Corporate Profile

Tootsie Roll Industries, Inc. has been engaged in the manufacture and sale of candy for 104 years. Our products are primarily sold under the familiar brand names, Tootsie Roll, Tootsie Roll Pops, Caramel Apple Pops, Child's Play, Charms, Blow Pop, Blue Razz, Cella's, Mason Dots, Mason Crows, Junior Mints, Charleston Chew, Sugar Daddy, Sugar Babies, Andes and Fluffy Stuff.

Corporate Principles

We believe that the differences among companies are attributable to the caliber of their people, and therefore we strive to attract and retain superior people for each job.

We believe that an open family atmosphere at work combined with professional management fosters cooperation and enables each individual to maximize his or her contribution to the company and realize the corresponding rewards.

We do not jeopardize long-term growth for immediate, short-term results.

We maintain a conservative financial posture in the deployment and management of our assets.

We run a trim operation and continually strive to eliminate waste, minimize cost and implement performance improvements.

We invest in the latest and most productive equipment to deliver the best quality product to our customers at the lowest cost.

We seek to outsource functions where appropriate and to vertically integrate operations where it is financially advantageous to do so.

We view our well known brands as prized assets to be aggressively advertised and promoted to each new generation of consumers.

Melvin J. Gordon, Chairman and Chief Executive Officer and Ellen R. Gordon, President and Chief Operating Officer.

To Our Shareholders

We are pleased to report that Tootsie Roll Industries once again posted record operating results in 2000.

Sales reached $427 million, a record high for the twenty-fourth consecutive year and an 8% increase over 1999 sales of $397 million. Sales growth is attributed to a strong Halloween selling season and successful promotional programs, as well as additional sales from businesses that were acquired during the year.

Earnings per share reached $1.53, an increase of 9% over 1999 earnings per share of $1.41. Net earnings reached $76 million, an increase of 6% over 1999 net earnings of $71 million. This was the nineteenth consecutive year of record earnings. Earnings per share increased by a higher percentage than net earnings due to the lower number of average shares outstanding in 2000.

The financial resources we have carefully cultivated through the years enabled us to take several key actions in 2000:

- Cash dividends were paid for the fifty-eighth consecutive year, and the quarterly rate was increased by 15%.
- Our thirty sixth consecutive stock dividend was distributed.
- 957,450 of the company's common shares were repurchased in the open market.
- Significant capital was invested in plant and equipment to improve efficiency and to support future sales growth.
- Two branded candy businesses were acquired.

While we anticipate that the investments we undertook this year will contribute to our operations in years to come, our financial position remains strong, giving us the flexibility to react to new investment opportunities, including acquisitions, which may arise in the future.

Financial Highlights

	December 31, 2000	1999
	(in thousands except per share data)	
Net Sales	$427,054	$396,750
Net Earnings	75,737	71,310
Working Capital	145,765	168,423
Net Property, Plant and Equipment	131,118	95,897
Shareholders' Equity	458,696	430,646
Average Shares Outstanding*	49,434	50,412
Per Share Items*		
Net Earnings	$1.53	$1.41
Shareholders' Equity	9.36	8.62
Cash Dividends Paid	.27	.23

*Based on average shares outstanding adjusted for stock dividends.

Sales and Marketing

Record sales levels reached in 2000 were largely the result of acquisitions and continued execution of sales and marketing programs that have proven successful in recent years. These efforts and the acquired product lines helped us gain access to new distribution opportunities for our product lines. They also helped us to sustain the traditionally high sell-through that makes our products appealing to retailers and distributors alike across all trade classes.

A significant portion of our sales and marketing effort was again directed at Halloween, which has long been our most significant selling period, and remained so this year. Our bagged goods, including variety packs comprised of popular product assortments offered at value oriented price points, continued to move well through supermarket, mass merchandise, drug and warehouse club channels.

In the area of merchandising, we expanded our use of display ready cases at Halloween and throughout the year. These cases are printed in vivid colors and feature convenient, removable side panels that improve product visibility and brand recognition at the retail level. We also expanded distribution of freestanding floor displays, both with mixed assortments and with straight goods. Specialized, retailer-oriented merchandising adaptations such as these ensure that our venerable brands retain their place in the contemporary retail environment.

Another way we have worked to retain a contemporary market for our products is through product extensions. This year we introduced Wild Berry Dots, a new flavor profile in the Dots line that features tart berry flavors sprinkled with super-sour flavor crystals.

We also extended the Charleston Chew brand with the expansion of Mini Charleston Chews, a bite-sized version that consumers can share with friends or save for later in the convenient, recloseable box.

We have further grown our business through seasonal offerings of bagged goods at Valentine's Day, Easter and Christmas. Festive graphics and attractive price points increasingly make these holidays occasions for consumers to bring home Tootsie Roll products. Additionally, sales in our seasonal line came from our 2000 Christmas tin, the latest in a collectable series. Collectable tins help to create an important and nostalgic impression of our brands.

Lastly, sales growth in 2000 was positively impacted by two acquisitions completed during the first half of the year.

Acquisitions

Both children and adults have long enjoyed cotton candy at special events such as fairs, carnivals and the circus. In February we acquired the assets of a small manufacturer that, after many years of research and development, perfected a way to mass produce commercial quantities of this melt-in-your-mouth treat in attractive, shelf-stable packages. Sold under the brand name Charms Fluffy Stuff, we hope to expand distribution of this unique confection to the range of outlets and trade classes where our other products are sold, and make Fluffy Stuff a special treat that is available every day. This acquisition included a production facility in Maryland.

In May we acquired Andes Candies, a more familiar, but equally unique confection, along with its production facility located in Wisconsin. Andes products are easily recognizable for their attractive foil wrappers and distinctive rectangular shape. The most popular flavor in the Andes line is Cream de Menthe, a 50 year old confection. It consists of a thin layer of refreshing green mint, sandwiched between two layers of chocolaty goodness and is wrapped in green foil.

During the last half of the year we successfully absorbed both the Fluffy Stuff and the Andes businesses into our own. Our sales and marketing organizations quickly integrated both product lines and we are well along in the task of developing appropriate promotional strategies for these new items.

Advertising and Public Relations

We continued to utilize television to bring our advertising message to children and adults during 2000. Network, spot and cable T. V. carried a variety of targeted themes including the classic ''How Many Licks?'' featuring Tootsie Pops, along with ''That's a Blow Pop'' and several other commercials that were run on prominent cartoon, game and adventure shows.

Tootsie Rolls have been included in military rations for many years, and in 2000 we were honored to participate in a reunion marking the 50th anniversary of the Korean War Battle of the Chosin Reservoir. This battle was noteworthy both because our 15,000 Marine and Army troops were outnumbered by 120,000 Chinese enemy troops and because of the harsh, 36 degree below zero temperatures our men had to endure. Time and again we heard poignant stories from Marine veterans who survived for days on Tootsie Rolls and Charms squares because their regular food rations were frozen solid. It was gratifying to participate in the events honoring the ''Chosin Few'' brave survivors of one of the most famous military battles ever fought by the U.S. armed forces.

Numerous articles and stories appeared during the year in recognition of the company and its accomplishments. Most notably, our Chairman and Chief Executive Officer was ranked as the top performing executive in the food/ beverage category by Chief Executive magazine, and our President and Chief Operating Officer shared her management insights in a number of publications including Fortune and Executive Excellence magazines. Tootsie Roll was also honored as one of the ''100 Best Corporate Citizens'' by Business Ethics magazine.

Capital Expenditures

Our capital expenditure program continues to focus on initiatives that increase capacity, improve product quality, or reduce cost. Capital expenditures in 2000 were $16 million, encompassing a variety of projects including enhanced environmental air control, additional kitchen capacity and state of the art inspection systems to keep up with increased throughput.

Also during 2000 we completed our first headquarters expansion and renovation in 14 years and commenced construction to increase the size of our Tennessee distribution center. Both of these projects provide infrastructure needed to support the integration of recent acquisitions as well as general growth in our business.

Information Technology

With the Year 2000 software issue behind us, we focused on two key initiatives this year. First was the successful integration of the two acquisitions into our business systems. Secondly, we commenced projects involving several critical business applications. Although these do not impact our general operating system, these subsystems must evolve in order to take full advantage of current technologies and to keep pace with the ever-changing environment in which we do business.

Methodologies that were quite acceptable even a few years ago can quickly become outdated. We are committed to deploying leading edge practices and technologies in every aspect of our operations and view our information technologies as a prime strategic tool for future growth.

Purchasing

Prices for key raw materials were generally favorable during the year, although savings in this category were partially offset by increased costs for packaging materials. Management tools such as our commodity hedging program and competitive bidding process help to ensure that the company's purchases are sourced as economically as possible.

Also during 2000 we successfully incorporated the purchasing of ingredients and packaging for Andes and Fluffy Stuff into our centralized purchasing systems.

International

Sales grew in our Mexican operation as a result of marketing improvements, successful promotions and strong second half seasonal sales. Profits increased by an even greater percentage as a result of intensified cost control measures.

Canadian sales were steady, with continued strength in bagged items at Halloween. Export sales grew due to the foreign sales of the companies acquired and accelerated sales and marketing efforts in selected markets for our existing core brands. We hope to build upon this base and develop synergies across product lines to further improve international distribution.

In Appreciation...

We wish to thank the many loyal employees, customers, suppliers, sales brokers and foreign distributors with whom we work, as well as our shareholders who have been supportive through the years. While we are pleased with the record results achieved in 2000, we are committed to build upon them for the future.

Melvin J Gordon

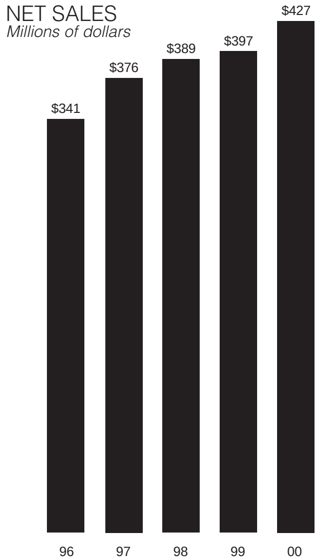
Melvin J Gordon
Chairman of the Board and
Chief Executive Officer

Ellen R Gordon

Ellen R. Gordon
President and
Chief Operating Officer

Management's Discussion and Analysis of Financial Condition and Results of Operations

(in thousands except per share, percentage and ratio figures)



FINANCIAL REVIEW

This financial review discusses the company's financial condition, results of operations, liquidity and capital resources. It should be read in conjunction with the Consolidated Financial Statements and related footnotes that follow this discussion.

FINANCIAL CONDITION

Our financial condition remained strong in 2000, bolstered by another year of record profits. Net earnings rose from $71,310 in 1999 to $75,737 in 2000. Shareholders' equity increased by 6.5% from $430,646 in 1999 to $458,696 in 2000, due principally to the addition of these earnings, partially offset by stock repurchases of $32,945 and cash dividends declared of $13,350.

The company has paid cash dividends for fifty-eight consecutive years. Shareholders also received a 3% stock dividend in 2000, the thirty-sixth consecutive year that one has been distributed.

The company responded to several investment opportunities during the year. In February we acquired substantially all of the assets of a small manufacturer of shelf stable cotton candy. This product is sold under the brand name Charms Fluffy Stuff and is suitable for national distribution.

In May we acquired substantially all of the assets of Andes Candies. Andes is best known as the maker of Andes Creme de Menthe Thins, a three layered, chocolaty rectangular mint sold nationally through a variety of outlets including supermarkets, drug chains and mass merchandisers.

The combined $74,293 purchase price for these acquisitions was financed by a combination of cash and short term borrowings, which were paid off prior to year end. In addition, cash outflows during the year related to capital expenditures were $16,189. The company continues to be financed principally by funds generated from operations rather than with borrowed funds.

The investments made in 2000 are reflected in the following ratios: current ratio declined from 4.0 to1 to 3.5 to 1; quick ratio declined from 3.2 to 1 to 2.7 to 1; current liabilities to net worth declined from 13.0% to 12.5% and debt to equity remained negligible at 1.6% compared to 1.7% a year ago.

The company retains a conservative financial posture and sufficient capital to respond to future investment opportunities. Accordingly, we continue to seek appropriate acquisitions to complement our existing business.

RESULTS OF OPERATIONS

2000 vs. 1999

Net sales increased in 2000 to $427,054, a record level for the twenty-fourth consecutive year and a 7.6% increase over 1999 sales of $396,750. Sales remained at the highest level in the third quarter, due to successful Halloween and Back to School promotions.

Other factors contributing to sales increases during the year were growth across many of our core brands, gains in our seasonal lines, incremental business from product line extensions, increases in certain international markets and sales from acquired brands.

Comparing quarterly sales in 2000 to those of 1999, increases were seen in each quarter. The third quarter showed the largest increase in dollar terms due to Halloween, and the fourth quarter showed the greatest growth in percentage terms due to $14,457 in sales from acquired brands. In the fourth quarter we experienced both increased competitive pressures and general softness throughout the segment of the industry in which we principally operate.

Cost of goods sold as a percentage of sales remained consistent at 48.5% in 2000 versus 48.5% in 1999. Raw material prices were generally favorable during the year but were offset by higher packaging costs and product mix variations, some of which are related to the acquired brands. The company continues to focus on cost control throughout all levels of its operations.

Gross margin grew by 7.7% to $219,954 due to increased sales. As a percentage of sales, gross margin remained constant at 51.5% in 2000 versus 51.5% in 1999. Gross margins in the third and fourth quarters continue to be somewhat lower due to the seasonal nature of our business and the product mix sold in those quarters.

Operating expenses, comprised of marketing, selling, advertising, physical distribution, general and administrative expenses, as a percentage of sales, increased slightly from 24.4% to 24.8%. Amortization of intangible assets increased from $2,706 to $3,420 reflecting the partial year impact of two acquisitions. Earnings from operations increased from $104,519 to $110,729, a 5.9% increase.

Other income, consisting primarily of interest and dividend income net of interest expense was, $7,079 versus $6,928 last year.

The effective tax rate of 35.7% was comparable to the prior year rate of 36.0%.

Consolidated net earnings rose 6.2% to a new company record of $75,737. Our net earnings were 17.7% of sales in 2000 and 18.0% of sales in 1999. Earnings per share increased by 8.5% to a record $1.53 from the previous record of $1.41 reached in 1999. Earnings per share increased by a greater percentage than net earnings due to lower average shares outstanding during 2000 as a result of share repurchases made during the year.

2000 was the nineteenth year of record earnings achievement for the company.

1999 vs. 1998

1999 was our twenty-third consecutive year of record sales achievement. Sales of $396,750 were up 2.1% over 1998 sales of $388,659. The third quarter, driven by Halloween sales, continued to be our largest selling period and surpassed levels attained in previous years. Also in 1999, the timing of certain Halloween shipments had a favorable effect on the third quarter and a corresponding unfavorable impact on the fourth quarter as compared to the prior year.

Throughout the year, sales were attributable to successful promotional programs as we continued to broaden distribution in mass merchandisers and other select trade classes with our core product offerings. Line extensions, new products and seasonal packs all contributed to added sales.

Sales growth occurred in our two most significant foreign operations as well. In Mexico, stabilizing local conditions and aggressive new marketing and promotional programs complemented the already strong business we have developed for the Christmas holiday season in that market.

Sales growth in our Canadian operation was attributable to another strong Halloween season coupled with further distribution gains in the mass merchandiser and grocery trade classes. Also, the new Way 2 Sour Blow Pop was successfully introduced in this market.

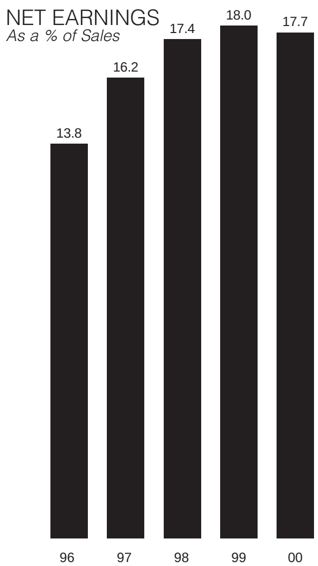
Cost of goods sold, as a percentage of sales, remained steady at 48.5% versus 48.3%. This reflected generally stable cost levels for packaging and minor ingredients, although certain of our raw material costs did increase somewhat. These increases were largely offset by higher production efficiencies associated with increased volumes in relation to fixed costs.

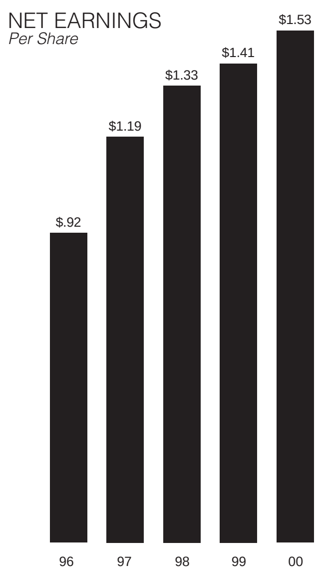
Gross margin dollars grew by 1.6% to $204,189, and remained steady as a percent of sales at 51.5% versus 51.7% in 1998, due to the factors cited above.

Operating expenses as a percentage of sales, declined slightly from 25.7% to 25.1%. This improvement was due to effective expense control programs aimed at holding down costs. Earnings from operations increased by 3.2% to $104,519, or 26.3% of sales, as a result of favorable gross margins and operating expenses.

Other income increased by $2,130 to $6,928, primarily reflecting significantly lower foreign exchange losses in Mexico where local economic conditions improved. Also, interest expense was lower and interest income was higher due to lower average borrowings and increased investments in marketable securities, respectively, during 1999. Interest income was also higher in 1999 due to higher interest rates. The effective tax rate was 36.0% in 1999 versus 36.3% in 1998.

Consolidated net earnings rose 5.6% to a new company record of $71,310. Earnings per share increased by 6.0% to $1.41 from the previous record of $1.33 reached in 1998. Earnings per share increased by a greater percent than net earnings due to lower average shares outstanding during 1999 as a result of share repurchases made during the year.





Our net earnings as a percent of sales increased to 18.0% from 17.4%. 1999 was the eighteenth consecutive year of record earnings achievement for the company.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities increased to $84,881 in 2000 from $72,935 in 1999 and $77,735 in 1998. The increase in 2000 was principally attributable to higher net earnings, and the additional depreciation and amortization related to the acquired businesses.

In 1999, the decrease in cash flows from operating activities was principally attributable to increases in other receivables and prepaid expenses and other assets. Also, depreciation expense was lower in 1999 due to foreign currency translation.

Cash flows from investing activities in 2000 reflect $74,293 for the purchase of Fluffy Stuff and Andes Candies, capital expenditures of $16,189 and a net decrease in marketable securities of $24,015 which was used to help finance those expenditures.

In 1999 capital expenditures were $20,283 and there was a net increase in marketable securities of $6,710. In 1998, capital expenditures were $14,878 and there was a net increase in marketable securities of $19,951.

Cash flows from financing activities reflect share repurchases of $32,945, $26,869 and $13,445 in 2000, 1999 and 1998, respectively. Short term borrowings in 2000 were primarily related to the Andes acquisition which were subsequently repaid. In 1998 there was also a short term borrowing which was subsequently repaid during that same year.

Cash dividends of $13,091, $11,313 and $9,150 were paid in 2000, 1999 and 1998, respectively. The increase in 2000 was 15.7% over 1999 and 2000 represented the fifty-eighth consecutive year in which we have paid cash dividends.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK AND OTHER MATTERS

The company is exposed to various market risks, including fluctuations in sugar, corn, edible oils, cocoa and packaging costs. The company also invests in securities with maturities of up to three years, the majority of which are held to maturity, which limits the company's exposure to interest rate fluctuations. There has been no material change in the company's market risks during 2000.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The company has concluded that adoption of SFAS No. 133 will not have a material impact on the company's results of operations.

The results of our operations and our financial condition are expressed in the following financial statements.

CONSOLIDATED STATEMENT OF

Earnings, Comprehensive Earnings and Retained Earnings

TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

(in thousands except per share data)

	For the year ended December 31,		
	2000	1999	1998
Net sales	$427,054	$396,750	$388,659
Cost of goods sold	207,100	192,561	187,617
Gross margin	219,954	204,189	201,042
Selling, marketing and administrative expenses	105,805	96,964	97,071
Amortization of intangible assets	3,420	2,706	2,706
Earnings from operations	110,729	104,519	101,265
Other income, net	7,079	6,928	4,798
Earnings before income taxes	117,808	111,447	106,063
Provision for income taxes	42,071	40,137	38,537
Net earnings	$ 75,737	$ 71,310	$ 67,526
Net earnings	$ 75,737	$ 71,310	$ 67,526
Other comprehensive earnings (loss), net of tax			
Unrealized gains (losses) on securities	(856)	930	976
Foreign currency translation adjustments	(394)	653	(30)
Other comprehensive earnings (loss)	(1,250)	1,583	946
Comprehensive earnings	$ 74,487	$ 72,893	$ 68,472
Retained earnings at beginning of year	$158,619	$164,652	$159,124
Net earnings	75,737	71,310	67,526
Cash dividends ($.27, $.23 and $.19 per share)	(13,350)	(11,654)	(9,484)
Stock dividends	(40,883)	(65,689)	(52,514)
Retained earnings at end of year	$180,123	$158,619	$164,652
Earnings per share	$ 1.53	$ 1.41	$ 1.33
Average common and class B common shares outstanding	49,434	50,412	50,920

(The accompanying notes are an integral part of these statements.)

CONSOLIDATED STATEMENT OF

Financial Position

TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

(in thousands)

Assets

	December 31, 2000	December 31, 1999
CURRENT ASSETS:		
Cash and cash equivalents	$ 60,882	$ 88,504
Investments	71,605	71,002
Accounts receivable trade, less allowances of $2,147 and $2,032	23,568	19,032
Other receivables	1,230	5,716
Inventories:		
Finished goods and work-in-process	24,984	20,689
Raw materials and supplies	16,906	14,396
Prepaid expenses	2,685	3,124
Deferred income taxes	1,351	2,069
Total current assets	203,211	224,532
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land	8,327	7,981
Buildings	36,937	30,330
Machinery and equipment	183,858	145,789
	229,122	184,100
Less—Accumulated depreciation	98,004	88,203
	131,118	95,897
OTHER ASSETS:		
Intangible assets, net of accumulated amortization of $26,917 and $23,497	121,263	85,137
Investments	62,548	87,167
Cash surrender value of life insurance and other assets	44,302	36,683
	228,113	208,987
	$562,442	$529,416

(The accompanying notes are an integral part of these statements.)

(in thousands except per share data)

Liabilities and Shareholders' Equity

	December 31, 2000	December 31, 1999
CURRENT LIABILITIES:		
Accounts payable	$ 10,296	$ 12,845
Dividends payable	3,436	3,035
Accrued liabilities	33,336	31,945
Income taxes payable	10,378	8,284
Total current liabilities	57,446	56,109
NONCURRENT LIABILITIES:		
Deferred income taxes	12,422	9,520
Postretirement health care and life insurance benefits	6,956	6,557
Industrial development bonds	7,500	7,500
Deferred compensation and other liabilities	19,422	19,084
Total noncurrent liabilities	46,300	42,661
SHAREHOLDERS' EQUITY:		
Common stock, $.69-4/9 par value— 120,000 and 120,000 shares authorized— 32,986 and 32,854, respectively, issued	22,907	22,815
Class B common stock, $.69-4/9 par value— 40,000 and 40,000 shares authorized— 16,056 and 15,707, respectively, issued	11,150	10,908
Capital in excess of par value	256,698	249,236
Retained earnings, per accompanying statement	180,123	158,619
Accumulated other comprehensive earnings (loss)	(10,190)	(8,940)
Treasury stock (at cost)— 52 shares and 50 shares, respectively	(1,992)	(1,992)
	458,696	430,646
	$562,442	$529,416

CONSOLIDATED STATEMENT OF

Cash Flows

TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

(in thousands)

	For the year ended December 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$75,737	$71,310	$67,526
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	13,314	9,979	12,807
(Gain) loss on retirement of fixed assets	(46)	(43)	118
Changes in operating assets and liabilities, excluding acquisitions:			
Accounts receivable	(4,460)	400	(915)
Other receivables	4,486	(2,392)	1,358
Inventories	(768)	1,592	(106)
Prepaid expenses and other assets	(7,903)	(15,672)	(7,723)
Accounts payable and accrued liabilities	(1,717)	968	(596)
Income taxes payable and deferred	5,691	2,232	(625)
Postretirement health care and life insurance benefits	399	412	241
Deferred compensation and other liabilities	337	4,162	5,004
Other	(189)	(13)	646
Net cash provided by operating activities	84,881	72,935	77,735
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of businesses, net of cash acquired	(74,293)	—	—
Capital expenditures	(16,189)	(20,283)	(14,878)
Purchase of held to maturity securities	(156,322)	(238,949)	(259,112)
Maturity of held to maturity securities	176,576	235,973	240,195
Purchase of available for sale securities	(78,993)	(117,694)	(217,799)
Sale and maturity of available for sale securities	82,754	113,960	216,765
Net cash used in investing activities	(66,467)	(26,993)	(34,829)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of notes payable	43,625	—	7,000
Repayments of notes payable	(43,625)	—	(7,000)
Treasury stock purchases	—	(1,019)	(973)
Shares repurchased and retired	(32,945)	(25,850)	(12,472)
Dividends paid in cash	(13,091)	(11,313)	(9,150)
Net cash used in financing activities	(46,036)	(38,182)	(22,595)
Increase (decrease) in cash and cash equivalents	(27,622)	7,760	20,311
Cash and cash equivalents at beginning of year	88,504	80,744	60,433
Cash and cash equivalents at end of year	$60,882	$88,504	$80,744
Supplemental cash flow information:			
Income taxes paid	$35,750	$38,827	$40,000
Interest paid	$ 1,067	$ 453	$ 803

(The accompanying notes are an integral part of these statements.)

Notes to Consolidated Financial Statements *($ in thousands except per share data)*

TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES:

Basis of consolidation:

The consolidated financial statements include the accounts of Tootsie Roll Industries, Inc. and its wholly-owned subsidiaries (the company), which are primarily engaged in the manufacture and sale of candy products. All significant intercompany transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition and other accounting pronouncements:

Revenues are recognized when products are shipped and delivered to customers. Shipping and handling costs of $26,661, $24,260 and $24,342 in 2000, 1999, 1998, respectively, are included in selling, marketing and administrative expenses. Accounts receivable are unsecured. The Company adopted Securities and Exchange Commission Staff Accounting Bulletin No. 101, which clarifies the existing guidance on the recognition, presentation and disclosure of revenue in the financial statements, during the fourth quarter of 2000 with no material effect on its financial position or results of operations.

As of January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, ''Accounting for Derivative Instruments and Hedging Activities'' (SFAS No. 133), which was issued by the Financial Accounting Standards Board in 1998. The adoption of SFAS No. 133 will not have a material effect on the Company's results of operations or financial position.

Cash and cash equivalents:

The company considers temporary cash investments with an original maturity of three months or less to be cash equivalents.

Investments:

Investments consist of various marketable securities with maturities of generally less than one year. In accordance with Statement of Financial Accounting Standards (SFAS) No. 115, ''Accounting For Certain Investments in Debt and Equity Securities,'' the company's debt and equity securities are considered as either held to maturity, available for sale or trading. Held to maturity securities represent those securities that the company has both the positive intent and ability to hold to maturity and are carried at amortized cost. Available for sale securities represent those securities that do not meet the classification of held to maturity, are not actively traded and are carried at fair value. Unrealized gains and losses on these securities are excluded from earnings and are reported as a separate component of shareholders' equity, net of applicable taxes, until realized. Trading securities relate to deferred compensation arrangements and are carried at fair value.

Inventories:

Inventories are stated at cost, not in excess of market. The cost of domestic inventories ($37,505 and $29,111 at December 31, 2000 and 1999, respectively) has been determined by the last-in, first-out (LIFO) method. The excess of current cost over LIFO cost of inventories approximates $2,993 and $5,008 at December 31, 2000 and 1999, respectively. The cost of foreign inventories ($4,385 and $5,974 at December 31, 2000 and 1999, respectively) has been determined by the first-in, first-out (FIFO) method.

From time to time, the company enters into commodity futures and option contracts in order to fix the future price of certain key ingredients which may be subject to price volatility (primarily sugar and corn syrup). Gains or losses, if any, resulting from these contracts are considered as a component of the cost of the ingredients being hedged. At December 31, 2000 the company had open contracts to purchase most of its expected 2001 sugar usage.

Property, plant and equipment:

Depreciation is computed for financial reporting purposes by use of both the straight-line and accelerated methods based on useful lives of 20 to 35 years for buildings and 12 to 20 years for machinery and equipment. For income tax purposes the company uses accelerated methods on all properties. Depreciation expense was $10,069, $7,663 and $10,101 in 2000, 1999 and 1998, respectively.

Carrying value of long-lived assets:

In the event that facts and circumstances indicate that the company's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The company considers that no circumstances exist that would require such an evaluation.

Postretirement health care and life insurance benefits:

The company provides certain postretirement health care and life insurance benefits. The cost of these postretirement benefits is accrued during employees' working careers.

Income taxes:

The company uses the liability method of computing deferred income taxes.

Intangible assets:

Intangible assets represent the excess of cost over the acquired net tangible assets of operating companies and is amortized on a straight-line basis over a 15 to 40 year period. The company assesses the recoverability of its intangible assets using undiscounted future cash flows.

Foreign currency translation:

During 1997, management determined that the Mexican economy was hyper-inflationary. Accordingly, the US dollar was used as the functional currency for the company's Mexican operations, and translation gains and losses were included in the determination of 1998 earnings. Effective January 1, 1999, management determined that the Mexican economy was no longer hyper-inflationary and designated the local currency as the functional currency. Accordingly, the net effect of translating the Mexican operations' financial statements was reported in a separate component of shareholders' equity beginning on January 1, 1999.

Comprehensive earnings:

Comprehensive earnings includes net earnings, foreign currency translation adjustments and unrealized gains/losses on marketable securities.

Earnings per share:

A dual presentation of basic and diluted earnings per share is not required due to the lack of potentially dilutive securities under the company's simple capital structure. Therefore, all earnings per share amounts represent basic earnings per share.

NOTE 2—ACQUISITIONS:

During 2000, the company acquired the assets of two confectionery companies for $74,293 in cash, which was funded through existing cash and $38,800 of short term borrowings. The acquisition cost has been allocated to the assets acquired and liabilities assumed based on their respective appraised values as follows:

Current assets	$ 6,304
Property, plant and equipment	29,400
Intangible assets, primarily trademarks	39,546
Liabilities	(957)
Total purchase price	$ 74,293

The acquisitions were accounted for by the purchase method. Accordingly, the operating results of the acquired businesses have been included in the consolidated financial statements since the date of acquisition. The operating results of the acquired businesses did not have a material effect on the company's financial statements.

NOTE 3—ACCRUED LIABILITIES:

Accrued liabilities are comprised of the following:

	December 31, 2000	December 31, 1999
Compensation	$10,069	$ 8,993
Other employee benefits	4,107	4,067
Taxes, other than income	2,174	2,248
Advertising and promotions	9,038	8,508
Other	7,948	8,129
	$33,336	$31,945

NOTE 4—INCOME TAXES:

The domestic and foreign components of pretax income are as follows:

	2000	1999	1998
Domestic	$115,823	$110,052	$106,667
Foreign	1,985	1,395	(604)
	$117,808	$111,447	$106,063

The provision for income taxes is comprised of the following:

	2000	1999	1998
Current:			
Federal	$33,908	$34,290	$34,373
Foreign	426	783	618
State	3,613	4,294	4,286
	37,947	39,367	39,277
Deferred:			
Federal	3,500	1,039	(250)
Foreign	346	(388)	(479)
State	278	119	(11)
	4,124	770	(740)
	$42,071	$40,137	$38,537

Deferred income taxes are comprised of the following:

	December 31, 2000	December 31, 1999
Workers' compensation	$ 405	$ 396
Reserve for uncollectible accounts	455	467
Other accrued expenses	1,397	1,214
VEBA funding	(370)	(347)
Other, net	(536)	339
Net current deferred income tax asset	$ 1,351	$ 2,069

	December 31, 2000	December 31, 1999
Depreciation	$12,076	$10,563
Postretirement benefits	(2,345)	(2,220)
Deductible goodwill	7,855	5,647
Deferred compensation	(6,174)	(4,947)
Accrued commissions	2,232	2,011
Foreign subsidiary tax loss carryforward	(521)	(1,898)
Other, net	(701)	364
Net long-term deferred income tax liability	$12,422	$ 9,520

At December 31, 2000, gross deferred tax assets and gross deferred tax liabilities were $14,876 and $25,947, respectively.

The effective income tax rate differs from the statutory rate as follows:

	2000	1999	1998
U.S. statutory rate	35.0%	35.0%	35.0%
State income taxes, net	2.2	2.6	2.6
Amortization of intangible assets	0.4	0.4	0.4
Other, net	(1.9)	(2.0)	(1.7)
Effective income tax rate	35.7%	36.0%	36.3%

The company has not provided for U.S. federal or foreign withholding taxes on $5,864 of foreign subsidiaries' undistributed earnings as of December 31, 2000 because such earnings are considered to be permanently reinvested. When excess cash has accumulated in the company's foreign subsidiaries and it is advantageous for tax or foreign exchange reasons, subsidiary earnings may be remitted, and income taxes will be provided on such amounts. It is not practicable to determine the amount of income taxes that would be payable upon remittance of the undistributed earnings.

NOTE 5—SHARE CAPITAL AND CAPITAL IN EXCESS OF PAR VALUE:

	Common Stock		Class B Common Stock		Treasury Stock		Capital in excess of par value
	Shares (000's)	Amount	Shares (000's)	Amount	Shares (000's)	Amount	
Balance at January 1, 1998	15,851	$11,008	7,547	$ 5,241	—	$ —	$187,259
Issuance of 3% stock dividend	473	329	225	156	—	—	51,780
Purchase of shares for the treasury	—	—	—	—	(20)	(973)	—
Issuance of 2-for-1 stock split	16,305	11,323	7,748	5,381	(5)	—	(16,704)
Conversion of Class B common shares to common shares	98	68	(98)	(68)	—	—	—
Purchase and retirement of common shares	(288)	(201)	—	—	—	—	(12,271)
Balance at December 31, 1998	32,439	22,527	15,422	10,710	(25)	(973)	210,064
Issuance of 3% stock dividend	971	674	461	320	(1)	—	64,514
Purchase of shares for the treasury	—	—	—	—	(24)	(1,019)	—
Conversion of Class B common shares to common shares	176	122	(176)	(122)	—	—	—
Purchase and retirement of common shares	(732)	(508)	—	—	—	—	(25,342)
Balance at December 31, 1999	32,854	22,815	15,707	10,908	(50)	(1,992)	249,236
Issuance of 3% stock dividend	969	673	470	326	(2)	—	39,742
Conversion of Class B common shares to common shares	121	84	(121)	(84)	—	—	—
Purchase and retirement of common shares	(958)	(665)	—	—	—	—	(32,280)
Balance at December 31, 2000	32,986	$22,907	16,056	$11,150	(52)	$(1,992)	$256,698

The Class B Common Stock has essentially the same rights as Common Stock, except that each share of Class B Common Stock has ten votes per share (compared to one vote per share of Common Stock), is not traded on any exchange, is restricted as to transfer and is convertible on a share-for-share basis, at any time and at no cost to the holders, into shares of Common Stock which are traded on the New York Stock Exchange.

Average shares outstanding and all per share amounts included in the financial statements and notes thereto have been adjusted retroactively to reflect annual three percent stock dividends and the two-for-one stock split distributed in 1998.

NOTE 6—INDUSTRIAL DEVELOPMENT BONDS:

Interest on industrial development bonds is payable at various times during the year based upon the interest calculation option (fixed, variable or floating) selected by the company. As of December 31, 2000 and 1999, interest was calculated under the floating option (4.7% in each of these years) which requires monthly payments of interest. Principal on the bonds is due in its entirety in the year 2027.

In connection with the issuance of the bonds, the company entered into a letter of credit agreement with a bank for the amount of principal outstanding plus 48 days' accrued interest. The letter of credit, which expires in January 2002, carries an annual fee of 32 1/2 basis points on the outstanding principal amount of the bonds.

NOTE 7—EMPLOYEE BENEFIT PLANS:

Pension plans:

The company sponsors defined contribution pension plans covering certain nonunion employees with over one year of credited service. The company's policy is to fund pension costs accrued based on compensation levels. Total pension expense for 2000, 1999 and 1998 approximated $2,535, $2,062 and $1,951, respectively. The company also maintains certain profit sharing and savings-investment plans. Company contributions in 2000, 1999 and 1998 to these plans were $754, $616 and $582, respectively.

The company also contributes to multi-employer defined benefit pension plans for its union employees. Such contributions aggregated $787, $713 and $680 in 2000, 1999 and 1998, respectively. The relative position of each employer associated with the multi-employer plans with respect to the actuarial present value of benefits and net plan assets is not determinable by the company.

Postretirement health care and life insurance benefit plans:

The company provides certain postretirement health care and life insurance benefits for corporate office and management employees. Employees become eligible for these benefits if they meet minimum age and service requirements and if they agree to contribute a portion of the cost. The company has the right to modify or terminate these benefits. The company does not fund postretirement health care and life insurance benefits in advance of payments for benefit claims.

The changes in the accumulated postretirement benefit obligation at December 31, 2000 and 1999 consist of the following:

	December 31, 2000	December 31, 1999
Benefit obligation, beginning of year	$6,557	$6,163
Net periodic postretirement benefit cost	518	531
Benefits paid	(119)	(137)
Benefit obligation, end of year	$6,956	$6,557

Net periodic postretirement benefit cost included the following components:

	2000	1999	1998
Service cost—benefits attributed to service during the period	$286	$306	$258
Interest cost on the accumulated postretirement benefit obligation	341	302	279
Amortization of unrecognized net gain	(109)	(77)	(99)
Net periodic postretirement benefit cost	$518	$531	$438

For measurement purposes, an 7.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000; the rate was assumed to decrease gradually to 5.5% for 2004 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7.25% at December 31, 2000 and 1999.

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

	1% Increase	1% Decrease
Effect on postretirement benefit obligation	$800	$(657)
Effect on total of service and interest cost components	$109	$ (87)

NOTE 8—OTHER INCOME, NET:

Other income (expense) is comprised of the following:

	2000	1999	1998
Interest income	$7,636	$7,449	$6,934
Interest expense	(866)	(453)	(756)
Dividend income	421	611	822
Foreign exchange losses	(42)	(126)	(2,140)
Royalty income	225	263	155
Miscellaneous, net	(295)	(816)	(217)
	$7,079	$6,928	$4,798

NOTE 9—COMMITMENTS:

Rental expense aggregated $580, $457 and $432 in 2000, 1999 and 1998, respectively.

Future operating lease commitments are not significant.

NOTE 10—COMPREHENSIVE INCOME:

Components of accumulated other comprehensive earnings (loss) are shown as follows:

	Foreign Currency Items	Unrealized Gains (Losses) on Securities	Accumulated Other Comprehensive Earnings/(Loss)
Balance at January 1, 1998	$(11,052)	$ (417)	$(11,469)
Change during period	(30)	976	946
Balance at December 31, 1998	(11,082)	559	(10,523)
Change during period	653	930	1,583
Balance at December 31, 1999	(10,429)	1,489	(8,940)
Change during period	(394)	(856)	(1,250)
Balance at December 31, 2000	$(10,823)	$ 633	$(10,190)

The individual tax effects of each component of other comprehensive earnings (loss) for the year ended December 31, 2000 are shown as follows:

	Before Tax Amount	Tax (Expense) Benefit	Net-of-Tax Tax Amount
Foreign currency translation adjustment	$ (394)	$ —	$ (394)
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during 2000	(914)	339	(575)
Less: reclassification adjustment for gains (losses) realized in earnings	446	(165)	281
Net unrealized gains	(1,360)	504	(856)
Other comprehensive earnings	$(1,754)	$ 504	$(1,250)

NOTE 11—DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS:

Carrying amount and fair value:

The carrying amount approximates fair value of cash and cash equivalents because of the short maturity of those instruments. The fair values of investments are estimated based on quoted market prices. The fair value of the company's industrial development bonds approximates their carrying value because they have a floating interest rate. The carrying amount and estimated fair values of the company's financial instruments are as follows:

	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 60,882	$ 60,882	$ 88,504	$ 88,504
Investments held to maturity	98,164	100,127	110,245	111,151
Investments available for sale	22,565	22,565	37,390	37,390
Investments in trading securities	13,424	13,424	10,534	10,534
Industrial development bonds	7,500	7,500	7,500	7,500

A summary of the aggregate fair value, gross unrealized gains, gross unrealized losses and amortized cost basis of the company's investment portfolio by major security type is as follows:

	December 31, 2000				December 31, 1999			
			Unrealized				Unrealized	
	Amortized Cost	Fair Value	Gains	Losses	Amortized Cost	Fair Value	Gains	Losses
Held to Maturity:								
Unit investment trusts of preferred stocks	$ 1,462	$ 3,381	$ 1,919	$ —	$ 2,592	$ 4,618	$ 2,026	$ —
Municipal bonds	97,744	97,807	63	—	109,256	108,160	—	(1,096)
Unit investment trusts of municipal bonds	941	932	—	(9)	959	935	—	(24)
Private export funding securities	4,115	4,104	—	(11)	4,933	4,933	—	—
	$ 104,262	$ 106,224	$ 1,982	$ (20)	$ 117,740	$ 118,646	$ 2,026	$(1,120)
Available for Sale:								
Municipal bonds	$ 32,487	$ 32,221	$ —	$ (266)	$ 40,930	$ 40,603	$ —	$ (327)
Mutual funds	2,454	3,724	1,270	—	3,007	5,698	2,691	—
	$ 34,941	$ 35,945	$ 1,270	$ (266)	$ 43,937	$ 46,301	$ 2,691	$ (327)

Held to maturity securities of $6,097 and $7,495 and available for sale securities of $13,380 and $8,911 were included in cash and cash equivalents at December 31, 2000 and 1999, respectively. There were no securities with maturities greater than three years and gross realized gains and losses on the sale of available for sale securities in 2000 and 1999 were not significant.

NOTE 12—GEOGRAPHIC AREA AND SALES INFORMATION:

Summary of sales, net earnings and assets by geographic area

	2000			1999			1998		
	United States	Mexico and Canada	Consoli-dated	United States	Mexico and Canada	Consoli-dated	United States	Mexico and Canada	Consoli-dated
Sales to unaffiliated customers	$394,545	$32,509	$427,054	$365,975	$30,775	$396,750	$363,569	$25,090	$388,659
Sales between geographic areas	3,626	3,343		3,787	1,794		2,805	4,374	
	$398,171	$35,852		$369,762	$32,569		$366,374	$29,464	
Net earnings	$ 73,929	$ 1,808	$ 75,737	$ 69,917	$ 1,393	$ 71,310	$ 68,521	$ (995)	$ 67,526
Total assets	$540,697	$21,745	$562,442	$505,152	$24,264	$529,416	$467,265	$20,158	$487,423
Net assets	$439,685	$19,011	$458,696	$409,160	$21,486	$430,646	$378,892	$17,565	$396,457

Total assets are those assets associated with or used directly in the respective geographic area, excluding intercompany advances and investments.

Major customer

Revenues from a major customer aggregated approximately 17.8%, 17.9% and 17.2% of total net sales during the years ended December 31, 2000, 1999 and 1998, respectively.

Report of Independent Accountants

To the Board of Directors and Shareholders of Tootsie Roll Industries, Inc.

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of earnings, comprehensive earnings and retained earnings and of cash flows present fairly, in all material respects, the financial position of Tootsie Roll Industries, Inc. and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion expressed above.

PricewaterhouseCoopers LLP

Chicago, Illinois
February 12, 2001

Quarterly Financial Data (Unaudited)

TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

(Thousands of dollars except per share data)

2000	First	Second	Third	Fourth	Total
Net sales	**$78,015**	**$90,376**	**$165,873**	**$92,790**	**$427,054**
Gross margin	**41,067**	**48,209**	**83,225**	**47,453**	**219,954**
Net earnings	**13,063**	**15,652**	**31,514**	**15,508**	**75,737**
Net earnings per share	**.26**	**.32**	**.64**	**.31**	**1.53**
1999					
Net sales	$74,200	$88,265	$152,667	$81,618	$396,750
Gross margin	38,815	45,902	77,651	41,821	204,189
Net earnings	12,325	14,751	29,283	14,951	71,310
Net earnings per share	.24	.29	.58	.30	1.41
1998					
Net sales	$69,701	$85,931	$144,230	$88,797	$388,659
Gross margin	36,966	45,133	73,251	45,692	201,042
Net earnings	11,217	13,910	27,216	15,183	67,526
Net earnings per share	.22	.28	.53	.30	1.33

Net earnings per share is based upon average outstanding shares as adjusted for 3% stock dividends issued during the second quarter of each year.

2000-1999 QUARTERLY SUMMARY OF TOOTSIE ROLL INDUSTRIES, INC. STOCK PRICE AND DIVIDENDS PER SHARE

STOCK PRICES*

	2000		1999	
	High	Low	High	Low
1st Qtr	**32-7/8**	**28-5/16**	46-15/16	39-3/4
2nd Qtr	**38**	**30-3/8**	46-3/4	38-1/8
3rd Qtr	**42-7/16**	**34-7/8**	39-7/16	30
4th Qtr	**47-13/16**	**35-5/8**	33-7/16	29-13/16

*NYSE — Composite Quotations

Estimated Number of shareholders at December 31, 2000 9,500

DIVIDENDS

	2000	1999
1st Qtr	**$.0608**	$.0495
2nd Qtr	**$.0700**	$.0607
3rd Qtr	**$.0700**	$.0608
4th Qtr	**$.0700**	$.0608

NOTE: In addition to the above cash dividends, a 3% stock dividend was issued on April 19, 2000 and April 21, 1999. Cash dividends are restated to reflect 3% stock dividends.

Five Year Summary of Earnings and Financial Highlights

TOOTSIE ROLL INDUSTRIES, INC. AND SUBSIDIARIES

(Thousands of dollars except per share, percentage and ratio figures)

(See Management's Comments starting on page 5)	2000	1999	1998	1997	1996
Sales and Earnings Data					
Net sales	$427,054	$ 396,750	$ 388,659	$ 375,594	$ 340,909
Gross margin	219,954	204,189	201,042	187,281	162,420
Interest expense	866	453	756	483	1,498
Provision for income taxes	42,071	40,137	38,537	34,679	27,891
Net earnings	75,737	71,310	67,526	60,682	47,207
% of sales	17.7%	18.0%	17.4%	16.2%	13.8%
% of shareholders' equity	16.5%	16.6%	17.0%	17.3%	15.1%
Per Common Share Data (1)					
Net sales	$ 8.64	$ 7.87	$ 7.63	$ 7.34	$ 6.64
Net earnings	1.53	1.41	1.33	1.19	.92
Shareholders' equity	9.36	8.62	7.82	6.88	6.10
Cash dividends declared	.27	.23	.19	.15	.12
Stock dividends	3%	3%	3%	3%	3%
Additional Financial Data					
Working capital	$145,765	$ 168,423	$ 175,155	$ 153,355	$ 153,329
Net cash provided by operating activities	84,881	72,935	77,735	68,176	76,710
Net cash used in investing activities	66,467	26,993	34,829	31,698	52,364
Net cash used in financing activities	46,036	38,182	22,595	21,704	26,211
Property, plant & equipment additions	16,189	20,283	14,878	8,611	9,791
Net property, plant & equipment	131,118	95,897	83,024	78,364	81,687
Total assets	562,442	529,416	487,423	436,742	391,456
Long term debt	7,500	7,500	7,500	7,500	7,500
Shareholders' equity	458,696	430,646	396,457	351,163	312,881
Average shares outstanding (1)	49,434	50,412	50,920	51,163	51,310

(1) Adjusted for annual 3% stock dividends and the 2-for-1 stock split effective July 13, 1998.

Board of Directors

Melvin J. Gordon(1)	Chairman of the Board and Chief Executive Officer
Ellen R. Gordon(1)	President and Chief Operating Officer
Charles W. Seibert(2)(3)	Retired Banker
Lana Jane Lewis-Brent(2)(3)	President, Paul Brent Designer, Inc.
Richard P. Bergeman(2)(3)	Retired Senior Vice President, Bestfoods

(1)Member of the Executive Committee

(2)Member of the Audit Committee

(3)Member of the Compensation Committee

Officers

Melvin J. Gordon	Chairman of the Board and Chief Executive Officer
Ellen R. Gordon	President and Chief Operating Officer
G. Howard Ember, Jr.	Vice President, Finance & Asst. Secy.
John W. Newlin, Jr.	Vice President, Manufacturing
Thomas E. Corr	Vice President, Marketing & Sales
James M. Hunt	Vice President, Physical Distribution
Barry P. Bowen	Treasurer & Asst. Secy.
Daniel P. Drechney	Controller

Offices, Plants

Executive Offices	7401 S. Cicero Ave. Chicago, Illinois 60629 www.tootsie.com
Plants	Illinois Tennessee Massachusetts Wisconsin Maryland New York Mexico City
Foreign Sales Offices	Mexico City, Mexico Mississauga, Ontario

Subsidiaries

Andes Candies L.P.
Andes Manufacturing LLC
Andes Services LLC
C.C. L.P., Inc.
C.G.C. Corporation
C.G.P., Inc.
Cambridge Brands, Inc.
Cambridge Brands Mfg., Inc.
Cambridge Brands Services, Inc.
Cella's Confections, Inc.
Charms Company
Charms L.P.
Charms Marketing Company
Henry Eisen Advertising Agency, Inc.
J.T. Company, Inc.
O'Tec Industries, Inc.
Tootsie Roll of Canada Ltd.
Tootsie Roll Central Europe Ltd.
The Tootsie Roll Company, Inc.
Tootsie Roll Management, Inc.
Tootsie Roll Mfg., Inc.
Tootsie Rolls—Latin America, Inc.
Tootsie Roll Worldwide Ltd.
The Sweets Mix Company, Inc.
TRI de Latino America S.A. de C.V.
TRI Finance, Inc.
TRI International Co.
TRI-Mass., Inc.
TRI Sales Co.
Tutsi S.A. de C.V.
World Trade & Marketing Ltd.

Other Information

Stock Exchange	New York Stock Exchange, Inc. (Since 1922)
Stock Identification	Ticker Symbol: TR CUSIP No. 890516 10-7
Stock Transfer Agent and Stock Registrar	Mellon Investor Services LLC Overpeck Centre 85 Challenger Road Ridgefield Park, NJ 07660 1-800-851-9677 www.mellon-investor.com
Independent Accountants	PricewaterhouseCoopers LLP 200 East Randolph Drive Chicago, IL 60601
General Counsel	Becker Ross Stone DeStefano & Klein 317 Madison Avenue New York, NY 10017
Annual Meeting	May 7, 2001 Mutual Building, Room 1200 909 East Main Street Richmond, VA 23219

TR Listed NYSE THE NEW YORK STOCK EXCHANGE

Printed on recycled paper.