Annual Report

Fiscal Year Ended
February 29, 1984

Beatrice

On the Cover Our new corporate identity, the symbol of the new Beatrice, is featured on the cover. This identity represents our corporate character—powerful, aggressive, bold and forward looking. It symbolizes the Beatrice of today and the future, and will be the cornerstone of an identity system that will give us a unified presence, increase our visibility in the marketplace and support the marketing of our brands.

Recognizing this clear departure from the past, we are proposing a new name for the company. At our annual meeting in June, stockholders will be asked to change the name to Beatrice Companies, Inc. from Beatrice Foods Co. This change is appropriate given the company's evolution and present composition. It reflects Beatrice's wide range of separate and distinct businesses, many with operations totally unrelated to food processing, yet retains the company's goodwill and reputation for quality products and services.

The Business of Beatrice

Beatrice is a worldwide marketer of a wide range of food and consumer products and services. The company employs more than 72,000 people, has facilities in more than 30 countries and markets products in over 100 countries.

Operations are balanced strategically among six groups, organized to meet the needs of specific markets. These groups are Refrigerated Foods & Services, Beverage, Grocery, Consumer & Commercial Products, Chemical and International Food.

Though varied in scope, each of Beatrice's operations has a common characteristic of offering quality and value. This commitment is carried out through the dedication and hard work of our employees. Their eagerness to respond to changing market conditions has led to an impressive and consistent performance record.

Beatrice is well-positioned to compete successfully throughout the world to achieve growth in sales and earnings, and increase stockholder wealth over time.

Annual Meeting

The 87th annual meeting of Beatrice stockholders will be held in the Regency Ballroom of the Hyatt Regency Tampa, Two Tampa City Center, Tampa, Florida on Tuesday, June 5, 1984 at 10:00 a.m. Eastern Time.

Corporate Offices

Two North LaSalle Street
Chicago, IL 60602
Telephone (312) 782-3820
Cable Address: BEATRICO CHICAGO
Telex: 254080

Beatrice Foods Co.
86th Annual Report
Year Ended
February 29, 1984

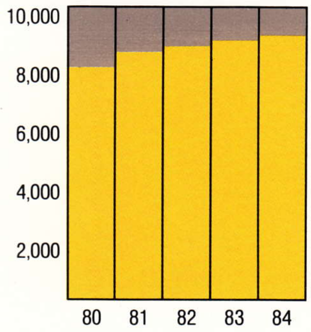
For the Years Ended: (In Millions Except Per Share Data)	February 29, 1984	February 28, 1983
Net sales	**$9,327**	$9,139
Net earnings	**433**	43
Earnings per share:		
Primary	**4.23**	.27
Fully diluted	**3.99**	.27
Working capital	**693**	816
Stockholders' equity	**2,028**	2,215
Dividends	**175**	166
Dividends paid per common share	**1.60**	1.50

Net earnings include special actions, which are described below, in both 1984 and 1983:

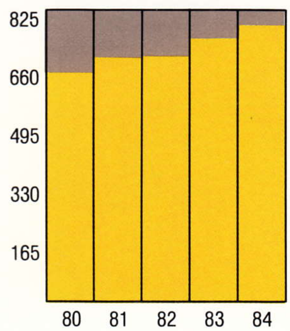
For the Years Ended:	February 29, 1984			February 28, 1983		
		Earnings Per Share			Earnings Per Share	
(In Millions Except Per Share Data)	Earnings	Primary	Fully Diluted	Earnings	Primary	Fully Diluted
Earnings before special actions	**$334**	**$3.23**	**$3.08**	$321	$3.06	$2.91
Special actions*	**99**	**1.00**	**.91**	(278)	(2.79)	(2.64)
Net earnings	**$433**	**$4.23**	**$3.99**	$ 43	$ .27	$ .27

*Included in 1984 special actions are gains on the sale of businesses of $125 million pre-tax ($76 million after-tax) and a reduction of the business realignment reserve totaling $38 million pre-tax ($23 million after-tax). Special actions in 1983 include charges of $188 million for goodwill write-down and a provision of $157 million pre-tax ($90 million after-tax) for business realignment. See Discussion of Operations and Financial Condition for additional details.

Contents



Sales
(In Millions of Dollars)



Group Earnings
(In Millions of Dollars)

To The Owners of Beatrice: I am pleased to report that in fiscal 1984 our company made considerable progress toward becoming the premier worldwide marketer of food and consumer products.

We completed the realignment of our operations into larger, stronger marketing units, moved far ahead of schedule on our program of divesting underperforming operations, reduced dramatically our number of advertising agencies, increased our advertising and promotion expenditures at the brand level, and made substantial progress in creating consumer awareness of the Beatrice name.

The result is a leaner, marketing-oriented Beatrice, with the potential to achieve greater earnings growth and higher returns than under our previous structure.

Marketing Realignment We realigned our company into 27 divisions organized in six groups. These new larger units have common markets and distribution channels, and are managed for a combination of real growth, cash flow and rate of return. We're now able to achieve synergies among our operations, make quicker decisions and build effective marketing strategies.

Four of our groups emphasize branded, value-added products — Beverage, Grocery, Consumer & Commercial Products and International Food — and have good real growth potential. Chemical provides products and services that add substantial value to consumer goods, yielding high returns. Refrigerated Foods & Services is managed primarily for cash flow, and provides products and services that require less marketing and capital investment than the other groups.

Our operating units are making substantially higher investments in advertising and promotion, spending $288 million, a 27 percent increase over last year. We expect to increase our spending again in fiscal 1985, with major emphasis on our well known brands such as Tropicana, Swiss Miss, La Choy, Fisher, Eckrich and Samsonite.

We reduced the number of advertising agencies doing business with us from more than 100 firms to fewer than 10 worldwide firms. This consolidation was undertaken to provide greater efficiencies and to assure that even our smallest brands benefit from the best creative talent available.

To maximize the sales strength of our food operations, we are streamlining our food broker network. With fewer brokers moving a greater volume of our products, Beatrice becomes a more important customer. The result will be a strong network of skilled brokers who have a greater incentive to sell our products.

We've already sold more than half the companies slated for divestiture—primarily units in industrial businesses, underperforming units, and other companies that did not fit into our long-range plans.

We took several important steps toward our goal of making Beatrice a name that will be recognized instantly by consumers. We have begun a television and print media campaign, linking Beatrice to our most recognized brands, and we are backing this effort with the largest point-of-sale promotion program in our history.

A strong symbol of our new marketing direction is on the cover of this annual report—our new Beatrice identity. We will use this identity on our packaging, signage, trucks, brand advertising and promotions. We know that an attractive mark is not an end in itself, but a means to an end—to help all our businesses sell more products by tying each Beatrice brand to the parent name in a meaningful way. The Beatrice name should mean value, and should add value to all of our products.

Fiscal 1984 Performance Sales increased 2 percent to $9.3 billion from $9.1 billion last year. Earnings rose to $433 million compared with $43 million. Earnings in both years include special actions directly related to our new strategic direction. Excluding special actions, net earnings rose 4 percent to $334 million from $321 million. Primary and fully diluted earnings per share increased 6 percent to $3.23 and $3.08, respectively.

We completed a tender offer for 10 million shares, or approximately 10 percent of our common stock, at $34 per share. This buy-back enabled us to balance our equity base and earnings stream in light of our divestitures and underscores our faith in Beatrice's long-term potential.

Our operating results were sparked by strong performances from our Beverage, Consumer & Commercial Products and Chemical Groups. Beverage was paced by Soft Drinks, where our Coca-Cola bottling units had record unit volume. Consumer & Commercial Products and Chemical benefited greatly from the economic recovery. Refrigerated Foods & Services, led by our warehouse operations, also reported gains. A significant increase in marketing expenditures, as well as divestitures, resulted in an earnings decline in the Grocery Group, while lower currency exchange rates held International Food earnings below the fiscal 1983 level.

Management To provide overall direction for our marketing thrust, we created an Office of the Chairman, headed by me and including Vice Chairman John Conners, Senior Vice President-Corporate Strategy Bill Reidy, and Senior Vice President-Organization and Management Resources Reuben Berry. We recently added to this office Tony Luiso, senior vice president, formerly group operating officer, International Food, to help coordinate the activities of the group operating officers.

The role of the six group operating officers is to plan and execute group-wide business strategies. Each is a senior vice president of the company. They are Dick Chisholm, Refrigerated Foods & Services; Tom Kemp, Beverage; J. J. McRobbie, Grocery; Nolan Archibald, Consumer & Commercial Products; Harry Wechsler, Chemical; and Bill Mowry, International Food.

Fiscal 1984 also saw the retirement of Bill Granger, who gave Beatrice 38 years of loyal, dedicated service. Under Bill's leadership, our international operations grew dramatically in the late 1970s. Most recently, he helped spearhead our activities in the People's Republic of China and has been a trusted advisor to me.

1985 Outlook We are committed to our new focus on marketing and greater internally generated growth. To meet our objectives we have to successfully market and develop new brands, strengthen our distribution system, and upgrade our facilities to assure efficiency. Accelerating our investments in these areas will have a short-term unfavorable impact on earnings in some of our operating units next year.

We have balanced these investments by streamlining our organization and increasing productivity through centralization of efforts in purchasing, production and marketing. While there is much still to be done, the bold steps taken in fiscal 1984 give us a strong base for the future. We thank our employees, customers and suppliers for their commitment to our new marketing direction, and our stockholders for showing their confidence in Beatrice. I am sure your confidence and support will be rewarded in the bright future that lies ahead.

Sincerely yours,

James L. Dutt

James L. Dutt
Chairman of the Board
Chief Executive Officer

April 30, 1984

Report on Operations

The following pages review our operations during the past fiscal year, and discuss the outlook for the year ahead.

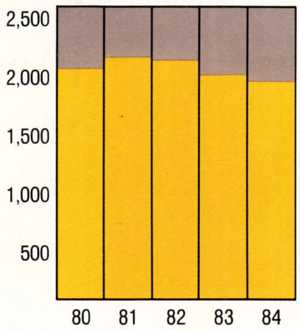
This has been an exciting year for us. We made many changes to focus our resources on meeting the competitive challenges of the marketplace.

Our realignment into six operating groups is one of the most apparent changes in our company today, compared with last year. These groups are organized according to the specific markets they serve, and their role in achieving our business strategies.

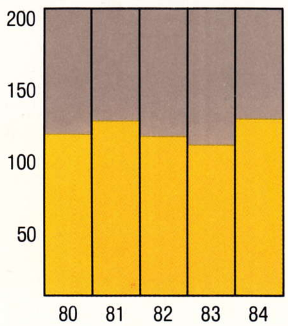
Consumer & Commercial Products, and Chemical are now separate groups, to better serve their particular markets.

Several operations are now in new groups. Beatrice Cheese is part of the Grocery Group, along with our Swiss Miss brand cocoa products. Composition of the groups also was affected by divestitures during the year.

Each group is highlighted in the following section. A listing of the divisions in each group, as well as the key brands, products or services for those divisions, is included. Additional financial detail may be found in Discussion of Operations and Financial Condition starting on page 25.



Sales
(In Millions of Dollars)



Group Earnings
(In Millions of Dollars)

Beatrice sets the standard for quality with our nationwide network of warehouses and a full line of dairy and food ingredient products. Beatrice dairies produce milk, ice cream and cottage cheese under the Meadow Gold name and Viva brand low-fat dairy line. As the largest refrigerated warehouse company in the United States, we provide storage facilities vital to the grocery industry. We are also a major supplier of cheese sauces, snack coatings and other dehydrated ingredients through Food Producers International. We market animal feeds and supplements under the Vigortone name and supply leather through Lackawanna Leather and Pfister & Vogel.

Refrigerated Foods & Services Group

The group reported earnings improvement of 18 percent, paced by the results of Public Refrigerated Services. Sales declined 2 percent due to the absence of divested operations.

Public Refrigerated Services, the largest cold storage warehouse system in the U.S., had good sales and earnings gains. The acquisition at the end of fiscal 1983 of Termicold, another major food warehouse company, had a positive effect on results. Our warehouses are well positioned geographically to cover all segments of the refrigerated warehousing industry.

Dairy positioned itself for future success by identifying key market segments and organizing its operations along geographic regions to meet customer needs. Improving productivity and efficiency is a key element in the division's strategy to become the low-cost producer in its markets. New marketing programs included the expansion of premium Louis Sherry ice cream to more affluent consumers in select areas across the country, and the introduction of Swiss Miss Chocolate Milk, a cooperative project with the Grocery Group.

Fueled by the introduction of several new products, Food Service & Ingredients achieved strong gains in both sales and operating earnings. The division, which serves both food service and food manufacturing markets, introduced new flavors and coatings, freeze-dried vegetables, creaming agents and cheese sauces.

Leather results were bolstered by the acquisition of Lackawanna Leather, the leading supplier of leather to the upholstered furniture market. The division is emphasizing cost reduction to face a highly competitive marketplace due to increasing levels of imported goods.

Agri-Products experienced flat volume in a relatively poor year for farmers. Earnings improved due to productivity gains and cost reductions. Capitalizing on consolidation in the industry, we're developing new marketing strategies targeted at larger farms.

Fiscal 1985 Outlook The group expects improved earnings due to productivity gains and new marketing programs. In addition, the costs of organizational changes have been absorbed. Dairy expects volume growth from specialty products, while Food Service & Ingredients anticipates above-industry average sales increases. Increasing demand for quality leather furniture and expansion of warehouse space also should boost sales.

Dairy Products

Meadow Gold® — Milk, ice cream, butter, yogurt, cottage cheese, dairy specialties

Louis Sherry — Ice cream, frozen desserts

Viva® — Lowfat milk, cottage cheese, dairy specialties

Mountain High — Yogurt

Agri-Products

Tindle Mills — Animal feeds

Vigortone® — Animal feeds, supplements, pre-mixes

Food Service & Ingredients

Food Producers International — Fruit fillings, concentrated drink bases, dessert toppings

Special Products — Snack coatings, dry cheese powder, natural colors

Public Refrigerated Services

Major facilities:
Beatrice Cold Storage (Denver, Colo.)
Chicago Cold Storage
Grand Trunk Warehouse & Cold Storage (Detroit, Mich.)
Inland Center (Kansas City, Kan.)
Lehigh Valley Refrigerated Services (Fogelsville, Pa.)
Quincy Cold Storage (Watertown, Mass.)
Tampa Cold Storage
Termicold (Portland, Ore.)
Terminal Refrigerating (Los Angeles, Calif.)

Leather

Lackawanna Leather — Tanned furniture leather

Pfister & Vogel — Tanned shoe leather

Soft Drinks
Coca-Cola,® diet Coke,® Tab,® Sprite® — Regional bottlers and distributors of soft drinks in Southern and Central California, Hawaii, Southern Nevada, Missouri, Iowa, Kansas, Illinois, Wisconsin and Nebraska

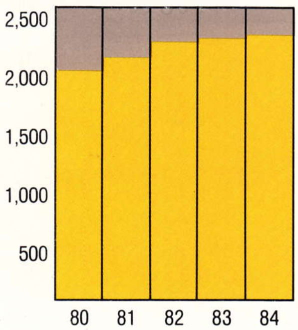
Fruit Juices
Tropicana® — Orange juice, grapefruit juice, apple juice and aseptically-packaged fruit drinks

Bottled Waters
Arrowhead — Distributors of bottled drinking water, drinking water systems and sparkling water in Southern California

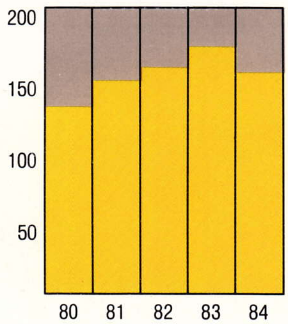
Great Bear — Distributors of bottled drinking water and drinking water systems in the Northeastern United States

Ozarka — Distributors of bottled drinking water and drinking water systems in the Southwestern United States

Wine & Spirits
Buckingham Corporation — Exclusive U.S. importers of Cutty Sark and Cutty 12 Scotch Whisky, Finlandia Vodka, Waterford Cream, Licor 43, Armagnac de Montal, Henriot Champagne, Marquisat Wine, and Rothschild wines, including Mouton-Cadet



Sales
(In Millions of Dollars)



Group Earnings
(In Millions of Dollars)

Beatrice meets the consumer's demand for products that taste good and are good for you. Rosarita Mexican sauces and La Choy egg rolls offer convenience and quality in the fast-growing ethnic food category. Addressing consumer concerns about diet and nutrition, Beatrice introduced Swiss Miss Sugar Free and Fisher reduced-sodium nuts. Eckrich franks provide quality and value and are popular at home and at play. Beatrice Cheese features County Line natural cheeses and cheese spreads. Murray cookies offer good home-made taste.

Grocery Group

Group sales increased 1 percent while earnings declined 10 percent due to significantly higher marketing and advertising expenditures. The divestiture of our domestic candy operations also affected results. Volume gains from continuing operations were about 4 percent as new products with effective advertising made the difference.

Grocery Products started two new market niches with Swiss Miss Sugar Free Hot Cocoa Mix and Chocolate Milk Maker. Both products allow calorie-conscious consumers to enjoy rich cocoa taste. Swiss Miss Pudding Bars achieved significant distribution levels in the rapidly growing market for frozen novelties. Fisher capitalized on its growing position in the snack nut market, gaining additional distribution during the year. We also introduced a new and rapidly expanding segment of the pet food industry—cat treats—where Bonkers captured a 30 percent market share.

Prepared Foods increased sales and expanded its presence in fast-growing segments of the ethnic foods industry. To leverage our strength we consolidated all our Mexican food lines under the Rosarita brand. New products included a new line of salsas and sauces. La Choy continued marketing aggressively to maintain its leading share in the Oriental food category, while showing good volume growth.

Specialty Meats experienced relatively flat sales and earnings as unit volume increases were offset by lower selling prices and higher marketing costs. Eckrich, a key brand, expanded distribution and introduced many new products backed by an extensive advertising program. Demand for veal was excellent and a new plant was added to support future growth.

The U.S. Government surplus distribution program affected results for the Cheese division. New products, including shredded natural cheeses and flavored cream cheese, are being introduced under the County Line brand with aggressive marketing support.

Bakery Products experienced lower sales volume and earnings compared with an exceptionally strong prior year.

Fiscal 1985 Outlook The Grocery Group will continue aggressive marketing programs for its major brands to increase sales volume and expand market share. The increased marketing expenditures, coupled with the absence of businesses sold, will result in a decline in earnings for the year. We plan to back Swiss Miss and Fisher with extensive media campaigns and build on their distribution networks. Other key brands will follow similar strategies of market expansion and heavy media support.

Grocery Products

Aunt Nellie's — Vegetables, sloppy joe sauce, spaghetti sauce

Bonkers — Cat treats

Fisher — Salted nuts, reduced-sodium nuts, salt-free nuts and sunflower seeds

Martha White — Flour, corn meal, convenience baking and dinner mixes

Swiss Miss — Hot cocoa mixes, refrigerated puddings, frozen pudding bars, chocolate milk maker

Lowrey's — Meat snacks

Rudolph's — Pork rinds

Specialty Meats

Eckrich — Smoked sausage, hot dogs, luncheon meats, bacon

Kneip — Corned beef

Plume de Veau — Veal products

Prepared Foods

La Choy — Canned and frozen Oriental vegetables, entrees and dinners; soy sauce; egg rolls

Rosarita — Canned and frozen Mexican foods, dinners and entrees; sauces; tortillas; refried beans

Cheese

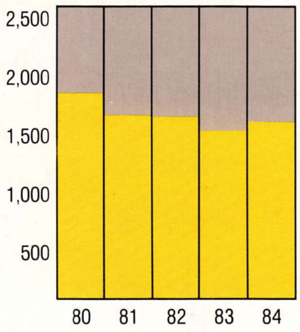
County Line — Natural cheeses, cheese spread, cream cheese

Bakery Products

Butterkrust — Bread

Marietta's — Cookies

Murray — Cookies



Sales
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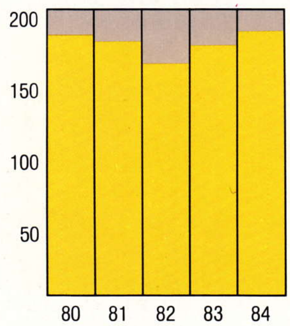


Group Earnings
(In Millions of Dollars)

Beatrice offers fashion and value with quality products for home and business. Samsonite is the worldwide market leader in fashion luggage. Beatrice markets several leading home products, including Stiffel lamps and Del Mar window coverings. Culligan, the most recognized name in water treatment around the world, serves residential, industrial and commercial customers in 90 countries. We also supply quality commercial refrigeration and food preparation equipment, such as Taylor soft serve ice cream machines. Day-Timers planners help busy executives to better manage their time, while Swingster jackets meet today's active lifestyle.

Consumer & Commercial Products Group

The Consumer & Commercial Products Group posted an earnings increase of 6 percent on a sales gain of 4 percent in fiscal 1984. Sales and earnings from continuing operations increased 10 percent and 7 percent, respectively.

Luggage experienced sales and earnings results at about the level of a year ago due to a changing sales mix and lower currency exchange rates. Samsonite introduced several new products including Odyssey, a new, stylish hardside line with complementary softside pieces.

Water Treatment achieved record results while placing considerable attention on realigning and broadening Culligan's base. Residential and commercial demand for Culligan products and services were strong. Substantial increases in product development and marketing slowed earnings growth but provided impetus for future success.

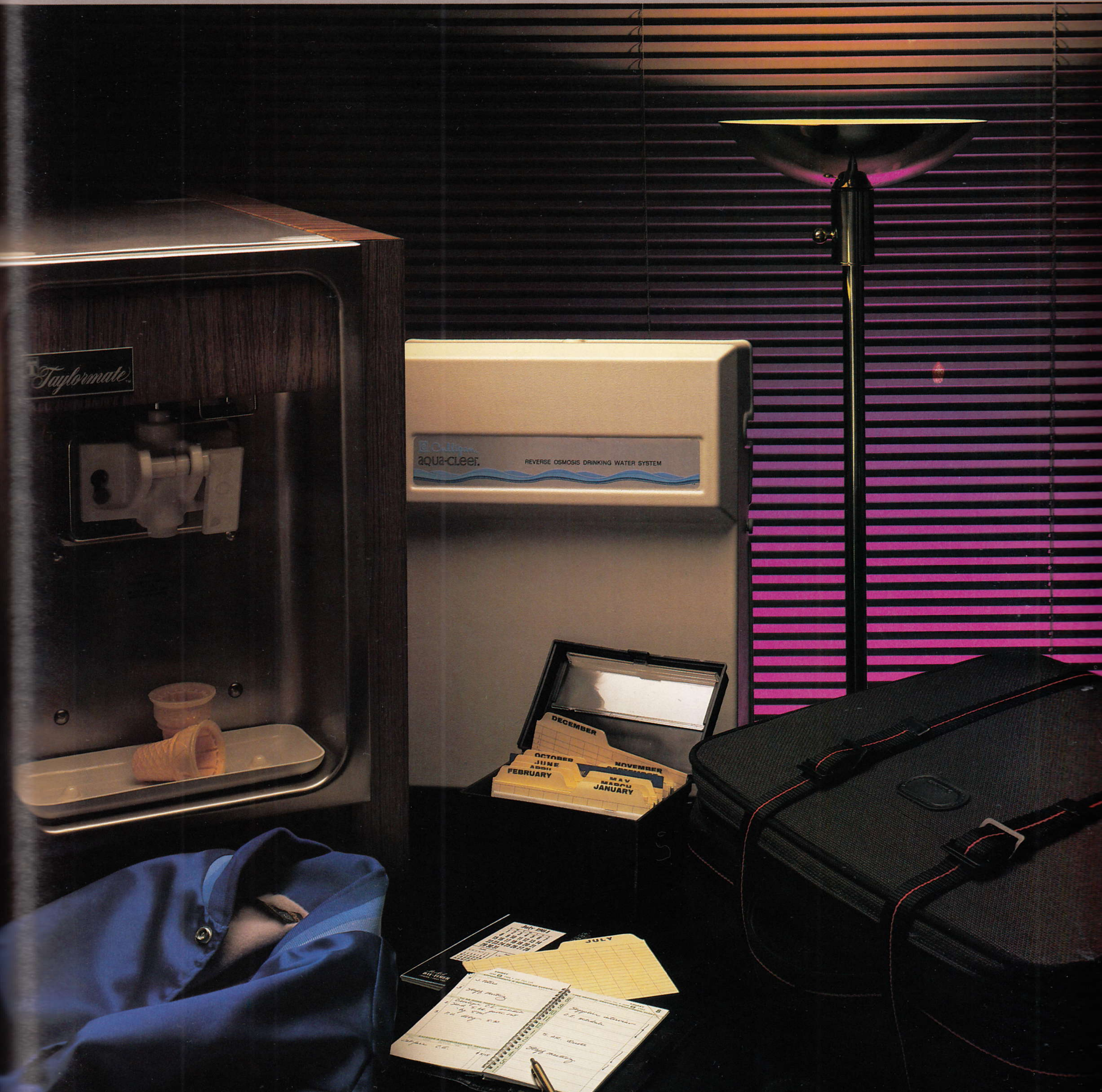
Home Products showed record sales and earnings, and improved market share through coordinated marketing of a full line of products. LouverDrape and Del Mar window coverings, Samsonite furniture, Aristokraft cabinets and Waterloo tool chests all capitalized on the growing home improvement market. Stiffel added diversity with more contemporary lamps and varied price levels appealing to a broader customer base. Chicago Specialty will be introducing a line of products to serve the home improvement market.

Commercial Products targets marketing efforts for its wide range of food service equipment to the top restaurant chains, working to develop specific product applications for their needs. Research and development activities increased significantly.

Printing & Graphics enjoyed record sales and earnings due to increased demand for commercial printing and graphic arts services.

Specialty Apparel experienced lower sales volume. The division has reorganized to better target its efforts in specific markets.

Fiscal 1985 Outlook The Consumer & Commercial Products Group should experience strong sales and earnings gains in fiscal 1985. Stepped-up marketing and new product development will bolster group results, particularly in Home Products, Commercial Products and Luggage. Stronger marketing programs, coupled with improved market penetration, should enable Water Treatment to grow substantially. Printing & Graphics plans to expand geographically and increase efficiency.



Luggage
Samsonite® — Fashion luggage, attache cases

Water Treatment
Culligan® — Residential, industrial and commercial water treatment services

Home Products
Aristokraft® — Kitchen cabinets; bathroom vanities

Chicago Specialty — Plumbing specialties, faucet aerators; showerheads

Del Mar® — Softlight shades; woven wood and aluminum horizontal window coverings

LouverDrape® — Fabric and aluminum vertical window coverings

Samsonite® Furniture — Folding tables and chairs; patio furniture; commercial furniture

Stiffel® — Contemporary and traditional brass floor and table lamps; lamp shades

Waterloo — Tool chests, boxes and cabinets

Printing & Graphics
Day-Timers® — Calendars; planning diaries

Webcraft — Specialty printing and paper converting, bind-in envelopes, inserts

Techtron — Photoengraving; color separations; pre-press printing services

Commercial Products
Taylor® — Ice cream freezers, commercial refrigeration

Bloomfield — Commercial coffee systems serving equipment

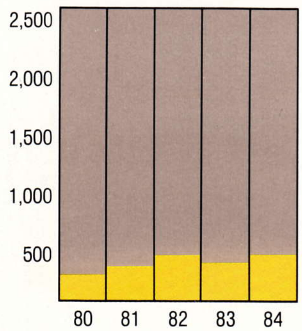
Market Forge/Wells — Commercial cooking equipment

Technology Products — Industrial gas and specialty medical equipment

Specialty Apparel
Allison — Knit shirts; warm-ups; sleepwear

Swingster — Activewear; jackets; shirts; caps

Velva Sheen — Printed T-shirts; jackets



Sales
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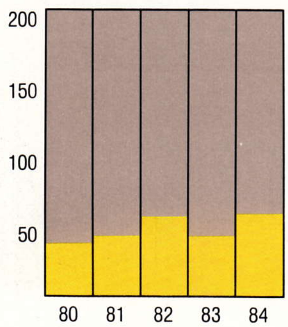


Group Earnings
(In Millions of Dollars)

Beatrice's chemical products and related services add demonstrable value to customer products. Dri-Print decorative foils and Converters' flexographic inks cater to performance-oriented and high technology applications worldwide. Stahl leather finishes and Permuthane polyurethanes are leaders in the domestic and international fashion markets. Molub-Alloy high performance lubricants assist customers in increasing productivity and prolonging capital equipment life. Thoro products for waterproofing, Fiberite composites and molding compounds and LNP engineering plastic compounds all are market leaders serving a wide spectrum of technical applications.

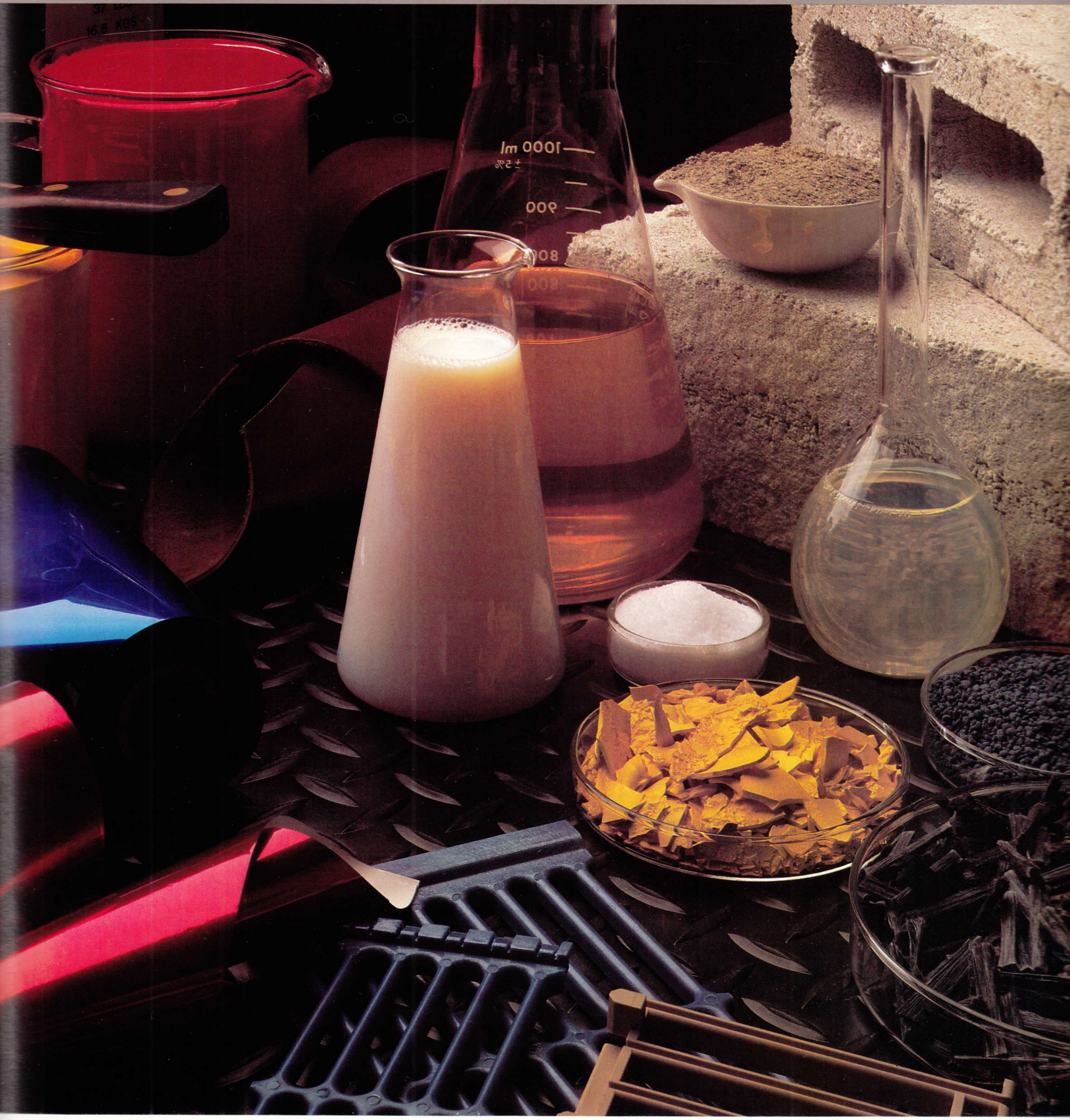
Chemical Group

The Chemical Group achieved record sales and earnings for the year. Sales increased 11 percent and earnings rose 32 percent as a result of excellent growth spurred by new product introductions and productivity improvements.

Reflecting the improved economy and increasing demand from key markets, Plastics & Coatings achieved excellent sales and earnings growth. Fiberite, the market leader in composite materials, experienced strong demand from the aerospace industry, particularly from the space shuttle program and manufacturers of fuel-efficient aircraft. Growth in the electronic, business machine, automotive and appliance markets translated into increased demand for Fiberite and LNP molding compounds, which are used in manufacturing performance-oriented plastic components. The growth in the automotive industry also increased demand for Dri-Print decorative foils. Backed by extensive advertising, Thoro, a well-known brand of commercial waterproofing materials, successfully launched a new, premier-grade waterproofing system in the do-it-yourself market.

Performance Chemicals also had expanded sales and earnings growth as its wide variety of products experienced record demand. Stahl leather and Paule shoe finishes enhance the beauty and serviceability of leather. Permuthane polymers protect and decorate leather and a variety of synthetic substrates. These products benefited from a strong international fashion market. As a result of the industrial economic recovery, earnings grew strongly for Polyvinyl polymers and Molub-Alloy industrial lubricants. The polymers are used in xerographic toners and for formulating paints and finishes. The lubricants are engineered to serve the most demanding industrial applications. Converters Ink, a leading supplier of flexographic inks to the packaging industry, also benefited from increasing demand.

Fiscal 1985 Outlook Continued sales and earnings growth is expected next year, but at more moderate levels. Our broad spectrum of customers, expanded international marketing through new distribution facilities in the U.S. as well as in Europe, and a joint venture with Mitsubishi Chemical in Japan should enhance growth. Research and development activities will continue to provide technological advances to capitalize on new opportunities.

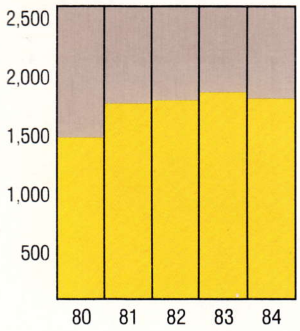


Performance Chemicals

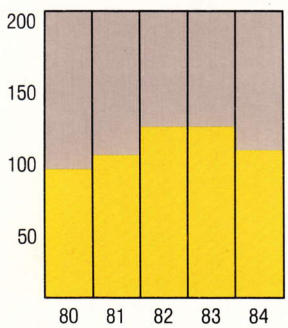
Converters Ink — Printing inks
Craig Adhesives — Adhesives
Molub-Alloy® — High performance lubricants
Paule — Shoe finishes
Permuthane® — Specialty coatings
Stahl — Leather finishes
Farboil® — Marine coatings

Plastics & Coatings

Dri-Print Foils® — Hot stamping foils
Fiberite® — Graphite composites and molding compounds
LNP® — Engineering plastics
Thoro® — Waterproofing materials



Sales
(In Millions of Dollars)



Group Earnings
(In Millions of Dollars)

Consumers around the world enjoy the good taste and quality that come from Beatrice products. Beatrice sells a wide variety of hard-to-resist candies and dessert treats in many countries, including Holanda ice cream and Savoy chocolates, Callard & Bowser wrapped candies and Red Tulip chocolate assortments. Snacks are another favorite in many markets, where our brands include Tayto's and Jack's Snacks. Canadian consumers enjoy the winning combination of Colonial cookies and Beatrice milk. Stute fruit juices, nectars and jams, and Campofrio specialty meats are sure to please in European markets. Through Franprix, Beatrice is also a major food wholesaler and retailer in France.

International Food Group

International Food reported a sales decline of 3 percent and an earnings decline of 13 percent because of lower foreign currency exchange rates, despite overall gains in local currencies. The group's five geographic divisions have been structured along product lines to bring greater strength to the marketplace through improved distribution, manufacturing efficiencies and marketing effectiveness.

The benefits of this new organization can be seen in Europe, our largest international division. We market snacks and confections, processed meats, soft drinks and fruit juices, and ice cream and dairy products. Beatrice also is a major food distributor in France. The division was strengthened by the acquisition of Minimarche food distribution in France and Stute fruit juices and jams in West Germany.

Canada showed continued sales and earnings growth in its two principal categories, dairy and cookies. Aggressive marketing programs resulted in increased volume for all dairy products, with especially good growth in ice cream, yogurt and cheese.

Latin America, in particular, was hurt by currency translations and troubled economies in Brazil and Venezuela. However, population growth, coupled with consumer demand for a wider range of products, provide an encouraging future for snacks, confections, ice cream and beverages.

Sales and earnings also were down in Australasia due to flat volume and currency translations. Principal operations are in the highly competitive and heavily promoted Australian confections market. To bolster our performance, we are introducing new products such as a lower-priced chocolate assortment and a nutritious confectionery bar with sesame seeds, nuts and dried fruits.

Our Far East division offers promising growth potential. Through aggressive marketing, Doll-brand quality Oriental foods have established a strong market presence in Hong Kong. Our joint venture project in China, Guangmei Foods, began exporting snacks to Hong Kong and is working toward the distribution of beverages within China.

Fiscal 1985 Outlook The group expects stronger earnings as foreign currencies stabilize against the dollar. Fruit drinks and food distribution will be growth areas in Europe. Expanded distribution of existing products to the Western provinces is expected in Canada. A similar geographic growth strategy should broaden our base in Latin America. In Australasia we will continue to target additional segments of the confections market. Far East will continue to broaden its geographic reach.

Europe

Migros — Food distribution

Record — Food distribution

Campofrio™ — Sausage, luncheon meats; hot dogs

Smith-Kendon® — Confections

Callard & Bowser — Confections

Stute — Juices, preserves

Sanson — Ice cream

Latin America

Savoy — Confections

Jack's Snacks — Snack foods

Holanda — Ice cream

Canada

Beatrice® — Dairy products

Colonial — Cookies

Australasia

Red Tulip® — Confections

Patra — Juices

Far East

Doll — Oriental foods

Meadow Gold — Dairy products

Coupons

For some time we have provided an opportunity to sample some of our many fine products by including coupons in our annual and quarterly reports. This program has been a great success.

On the following pages, we are including eight coupons offering special savings on some of our finest products and services. These brands symbolize the quality and value of all our products.

We encourage you to use these coupons. It is our way of saying thank you for taking stock in Beatrice.

25¢ Off 25¢ Off

Tropicana®

TROPIC-ANA®

Free Free

LA CHOY®

35¢ Off 35¢ Off

FISHER®

75¢ Off 75¢ Off

Swiss Miss® Sugar Free

25¢ Off **25¢ Off**

25¢ Off any Tropicana Orange Juice Product

Retailer: We will reimburse you for the face amount of the coupon plus 8¢ per coupon for handling provided you and the consumer have complied with the terms of this offer. Presentation for redemption without such compliance constitutes fraud. Invoices proving purchase of sufficient stock of our brand(s) to cover coupons presented for redemption must be shown upon request. Consumer must pay any sales tax. Coupon may not be transferred or assigned and is void where its use is prohibited, taxed or otherwise restricted. Cash value 1/20¢. This offer is limited to one coupon per purchase. Redeem by mailing to Tropicana Products Sales, Inc., P.O. Box 1497, Clinton, Iowa 52734. Coupon must be forwarded to clearinghouse within 60 days of expiration date.
Offer expires: May 1, 1985.

48500 114722

Free **Free**

Free 10 oz. La Choy Soy Sauce

Retailer: You are authorized as our agent to provide the bearer of this coupon with a 10 oz. bottle of La Choy Soy Sauce upon surrender of this coupon to you. We will reimburse you up to a maximum of $1.25 plus 8¢ handling provided you and the customer have complied with the terms of this offer. Presentation for redemption without such compliance constitutes fraud. Invoices proving purchase of sufficient stocks of the La Choy item specified must be shown upon request. Cash value 1/20¢. Customer must pay any sales tax. Coupon good only in U.S.A. and void where prohibited, taxed or restricted. Mail coupons for payment to La Choy Food Products, Box 1563, Clinton, Iowa 52734.
Offer expires: May 1, 1985.

44300 100631

35¢ Off **35¢ Off**

35¢ Off any jar or tin of Fisher Nuts

Retailer: We will redeem this coupon plus 8¢ handling when terms of this offer have been complied with by you and the consumer. For payment, mail coupon to: Fisher Nut Co., P.O. Box 1151, Clinton, Iowa 52734. Coupon will be honored only if submitted by a retailer of our merchandise or a clearinghouse approved by us and acting for and at the risk of such a retailer. Invoices proving purchase of sufficient stock, to cover coupons presented for redemption, must be shown upon request. Any sales tax must be paid by the consumer. Only one coupon redemption per package. Offer good only in the United States and void where prohibited, licensed, taxed or restricted by law. Cash value 1/20 of 1¢. Coupon subject to confiscation when terms of offer have not been complied with.
Offer expires: May 1, 1985.

99993-101684

75¢ Off **75¢ Off**

Save 75¢ on either size Swiss Miss Sugar Free Chocolate Milk Maker

Retailer: We redeem this non-transferable coupon for 75¢ plus 8¢ handling on any size Swiss Miss Sugar Free Chocolate Milk Maker except single envelopes provided you and consumer have complied with the terms of this offer. Any other application constitutes fraud. Failure on request to submit proof you bought stock to cover coupons submitted may void them all. Void if prohibited, taxed or restricted. The consumer must pay any sales tax. Cash value 1/200¢. Redeemable only by retailers. Mail coupons to Sanna Division Coupon Redemption Program, P.O. Box 1689, Elm City, N.C. 27898.
Offer Expires: May 31, 1985

000-551

Free Free

BONKERS™

Save up to $200 Save up to $200

Samsonite®

$30 Off $30 Off

Culligan®

$10 Off $10 Off

del mar® window coverings

Free Free

Go Bonkers for a free package of new Bonkers™ Cat Treats

To the Dealer: You are authorized to act as agent for the redemption of this coupon. We will reimburse you up to a maximum of 89¢ plus 8¢ handling provided you and the customer have complied with the terms of this offer. Void where prohibited, taxed or restricted by law. Cash redemption value 1/20 of 1¢. This coupon is non-assignable. Invoices proving purchase of sufficient stock of our brands to cover coupons presented must be shown upon request. Mail coupons to Lee's Marketing Service, P.O. Box 7748, Mt. Prospect, Illinois 60056-7748. Reimbursement will be made only to a retail distributor of our merchandise. Any other use constitutes fraud. Limit one coupon per package purchased. Not to be combined with any other offer.
Offer expires: May 1, 1985.

133

Save up to $200 Save up to $200

Odyssey: Garment Bag and Carry-On in Black, 26 Suiter With Wheels in Silver

Save up to $200.00 on Samsonite's new Odyssey™ luggage

Odyssey™ luggage is elegant, sleek and Samsonite's premier luggage line. Each piece has leather handles and accents that give a distinctive look and feel. This three-piece set is perfect for long or short trips. **Offer expires: May 31, 1985.**

Odyssey	Suggested List Price	Your Cost*	Quantity	Total
Garment Bag (black)	$175.00	$110.00		
Carry-On (black)	$150.00	$ 85.00		
26 Suiter With Wheels (silver)	$175.00	$120.00		
3-Piece Set (Includes all of the above)	$500.00	$300.00		

*Cost includes shipping and handling. This offer good only in the Continental United States. Allow four weeks for delivery.

Total Cost________

Name________

Address________

City________ State________ Zip________

Mail this coupon and a check or money order to:
Samsonite Corporation
Code 123
11200 E. 45th Avenue
Denver, CO 80239

$30 Off $30 Off

$30 Off with purchase or free first month rental on a Culligan Drinking Water System!

Customer Name________

Address________

City________ State________ Zip________

Dealer/Location________

To receive your rebate, complete this form and take it to your local Culligan dealer. New customers only—12 month contract on rental. Offer good through May 31, 1985. Void where prohibited, taxed or otherwise restricted. Allow 6-8 weeks for rebate. One coupon per customer order.

$10 Off $10 Off

$10.00 Off Del Mar Softlight™ Shades

Softlight Shades are pleated fabric shades with the fasionable look of horizontal blinds.
Simply present this coupon to your retailer and receive $10.00 off on your order of Softlight Shades!

Retailer: Attach this certificate to this order of Del Mar Softlight Shades and receive $10.00 off your invoice.
Must be redeemed by May 31, 1985.

Limit one per family.

Customer Name________

Address________

City________ State________ Zip________

Financial Review 1984

Several changes in Beatrice's organization during fiscal 1984 are reflected in the following financial statements. These include: the realignment of the company into six operating groups; the divestiture of a number of companies; and a reduction of the business realignment reserve established in February 1983 (see Note 2). In addition, we reduced our equity base through the purchase of 10 million shares of Beatrice common stock in the fourth quarter.

Contents

Net Sales and Earnings by Business Group

(In Millions)

Total Operations*

Years Ended Last Day of February	**1984 Sales**	**1984 Earnings**	1983 Sales	1983 Earnings	1982 Sales	1982 Earnings	1981 Sales	1981 Earnings	1980 Sales	1980 Earnings	1979 Sales	1979 Earnings
Refrigerated Foods & Services	**$1,964**	**$135**	$2,010	$115	$2,125	$121	$2,167	$132	$2,063	$124	$1,858	$109
Beverage	**1,220**	**132**	1,059	108	755	69	671	82	595	75	383	43
Grocery	**2,332**	**166**	2,307	185	2,296	169	2,158	160	2,042	140	1,884	138
Consumer & Commercial Products	**1,570**	**197**	1,515	186	1,626	173	1,641	191	1,838	195	1,766	200
Chemical	**453**	**66**	408	50	446	63	387	50	309	45	263	37
International Food	**1,788**	**112**	1,840	129	1,773	129	1,749	108	1,444	99	1,325	90
Total Groups	**$9,327**	**808**	$9,139	773	$9,021	724	$8,773	723	$8,291	678	$7,479	617
Unallocated operating expense		**(105)**		(79)		(74)		(49)		(42)		(45)
Gross operating margin		**$703**		$694		$650		$674		$636		$572

Operations Excluding Divestitures*

The following table presents the net sales and earnings of operations on hand at the end of fiscal 1984. All operations sold through February 29, 1984 have been excluded.

	1984 Sales	**1984 Earnings**	1983 Sales	1983 Earnings	1982 Sales	1982 Earnings	1981 Sales	1981 Earnings	1980 Sales	1980 Earnings	1979 Sales	1979 Earnings
Refrigerated Foods & Services	**$1,529**	**$127**	$1,386	$103	$1,403	$103	$1,366	$106	$1,254	$ 95	$1,101	$ 81
Beverage	**1,220**	**132**	1,034	108	480	46	422	63	380	54	192	27
Grocery	**1,963**	**139**	1,959	162	1,877	141	1,779	133	1,649	118	1,471	109
Consumer & Commercial Products	**1,503**	**198**	1,362	185	1,324	162	1,251	178	1,256	186	1,124	161
Chemical	**453**	**66**	408	50	446	63	387	50	309	45	263	37
International Food	**1,784**	**112**	1,826	129	1,759	129	1,713	107	1,412	97	1,195	86
Total Groups	**$8,452**	**$774**	$7,975	$737	$7,289	$644	$6,918	$637	$6,260	$595	$5,346	$501

*Years prior to 1982 have not been restated to reflect the change to the last-in, first-out (LIFO) cost basis for substantially all inventories in the United States.

Business Objectives

Beatrice is a premier worldwide marketer focusing on food and consumer products that looks primarily toward internal development rather than acquisitions to drive future growth. The company's fundamental financial goals are: to achieve real internal growth in the range of 4 to 5 percent and to provide an above-average return to our shareholders. Beatrice's return on equity goal is 18 percent.

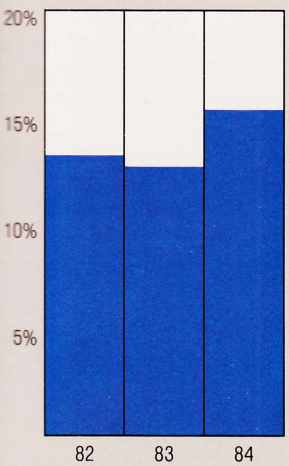
Business Realignment

Several actions taken in fiscal 1984 resulted from Beatrice's new marketing focus. These are highlighted below:

- A number of businesses with low returns or that were poor strategic fits were divested.
- More than 400 profit centers worldwide were consolidated along marketing lines into 27 larger, free-standing units.
- Beatrice's management structure was reorganized, with the formation of an Office of the Chairman and six operating groups.
- A new corporate strategy for identity and advertising was developed.
- Major purchasing functions were combined.
- A new strategic planning system was instituted.

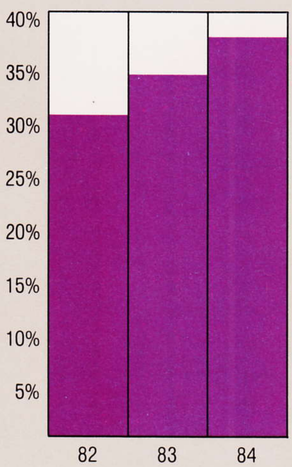
More information on these actions is available later in this section, in the Letter to Stockholders and in the Notes to Consolidated Financial Statements.

Return on Average Equity



(Excludes special actions and special items)

Long-Term Debt to Equity



Fiscal 1984 Compared to 1983

Net sales rose 2 percent to $9.3 billion. Group earnings reached $808 million, an increase of 5 percent. Both sales and group earnings were reduced by a number of divestitures during the year. Net sales and group earnings, excluding these divestitures in both years, increased 6 percent and 5 percent, respectively. The divestitures, along with a reduction in the business realignment reserve, resulted in special net gains totaling $99 million. With these special actions, net earnings reached $433 million in fiscal 1984 compared to $43 million in fiscal 1983, which included special charges of $278 million. Excluding special actions in both years, net earnings rose to $334 million in fiscal 1984 from $321 million in fiscal 1983.

GROUP RESULTS Refrigerated Foods & Services net sales were $2.0 billion, a decline of 2 percent. Group earnings rose 18 percent to $135 million. The decline in sales was due to the divestiture of John Sexton & Co., which took place early in the fourth quarter. The acquisition of Termicold Corporation and Lackawanna Leather, combined with some unit volume gains and selling price increases, were responsible for the earnings improvement, and more than offset the absence of earnings from the divestiture. Dairy earnings declined due to weak industry conditions as a result of a surplus of raw milk.

Beverage net sales increased 15 percent to $1.2 billion and group earnings rose 23 percent to $132 million. The increase in net sales was due to unit volume gains, particularly for Fruit Juices, and new product introductions and acquisitions of new Coca-Cola franchise territories in Soft Drinks. Selling price increases also had a favorable impact on sales. Beverage earnings were influenced by these same factors and also increased due to a decline in goodwill amortization related to Fruit Juices.

Grocery net sales increased 1 percent to $2.3 billion while group earnings declined 10 percent to $166 million. Both sales and earnings were reduced by the divestiture of the domestic candy operations. In addition, heightened competition in Specialty Meats, Cheese and Bakery Products resulted in lower selling prices which were not offset by volume gains. Earnings also declined due to significantly higher selling and marketing expenses to increase brand awareness, fund new products and broaden distribution.

Consumer & Commercial Products net sales increased 4 percent to $1.6 billion, while group earnings increased 6 percent to $197 million. Unit volume gains in most areas favorably influenced results, more than offsetting the effects of lower currency exchange rates and divestitures. Significant sales and earnings gains were recorded in Home Products and Printing & Graphics as a result of strong consumer demand, while earnings of Specialty Apparel declined due to unit volume decreases.

Chemical net sales increased 11 percent to $453 million while group earnings increased 32 percent to $66 million. The general improvement in the domestic economy led to higher selling prices and strong unit volume growth. These factors were also responsible for improved earnings and higher margins.

International Food reported a 3 percent decline in net sales to $1.8 billion and a 13 percent decline in earnings to $112 million. The strength of the U.S. dollar against most other currencies was responsible for the sales and earnings declines and substantially exceeded increases in volume and selling prices. In addition, a deterioration of economic conditions in Latin America affected results. Despite the adverse currency translation effects, Europe posted a modest increase in earnings due to the acquisition of Stute, a producer of fruit juice and preserves in West Germany. Latin America experienced a significant decline in earnings and was most affected by the stronger U.S. dollar.

OTHER RESULTS Unallocated operating expenses increased $26 million. Of the increase, $7 million resulted from point-of-sale promotions and discount coupons related to the campaign to establish Beatrice's new corporate identity during the Winter Olympics. Another $4 million of the increase was due to an increase in the corporate self-insurance reserve. The balance of the increase is attributable to costs associated with new corporate functions supporting Beatrice's new marketing focus. These costs include personnel, market research, and operating support systems.

Interest income declined as a result of a reduction in marketable securities and notes receivable. Interest expense remained approximately the same as the previous year because interest rates and the average level of borrowings remained relatively stable during the year. Business realignment income comprises $125 million of gains on the sale of businesses and a reduction of the business realignment reserve of $38 million. Other income, net, increased primarily as a result of investments in tax leases by Beatrice's unconsolidated leasing company. The provision for income taxes was affected significantly by capital gains rates on divestiture gains. The income tax note included in the Notes to Consolidated Financial Statements provides additional information on income taxes.

ADVERTISING AND SALES PROMOTION: In fiscal 1984 advertising and sales promotion expense increased 27 percent to $288 million compared to $226 million in fiscal 1983.

Certain sales promotion activities in the past were classified as expenses and are now reflected as a reduction of sales. Sales and advertising and sales promotion expenses prior to fiscal 1984 have been restated to reflect this change.

Fiscal 1983 Compared to 1982

Net sales rose 1 percent to $9.1 billion. Group earnings reached $773 million, an increase of 7 percent, in part due to the acquisition of beverage operations in the fourth quarter of fiscal 1982. Net earnings decreased from $390 million to $43 million as a result of special charges of $278 million in fiscal 1983 and gains of $77 million for special items in fiscal 1982.

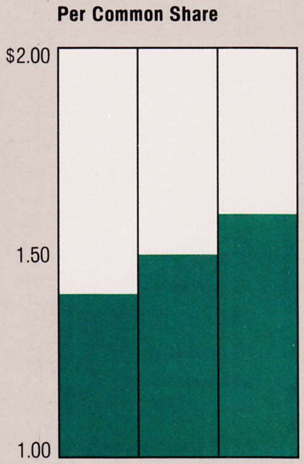
GROUP RESULTS Refrigerated Foods & Services net sales declined 5 percent to $2.0 billion and group earnings declined 6 percent to $115 million due primarily to the effect of the U.S. recessionary economy on Agri-Products and the absence of the Dannon business, which was divested in the second quarter of fiscal 1982.

Beverage net sales rose 40 percent to $1.1 billion and group earnings increased 56 percent to $108 million, largely due to acquisitions whose combined sales and earnings exceeded the prior year sales and earnings of divested bottling operations. Beverage Group earnings were also favorably affected by higher margins from acquired companies.

Grocery net sales were $2.3 billion, an increase of less than 1 percent, while group earnings grew 10 percent to $185 million. The improved margins resulted primarily from changes in product mix at Prepared Foods, higher selling prices for Specialty Meats and generally lower costs of commodities.

Consumer & Commercial Products net sales were $1.5 billion, 7 percent lower than the prior year, while group earnings increased 8 percent to $186 million. Lower currency translation rates affected both sales and earnings. The absence of sales from divested operations more than offset increases in net sales of continuing operations. Earnings increased in all major areas of operations, with the exception of lower earnings for Commercial Products due to unit volume decreases.

Dividends Per Common Share



Earnings Per Share

(Excludes special actions and special items)

Chemical net sales declined 8 percent to $408 million while group earnings declined 20 percent to $50 million. Unit volume decreases and lower currency translation rates affected both net sales and group earnings. Reduced operating margins also affected group earnings.

The International Food Group, which was adversely affected by the continued strengthening of the U.S. dollar compared to most other currencies, reported a 4 percent net sales increase to $1.8 billion and group earnings of $129 million, an increase of less than 1 percent. In local currencies, net sales increased 17 percent and group earnings 11 percent over the prior year. These gains resulted primarily from unit volume and selling price increases in Europe, Canada and Latin America as well as acquisitions in Europe and Latin America.

OTHER RESULTS Interest income declined 41 percent and interest expense increased 27 percent. Both of these changes were associated with the use of cash for acquisitions, primarily in the Beverage Group.

During the year, Beatrice incurred divestiture losses totaling $13 million ($9 million after-tax). In addition, special actions announced in the fourth quarter of fiscal 1983 resulted in pre-tax charges of $345 million ($278 million after-tax). These actions included a $188 million goodwill write-down and a $157 million pre-tax provision for business realignment, which comprised a $127 million addition to the business realignment reserve for losses on divestitures and other reorganization costs and a $30 million provision for a voluntary early retirement program for certain domestic employees.

In fiscal 1983, Beatrice adopted FASB 52 for foreign currency translation. This change reduced net foreign currency translation losses and other expenses included in fiscal 1983 net earnings by $11 million. After giving effect to FASB 52, translation losses were $13 million in fiscal 1983 compared to $2 million recorded under FASB 8 in the prior year.

The effective tax rate increased to 79.5 percent from 47.7 percent due to the goodwill write-down which had no tax benefits associated with it. Excluding the $188 million goodwill write-down, the effective tax rate would have been 47.1 percent.

Financial Condition and Inflation

INTERNAL FUNDS: Funds are derived primarily from operations; however, from time to time additional debt and/or equity is required. Cash provided by operations was $725 million in 1984 compared to $635 million in 1983 and $632 million in 1982.

During 1984, 1983 and 1982, the other primary sources of funds were the proceeds from the sale of divested operations and the issuance of long-term debt and short-term debt. During the three-year period significant funds were used for the purchase of treasury stock in 1984, the acquisition of companies in 1983 and 1982 and capital expenditures and dividends in all three years. Operations are expected to be the primary source of cash in 1985 with divestitures contributing additional amounts. Anticipated major uses of cash in 1985 will be for capital expenditures, acquisitions of companies, increased advertising and marketing expenses and dividends.

WORKING CAPITAL: At February 29, 1984, current assets exceeded current liabilities by $693 million, a decline of $123 million from the prior fiscal year-end. This decrease is primarily attributable to less cash and short-term investments on hand due to investments in treasury stock and other noncurrent assets.

LEVERAGE AND CREDIT AVAILABILITY: The total debt to equity ratio at fiscal 1984 year-end increased to 49 percent from 47 percent at the end of 1983. The change is principally due to the large acquisition of treasury stock in 1984 and the increase in the cumulative foreign currency translation adjustment to stockholders' equity.

At February 29, 1984, informal lines of bank credit and committed lines of credit under revolving credit agreements of approximately $566 million were available if needed for funding normal business needs. These lines totaled approximately $523 million at February 28, 1983.

Also in February 1984, Beatrice arranged with a group of banks for irrevocable lines of credit aggregating $2.5 billion. Such credit is available to Beatrice in the form of six-month loans to be made at any time through August 31, 1984. In the event the lines of credit are drawn down, Beatrice and the banks have agreed to use their best efforts to negotiate definitive credit agreements which would extend the maturity of the loans for three to four years. These borrowings may be used to acquire the securities of any corporation, provided that not more than $1.5 billion may be used to purchase Beatrice common stock.

CAPITAL EXPENDITURES: The business realignment slowed the pace of capital expenditures during fiscal 1984. Net expenditures for property, plant and equipment totaled $208 million, a decrease from the $211 million spent in fiscal 1983 and $216 million spent in fiscal 1982. Capital expenditures are expected to increase in fiscal 1985.

INFLATION: Management recognizes the effects of inflation on its businesses and has taken steps, such as the adoption of the LIFO inventory method in 1982 and the implementation of various productivity programs, to counteract these effects.

In Millions		1984	1983	1982	1981
	Net Sales	**$9,327**	$9,139	$9,021	$8,773
	Operating Expenses:				
	Cost of Sales	**6,664**	6,597	6,682	6,511
	Selling and Administrative	**1,766**	1,666	1,526	1,432
	Depreciation	**194**	182	163	156
	Total Operating Expenses	**8,624**	8,445	8,371	8,099
	Gross Operating Margin	**703**	694	650	674
	Interest Expense	**(113)**	(114)	(90)	(96)
	Interest Income and Other Income (Expense)	**213**	(308)	65	41
	Pre-tax Earnings	**803**	272	625	619
	Income Taxes	**360**	216	299	302
	Earnings Before Minority Interests and Special Items	**443**	56	326	317
	Minority Interests	**(10)**	(13)	(13)	(13)
	Special Items	**—**	—	77**	—
	Net Earnings	**$ 433**	$ 43	$ 390	$ 304
	Total Assets	**$4,464**	$4,732	$4,744	$4,237
	Long-term Debt	**$ 779**	$ 772	$ 759	$ 691

Per Common Share					
	Earnings:				
	Primary	**$ 4.23**	$ .27	$ 3.02**	$ 2.94
	Fully Diluted	**$ 3.99**	$ .27	$ 2.87**	$ 2.79
	Dividends	**$ 1.60**	$ 1.50	$ 1.40	$ 1.30
	Book Value	**$20.06**	$19.77	$21.95	$19.63
	Market Price:				
	High	**$36.00**	$25.13	$23.50	$24.50
	Low	**$24.13**	$18.00	$16.75	$16.25

Ratios/Percentages					
	Current Assets to Current Liabilities	**1.55:1**	1.60:1	1.73:1	2.13:1
	Pre-tax Return on Sales	**8.6%**	3.0%	6.9%**	7.1%
	After-tax Return on Sales	**4.6%**	.5%	3.5%**	3.5%
	Effective Tax Rate	**44.9%**	79.5%	47.7%**	48.7%
	Dividend Payout Rate	**37.8%**	555.6%	46.4%**	44.2%
	Return on Average Equity	**20.4%**	1.9%	13.6%**	14.5%
	Long-term Debt to Equity	**38.4%**	34.9%	31.3%	31.7%

Supplemental Data Excluding Special Actions***			
	Earnings per Common Share:		
	Primary	**$ 3.23**	$ 3.06
	Fully Diluted	**$ 3.08**	$ 2.91
	Pre-tax Return on Sales	**6.9%**	6.8%
	After-tax Return on Sales	**3.6%**	3.5%
	Effective Tax Rate	**46.2%**	46.0%
	Dividend Payout Rate	**49.5%**	49.0%
	Return on Average Equity	**15.8%**	13.1%

1980	1979	1978	1977	1976	1975	1974
$8,291	$7,479	$6,522	$5,745	$5,174	$4,785	$4,151
6,153	5,530	4,842	4,246	3,850	3,598	3,096
1,360	1,255	1,087	1,003	896	796	713
142	122	106	71	66	62	58
7,655	6,907	6,035	5,320	4,812	4,456	3,867
636	572	487	425	362	329	284
(91)	(73)	(58)	(34)	(37)	(35)	(24)
40	22	26	20	21	16	19
585	521	455	411	346	310	279
286	251	221	198	166	147	129
299	270	234	213	180	163	150
(9)	(8)	(7)	(7)	(5)	(4)	(4)
—	—	—	—	—	—	—
$ 290	$ 262	$ 227	$ 206	$ 175	$ 159	$ 146
$3,980	$3,674	$2,857	$2,371	$2,076	$1,934	$1,692
$ 659	$ 679	$ 486	$ 294	$ 299	$ 315	$ 244
$ 2.81	$ 2.60	$ 2.35	$ 2.15	$ 1.84	$ 1.68	$ 1.53
$ 2.67	$ 2.51	$ 2.30	$ 2.09	$ 1.79	$ 1.63	$ 1.49
$ 1.20	$ 1.08	$ .96	$ .82	$ .74	$ .68½	$ .62¾
$17.95	$16.32	$14.70	$13.24	$11.70	$10.48	$ 9.37
$24.25	$28.25	$26.13	$28.50	$25.88	$22.63	$28.50
$18.50	$21.50	$22.00	$21.50	$18.00	$12.13	$16.63
1.96:1	2.00:1	2.12:1	2.22:1	2.39:1	2.38:1	2.27:1
7.1%	7.0%	7.0%	7.2%	6.7%	6.5%	6.7%
3.5%	3.5%	3.5%	3.6%	3.4%	3.3%	3.5%
48.8%	48.1%	48.6%	48.3%	48.0%	47.4%	46.1%
42.7%	41.5%	39.8%	38.5%	39.8%	40.4%	40.6%
15.1%	16.1%	16.9%	17.2%	16.4%	16.6%	17.0%
32.9%	36.9%	34.3%	23.1%	26.7%	31.2%	26.8%

*Amounts have not been restated for capitalization of leases prior to 1978, change to LIFO method for valuing inventories prior to 1982 and change in foreign currency translation method (FASB 52) prior to 1983.

**Special items in 1982 include gain on the sale of the Dannon business and cumulative effect of accounting change for investment tax credit. Per share data and percentages are computed before these special items.

***For information purposes, these statistics are presented excluding certain gains from the business realignment program totaling $163 million pre-tax ($99 million after-tax) for 1984; and excluding special charges totaling $345 million pre-tax ($278 million after-tax) for 1983. See Discussion of Operations and Financial Condition for additional information.

Consolidated Balance Sheet

(In Millions Except Share Data)

Assets As of Last Day of February 1984 and 1983	**1984**	1983
Current assets:		
Cash	**$ 67**	$ 134
Short-term investments, at cost which approximates market	**65**	131
Receivables, less allowance for doubtful accounts of $30 (1983—$27)	**906**	892
Inventories	**819**	881
Other current assets	**101**	129
Total current assets	**1,958**	2,167
Investments in unconsolidated affiliated companies	**75**	47
Net property, plant and equipment	**1,559**	1,664
Intangible assets, principally goodwill	**741**	726
Noncurrent receivables	**57**	89
Other noncurrent assets	**74**	39
	$4,464	$4,732

Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt	**$ 145**	$ 209
Accounts payable	**583**	583
Accrued expenses	**470**	496
Current portion of long-term debt	**67**	63
Total current liabilities	**1,265**	1,351
Long-term debt	**779**	772
Other noncurrent liabilities	**150**	223
Deferred income taxes	**159**	85
Deferred credits	**26**	23
Minority interests	**57**	63
Stockholders' equity:		
Preference stock (without par value):		
Authorized 20,000,000 shares		
Issued and outstanding 3,727,884 shares (1983—4,896,656 shares) at stated values	**194**	254
Common stock (without par value):		
Authorized 200,000,000 shares		
Issued 102,258,796 shares (1983—101,635,032 shares) at $1.85 stated value	**189**	188
Additional capital	**178**	161
Retained earnings	**2,005**	1,751
Treasury stock (at cost) 10,818,525 shares (1983—2,551,490 shares)	**(353)**	(50)
Cumulative foreign currency translation adjustment	**(185)**	(89)
Total stockholders' equity	**2,028**	2,215
	$4,464	$4,732

See Notes to Consolidated Financial Statements.

Statement of Consolidated Earnings

(In Millions Except Per Share Data)

Years Ended Last Day of February 1984, 1983 and 1982	**1984**	1983	1982
Net sales	**$9,327**	$9,139	$9,021
Operating expenses:			
Cost of sales, excluding depreciation	**6,664**	6,597	6,682
Selling and administrative expenses, excluding depreciation	**1,766**	1,666	1,526
Depreciation	**194**	182	163
Total operating expenses	**8,624**	8,445	8,371
Gross operating margin	**703**	694	650
Other income (expense):			
Interest income	**39**	46	78
Interest expense	**(113)**	(114)	(90)
Business realignment	**163**	(170)	(13)
Goodwill write-down	**—**	(188)	(10)
Other, net	**11**	4	10
Total other income (expense)	**100**	(422)	(25)
Earnings before income taxes, minority interests and special items	**803**	272	625
Provision for income taxes	**360**	216	299
Earnings before minority interests and special items	**443**	56	326
Minority interests	**(10)**	(13)	(13)
Earnings before special items	**433**	43	313
Special items*	**—**	—	77
Net earnings	**$ 433**	$ 43	$ 390
Primary earnings per share:			
Before special items	**$ 4.23**	$ .27	$ 3.02
Special items*	**—**	—	.78
Primary earnings per share	**$ 4.23**	$ .27	$ 3.80
Fully diluted earnings per share:			
Before special items	**$ 3.99**	$ .27	$ 2.87
Special items*	**—**	—	.71
Fully diluted earnings per share	**$ 3.99**	$ .27	$ 3.58

*Special items include $45 million gain (net of $23 million in taxes) from the sale of the Dannon business (per share effect of $.46 primary; $.42 fully diluted) and $32 million cumulative effect of the change in accounting principle for investment tax credit (per share effect of $.32 primary; $.29 fully diluted).

See Notes to Consolidated Financial Statements.

Years Ended Last Day of February 1984, 1983 and 1982	**Number of Shares** (In Thousands)			**Stockholders' Equity** (In Millions)					
	Preference Stock	Issued Common Stock	Treasury Stock	Preference Stock	Issued Common Stock	Additional Capital	Retained Earnings	Treasury Stock	Cumulative Foreign Currency Translation Adjustment
Balance, February 28, 1981	5,010	97,838	81	$260	$181	$107	$1,634	$ —	$ —
Net earnings	—	—	—	—	—	—	390	—	—
Conversion of preference stock	(9)	24	(17)	—	—	—	—	—	—
Conversion of debentures	—	26	(56)	—	—	1	—	1	—
Exercise of stock options	—	6	(8)	—	—	—	—	—	—
Forfeitures of stock previously contributed to employee stock benefit plans	—	—	5	—	—	—	—	—	—
Purchase of treasury stock	—	—	100	—	—	—	—	(2)	—
Dividends paid on:									
Common stock	—	—	—	—	—	—	(137)	—	—
Preference stock	—	—	—	—	—	—	(17)	—	—
Sundry	—	650	—	(1)	1	(1)	4	—	—
Balance, February 28, 1982	5,001	98,544	105	259	182	107	1,874	(1)	—
Net earnings	—	—	—	—	—	—	43	—	—
Conversion of preference stock	(104)	—	(205)	(5)	—	3	—	2	—
Conversion of debentures	—	—	(106)	—	—	—	—	3	—
Stock contributed to employee stock benefit plans (forfeitures shown as treasury stock)	—	57	11	—	—	1	—	—	—
Purchase of treasury stock	—	—	2,746	—	—	—	—	(54)	—
Stock issued for assets of purchased companies	—	3,034	—	—	6	50	—	—	—
Dividends paid on:									
Common stock	—	—	—	—	—	—	(149)	—	—
Preference stock	—	—	—	—	—	—	(17)	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(89)
Balance, February 28, 1983	4,897	101,635	2,551	254	188	161	1,751	(50)	(89)
Net earnings	—	—	—	—	—	—	433	—	—
Conversion of preference stock	(1,164)	—	(2,239)	(60)	—	5	—	55	—
Conversion of debentures	—	—	(811)	—	—	(1)	(1)	21	—
Exercise of stock options	—	—	(757)	—	—	(3)	(3)	21	—
Stock contributed to employee stock benefit plans (forfeitures shown as treasury stock)	—	6	(94)	—	—	—	—	3	—
Purchase of treasury stock	—	—	12,169	—	—	—	—	(403)	—
Stock issued for assets of purchased companies	—	618	—	—	1	16	—	—	—
Dividends paid on:									
Common stock	—	—	—	—	—	—	(159)	—	—
Preference stock	—	—	—	—	—	—	(16)	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(96)
Redemption of preference stock	(5)	—	—	—	—	—	—	—	—
Balance, February 29, 1984	3,728	102,259	10,819	$194	$189	$178	$2,005	$(353)	$(185)

See Notes to Consolidated Financial Statements.

Statement of Consolidated Changes in Financial Position

(In Millions)

Years Ended Last Day of February 1984, 1983 and 1982	**1984**	1983	1982
Cash provided (used) by operations:			
Earnings before special items*	**$ 433**	$ 43	$ 313
Items which did not currently use cash:			
Depreciation and amortization of goodwill and zero coupon notes discount	**237**	220	183
Goodwill write-down	**—**	188	10
Increase (decrease) in business realignment reserve charged (credited) to earnings	**(38)**	139	53
Deferred taxes and other items	**62**	28	41
Cash provided by earnings before special items*	**694**	618	600
Cash provided (used) by changes in working capital:			
Receivables	**(49)**	(39)	(40)
Inventories	**14**	60	7
Other current assets	**21**	(17)	(52)
Accounts payable and other current liabilities	**45**	13	117
Cash provided by operations	**725**	635	632
Cash provided (used) by investment activities:			
Net expenditures for property, plant and equipment	**(208)**	(211)	(216)
Property, plant and equipment acquired through purchase of other companies	**(63)**	(213)	(226)
Intangible assets acquired	**(46)**	(113)	(435)
Investments in unconsolidated affiliated companies	**(22)**	(4)	(1)
Change in noncurrent receivables	**29**	(4)	7
Divested operations' net property, plant and equipment less business realignment reserve reduction associated with these operations	**79**	14	50
Change in cash due to changes in foreign currency exchange rates	**(36)**	1	—
Sale of the Dannon business	**—**	—	55
Other items	**(34)**	1	(4)
Cash used by investment activities	**(301)**	(529)	(770)
Cash provided (used) by financing activities:			
Increases in long-term debt, including current portion	**108**	186	133
Fair value of common stock issued for assets of purchased companies	**17**	56	—
Issuance of common stock upon conversion of preference stock and debentures	**79**	8	2
Preference stock and debentures (net) retired upon conversion into common stock	**(79)**	(8)	(2)
Purchase of treasury stock	**(403)**	(54)	(2)
Reductions in long-term debt, including current portion	**(92)**	(166)	(53)
Change in short-term debt	**(44)**	80	16
Treasury stock used for stock option plans	**15**	—	—
Other items	**17**	(2)	5
Cash provided (used) by financing activities	**(382)**	100	99
Cash provided (used) before dividend payments	**42**	206	(39)
Cash dividends paid	**(175)**	(166)	(154)
Increase (decrease) in cash and short-term investments	**(133)**	40	(193)
Cash and short-term investments at beginning of year	**265**	225	418
Cash and short-term investments at end of year	**$ 132**	$ 265	$ 225

*Special items in 1982 include $45 million gain (net of $23 million in taxes) from the sale of the Dannon business and $32 million cumulative effect of the change in accounting principle for investment tax credit.

See Notes to Consolidated Financial Statements.

1 **Summary of Significant Accounting Policies**

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include all significant majority-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. Investments in most unconsolidated affiliated companies (20 percent to 50 percent owned companies and joint ventures and a wholly-owned leasing company) are carried on the equity method. Subsidiaries operating outside the United States are included on the basis of fiscal years generally ending on December 31.

INVENTORIES Inventories are valued at the lower of cost or market. Prior to 1982, inventories were stated principally on the first-in, first-out (FIFO) cost basis. Beginning in 1982, substantially all inventories located in the United States are stated on the last-in, first-out (LIFO) cost basis. The FIFO cost basis is generally used for all other inventories. The FIFO amount of inventories exceeds that of the LIFO inventories by approximately $52 million and $55 million as of the last day of February 1984 and 1983, respectively.

NET PROPERTY, PLANT AND EQUIPMENT Property, plant and equipment are stated at cost. The lease rights of capitalized leases and capitalized interest costs are recorded in the balance sheet as property, plant and equipment. The related lease obligations of the capitalized leases are accounted for as liabilities.

Depreciation is provided principally on the straight-line method for financial reporting purposes and on accelerated methods for income tax purposes where possible. Amortization of capitalized leases and capitalized interest costs is included with depreciation expense. The amount of interest capitalized was not material in any year.

INTANGIBLE ASSETS Intangible assets (principally goodwill) are amortized using the straight-line method over periods not in excess of 40 years. Amortized amounts are not accumulated but are deducted directly from the related asset.

Goodwill is written down when there is evidence of a permanent loss in its value. Such write-downs in 1983 included $170 million associated with Tropicana Products, Inc.

INCOME TAXES Income taxes include deferred income taxes which result from certain items of income and expense (principally depreciation, provision for business realignment costs, installment sales, self-insurance and deferred compensation) that are reported differently for income tax purposes than for financial reporting purposes. Investment tax credit is recognized on the flow-through method.

CALCULATION OF EARNINGS PER SHARE Primary earnings per share is computed by adjusting net earnings for preference stock dividends and the after-tax interest expense on the 4⅞% debentures, and dividing that amount by the weighted average number of shares of common stock and common stock equivalents (stock options and 4⅞% debentures) outstanding during the period. Fully diluted earnings per share is computed by adjusting net earnings for the after-tax interest expense on all convertible debentures and dividing that amount by the sum of the weighted average number of shares of common stock and shares issuable for stock options and for the assumed full conversion of preference stock and convertible debentures. If the effect of the assumed conversion of any security is anti-dilutive, then the primary earnings per share calculation is used for that security in the determination of fully diluted earnings per share.

PENSION PLANS Beatrice has pension plans which cover salaried employees and certain hourly-paid employees. In general, it is Beatrice's policy to fund pension costs currently. Approximately 80 percent of Beatrice's prior service costs are amortized to expense over periods not exceeding 30 years. The remaining prior service costs are being amortized over a 40 year period. Beatrice contributes to other plans jointly administered by industry and union representatives.

ACCOUNTING CHANGES During 1983, Beatrice adopted the provisions of Statement of Financial Accounting Standards No. 52 (FASB 52) for foreign currency translation. This change reduced net foreign currency translation losses and other expenses included in fiscal 1983 net earnings by $11 million or an effect of $.11 on earnings per share. Prior years' financial statements, which were prepared under the provisions of Statement of Financial Accounting Standards No. 8, have not been restated, since the effect would not be material.

During 1982, Beatrice made two significant accounting changes. The last-in, first-out (LIFO) cost basis was adopted for substantially all inventories located in the United States, resulting in decreased net earnings in 1982 of $19 million (per share effect: $.19 primary; $.17 fully diluted). Pro forma effects of retroactive application of LIFO to years prior to 1982 are not determinable, and thus there is no cumulative effect on retained earnings at the beginning of that year. Also in 1982, Beatrice changed from the deferred method to the flow-through method of accounting for investment tax credit. The cumulative effect of the change was an increase in net income of $32 million (per share effect: $.32 primary; $.29 fully diluted).

RECLASSIFICATION Certain amounts for previous years in the consolidated financial statements have been reclassified to conform to the presentation used for 1984.

2 Business Realignment

Beatrice has undertaken a long-term program to realign its businesses along marketing lines. This program has resulted in a major corporate restructuring, including investments in new companies, divestitures of businesses that did not fit the strategic direction of the company, a new corporate identity program and a reorganization of Beatrice's management structure.

ACQUISITIONS During 1982, a number of companies were acquired for $643 million. The two largest of these were the Beverages Segment of Northwest Industries, Inc. (which included the Coca-Cola Bottling Company of Los Angeles, The Buckingham Corporation and their respective affiliates) for $580 million, and LouverDrape, Inc., for $41 million.

During 1983, several companies were acquired in purchase transactions for $226 million in cash and three million shares of common stock. The two largest acquisitions in 1983 were Coca-Cola Bottling Company of San Diego for three million shares of common stock and $24 million, and Termicold Corporation for $115 million.

In 1984, Beatrice acquired various companies for $78 million in cash and less than one million shares of common stock. None of these acquisitions is material to Beatrice's financial statements.

The results of operations of companies acquired in purchase transactions in 1982, 1983 and 1984 are included in Beatrice's results of operations subsequent to their respective acquisition dates.

DIVESTITURES In 1982, Beatrice sold its Dannon yogurt business for a pre-tax gain of $68 million ($45 million after-tax) and its Royal Crown bottling operations for a pre-tax gain of $48 million ($32 million after-tax). In addition, Beatrice incurred losses, net of gains, of $14 million pre-tax ($7 million after-tax) on other divested operations. Beatrice also provided in the business realignment reserve for losses on planned divestitures in the amount of $47 million pre-tax ($32 million after-tax).

During 1983, Beatrice provided an additional $127 million pre-tax ($75 million after-tax) in the reserve for losses on planned divestitures and other costs associated with the business realignment program. Beatrice also incurred losses of $13 million pre-tax ($9 million after-tax) from divestitures in 1983.

In connection with the business realignment program in 1984, Beatrice sold 31 businesses, primarily for cash. Certain of these divestitures resulted in gains of $125 million pre-tax ($76 million after-tax). The largest of these were the domestic candy operations, John Sexton & Co. and the Shedd's margarine business.

Losses incurred in 1984 from other sales of businesses totaling $56 million pre-tax ($30 million after-tax) were recorded as a reduction of the business realignment reserve. The reserve was further reduced due to better than anticipated results from the realignment program, resulting in an increase in earnings of $38 million pre-tax ($23 million after-tax) in the third quarter of 1984.

A table presenting sales and group earnings of operations on hand, excluding all operations divested through the end of fiscal 1984, is included in the business group data presented on page 24 of this report.

The business realignment program is continuing. Subsequent to February 29, 1984, Beatrice has sold or has agreements to sell six companies with revenues and identifiable assets in 1984 of $125 million and $65 million, respectively. Beatrice anticipates it will also sell additional companies with revenues and identifiable assets in 1984 of approximately $500 million and $100 million, respectively.

OTHER REALIGNMENT ACTIVITIES In the fourth quarter of 1983, Beatrice provided a $30 million pre-tax charge to earnings ($15 million after-tax) for the cost of a voluntary early retirement program which was offered to domestic personnel meeting certain age and service criteria.

During 1984, Beatrice reorganized its businesses into six groups, comprising 27 operating units, according to the markets served by the businesses. In addition, steps are being taken to more efficiently allocate resources and improve marketing efforts. Costs associated with these efforts in 1984, totaling $7 million pre-tax ($4 million after-tax), have been charged against the business realignment reserve. Costs of television and print campaigns directly associated with establishing the new corporate identity totaling $11 million pre-tax ($6 million after-tax) also have been charged against the business realignment reserve.

3 Balance Sheet Components

The components of certain balance sheet accounts as of the last day of February 1984 and 1983 are:

(In Millions)	1984	1983
Inventories		
Raw materials and supplies	$ 303	$ 289
Work in process	116	155
Finished goods	400	437
Total	$ 819	$ 881
Other Current Assets		
Deferred income tax charges	$ 58	$ 77
Other	43	52
Total	$ 101	$ 129
Investments in Unconsolidated Affiliated Companies		
Investments in and advances to unconsolidated affiliates	$ 121	$ 47
Due to unconsolidated leasing company	(46)	—
Net	$ 75	$ 47
Net Property, Plant and Equipment		
Land	$ 128	$ 130
Buildings	847	920
Machinery and equipment	1,422	1,466
	2,397	2,516
Less accumulated depreciation	838	852
Net	$1,559	$1,664
Accrued Expenses		
Employee compensation and benefits	$ 168	$ 159
Business realignment reserve—current portion	55	87
Taxes, other than income taxes	30	40
Income taxes	88	118
Other accruals	129	92
Total	$ 470	$ 496
Other Noncurrent Liabilities		
Deferred compensation and pensions	$ 95	$ 89
Business realignment reserve—noncurrent portion	—	80
Other	55	54
Total	$ 150	$ 223

4 Leases

Leased property is included in net property, plant and equipment as follows:

(In Millions)	1984	1983
Real property	$ 115	$ 144
Machinery and equipment	38	55
	153	199
Less accumulated amortization	52	61
Net	$ 101	$ 138

Future minimum rentals under capital subleases as of February 29, 1984 are $6 million. Contingent rent under capital leases was immaterial in 1984, 1983 and 1982.

Future minimum payments under non-cancellable leases as of February 29, 1984 are:

(In Millions)	Capital Leases	Operating Leases
1985	$ 20	$ 21
1986	16	17
1987	13	13
1988	11	9
1989	9	7
Later years	98	18
Total minimum lease payments	167	$ 85
Less estimated executory costs	1	
Net minimum lease payments	166	
Less amount representing interest	72	
Present value of net minimum lease payments	$ 94	

Future minimum rental receipts under non-cancellable operating subleases as of February 29, 1984 are $3 million.

Rent expense for operating leases for 1984, 1983 and 1982 was:

(In Millions)	1984	1983	1982
Minimum rent	$ 55	$ 53	$ 50
Contingent rent	4	4	6
	59	57	56
Less sublease rentals	2	1	2
Net	$ 57	$ 56	$ 54

5 Short-Term Debt and Compensating Cash Balances

The components of Beatrice's short-term debt and related interest rates for each of the last three fiscal years are:

(Dollars In Millions)	1984	1983	1982
Domestic borrowings, principally demand notes—1984; commercial paper—1983 and 1982	$ 57	$ 122	$ 44
Non-U.S. borrowings, principally bank debt	88	87	94
Total short-term debt at year-end	$ 145	$ 209	$ 138
Weighted average interest rate at year-end	11.0%	10.9%	15.1%
Maximum amount outstanding during the year	$ 304	$ 261	$ 316
Average amount outstanding during the year	$ 212	$ 192	$ 133
Weighted average interest rate during the year	11.6%	14.2%	16.6%

The average amounts of short-term debt outstanding during each of the years are calculated by averaging all month-end balances for each year. The associated weighted average interest rates are exclusive of the cost of maintaining certain compensating balances. These average rates represent total short-term interest expense divided by the average balances outstanding.

Beatrice's credit lines are adjusted as needs change. As of February 29, 1984, Beatrice has $280 million committed lines of credit under revolving credit agreements, and $286 million informal lines of credit, with both foreign and domestic banks. Commitment fees for these credit lines range between ¼ and ⅜ of 1 percent of the unused credit. Alternatively, in some cases Beatrice has informally agreed to maintain compensating balances ranging between 3 percent and 10 percent of the unused credit. Such compensating balance requirements were approximately $1 million as of the last day of February, 1984 and 1983. There are no legal restrictions on the use of such compensating balances. Borrowings under the above-mentioned lines of credit are at prime interest rates or, at Beatrice's option, borrowings under the revolving credit agreements may instead be priced at rates based upon U.S. dollar bank certificate of deposit rates or provided in Eurodollars or other convertible currencies at rates based upon the London interbank rate. At February 29, 1984, these revolving credit agreements are available to Beatrice for periods of three and four years.

Beatrice's informal lines of credit as of the last day of February 1984 and 1983 are:

(In Millions)	1984	1983
Maximum lines of credit:		
Domestic	$ 146	$ 161
Foreign	140	112
Borrowings under lines of credit:		
Foreign	$ 55	$ 32

In February 1984 Beatrice arranged with a group of banks for irrevocable lines of credit aggregating $2.5 billion. Such credit is available to Beatrice in the form of six-month loans to be made at any time through August 31, 1984 and carries commitment fees of ¼ of 1 percent per annum of the unused credit. In the event the lines of credit are drawn down, Beatrice and the banks have agreed to use their best efforts to negotiate definitive credit agreements which would extend the maturity of the loans for three to four years. Borrowings under these lines of credit will bear interest, at Beatrice's option, at prime rates, reserve adjusted certificate of deposit rates or reserve adjustment LIBOR rates. These borrowings may be used to acquire Beatrice common stock or the securities of any other corporation, provided that not more than $1.5 billion may be used to purchase Beatrice common stock.

6 Long-Term Debt

The balance of long-term debt is composed of:

(In Millions)	1984	1983
Sinking fund debentures:		
9% due 1984 to 1985	$ 1	$ 2
7⅞% due 1984 to 1994	21	22
8½% due 1989 to 2008	55	55
10⅞% due 1991 to 2010	150	150
Convertible subordinated debentures:		
7¼% due 1984 to 1990	2	3
6¼% due 1984 to 1991	5	19
4½% due 1984 to 1992	20	22
4⅞% due 1993	1	4
Other debt:		
9¼% notes due 1984	5	9
8½% notes due 1984	8	12
8.9% notes due 1984 to 1986	15	20
8¼% notes due 1984 to 1987	8	11
9⅞% notes due 1984 to 1995	44	48
7¾% notes due 1994	50	—
Zero coupon notes, payments due: May 1984—$114 Feb. 1992—$250 May 2014—$114	200	177
Industrial revenue bonds, due various dates through 2014 (9.1% weighted average effective rate)	60	56
Miscellaneous, due various dates through 2000 (10.6% weighted average effective rate)	107	90
Capitalized lease obligations (8.8% weighted average effective rate)	94	135
	846	835
Less current portion (including capitalized lease obligations of $13 and $16 for 1984 and 1983, respectively)	67	63
Total long-term debt	$ 779	$ 772

The 7¼%, 6¼%, 4½% and 4⅞% convertible subordinated debentures are convertible into common stock at rates of 57.142, 43.716, 35.714 and 43.956 shares of common stock, respectively, for each $1,000.00 principal amount.

The aggregate annual maturities and sinking fund requirements of long-term debt, including obligations of capitalized leases, for the years ended the last day of February 1986 through 1989 are $45 million, $36 million, $24 million and $20 million, respectively. The zero coupon note payment due in May 1984 has been classified as long-term since it is Beatrice's intention to refinance the obligation on a long-term basis.

7 Stockholders' Equity

PREFERENCE STOCK The components of outstanding preference stock are:

(Dollars In Millions)	1984	1983
Series A Cumulative Convertible, 3,727,884 shares in 1984 and 4,868,117 shares in 1983	$ 194	$ 253
Other convertible preference stock, 28,539 shares in 1983	—	1
Total	$ 194	$ 254

Outstanding shares of Series A preference stock are convertible into common stock at a conversion price of $27.957 based upon the stated value of $52.00. The reduction of outstanding shares of each series of preference stock during fiscal 1984 was primarily due to conversions into common stock.

The Series A preference stock may be redeemable, at Beatrice's option, at $55.00 per share through August 7, 1984, declining one dollar each year thereafter to $52.00 beginning August 8, 1986. The stock can be redeemed prior to August 8, 1986 only if the dividends paid on the underlying common stock during the 12 months preceding the redemption total at least 105 percent of the dividends paid on the Series A stock.

The preference stock is preferred as to assets over common stock in the event of voluntary liquidation by an amount per share equal to the then current redemption price. The preference stock has preference upon involuntary liquidation in an amount equal to the stated value of such stock.

COMMON STOCK As of the last day of February 1984 and 1983, shares of Beatrice common stock were reserved for issuance for:

	Shares of Beatrice Common Stock	
	1984	1983
Exercise of stock options	1,242,909	2,000,000
Conversion of preference stock	6,933,861	9,195,099
Conversion of debentures	1,132,175	1,975,283
Incentive deferred compensation plans	550,497	1,060,950
Total	9,859,442	14,231,332

In 1983, Beatrice's shareholders approved the "Beatrice Foods Co. Performance Unit Plan." This plan is directly related to Beatrice's financial performance and permits payment in cash or Beatrice common stock at the end of the performance period. The maximum number of shares of Beatrice common stock available for payment under the performance unit plan will not exceed 200,000. During 1983, shareholders also approved the "1982 Stock Option Plans" (individually the "1982 Incentive Stock Option Plan" and the "1982 Non-Qualified Stock Option Plan"). These plans permit purchase of Beatrice's common stock at prices not less than 100 percent of market value at the date of grant. The number of shares of common stock which may be issued under the 1982 stock option plans, in the aggregate, may not exceed two million. Options granted under these plans may not be exercised during the first 12 months after the date of grant and expire not later than ten years thereafter. Options may not be granted under the 1982 plans after February 29, 1992. All other stock option plans had ended by February 28, 1983.

The shares under option at the beginning and end of the year, and changes during the year, are:

	1984	1983
Beginning of year	1,519,350	20,337
Options granted	96,250	1,568,500
Options exercised	(757,091)	—
Options cancelled	(45,200)	(69,487)
End of year	813,309	1,519,350

The total option price of options exercised during 1984 was $15 million. The total option price of options outstanding as of the last day of February 1984 and 1983 was $16 million and $29 million, respectively. As of February 29, 1984, 723,259 stock options were currently exercisable at a total option price of $14 million.

TREASURY STOCK During 1984, Beatrice made a cash tender offer for approximately 10 percent of its common stock at $34.00 per share. As a result of this offer, 10,105,531 shares of treasury stock were acquired in the fourth quarter at a total cost of $345 million (including related fees and expenses of the offer). An additional 2,063,268 shares were acquired in 1984 at a cost of $58 million for purposes of conversions, exercises of stock options and issuances under the incentive deferred compensation plans. A total of four million shares were re-issued in 1984 for these purposes.

RETAINED EARNINGS Retained earnings include approximately $35 million and $24 million as of the last day of February 1984 and 1983, respectively, representing undistributed earnings of unconsolidated affiliated companies.

There are currency controls over the remittance of dividends from certain non-U.S. operations. The effect of these restrictions on the payment of dividends is not significant to Beatrice's consolidated operations.

There are no material restrictions on retained earnings.

8 Operations Outside the United States

Selected financial information relating to Beatrice's operations outside the United States is as follows:

(In Millions)	1984	1983
Current assets	$ 615	$ 692
Net property, plant and equipment	326	306
Investments in unconsolidated affiliated companies	32	30
Intangibles (principally goodwill) and other assets	135	79
	1,108	1,107
Less:		
Current liabilities	413	425
Other liabilities	101	97
Minority interests	57	60
	571	582
Beatrice's equity in net assets	$ 537	$ 525

Beatrice's equity in net earnings was $71 million, $63 million and $64 million for the years ended 1984, 1983 and 1982, respectively (after goodwill amortization and write-downs of $4 million, $21 million and $12 million for those years, respectively). Foreign currency translation adjustments, after the effect of hedging transactions, resulted in net losses of $9 million for 1984, $13 million for 1983 and $2 million for 1982.

The above information excludes certain financing subsidiaries which are located outside the United States whose purpose is to help obtain funds from outside the United States.

The foreign currency translation adjustment that is included in stockholders' equity as of the last day of February 1984 and 1983 comprises the following:

(In Millions)	1984	1983
Beginning of year	$ 89	$ —
Cumulative adjustment as of March 1, 1982	—	55
Translation adjustments	102	42
Hedge transactions, net of applicable income taxes of $3 in 1984 and 1983	(6)	(8)
End of year	$185	$ 89

9 Contingent Liabilities

In the opinion of management, there are no claims or litigation pending at February 29, 1984 to which Beatrice is a party which could have a material adverse effect on Beatrice's consolidated financial condition.

10 Income Taxes

The provision for income taxes for the years ended the last day of February 1984, 1983 and 1982 comprises:

(In Millions)	1984	1983	1982
Current taxes:			
Domestic federal	$ 188	$ 155	$ 211
Foreign	64	74	78
Domestic state and local	25	21	34
	277	250	323
Deferred taxes:			
Domestic federal:			
Accelerated tax depreciation	17	14	13
Business realignment reserve	45	(42)	(12)
Voluntary early retirement program	—	(14)	—
Other	2	15	(18)
Foreign	3	(1)	(4)
Domestic state and local	16	(6)	(3)
	83	(34)	(24)
Total	$ 360	$ 216	$ 299

Earnings before income taxes, minority interests and special items are:

(In Millions)	1984	1983	1982
Domestic	$ 656	$ 127	$ 477
Foreign	147	145	148
Total	$ 803	$ 272	$ 625

Following is a reconciliation of the difference between the U.S. statutory rate and the effective tax rate:

	1984	1983	1982
U.S. statutory rate	46.0%	46.0%	46.0%
Amortization and write-down of goodwill and non-deductible depreciation	1.3	36.7	2.2
Domestic state and local income taxes, net of federal income tax benefit	2.7	3.1	2.7
Rate difference on net capital gains and losses	(2.4)	3.5	(.5)
Difference between U.S. and foreign tax rates	(1.5)	(5.2)	(2.0)
Investment tax credit	(1.0)	(4.9)	(1.5)
Other, net	(.2)	.3	.8
Effective tax rate	44.9%	79.5%	47.7%

In fiscal 1982, $23 million in taxes was provided on the gain on the sale of the Dannon business. This differs from the U.S. statutory rate due to federal tax at the capital gains rate and state income taxes.

Beatrice has provided for deferred taxes on that portion of the undistributed earnings of its non-U.S. subsidiaries which is not considered to be permanently invested. The accumulated earnings that are considered permanently invested in these operations aggregated approximately $430 million at February 29, 1984. In the event such earnings were distributed, Beatrice would have available tax credits which would substantially reduce any federal income tax due.

11 Pension Plans

The amounts charged to earnings for Beatrice's domestic and non-U.S. pension plans, including plans jointly administered by industry and union representatives, totaled $41 million, $42 million and $49 million for the years ended 1984, 1983 and 1982, respectively. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets for Beatrice's domestic defined benefit plans as of the most recent valuation date, which for most plans is March 1, are:

	March 1	
(In Millions)	1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	$255	$236
Nonvested	20	20
	$275	$256
Net assets available for benefits	$394	$329

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8.3 percent and 8.2 percent as of March 1, 1983 and 1982, respectively, except the rate used in both years to value the benefits of a certain group of retirees was 12.26 percent, which is the rate of return of a dedicated bond portfolio established to fund such benefits.

The information in the table above excludes amounts for plans jointly administered by industry and union representatives because the information is not readily available from the plans' trustees. Beatrice does not determine the actuarial present value of accumulated plan benefits or net assets available for benefits for its non-U.S. pension plans.

12 Information by Business Group and Geographic Location

During 1984, Beatrice realigned its operations into six groups. See Note 2 for further details.

Net sales and earnings by business group are shown on page 24 of this annual report and information with respect to the years ended the last day of February 1984, 1983 and 1982 contained therein is considered an integral part of this note.

Intergroup and intergeographic sales to affiliates are not significant to the total sales of any business group or geographic location. There were no material sales to any single customer. Export sales to unaffiliated customers are an immaterial percentage of net sales.

Earnings by geographic location and business group represent gross operating margin excluding net unallocated corporate operating expenses.

Identifiable group assets are those assets used in the operations of the group. Corporate assets are cash, short-term investments, investments in unconsolidated affiliated companies, certain corporate receivables and certain other assets.

Geographic Location

			Identifiable Assets		
(In Millions)	Net Sales	Group Earnings	Group	Corporate	Total
United States					
1984	$7,270	$655	$3,082	$274	$3,356
1983	7,027	607	3,279	346	3,625
1982	6,936	560	3,330	250	3,580
Europe					
1984	1,243	83	589	81	670
1983	1,207	79	507	83	590
1982	1,213	73	561	96	657
Canada					
1984	390	29	122	22	144
1983	363	26	120	13	133
1982	359	25	127	12	139
Latin America					
1984	204	28	123	38	161
1983	325	47	147	98	245
1982	291	49	159	78	237
Australia/ Far East					
1984	220	13	121	12	133
1983	217	14	129	10	139
1982	222	17	125	6	131
Consolidated					
1984	$9,327	$808	$4,037	$427	$4,464
1983	9,139	773	4,182	550	4,732
1982	9,021	724	4,302	442	4,744

Additional group information for the years ended the last day of February 1984, 1983 and 1982 is:

Business Group

	Identifiable Assets			Net Property, Plant and Equipment Additions			Depreciation and Goodwill Amortization Expense		
(In Millions)	1984	1983	1982	1984	1983	1982	1984	1983	1982
Refrigerated Foods & Services	$ 565	$ 670	$ 509	$ (17)	$193	$ 15	$ 39	$ 32	$ 30
Beverage	1,128	1,155	1,226	42	57	194	60	60	34
Grocery	487	542	563	(16)	29	25	29	29	29
Consumer & Commercial Products	796	839	963	6	13	40	35	36	39
Chemical	246	222	243	10	12	15	8	8	6
International Food	815	754	798	110	72	73	39	38	42
Corporate	427	550	442	6	13	5	1	4	3
Total	$4,464	$4,732	$4,744	$141	$389	$367	$211	$207	$183

13 **Inflation Accounting** (Unaudited)

INTRODUCTION Financial statements prepared in accordance with generally accepted accounting principles present historical costs stated in dollars of varying purchasing power, which may not adequately measure the impact of inflation. The following supplemental schedules, prepared in accordance with the Financial Accounting Standards Board requirements, attempt to reflect the effects of changing prices on Beatrice's operations.

The objective of reporting inflation-adjusted data is to reflect the current costs of the resources actually used in the operations, rather than the historical costs expended to acquire them. Because the development of inflation-adjusted data requires the use of estimation techniques and assumptions, which may also vary among companies, caution should be exercised when using the inflation-adjusted financial data presented herein. The inflation-adjusted data reflect the estimated current costs of fixed assets in their present condition, and do not indicate actual amounts for which those assets could be sold nor reflect how Beatrice would actually replace existing assets. Technological changes, which significantly influence decisions regarding fixed asset replacement, are not considered in calculating the current cost of fixed assets. Also, financial information adjusted for general inflation in the United States based on the U.S. Consumer Price Index for all Urban Consumers (CPI-U) can result in distortion of data for a company such as Beatrice with operations in foreign countries which may have different rates of inflation.

In preparing these schedules, historical amounts were translated into U.S. dollars and then restated to reflect changes in specific prices during the periods being measured. Under the current cost method, property, plant and equipment, depreciation expense, inventories and cost of sales are required to be adjusted for specific price changes. The effect of general inflation on the resulting current cost and net monetary liabilities is based on the CPI-U. Other revenues and expenses are assumed to have occurred proportionately throughout the year in relation to changing prices and are considered to be stated in average 1984 dollars.

Current cost disclosures in this note for property, plant and equipment, depreciation expense, inventories and cost of sales were derived as follows:

Property, plant and equipment and depreciation expense—The current costs of property, plant and equipment were determined by the use of indices issued by the United States and foreign governments for the class of assets being measured. The adjusted values of plant and equipment were then used to compute the related depreciation expense.

Inventories and cost of sales—The current cost of inventories was determined by valuing year-end inventories on a first-in, first-out (FIFO) basis and applying specific indices to these amounts on the basis of inventory turnover. Because substantially all domestic inventories are valued on a last-in, first-out (LIFO) basis on the historical balance sheet, most of the increase from historical to current cost relates to domestic inventories. Under the LIFO method, the effects of current cost changes are already reflected in cost of sales on the historical statement of earnings. Therefore, current cost adjustments to historical cost of sales result primarily from adjusting the inventories of international operations.

At February 29, 1984, the current cost values of net property, plant and equipment and inventories were $2.1 billion and $878 million, respectively.

1984 HISTORICAL AND CURRENT COST STATEMENT OF CONSOLIDATED EARNINGS Following is a comparison of the historical and current cost 1984 Statement of Consolidated Earnings. Current cost amounts represent historical values after current cost adjustments have been applied to cost of sales and depreciation expense. Since the provision for income taxes is not adjusted for current cost, the effective tax rate is increased from the historical financial statements.

(Dollars in Millions Except Per Share Data)	Historical	Current Cost
Net sales	$9,327	$9,327
Operating expenses:		
Cost of sales, excluding depreciation	6,664	6,670
Selling and administrative expenses, excluding depreciation	1,766	1,766
Depreciation	194	293
Total operating expenses	8,624	8,729
Gross operating margin	703	598
Other income, net	100	100
Earnings before income taxes and minority interests	803	698
Provision for income taxes	360	360
Earnings before minority interests	443	338
Minority interests	(10)	(10)
Net earnings	$ 433	$ 328
Primary earnings per share	$ 4.23	$ 3.17

COMPARISON OF SELECTED SUPPLEMENTARY FINANCIAL DATA ADJUSTED FOR EFFECTS OF CHANGING PRICES In the following chart, the current cost information is presented in the current costs of each year adjusted to average fiscal 1984 dollars for comparability, measured by the CPI-U. Explanations of selected captions are as follows:

Net assets at year-end (stockholders' equity)—The value of net assets (stockholders' equity) stated at current cost was determined by adding to historical stockholders' equity the difference between historical and inflation-adjusted values for inventories, net property, plant and equipment and net monetary liabilities.

Increase in specific prices over (under) the increase in the general price level—This compares the change in specific prices of inventories and property to the change in general price levels. The effects of foreign currency translation are included for years prior to fiscal 1983.

Foreign currency translation adjustment—This reflects the effect of exchange rate changes on net assets, adjusted to current cost. Translation adjustment amounts prior to 1983 have not been separately disclosed.

Unrealized gain from decline in purchasing power of net amounts owed—This represents the unrealized gain in purchasing power that holders of monetary liabilities derive in periods of inflation because liabilities are repaid in dollars of diminished purchasing power.

(Dollars in Millions Except Per Share Data)	1984	1983	1982	1981	1980
Net sales	$ 9,327	$ 9,445	$ 9,826	$10,492	$11,215
Historical cost information adjusted to estimated current costs:					
Net earnings	$ 328	$ (55)	$ 247*	$ 258	$ 266
Primary earnings per share	$ 3.17	$ (.73)	$ 2.35*	$ 2.46	$ 2.54
Net assets at year-end (stockholders' equity)	$ 2,598	$ 3,017	$ 3,373	$ 3,324	$ 3,513
Increase in specific prices over (under) increase in general price level	$ (1)	$ 173	$ (17)	$ (205)	$ (230)
Foreign currency translation adjustment	$ (127)	$ (61)	$ —	$ —	$ —
Unrealized gain from decline in purchasing power of net amounts owed	$ 49	$ 34	$ 55	$ 85	$ 125
Cash dividends declared per common share	$ 1.60	$ 1.55	$ 1.53	$ 1.56	$ 1.62
Market price per common share at year-end	$ 33.75	$ 24.68	$ 20.02	$ 21.67	$ 25.69
Average consumer price index	300.5	290.8	275.9	251.3	222.2

*Before the effect of special items which include the net gain on the sale of the Dannon business and the cumulative effect of change in accounting principle for investment tax credit.

14 **Quarterly Results of Operations** (Unaudited)

The following is a summary of the unaudited quarterly results of operations for the years ended the last day of February 1984 and 1983:

(In Millions Except Per Share Data)

1984*	May 31	Aug. 31	Nov. 30	Feb. 29
Net sales	$2,296	$2,344	$2,456	$2,231
Cost of sales	1,652	1,676	1,748	1,588
Net earnings	76	87	137	133
Earnings per share:				
Primary	.72	.83	1.33	1.35
Fully diluted	.69	.78	1.25	1.27

1983**	May 31	Aug. 31	Nov. 30	Feb. 28
Net sales	$2,264	$2,313	$2,297	$2,265
Cost of sales	1,653	1,680	1,654	1,610
Net earnings	72	84	85	(198)
Earnings per share:				
Primary	.68	.81	.81	(2.03)
Fully diluted***	.65	.76	.77	(2.03)

*In the third quarter of 1984, net earnings included gains from the sale of businesses of $21 million (per share effect: $.21 primary; $.19 fully diluted) and from a reduction of the business realignment reserve of $23 million (per share effect: $.23 primary; $.21 fully diluted). Fourth quarter net earnings included additional gains from the sale of businesses of $55 million (per share effect: $.56 primary; $.51 fully diluted).

**In the fourth quarter of 1983, Beatrice charged net earnings for the following special actions: goodwill write-downs totaling $188 million (per share effect: $1.89 primary; $1.69 fully diluted) and an additional provision for business realignment costs of $90 million (per share effect: $.90 primary; $.82 fully diluted).

***The sum of the quarterly fully diluted earnings per share amounts is less than the amount shown for the full year on the Statement of Consolidated Earnings because the assumed conversion of certain convertible securities is dilutive in the first three quarters but is anti-dilutive in the fourth quarter and for the full year. This anti-dilutive effect results from the special actions taken in the fourth quarter of 1983, as described above.

Accountants' Report

The Board of Directors and Stockholders
Beatrice Foods Co.:

We have examined the consolidated balance sheet of Beatrice Foods Co. and subsidiaries as of February 29, 1984 and February 28, 1983 and the related statements of consolidated earnings, stockholders' equity and changes in financial position for each of the years in the three-year period ended February 29, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Beatrice Foods Co. and subsidiaries at February 29, 1984 and February 28, 1983 and the results of their operations and changes in their financial position for each of the years in the three-year period ended February 29, 1984, in conformity with generally accepted accounting principles which, except for the changes, with which we concur, in 1983 in the method of accounting for foreign currency translation and in 1982 in the methods of accounting for investment tax credit and inventory costing, as described in Note 1 to the consolidated financial statements, have been applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
303 East Wacker Drive
Chicago, Illinois 60601

April 16, 1984

Management Report on Financial Statements

The integrity of the information contained in the consolidated financial statements and elsewhere in the annual report is the responsibility of management. The financial statements were prepared by Beatrice in conformity with generally accepted accounting principles considered appropriate in the circumstances and accordingly are based on certain judgments and estimates.

Management believes that Beatrice's systems of internal accounting controls provide reasonable assurance that, in all material respects, transactions are executed in accordance with management's policies, assets are safeguarded, and the financial statements are reliable. The concept of reasonable assurance is based on the recognition that the cost of such systems should not exceed the expected benefits. These systems include written policies and procedures, a comprehensive program of internal audit and the careful selection and training of financial staff.

The maintenance and monitoring of internal accounting controls is a responsibility of all levels of management. Internal accounting controls are also monitored and tested by a program of internal and external audits. The activities of the internal auditors and independent public accountants are coordinated to obtain reasonable audit coverage with a minimum of duplicate effort and cost. Audit findings are reported to management.

Beatrice's independent public accountants, Peat, Marwick, Mitchell & Co., have been engaged to render an opinion on the fairness of the financial statements. They review and make appropriate tests of the systems of internal accounting control and of the financial data included in the financial statements to the extent they consider necessary to render an opinion.

The Audit Committee of the Board of Directors, composed of four outside directors, meets at least four times each year with management, the internal auditors and the independent public accountants to review their activities, to discuss various auditing, internal accounting control and financial reporting matters, and to recommend appointment of the independent public accountants. Both the independent public accountants and the director of internal audit periodically meet privately with and have free access to the Audit Committee.

Stockholder Publications

The following information can be obtained without charge by writing to Barbara L. Bowles, Assistant Vice President, Director, Investor Relations, Beatrice Foods Co., Two North LaSalle Street, Chicago, IL 60602.

FORM 10-K ANNUAL REPORT to the Securities and Exchange Commission provides further details on Beatrice's business (after May 31).

FORM 10-Q QUARTERLY REPORT to the Securities and Exchange Commission is available in July, October and January.

Capital Stock Listing

COMMON: New York Stock Exchange, Midwest Stock Exchange, Basel, Geneva, Lausanne and Zurich, Switzerland, and Frankfurt and Dusseldorf, Republic of West Germany, Stock Exchanges.
Stock Exchange Symbol—**BRY**

SERIES A PREFERENCE: New York Stock Exchange.
Stock Exchange Symbol—**BRY PrA**

Dividend Reinvestment Service Available to Stockholders

Beatrice Foods Co. 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, Illinois 60693

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

Stock Data

	Fiscal 1984		Fiscal 1983	
Fiscal Quarter	**Cash Dividends Paid**	**Market Price Range**	Cash Dividends Paid	Market Price Range
Common*				
First Quarter (May 31)	**$.40**	**$28½-24⅛**	$.37½	$20¼-18
Second Quarter (August 31)	**.40**	**28⅝-25**	.37½	22½-18
Third Quarter (November 30)	**.40**	**33 -26¾**	.37½	25⅛-20⅜
Fourth Quarter (February 29/28)	**.40**	**36 -30**	.37½	25 -21½
Series A Preference**				
First Quarter (May 31)	**$.84½**	**$52¾-45½**	$.84½	$38¾-34¾
Second Quarter (August 31)	**.84½**	**53¼-47**	.84½	41 -35
Third Quarter (November 30)	**.84½**	**60¾-50**	.84½	47 -39⅛
Fourth Quarter (February 29/28)	**.84½**	**65½-56**	.84½	46¼-41⅛

*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 and Instinet.

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

As of April 6, 1984, Beatrice had approximately 50,180 stockholders, of which approximately 48,250 were record holders of common stock.

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Chief Executive Officer

John D. Conners
Vice Chairman

Reuben W. Berry
Senior Vice President
Organization and Management Resources

Anthony Luiso
Senior Vice President

William E. Reidy
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Director, Corporate Strategy

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Law

Charles E. Harrison
Assistant Secretary
Law

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Assistant Secretary

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Consumer & Commercial Products

Richard L. Chisholm
Senior Vice President
Refrigerated Foods & Services

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Senior Vice President
Beverage

John J. McRobbie
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William S. Mowry, Jr.
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Harry C. Wechsler
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Beatrice Dairy Products
Refrigerated Foods & Services

Paul W. Hylbert
Beatrice Water Treatment
Consumer & Commercial Products

André J. Job
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Refrigerated Foods & Services

Richard Walrack
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Beatrice Fruit Juices
Beverage

James F. Yowell
Beatrice Bakery Products
Grocery

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Chief Executive Officer
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Chief Executive Officer

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Howard University
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Bernard A. Monaghan (2, 5)
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Executive Vice President
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Jayne B. Spain (3, 5)
Distinguished Visiting Professor
and Executive in Residence
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International Harvester Company
Chicago, IL

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Retired Chairman
Chief Executive Officer
NLT Corporation
Vero Beach, FL

Murray L. Weidenbaum (2, 4)
Mallinckrodt Distinguished
University Professor
Director of the Center for the
Study of American Business
Washington University
St. Louis, MO

Committees of the Board

(1) Executive Committee
(2) Audit Committee
(3) Compensation and Benefits Committee
(4) Nominating Committee
(5) Public Policy Committee

(*) Committee Chairman
** Retires as a director on June 5, 1984

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Beatrice Foods Co.
Corporate Offices
Two North LaSalle Street
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