

TYSON FOODS INC

FORM 10-Q (Quarterly Report)

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Address	2200 DON TYSON PARKWAY SPRINGDALE, AR 72762-6999
Telephone	479-290-4000
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SIC Code	2015 - Poultry Slaughtering and Processing
Industry	Food Processing
Sector	Consumer/Non-Cyclical
Fiscal Year	09/30

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 1, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-3400

TYSON FOODS, INC.

(Exact name of registrant as specified in its charter)

Delaware 71-0225165

(State or other jurisdiction of (I.R.S. Employer Identification No.)

incorporation or organization)

2210 West Oaklawn Drive, Springdale, Arkansas 72762-6999

(Address of principal executive offices and zip code)

(501) 290-4000

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding July 29, 2000
-----	-----
Class A Common Stock, \$.10 Par Value	122,476,177 Shares
Class B Common Stock, \$.10 Par Value	102,645,273 Shares

TYSON FOODS, INC.

INDEX

	PAGE

PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Condensed Balance Sheets July 1, 2000 and October 2, 1999	3
Consolidated Condensed Statements of Income for the Three Months and Nine Months Ended July 1, 2000 and July 3, 1999	4
Consolidated Condensed Statements of Cash Flows for the Nine Months Ended July 1, 2000 and July 3, 1999	5
Notes to Consolidated Condensed Financial Statements	6-9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10-14
Item 3. Quantitative and Qualitative Disclosure About Market Risks	14
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	15-16
Item 2. Changes in Securities and Use of Proceeds	16
Item 3. Defaults Upon Senior Securities	16
Item 4. Submission of Matters to a Vote of Security Holders	16
Item 5. Other Information	16
Item 6. Exhibits and Reports on Form 8-K	16
EXHIBIT INDEX	17
SIGNATURES	18

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**TYSON FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS**

(In millions except per share amounts)

	(Unaudited) July 1, 2000	October 2, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 22.9	\$ 30.3
Accounts receivable, net of allowance for doubtful accounts	543.0	602.5
Inventories	1,014.4	989.4
Assets held for sale	1.9	74.5
Other current assets	14.2	30.2
Total Current Assets	1,596.4	1,726.9
Net Property, Plant, and Equipment	2,150.4	2,184.5
Excess of Investments over Net Assets Acquired	944.4	962.5
Investments and Other Assets	206.6	208.8
Total Assets	\$4,897.8	\$5,082.7
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 26.4	\$ 65.9
Current portion of long-term debt	122.7	222.7
Trade accounts payable	320.1	351.9
Other accrued liabilities	319.1	346.5
Total Current Liabilities	788.3	987.0
Long-Term Debt	1,459.3	1,515.2
Deferred Income Taxes	430.6	398.0
Other Liabilities	50.2	54.5
Shareholders' Equity:		
Common stock (\$.10 par value):		
Class A-Authorized 900 million shares; issued 137.9 million shares at 7-1-00 and 10-2-99	13.8	13.8
Class B-Authorized 900 million shares; issued 102.7 million shares at 7-1-00 and 10-2-99	10.3	10.3
Capital in excess of par value	734.7	740.0
Retained earnings	1,706.2	1,599.0
Other accumulated comprehensive income(loss)	(6.4)	(1.5)
	2,458.6	2,361.6
Less treasury stock, at cost- 15.2 million shares at 7-1-00 and 12.0 million shares at 10-2-99	276.9	232.0
Less unamortized deferred compensation	12.3	1.6
Total Shareholders' Equity	2,169.4	2,128.0
Total Liabilities and Shareholders' Equity	\$4,897.8	\$5,082.7
	=====	=====

The accompanying notes are an integral part of these financial statements.

TYSON FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(In millions except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
Sales	\$1,807.1	\$1,881.3	\$5,376.6	\$5,547.3
Cost of Sales	1,538.3	1,531.1	4,497.4	4,569.6
	-----	-----	-----	-----
Gross Profit	268.8	350.2	879.2	977.7
Expenses:				
Selling	138.9	150.2	425.8	441.9
General and administrative	33.7	34.2	125.9	99.9
Loss on sale of seafood assets	-	16.6	-	16.6
Amortization	8.4	9.2	25.5	26.7
	-----	-----	-----	-----
Operating Income	87.8	140.0	302.0	392.6
Other Expense (Income):				
Interest	28.8	30.5	87.3	93.7
Foreign currency exchange	1.8	(0.5)	1.6	(4.5)
Other	2.8	(2.2)	5.5	(4.9)
	-----	-----	-----	-----
Income Before Taxes and				
Minority Interest	54.4	112.2	207.6	308.3
Provision for Income Taxes	19.6	40.7	74.2	110.5
Minority Interest	(5.7)	3.1	0.2	9.0
	-----	-----	-----	-----
Net Income	\$ 40.5	\$ 68.4	\$ 133.2	\$ 188.8
	=====	=====	=====	=====
Basic Average Shares Outstanding	224.6	229.5	226.1	230.3
	=====	=====	=====	=====
Basic Earnings Per Share	\$0.18	\$0.30	\$0.59	\$0.82
	=====	=====	=====	=====
Diluted Average Shares Outstanding	225.0	230.7	226.4	231.5
	=====	=====	=====	=====
Diluted Earnings Per Share	\$0.18	\$0.30	\$0.59	\$0.82
	=====	=====	=====	=====
Cash Dividends Per Share:				
Class A	\$0.0400	\$0.0250	\$0.1200	\$0.0750
Class B	\$0.0360	\$0.0225	\$0.1080	\$0.0675

The accompanying notes are an integral part of these financial statements.

TYSON FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)

	(Unaudited)	
	Nine Months Ended	
	July 1, 2000	July 3, 1999
Cash Flows from Operating Activities:		
Net income	\$ 133.2	\$ 188.8
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	192.1	191.7
Amortization	25.5	26.7
Loss on sale of seafood assets		16.6
Foreign currency exchange	1.6	(4.5)
Minority interest	0.2	9.0
Deferred income taxes	32.6	(76.2)
Loss(Gain) on dispositions of assets	3.4	(0.3)
Decrease(increase) in accounts receivable, net	59.5	(1.8)
Decrease(Increase) in inventories	34.7	(74.4)
(Decrease)Increase in trade accounts payable	(33.7)	43.2
Net change in other current assets and liabilities	(10.9)	160.0
	<u>438.2</u>	<u>478.8</u>
Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(141.3)	(279.8)
Proceeds from sale of property, plant and equipment	3.0	60.0
Net change in other assets and liabilities	(21.2)	(25.8)
	<u>(159.5)</u>	<u>(245.6)</u>
Cash Used for Investing Activities		
Cash Flows from Financing Activities:		
Net change in notes payable	(39.5)	(2.4)
Additions to long-term debt	20.3	73.5
Repayments of long-term debt	(177.8)	(250.9)
Purchases of treasury shares	(62.4)	(34.8)
Other	(24.9)	(11.6)
	<u>(284.3)</u>	<u>(266.2)</u>
Cash Used for Financing Activities		
Effect of Exchange Rate Change on Cash	(1.8)	1.5
	<u>(7.4)</u>	<u>8.5</u>
(Decrease)Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Period	30.3	46.5
	<u>\$ 22.9</u>	<u>\$ 55.0</u>
Cash and Cash Equivalents at End of Period	=====	=====
Supplemental Cash Flow Information		
Cash paid during the period for:		
Interest	\$55.1	\$94.0
Income taxes	\$47.0	\$67.1

The accompanying notes are an integral part of these financial statements.

TYSON FOODS, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

Note 1: Accounting Policies

The consolidated condensed financial statements have been prepared by Tyson Foods, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and accounting policies and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the management of the Company believes that the disclosures are adequate to make the information presented not misleading, these consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest annual report for the fiscal year ended October 2, 1999. The preparation of consolidated condensed financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of the management of the Company, the accompanying consolidated condensed financial statements contain all adjustments, consisting of normal recurring accruals necessary to present fairly the financial position as of July 1, 2000 and October 2, 1999 and the results of operations for the three months and nine months ended July 1, 2000 and July 3, 1999 and cash flows for the nine months ended July 1, 2000 and July 3, 1999. The results of operations for the three months and nine months ended and cash flows for the nine months ended July 1, 2000 and July 3, 1999 are not necessarily indicative of the results to be expected for the full year.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133 ("FAS No. 133"), Accounting for Derivative Instruments and Hedging Activities, as amended by FAS No. 138 in June 2000. In May 1999, the FASB voted to delay the effective date of FAS No. 133 by one year. The Company will be required to adopt FAS No. 133 in the first quarter of fiscal year 2001. This statement establishes accounting and reporting standards, which requires that all derivative instruments be recorded on the balance sheet at fair value. This statement also establishes "special accounting" for fair value hedges, cash flow hedges, and hedges of foreign currency exposures of net investments in foreign operations. The Company has determined the business processes related to hedging activities mainly consist of grain procurement and certain financing activities. Management has not completed its determination of the impact of the adoption of this new accounting standard on its financial position and results of operations.

The Notes to Consolidated Financial Statements for the fiscal year ended October 2, 1999, reflect the significant accounting policies, debt provisions, borrowing arrangements, dividend restrictions, contingencies and commitments of the Company. There were no material changes in such items during the nine months ended July 1, 2000, except as disclosed in these notes.

Note 2: Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three and nine months ended:

	(In millions except per share amounts)			
	Three Months Ended		Nine Months Ended	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
	-----	-----	-----	-----
Numerator: Net Income	\$40.5	\$68.4	\$133.2	\$188.8
	=====	=====	=====	=====
Denominator:				
Denominator for basic earnings per share-weighted average shares	224.6	229.5	226.1	230.3
Effect of dilutive securities:				
Employee stock options	-	1.2	-	1.2
Restricted stock	0.4	-	0.3	-
	-----	-----	-----	-----
Denominator for diluted earnings per share-adjusted weighted average shares and assumed conversions	225.0	230.7	226.4	231.5
	=====	=====	=====	=====
Basic earnings per share	\$0.18	\$0.30	\$0.59	\$0.82
	=====	=====	=====	=====
Diluted earnings per share	\$0.18	\$0.30	\$0.59	\$0.82
	=====	=====	=====	=====

The Company had approximately 7 million option shares outstanding at July 1, 2000, that were not included in the dilutive earnings per share calculation because they would have been antidilutive.

On May 4, 2000 approximately 4.3 million stock option shares were cancelled and exchanged for approximately 1 million restricted shares of Class A common stock. The restriction expires over periods through December 1, 2003. The unamortized portion of the restricted stock is classified on the Consolidated Balance Sheets as unamortized deferred compensation in shareholders' equity and charged to operations over the vesting period.

Note 3: Inventories

Inventories, valued at the lower of cost (first-in, first-out) or market, consist of the following:

(In millions)

	July 1, 2000	October 2, 1999
	-----	-----
Finished and work-in-process	\$ 517.8	\$549.2
Live poultry and hogs	354.7	290.8
Hatchery eggs and feed	65.2	67.4
Supplies	76.7	82.0
Total	\$1,014.4	\$989.4
	=====	=====

Note 4: Assets held for sale

On September 28, 1999, the Company signed a letter of intent to sell its wholly-owned subsidiary, The Pork Group, Inc. ("Pork Group") to Smithfield Foods, Inc. ("Smithfield"). As a result, the Pork Group's swine assets valued at approximately \$70 million were included in assets held for sale at October 2, 1999. On December 6, 1999, the Company and Smithfield ceased negotiations for the sale of the Pork Group. Therefore, in the first quarter of fiscal 2000, the swine assets were reclassified to inventory and net property, plant and equipment. The Company has no plan to actively market the Pork Group and/or its assets at this time. The balance of assets held for sale at July 1, 2000, relates to facilities identified for closing under the Company's restructuring program which are expected to be disposed of within the next twelve months.

Note 5: Segments

The Company is a fully integrated producer, processor and marketer of a variety of food products. The Company identifies segments based on the products offered and the nature of customers which results in four reported business segments: Food Service, Consumer Products, International and Swine. Food Service includes fresh, frozen and value-enhanced poultry products sold through foodservice and specialty distributors who deliver to restaurants, schools and other accounts. Consumer Products include fresh, frozen and value-enhanced poultry products sold through retail markets for at-home consumption and through wholesale club markets targeted to small foodservice operators, individuals and small businesses. International markets and sells the full line of Tyson chicken products throughout the world. Swine includes feeder pig finishing and marketing of swine to regional and national packers. The Company's seafood business, which was sold on July 17, 1999, is also listed as a business segment for fiscal 1999. The majority of revenue included in the Other category is derived from the Company's Specialty Products and Prepared Foods groups, the Company's wholly-owned subsidiaries involved in supplying poultry breeding stock and trading agricultural goods worldwide, as well as the Company's turkey and egg products facilities which were sold on December 31, 1998. Sales between reportable segments are recorded at cost. Total assets for each segment at July 1, 2000 approximate those at October 2, 1999.

Net Sales by operating segment were as follows: (in millions)

	Three Months Ended		Nine Months Ended	
	July 1, 2000	July 3, 1999	July 1, 2000	July 3, 1999
Food Service	\$ 836.8	\$ 872.4	\$2,474.7	\$2,510.4
Consumer Products	580.0	583.6	1,680.4	1,682.1
International	141.9	157.3	500.6	475.4
Swine	47.9	33.0	118.3	79.3
Seafood	-	45.3	-	183.4
Other	200.5	189.7	602.6	616.7
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Sales	\$1,807.1	\$1,881.3	\$5,376.6	\$5,547.3
	=====	=====	=====	=====

The Company measures segment profit as gross profit less selling expenses. Segment profit and a reconciliation to income before taxes and minority interest are as follows: (in millions)

	Three Months Ended July 1, 2000	July 3, 1999	Nine Months Ended July 1, 2000	July 3, 1999
Food Service	\$ 48.9	\$ 80.2	\$168.4	\$244.4
Consumer Products	31.7	63.7	124.1	188.8
International	(1.0)	24.1	43.1	42.4
Swine	9.6	(16.7)	15.1	(51.5)
Seafood	-	3.2	-	21.9
Other	40.7	45.5	102.7	89.8
Total Gross Profit				
less Selling Expense	\$129.9	\$200.0	\$453.4	\$535.8
Other Operating Expenses	42.1	60.0	151.4	143.2
Other Expense	33.4	27.8	94.4	84.3
Income Before Taxes				
and Minority Interest	\$ 54.4	\$112.2	\$207.6	\$308.3
	=====	=====	=====	=====

Note 6: Comprehensive Income

The only difference between total comprehensive income and net income reported on the Consolidated Condensed Statements of Income arises from foreign currency translation adjustment. The Company's total comprehensive income for the three months ended July 1, 2000 and July 3, 1999 was \$37.3 million and \$66.1 million, respectively. The Company's total comprehensive income for the nine months ended July 1, 2000 and July 3, 1999 was \$128.3 million and \$185.7 million, respectively.

Note 7: Bad Debt Reserve

On January 31, 2000, AmeriServe Food Distribution, Inc. ("AmeriServe"), a significant distributor of products to fast food and casual dining restaurant chains, filed for reorganization in Delaware under Chapter 11 of the federal Bankruptcy Code. Tyson is a major supplier to several AmeriServe customers. All current sales to these customers are either direct billed or made through another distributor. The Company recorded a \$24.2 million bad debt reserve in the second quarter of fiscal 2000, to fully reserve the AmeriServe receivable. At July 1, 2000 and October 2, 1999, allowance for doubtful accounts was \$46.1 million and \$21.8 million, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION

For the nine months ended July 1, 2000 net cash totaling \$438.2 million was provided by operating activities. Operations provided \$388.6 million in cash and \$49.6 million was provided by net changes in receivables, inventories, payables and other items. The Company used cash from operations to fund \$141.3 million of property, plant and equipment additions, to pay down debt by \$197 million and to repurchase \$62.4 million of the Company's Class A common stock in the open market. The expenditures for property, plant and equipment were related to acquiring new equipment and upgrading facilities in order to maintain competitive standing and position the Company for future opportunities.

At July 1, 2000, working capital was \$808.1 million compared to \$739.9 million at 1999 fiscal year-end, an increase of \$68.2 million. The current ratio at July 1, 2000 was 2 to 1 compared to 1.7 to 1 at October 2, 1999. Working capital has increased since year-end primarily due to an increase in inventories and decreases in notes payable, current portion of long-term debt, trade payables and other accrued liabilities. Net accounts receivable has decreased since year-end mainly due to the AmeriServe Food Distribution, Inc. ("AmeriServe") reserve and improved collections. Total debt, including current portion of long-term debt, has decreased 10.8% since year-end. At July 1, 2000, total debt was 42.6% of total capitalization compared to 45.9% at October 2, 1999. The Company's foreseeable cash needs for operations and capital expenditures will continue to be met through cash flows from operations and borrowings supported by existing credit facilities as well as additional credit facilities which the Company believes are available.

The Company has an unsecured revolving credit agreement totaling \$1 billion which supports the Company's commercial paper program. This \$1 billion facility expires in May 2002. At July 1, 2000, \$303.5 million in commercial paper was outstanding under this \$1 billion facility. Additional outstanding long-term debt at July 1, 2000 consisted of \$830.9 million of public debt, \$107.3 million of institutional notes, \$141.8 million in leveraged equipment loans and \$75.8 million of other indebtedness. The Company may use funds borrowed under its revolving credit facilities, commercial paper program or through the issuance of additional debt securities from time to time in the future to finance acquisitions as opportunities may arise, to refinance other indebtedness or capital leases of the Company and for other general corporate purposes.

RESULTS OF OPERATIONS

Sales for the third quarter of fiscal 2000 decreased 3.9% from the same period of fiscal 1999. This decrease is mainly due to the sale of the seafood group on July 17, 1999. Comparable sales, which exclude the Company's seafood business sold in the fourth quarter of last year, decreased 1.6% on a volume decrease of 2.3%. Third quarter sales were negatively impacted by a weak domestic market for poultry and reduced volume by the Company's Mexican subsidiary. In response to the oversupply of chicken, the Company has continued its 3% cut in the number of chickens produced.

Food Service third quarter sales decreased 4.1% compared to the same period last year, with a 2.4% decrease in volume and a 1.7% decrease in average sales prices. Segment profit, defined as gross profit less selling expenses, for Food Service decreased \$31.3 million from the same period last year due primarily to low market prices which more than offset an improved product mix, and higher grain costs.

Consumer Products third quarter sales decreased 0.6% over the same period last year, with a 0.5% decrease in volume and a 0.2% decrease in average sales prices. Segment profit for Consumer Products decreased \$32 million from the same period last year due primarily to low market prices which more than offset an improved product mix, and higher grain costs.

International third quarter sales decreased 9.8% over the same period last year, with an 11.1% decrease in volume offset slightly by a 1.5% increase in average sales prices. International segment profit decreased \$25.1 million over the same period last year mostly due to losses incurred by the Company's Mexican subsidiary resulting from the outbreak of Exotic Newcastle disease and substantial decreases in production during the quarter.

Swine third quarter sales increased 45.2% over the same period last year, with a 54.5% increase in average sales prices offset slightly by a 6% decrease in volume. Swine segment profit improved \$26.3 million over the same period last year due to the increase in average sales prices.

Other third quarter sales increased 5.7% from the same period last year mostly due to the Company's poultry breeding stock subsidiary. Other segment profit decreased \$4.8 million over the same period last year.

Cost of goods sold increased 0.5% for the third quarter of fiscal 2000 as compared to the same period last year. As a percent of sales, cost of sales was 85.1% for the third quarter of fiscal 2000 compared to 81.4% for the same period last year. The increase in cost of goods sold as a percent of sales was impacted by the weak domestic market and the reduction in volume associated with the Company's ongoing production cut.

Operating expenses decreased 13.9% for the third quarter of fiscal 2000 over the same period last year. Selling expense, as a percent of sales, was 7.7% for the third quarter of fiscal 2000 and 8% for the third quarter of fiscal 1999. General and administrative expense, as a percent of sales, was 1.9% for the third quarter of fiscal 2000 and 1.8% in the third quarter of fiscal 1999. Amortization expense, as a percent of sales, was 0.5% for the third quarter of fiscal 2000 and fiscal 1999.

Interest expense decreased 5.6% for the third quarter of fiscal 2000 compared to the same period last year primarily as a result of a 17.2% decrease in the Company's average indebtedness over the same period last year. Although the overall weighted average borrowing rate increased slightly to 7.1% compared to 6.6%, interest expense decreased primarily as a result of paying off more expensive long-term debt with strong positive cash flows.

The effective income tax rate for the third quarter of fiscal 2000 was 36% compared to 36.3% for the same period last year.

Sales for the nine months of fiscal 2000 decreased 3.1% from the same period of fiscal 1999. This decrease is mainly due to the sale of the seafood group on July 17, 1999 and other divested non-core businesses. Comparable sales for the nine months increased 1.3% on a volume increase of 0.6% compared to the same period last year.

Food Service nine months sales decreased 1.4% compared to the same period last year, with a 1% increase in volume which was more than offset by a 2.4% decrease in average sales prices. Segment profit for Food Service decreased \$76 million from the same period last year due primarily to low market prices which more than offset an improved product mix, and higher grain costs.

Consumer Products nine months sales were comparable to the same period last year, with a 0.9% decrease in volume mostly offset by a 0.8% increase in average sales prices. Segment profit for Consumer Products decreased \$64.7 million from the same period last year due primarily to low market prices which more than offset an improved product mix, and higher grain costs.

International nine months sales increased 5.3% over the same period last year, with a 6.6% increase in average sales prices offset by a 1.2% decrease in volume. International segment profit increased \$0.7 million over the same period last year.

Swine nine months sales increased 49.1% over the same period last year, with a 62.4% increase in average sales prices offset somewhat by an 8.2% decrease in volume. Swine segment profit improved \$66.6 million over the same period last year due to the increase in average sales prices.

Other nine months sales decreased 2.3% from the same period last year mostly due to non-core businesses sold during fiscal 1999. Other segment profit increased \$12.9 million over the same period last year mostly due to the prepared foods group and the Company's poultry breeding stock subsidiary.

Cost of goods sold decreased 1.6% for the nine months of fiscal 2000 as compared to the same period last year. This decrease is mainly the result of the decrease in sales. As a percent of sales, cost of sales was 83.6% for the nine months of fiscal 2000 and 82.4% for the nine months of fiscal 1999. The increase in cost of goods sold as a percent of sales was impacted by the weak domestic market and the reduction in volume associated with the Company's ongoing production cut.

Operating expenses decreased 1.4% for the nine months of fiscal 2000 over the same period last year. Selling expense, as a percent of sales, was 7.9% for the nine months of fiscal 2000 and 8% for the nine months of fiscal 1999. General and administrative expense, as a percent of sales, was 2.3% for the nine months of fiscal 2000 and 1.8% for the nine months of fiscal 1999. The increase in general and administrative expenses is primarily due to \$24.2 million (\$0.07 per share) in bad debt reserve recorded in the second quarter of fiscal 2000 resulting from the bankruptcy filing by AmeriServe. Amortization expense, as a percent of sales, was 0.5% for the nine months of fiscal 2000 and fiscal 1999.

Interest expense decreased 6.8% for the nine months of fiscal 2000 compared to the same period last year primarily as a result of a 15.5% decrease in the Company's average indebtedness over the same period last year. Although the overall weighted average borrowing rate increased slightly to 6.9% compared to 6.7%, interest expense decreased primarily as a result of paying off more expensive long-term debt with strong positive cash flows.

The effective income tax rate for the nine months of fiscal 2000 and fiscal 1999 was 35.7% and 35.8%, respectively.

IMPACT OF YEAR 2000

The Company has completed its Year 2000 Project as scheduled. As of August 11, 2000, the Company's products, computing, and communications infrastructure systems have operated without Year 2000 related problems and appear to be Year 2000 ready. The Company is not aware that any of its major customers or third-party suppliers have experienced significant Year 2000 related problems.

The Company believes all its critical systems are Year 2000 ready. However, there is no guarantee that the Company has discovered all possible failure points including all systems, non-ready third parties whose systems and operations impact the Company, and other uncertainties.

Because many of the systems were already compliant, did not require significant modifications to make them compliant, or were replaced for other business reasons, the costs incurred specifically to address Year 2000 readiness are not material to the Company. Since 1996, the expenses that resulted from Year 2000 readiness activities have been absorbed through the annual Management Information Systems operational budget and funded from internally generated funds. These costs can be primarily described as personnel costs and have increased each year since 1996 because of increased activity from testing. The costs incurred since 1996 are approximately \$1.5 million. No projects under consideration by the Company have been deferred because of Year 2000 efforts. In certain instances, software was purchased to provide new functionality for the Company, replacing software that was not compliant. An example of this is the implementation of new accounting software from SAP that the Company installed at the beginning of fiscal year 1999. These purchases were not predicated by the Year 2000 issue; however, the result is that the new systems are compliant and non-compliant systems were ultimately retired.

FUTURE ACCOUNTING REQUIREMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133 ("FAS No. 133"), Accounting for Derivative Instruments and Hedging Activities, as amended by FAS No. 138 in June 2000. In May 1999, the FASB voted to delay the effective date of FAS No. 133 by one year. The Company will be required to adopt FAS No. 133 in the first quarter of fiscal year 2001. This statement establishes accounting and reporting standards which requires that all derivative instruments be recorded on the balance sheet at fair value. This statement also establishes "special accounting" for fair value hedges, cash flow hedges, and hedges of foreign currency exposures of net investments in foreign operations. The Company has determined the business processes related to hedging activities mainly consist of grain procurement and certain financing activities. Management has not completed its determination of

the impact of the adoption of this new accounting standard on its financial position and results of operations.

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Company and its representatives may from time to time make written or oral forward-looking statements, including forward-looking statements made in this report, with respect to their current views and estimates of future economic circumstances, industry conditions, company performance and financial results. These forward-looking statements are subject to a number of factors and uncertainties which could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations, expressed in such forward-looking statements. The Company wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Among the factors that may affect the operating results of the Company are the following:

(i) fluctuations in the cost and availability of raw materials, such as feed grain costs in relation to historical levels; (ii) changes in the availability and relative costs of labor and contract growers; (iii) market conditions for finished products, including the supply and pricing of alternative proteins, all of which may impact the Company's pricing power; (iv) effectiveness of advertising and marketing programs; (v) the ability of the Company to make effective acquisitions and successfully integrate newly acquired businesses into existing operations; (vi) risks associated with leverage, including cost increases due to rising interest rates; (vii) changes in regulations and laws, including changes in accounting standards, environmental laws, occupational, health and safety laws; (viii) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (ix) access to foreign markets together with foreign economic conditions, including currency fluctuations; and (x) the effect of, or changes in, general economic conditions.

Item 3. Quantitative and Qualitative Disclosure About Market Risks

There have been no significant changes in market risk or market risk factors since the 1999 annual report to shareholders.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On June 22, 1999, eleven current and/or former employees of the Company filed the case of M.H. Fox, et al. v. Tyson Foods, Inc. in the United States District Court for the Northern District of Alabama (Fox v. Tyson) claiming the Company violated requirements of the Fair Labor Standards Act. The suit alleges the Company failed to pay employees for all hours worked and/or improperly paid them for overtime hours. The suit generally alleges that (i) employees should be paid for time taken to put on and take off certain working supplies at the beginning and end of their shifts and breaks and (ii) the use of "mastercard" or "line" time fails to pay employees for all time actually worked. Plaintiffs seek to represent themselves and all similarly situated current and former employees of the Company. At filing 159 current and/or former employees consented to join the lawsuit and, to date, approximately 4,900 consents have been filed with the court. Discovery in this case is on-going. A hearing was held on March 6, 2000 to consider the plaintiff's request for collective action certification and court-supervised notice. No decision has been rendered. The Company believes it has substantial defenses to the claims made and intends to vigorously defend the case. However, neither the likelihood of unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time.

Substantially similar suits have been filed against other integrated poultry companies. In addition, organizing activity conducted by representatives or affiliates of the United Food and Commercial Workers Union against the poultry industry has encouraged worker participation in Fox v. Tyson and the other lawsuits.

On or about July 23, 1998, the Maryland Department of the Environment (MDE) filed a Complaint for Injunctive Relief and Civil Penalty (the Complaint) against the Company in the Circuit Court of Worcester County, Maryland, for the alleged violation of certain Maryland water pollution control laws with respect to the Company's land application of sludge to Company owned agricultural land near Berlin, Maryland. The MDE sought, in addition to injunctive and equitable relief, civil penalties of up to \$10,000 per day for each day the Company had allegedly operated in violation of the Maryland water pollution control laws. On July 7, 2000, a consent decree was entered in which the Company agreed, in settlement of all claims by the MDE, to (i) make certain improvements to its Berlin wastewater treatment facility, (ii) deed approximately 100 acres and pay \$20,000 to The Nature Conservancy, and (iii) pay \$80,000 in penalties to the MDE. Furthermore, the consent decree stipulated a time frame for operational compliance by the wastewater treatment facility upon completion of the aforementioned improvements.

On January 20, 2000, McCarty Farms, Inc. (McCarty), a former subsidiary of the Company which has been merged into the Company, was indicted in the United States District Court for the Southern District of Mississippi, Jackson Division, for conspiracy to violate the federal Clean Water Act. The alleged conspiracy arises out of McCarty's partial ownership of Central Industries, Inc. (Central), which operates a rendering plant in Forest, Mississippi. Also indicted were Central, the other shareholders of Central and a former chairman of Central. In

addition to the conspiracy count, the indictment alleges (although not with respect to McCarty) (i) knowing violations of Central's wastewater discharge permit, (ii) negligent discharge of pollutants and (iii) knowing violations of Central's permitted wastewater volumes. All allegations arose from the operation of Central's rendering plant during the summer of 1995, prior to the Company's purchase of McCarty in September of 1995. The trial of the alleged violations is scheduled to begin on October 31, 2000 in Jackson, Mississippi. Neither the likelihood of unfavorable outcome nor the amount of ultimate liability if any, with respect to this case can be determined at this time.

Item 2. Changes in Securities and Use of Proceeds

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

2001 Annual Meeting

The Company's 2001 Annual Meeting is currently scheduled for January 12, 2001. Accordingly, pursuant to the Company's bylaws, for any business to be brought before the 2001 Annual Meeting by a proponent shareholder, written notice (in proper form as required by the Company's Bylaws) must be provided to R. Read Hudson, the Company's Secretary, at 2210 West Oaklawn Drive, Springdale, Arkansas 72762-6999, no later than October 29, 2000 and no earlier than October 4, 2000.

On August 11, 2000, the Company announced the election of an additional director. A copy of the related press release is attached hereto as Exhibit 99.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

The exhibits filed with this report are listed in the exhibit index at the end of this Item 6.

(b) Reports on Form 8-K:

The Company did not file any reports on Form 8-K for the quarter ended July 1, 2000.

EXHIBIT INDEX

The following exhibits are filed with this report.

Exhibit No. -----	Page ----
3.1 Restated Certificate of Incorporation of the Company (previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1998, Commission File No. 0-3400, and incorporated herein by reference).	
3.2 Second Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended January 1, 2000, Commission File No. 0-3400, and incorporated herein by reference).	

27 Financial Data Schedule

99 Press Release, dated August 11, 2000, of Tyson Foods, Inc. 19

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TYSON FOODS, INC.

Date: August 11, 2000

/s/ Steven Hankins

Steven Hankins
Executive Vice President and
Chief Financial Officer

Date: August 11, 2000

/s/ James G. Ennis

James G. Ennis
Vice President, Controller and
Chief Accounting Officer

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED JULY 1, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000100493

NAME: TYSON FOODS, INC.

MULTIPLIER: 1,000,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 30 2000
PERIOD END	JUL 01 2000
CASH	23
SECURITIES	0
RECEIVABLES	543
ALLOWANCES	0
INVENTORY	1014
CURRENT ASSETS	1596
PP&E	2150
DEPRECIATION	0
TOTAL ASSETS	4898
CURRENT LIABILITIES	788
BONDS	1459
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	24
OTHER SE	2145
TOTAL LIABILITY AND EQUITY	4898
SALES	5377
TOTAL REVENUES	5377
CGS	4497
TOTAL COSTS	4497
OTHER EXPENSES	5
LOSS PROVISION	0
INTEREST EXPENSE	87
INCOME PRETAX	208
INCOME TAX	74
INCOME CONTINUING	133
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	133
EPS BASIC	0.59
EPS DILUTED	0.59

TYSON FOODS BOARD MEETS

Declares stock dividend

Adds Rayovac Corp. Chairman/ CEO, David Jones, to Board

Springdale, AR (August 11, 2000) - In its regularly scheduled quarterly board meeting today, Tyson Foods, Inc.'s (NYSE:TSN) Board of Directors voted to add a new board member and to pay a dividend on its stock.

David Jones, chairman of the board and CEO of Rayovac Corp. (NYSE: ROV) was elected to a position on the Tyson Board of Directors. Jones has served as the chairman of the Board of Directors and CEO of Rayovac since September 1996. From 1996 to April 1998, he also served as President.

Prior to his current duties, Mr. Jones served as chief operating officer, chief executive officer and chairman of the board of directors of Thermoscan, (95-96) Inc. From 1989 to 1994, he served as President and Chief Executive Officer of The Regina Company. From 1985 to 1989, he also served as Executive Vice President of Electrolux Corporation.

Jones has over 25 years of experience working in the consumer products industry, most recently in management of operations, manufacturing and marketing. He spent his early career with the General Electric Company in many different managerial positions.

Jones' other board memberships include chairman of the board of United Industries, a \$350 million private consumer products company, and University of Wisconsin-Madison School of Business Dean's Advisory Board.

Jones holds a bachelor of science degree in business administration from Spaulding University, Louisville, Kentucky.

The Board of Directors also declared a quarterly dividend of \$0.04 per share on Class A common stock and \$0.036 per share on Class B common stock, payable on December 15, 2000 to shareholders of record at the close of business on December 1, 2000.

Tyson Foods, Inc., founded in 1935, is the world's largest fully integrated producer, processor and marketer of chicken and poultry-based food products with annual sales in excess of \$7 billion. Over the years, the Tyson product line has expanded to include prepared meals and entrees, and specialty products such as corn chips and tortillas. Tyson Foods is headquartered in Springdale, Arkansas.

For further information, contact Tyson's Director of Investor Relations, Louis Gottsponer at (501) 290-4826 or Ed Nicholson, Corporate Public Relations Director at (501) 290- 4591.

End of Filing