

Beatrice Companies, Inc.
Report for the First Quarter
Ended May 31, 1984



*Report on the
Annual Meeting*



*Beatrice Captures
Olympic Excitement*



*Esmark Merger Hastens
Marketing Growth*

This year's annual meeting in Tampa on June 5 was an historic event for Beatrice stockholders. We reported on the significant progress achieved during the past year on our strategy to transform Beatrice into the premier worldwide marketer of food and consumer products. Equally important, our stockholders learned how the Esmark merger will help us to achieve our goals more rapidly.

A number of important proposals were passed at the meeting, including the change in our company name to Beatrice Companies, Inc. reflecting our wide range of separate and distinct businesses in markets around the world. I urge you to read the report on the Annual Meeting which begins on page 4 of this report.

The announcement of the pending merger with Esmark underscores our commitment to Beatrice's market-driven strategy. We are delighted with the products, and sales and distribution systems we will gain with the merger. The addition of Esmark will provide Beatrice with unparalleled marketing leverage, greater growth potential and a structure that will allow higher returns to our stockholders over time. We expect to consummate the merger during the second quarter.

Naturally, our results in the coming months will be affected by the merger. Initially, we will incur a higher level of debt and our number one priority will be the reduction of this debt. This will be accomplished primarily by the divestiture of a number of companies which are yet to be determined.

For the first quarter ended May 31, 1984, earnings per share increased 6 percent. Revenues and net earnings declined as a result of divestitures made during the last year. Excluding the sales and earnings of businesses sold in both fiscal 1984 and 1985, sales increased 11 percent while operating earnings increased 2 percent. These results reflect the sizeable short-term costs associated with our increased marketing activities.

In looking to the remainder of the fiscal year, we believe that our continuing operations will show good improvement over last year. While it is too early to comment on the expected results of the combined companies, Esmark did report strong earnings increases in the first two quarters of its fiscal year. We anticipate that the results for the remainder of the year will be influenced by both the addition of Esmark and the divestiture of some businesses.

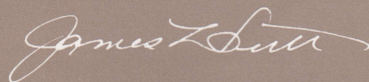
Harold J. Handley has been named a senior vice president and continues as director, corporate marketing. Hal joined the company in July 1983 as a vice president. He has had more than 23 years of marketing and advertising experience.

In an effort to keep you informed of our progress in building Beatrice into the premier worldwide marketer of food and consumer products, we are expanding the format of our quarterly reports. Starting with this issue, the reports will be mailed separately, and should be received shortly after the arrival of the dividend checks each quarter.

By now, you should have received your dividend check. The dividend paid on July 2 represents the 193rd consecutive dividend payment to holders of Beatrice common stock.

I would like to thank all stockholders for their participation in our 87th Annual Meeting and look forward to your continued support.

Sincerely,



James L. Dutt
Chairman of the Board
Chief Executive Officer

June 25, 1984

Summary of Consolidated Sales and Earnings

(Unaudited)

Three Months Ended May 31 (In Millions, Except Per Share Data)	1984	1983	Percent Increase
Net sales	\$2,207	\$2,296	(4)
Earnings before income taxes and minority interests	\$ 135	\$ 149	(9)
Provision for income taxes	62	72	
Earnings before minority interests	73	77	(5)
Minority interests	(1)	(1)	
Net earnings	\$ 72	\$ 76	(4)
Primary earnings per share	\$.76	\$.72	6
Fully diluted earnings per share	\$.73	\$.69	6
Total average common shares	91.3	99.7	
Total fully diluted shares	99.1	110.7	

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For the first quarter ended May 31, 1984, sales and earnings both declined 4 percent. Primary and fully diluted earnings per share increased 6 percent due to fewer shares outstanding compared with last year. Operating earnings declined 4 percent. The absence of divested operations accounted for the declines. Sales and operating earnings from continuing operations increased 11 and 2 percent respectively.

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Refrigerated Foods & Distribution Services reported a moderate increase in sales and earnings from continuing operations. Reported sales and earnings declined from the levels of a year ago due to the absence of divested operations. Public Refrigerated Services and Leather posted strong sales and earnings increases which more than offset declines in other areas. Agri-products earnings declined due to the depressed agricultural economy and poor Midwest weather conditions. Dairy Products and Food Service & Ingredients experienced lower profit margins due to competitive pressures.

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Beverage reported an excellent increase in sales in the quarter due to unit volume gains in all divisions. Earnings declined due to a drop in margins for Fruit Juices. Despite volume and market share gains for Tropicana, earnings for Fruit Juices were affected by higher fruit costs, increased marketing and sales expenses and a change in sales mix. Soft Drinks continued to report excellent increases in sales volume and earnings in a highly competitive market. Bottled Waters also posted an earnings increase while Wine & Spirits reported a modest decline.

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Grocery results were affected by a combination of significantly higher marketing expenditures and the absence of divested operations. Grocery Products reported a loss for the quarter due to significantly higher advertising and marketing expenditures. Cheese and Bakery Products both reported good increases in sales and earnings. Specialty Meats and Prepared Foods both posted increases in sales and declines in earnings due to lower margins resulting from higher ingredient costs and increased marketing and selling expense.



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Consumer & Commercial Products recorded excellent sales and earnings increases compared with a year ago. All divisions posted improved sales and earnings levels except Specialty Apparel where earnings were slightly below last year. The strongest earnings performances were posted by Home Products and Water Treatment. The increases were mainly due to higher sales volume resulting from a healthier domestic economy and aggressive marketing efforts.

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Chemical reported greatly improved sales and earnings. The stronger U.S. economy combined with relatively good international results contributed to the group's improvement. Specifically, the group benefited from volume increases and productivity gains which helped improve margins.



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International Food reported an increase in sales and a decline in earnings for the quarter due primarily to lower foreign currency exchange rates for Latin America. Europe and Canada both reported strong sales and earnings increases for the quarter despite continued sluggish economic conditions, particularly in Europe. Australasia experienced earnings declines due to lower sales volume.



More than one million athletes and tourists are expected to flock to the Olympic Games in Los Angeles this summer, and Beatrice will be there to greet them. Our Soft Drinks Division is a leading bottler of Coca-Cola, the official soft drink of the 1984 Olympics.

Beatrice Soft Drinks has a number of exclusive programs and promotions underway to capitalize on the unique opportunity the Olympics present. Not only will we receive the benefit of Coke's sponsorship worldwide, we are increasing our visibility within our territory with a number of activities tied to the Games.

These activities include youth soccer tournaments for more than 10,000 youngsters, neighborhood youth jamborees, an "Olympics Gala" night at Disneyland that raised money for the U.S. team and a special traveling exhibit that features photographs from the 1932 Olympics held in Los Angeles.

In addition, Soft Drinks is conducting an advertising campaign tied specifically to the Olympics. The activities include artwork for billboards, benches and buildings throughout the Los Angeles area, as well as packaging and sales material.



Arrowhead, the leading brand of Beatrice Bottled Waters, also is an official sponsor of the 1984 Olympics. Arrowhead will provide bottled drinking water to all event sites and will use the Olympic logo on all packaging and advertising material.

Both Coca-Cola and Arrowhead were sponsors of the 1932 Olympics that were held in Los Angeles.

Beatrice's support of the Olympics allows us to build a greater presence for our brands and the Beatrice name, and at the same time provides benefits to the communities in which we work and live.

The Annual Meeting site this year shifted to Florida, home state for more than 2,500 Beatrice stockholders and site of 18 Beatrice facilities, including Tropicana and Tampa Cold Storage. The 87th Annual Meeting was held at the Hyatt Regency Tampa on Tuesday, June 5, 1984 with nearly 400 stockholders in attendance.

Chairman and Chief Executive Officer James L. Dutt presided. He reviewed the progress the company has made in its market-driven strategy and the impact of the pending merger with Esmark.

Stockholders approved several measures, including changes in the company's by-laws and changing the corporate name to Beatrice Companies, Inc.

Chairman Dutt noted a number of actions taken during the past year to make Beatrice a market-driven company. These include:

- Reorganization of businesses into larger units to take advantage of marketing synergies.
- Addition of advertising and marketing personnel from top marketing companies.
- Realignment of advertising assignments from more than 100 agencies to fewer than 10, for greater efficiency and best use of creative talent for all brands.
- Development of a new identity system to tie the Beatrice name to its major brands.



Nearly 400 stockholders attended the 87th Annual Meeting. Highlights of Mr. Dutt's remarks, excerpts from the questions and answers and a summary of the voting are on the following pages.

Following is a summary of selected questions and comments by stockholders at the 87th Annual Meeting of Stockholders, and replies by Chairman James L. Dutt.



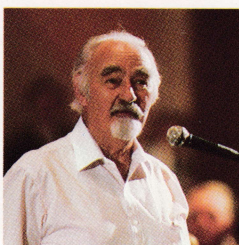
Question: I am a stockholder in both Beatrice and Esmark. My question is why people were not given the opportunity to receive an equivalent amount of Beatrice stock, instead of cash, for their Esmark shares if they desired.

Mr. Dutt: We have received a number of requests to do that. I suppose that more than any other thing it's the mechanics that impedes us. A cash transaction is very quick. Plus any former Esmark stockholder who wants to invest in Beatrice with the proceeds from the sale of Esmark shares will be able to do so on the open market.

Question: I understand the Coca-Cola operation on the West Coast has been very successful. Does Beatrice have any plans for enlarging that area?

Mr. Dutt: We expect to see Beatrice Soft Drinks continue its growth in that market, and we are hopeful that over a period of time we could add to the franchise territory.

As you will recall, a couple of years ago we went through a major repositioning that has



more than proven to be a wise move. Coca-Cola is the number one brand in that territory and makes a major contribution to Beatrice.

Question: Has Beatrice any plans for a universal brand logo for our products?

Mr. Dutt: Yes we do. The red bands you see on the stage, or that you will see on the commercials, are going to be part of our packaging. They will be the signature on each of our products. The banding, and our new logo, will tie our brands to Beatrice, and Beatrice to our brands.

Question: Does the company have a dividend reinvestment program for stockholders?

Mr. Dutt: Yes. Beatrice has a dividend reinvestment program for holders of the company's common stock. There are approximately 6,000 stockholders with about 667,000 shares of Beatrice common stock currently in the program.

Question: A number of corporations dealing in food products are in the restaurant field. Do you plan to expand into that area?

Mr. Dutt: We have no plans at the present time. We feel we



should not be in the business of our customers, and this philosophy has served us well over a period of time. We're primarily manufacturers, processors and marketers and don't want to be in cash intense businesses, such as restaurants.

Question: The Esmark merger must entail a great increase in Beatrice's debt. How is that going to affect the income to the stockholders?

Mr. Dutt: We certainly don't expect that the short-term debt from this acquisition will affect your income at all. We expect to maintain our dividends.

Question: Why are directors named to the board when many of them have relatively small investments in the company?

Mr. Dutt: This is a subject that comes up on a continuing basis. I think it's important that you know that the directors are selected on the basis of the professional expertise they bring to the company. To expect them to have a major stock commitment in order to be able to offer their expertise, in my opinion, would not be in the company's best interest.

BEATRICE CREAMERY COMPANY



Beatrice Foods Co.

Beatrice

Beatrice Companies, Inc. When stockholders approved this new name, it marked another step in the century-long process of more accurately describing the company and its businesses. The new name was chosen to reflect the full range of Beatrice's food and consumer businesses around the world. The new logo reflects the Beatrice of today and tomorrow, stating in bold terms our new marketing direction.

Shown above are some of the logos used by Beatrice from its early days as the Beatrice Creamery Company to the present.

Mr. Dutt greets stockholders at the Hyatt Regency Tampa, site of this year's meeting.



Summary of Stockholder Voting

Election of 15 Directors:

For: 78,722,256

Against: 1,178,377

Change name to Beatrice Companies, Inc.:

For: 79,002,655

Against: 603,805

Abstain: 460,149

Selection of Peat, Marwick, Mitchell & Co. as auditors for the fiscal year ending February 28, 1985:

For: 79,522,224

Against: 295,955

Abstain: 248,430

Amendment increasing authorized common stock from 200,000,000 to 300,000,000 shares:

For: 71,107,330

Against: 7,884,989

Abstain: 671,987

Amendment increasing authorized preference stock from 20,000,000 to 50,000,000 shares:

(Common vote only)

For: 61,644,978

Against: 9,154,807

Abstain: 1,080,144

(Preference vote only)

For: 2,677,595

Against: 249,297

Abstain: 4,873

Amendment to stagger terms of the Board of Directors and related matters:

For: 59,453,320

Against: 13,804,082

Abstain: 1,014,098

Amendment requiring an 80 percent vote of stockholders for certain business combinations:

For: 57,175,762

Against: 16,446,880

Abstain: 696,801

Stockholder proposal regarding the company's management structure:

For: 9,005,131

Against: 64,633,411

Abstain: 1,110,703

Four new Beatrice products were given to stockholders at the meeting, including Fisher Honey Roasted Nuts, Tropicana Tropi fruit drink, Swiss Miss Sugar Free Milk Maker and Martha White Boil-in-Bag Grits.

- ▶ *"These are important times at Beatrice. With the acquisition of Esmark we are entering a new period of development for the company. When this transition is completed, Beatrice will become, in fact, the premier worldwide marketer of food and consumer products."*
- ▶ *"When we met a year ago, I described to you our strategy. I told you we were going to turn Beatrice into a market-driven company. We have made great progress in pursuing that strategy."*
- ▶ *"Changing the strategic direction of Beatrice has been a tremendous undertaking. Naturally, we can expect some effect, short-term, on our performance. But even so, we believe strongly that the investments we're making are absolutely essential to the future of this company."*
- ▶ *"A number one objective will be the reduction of the debt incurred to finance the Esmark merger, and this is going to be accomplished by the divestiture of a number of companies."*
- ▶ *"The fit between Beatrice and Esmark is close to perfect... this merger accelerates our marketing plans by at least five years. It demonstrates our commitment to develop and market an array of food and consumer brands that people associate with quality and good value."*
- ▶ *"We now have the critical mass. We have the market positions, the assets, the management skills and the organization to take our rightful place among the truly great marketers in the world. What has been only a dream and a goal now becomes a reality."*



FOUR NEW BEATRICE PRODUCTS
are now available
in 1987

Beatrice

The merger of Beatrice and Esmark will bring together a number of well-known brand names.

Joining the Beatrice family will be many products found in grocery stores throughout the country, including Hunt's tomato products, Wesson Oil, Butterball turkeys and Swift meats, Orville Redenbacher popcorn and Peter Pan peanut butter.

Other brands include high quality consumer names such as Danskin tights and activewear, Playtex intimate apparel and family products and Jhirmack haircare products.

More than just adding new products, the merger with Esmark will provide a strong sales and distribution system that will benefit many of Beatrice's products. It also will bring additional research and development capabilities to the company.

The addition of these fine brands to our family of products will enhance our efforts to make Beatrice the leading name in food and consumer products.

Some of the many high-quality Esmark brands that will enhance Beatrice's market-driven strategy.



Stock Data	Fiscal 1985		Fiscal 1984	
	Cash Dividends Paid	Market Price Range	Cash Dividends Paid	Market Price Range
Fiscal Quarter				
Common*				
First Quarter (May 31)	\$.42½	35¾-27⅞	\$.40	28½-24⅞
Second Quarter (August 31)			.40	28⅝-25
Third Quarter (November 30)			.40	33 -26¾
Fourth Quarter (February 28/29)			.40	36 -30
Series A Preference**				
First Quarter (May 31)	\$.84½	65 -50¼	\$.84½	52¾-45½
Second Quarter (August 31)			.84½	53¼-47
Third Quarter (November 30)			.84½	60¾-50
Fourth Quarter (February 28/29)			.84½	65½-56

*High and low market prices based upon composite sales prices, which include trades on the New York Stock Exchange and the Midwest Stock Exchange and transactions reported by the National Association of Securities Dealers and Instinet.

**High and low market prices based upon trades on the New York Stock Exchange.

Common Stock Exchange Symbol — BRY

Stockholder Inquiries/Form 10-Q

For information write to:

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Assistant Vice President
Director, Investor Relations
Beatrice Companies, Inc.
Two North LaSalle Street
Chicago, IL 60602

Dividend Reinvestment Service Available to Stockholders

Beatrice makes available at no cost to holders of its common stock an automatic dividend reinvestment service. Those interested in participating in this service are invited to write for details and an authorization form to:

Continental Illinois National Bank and Trust
Company of Chicago
Shareholder Service Division
30 North LaSalle Street
Chicago, IL 60697

Continental Illinois National Bank and Trust
Company of Chicago also is the company's **Stock Transfer Agent, Dividend Disbursing Agent and Registrar.**

Beatrice

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