said that fiscal 1985 should be viewed as a year of transition. "The acquisition of CFS Continental, the divestiture of our soy processing operations and the formation of Staley Continental are all major events, the benefits of which will not be fully realized until fiscal 1986. We are confident, however, that these actions strengthen your company and assure its continued growth and success. As always, we appreciate and look forward to the continued support of you, our shareholders."

Holding company, directors approved by stockholders

Stockholders at the annual meeting of A. E. Staley Mfg. Co. on February 11 approved a corporate reorganization and the formation of a new holding company -- Staley Continental, Inc.

Staley Continental will encompass two operating companies -- A. E. Staley Mfg. Co. and CFS Continental, Inc. CFS was acquired by Staley in November, 1984.

Shareholders also approved the following directors for the new holding company: Pierre Callebaut, Belgian industrialist; Alvin W. Cohn, president of CFS; Robert H. Cohn, chairman of CFS; Joseph B. Lanterman, former chairman of Amsted Industries; Donald E. Nordlund, chairman and chief executive of Staley Continental; Robert M. Powers, president of Staley Co.; Robert P. Reuss, chairman of Centel Corp.; Robert K. Schell, financial consultant; Boyd F. Schenk, chairman of Pet Inc.; and Henry M. Staley, a vice president of the Staley Co.

Ralph Dombroski, Staley retiree, and his wife study pictures of CFS Continental's foodservice customers at the annual meeting. More information and pictures from the meeting are found on pages four and five.

Plants, products, people put Staley in excellent position for the future

"Fiscal 1984 was a record sales year for Staley corn refining; a record made possible by an excellent performance at all five of our corn processing plants, which set a corn grind record in 1984," Bob Powers, president, told Staley Company shareholders at their annual meeting.

His comments put the present and future into perspective for the Staley Company's principal business -- corn refining, including production of corn sweeteners, starches, ethanol and other corn-based products.

Powers told the shareholders, who turned out in record numbers, "Profitability of our corn sweetener business was improved on the strength of a more favorable market for high fructose corn syrup (HFCS). This improvement was linked to the continued development of the soft drink industry as a market for high fructose."

The steady progress of HFCS in soft drinks also encouraged another major round of expansion by high fructose producers, the president informed the gathering. Approximately 1.5 billion pounds of new capacity was either added or being added by late 1984. The expansion was in anticipation of Coke, Pepsi and RC (Royal Crown) increasing their HFCS approvals to 100 percent sugar replacement.

Powers pointed out that because of the expansion, supply-and-demand balance once again began to tilt in favor of the high fructose purchaser, creating a "buyer's market" early last fall. "This environment was literally changed overnight on November 6, 1984, when both Coke and Pepsi announced approvals for HFCS at 100 percent levels -- adding some 1.5 billion pounds of demand, absorbing the industry's new expansion," the president reported.

High fructose pricing, which had been severely depressed, immediately strengthened on the news.

Explaining that Staley is well positioned to meet the needs of this enlarged HFCS market, Powers said, "An expansion of our Loudon, Tennessee, plant was commenced some months ago, in anticipation of the Coke and Pepsi moves. It is on schedule for completion this spring and will add another 200 million pounds of capacity to the plant. It raises the company's total high fructose corn syrup capacity to four billion pounds per year."

As stated in the 1984 annual report: the outlook for the company's high fructose corn syrup business for the remainder of this fiscal year calls for strong demand, record sales and firm spot pricing.

The outlook also is favorable for other Staley corn sweeteners, including dextrose and our line of regular corn syrups, the president told stockholders.

Opportunity for expansion

"Although usually overshadowed by corn sweeteners, our food and industrial starch business is an important part of the Staley Company -- one in which we see opportunity for expansion," Powers noted.

Staley's sales of corn, tapioca and potato starches reached a record level in 1984 -- nearly one billion pounds -- and further sales gains are projected for this year.

A strategy of focusing on the development of new specialty starches for the food and industrial markets is paying off. Citing an example, Powers said, "Sales of our waxy maize starches were at record level last year and they continue to increase. One new area of application is in 'soft' cookies, which have become a consumer success story."

Continuing, the president said, "Several of our starch production facilities were upgraded last year, and a new malto-dextrin unit will be completed in March at the Sagamore plant in Lafayette. In January, Staley increased its capability in potato starch by purchasing a plant in Oregon from Boise Cascade. This will allow us to increase sales of specialty potato starches to the paper industry, our largest starch market.

"Fiscal 1985 will be the fourth straight record sales year for our starch business. Starch margins should benefit from more favorable corn costs this year as compared to 1984 -- just as will our corn sweeteners."

Looking at another major Staley corn-based product -- ethanol, which is used as an

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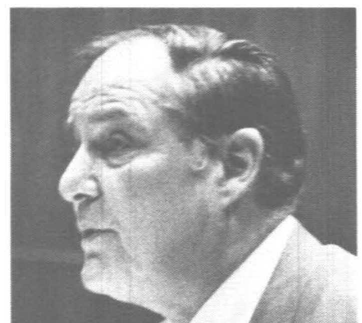
In the News...

Researcher/P2



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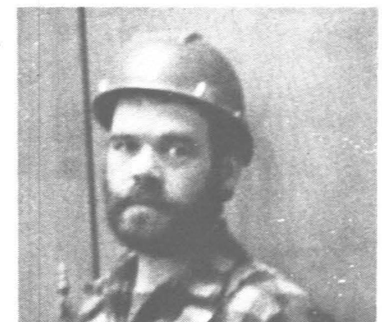


Member/P6

Staley Continental elects officers

The Staley Continental board elected Donald E. Nordlund, chairman and chief executive officer; Robert K. Scott, vice president, general counsel and secretary; Leland B. Miller, vice president and treasurer; and E. Raymond Stanhope, vice president of government relations. Robert G. Hershenhorn, J. Patrick Mohan and Judith E. Sadowski were elected assistant secretaries.

Speed, timing, coordination make move forward in waxy starches successful

"Within the past year, Staley has sent a message to the market place: Staley is aggressive in the waxy starch area and plans to continue moving forward in the 'waxies'," says Lesley Nicholson, marketing manager, performance starches.

Of all the various starch lines, waxy starches, as a whole, show one of the highest growth rates and have one of the highest growth potentials, according to Nicholson. "In the waxy area, we are looking for growth potential among our regular products, regardless of whether they are food or industrially oriented. To expand and grow, though, we have to seize market opportunities and act quickly upon them."

Holding this philosophy, the marketing manager was not too perplexed with whether Staley should be interested in gaining a third of Hubinger's business or all of it when she heard in March, 1984 that company was withdrawing from the waxy starch field.

Explaining, she said, "Without control of the products and customers, we could only hope at best to acquire a third of their market share, essentially splitting Hubinger's customers with the other two waxy starch manufacturers -- American Maize and National Starch companies."

Rapidly assessing the situation, Nicholson told Larry Cunningham, vice president of the starch business unit, she thought Hubinger's business was worth pursuing. The marketing manager, in fact, suggested that it would be to Staley's benefit to work out an accommodation to obtain their business straight away with Hubinger's blessing.

Further investigation led Cunningham into negotiations with Hubinger in early April, 1984. Through their discussions, Staley was permitted to purchase the formulas and the list of Hubinger's waxy starch customers.

"We picked up 11 waxy products -- primarily food waxies and one industrial product used in paper coatings. Food starches ranged in functionality from those incorporated in salad dressings to others used in dry food mixes, as well as some developed for retort canning purposes. This was a small, yet comprehensive line of products," Nicholson noted.

"Even with some overlapping of starches -- some of the Hubinger line being very similar to or even identical to Staley waxy products -- we decided to keep the integrity of the starches and adapted Hubinger formulas to our plants," said Nicholson. "We wanted to make the Hubinger products available as they had been to their customers, creating the least amount of disruption in their operations."

Explaining, the marketing manager said, "When a food company changes products, even if it is supposedly to an 'identical' ingredient, we can run into lengthy testing, analysis and reapproval routines, all amounting to much time and effort. Thus, by assuring customers that they would receive the same product created from the same formula, we would side step that delay in orders."

From the time Cunningham signed the papers with Hubinger acquiring formulas and customer lists, less than two months remained until the takeover date. Staley had to energize all departments necessary to market, manufacture, sell and supply the products by June 1, 1984. Speed, timing and coordination were critical.

"To make sure we retained the former manufacturer's customers and continued the service they expected, the sales force's efforts were invaluable. We did not want a customer to lose confidence during the transition: Again, speed and contact were very important," said the marketing manager, who coordinated the venture with the help of others in the marketing staff.

"We tried to acquaint our sales personnel with the new products and their known applications, even sending them Hubinger's data sheets. They were also supplied with customer names, specific contacts and telephone numbers to accelerate their efforts in making introductory calls.

Sales played key role

"These calls were essential to the coordination of all other efforts," according to Nicholson, who asked the sales representatives to fill out a comprehensive survey on each account to provide necessary background information. "They ascertained buying patterns, including the frequency and quantities of orders and any special requirements, such as bag preferences or deliveries with or without pallets. They also had to learn how soon each would be requiring products supplied by Staley after June 1.

"These first encounters also helped determine who the key accounts were and those requiring improved services, a different product or technical assistance to solve an existing problem.

"Information gleaned by the sales staff was imperative if we were to have the new waxy starches available on customers' specified dates. We had to prioritize manufacturing, which meant close coordination between the sales and manufacturing and the warehousing and shipping efforts," noted Nicholson.

"When a customer called to place an order, we didn't want to tell him or her that Staley would not be ready to supply it: We wanted to be right on target with their product needs so they would not turn to a competitor."

While the sales staff rescheduled work to immediately call on Hubinger customers, marketing personnel sent the customers letters stating that Staley would begin supplying Hubinger products June 1. Within the following week, the letter indicated, a Staley sales representative would call to discuss their product requirements. They were informed that Hubinger formulas would remain intact, the only difference being the product's trade name. However, the starches still would be identifiable by Hubinger's numbering, which would be retained.

(Because Hubinger did not sell its trade names as part of the package, Staley incorporated the former manufacturer's numbering system into the new name to enable customer recognition of the former Hubinger products. For instance, "Cerioca I00B" became "Maxi-Maize H-100B".)

"We had only a very short time to accomplish the production of these unfamiliar products," according to the venture's coordinator. Nicholson said, "This was quite a feat, requiring an extensive amount of work and undertaking to accomplish. We had only 30 days to implement production and build an inventory to serve the needs of these new customers."

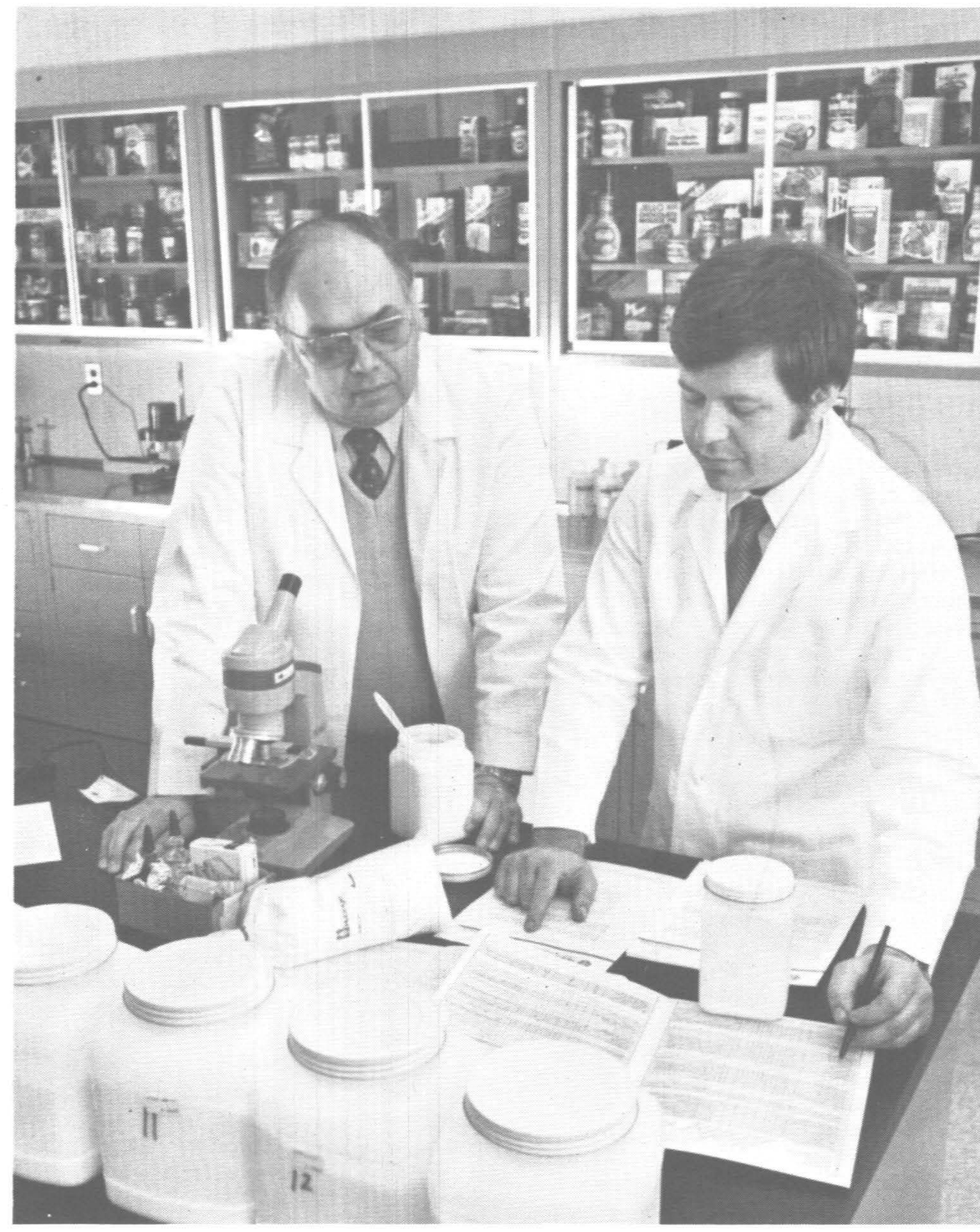
Complicating the task, very little product information was available -- a formula sheet, some discussion with Hubinger technicians and a quart of the finished product -- in some cases. One of the major hurdles was to adapt formulas to Staley's processes. Operations, starch research and development personnel along with Sagamore and Houlton employees had to lend their technical skills and knowledge to formula adaptations and then try out the products as they were made to see if they performed as their data sheets indicated.

Problematic areas included equipment variables, testing procedures which had to be evaluated to bring them into line with Staley's methods, chemical differences and batching methods. These differences had to be translated precisely to produce an identical product.

"As we reached the production stage, both Sagamore, where the cooked-up starches are manufactured, and Houlton, where the pregels are finished, fit these products into manufacturing schedules, but not without scheduling nightmares. Both plants made test batches to see if the products mirrored the Hubinger starches and functioned in the prescribed manner.

No margin for error

"Making the job even more vexing was the fact that both plants were operating with a very short supply of waxy corn due to the drought of 1983. Because no other corn could be substituted for this special genetic variety, corn could not be wasted making off-specification batches. With careful planning, by mid-July, they had produced successful batches of all the cooked-up starches and had them ready for shipment.



Harold Kraus, senior research chemist, and Don Berg, food scientist, work on Hubinger formula adaptations at Staley's research center, Decatur. Problematic areas included equipment variables, testing procedures, chemical differences and batching methods.

Pre-gels came the following month in time for those particular customers. Full cooperation of personnel at Sagamore and Houlton was instrumental in having the new products ready for shipment when requested."

Explaining the difference in types of corn, Nicholson said that dent is made up of two components -- amylose and amylopectin. On the other hand, the waxy corn is nearly 100 percent amylopectin, which gives it unique properties. Waxy does not set back to a rigid gel after cooking, has a perferred clarity for adhesives and food applications and has a blander flavor than dent. In total, the waxy corn offers a special functionality that people in food, adhesive and paper manufacturing seek, according to the marketing manager.

"Launching this project successfully entailed a myriad of details," said Nicholson. "We had to stay in touch with the new customers and let them know the manner in which they were to place an order. In the same regard, our order entry personnel had to be prepared for customer calls and to schedule orders. They were the front line for customers calling in orders. We were all working very closely with order entry so they would know when they could promise an order and in what quantity.

"Other tasks included integrating customer profile information, credit information and shipping addresses into the Staley system and setting up volume monitoring systems. Product specification sheets also had to be drawn up.... In essence, everyone at headquarters and the two manufacturing sites involved in performance starch operations had to focus on this venture until the products were successfully delivered."

Six months after Staley began supplying the Hubinger line of waxies, Nicholson made her final report on the subject, for which customers were tracked to ascertain how Staley had performed and to discover if sales levels met expectations. (Besides the new products, Staley also gained new customers for Staley products.)

"We think the Hubinger products are good. Some seem to be matches for or duplicates of Staley waxy starches. Some have a special functionality that we see as unique. Hubinger products have brought some new light or areas to our product offerings. We have found some unique customers and applications for these products since acquiring them. Some customers are buying the products for new applications that neither Hubinger nor Staley had explored. In fact, a Hubinger product and one purchased from Anheuser Busch with the Sagamore operation several years ago are now both being studied by a customer to fill a new requirement.

"From every angle -- volume, customers, products -- this has been a successful venture," the marketing manager pointed out. "We have retained the Hubinger share of the market, we have new potentials, we have some new active customers, and we have a more complete range of product offerings. This new business spills over into our other starch lines, incrementally increasing the volume of the whole line of Staley performance starches. "In the waxy area, Staley wants to be the leader. We have become very aggressive in both food and industrial lines of these products. Acquiring the Sagamore plant and associated products several years ago from Anheuser Busch gave us much capacity, especially waxy finishing capacity, and increased our range of products as well. When we heard Hubinger's decision to withdraw from the waxy business, we decided to pursue 100 percent of that market share.

"We have tried to secure more and more waxy business: Hence, the neat fit of the Hubinger products into our growth philosophy," the marketing manager said. "Keeping Hubinger's market share intact rather than splitting it with the other waxy manufacturers gives us an even stronger position with a fine line of products."

Wins scholarship

Jim Juriga, six-foot-five inch, 240-pound offensive tackle from Wheaton, Illinois, is the 1984 George S. Halas Scholarship award recipient. The Halas award is presented annually by the Staley Company to a U of I football squad member who best exemplifies the traits of the late George Halas in both athletics and academics.

Previous Halas award winners include: Tim Stanley (1983), Tony Eason (1982), Ron Ferrari (1981), Mike Sherrod (1980), and Mike Carrington (1979).

Staley initiated the award in honor of Halas' relationship with the company, both as an employee and as player-coach of the Decatur Staleys. Halas later founded and coached the Chicago Bears for many years. He died in I983 at the age of 88.

Staley health care – initiatives for the 80s: Adaptations for future needs

The company's health-care commitment is to achieve and maintain an optimum level of healthfulness in all employees. By maximizing health and well-being, employees' morale, productivity and years of service will increase, while their absenteeism and accidents will decrease. "Surveys show that individuals in proper and optimum operating condition feel better about themselves and about their jobs," says Dr. Edwin E. Goldberg, vice president, medical and environmental affairs.

Obviously, the best available care for all employees is Staley's goal, but cost is a definite factor. The company must ascertain that both employees and Staley obtain optimum returns for health-care dollar expenditures. After all, health-care costs have escalated in the past five years at more than double the rate of inflation -- from $244 billion in 1980 to $393 billion in 1984 -- and are expected to rise to $690 billion by 1990 and exceed $1.2 trillion by 1995.

Health care consumes more than 10 percent of the Gross National Product (GNP), and health insurance in 1982 exceeded the consumer price index by a factor of three. Employers pay 50 percent of this cost through employee health insurance premiums. Rate increases of more than 25 percent annually during the last three years are not unusual.

On an individual basis, expenditures for medical care have risen from $146 in 1960 to $359 in 1970 to $1,000 in 1980. Three years later, this cost was $5,700 for every active Chrysler employee. In fact, General Motors spent more for health care than it did for steel and had to add approximately $600 to the price of every GM car and truck in 1984 to cover this expense!

As in the past, Staley is committed to provide quality care for its employees. However, with health-care costs spiraling upward, it is now an economic imperative to scrutinize health-care expenditures and to utilize cost-effective programs to maximize returns on Staley's health-care dollars.

A recent article on "Health Care Costs and the Economy" stated, "Typically, those of us who advocate aggressive cost management are charged with not having an interest in quality. It is totally untrue that to have costs controlled, quality must be reduced. Cost management means getting people the care they need in the most appropriate setting, from the most appropriate provider based on an economic system that rewards the efficient." This quote was from testimony presented in April, 1984 to the Joint Economic Commitee of Congress.

In analyzing health-care costs, we are looking at a three-part equation: Costs equal the price multiplied by utilization. In other words, total costs are the result of health-care prices and the rate at which health-care treatments are used. While efforts at cost containment involve all parts of the equation, utilization is the most critical and most difficult part to modify. The reason is simply that changes in utilization involve significant changes in concept and behavior on the part of both employees and providers.

Open-ended medical coverage, where the company pays for each and every service, has no incentives for using these services in a cost-effective or prudent manner. Quite the contrary. Hospitals and doctors (the providers) and employees (the users), under such a cost-based, fee-for-service reimbursement system, are encouraged to use more, not necessarily better, treatment. For providers, it's a case of "the more you do the more you earn". For users, it's a case of utilizing the most elaborate, extensive and involved treatments without understanding whether these are truly beneficial and without realizing what these services cost the company.

Without employees' active participation in keeping medical costs down, health-care expenditures will continue to rise at two-to-three times the rate of inflation (16 percent annually at Staley), leaving less money available for operational expenses.

While Staley's goal is optimum medical care for employees, no one can afford unlimited medical care, especially since health-care costs have risen 2,000 percent in the past 30 years. As a nation, Americans are now spending more than $1 billion a day for health-care! Staley wants to be sure that careful decisions are made, not at the expense of medical quality, but by insisting that quality care be delivered at an appropriate and affordable price.

Quoting from "Health Care Costs and The Economy", "There is no positive correlation between the most expensive care and the best care. Extra hospitalization is not a benefit, it is a distinctly unhealthy risk. Lab tests done due to habit, ignorance, economic imperatives or defensive medicine are unacceptable."

Hospital costs skyrocketing

So what do we do now? Hospital costs are by far the greatest expense, up 520 percent in the past 16 years, and from 1979 to 1982 two and one-half times the rate of increase in overall costs. Nearly 50 cents of every health-care dollar Staley spends goes for hospital costs. With the majority of the company's employees located in Illinois, it is necessary to note that Illinois ranks second in the nation after Massachusetts in costs for hospital care.

These higher hospital costs can be attributed in part to the following factors: Hospitals are, by nature, extremely capital and labor intensive and in most areas overbedded, so that, in effect, patients are paying for unoccupied beds and the upkeep on expensive equipment not being used in their care. (Illinois has 15 percent more hospital beds than the national average.) Currently, hospitals are the most highly leveraged businesses in the United States and now account for 10 percent of the tax-exempt bond market. When industry pays hospital costs, it is, in effect, paying the interest expense of the hospital's debt and the principal through depreciation expense reimbursements.

Reduced Medicare and Medicaid payments as well as the government's recently mandated system of prospective payment by diagnosis related groups (DRGs) has placed industry in further jeopardy for cost shifting. Under this prepaid system, hospitals are reimbursed for Medicare patients by a fixed amount of money, regardless of the actual cost of treating the patient. If hospitals bring their costs in under the DRG rate, they are ahead; if not, they are "in a hole" and have to make up these deficits elsewhere to stay viable.

Costs not covered by Medicare are then largely paid for by private-sector patients. These uncompensated costs plus charity care and bad debt costs are simply shifted over to business to the extent of $8 billion nationally and an estimated $450 million in the State of Illinois alone for 1982. Because of this shift, third-party payers (such as insurance companies or employers) are already thinking about a similar method of prospective payment.

The cost of high technology is responsible for more than one-fourth of the 107 percent increase in Medicare costs between 1977 and 1982. The "American Medical News", published by the American Medical Association, quoted the Office of Technology Assessment as saying, "There is substantial evidence to suggest that inappropriate use of medical technology is common and raises Medicare and health system costs without improving the quality of care." One-third of Medicare's $70 billion this year will be spent to promote high technology care for individuals who have less than one year to live, one-half of this in their last 60 days and frequently without improving the quality of their lives.

Laboratory tests represent approximately one-half of the total hospital bill and are increasing at approximately 15 percent annually. The October, 1984 "Journal of the American Medical Association" notes: "Considerable evidence suggests that between five percent and 30 percent of ancillary (laboratory tests) used may be inappropriate or unnecessary."

A CAT scan of the head alone costs approximately $450. To earn this amount in after-tax dollars, the company must sell approximately 40,000 pounds of corn syrup! Coronary artery by-pass surgery (performed in the United States at a rate 10-to-20 times that of France and Great Britain) costs $25,000, and, according to the "American Medical News" of January, 1985, "as many as half may be unnecessary and do not extend patients' lives". To pay for this, Staley must sell well over one million pounds of corn syrup -- that's 25 tankers full!

For these reasons, the company must monitor hospital costs and identify expensive and elaborate providers and procedures to find out where the health-care money goes. There is now an extensive national data base of these costs, as well as geographical, local and industry-oriented information available. These souces supplement the cost and utilization data base Staley now has, and enable the company to make rational decisions regarding appropriate utilization, procedures and costs.

Cost-cutting measures

Professional review organizations (PROs), now mandated for Medicare, have substantially reduced unnecessary hospital admissions and lengths of stay. In locations where Staley has been able to utilize these services, the data amply confirm the cost-effectiveness and cost-benefits of these programs.

In many areas, the absence of a competitive market place has excluded industry from challenging the precipitous rise in health-care costs, and, as a result, Health Coalitions are being formed to utilize the combined economic clout of several large employers as a bargaining tool. Such coalitions could be helpful in some Staley locations.

The company encourages employees to use emergency centers (urgent care centers). The quality of care is not an issue but cost is. A recent nationwide poll indicated that the average cost of a hospital emergency room visit was $115, almost three times higher than the cost at one of these centers. National data shows the cost of treating a case of the flu was $30 at an urgent care center and as much as $159 at a hospital emergency room.

Along the same lines, the company encourages outpatient surgery. According to recent statistics, as much as 60 percent of elective surgery can be performed on an outpatient basis. One-day surgery tends to achieve the same results. Nearly 50 percent of surgery scheduled at Methodist Hospital in Peoria is performed on an outpatient basis.

Industry is also looking carefully at other alternatives in health-care delivery, foremost being health maintenance organizations (HMOs). These are individually pre-paid health-care plans. The subscriber pays a fixed amount to the HMO for his/her total medical and hospital costs. Because these are pre-paid programs, hospitalization, physician visits, laboratory tests and other procedures are used much more prudently, since over utilization eats into the profits of the HMO.

A somewhat similar system is an independent practice association (IPA), through which physicians see patients in their own offices, caring for pre-paid as well as fee-for-service patients. The physician is usually reimbursed on either a fee-for-service or an individual basis. Ten-to-twenty percent of the physician's fee is withheld and then reimbursed to the physician at a later date, depending on the IPA's performance. Both health maintenance organizations and independent practice associations have internal professional review organizations (PROs) to monitor costs and utilization.

A preferred provider organization (PPO) is a group of doctors or hospitals which contract with employers to provide services, usually at a 15-to-20 percent discount. Sometimes additional services are given free. This establishes a steady volume and guaranteed payments. In Central Illinois, St. Francis and Proctor hospitals have already negotiated a PPO with Caterpillar Tractor Company in Peoria.

Healthwatch is the newest alternate health benefit plan being touted by the Central Coalition on health care. Healthwatch hopes to sign up the larger employers in the Peoria and Galesburg areas. Through a utilization firm, Healthwatch will act as a broker for its member firms by contacting a member's doctor and the hospital and negotiating fees when hospitalization is planned. Healthwatch will monitor not only costs but also quality of care. It will be an organization that will negotiate quality and price between the buyers and sellers of health care. Healthwatch anticipates it will be able to reduce company health-care costs 10-to-20 percent.

Doctors play a critical part in the health-care equation since they make the decisions that affect 70-to-80 percent of the health-care dollar. Of this, hospitals earn 40 percent; physicians earn 20 percent; nursing homes, eight percent; druggists, eight percent, and the remainder goes to home health services, nurse midwives, etc. "Physicians determine hospitalization, medical testing, time off work, disability and a myriad of factors affecting the cost of health care," according to Dr. Goldberg.

In addition, very marked variations exist in fees, hospitalizations and procedures. It has

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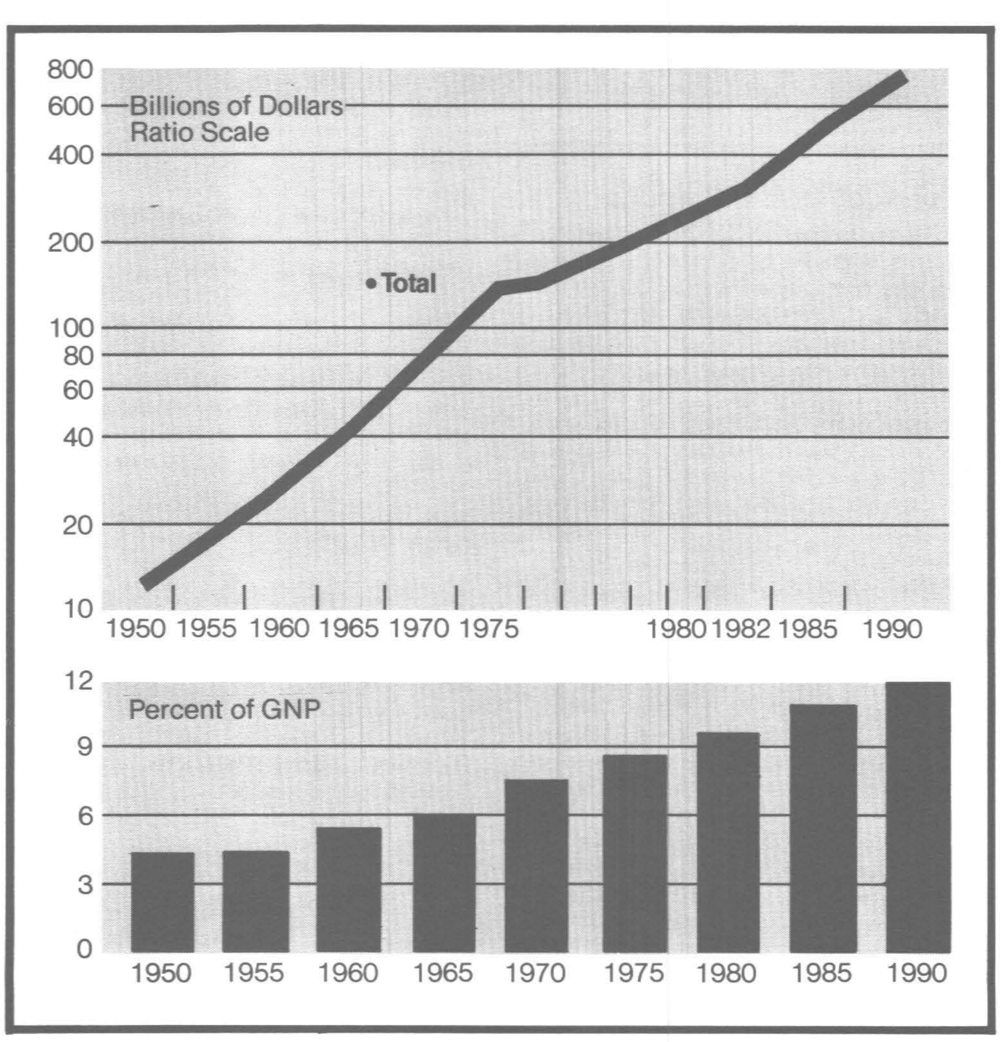


The nation's medical care bill rose over the last three decades from $13 billion in 1950 to $322 billion in 1982 and is projected to more than double between now and 1990 to $756 billion. Health-care spending has also claimed an increasing share of the Gross National Product (GNP), going from 4.4 percent in 1950 to 10.5 percent in 1982. Projections are for it to consume roughly 12 percent of economic output in 1990. Health-care costs have been growing at a rate substantially higher than that of the economy as a whole since the early 1960s, according to these graphs from The Conference Board, Inc.

CFS grew from coffee distributor to wide-ranging foodservice operation

"CFS Continental is a manufacturer and distributor of a broad range of products, primarily food and services, to the away-from-home foodservice market," Robert H. Cohn, its chairman, told Staley shareholders at their annual meeting.

Giving a general review of his company and its business, Cohn said, "Our company was founded in 1915 as Continental Coffee Company, operating primarily as a roaster of coffee distributed through a route delivery system to independent restaurants. In 1965, our revenues were $50 million and coffee represented approximately 90 percent of our revenues.

"In fiscal year 1984, our revenues were $1.4 billion. Coffee represented seven percent of our revenues. In total, products that we manufacture and/or process today account for approximately 25 percent of our total revenue." Cohn noted that CFS covers a broad geographic area with 48 distribution, sales and manufacturing locations across the country.

Continuing, Cohn said, "The foodservice industry, the industry we serve, includes full-service restaurants, fast-food limited-menu restaurants, health-care facilities, lodging and transportation services, educational institutions, in-plant catering and vending and other segments. . . .

"Foodservice is a large industry, with retail sales in excess of $175 billion. This translates into purchases of approximately $70 billion from foodservice distributors like CFS Continental," Cohn stated.

Foodservice is a very basic industry, and one which should continue to grow. Explaining, Cohn said, "Societal changes, such as the expanding number of women in the work force and slower and smaller family formations, are conducive to future growth. In its totality, the industry is generally recession resistent."

The most significant change that has occurred in the past several years in the industry has been the growth of regional and national chains, shareholders learned. It is estimated that today they account for over 50 percent of the total market. "We believe the chain market should continue to grow over the next several years," the CFS chairman said.

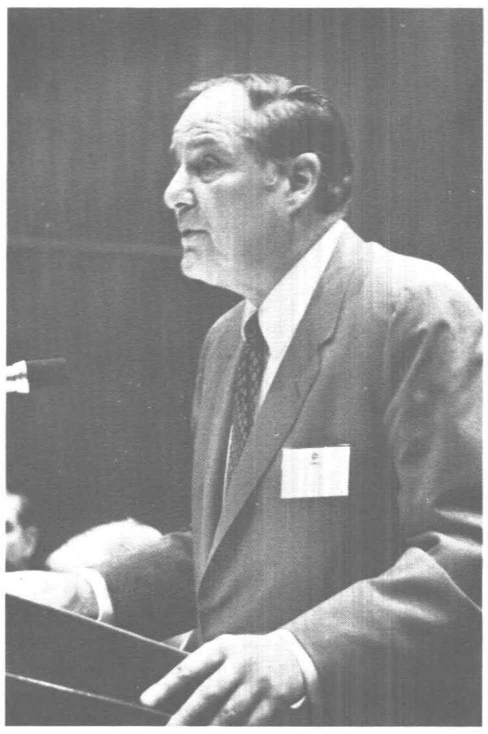
Foodservice, solid and growing

"The foodservice distribution industry, our primary business, is basically very solid and stable. It, too, is relatively recession resistent and growing. It is a complex business requiring efficient systems, tight controls, good management and adequate financial resources," Cohn told the annual gathering.

The foodservice distribution industry is highly fragmented and consolidating. The 10 largest companies in the industry have a combined market share of only 12 percent. However, these companies are growing more than twice as fast as the industry as a whole, Cohn pointed out.

"Strategic planning at CFS has been one of the key strengths of managing our company in a changing environment," the CFS chairman said. "We have concentrated primarily on economies of scale and customer service.

"We have identified 12 strategic business units (SBU) within our company," he continued. "Each SBU has been extensively analyzed both internally as well as competitively. We make investments selectively and



Robert H. Cohn, chairman of CFS Continental, gives an overview of his company to shareholders.

strategically. Resources are allocated based upon the characteristics of each of the SBUs. Our incentive plans are linked to strategy."

Major strategic decisions which CFS has made over the past several years include an emphasis on the fast-food limited-menu segment, which represented approximately 37 percent of CFS' revenues in 1984. The fast-food limited-menu segment is growing at approximately twice the rate of the overall foodservice industry, shareholders were told. Cohn said, "Additionally, we have redeployed our assets to the West Coast and southern regions of the country, which have positive demographic trends. Today, over half of our sales are from these regions compared to only 20 percent in the early 1970s.

"Our financial results have been gratifying. Sales have increased over 75 percent during the last five years to a record $1.4 billion in 1984. Our earnings more than doubled during this period to a record $19.6 million, while return on average common equity increased to 15.3 percent.

"For the first quarter of the current fiscal year, our results were up from the prior year, and we are optimistic about the balance of 1985."

Concluding his remarks, Cohn said, "We are pleased with our association with the A.E. Staley Mfg. Co. and its management, and we are enthusiastic about future growth and future opportunities."

Staley purchases starch plant

The company announced January 23 the purchase of a potato starch plant located at Stanfield, Oregon from Boise Cascade Corporation.

Built in 1977, the plant processes potato starch collected from producers of potato products in central Oregon and Washington. The starch is used extensively in the manufacture of paper and other industrial applications.

Officers elected

During its February 11, 1985 meeting, directors of the Staley Company elected the following company officers: Donald E. Nordlund, chairman; Robert M. Powers, president; Thomas V. Fischer, executive vice president; Nathan Kessler, vice president, technical; Edward J. Koval, vice president, corporate development and international; Wayne S. Martin, vice president and general manager-sweeteners; Leland B. Miller, vice president and treasurer; Kent N. Mittelberg, vice president; Phillip M. St. Clair, vice president, and G. David Satterfield, vice president, corporate relations.

Also elected were Robert L. Schwanke, vice president, finance; Robert K. Scott, vice president and general counsel; Henry M. Staley, vice president, business and economic analysis; E. Raymond Stanhope, vice president, administration and government relations and secretary; Warren T. Trask, vice president, technical operations; Frank H. Wagner, vice president; Ralph A. Wagner, controller; William S. Robertson, assistant treasurer; J. Patrick Mohan, assistant secretary, and Janet L. Somers, assistant secretary.

Assets told

The Staley Employees Credit Union ended 1984 with assets of $19,821,121. Loans to members at year end were $15,263,412. Shares totaled $17,712,062. Membership stands at 6,361 with 982 trust accounts.

All Staley employees are eligible to join the credit union.

Notes to be sold

Staley Continental, Inc. announced on March 1 that it will sell up to $100 million of medium-term notes as part of a recently filed $300 million shelf registration for debt securities.

The notes will be offered through Merrill Lynch Capital Markets on a continuing basis with maturities ranging from nine months to 10 years. Terms of each transaction will be made at the time of sale.

The net proceeds from the sale of notes will be used principally to reduce variable rate debt incurred under a bank credit agreement.

Ethanol demand strong in '84

(Continued from Page 1)

octane booster in gasoline, Powers said, "Demand for the product was very strong in 1984 and it continues today. Ethanol profitability, however, has been limited by the weakness in world petroleum prices, a situation that appears unlikely to change in the near future.

"In total, the Staley Company expects its earnings from operations for fiscal 1985 to exceed those for last year. We are optimistic that this favorable trend will continue.

"Further, we have great enthusiasm for the long-term potential of our corn refining business. One of the principal reasons is its responsiveness to technological advancement."

Aim to maintain leadership

Powers said, "The Staley Company has always been a leader in corn refining technology and we intend to maintain that status. We believe considerable potential remains in the basic process, as well as in new products and new markets."

Shareholders learned that the company's chemicals from carbohydrates program made progress in 1984 and is following the same course so far this year. This program involves the development of chemicals from corn starch by means of unique Staley process technology. Sales of the first commercial product -- methyl glucoside -- continue to rise and other products are showing promise at the pilot plant stage, Powers pointed out.

"We are pursuing additional opportunities through our own research program and also through a new association which began last fall with Genencor, Inc. Genencor is a highly regarded biotechnology company in which we now have a one-third interest, along with Corning Glassworks and Genentech, Inc., a recognized leader in genetic engineering. We are using Genencor's expertise in enzymes to develop new process technology and new corn-based products, such as specialty chemicals.

"In summary, A. E. Staley Mfg. Co. is in an excellent position for the future," said Powers. "We have the plants, products and people to take maximum advantage of the opportunities in our industry and make the outlook optimistic for Staley Continental."

Dividends declared

Directors of Staley Continental, Inc. on February 12 declared a regular quarterly dividend of 20 cents per share of common stock. The dividend is payable March 11 to shareholders of record February 25.

The usual dividend of 94 cents a share was declared on the company's $3.75 preference stock. It is payable March 20 to shareholders of record March 6.

Staley News

The "Staley News" is published monthly for Staley employees and retirees by Corporate Public Relations, Decatur.

Manager, Employee Communications. . . . . . .Sue Muckensturm

Photographer . . . . .Dave Mjolsness

Typographer. . . . . Brenda Smith

Earnings clipped by discontinued soybean operations

The company on January 29 reported earnings from continuing operations of $9,698,000 or 33 cents a share on sales of $571,895,000 for the quarter ended December 31, 1984. These amounts include operations of CFS Continental, Inc. for two months of the quarter, which was its initial reporting period since being acquired by Staley in November, 1984.

The totals compare with earnings from continuing operations of $7,066,000 or 24 cents a share on sales of $282,173,000 for the same period the prior year.

In January, the company sold five soybean mills and a soybean oil refinery. The loss from these discontinued operations, including a nonrecurring charge for costs and expenses related to the disposition, amounted to $6,920,000 or 24 cents per share in the first quarter just ended. For the same period a year ago, the loss from these operations was $3,553,000 or 13 cents a share.

Operating results for the first quarter met expectations, said Don Nordlund, chairman. Demand was good for high fructose corn syrup, reflecting recent new approvals for the sweetener's use in soft drinks. Nordlund said the company's sales of high fructose corn syrup were ahead of a year ago and margins were improved because of more favorable pricing. The company's food and industrial starch business also benefited from better selling prices.

CFS Continental, Inc. achieved excellent results, according to Nordlund. He indicated that CFS sales volumes and operating income exceeded those for the same period of 1984.

Staley Financial Serrvices, Inc., the company's commodity and financial futures trading subsidiary, made a good contribution to the quarter. The Staley chairman said the performance of the subsidiary's recently organized bond trading department was especially encouraging.

Looking ahead, Nordlund said second quarter results will reflect a normal seasonal weakness in sweetener demand, but earnings for the remainder of the fiscal year are expected to strengthen.

Capshaw heads credit union

Koran Capshaw, night coordinator, industrial products, Staley/Decatur, was reelected chairman of the Staley Employees Credit Union during the annual meeting held on January 29. He has been a Staley employee 43 years.

Others elected, all from Decatur, include Lee Delhaute, controller, sweetener business group, vice chairman; C. Dean DeVore, president and treasurer, credit union; Paul Baughman, senior mechanic, electric shop, secretary; and Jerry Logue, vice president and assistant treasurer, credit union.

Reelected directors are Capshaw, Delhaute, DeVore, Baughman, Allain "Dike" Ferris, senior mechanic, sheetmetal shop; Clarence Rader, retiree; Bill Robertson, assistant treasurer, corporate finance; Harold E. Smith, retiree; Other Summerlott, director of starch administration and accounting, starch business group; Don Williamson, superintendent of starch modification, starch business group; Paul Zeck, senior mechanic, sheetmetal shop; and Robert W. Randle, manager, customer service, sweetener business group.

Credit union pays

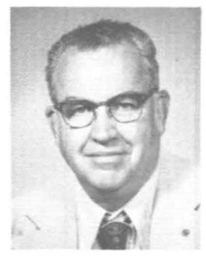
On December 31, 1984, the Staley Employees Credit Union paid a fourth quarter dividend of two percent to be credited to all share accounts. This amounted to a fourth quarter dividend payment of $348,417.52. During 1984, a total of $1,326,017.48 was paid in dividends to members, which was an increase of $107,790.46 over dividends paid in 1983.

The shareholders' annual meeting included registration, business overviews, business on hand, refreshments and socializing. Among displays was a map showing CFS Continental's operations as well as pictures of foodservice customers.

Joining the leisure life . . .

Jacque Devore

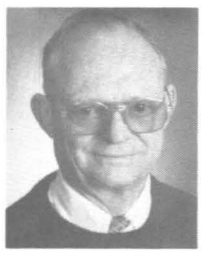
Velva Morrison



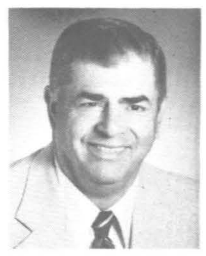
Robert Popma

Fred Powers

Thomas Obermiller



Clarence Bufkin

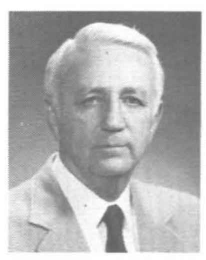


George Spates

Frank Verbanac

Robert Kretzer

Joe McGlade



William White

Effective January 1, 1985

JACQUE DEVORE, secretary, general and government relations, corporate administration, Decatur
EUGENE LAW, senior process operator, 12 building, Decatur
VELVA MORRISON, secretary, corporate credit manager, financial, corporate finance, Decatur
THOMAS OBERMILLER, process control monitor, manufacturing, starch business group, Sagamore
LYLE SMITH, senior process operator, 75 building, Decatur
FRED STARBODY, maintenance coordinator/facilities, maintenance, manufacturing, starch business group, Decatur

Effective February 1, 1985

CLARENCE BUFKIN, maintenance mechanic, manufacturing, starch business group, Sagamore
ROBERT KRETZER, shift foreman, pilot plant, chemicals from carbohydrates, corporate research and development, Decatur
JAMES MAY, manager, process engineering, corporate development/international, Decatur
JOSEPH MCGLADE, supervisor, syrup shipping, syrup and dextrose, manufacturing, starch business group, Decatur
ROBERT POPMA, principal environmental engineer, engineering services, engineering, corporate technical, Decatur
FREDERICK POWERS, production/inventory coordinator, manufacturing, starch business group, Houlton
GEORGE SPATES, maintenance technician/stores, maintenance, manufacturing, starch business group, Decatur
FRANK VERBANAC, senior scientist/manager, chemical research, advanced research and development, research, corporate technical, Decatur
WILLIAM WHITE, national account executive, starch business group, Decatur
GERALD WHITE, courier, corporate office services, corporate finance, Decatur

Tops in advanced combat pilot training

David "Bink" Brauer took top honors recently in advanced combat pilot training in the F4 Phantom fighter aircraft at McConnell Air Force Base, Wichita, Kansas. At commencement, he received the No. 1 Aircraft Fighter Commander plaque (top stick) and the No. 1 Gunnery Award for highest scores on weapons delivery (top gun).

The Phantom F4, formerly the plane flown by Air Force Thunderbirds, is used in the 183rd Tactical Fighter Squadron at Springfield, Illinois. It's top air speed is 1,800 miles per hour, pulling six to eight "Gs" gravity at top speeds.

Brauer, who formerly worked in 99 building, Staley/Decatur, is the son of Mary, secretary to the vice president of corporate transportation, and Chuck, former Staley salesman, and grandson of Claude Cox, who retired from the company in 1971 as corporate credit manager.

Leaving Staley, Bink served a year and one-half on active duty in the Air Force as an aircraft mechanic. He joined the 183rd Tactical Fighter Squadron as an aircraft mechanic in 1976. Then in 1980, he graduated from the Florida Institute of Technology cum laude with a B. S. in aviation and air commerce.

Brauer was a pilot for Decatur Aviation from 1980 through 1981. He became a certified flight instructor, received his commercial pilot's rating and air transport pilot's rating during that time. Bink then became a corporate pilot for Grigoleit Co. a year before being sent back to active duty in the Air Force.

David "Bink" Brauer prepares for flight in his F4.

Brauer was commissioned a second lieutenant in 1982 following Officer Candidate School at McGhee-Tyson Air Force Base in Tennessee. He received his Air Force silver wings at Vance Air Force Base, Enid, Oklahoma, October 11, 1983. During the ceremonies, Bink's father pinned on his wings -- the ones Chuck wore as an Air Force fighter pilot.

Upon leaving active duty, Brauer looks forward to a career in commercial or corporate aviation.

Worth noting . . .

Greg Schneider, a junior, majoring in computer engineering at the University of Mississippi, Oxford, made the Dean's Honor Roll first semester. He is the son of Bill, senior operations auditor, internal auditing, Staley/Decatur.

Wise Owl Club members at Sagamore flank Rich Voteau, plant manager, who holds their charter. Members, from left, are Bob Ford, David Johnston, Glenn Mitchell and Mark Skiles.

Club fights eye accidents; 9 inducted

Rather than becoming statistics, nine employees at the Sagamore plant have escaped eye injuries by wearing appropriate eye protection, for which they recently became members in the Wise Owl Club of America. (Membership is restricted to those who save their sight through use of eye-protective devices at work or in school and college laboratories and shops.)

New initiates are Robert Ford, David Johnston, Glenn Mitchell, Mark Skiles, and Dennis McDole, all maintenance mechanics; Jerry Graves, starch modifier; John Barton III, instrument specialist, and Michael Corbin and Kevin Baker, refinery monitors.

Explaining their nominations and acceptance for membership, Mike Brattain, Sagamore's safety supervisor, said the maintenance mechanics donned full-face masks with self-contained breathing apparatus while fighting a chemical fire in the plant's warehouse last fall. This protective equipment protected their respiratory systems as well as eyes from possible harm from the liberated gas during the incident.

Graves received membership for his actions while unplugging a blocked soda ash transfer line. Wearing a pair of chemical goggles, he had probed the line to break up the crystalline material and then flushed with water to remove the material. While uncoupling the water hose, soda ash solution surged out of the line onto his face and chest. The goggles protected his eyes.

Baker, Barton, Corbin and McDole received their membership in the club for the same instance in which they all wore full-face masks with self-contained breathing apparatus while helping locate and correct an acid leak in the plant. Their eyes and respiratory systems were protected from injury by the mask.

During official ceremonies on February 6, Brattain presented Rich Voteau, plant manager, the Staley Sagamore Wise Owl Charter. Voteau then made the first membership presentations. Besides a certificate and sticker, the inductees also received a Wise Owl tie tack.

More emphasis needs to be placed upon preventing eye injuries, according to Brattain, who noted that Sagamore had eight of those injuries during fiscal 1984 and another four in the first five months of fiscal 1985. He sought this charter from the national organization as a way of calling attention to the need for greater eye care among employees. The safety supervisor said that nationally more than a thousand workers suffer eye injuries on the job each day.

"Statistics are merely records kept," Brattain said. "We can change the record for ourselves: We can cover up our eyes and choose not to look at eye hazards without looking through eye protection."

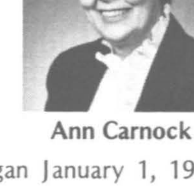
Explaining the background of the sponsoring organization, Brattain said the National Society to Prevent Blindness, founded in 1908, is the oldest voluntary health agency nationally engaged in the prevention of blindness. The agency provides a comprehensive program of community services, including education and research.

The Wise Owl Club, one of the society's programs, was founded 38 years ago to assist in the prevention of eye accidents that damage or destroy the sight of industrial workers and students. Clubs have been chartered in all 50 states of this country as well as in Canada, Great Britain, Australia, New Zealand, Japan, the Philippines and Puerto Rico.

As of December 7, 1984, more than 76,000 had been enrolled as club members, representing more than 10,084 firms and schools. The prevented injuries represent incalculable savings in eyesight, according to Brattain.

In approving the charter for Sagamore, Chenier Lee, Wise Owl Club coordinator of the National Society to Prevent Blindness, said, "We welcome Staley/Sagamore to the increasing number of industrial firms and schools which utilize the Wise Owl concept in the battle against blindness."

Carnock elected to national board



Ann Carnock

Ann Carnock, manager of claims administration, claims processing department, has been elected to the board of directors of the Self-Insurance Institute of America (SIIA). Her three-year term began January 1, 1985.

This national trade association of the self-insurance industry has more than 300 members and is growing rapidly. Members include consumer employers like Staley, third party administrators (TPAs), reinsurance companies and other interested parties.

The organization designs and implements programs and services for the benefit of members, the industry and the general public to increase knowledge about self-insurance plans, achieve greater professionalism in the industry, and gain wider acceptance of self-insurance. Its goal is to improve the quality and efficiency of self-insurance and thereby enhance public and business community acceptance of this viable alternative to conventional insurance.

A Staley employee 23 years, Ann takes with her to the board vast experience gained throughout her career with the company, all of which has been served in the field of benefits and insurance. From a clerk typist, she has risen through the ranks to claims supervisor, supervisor of claims administration and finally to manager of claims administration. In her current position, Carnock reports to Dr. E. E. Goldberg, vice president of medical and environmental affairs.

Growing from the manual processing and posting of benefits, as Ann remembers the business in her early years with Staley, the benefits division now uses a computerized claims processing system initiated in July, 1983. The company insures approximately 5,500 employees, retirees and families throughout the United States.

Variations in costs, procedures abound

(Continued from Page 3)

become increasingly difficult to define "usual" and customary", because what is usual and customary in one location may be quite different from that of a similar community less than 100 miles away. One of the explanations for service similarities within a community is that doctors tend to practice like other doctors in the same location so they are not perceived as different.

Both the American Medical Association and the American Society of Internal Medicine have commented on the disparity in costs and earnings between cognitive and procedural doctors (those who do a lot). There has been 93 percent increase in physician costs from 1979 to 1983, much of which has been attributed to the increased number of procedures being done.

According to a recent Dartmouth Medical School Study, your chances of having your gall bladder, tonsils, appendix, uterus or prostate removed can be up to twentyfold greater depending on which doctor you see and where you live. The same unfortunate widespread variations apply equally to doctor and hospital charges, laboratory tests ordered and other medical procedures. "However, more prudent choices by physicians could probably reduce expenditures for drugs, tests, procedures and the use of hospital facilities by at least 15 percent--without any loss of medical effectiveness," according to Arnold S. Relman, editor of the "New England Journal of Medicine".

By using computerized systems (Claims Fact), Staley can now look objectively at its medical cost data base and compare this information with updated figures obtained through the Health Insurance Institute of America and other sources. The company can thereby make appropriate decisions based on not only what is customary and usual in a given area, but also on what is reasonable for the same geographical location. It also helps to identify high-cost and elaborate providers.

Staley is, of course, sensitive to the needs of the physicians who look after employees and sympathize with the increasing burden of government regulations (we have the same constraints) and the high and escalating cost of malpractice insurance ($15 billion a year in added physicians costs) annually. The company very strongly supports legislative initiatives at both the local and federal level to cap these expenditures.

The president of the Illinois State Medical Society pointed out that doctors in Illinois are ordering $200 million worth of "totally unproductive" tests to "cover all the bases in a law suit". "Businesses, however, should not be expected to bear the responsibility for costs which are virtually useless as far as patient care is concerned. With health-care costs doubling between 1980 and 1985, as they have done since 1955, the company simply can't afford it," said Dr. Goldberg.

Turning to the cost of benefit plans, the fundamental equation can be stated as: Cost equals benefits paid plus administrative costs minus investment returns on plan funds. It is, therefore, critical to revise benefit plans so that they are appropriate for Staley's long-term goals and do not adversely affect profitability.

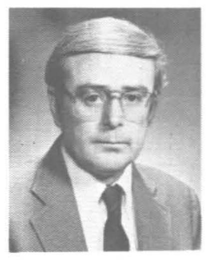
In 1982, the average health-care benefit package accounted for 24 percent of after-tax profit, and the net profits were four percent of sales. Thus health-care benefits accounted for one percent of sales. For the last three years, individual and family rates for health insurance have been increasing at approximately 20 percent annually. If this growth rate continues for another eight years and if corporate profitability stays the same (four percent of sales), no profits will remain. It has, therefore, become necessary to revise the benefit plan. This new Staley Comprehensive Health Care Plan has been designed to maintain quality health care and to ensure that you and your families receive the best service and value for your health-care dollar, according to the vice president, medical and environmental affairs.

NOTE: *The discussion of "Staley health care -- strategies for the 80s" continues in the next issue of the "Staley News".*

96 celebrate 1,155 years of service


Theodore Liermann


John Homan


Wesley Hicks


Robert Reidlinger

40 Years

CHARLIE ORR, senior service operator, 50 building, Decatur

25 Years

WESLEY HICKS, system manager, maintenance and enhancement, corporate information systems, corporate finance, Decatur
JOHN HOMAN, vice president, manufacturing, industrial products, Decatur
THEODORE LIERMANN, senior development engineer, chemicals from carbohydrates, research and development, research, corporate technical, Decatur
WILLIAM LYON, territory manager, starch, starch business group, Northbrook
VERNON MCLAUGHLIN, shift foreman, production, manufacturing, starch business group, Houlton
ROBERT REIDLINGER, senior mechanic, instrument and control shop, 77 building, Decatur

20 Years

WILLIAM ANDERSON, director of purchases, purchasing, corporate technical, Decatur
MOSE AVALOS, process supporter, 77 building, Decatur
RONALD BARRETT, process operator, 6 building, Decatur
DAVID CASTOR, maintenance coordinator, training and systems, maintenance, starch business group, Decatur
JACKIE CRAWLEY, senior mechanic, millwright shop, 77 building, Decatur
EDWARD CREAGER, supervisor, starch packing, manufacturing, starch business group, Decatur
ROBERT ENGLAND, process operator, 20 building, Decatur
STEPHEN FRITTS, process operator, 20 building, Decatur
THOMAS HANKINS, process operator, 20 building, Decatur
MARLENE HICKS, chief accounting clerk, control, sweetener business group, Decatur
WILLIE HOLLOWAY, process operator, 20 building, Decatur
TOMMY MECHTOLDT, senior mechanic, millwright shop, 77 building, Decatur
BENJAMIN RIVERA, process operator, 77 building, Decatur
ORVILLE UTSLER, senior mechanic, pipe shop, 77 building, Decatur

15 Years

LARRY ADAMS, process supporter, 99 building, Decatur
KEITH ALLEN, supervisor, claims and international transportation, administration, sweetener business group, Decatur
ROY BLACKWELL JR., process operator, 99 building, Decatur
EVERETT BOEHM, process operator, 20 building, Decatur
NANCY BORN, secretary, operations and engineering, manufacturing, agriproducts, Decatur
LYLE CLARK, process operator, 118 building, Decatur
DELMAR COLLIER, process operator, 99 building, Decatur
ROBERT DODDEK, senior draftsman, engineering specialties and general facilities department, engineering, corporate technical, Decatur
ROBERT DORSEY, process operator, 2 building, Decatur
DENNY DURBIN, process operator, 5 building, Decatur
NORMA HARMEIER, expediting and tracing specialist, rail, administration, sweetener business group, Decatur
STEPHEN ISLAKAR, senior process operator, 16 building, Decatur
THOMAS JACQUES, senior process engineer, manufacturing, starch business group, Sagamore
LAWRENCE MARGISON JR., bagging operator, manufacturing, starch business group, Sagamore
MICHAEL MERCER, senior mechanic, pipe shop, 77 building, Decatur
ROBERT MOOTH, research chemist, food and agriproducts research and development, research, corporate technical, Decatur
DARLENE OWENS, statistical assistant, general, agriproducts, Decatur
DANIEL RILEY, supervisor, transportation, services, administration, sweetener business group, Decatur
ROBERT SCHAPMIRE, supervisor, power utilities, manufacturing, starch business group, Decatur
BARBARA SIEGMAN, insurance clerk, manufacturing, starch business group, Sagamore
ROGER SMITH, warehouse operator, manufacturing, starch business group, Houlton
GARY SUYDAM, laboratory manager, Gunther Products, food and specialty products, Galesburg
PETER SVEEN, wastewater operator, Gregg Foods, food and specialty products, Portland
FRANKIE TRAVIS, process operator, 5 building, Decatur
JON WISEMAN, supervisor, production/scheduling, Gregg Foods, food and specialty products, Portland

10 Years

JACK BURDINE, grain sample collector, corn milling, manufacturing, starch business group, Decatur
LARRY CASE, mixer, Gregg Foods, food and specialty products, Portland
ORA FLINN, transportation clerk, protein, food and specialty products, Decatur
LARRY HEARN, manager, crude oil sales, soybean milling, agriproducts, Decatur
PAULETTE HOWARD, research chemist, food and agriproducts research and development, research, corporate technical, Decatur
EDWARD JANZEN, manager, corporate business and management systems, corporate information systems, Decatur
COLONIOUS KNIGHT, microbiologist, advanced research and development, research, corporate technical, Decatur
FRED MARTIN, tank yard operator, Gregg Foods, food and specialty products, Portland
STEVE MOORE, research scientist, food and agriproducts research and development, research, corporate technical, Decatur
DANIEL TANG, senior development engineer, food and agriproducts research and development, research, corporate technical, Decatur
LEVI TRUJILLO SR., lead chemical operator, manufacturing, starch business group, Monte Vista
JOHN YEAGLE, field engineer, manufacturing, sweetener business group, Morrisville

5 Years

DANNIE ALLEN, refinery technician, manufacturing, sweetener business group, Lafayette/South
FRANK ALTING JR., commodity handler, manufacturing, sweetener business group, Morrisville
JAMES BRENNAN JR., roving operator, manufacturing, sweetener business group, Morrisville
ROBERT BRYAN, pellet operator, manufacturing, sweetener business group, Morrisville
JOE CURTIS, process engineer, technical, manufacturing, starch business group, Decatur
ROGER DEIBERT, territory manager, starch, starch business group, Northbrook
KERRY DENISON, senior technician, food and agriproducts research and development, research, corporate technical, Decatur
WALTER DORF, support operator, manufacturing, sweetener business group, Morrisville
VICKI DUNCAN, order clerk, processing, administration, industrial products, Decatur
HENRY ELCESER, development engineer, chemicals from carbohydrates research and development, research, corporate technical, Decatur
LARRY FULTZ, vacation reliever, wastewater treatment, manufacturing, starch business group, Sagamore
ROBERT GERI, director, aviation, corporate aviation, Decatur
DIANA HERRIOTT, food scientist, food and agriproducts research and development, research, corporate technical, Decatur
RAYMOND HOSMER, territory manager, starch, starch business group, Northbrook
CATHY JACK, senior purchasing clerk, purchasing, corporate technical, Decatur
CYNTHIA JORDAN, associate chemist, polymerizable products department, corporate technical, Decatur
GREGORY JURY, production extra, Gregg Foods, food and specialty products, Portland
DAVID KISER, technician, wet mill, manufacturing, sweetener business group, Lafayette/South
KENNETH KMAK, project engineer, project engineering, engineering, corporate technical, Decatur
JERRY LORD, maintenance planner, dry starch, starch business group, Decatur
JOSEPH MAKOWSKI, dry lead operator, manufacturing, sweetener business group, Morrisville
SCOTT MCMANOMY, maintenance technician, utilities, sweetener business group, Lafayette/South
LORI MELLON, secretary, director of project engineering, engineering, corporate technical, Decatur
PATRICK MURPHY, general manager, transportation and warehousing, sweetener business group, Decatur
NELLIE NEAL, utility technician, manufacturing, sweetener business group, Lafayette/South
JOE NOROO, process control monitor, wet mill, manufacturing, starch business group, Sagamore
KENNETH PATTERSON, laboratory manager, food and agriproducts research and development, research, corporate technical, Decatur
GERALD PETERSON, foreman, Gregg Foods, food and specialty products, Portland
GERALD REPKO, filter operator, manufacturing, sweetener business group, Morrisville
JOHN RUSSELL, process utility operator, manufacturing, sweetener business group, Morrisville
THOMAS SHEPHARD, maintenance mechanic, manufacturing, sweetener business group, Morrisville
DAVID SKOGBERG, senior laboratory manager, food and agriproducts research and development, research, corporate technical, Decatur
STEVEN SMITH, line operator, Gregg Foods, food and specialty products, Portland
MATTHEW STRAHLE, chief operator, starch, manufacturing, starch business group, Sagamore
JOHN UNDERWOOD, designer, engineering specialties and general facilities department, engineering, corporate technical, Decatur
BENJAMIN VAN LEER, quality operator, manufacturing, sweetener business group, Morrisville
LARRY WALLACE, draftsman, engineering specialties and general facilities department, engineering, corporate technical, Decatur
SUE ANN YOUNG, order editing clerk, refined oil, Decatur

Jacques named regional essayist

From 850 essays, written by students in 37 schools, Jaqueline Jaques' entry was selected as one of nine regional winners in Public Service of Indiana's sixth annual Electric Age Essay Contest. Jaqueline, the 11-year-old daughter of Tom, senior process engineer, Sagamore, is a seventh grade student at St. Lawrence School.

As a winner at the regional level, she will receive a replica of Thomas Edison's first electric lamp and her school, a check for $100. Her essay is now eligible to win the grand prize to be announced later this month, according to a recent story in "What's New", the Sagamore plant's newspaper.

Worth noting . . .

A two-hour-forty-four-minute time at the America's Marathon in Chicago on October 21 has qualified Joe Page for the Boston Marathon this spring. Joe is a process supporter, 99 building, Decatur.

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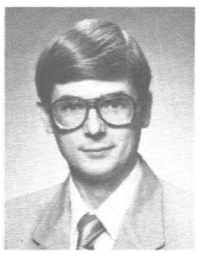
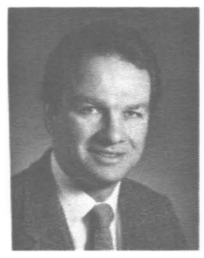
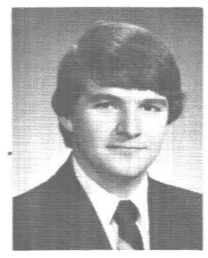
On the move around the Staley Company . . .

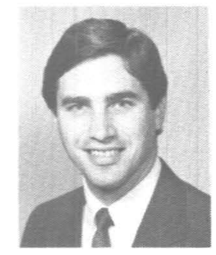

James Hartman

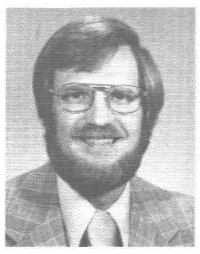

Michael Campbell

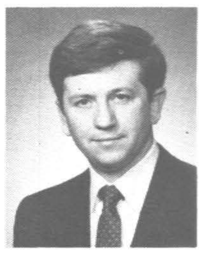

Carl Niekamp

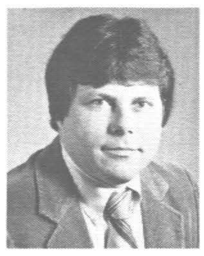

Robert Stuckey

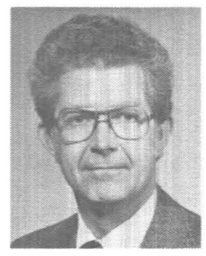

Woodrow Smith

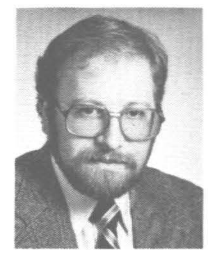

Daniel Wooldridge

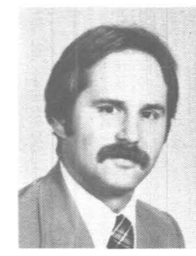

Jerome Geske

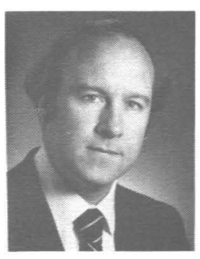

Robert Jansen


James Sullivan

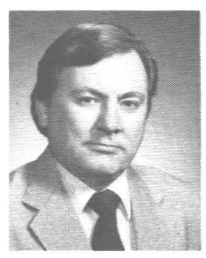

Kenneth Whitsitt

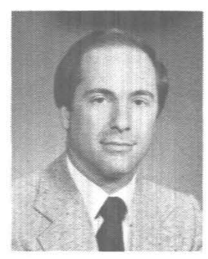

Guy Buchner

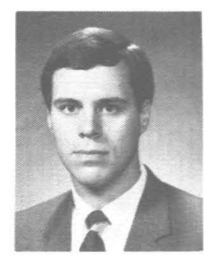

Peter Emery


James Keyes

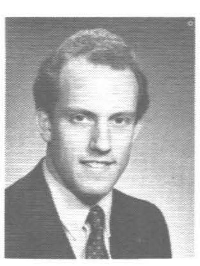

Mervin Kinert

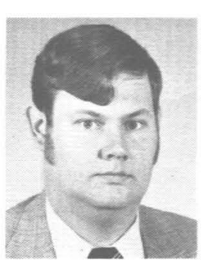

Roger Clark

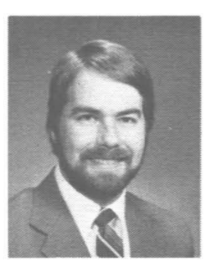

Lynn Grider


Daniel Goebel


Barry Kaley


Joseph McAdam III


David Michl


Jerry Lord


Betsy Ottinger


Anna Weaver


Celebrating the successful completion of their apprenticeship program, in the front row, left to right, are Rich Garrow, Tom Shephard and Dan Tomlinson. Accompanying them, in the second row, from the left, are Joe Gilardi, millwright/machine supervisor; Leo Henning, instrument/electrical supervisor; Lou Fredericks, president of A.I.W. Local 675; Ed O'Brien, pipefitter/fabrication supervisor, and Ken Obuszewski, maintenance/utilities manager.

Hard work pays off

Three employees at the Morrisville plant have successfully completed the maintenance apprenticeship program. The graduates are Rich Garrow, electrical specialist; Tom Shephard, millwright/machine specialist, and Dan Tomlinson, pipefitter/fabricator specialist.

This three-and-one-half-year training program involves a combination of on-the-job technical training and Technical Publishing Company (TPC) assignments and testing under the direction of the respective supervisors. Successfully completing the training, employees achieve a maintenance A classification and are considered fully qualified general mechanics, with expertise in their selected crafts.

CHEMICALS FROM CARBOHYDRATES

HOWARD HARTMAN, from associate process and project engineer, to process and project engineer, manufacturing, Van Buren
DONALD WILCOX, from hourly roll, to maintenance technician III, technical, manufacturing, Van Buren

CORPORATE

PATRICK BROWN, from data processing trainee, to computer programmer, corporate information systems, finance, Decatur
JODY BYERS, from secretary, director of construction management, engineering, to administrative coordinator, polymerizable products, technical, Decatur
MICHAEL CAMPBELL, from technical director, legal, to director, patent department, law/patent, Decatur
GARY DAY, from research chemist, to senior research chemist, food and agriproducts research and development, research, technical, Decatur
JEROME GESKE, from senior laboratory manager, to group manager, chromatography, advanced research and development, research, technical, Decatur
JAMES HARTMAN, from process engineer, to senior process engineer, process engineering, engineering, technical, Decatur
JAMES KEYES, from senior quality assurance scientist, to director, corporate quality assurance, research, technical, Decatur
CATHY JACK, from purchasing clerk, to senior purchasing clerk, purchasing, technical, Decatur
ROBERT JANSEN, from technical manager, manufacturing, sweetener business group, Loudon, to coordinator, wet mill/sweetener/alcohol engineering, engineering, technical, Decatur
MERVIN KINERT, from estimator, to senior estimator, project engineering, engineering, technical, Decatur
JOSEPH MCADAM III, from auditor, to senior operational auditor, internal auditing, finance, Decatur
DAVID MICHL, from associate management accountant, to management accountant, corporate development/international, Decatur
EILEEN MILLIGAN, from office messenger, corporate office services, finance, to secretary, patent department, law/patent, Decatur
VIVIAN NEAL, from accounts receivable clerk, to exception memorandum clerk, financial, corporate finance, Decatur
CARL NIEKAMP, from senior laboratory manager, to group manager, advanced research and development, research, technical, Decatur
ROBERT STUCKEY, from staff development engineer, to associate development engineer, chemicals from carbohydrates research and development, research, technical, Decatur
DARLENE SIMMONS, from exception memorandum clerk, to secretary, corporate credit manager, finance, Decatur
JIM SULLIVAN, from manager, personnel, sweetener business group, Lafayette/South, to manager, personnel resources, industrial relations, administration, Decatur
CINDY WATTS, from dependent claims clerk, to senior claims processor, medical and environmental affairs, finance, Decatur
KENNETH WHITSITT, from senior draftsman, to designer, engineering specialties/general facilities, technical, Decatur

PROTEIN

PATRICIA TIPPIT, from research technician, advanced research and development, research, corporate technical, to quality assurance laboratory coordinator, Decatur
DANIEL WOOLDRIDGE, from central territory manager, refined oils, agriproducts, to district manager, protein, East Coast

STARCH BUSINESS GROUP

ROBERT BOND, from hourly roll, to production superintendent, manufacturing, Monte Vista
MARJORIE CASSIDY, from secretary, to production and inventory coordinator, manufacturing, Houlton
ROBERT CLARK, from process chemist, to manager, quality control, manufacturing, Sagamore
ROGER CLARK, from supervisor, syrup shipping, manufacturing, to supervisor, dextrose, manufacturing, Decatur
LUCIANO ESPINOSA, from hourly roll, to maintenance supervisor, manufacturing, Monte Vista
RUFINO GARCIA, from hourly roll, to production coordinator, manufacturing, Monte Vista
LYNN GRIDER, from marketing manager, refined oil, agriproducts, Decatur, to East Coast sales manager, Langhorne
KAYE JONES, from traffic clerk and secretary, to expediting and freight audit specialist, Decatur
JERRY LORD, from draftsman, manufacturing, agriproducts, to maintenance planner, dry starch, Decatur
BETSY OTTINGER, from management trainee, to marketing assistant, new products, Decatur
RAND ROSLAK, from associate process engineer, to process engineer, technical quality assurance, microbiology, manufacturing, Decatur
CONNIE SANCHEZ, from hourly roll, to clerk, Monte Vista
WOODROW SMITH, from night maintenance coordinator, corn milling, to night coordinator, manufacturing, Decatur
BECKY URWILLER, from hourly roll, to clerk, Monte Vista

SWEETENER BUSINESS GROUP

GUY BUCHNER, from senior international engineer, corporate development and international, to technical manager, manufacturing, Loudon
RICHARD DONOVAN, from hourly roll, to production supervisor, manufacturing, Morrisville
PETER EMERY, from area superintendent, syrup and dextrose, to operations manager, manufacturing, Loudon
DANIEL GOEBEL, from staff accountant, to staff management accountant, control, Decatur
BARRY KALEY, from associate plant engineer, to plant engineer, manufacturing, Loudon
LARRY SCHWAB, from chemical engineer, to senior process engineer, manufacturing, Lafayette/South
GLENN STECKLEY JR., from hourly roll, to production supervisor, manufacturing, Morrisville
ANNA WEAVER, from assistant manager, order processing and systems, administration, to manager, order processing, Decatur

Staley

A. E. Staley Mfg. Co.
2200 E. Eldorado St.
Decatur, IL. 62521
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